

Financial Results for Q1 FY2023, and FY2023 Full-year Forecast

August 3, 2023



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(Attachment)
Ocean Network Express
Financial Results for FY2023 1st Quarter

1. Overview of the Q1 Results for FY2023



Q1 review (year-on-year comparison)

► Revenues: JPY567.5 billion (down JPY105.5 billion)

- Logistics - In the air freight and ocean freight businesses, handling volumes declined and freight rates also fell (down JPY75.0 billion)
- Air Cargo Transportation – Similar to Logistics, freight rates fell due to loosening supply-and-demand conditions (down JPY25.5 billion)

► Recurring profit: JPY89.4 billion (down JPY288.3 billion)

- Liner Trade – Supply-and-demand conditions loosened due to the elimination of supply chain disruptions, and freight rates fell significantly (down JPY238.5 billion)
- Air Cargo Transportation – Freight rate levels fell as a result of weaker cargo volumes and increased supply of space following the resumption of international passenger flights (down JPY24.1 billion)

► Net income: JPY73.4 billion (down JPY269.8 billion)

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

- Although profit increased in the Bulk Shipping Business, profits fell significantly in the Liner Trade and Air Cargo Transportation segments, causing overall profit to fall

Results for Q4 of previous FY	JPY103.8 billion
Q1 results	JPY89.4 billion
Decrease	JPY14.4 billion

1. Overview of the Q1 Results for FY2023

Results



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

► Liner Trade: JPY31.6 billion (down JPY238.5 billion)

Container shipping (Ocean Network Express)

- Weaker global cargo demand and increased supply of space following the elimination of supply chain disruptions caused supply-and-demand conditions to loosen, and freight rates fell significantly
- Increased vessel utilization following the elimination of port congestion in North America caused slot utilization to decline mainly on Asia – North America Eastbound
- Compared to the same period last year when supply-and-demand conditions were tight on strong cargo demand and ongoing supply chain disruptions, profit levels fell significantly

Terminals

- At the overseas terminals, in addition to lower handling volumes resulting from weaker cargo volumes, ancillary income decreased due to reduced container demurrage

► Air Cargo Transportation: JPY0.4 billion (down JPY24.1 billion)

- Combined with weak transportation demand, the increased supply of space following the resumption of international passenger flights caused supply-and-demand conditions to loosen, and freight rates fell

1. Overview of the Q1 Results for FY2023

Results



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

► Logistics: JPY7.0 billion (down JPY12.2 billion)

- **Air freight** Weak cargo volumes mainly from Asia caused handling volumes to decline significantly compared to the same period last year
- **Ocean freight** Handling volumes declined on slower cargo traffic. In addition, service agreement renewal was impacted by the falling markets, and the revised rates were applied, causing profit levels to fall
- **Contract logistics** Remained firm on support from strong cargo traffic in the automotive industry in Europe and expanded logistics service in North America

► Bulk Shipping: JPY53.7 billion (down JPY10.0 billion)

Automotive

- Tight supply-and-demand conditions as a result of robust transportation demand
- Transportation volumes increased year-on-year through increased vessel utilization resulting from optimized vessel deployment and operations

Dry Bulk

- Efforts were made to reduce the impact of market volatility by managing exposure, but due to the delayed recovery in China's economy, market levels for each vessel segment fell compared to the strong levels during the same period last year

Energy

- VLCC market was strong and greatly improved from the low levels during the same period last year
- VLGC markets improved compared to the same period last year as supply-and-demand for space tightened due to increased long-distance shipments

Summary of Q1 Results

Q1 Results



(Billions of yen)	FY2022							FY2023	Year-on-year
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	
Revenue	673.0	692.8	1,365.8	684.3	565.8	1,250.1	2,616.0	567.5	▲ 105.5
Operating Profit	89.1	74.1	163.3	86.0	46.9	133.0	296.3	47.1	▲ 42.0
Recurring Profit	377.7	387.6	765.3	240.6	103.8	344.4	1,109.7	89.4	▲ 288.3
Net Income Attributable to Owners of the Parent Company	343.3	362.6	706.0	214.3	92.1	306.4	1,012.5	73.4	▲ 269.8
Exchange Rate	¥126.49	¥136.64	¥131.56	¥143.98	¥133.17	¥138.58	¥135.07	¥135.81	¥9.32
Bunker Oil Prices	\$789.48	\$887.41	\$839.95	\$732.07	\$638.93	\$687.00	\$760.72	\$611.22	-\$178.26

Q1 Comparison by Segment

Q1 Results



Industrial Segment (Billions of yen)	FY2022							FY2023	Year-on-year	
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1		
Liner & Logistics	Liner Trade	51.8	49.4	101.2	52.2	47.1	99.4	200.7	56.4	4.5
	Air Cargo	270.2	296.3	566.6	161.5	62.3	223.9	790.6	31.6	-238.5
	Transportation	62.5	61.3	123.9	54.4	39.7	94.1	218.0	37.0	-25.5
	Logistics	24.5	19.3	43.9	12.3	5.2	17.6	61.5	0.4	-24.1
		239.8	234.6	474.4	215.4	172.5	387.9	862.4	164.7	-75.0
		19.2	17.8	37.1	13.0	4.0	17.1	54.2	7.0	-12.2
(Total)		354.1	345.4	699.6	322.1	259.4	581.5	1,281.2	258.2	-95.9
		314.1	333.6	647.7	186.9	71.7	258.7	906.4	39.1	-275.0
Bulk Shipping	Bulk Shipping	292.2	324.2	616.4	340.2	284.1	624.3	1240.8	288.0	-4.1
		63.7	54.8	118.5	54.6	37.2	91.8	210.4	53.7	-10.0
Others	Real Estate	0.8	0.8	1.7	0.8	0.8	1.6	3.3	0.7	-0
		0.4	0.3	0.8	0.4	0.0	0.4	1.3	0.4	-0
	Other	63.1	62.0	125.2	59.1	50.1	109.2	234.5	47.4	-15.6
		1.0	0.4	1.4	1.2	-2.1	-0.8	0.5	-0.8	-1.8
Elimination/ Unallocation		-37.3	-39.8	-77.1	-38.0	-28.6	-66.7	-143.8	-26.9	10.4
		-1.6	-1.6	-3.3	-2.6	-3.1	-5.7	-9.0	-3.0	-1.3
Consolidated		673.0	692.8	1,365.8	684.3	565.8	1,250.1	2,616.0	567.5	-105.5
		377.7	387.6	765.3	240.6	103.8	344.4	1,109.7	89.4	-288.3

* (Upper) Revenue (Lower) Recurring Profit

* The method used to calculate interest affiliated with each segment has been changed from FY2023 Q1, and recurring profit of each segment in FY2022 has also been calculated based on the revised calculation method. This change will have no impact on the quarterly consolidated profit and the revenue of each segment.

Analysis of Change in Recurring Profit between FY2022 and FY2023

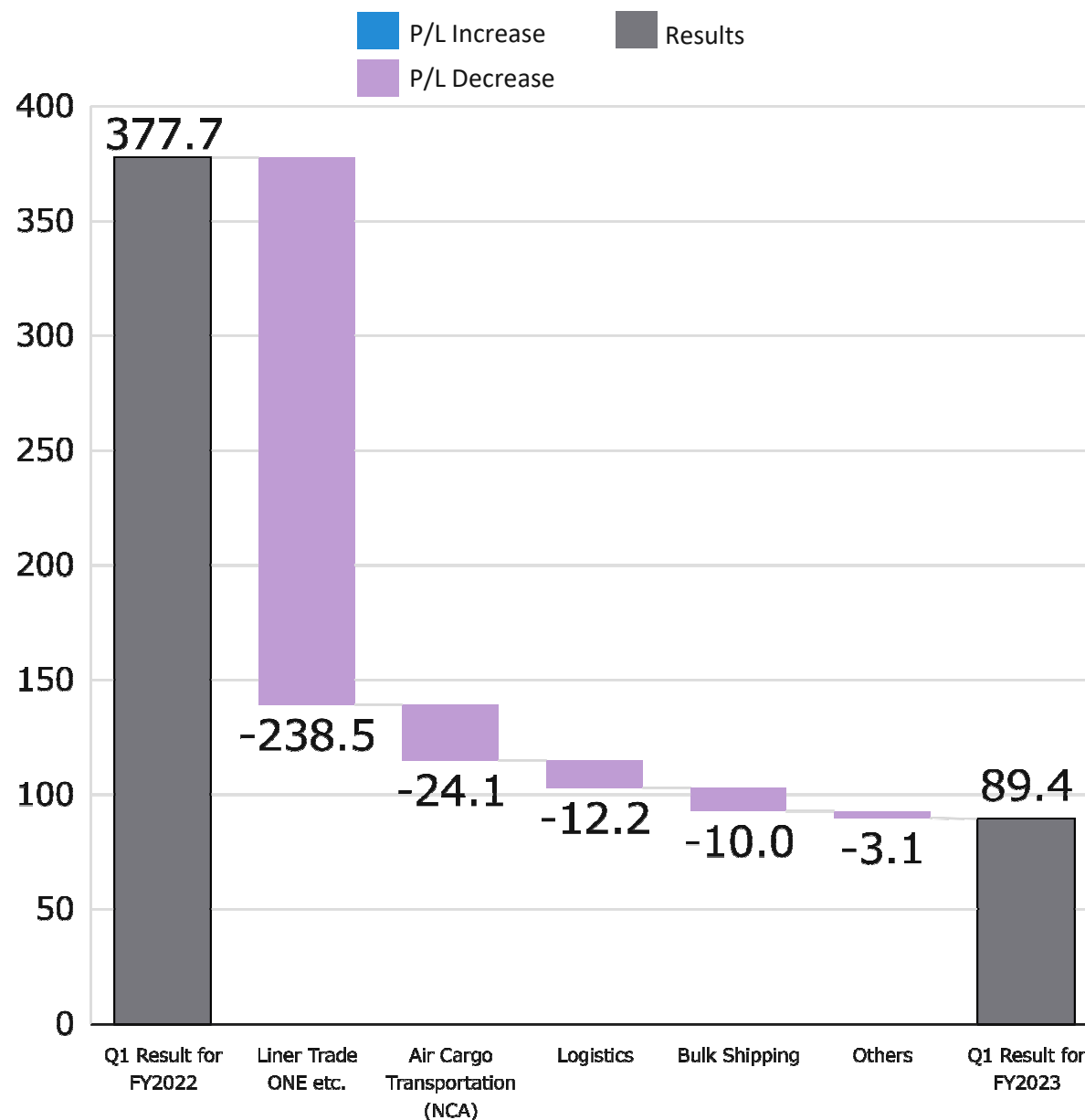
Q1 Results



Analysis by factor

	(billion yen)	
Yen Depreciation	3.6	¥135.81/\$ Depreciated by ¥9.32
Lower Bunker Oil Prices	1.6	\$611.22/MT Decreased by \$178.26/MT
Market Effects, etc.	-245.8	Liner (incl. ONE) -241.1 Bulk Shipping -4.7
Foreign Exchange Profit/Loss	-12.8	
Others	-34.8	Logistics -12.2 Air Cargo(NCA) -24.1
Total	-288.3	

Analysis by business



2. Full-year forecast for FY2023

Forecast



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

▶ **Revenues: JPY2,170.0 billion (down JPY130.0 billion)**

- Logistics: Down JPY99.5 billion
- Bulk Shipping: Down JPY36.0 billion

▶ **Recurring profit: JPY220.0 billion (up JPY20.0 billion)**

- Bulk Shipping: Up JPY39.5 billion
- Liner & Logistics (Liner Trade, Air Cargo Transportation, Logistics): Down JPY19.5 billion

▶ **Net income: JPY220.0 billion (Up JPY20.0 billion)**

▶ **Dividend: Interim: JPY60/share | Year-end: JPY70/share (Raised year-end dividend by JPY10/share)**

- Set forth a shareholder return policy under which from this year the target consolidated dividend payout ratio has been raised from 25% to 30% and the minimum full-year dividend has been set at JPY100.
- In addition to the dividend, it has been decided to acquire treasury stock worth a total of JPY200 billion (maximum) during the period from August 4, 2023 through April 30, 2024. (It is planned to retire all of the acquired treasury stock)
- The dividend amount is based on the number of shares prior to the acquisition of treasury stock.

2. Full-year forecast for FY2023

Forecast



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

Although ONE has not issued a forecast, the full-year forecast here is based on the confirmation of certain assumptions

► Liner Trade: JPY67.0 billion (down JPY2.0 billion)

Container shipping (Ocean Network Express)

- In 1H, shipping demand will remain slow, and there will be excess space. It is expected take some time until spot freight rates recover
- In Q2, the lower freight rates following the renewal of long-term contracts will cause profit levels to fall compared to Q1
- From autumn, the elimination of excess inventory mainly in the United States will further progress, causing cargo volumes to return and the market to recover to a certain extent

Terminals

- With priority to the terminals on the west coast of North America, it is planned to successively transfer the overseas terminals to ONE

► Air Cargo Transportation: JPY0.0 billion (down JPY7.0 billion)

- Markets will remain soft in Q2, and both chargeable weight and freight rates are forecast to decline compared to the previous forecast
- The full-year forecast is based on the assumption that the transfer of all shares of Nippon Cargo Airlines Co., Ltd. will be completed with an effective date of October 1, 2023

2. Full-year forecast for FY2023

Forecast



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

► Logistics: JPY23.0 billion (down JPY10.5 billion)

- **Air freight:** Loosening supply-and-demand conditions due to weak cargo traffic will cause markets to fall, and both handling volumes and freight rates are expected to decline
- **Ocean freight:** Falling ocean shipping freight rates are expected to impact freight rates and handling volumes
- **Contract logistics:** Expected to remain firm on support from cargo traffic in Europe and North America

► Bulk Shipping: JPY141.5 billion (Up JPY39.5 billion)

Automotive

- As supply-and-demand conditions remain tight, efforts will be made to capture the strong transportation demand through optimized vessel deployment and operations, and transportation volumes are expected to increase by around 70,000 vehicles
- Transportation demand continues to be stronger than initially anticipated, and the bottom line is expected to improve

Dry Bulk

- Due to uncertainty concerning the economy in China, the market assumptions from Q2 for each vessel segment have been lowered

Energy

- VLCC and VLGC demand is firm and supply-and-demand conditions continue to be tight due to increased long-distance shipments, and both businesses are expected to be solid
- LNG carriers 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	Change from Prev. Forecast
	1H		2H		Full-year	1H		2H	Full-Year		
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2				
Revenue	1,365.8		1,250.1		2,616.0	1,150.0		1,020.0	2,170.0	-446.0	-130.0
	673.0	692.8	684.3	565.8		567.5	582.5				
Operating Profit	163.3		133.0		296.3	87.0		59.0	146.0	-150.3	18.0
	89.1	74.1	86.0	46.9		47.1	39.8				
Recurring Profit	765.3		344.4		1,109.7	132.5		87.5	220.0	-889.7	20.0
	377.7	387.6	240.6	103.8		89.4	43.1				
Net Income Attributable to Owners of the Parent Company	706.0		306.4		1,012.5	120.0		100.0	220.0	-792.5	20.0
	343.3	362.6	214.3	92.1		73.4	46.5				
Exchange Rate	¥126.49	¥136.64	¥143.98	¥133.17	¥135.07	¥135.81	¥135.00	¥130.00	¥132.70	¥-2.37	¥2.70
Bunker Prices (All Grades)	\$789.47	\$887.41	\$732.07	\$638.93	\$760.72	\$611.22	\$615.50	\$615.50	\$614.43	-\$146.29	-\$45.57
Bunker Prices (HSFO)	-	-	-	-	-	-	\$490.00	\$490.00	\$490.00	-	-
Bunker Prices (VLSFO)	-	-	-	-	-	-	\$630.00	\$630.00	\$630.00	-	-

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

Exchange rate: Approx. JPY1.24 billion increase per ¥1/\$ depreciation*

Bunker prices: Approx. JPY0.27 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	2H	Full-year	Q1 (Result)	Q2	1H	2H	Full-year		
Liner & Logistics	Liner Trade	51.8	49.4	101.2	99.4	200.7	56.4	48.1	104.5	76.0	180.5	-20.2
		270.2	296.3	566.6	223.9	790.6	31.6	7.3	39.0	28.0	67.0	-723.6
	Air Cargo	62.5	61.3	123.9	94.1	218.0	37.0	38.5	75.5	0.0	75.5	-142.5
	Transportation	24.5	19.3	43.9	17.6	61.5	0.4	-0.4	0.0	0.0	0.0	-61.5
	Logistics	239.8	234.6	474.4	387.9	862.4	164.7	178.7	343.5	368.5	712.0	-150.4
		19.2	17.8	37.1	17.1	54.2	7.0	6.0	13.0	10.0	23.0	-31.2
(Total)	354.1	345.4	699.6	581.5	1,281.2	258.2	265.3	523.5	444.4	968.0	-313.2	
	314.1	333.6	647.7	258.7	906.4	39.1	12.8	52.0	38.0	90.0	-816.4	
Bulk Shipping	Bulk Shipping	292.2	324.2	616.4	624.3	1240.8	288.0	294.9	583.0	523.5	1,106.5	-134.3
		63.7	54.8	118.5	91.8	210.4	53.7	32.3	86.0	55.5	141.5	-68.9
Others	Real Estate	0.8	0.8	1.7	1.6	3.3	0.7	0.8	1.5	1.5	3.0	-0.3
		0.4	0.3	0.8	0.4	1.3	0.4	0.6	1.0	0.5	1.5	0.2
	Other	63.1	62.0	125.2	109.2	234.5	47.4	59.1	106.5	120.0	226.5	-8.0
		1.0	0.4	1.4	-0.8	0.5	-0.8	0.3	-0.5	-0.5	-1.0	-1.5
Elimination/ Unallocation	-37.3	-39.8	-77.1	-66.7	-143.8	-26.9	-37.6	-64.5	-69.5	-134.0	9.8	
	-1.6	-1.6	-3.3	-5.7	-9.0	-3.0	-2.9	-6.0	-6.0	-12.0	-3.0	
Consolidated		673.0	692.8	1,365.8	1,250.1	2,616.0	567.5	582.5	1,150.0	1,020.0	2,170.0	-446.0
		377.7	387.6	765.3	344.4	1,109.7	89.4	43.1	132.5	87.5	220.0	-889.7

* (Upper) Revenue (Lower) Recurring Profit

* Air Cargo Transportation : Based on the assumption that the transfer of shares of NCA will be completed with an effective date of October 1, 2023

* The method used to calculate interest affiliated with each segment has been changed from FY2023 Q1, and recurring profit of each segment in FY2022 has also been calculated based on the revised calculation method. This change will have no impact on the quarterly consolidated profit and the revenue of each segment.

Forecast by Segment for FY2023

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	85.0	70.0	155.0	104.5	76.0	180.5	19.5	6.0	25.5
		34.5	34.5	69.0	39.0	28.0	67.0	4.5	-6.5	-2.0
	Air Cargo Transportation	93.5	0.0	93.5	75.5	0.0	75.5	-18.0	0.0	-18.0
		7.0	0.0	7.0	0.0	0.0	0.0	-7.0	0.0	-7.0
	Logistics	403.0	408.5	811.5	343.5	368.5	712.0	-59.5	-40.0	-99.5
		17.0	16.5	33.5	13.0	10.0	23.0	-4.0	-6.5	-10.5
(Total)		581.5	478.5	1,060.0	523.5	444.4	968.0	-58.0	-34.1	-92.0
		58.5	51.0	109.5	52.0	38.0	90.0	-6.5	-13.0	-19.5
Bulk Shipping	Bulk Shipping	583.0	559.5	1,142.5	583.0	523.5	1,106.5	0.0	-36.0	-36.0
		60.0	42.0	102.0	86.0	55.5	141.5	26.0	13.5	39.5
Others	Real Estate	1.5	1.5	3.0	1.5	1.5	3.0	0.0	0.0	0.0
		1.0	0.5	1.5	1.0	0.5	1.5	0.0	0.0	0.0
	Other	116.0	119.0	235.0	106.5	120.0	226.5	-9.5	1.0	-8.5
		-0.5	0.5	0.0	-0.5	-0.5	-1.0	0.0	-1.0	-1.0
Elimination/ Unallocation		-72.0	-68.5	-140.5	-64.5	-69.5	-134.0	7.5	-1.0	6.5
		-6.5	-6.5	-13.0	-6.0	-6.0	-12.0	0.5	0.5	1.0
Consolidated		1,210.0	1,090.0	2,300.0	1,150.0	1,020.0	2,170.0	-60.0	-70.0	-130.0
		112.5	87.5	200.0	132.5	87.5	220.0	20.0	0.0	20.0

* (Upper) Revenue (Lower) Recurring Profit

* Air Cargo Transportation : Based on the assumption that the transfer of shares of NCA will be completed with an effective date of October 1, 2023

Appendix



► 1. Air Cargo Transportation (NCA)

	FY2022(Result)					FY2023(Forecast)		Change from Prev. Forecast (1H)
	1H		2H		Full-year	1H		
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2	
Revenue (Billions of yen)	123.9		94.1		218.0	75.5		-18.0
	62.5	61.3	54.4	39.7		37.0	38.5	
Recurring Profit (Billions of yen)	43.9		17.6		61.5	0.0		-7.0
	24.5	19.3	12.3	5.2		0.4	-0.4	
Chargeable Weight (1,000 tons)	199		185		385	192		-19
	97	103	99	87		95	10	
Volume (RTK) (mil.ton kilo)	1,185		1,082		2,267	1,149		-107
	598	587	579	503		568	581	
Capacity (ATK) (mil.ton kilo)	1,779		1,710		3,489	1,797		-278
	880	899	897	813		885	912	
YIELD FY3/09 Q1=100	241		191		217	140		-17
	251	231	208	172		141	139	
MOPS US\$ per bbl	\$139		\$113		\$126	\$94		-\$31
	\$148	\$130	\$119	\$107		\$92	\$95	
Utilization of the Air Crafts FY2020 Q1=100	104		97		101	-		-
	104	104	104	91		106	-	

* 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 the transfer of shares of NCA will be completed with an effective date of October 1, 2023.

► 2. Logistics

		FY2021 (Result)	FY2022 (Result)				Full-year	FY2023 (Forecast)				Change from Prev. Forecast (Full-year)
			1H		2H			1H		2H	Full- year	
		Full-year	Q1	Q2	Q3	Q4	Q1 (Result)	Q2				
Ocean Export	TEU	721	336		316		651	310		326	636	-96
	(1,000TEUs)		167	169	164	152		151	159			
	Year-on- Year	-0%	-9%		-10%		-10%	-8%		3%	-2%	
			-11%	-7%	-10%	-10%	-10%	-6%				
Air Export	Weight	400	158		137		295	126		147	273	-67
	(1,000 tons)		82	76	74	62		59	67			
	Year-on- Year	23%	-21%		-31%		-26%	-20%		8%	-7%	
			-18%	-25%	-30%	-33%	-28%	-12%				

3. Bulk Shipping – 1) Market trend and forecast

		FY2022 (Result)					FY2023 (Forecast)				Prev. Forecast
		Q1	Q2	Q3	Q4	Full-Year	Q1 (Result)	Q2	2H	Full-Year	Full-year
Dry Bulk Carriers	BDI	2,517	1,659	1,522	992	1,673	1,327	1,580	1,280	1,367	1,465
	Cape	21,347	13,764	15,022	8,907	14,760	15,650	20,000	14,000	15,913	16,000
	Panamax	26,580	17,194	15,987	11,178	17,735	12,424	14,000	13,000	13,106	15,000
	Handymax	28,873	19,742	14,717	10,025	18,339	10,929	12,000	11,000	11,232	12,500
	Handy	27,535	18,720	14,905	9,610	17,692	10,636	11,250	10,250	10,597	11,500
Tankers	VLCC	-11,190	25,579	60,061	45,860	30,078	39,049	36,000	43,500	40,512	31,500
	VLGC	45,958	38,630	102,217	67,833	63,660	75,981	50,000	45,000	53,995	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 Business

	FY2022 (Result)					FY2023 (Forecast)				Change from Prev. Forecast (Full-year)
	1H		2H		Full-year	1H		2H	Full-Year	
	Q1	Q2	Q3	Q4		Q1 (Result)	Q2			
All Trade (10,000 Cars)	218		232		450	226		236	462	7
	106	112	124	108		112	114			
Year-on-year	6%		10%		8%	4%		2%	3%	2%
	-1%	14%	20%	0%		5%	2%			

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

ONE

OCEAN NETWORK EXPRESS

Financial Results for FY2023 1st Quarter

July 31, 2023

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1. FY2023 1st Quarter Results

□ Outline

The supply and demand balance has not recovered in the East-West trades, resulting in a gradual downward trend for short-term freight rate levels. The financial result for the first quarter are a profit of USD 513 million which is a significant decline year-on-year (-US\$ 4,986 million).

- The Global cargo demand in April-June was significantly lower than in the same period of the previous year. East-West routes suffered a fall in demand due to stagnant retail consumption in Europe and the U.S. as a result of high interest rates and inflation.
- On the supply side, capacity increased as port congestion dissipated. There were no significant improvements in the softening supply-demand balance for the quarter under review.
- As a result, freight rates remained significantly lower than FY2022 1Q decreasing profit margins.

□ FY 2023 Q1 results and PL Analysis

(Unit: Million US\$)

Revenue
EBITDA
EBIT
Profit/Loss

FY 2022		FY 2023	vs FY2022 1Q	
1Q Results	4Q Results	1Q Results	Change	Change (%)
9,019	4,642	3,765	-5,254	-58%
5,859	1,558	770	-5,089	-87%
5,561	1,184	386	-5,175	-93%
5,499	1,210	513	-4,986	-91%

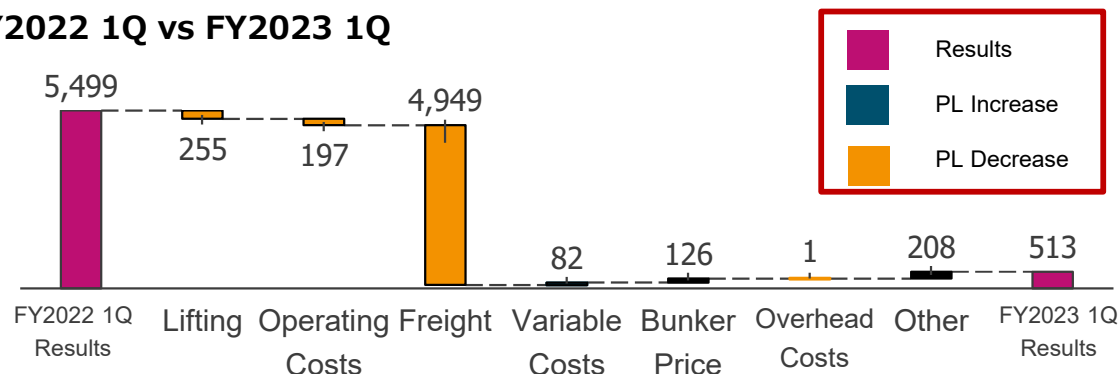
vs FY2022 4Q	
Change	Change (%)
-877	-19%
-788	-51%
-798	-67%
-697	-58%

Bunker Price (US\$/MT)
Bunker consumption (K MT)
Lifting (K TEU)

\$750	\$643	\$590	-\$160	-21%
773	712	799	26	3%
2,939	2,596	2,825	-114	-4%

-\$53	-8%
87	12%
229	9%

FY2022 1Q vs FY2023 1Q



- Lifting : Slightly lower than in the same period of the previous year.
- Operation Costs: Vessel costs increased, fuel consumption slightly increased due to improved congestion and less blank sailings, which lead to increased operation costs as a whole.
- Freight : Significantly decreased year-on-year.
- Variable Costs : Improved mainly due to lower storage costs following the elimination of port congestion.
- Bunker Price : Decreased due to lower oil prices.
- Overhead Costs : At the same level as in the same period of the previous year.

2. Liftings, Utilization Rates, Freight Index

(Unit:1,000TEU)

Liftings / Utilization by Trades		FY2022							FY2023
		1Q	2Q	1H	3Q	4Q	2H	Full Year	1Q
		Results	Results	Results	Results	Results	Results	Results	Results
Asia-North America Eastbound	Lifting	577	578	1,155	449	468	916	2,072	578
	Utilization	100%	91%	95%	80%	90%	85%	90%	82%
Asia- Europe Westbound	Lifting	402	395	796	368	346	713	1,510	385
	Utilization	95%	95%	95%	90%	95%	92%	94%	94%
Asa-North America Westtbound	Lifting	278	276	554	297	294	591	1,145	291
	Utilization	48%	51%	49%	49%	55%	52%	51%	44%
Asia-Europe Eastbound	Lifting	282	267	549	243	235	477	1,026	240
	Utilization	58%	56%	57%	54%	54%	54%	55%	54%

(Unit:100: average freight rates as of FY 2018 1Q)

Freight Index by Trades		FY2022							FY2023
		1Q	2Q	1H	3Q	4Q	2H	Full Year	1Q
		Results	Results	Results	Results	Results	Results	Results	Results
Asia-North America Eastbound		354	389	372	264	176	219	304	126
Asia-Europe Westbound		530	508	519	303	189	248	391	139

- Liftings, Utilization rates : Compared to the previous 4Q, the North America eastbound liftings increased due to improvement of the port congestion, while the utilization rates decreased in line with improved vessel turnover. Asia Europe Trade westbound volumes increased (mainly to the Mediterranean) while vessel utilization remained unchanged. Compared to the same period last year, the Asia - North America remained similar in liftings, while Asia-Europe experienced a decrease.
- Freight Index : Long-term contract freight rates fell sharply in both North America and Europe compared to the previous year's 4Q and the same period last year, pulled down by short-term freight rates.

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 shifts in the market are expected as transport demand and trade patterns continue to alter, 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. ONE is committed to stabilizing its performance while responding flexibly to while maintaining the flexibility to respond to changes in the business environment.

4. ONE's response to recent changes in the business environment

Events

- Cargo movements from Asia to North America in April-June fell by 18% year-on-year due to a lack of progress in clearing inventories resulting from stagnant consumption caused by inflation and high interest rates. Cargo movements from Asia to Europe in April-May was 9.1% higher than in the same period last year due to an increase in shipments to the Mediterranean Sea, particularly construction materials to Turkey. Shipments to Northern Europe remained at the same level as the same period last year due to stagnant consumption caused by high interest rates.
- As port congestion subsided, vessel utilization recovered, and substantial supply normalized, but cargo demand has not recovered, which is a factor in the softening of supply and demand.
- The US West Coast labour negotiations reached a tentative agreement in mid-June. Meanwhile, in Canada, the labour-management negotiations had some impact on vessel operations and inland transport.



ONE's response

- Continued the flexible blank sailings in response to the fluctuating demand.
- The following measures were taken, aimed at improving profitability and reducing vessel's idling times.
 - 1) Expansion of port coverage to enhance sales capability
 - 2) Reduction of bunker consumption by slow steaming
 - 3) Deployment of larger vessels in East-West trades ahead of schedule
 - 4) Demand-driven service aggregation to improve operational efficiency while maintaining service quality.
- Optimization of ONE's container fleet capacity by returning 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

5. Initiatives for FY2023 1st Quarter

Initiative	<ol style="list-style-type: none"> 1. As a container shipping company that supports the supply chain, ONE will make investments and continuously provide high-quality, safe global transportation services. 2. ONE has positioned green strategy 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, to achieve sustainable growth. 	
Progress	Investment	<ul style="list-style-type: none"> ➢ "ONE Innovation", the first of six long-term chartered 24,000 TEU vessels from SHOEI KISEN KAISHA LTD (Jun 2023), delivered and deployed on Asia-Europe trade. Subsequent vessels to be delivered in FY2023. ➢ India - East Coast Africa - Middle East (MIM) service enhanced (Apr 2023). ➢ Two intra-European services upgraded (May/Jun 2023); Irish branch established (Apr 2023), strengthening European network. ➢ Establishment and operation start of ONE Kenya. (Apr 2023)
	Environment	<ul style="list-style-type: none"> ➢ ONE's partnership with ANDERS NIELSEN & CO in Denmark was expanded to reduce Scope 3 CO2 emissions associated with inland transport activities (May 2023). ➢ Sustainability Report 2023 was published in Jun 2023. ➢ ONE sponsored the development and conservation project of Sister's Island(National Parks Board – Singapore) to promote biodiversity and environmental education (Jun 2023).
	Digital	<ul style="list-style-type: none"> ➢ Telematic devices added to ONE's reefer containers (Jun 2023).
	Safety	<ul style="list-style-type: none"> ➢ Participation of ONE operating vessels in a joint technology acceleration initiative launched by SafetyTech Accelerator with the aim of reducing cargo fire and loss onboard. (May 2023).

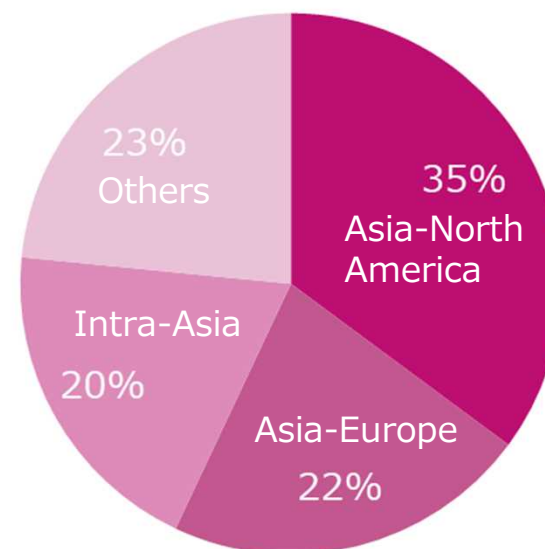
6. Reference (Fleet Structure, Service Structure & New Order)

□ Fleet Structure

Size			1) As of end of Mar 2023	2) As of end of Jun 2023	2)-1)
20,000 TEU <=	Capacity (TEU)		120,600	144,600	24,000
	Vessels		6	7	1
10,500 TEU - 20,000 TEU	Capacity (TEU)		519,572	550,316	30,744
	Vessels		38	40	2
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	346,389	-9,288
	Vessels		40	39	-1
6,000 TEU - 7,800 TEU	Capacity (TEU)		145,461	151,811	6,350
	Vessels		22	23	1
5,200 TEU - 6,000 TEU	Capacity (TEU)		32,814	38,654	5,840
	Vessels		6	7	1
4,600 TEU - 5,200 TEU	Capacity (TEU)		78,371	83,101	4,730
	Vessels		16	17	1
4300 TEU - 4,600 TEU	Capacity (TEU)		62,602	62,602	0
	Vessels		14	14	0
3,500 TEU - 4,300 TEU	Capacity (TEU)		20,611	29,042	8,431
	Vessels		5	7	2
2,400 TEU - 3,500 TEU	Capacity (TEU)		86,514	86,860	346
	Vessels		32	32	0
1,300 TEU - 2,400 TEU	Capacity (TEU)		12,062	10,354	-1,708
	Vessels		7	6	-1
1,000 TEU - 1,300 TEU	Capacity (TEU)		11,746	13,915	2,169
	Vessels		11	13	2
0 TEU - 1,000 TEU	Capacity (TEU)		869	0	-869
	Vessels		1	0	-1
Total	Capacity (TEU)		1,557,099	1,627,844	70,745
	Vessels		209	216	7

□ Service Structure

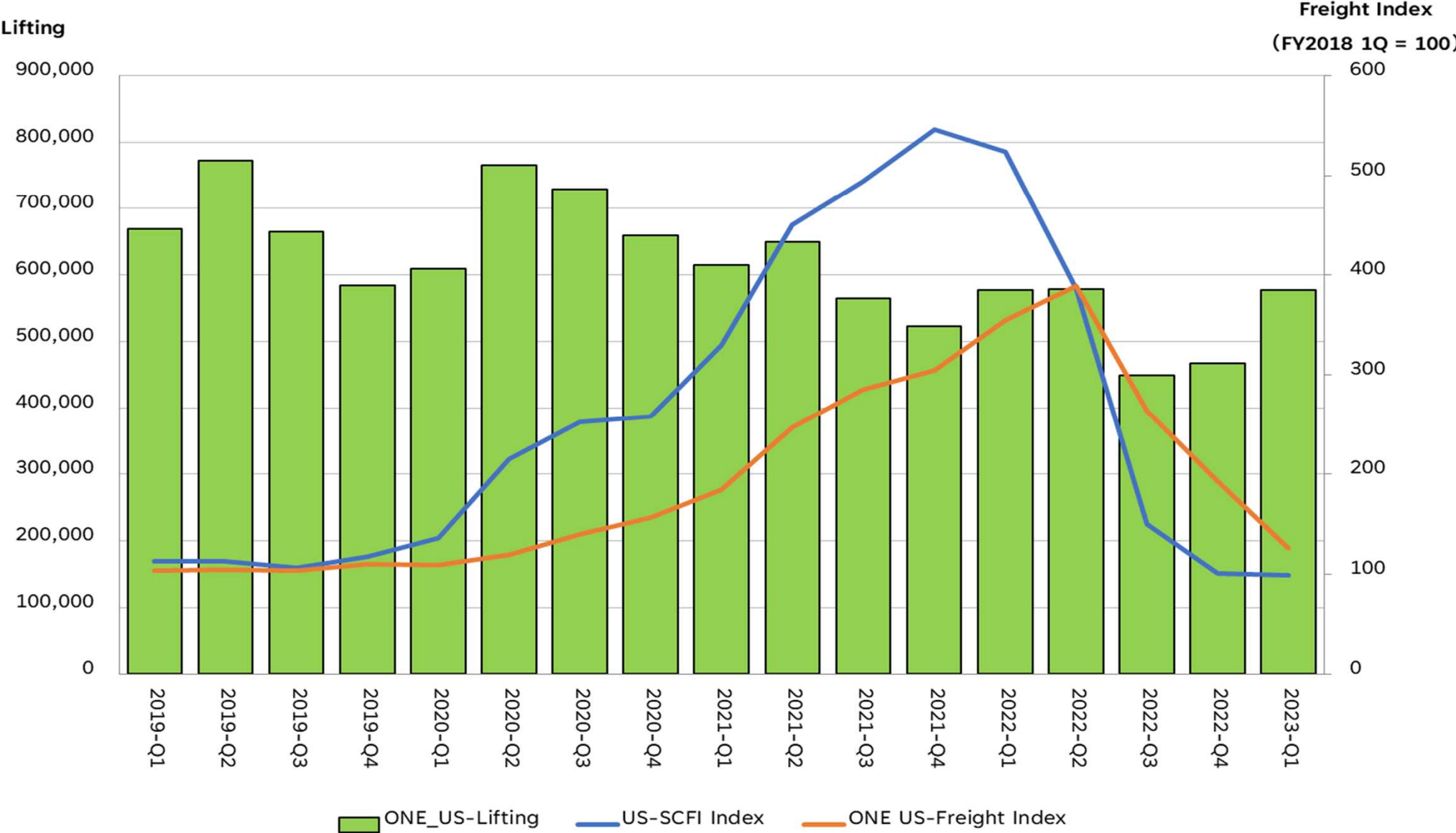
(FY2023 Q1 Structure of dominant and non-dominant space)



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

	As of end of Mar 2023	Delivered in 1Q FY2023	New Order in 1Q FY2023	As of end of Jun 2023
No. of Order Book (Vessels)	45	3	0	42

7. Appendix Change of demand and freight Index before/after COVID-19





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