

Financial Results for FY2022, and FY2023 Full-year Forecast

May 9, 2023

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(Attachment) Ocean Network Express Financial Results for FY2022 Full-year	

Full year review (Year-on-year comparison)

► **Revenues: JPY2,616.0 billion (up JPY335.2 billion)**

- Bulk Shipping – Increased shipping volumes in the automotive transportation division and secured transportation contracts when the market was high mainly in the small and medium sized dry bulk carrier segments (up JPY 266.2 billion)
- Liner & Logistics (Liner Trade, Air Cargo Transportation, Logistics) – Higher freight rates (up JPY54.4 billion)

► **Recurring profit: JPY1,109.7 billion (up JPY106.6 billion)**

- Liner Trade – Although spot freight rates fell and cargo volumes slowed, freight rates remained firm for the full year on support from the strong markets through Q2 and profit levels remained high (up JPY57.1 billion)
- Bulk Shipping – Succeeded in capturing transportation needs by flexibly responding to the changes in transportation demand in the automotive transportation division. Benefited from the strong tanker markets in the energy division (up JPY73.0 billion)
- Increased profit due to the exchange rate fluctuation
(Full year exchange rate: ¥135.07 | Same period last year: ¥112.06)

► **Net income: JPY1,012.5 billion (up JPY3.4 billion)**

► **Dividend: Interim JPY1,050/share (before stock split) | Year-end JPY170/share (after stock split)**

- Decided the dividend generally targeting a consolidated payout ratio of 25% as set forth in the basic policy for the return of profits to shareholders adopted through the fiscal year ending March 31, 2023
- Raised the year-end dividend by JPY10 compared to the previous forecast, and currently plan to issue a year-end dividend of JPY170 per share
- A 3-for-1 common stock split was conducted with a record date of September 31, 2022 and effective date of October 1, 2022. Including the interim dividend of JPY1,050 per share already issued, it is planned to issue a full year dividend of JPY1,560 per share based on the number of shares before the stock split and JPY520 per share based on the number of shares after the stock split

By segment (Recurring profit / Year-on-year comparison)

► **Liner Trade: JPY791.3 billion (up JPY57.1 billion)**

Container shipping (Ocean Network Express)

- Through the middle of Q2, supply and demand conditions remained tight due to robust transportation demand and supply chain disruptions caused by port congestion
- Demand slowed from the latter part of Q2 due to multiple factors including inflation and increased consumer goods inventories mainly in Europe and North America, and conversely, shipping capacity increased as port congestion improved. As a result, spot freight rates fell and cargo volumes slowed
- Average freight rates including the strong 1H were higher compared to the last fiscal year

Terminals

- Although ancillary income declined as container demurrage decreased from Q3 at overseas terminals, the income accumulated during 1H contributed to the bottom line

► **Air Cargo Transportation: JPY61.8 billion (down JPY12.2 billion)**

- Robust semiconductor-related transportation demand and the long-term contracts concluded under favorable market conditions supported the bottom line
- Conversely, cargo volumes declined due to the global economic slowdown from Q2 and weaker demand for shifting some ocean cargo to air freight, and handling volumes fell compared to the last fiscal year. In addition, the price of fuel soared

By segment (Recurring profit / Year-on-year comparison)

► **Logistics: JPY54.3 billion (down JPY 4.4 billion)**

- **Air freight:** The peak demand season in Q3 lacked the usual strength, and combined with the impact of Chinese New Year in Q4, cargo volumes fell. As a result, both handling volumes and profit levels declined
- **Ocean freight:** Although handling volumes declined compared to the last fiscal year due to weaker cargo volumes, profit levels remained high through increased sales of ancillary services and a reduction in purchase prices caused by the drop in short-term freight rates from the summer
- **Contract logistics:** Results were strong on support from the firm demand for consumer goods, and in Europe and America, the service prices were revised in line with the soaring personnel and utility costs

► **Bulk Shipping: JPY212.1 billion (up JPY73.0 billion)**

Automotive Transportation

- The impact of the semiconductor shortage and COVID-19 on automobile production volumes diminished, and combined with innovative vessel deployment and the acquisition of alternate cargo, shipping volumes increased compared to the last fiscal year

Dry Bulk

- Although the market levels for all vessel segments trended lower than the last fiscal year due to concerns about an economic recession, the transportation contracts concluded when the market was high in Q1 provided some support for the bottom line, and the overall results were firm

Energy

- VLCC and VLGC markets improved significantly compared to the last fiscal year on support from firm cargo volumes
- In the petrochemical tanker market, supply and demand conditions tightened due to the increased transportation distances resulting from the situation in Ukraine and Russia
- LNG carriers and offshore business remained steady on support from the medium and long-term contracts

Summary of Results for FY2022

Results



(Billions of yen)	FY2021					FY2022					Year-on-year	Previous Forecast Q4	Change from Prev. Forecast
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year			
Revenue	504.6	546.7	624.5	604.8	2,280.7	673.0	692.8	684.3	565.8	2,616.0	335.2	549.9	15.9
Operating Profit	53.0	64.9	80.0	70.9	268.9	89.1	74.1	86.0	46.9	296.3	27.4	40.6	6.3
Recurring Profit	153.6	243.6	301.0	304.8	1,003.1	377.7	387.6	240.6	103.8	1,109.7	106.6	74.1	29.7
Net Income <small>Attributable to Owners of the Parent Company</small>	151.0	260.2	280.8	316.8	1,009.1	343.3	362.6	214.3	92.1	1,012.5	3.4	79.7	12.4
Exchange Rate	¥109.80	¥109.99	¥113.12	¥115.34	¥112.06	¥126.49	¥136.64	¥143.98	¥133.17	¥135.07	¥23.01	¥130.00	¥3.17
Bunker Oil Prices	\$441.92	\$515.24	\$555.96	\$616.36	\$531.19	\$789.48	\$887.41	\$732.07	\$638.93	\$760.72	\$229.53	\$660.00	-\$21.07

Comparison by Segment

Results



	Industrial Segment (Billions of yen)	FY2021					FY2022					Year-on-year	Previous Forecast Q4	Change From Previous Forecast
		Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year			
Liner & Logistics	Liner Trade	50.1	43.8	47.0	49.4	190.5	51.8	49.4	52.2	47.1	200.7	10.1	44.5	2.6
		111.3	179.0	214.0	229.7	734.2	270.4	296.5	161.7	62.5	791.3	57.1	38.3	24.2
	Air Cargo Transportation	43.9	45.8	51.8	47.1	188.7	62.5	61.3	54.4	39.7	218.0	29.3	46.6	-6.9
		15.3	17.7	23.3	17.6	74.0	24.6	19.4	12.3	5.3	61.8	-12.2	6.7	-1.4
	Logistics	176.8	200.5	235.9	234.1	847.4	239.8	234.6	215.4	172.5	862.4	14.9	178.6	-6.1
	(Total)	11.5	16.8	17.2	13.0	58.7	19.3	17.8	13.0	4.1	54.3	-4.4	4.9	-0.8
		270.9	290.1	334.9	330.7	1,226.7	354.1	345.4	322.1	259.4	1,281.2	54.4	269.7	-10.3
Bulk Shipping	Bulk Shipping	138.2	213.5	254.7	260.4	867.0	314.4	333.8	187.2	72.0	907.5	40.5	49.8	22.2
		217.6	239.2	267.6	249.9	974.5	292.2	324.2	340.2	284.1	1240.8	266.2	252.4	31.7
	Bulk Shipping	16.0	31.6	46.2	45.1	139.1	64.1	55.2	55.0	37.6	212.1	73.0	30.6	7.0
		1.5	0.8	0.8	0.8	4.2	0.8	0.8	0.8	0.8	3.3	-0.8	0.4	0.4
Others	Real Estate	0.7	0.4	0.4	0.4	2.1	0.4	0.3	0.4	0.0	1.3	-0.7	0.3	-0.3
		33.9	37.8	46.5	52.1	170.4	63.1	62.0	59.1	50.1	234.5	64.1	65.1	-15.0
	Other	-0.6	-1.0	0.6	0.0	-1.2	0.3	-0.2	0.5	-2.8	-2.2	-0.9	-3.0	0.2
		-19.5	-21.3	-25.4	-28.8	-95.1	-37.3	-39.8	-38.0	-28.6	-143.8	-48.6	-37.8	9.2
	Elimination/Unallocation	-0.7	-0.9	-0.9	-1.1	-3.8	-1.6	-1.6	-2.6	-3.1	-9.0	-5.1	-3.5	0.4
		504.6	546.7	624.5	604.8	2,280.7	673.0	692.8	684.3	565.8	2,616.0	335.2	549.9	15.9
	Consolidated	153.6	243.6	301.0	304.8	1,003.1	377.7	387.6	240.6	103.8	1,109.7	106.6	74.1	29.7

* (Upper) Revenue (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY2021 and FY2022

Results



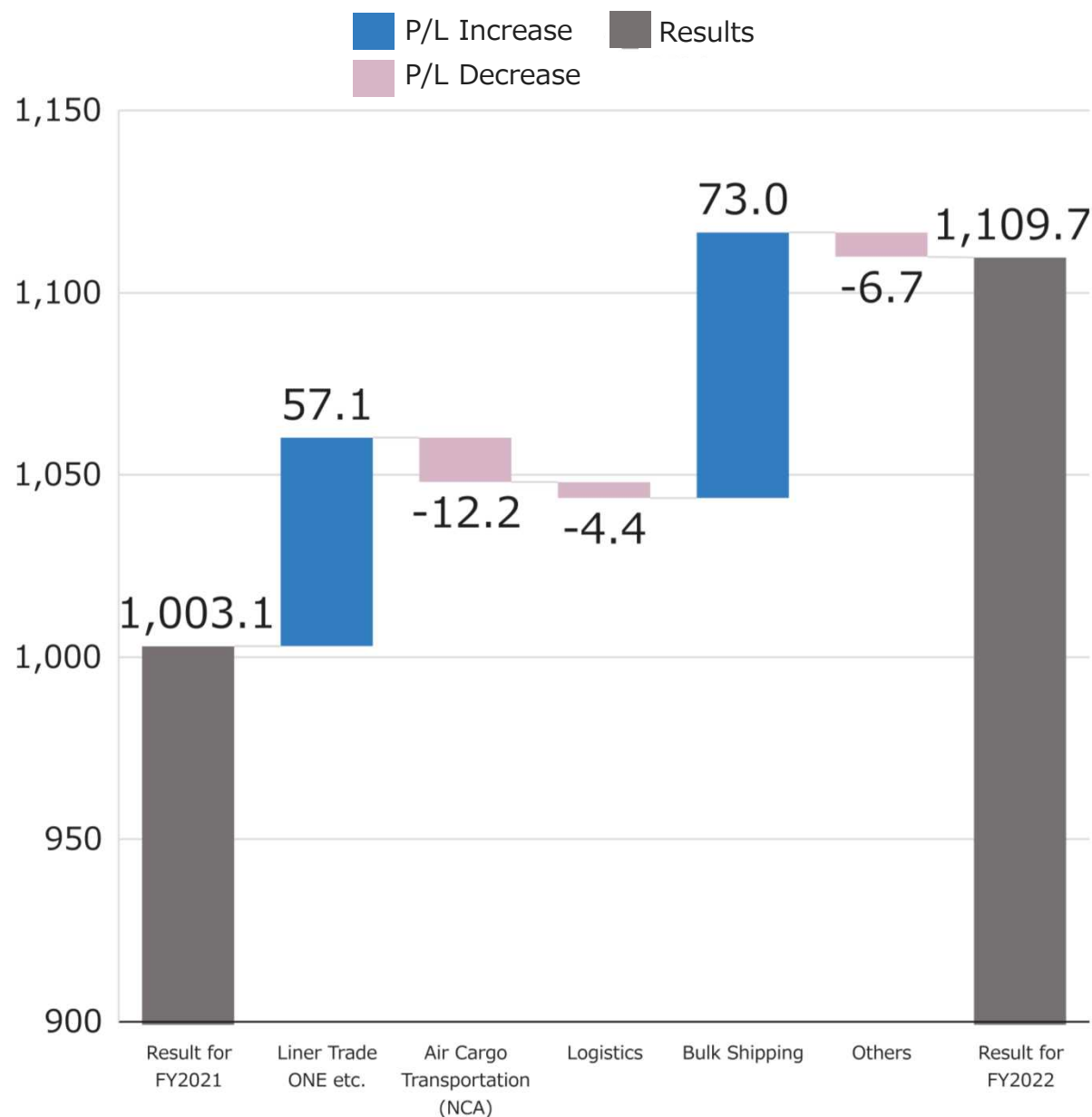
Analysis by factor

(billion yen)

Yen Depreciation	161.1	¥135.07/\$ Depreciated by ¥23.01
Higher Bunker Oil Prices	-9.4	\$760.72/MT Increased by \$229.53/MT
Market Effects, etc.	-17.7	Liner (incl. ONE) -69.2 Bulk Shipping +51.5
Foreign Exchange Profit/Loss	-14.6	
Others	-12.8	Logistics -4.4 Air Cargo(NCA) -12.2
Total	106.6	

Analysis by business

(billion yen)



2. Full-year forecast for FY2023

Forecast



Full-year forecast (Year-on-year comparison)

► Revenues: JPY2,300.0 billion (down JPY316.0 billion)

- Liner & Logistics (Liner Trade, Air Cargo Transportation, Logistics): Down JPY221.2 billion
- Bulk Shipping: Down JPY98.3 billion

► Recurring profit: JPY200.0 billion (down JPY909.7 billion)

- Liner & Logistics (Liner Trade, Air Cargo Transportation, Logistics): Down JPY798.0 billion
- Bulk Shipping: Down JPY110.1 billion

► Net income: JPY200.0 billion (down JPY812.5 billion)

► Dividend: Full-year JPY120/share < Interim: JPY60/share | Year-end: JPY60/share >

- Raised the consolidated payout ratio from 25% to 30% and set the minimum annual dividend at JPY100

Dividend forecast is based on this revised basic policy for the return of profits to shareholders adopted from the fiscal year ending March 31, 2024

- Dividend payout is based on the number of shares before the share buyback. While it remains unchanged to buy back approximately JPY200 billion of shares during the two years from the fiscal year ending March 31, 2024 through the fiscal year ending March 31, 2025, details including the option to buy back the full amount through the fiscal year ending March 31, 2024 are under consideration.

2. Full-year forecast for FY2023

Forecast



By segment (Recurring profit / Year-on-year comparison)

► Liner Trade: JPY69.0 billion (down JPY722.3 billion)

Container shipping (Ocean Network Express)

- Expect freight rates to fall significantly and cargo volumes to decline compared to the last fiscal year
- As the soaring markets come to an end following the elimination of supply chain disruptions and declining cargo volumes, the current forecast takes into consideration factors including the impact of looser supply and demand conditions on freight rates, global economic trends and inventory levels in consumer regions
- Although it will take more time for a full-scale recovery in supply and demand conditions, the inventory adjustments are assumed to end from the summer into the fall, resulting in a recovery in cargo volumes

Terminals

- Handling volumes are forecast to decline compared to the last fiscal year due to weaker cargo volumes and the transfer of overseas terminals to ONE

► Air Cargo Transportation: JPY7.0 billion (down JPY54.8 billion)

- Although negotiations remain ongoing regarding the transfer of shares of Nippon Cargo Airlines Company, Limited (NCA), the full-year forecast is based on completion of the transfer during 1H
- Markets are expected to soften mainly in Asia due to falling demand caused by the economic slowdown

Although ONE has not issued a forecast, the following full-year forecast reflects the confirmation of certain assumptions

2. Full-year forecast for FY2023

Forecast



By segment (Recurring profit / Year-on-year comparison)

► Logistics: JPY33.5 billion (down JPY20.8 billion)

- **Air freight:** Profit levels are expected to fall due to weaker cargo volumes
- **Ocean freight:** Sales prices are expected to fall due to the impact of the falling ocean freight rates, and profit levels are forecast to drop significantly
- **Contract logistics:** Although cargo volumes are expected to be weak in Europe, the price revisions implemented to offset inflation and the business performance in North America will contribute to the bottom line, and the overall drop in profit levels is expected to be limited

► Bulk Shipping: JPY102.0 billion (down JPY110.1 billion)

Automotive Transportation

- Although transportation volumes are expected to remain unchanged from the last fiscal year, markets are forecast to soften compared to the tight supply and demand conditions during the last fiscal year

Dry Bulk

- Markets in the small and medium size vessel segments are expected to trend below the strong levels during the last fiscal year

Energy

- VLCC market is expected to remain firm on support from tight supply and demand conditions. VLGC market is forecast to fall from the high levels during the last fiscal year due to supply pressure resulting from the completion of new vessels
- LNG carriers and offshore business are expected to remain steady on support from the medium and long-term contracts

Summary of Forecast for FY2023

Forecast



(Billions of yen)	FY2022(Result)					FY2023(Forecast)			Year-on-Year
	1H		2H		Full-year	1H	2H	Full-Year	
	Q1	Q2	Q3	Q4					
Revenue	1,365.8		1,250.1		2,616.0	1,210.0	1,090.0	2,300.0	-316.0
	673.0	692.8	684.3	565.8					
Operating Profit	163.3		133.0		296.3	75.5	52.5	128.0	-168.3
	89.1	74.1	86.0	46.9					
Recurring Profit	765.3		344.4		1,109.7	112.5	87.5	200.0	-909.7
	377.7	387.6	240.6	103.8					
Net Income Attributable to Owners of the Parent Company	706.0		306.4		1,012.5	115.0	85.0	200.0	-812.5
	343.3	362.6	214.3	92.1					
Exchange Rate	¥126.49	¥136.64	¥143.98	¥133.17	¥135.07	¥130.00	¥130.00	¥130.00	¥-5.07
Bunker Prices (All Grades)	\$789.47	\$887.41	\$732.07	\$638.93	\$760.72	\$660.00	\$660.00	\$660.00	-\$100.72
Bunker Prices (HSFO)	-	-	-	-	-	\$420.00	\$420.00	\$420.00	-
Bunker Prices (VLSFO)	-	-	-	-	-	\$680.00	\$680.00	\$680.00	-

► Sensitivity to recurring profit (Full Year)

Exchange rate: Approx. JPY1.16 billion increase per ¥1/\$ depreciation*

Bunker prices: Approx. JPY0.36 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 FY2023

Forecast



	Industrial Segment (Billions of yen)	FY2022 (Result)							FY2023 (Forecast)			Year-on-year
		Q1	Q2	1H	Q3	Q4	2H	Full-year	1H	2H	Full-year	
Liner & Logistics	Liner Trade	51.8	49.4	101.2	52.2	47.1	99.4	200.7	85.0	70.0	155.0	-45.7
		270.4	296.5	567.0	161.7	62.5	224.3	791.3	34.5	34.5	69.0	-722.3
	Air Cargo Transportation	62.5	61.3	123.9	54.4	39.7	94.1	218.0	93.5	0.0	93.5	-124.5
		24.6	19.4	44.0	12.3	5.3	17.7	61.8	7.0	0.0	7.0	-54.8
	Logistics	239.8	234.6	474.4	215.4	172.5	387.9	862.4	403.0	408.5	811.5	-50.9
		19.3	17.8	37.1	13.0	4.1	17.1	54.3	17.0	16.5	33.5	-20.8
	(Total)	354.1	345.4	699.6	322.1	259.4	581.5	1,281.2	581.5	478.5	1,060.0	-221.2
		314.4	333.8	648.3	187.2	72.0	259.2	907.5	58.5	51.0	109.5	-798.0
Bulk Shipping	Bulk Shipping	292.2	324.2	616.4	340.2	284.1	624.3	1240.8	583.0	559.5	1,142.5	-98.3
		64.1	55.2	119.4	55.0	37.6	92.7	212.1	60.0	42.0	102.0	-110.1
Others	Real Estate	0.8	0.8	1.7	0.8	0.8	1.6	3.3	1.5	1.5	3.0	-0.3
		0.4	0.3	0.8	0.4	0.0	0.4	1.3	1.0	0.5	1.5	0.2
	Other	63.1	62.0	125.2	59.1	50.1	109.2	234.5	116.0	119.0	235.0	0.5
		0.3	-0.2	0.0	0.5	-2.8	-2.2	-2.2	-0.5	0.5	0.0	2.2
	Elimination/ Unallocation	-37.3	-39.8	-77.1	-38.0	-28.6	-66.7	-143.8	-72.0	-68.5	-140.5	3.3
		-1.6	-1.6	-3.3	-2.6	-3.1	-5.7	-9.0	-6.5	-6.5	-13.0	-4.0
	Consolidated	673.0	692.8	1,365.8	684.3	565.8	1,250.1	2,616.0	1,210.0	1,090.0	2,300.0	-316.0
		377.7	387.6	765.3	240.6	103.8	344.4	1,109.7	112.5	87.5	200.0	-909.7

* (Upper) Revenue (Lower) Recurring Profit

* Forecasts for FY2023 are based on the assumption that transfer of shares of NCA will be completed by FY2023 1H.

Analysis of Change in Recurring Profit between FY2022 and FY2023

Forecast

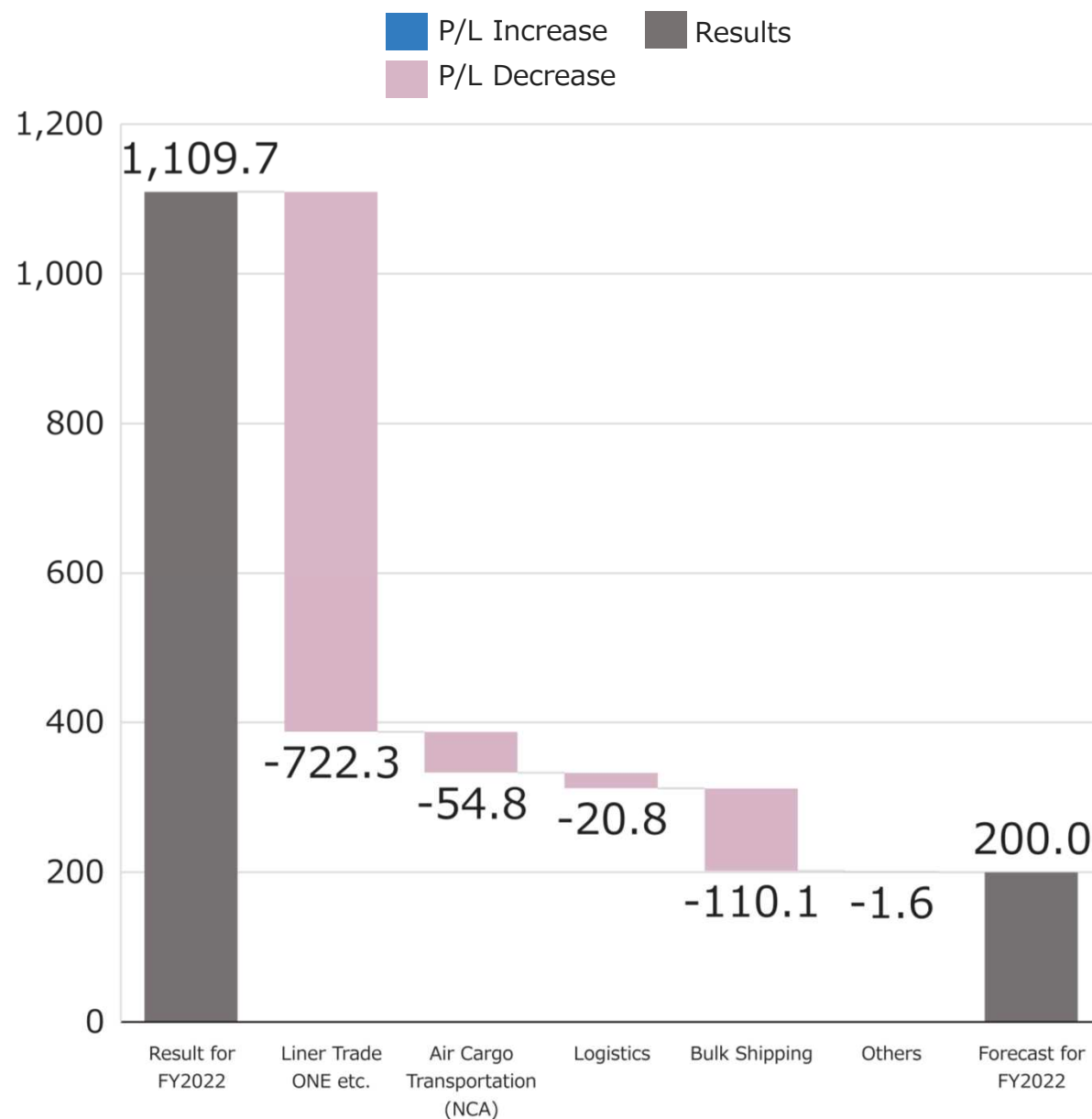


Analysis by factor

(billion yen)		
Yen Depreciation	-5.9	¥130.00/\$ Appreciated by ¥5.07
Higher Bunker Oil Prices	3.6	\$660.00/MT Decreased by \$100.72/MT
Market Effects, etc.	-830.4	Liner (incl. ONE) -724.1 Bulk Shipping -106.3
Others	-77.1	Logistics -20.8 Air Cargo(NCA) -54.8
Total	-909.7	

Analysis by business

(billion yen)





Financial Plan in Medium-term Management Plan

FY22 Results and forecast for Mid-term management period (FY23~26)

(Billion yen)	FY22 (Results)	FY23 (Forecast)	FY26 (Forecast)※1
Recurring Profit	1,109.7	200.0	270.0
Net income	1,012.5	200.0	240.0 (Target : 200~300)
Interest-bearing Debt	694.0	711.0	—
Shareholders' Equity	2,478.6	2,520.0	—
Shareholders' Equity Ratio (incl. Charter fee liabilities ※2)	66% (55%)	67% (57%)	57% (49%)
ROIC ※3	35.7%	6.7%	6.5% (Target : ≥6.5%)
ROE	48.3%	8.0%	10.2% (Target : 8~10%)
DER (incl. Charter fee liabilities ※2)	0.28 (0.56)	0.28 (0.56)	—
Cash Flow from Operating Activities	824.8	341.0	—
Cash Flow from Investing Activities	▲252.9	▲312.0	—
Depreciation and amortization	121.6	121.0	—

※1) FY26 forecast is based on the forecast in the Medium-term management plan announced on March 10th, 2023

※2) Our estimated Charter fee liabilities : Approx. JPY 700Bn are added to each fiscal year

※3) ROIC=(Operating income after tax+Extraordinary profit & loss after tax+Equity in earnings of affiliates+Dividend income)÷(Invested capital)

※4) Above outlook does not include the JPY 200Bn share buyback scheduled for FY22-23 as details are still under consideration

Secure Stable-Freight-Rate Business

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

Stable-freight-rate business

- Liner Trade Business (Terminal)
- Logistics Business
- Bulk Shipping Business (Automotive Business and medium- to long-term contracts-based businesses among Dry bulk and Energy Business)
- Real Estate Business

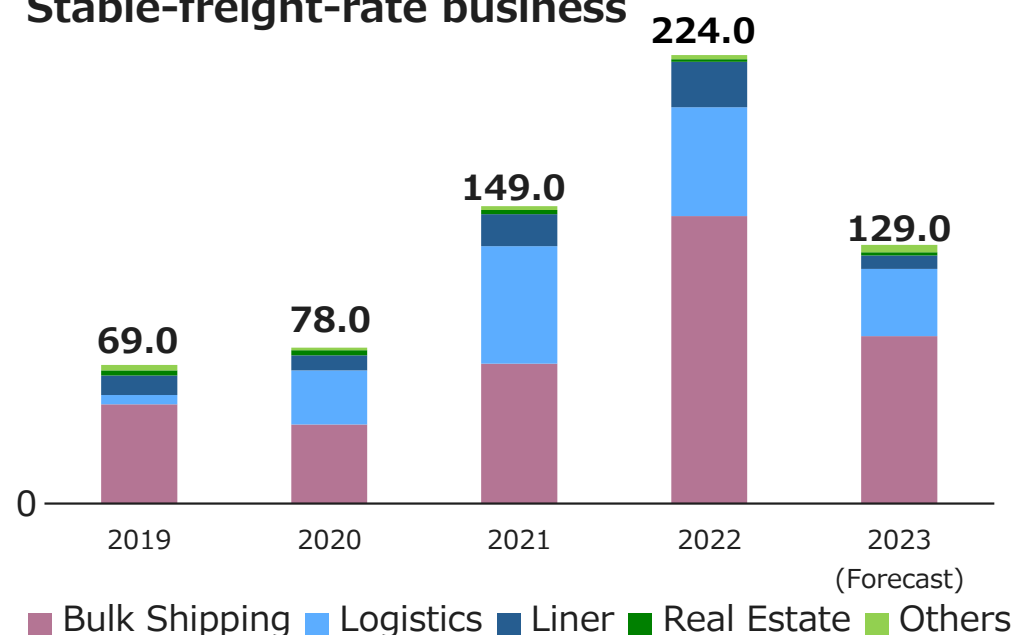
Non-stable-freight-rate business

- Liner Trade Business (Container Shipping)
- Air Cargo Transportation Business
- Bulk Shipping Business (Other than medium- to long-term contracts-based businesses among Dry bulk and Energy Business)

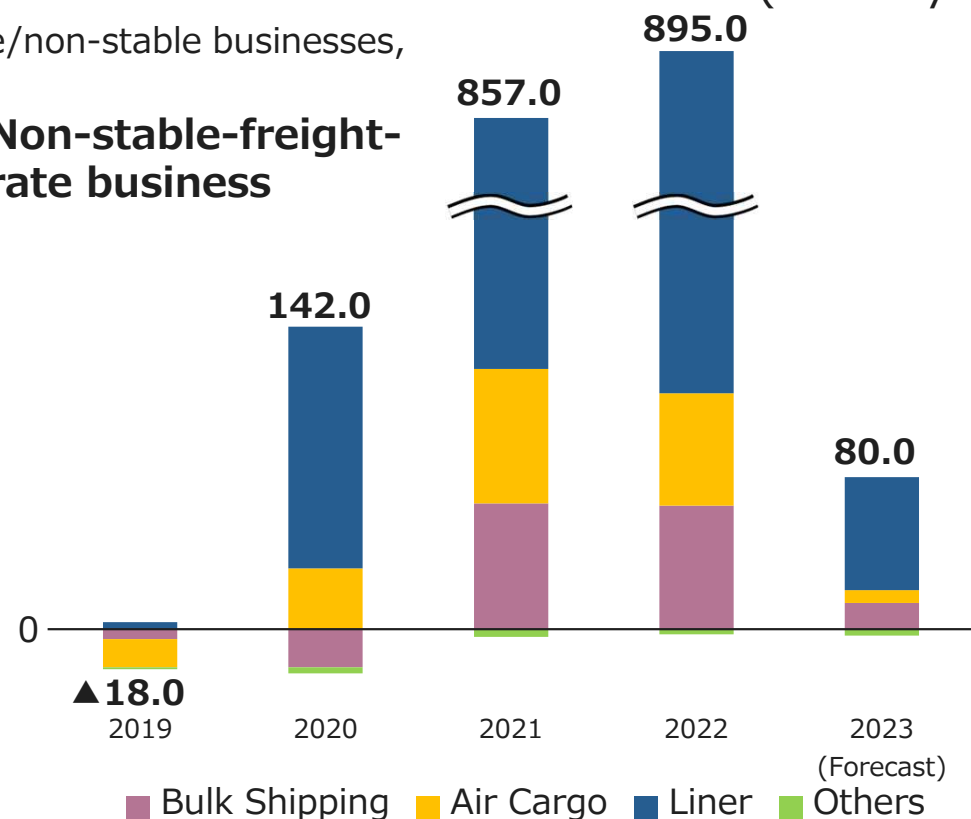
- ▶ Trends in recurring profit of the stable-freight-rate business and other businesses (billion yen)

※From this time, partially changed the classification of stable/non-stable businesses, and applied it in past years as well.

Stable-freight-rate business



Non-stable-freight-rate business



▶ Appendix

► 1. Air Cargo Transportation (NCA)

	FY2021 Full-year (Result)	FY2022(Result)				Full- year	FY2023(Forecast)
		1H		2H			1H
		Q1	Q2	Q3	Q4		
Revenue (Billions of yen)	188.7	123.9		94.1		218.0	93.5
		62.5	61.3	54.4	39.7		
Recurring Profit (Billions of yen)	74.0	44.0		17.7		61.8	7.0
		24.6	19.4	12.3	5.3		
Chargeable Weight (1,000 tons)	460	199		185		385	211
		97	103	99	87		
Volume (RTK) (mil.ton kilo)	2,677	1,185		1,082		2,267	1,256
		598	587	579	503		
Capacity (ATK) (mil.ton kilo)	3,589	1,779		1,710		3,489	2,076
		880	899	897	813		
YIELD	164	241		191		217	158
FY3/09 Q1=100		251	231	208	172		
MOPS	\$87	\$139		\$113		\$126	\$125
US\$ per bbl		\$148	\$130	\$119	\$107		
Utilization of the Air Crafts	109	104		97		101	-
FY2020 Q1=100		104	104	104	91		

- ※ 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.
- ※ Forecasts for FY2023 are based on the assumption that transfer of shares of NCA will be completed in FY2023 1H.

► 2. Logistics

		FY2021 (Result)	FY2022 (Result)					FY2023 (Forecast)					
		Full-year	1H		2H		Full-year	1H	2H	Full-year			
			Q1	Q2	Q3	Q4							
Ocean Export	TEU	721	336		316		651	366	366	732			
	(1,000TEUs)		167	169	164	152							
	Year-on-Year	-0%	-9%		-10%		-10%				9%	16%	12%
			-11%	-7%	-10%	-10%							
Air Export	Weight	400	158		137		295	171	170	340			
	(1,000 tons)		82	76	74	62							
	Year-on-Year	23%	-21%		-31%		-26%				8%	24%	16%
			-18%	-25%	-30%	-33%							

3. Bulk Shipping – 1) Market trend and forecast

		FY2021 Full-year (Result)	FY2022 (Result)						FY2023 (Forecast)		
			Q1	Q2	Q3	Q4	2H	Full-Year	1H	2H	Full-Year
Dry Bulk Carriers	BDI	3,005	2,517	1,659	1,522	992	1,257	1,673	1,590	1,340	1,465
	Cape	32,642	21,347	13,764	15,022	8,907	11,965	14,760	18,000	14,000	16,000
	Panamax	27,914	26,580	17,194	15,987	11,178	13,583	17,735	16,000	14,000	15,000
	Handymax	28,730	28,873	19,742	14,717	10,025	12,371	18,339	13,000	12,000	12,500
	Handy	27,423	27,535	18,720	14,905	9,610	12,257	17,692	12,000	11,000	11,500
Tankers	VLCC	-2,312	-11,190	25,579	60,061	45,860	52,961	30,078	28,000	35,000	31,500
	VLGC	32,078	45,958	38,630	102,217	67,833	85,025	63,660	33,000	33,000	33,000

※ Dry Bulk Charter Market (Sport Time Charter) (Unit : \$/day)

※ Cape = 5 Trade Average, Panamax = 5 Trade Average, Handymax = 10 Trade Average, Handy = 7 Trade Average

► 3. Bulk Shipping – 2) Automotive Transportation

	FY2021 (Result)	FY2022 (Result)				Full-year	FY2023 (Forecast)		
		1H		2H			1H	2H	Full-Year
		Q1	Q2	Q3	Q4				
All Trade (10,000 Cars)	415	218		232		450	226	229	455
		106	112	124	108				
Year-on-year	17%	6%		10%		8%	4%	-1%	1%
		-1%	14%	20%	0%				

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

Fleet in Operation

Industrial Segment	Type of Vessel	FY2021 (Result)			FY2022 (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	28	2,973	54	4,638
Logistics	Coastal Ships, Ferries	5	7	12	5	29	7	41	12	70
Bulk Shipping	Bulk Carriers (Capesize)	20	91	111	20	3,923	98	19,188	118	23,111
	Bulk Carriers (Panamax)	35	56	91	34	3,032	60	5,186	94	8,218
	Bulk Carriers (Handysize)	55	97	152	55	2,745	76	3,902	131	6,647
	Wood Chip Carriers	11	26	37	13	667	23	1,263	36	1,930
	Car Carriers	47	71	118	52	907	70	1,291	122	2,199
	Tankers	50	18	68	52	6,349	18	2,407	70	8,756
	LNG Carriers	82	3	85	83	6,902	3	224	86	7,127
	Multi-Purpose Carriers	23	22	45	21	388	26	378	47	767
	Others	4	0	4	4	29	0	0	4	29
Others	Cruise Ships	1	0	1	1	7	0	0	1	7
Total		359	420	779	366	26,643	409	36,853	775	63,505
Offshore	Shuttle Tankers								27	3,465
	FPSO								3	-
	FSO								2	-
	Drill Ships								1	-
Green Business	LNG Bunkering Vessel								2	5
	CTV								1	0
Grand Total									811	66,976

- ※ Co-owned vessel's dwt is including not only NYK Group companies' ownership but also other companies' ownership.
- ※ Vessels operated by J/V are included.



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Financial Results for FY2022 Full-year

April 28, 2023

1.	FY2022 Full Year Results	P.3
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1. FY2022 Full Year Results

□ Outline

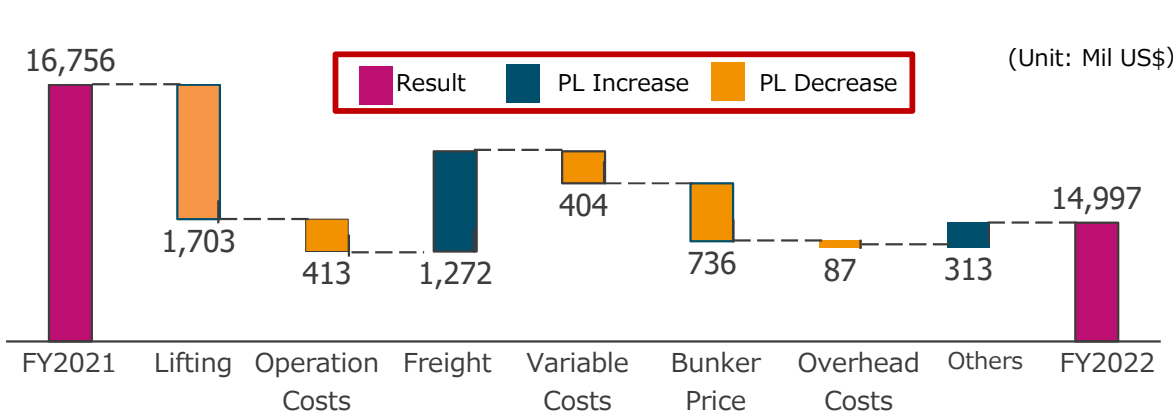
ONE's full year result for FY2022 is US\$14,997 million, a decrease by US\$1,759 million from the previous year. Strong market conditions continued during the 1H, but in 2H the market weakened quickly due to the recovery of tonnage availability as a result of the normalization of the supply chain, and a sharp decrease of demand.

- A decline in demand became more pronounced in the 4Q, against a backdrop of a high goods inventory ratio in the US and falling consumption in Europe due to rising inflation.
- On the supply side, tonnage utilization improved as congestion eased. Blank sailings continued since the end of the calendar year 2022 in response to the decrease in demand.
- Supply and demand balance softened at an even faster pace despite blank sailings to address decrease of volume, resulting in decreased spot freights in Q4 QoQ.

□ FY2022 Full Year Results and PL Analysis

	FY2021							FY2022							Year on Year	
	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	Change	Change (%)
Revenue	5,776	7,557	13,333	8,332	8,433	16,765	30,098	9,019	9,367	18,386	6,254	4,642	10,896	29,282	-816	-3%
EBITDA	2,924	4,572	7,496	5,286	5,497	10,783	18,279	5,859	5,843	11,702	3,060	1,558	4,618	16,320	-1,959	-11%
EBIT	2,657	4,295	6,952	5,019	5,225	10,244	17,196	5,561	5,528	11,089	2,732	1,184	3,916	15,005	-2,190	-13%
Profit/Loss	2,559	4,200	6,760	4,889	5,108	9,997	16,756	5,499	5,521	11,019	2,768	1,210	3,978	14,997	-1,759	-10%

Bunker Price (US\$/MT)	465	509	487	531	548	539	512	750	875	812	747	643	696	756	244	48%
Bunker consumption (K MT)	906	891	1,797	854	788	1,642	3,439	773	771	1,543	732	712	1,443	2,987	- 452	-13%
Lifting (K TEU)	3,104	3,181	6,285	2,939	2,837	5,777	12,061	2,939	2,898	5,837	2,648	2,596	5,244	11,081	- 980	-8%



- Lifting : Significant decrease due to weakened demand in east-west trades in 2H
- Operation costs : Bunker consumption decreased due to port congestion in 1H and blank sailings in 2H but the overall operation costs increased mainly due to the increase of ship costs.
- Freight : Increased due to improved contract freight rates and strong spot market in 1H, despite a significant decrease of the spot market in 2H.
- Variable costs : Increased due to the higher cost in inland transportation mainly caused by inflation
- Bunker Price : Price increased.
- Overhead costs : Almost same as the last year.

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

Liftings / Utilization by Trades		FY2021							FY2022						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year
Asia - North America Eastbound	Lifting	615	649	1,264	564	523	1,088	2,352	577	578	1,155	449	468	916	2,072
	Utilization	100%	100%	100%	100%	100%	100%	100%	100%	91%	95%	80%	90%	85%	90%
Asia - Europe Westbound	Lifting	436	443	879	411	422	833	1,712	402	395	796	368	346	713	1,510
	Utilization	100%	100%	100%	97%	97%	97%	100%	95%	95%	95%	90%	95%	92%	94%
Asia-North America Westbound	Lifting	328	309	638	258	240	498	1,135	278	276	554	297	294	591	1,145
	Utilization	54%	54%	54%	47%	51%	49%	52%	48%	51%	49%	49%	55%	52%	51%
Asia-Europe Eastbound	Lifting	339	347	687	305	289	594	1,281	282	267	549	243	235	477	1,026
	Utilization	82%	78%	80%	69%	63%	66%	73%	58%	56%	57%	54%	54%	54%	55%

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

Freight Index by Trades		FY2021							FY2022						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year
Asia - North America Eastbound		185	247	216	285	304	294	252	354	389	372	264	176	219	304
Asia - Europe Westbound		327	451	389	539	552	546	466	530	508	519	303	189	248	391

➤ Liftings, Utilization rates

: Although the utilization rates in Asia-North America eastbound and Asia-Europe westbound were close to 100% in 1H, lifting and utilization rates in both trades fell drastically in 2H due to the softening of supply and demand. In Q4, cargo volumes for Asia-North America eastbound routes increased slightly, along with an improvement in utilization rates due to the blank sailings.

➤ Freight index

: The spot freight market fell in the 2H after the strong trend in 1H. The freight index improved in Asia-North America trade and decreased in Asia-Europe trade compared with the previous year. The index in both Asia-North America trade and Asia-Europe trade decreased sharply in Q4 QoQ.

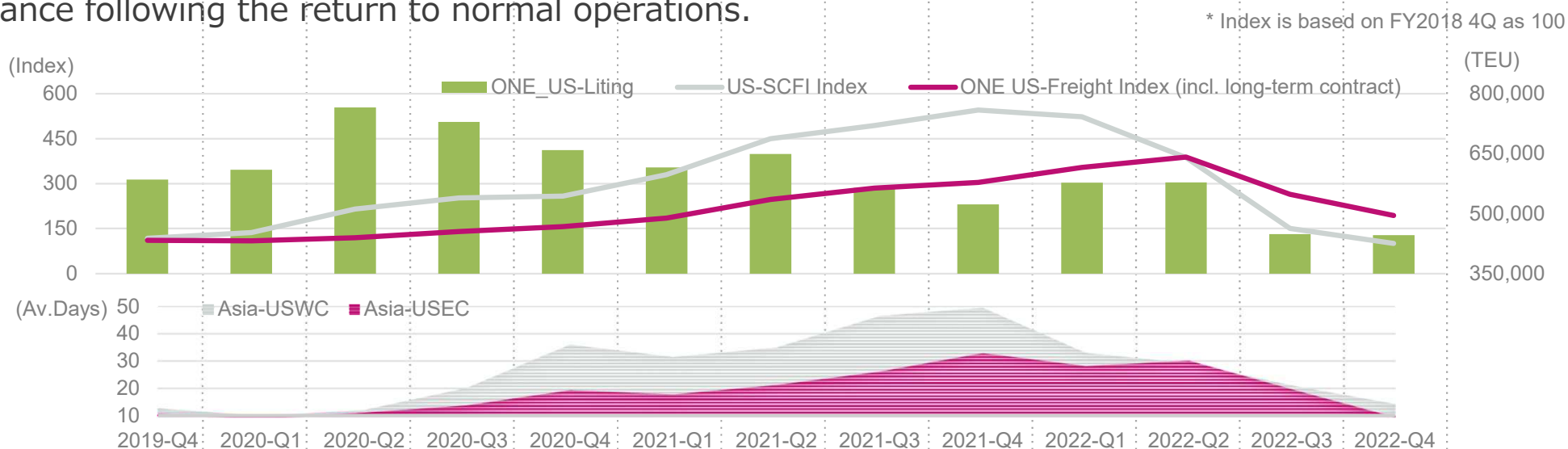
3. FY2023 Full Year Forecast

- Following the COVID-19 pandemic, the containership market is in the midst of major changes, such as, the aftermath of global supply chain disruption, changes in consumer behavior and shifts in trade patterns due to increasing international tensions.
- ONE is making progress in adapting to these major changes, but further changes in the market are expected as transport demand and trade patterns continue to change, creating an uncertain outlook which is difficult to predict.
- Under these circumstances, it is extremely difficult to announce a reasonable business forecast at this time and the full-year forecast for FY2023 is yet to be determined.

4. Business Environment Change before /after COVID-19 and ONE's Action

▣ Changes in freight, liftings and average delays in Asia-US trade

ONE acted swiftly to address the dynamic environmental changes: the global supply chain disruption & the fluctuating freight market due to Covid-19, and the change in supply & demand balance following the return to normal operations.

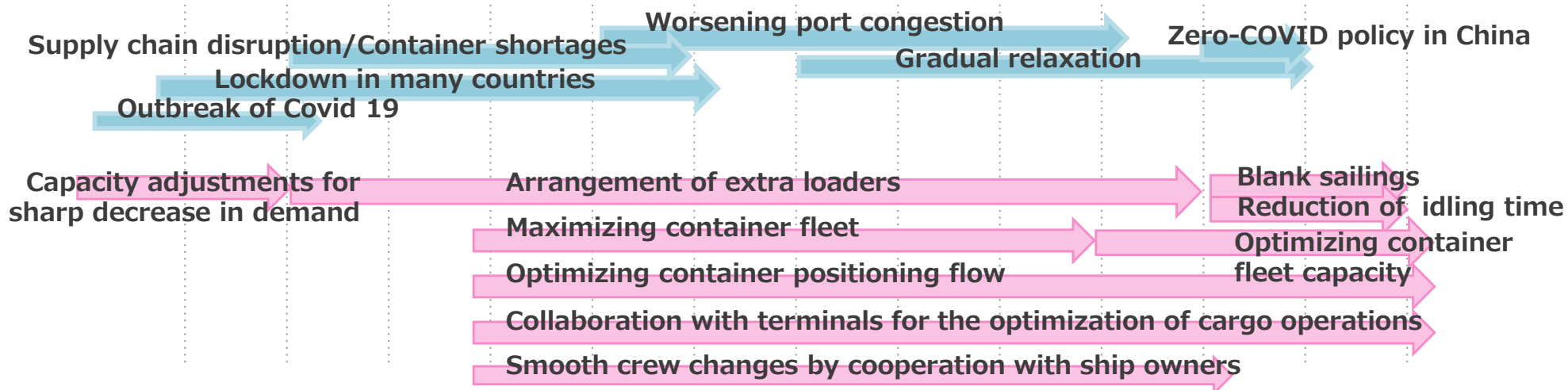


Freight
&
Demand

Av.
Delay

Environ-
mental
Change

ONE's
Action



5. ONE's Response to Recent Business Environment Change

Events

- The slowdown in demand that began in July was further reinforced, particularly from Asia to North America and Europe. Cargo volume from Asia to North America fell by 24.5% year-on-year. Despite the slight decline of US retail inventories in Jan – Feb, an increase in US imports did not materialize. Cargo volume from Asia to Europe fell by 12.9% year-on-year in January. A certain improvement in business confidence was seen as energy price hikes and inflationary trends eased but these economic changes did not lead to a marked recovery in retail consumption.
- Port congestion almost normalized, which led to the improvement of vessel capacity. There had been some concern that the scheduled delivery of many new vessels to the market would create excess tonnage, but no significant impact has been felt.
- Labor negotiations in the US west coast ports are still ongoing despite the joint statement in February that a new agreement was expected soon.



ONE's response

- The blank sailing period, which normally ends in Chinese New Year, was extended to Mar/Apr.
- The following measures were taken, aimed at improving profitability and reducing vessel's idling times.
 - 1) Some vessels in eastbound Asia-Europe trade and Asia-North America East Coast trade backhaul were routed via Cape of Good Hope
 - 2) Expansion of ONE's port coverage to enhance sales capability
 - 3) Reduction of bunker consumption by slow steaming
 - 4) Deployment of larger vessels in East-West trade ahead of schedule
 - 5) Deployment of additional tonnage to North-South trades and Atlantic trades to take advantage of stronger demand
- Optimization of ONE's container fleet capacity by the return of leased containers and efficient container repositioning
- Increased special cargo shipments through the strengthening of special cargo sales.



Maximizing operational efficiencies through flexible deployment and the management of vessels and equipments

6. Initiatives in FY 2022 – Fiscal year review

Mid-Term Strategy/
Green Strategy as of
Mar 2022

Major Initiatives in FY2022

Investment

<ul style="list-style-type: none"> ➤ Investment of more than US\$20Bn to the Liner business by 2030 ➤ Investment for 520K TEU of new building vessels by 2030 	Vessel/ Equipement	<ul style="list-style-type: none"> ● New order of 10 latest large size vessels(13,700 TEU, Jun 2022) ● New order of 10 latest large size vessels(13,700 TEU, Mar 2023) ● New order of own container (58,000 units in total)
	Other	<ul style="list-style-type: none"> ● Agreement with 2 parent companies for acquisition of 2 terminal companies in USWC (Dec 2022) ● Acquisition of Atlas Co. which holds the largest container ship owner, Seaspan Co. (Mar 2023)
	Service	<ul style="list-style-type: none"> ● Service expansion around Africa (New services for E.Africa & N.Africa, opening of ONE's Kenya office as strategic entity)

Environment

<ul style="list-style-type: none"> ➤ To achieve carbon neutrality by 2050 through the following 7 initiatives <ol style="list-style-type: none"> 1) Green Investments 2) Alternative Fuels 3) Carbon Management 4) Operational Efficiencies 5) Ecosystem Building 6) Ship Recycling 7) Environment Conservation 	1)	<ul style="list-style-type: none"> ● Initiative for AiP/notation related to alternative fuels or carbon capture & storage ● Installation of bow wind shields to 2 vessels (Dec 2022)
	2)	<ul style="list-style-type: none"> ● 2 trials for bio-fuel (Apr 2022, Feb 2023)
	3)	<ul style="list-style-type: none"> ● Verification by external auditor for Scope 1/2 emission(Jul 2022) ● Improvement of CDP Score (Dec 2022) ● Implementation of internal carbon credit scheme(Jun 2022) ● "Eco Calculator" a new customer service tool for the calculation of CO2 emission (Mar 2023)
	4)	<ul style="list-style-type: none"> ● CO2 emissions monitoring function added to vessel management systems as part of the actions for CII (Dec 2022)
	5)	<ul style="list-style-type: none"> ● Initiatives through GCMD (Green corridor between Rotterdam & Singapore, Trial for bio-fuel supply) ● "Container Summit" in Dejima, Nagasaki (Japan) for networking with academic/industrial stakeholders (Mar 2023)
	6)	<ul style="list-style-type: none"> ● Preparation for ship-recycling aimed at the delivery timing of new build vessels
	7)	<ul style="list-style-type: none"> ● Cleanup activities on World Clean-Up Day as part of global CSR

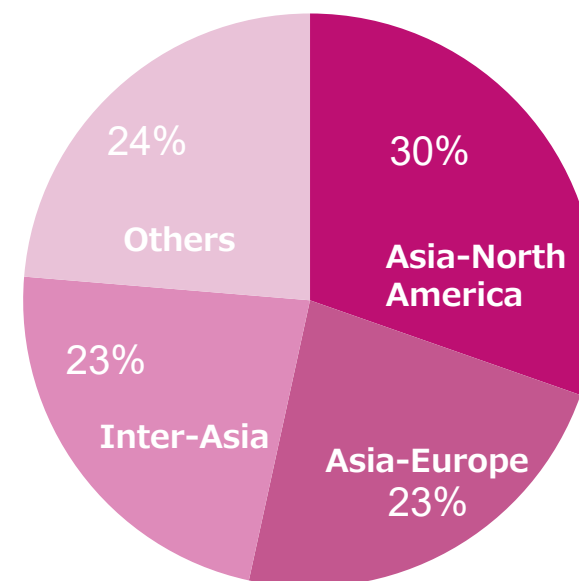
7. Reference (Fleet Structure, Service Structure & New Order)

□ Fleet Structure

Size		1) As of end of Dec 2022	2) As of end of Mar 2023	2)-1)
20,000 TEU <=	Capacity (TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 TEU - 20,000 TEU	Capacity (TEU)	519,572	519,572	0
	Vessels	38	38	0
9,800 TEU - 10,500 TEU	Capacity (TEU)	110,200	110,200	0
	Vessels	11	11	0
7,800 TEU - 9,800 TEU	Capacity (TEU)	355,677	355,677	0
	Vessels	40	40	0
6,000 TEU - 7,800 TEU	Capacity (TEU)	138,307	145,461	7,154
	Vessels	21	22	1
5,200 TEU - 6,000 TEU	Capacity (TEU)	32,814	32,814	0
	Vessels	6	6	0
4,600 TEU - 5,200 TEU	Capacity (TEU)	83,293	78,371	-4,922
	Vessels	17	16	-1
4300 TEU - 4,600 TEU	Capacity (TEU)	62,952	62,602	-350
	Vessels	14	14	0
3,500 TEU - 4,300 TEU	Capacity (TEU)	16,358	20,611	4,253
	Vessels	4	5	1
2,400 TEU - 3,500 TEU	Capacity (TEU)	86,615	86,514	-101
	Vessels	32	32	0
1,300 TEU - 2,400 TEU	Capacity (TEU)	10,354	12,062	1,708
	Vessels	6	7	1
1,000 TEU - 1,300 TEU	Capacity (TEU)	10,628	11,746	1,118
	Vessels	10	11	1
0 TEU - 1,000 TEU	Capacity (TEU)	966	869	-97
	Vessels	1	1	0
Total	Capacity (TEU)	1,548,336	1,557,099	8,763
	Vessels	206	209	3

□ Service Structure

(FY2022 4Q Structure of dominant and non-dominant space)



□ Current Orders of New Vessels (Including Long-Term Chartered Vessels)

	As of end of Dec 2022	Delivered in 4Q FY2022	New Order in 4Q FY2022	As of end of Mar 2023
No. of Order Book (Vessels)	35	0	10	45



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