

Financial Results for Q2 FY2023, and FY2023 Full-year Forecast

November 6, 2023



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(Attachment)
Ocean Network Express
Financial Results for FY2023 2nd Quarter

1. Overview of the Q2 Results for FY2023

Results



1H review (year-on-year)

- ▶ **Revenues: JPY1,168.3 billion (down JPY197.5 billion)**
 - Logistics – Handling volumes declined in both the air and ocean freight forwarding businesses, and freight rates fell (down JPY135.7 billion)
 - Air Cargo Transportation – Similar to the Logistics Business, freight rate levels fell due to looser supply-and-demand conditions (down JPY46.0 billion)

- ▶ **Recurring profit: JPY159.2 billion (down JPY606.0 billion)**
 - Liner Trade – While cargo demand was weak, shipping capacity increased following the completion of new vessels, causing markets to fall and freight rates to decline significantly (down JPY519.9 billion)
 - Air Cargo Transportation – Freight rate levels fell due to slowing cargo volumes and increased supply of space following the resumption of international passenger flights (down JPY43.6 billion)

- ▶ **Net income: JPY113.3 billion (down JPY592.6 billion)**

- ▶ **Shareholder return: Interim dividend JPY60/share (unchanged from the previous forecast)**
 - Acquisition of treasury stock**
 - Currently implementing based on an acquisition period of August 4, 2023 – April 30, 2024 and total value of JPY200 billion (maximum). It is planned to retire all of the acquired treasury stock
 - Results (Cumulative total number as of September 30): Acquired 17,000,100 shares | approx. JPY 66.0 billion

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

▶ Liner Trade: JPY 46.7 billion (down JPY519.9 billion)

Container shipping (Ocean Network Express)

- Cargo demand fell due to the impact of increased inventories in North America and higher interest rates and inflation mainly in Europe and North America, and markets fell. In addition, increased shipping capacity following the completion of new ships also had an impact

Terminals

- At the overseas terminals, handling volumes declined due to weak cargo volumes
- Transferred shares of an affiliate company at a terminal on the west coast of North America to ONE at the end of September

▶ Air Cargo Transportation: JPY0.3 billion (down JPY43.6 billion)

- While transportation demand was weak, the increased supply of space following the resumption of international passenger flights caused supply-and-demand conditions to loosen, and freight rate levels fell

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

► Logistics: JPY13.7 billion (down JPY23.4 billion)

- Air freight & Ocean freight Markets fell on weak cargo volumes, and both handling volumes and profit greatly declined compared to the same period last year
- Contract logistics Business was steady on support from strong cargo traffic in the e-commerce and automotive industries within Europe and firm demand for general consumer goods within North America

► Bulk Shipping: JPY103.1 billion (down JPY15.4 billion)

Automotive

- While supply-and-demand conditions were tight as a result of robust transportation demand, transportation volumes increased year-on-year as a result of increased vessel utilization through optimized vessel deployment

Dry Bulk

- Despite firm cargo volumes, market levels for each vessel segment fell compared to the strong levels during the same period last year due to the impact including the economic slowdown in China
- Efforts were made to reduce the impact of market volatility by managing exposure

Energy

- Although the VLCC market softened from July, the business improved compared to the same period last year on support from the strong Q1
- 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 Q2 Results

Q2 Results



(Billions of yen)	FY2022							FY2023			Year-on-year
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	Q2	1H	
Revenue	673.0	692.8	1,365.8	684.3	565.8	1,250.1	2,616.0	567.5	600.8	1,168.3	-197.5
Operating Profit	89.1	74.1	163.3	86.0	46.9	133.0	296.3	47.1	51.6	98.7	-64.5
Recurring Profit	377.7	387.6	765.3	240.6	103.8	344.4	1,109.7	89.4	69.8	159.2	-606.0
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	39.8	113.3	-592.6
Exchange Rate	¥126.49	¥136.64	¥131.56	¥143.98	¥133.17	¥138.58	¥135.07	¥135.81	¥144.05	¥139.93	¥8.37
Bunker Oil Prices	\$789.48	\$887.41	\$839.95	\$732.07	\$638.93	\$687.00	\$760.72	\$611.22	\$597.59	\$604.38	-\$235.57

Q2 Comparison by Segment

Q2 Results



Industrial Segment (Billions of yen)	FY2022							FY2023			Year-on-year	
	Q1	Q2	1H	Q3	Q4	2H	Full-Year	Q1	Q2	1H		
Liner & Logistics	Liner Trade	51.8	49.4	101.2	52.2	47.1	99.4	200.7	56.4	55.2	111.7	10.4
		270.2	296.3	566.6	161.5	62.3	223.9	790.6	31.6	15.0	46.7	-519.9
	Air Cargo	62.5	61.3	123.9	54.4	39.7	94.1	218.0	37.0	40.8	77.8	-46.0
	Transportation	24.5	19.3	43.9	12.3	5.2	17.6	61.5	0.4	-0.0	0.3	-43.6
	Logistics	239.8	234.6	474.4	215.4	172.5	387.9	862.4	164.7	173.9	338.6	-135.7
(Total)		19.2	17.8	37.1	13.0	4.0	17.1	54.2	7.0	6.7	13.7	-23.4
		354.1	345.4	699.6	322.1	259.4	581.5	1,281.2	258.2	270.0	528.2	-171.3
Bulk Shipping		314.1	333.6	647.7	186.9	71.7	258.7	906.4	39.1	21.6	60.8	-586.9
	Bulk Shipping	292.2	324.2	616.4	340.2	284.1	624.3	1240.8	288.0	304.7	592.8	-23.5
Others		63.7	54.8	118.5	54.6	37.2	91.8	210.4	53.7	49.3	103.1	-15.4
	Real Estate	0.8	0.8	1.7	0.8	0.8	1.6	3.3	0.7	0.7	1.5	-0.1
		0.4	0.3	0.8	0.4	0.0	0.4	1.3	0.4	0.3	0.7	-0.0
	Other	63.1	62.0	125.2	59.1	50.1	109.2	234.5	47.4	59.3	106.7	-18.4
Elimination/ Unallocation		1.0	0.4	1.4	1.2	-2.1	-0.8	0.5	-0.8	0.9	0.1	-1.3
		-37.3	-39.8	-77.1	-38.0	-28.6	-66.7	-143.8	-26.9	-34.1	-61.1	16.0
Consolidated		-1.6	-1.6	-3.3	-2.6	-3.1	-5.7	-9.0	-3.0	-2.5	-5.5	-2.2
		673.0	692.8	1,365.8	684.3	565.8	1,250.1	2,616.0	567.5	600.8	1,168.3	-197.5
	377.7	387.6	765.3	240.6	103.8	344.4	1,109.7	89.4	69.8	159.2	-606.0	

* (Upper) Revenue (Lower) Recurring Profit

* The method used to calculate interest affiliated with each segment has been changed from FY2023 Q1, and recurring profit in 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

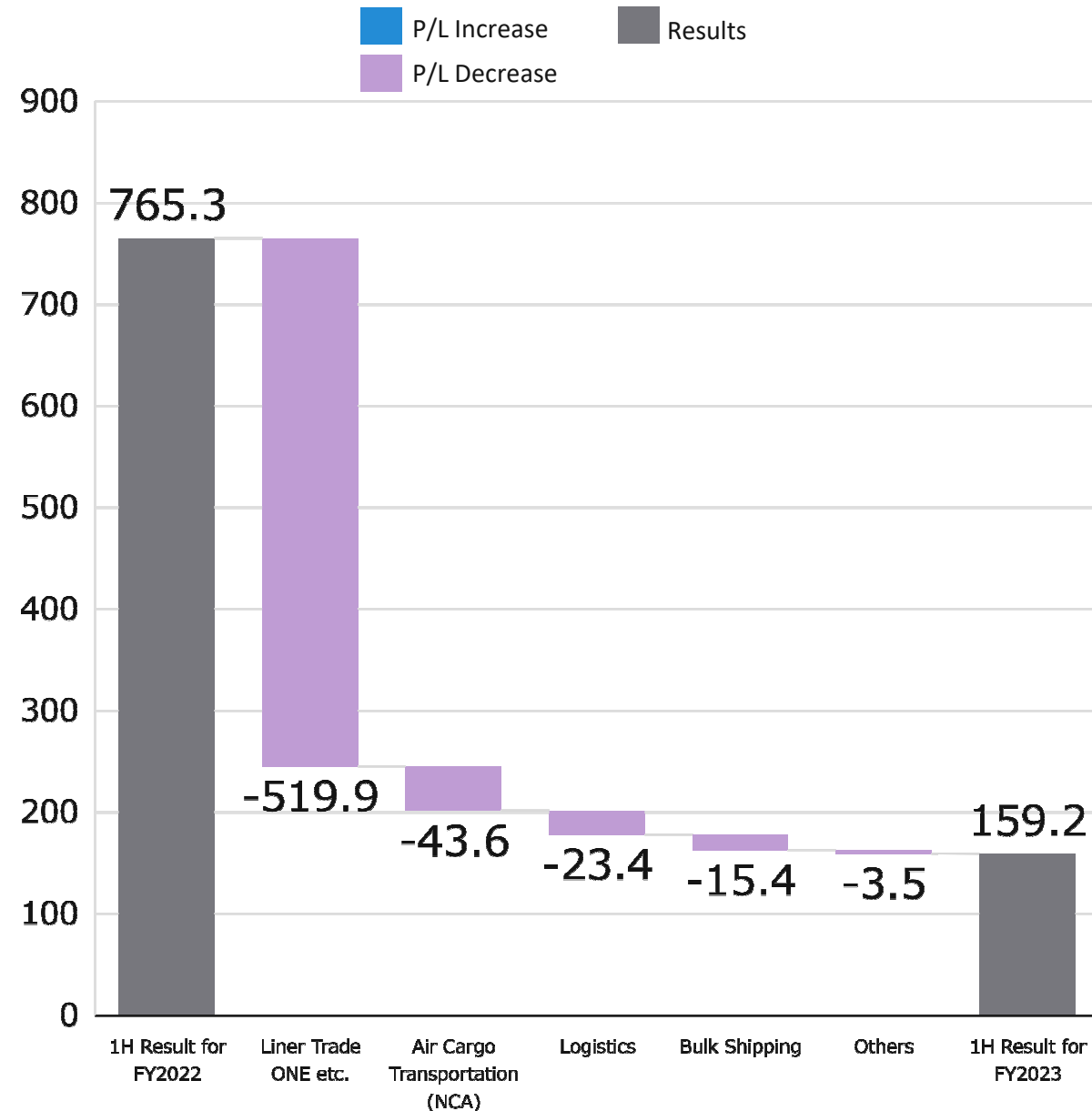
Q2 Results



Analysis by factor

(billion yen)		
Yen Depreciation	6.9	¥139.93/\$ Depreciated by ¥8.37
Lower Bunker Oil Prices	4.2	\$604.38/MT Decreased by \$235.57/MT
Market Effects, etc.	-532.4	Liner (incl. ONE) -525.2 Bulk Shipping -7.2
Foreign Exchange Profit/Loss	-22.8	
Others	-62.0	Logistics -23.4 Air Cargo(NCA) -43.6
Total	-606.0	

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: JPY2,280.0 billion (up JPY110.0 billion)**
 - Bulk Shipping: Up JPY57.5 billion
 - Air Cargo Transportation: Up JPY54.5 billion
- ▶ **Recurring profit: JPY235.0 billion (up JPY15.0 billion)**
 - Bulk Shipping: Up JPY23.5 billion
 - Liner & Logistics (Liner Trade, Air Cargo Transportation, Logistics): Down JPY9.0 billion
- ▶ **Net income: JPY220.0 billion (unchanged from the previous forecast)**
- ▶ **Dividend: Interim: JPY60/share | Year-end: JPY70/share (planned) | Full-year: JPY130/share (planned)**
(unchanged from the previous forecast)
 - As indicated on page 3, the acquisition of treasury stock is currently underway
 - The year-end and full-year dividends will be decided generally targeting a consolidated payout ratio of 30% as set forth in the basic shareholder return policy and taking into consideration the status of the treasury stock acquisition at the end of the year
 - Total shareholder returns for the full-year, including the full-year dividend forecast indicated above and the result of treasury stock acquisition as of 31 October 2023, will be 75%
(Cumulative total number and value of shares acquired as of October 31): Acquired 25,900,100 shares | approx. JPY 100.0 billion

2. Full-year forecast for FY2023

Forecast



By segment (Recurring profit / loss compared with the forecast announced at the Q1 results)

▶ Liner Trade: JPY57.0 billion (down JPY10.0 billion)

Container shipping (Ocean Network Express)

- Although cargo traffic is expected to gradually recover in 2H, it will likely take some time for a full-scale recovery to occur
- Large scale delivery of new vessels has begun this fiscal year, and pressure from this shipping capacity will likely continue to weight on markets in 2H
- Although the freight rate markets are assumed to remain challenging in 2H to a certain extent, aim to improve earnings through various measures including agile vessel deployment in line with demand

Terminals

- Plan to successively transfer the overseas terminals to ONE

▶ Air Cargo Transportation: JPY0.5 billion (up JPY0.5 billion)

- Although markets are expected to remain soft in 2H, they improved slightly in Q2 compared to the previous forecast
- Following the change to the timing of the transfer of shares of Nippon Cargo Airlines (NCA), the forecast results through the end of January in Q4 have been reflected (Tentative effective date of the share transfer: February 1, 2024)

2. Full-year forecast for FY2023

Forecast



By segment (Recurring profit / loss compared with the forecast announced at the Q1 results)

► Logistics: JPY23.5 billion (up JPY0.5 billion)

- Air freight & Ocean freight: Handling volumes and freight rate levels are expected to decline due to the impact of falling markets caused by weak demand
- Contract logistics: Expect to capture the logistics needs within North America and Europe and business performance to be steady. Contract logistics will support full-year earnings

► Bulk Shipping: JPY165.0 billion (up JPY23.5 billion)

Automotive

- As supply-and-demand conditions remain tight, continue the efforts to improve vessel utilization through optimized vessel deployment, and capture the strong transportation demand

Dry Bulk

- Although uncertainty remains surrounding the direction of the economy in China, markets from 2H are expected to trend generally in line with the previous forecast

Energy

- Although VLCC markets will trend below the previous forecast due to the revision to transportation demand, VLGC shipments are expected to remain active centered on long-distance shipments from North America
- LNG carriers are expected to remain steady on support from the medium and long-term contracts

Summary of Forecast for FY2023

Forecast



ions of yen)	FY2022(Result)					FY2023(Forecast)				Year-on-Year	Change from Prev. Forecast
	1H		2H		Full-year	1H(Result)		2H	Full-Year		
	Q1	Q2	Q3	Q4		Q1	Q2				
Revenue	1,365.8		1,250.1		2,616.0	1,168.3		1,111.7	2,280.0	-336.0	110.0
	673.0	692.8	684.3	565.8		567.5	600.8				
Operating Profit	163.3		133.0		296.3	98.7		66.3	165.0	-131.3	19.0
	89.1	74.1	86.0	46.9		47.1	51.6				
Recurring Profit	765.3		344.4		1,109.7	159.2		75.8	235.0	-874.7	15.0
	377.7	387.6	240.6	103.8		89.4	69.8				
Net Income Attributable to Owners of the Parent Company	706.0		306.4		1,012.5	113.3		106.7	220.0	-792.5	0.0
	343.3	362.6	214.3	92.1		73.4	39.8				
Exchange Rate	¥126.49	¥136.64	¥143.98	¥133.17	¥135.07	¥135.81	¥144.05	¥143.50	¥141.72	¥6.65	¥9.01
Bunker Prices (All Grades)	\$789.47	\$887.41	\$732.07	\$638.93	\$760.72	\$611.22	\$597.59	\$624.00	\$614.20	-\$146.52	-\$0.23
Bunker Prices (HSFO)	-	-	-	-	-	-	-	\$520.00	\$520.00	-	-
Bunker Prices (VLSFO)	-	-	-	-	-	-	-	\$630.00	\$630.00	-	-

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

Exchange rate: Approx. JPY0.62 billion increase per ¥1/\$ depreciation*

Bunker prices: Approx. JPY0.32 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 (Result)	1H (Result)	2H	Full-year		
Liner & Logistics	Liner Trade	51.8	49.4	101.2	99.4	200.7	56.4	55.2	111.7	79.3	191.0	-9.7
		270.2	296.3	566.6	223.9	790.6	31.6	15.0	46.7	10.3	57.0	-733.6
	Air Cargo Transportation	62.5	61.3	123.9	94.1	218.0	37.0	40.8	77.8	52.2	130.0	-88.0
		24.5	19.3	43.9	17.6	61.5	0.4	-0.0	0.3	0.2	0.5	-61.0
	Logistics	239.8	234.6	474.4	387.9	862.4	164.7	173.9	338.6	355.4	694.0	-168.4
		19.2	17.8	37.1	17.1	54.2	7.0	6.7	13.7	9.8	23.5	-30.7
(Total)		354.1	345.4	699.6	581.5	1,281.2	258.2	270.0	528.2	486.8	1,015.0	-266.2
		314.1	333.6	647.7	258.7	906.4	39.1	21.6	60.8	20.2	81.0	-825.4
Bulk Shipping	Bulk Shipping	292.2	324.2	616.4	624.3	1240.8	288.0	304.7	592.8	571.2	1,164.0	-76.8
		63.7	54.8	118.5	91.8	210.4	53.7	49.3	103.1	61.9	165.0	-45.4
Others	Real Estate	0.8	0.8	1.7	1.6	3.3	0.7	0.7	1.5	1.5	3.0	-0.3
		0.4	0.3	0.8	0.4	1.3	0.4	0.3	0.7	0.8	1.5	0.2
	Other	63.1	62.0	125.2	109.2	234.5	47.4	59.3	106.7	129.3	236.0	1.5
		1.0	0.4	1.4	-0.8	0.5	-0.8	0.9	0.1	-0.1	0.0	-0.5
Elimination/Unallocation		-37.3	-39.8	-77.1	-66.7	-143.8	-26.9	-34.1	-61.1	-76.9	-138.0	5.8
		-1.6	-1.6	-3.3	-5.7	-9.0	-3.0	-2.5	-5.5	-7.0	-12.5	-3.5
Consolidated		673.0	692.8	1,365.8	1,250.1	2,616.0	567.5	600.8	1,168.3	1,111.7	2,280.0	-336.0
		377.7	387.6	765.3	344.4	1,109.7	89.4	69.8	159.2	75.8	235.0	-874.7

* (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 February 1, 2024

* The method used to calculate interest affiliated with each segment has been changed from FY2023 Q1, and recurring profit in 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 (Result)	2H	Full-year	1H	2H	Full-year	
Liner & Logistics	Liner Trade	104.5	76.0	180.5	111.7	79.3	191.0	7.2	3.3	10.5
		39.0	28.0	67.0	46.7	10.3	57.0	7.7	-17.7	-10.0
	Air Cargo	75.5	0.0	75.5	77.8	52.2	130.0	2.3	52.2	54.5
	Transportation	0.0	0.0	0.0	0.3	0.2	0.5	0.3	0.2	0.5
	Logistics	343.5	368.5	712.0	338.6	355.4	694.0	-4.9	-13.1	-18.0
		13.0	10.0	23.0	13.7	9.8	23.5	0.7	-0.2	0.5
(Total)		523.5	444.4	968.0	528.2	486.8	1,015.0	4.7	42.4	47.0
		52.0	38.0	90.0	60.8	20.2	81.0	8.8	-17.8	-9.0
Bulk Shipping	Bulk Shipping	583.0	523.5	1,106.5	592.8	571.2	1,164.0	9.8	47.7	57.5
		86.0	55.5	141.5	103.1	61.9	165.0	17.1	6.4	23.5
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	0.7	0.8	1.5	-0.3	0.3	0.0
	Other	106.5	120.0	226.5	106.7	129.3	236.0	0.2	9.3	9.5
		-0.5	-0.5	-1.0	0.1	-0.1	0.0	0.6	0.4	1.0
Elimination/ Unallocation		-64.5	-69.5	-134.0	-61.1	-76.9	-138.0	3.4	-7.4	-4.0
		-6.0	-6.0	-12.0	-5.5	-7.0	-12.5	0.5	-1.0	-0.5
Consolidated		1,150.0	1,020.0	2,170.0	1,168.3	1,111.7	2,280.0	18.3	91.7	110.0
		132.5	87.5	220.0	159.2	75.8	235.0	26.7	-11.7	15.0

* (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 February 1, 2024

Progress of the Medium-Term Management Plan (FY2023-2026)



Core business advancement and New business development (key strategy)

With the function strategy for supporting these

Air Cargo Transportation Business

- **Transfer of NCA's share to ANA Holdings Inc.**
(Effective date: 1 February 2024 (scheduled))

Logistics Business

- **Promoting new investments (including M&A)**

Energy Business

- **Progress in long-term contract for LNG carrier**
115 vessels as of 30 September including pre-delivery vessels with long-term charter contracts

Actions toward net-zero

- **Increase environment-friendly vessels**
19 vessels as of September 30, 2023
(13 LNG-fueled, 2 LPG-fueled, 3 methanol-fueled, 1 LNG bunkering vessel)
- **Raise the decarbonization target**, and promote decarbonization investments through the full-scale introduction of **ICP** (Internal Carbon Pricing)

New Business development

- Steady progress in new businesses including offshore wind power generation (at Ishikari Bay), liquefied CO₂-related and space-related.

Financial policy

(Improve capital efficiency and achieve sustainable growth)

Shareholder return

Acquisition of treasury stock

- JPY200 billion (maximum) – currently underway
(Acquisition period: August 4, 2023 – April 30, 2024)
- Cumulative total number as of October 31:
Acquired 25,900,100 shares | approx. JPY 100.0 billion

ESG Finance

- Issued 2nd transitions bonds (JPY20.0 billion in total)

Improve capital efficiency

- Currently utilizing **ROIC**, proceeding visualization and automation to promote awareness within the company

Please refer to **“NYK Group ESG Story 2023”** to be published within November 2023 for the progress of NYK's ESG management (including co-creation cases with stakeholders).

Financial Position

	FY2022 (Result)	Sep. 2023 (Result)	FY2023 (Previous Forecast)*1	FY2023 (Revised Forecast)	FY2026 (Forecast)*2
Recurring Profit (billion yen)	1,109.7	159.2	200.0	235.0	270.0
Interest-bearing Debt (billion yen)	694.0	725.1	711.0	846.0	-
Shareholders' Equity (billion yen)	2,478.6	2,647.1	2,520.0	2,527.5	-
Shareholders' Equity Ratio (incl. Charter fee liabilities *3)	66% (55%)	66% (56%)	67% (57%)	65% (55%)	57% (49%)
ROIC *4	35.7%	-	6.7%	7.9%	6.5% Target : ≥6.5%
ROE	48.3%	-	8.0%	8.8%	10.2% Target : 8~10%
DER (incl. Charter fee liabilities *3)	0.28 (0.56)	0.27 (0.54)	0.28 (0.56)	0.33 (0.61)	-
Cash Flow from Operating Activities (billion yen)	824.8	254.2	341.0	403.0	-
Cash Flow from Investing Activities (billion yen)	-252.9	-134.5	-312.0	-292.0	-
(Depreciation and amortization) (billion yen)	(121.6)	(68.4)	(121.0)	(135.5)	-

*1 Forecast as of FY2022 Q4 (May 9th, 2023)

*2 Based on the forecast in the Medium-term management plan announced on March 10th, 2023

*3 Our estimated Charter fee liabilities : Approx. JPY 700Bn are added to each fiscal year

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

Appendix



► 1. Air Cargo Transportation (NCA)

	FY2022(Result)					FY2023(Forecast)			
	1H		2H		Full-year	1H(Result)		2H	Full-year
	Q1	Q2	Q3	Q4		Q1	Q2		
Revenue (Billions of yen)	123.9		94.1		218.0	77.8		52.2	130.0
	62.5	61.3	54.4	39.7		37.0	40.8		
Recurring Profit (Billions of yen)	43.9		17.6		61.5	0.3		0.2	0.5
	24.5	19.3	12.3	5.2		0.4	-0.0		
Chargeable Weight (1,000 tons)	199		185		385	196		213	409
	97	103	99	87		95	10		
Volume (RTK) (mil.ton kilo)	1,185		1,082		2,267	1,149		1,279	2,428
	598	587	579	503		568	581		
Capacity (ATK) (mil.ton kilo)	1,779		1,710		3,489	1,797		1,980	3,777
	880	899	897	813		885	912		
YIELD	241		191		217	142		145	144
FY3/09 Q1=100	251	231	208	172		141	143		
MOPS	\$139		\$113		\$126	\$102		\$100	\$101
US\$ per bbl	\$148	\$130	\$119	\$107		\$92	\$113		
Utilization of the Air Crafts	104		97		101	108		-	-
FY2020 Q1=100	104	104	104	91		106	110		

* 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 aircraft.

* Forecasts for FY2023 are based on the assumption that the transfer of shares of NCA will be completed with an effective date of February 1, 2024

► 2. Logistics

		FY2021 (Result)	FY2022 (Result)				Full-year	FY2023 (Forecast)				Change from Prev. Forecast (Full-year)
			1H		2H			1H(Result)		2H	Full-year	
		Full-year	Q1	Q2	Q3	Q4	Q1	Q2				
Ocean Export	TEU (1,000TEUs)	721	336		316		651	308		307	615	-21
	Year-on-Year	-0%	167	169	164	152		151	157			
			-9%	-10%		-10%	-8%		-3%	-6%		
			-11%	-7%	-10%	-10%	-10%	-7%				
Air Export	Weight (1,000 tons)	400	158		137		295	126		146	272	-1
	Year-on-Year	23%	82	76	74	62		59	67			
			-21%	-31%		-26%	-20%		7%	-8%		
			-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 (Result)	2H	Full-Year	Full-year
Dry Bulk Carriers	BDI	2,517	1,659	1,522	992	1,673	1,326	1,194	1,240	1,250	1,367
	Cape	21,347	13,764	15,022	8,907	14,760	15,650	13,414	13,000	13,766	15,913
	Panamax	26,580	17,194	15,987	11,178	17,735	12,424	11,885	13,000	12,577	13,106
	Handymax	28,873	19,742	14,717	10,025	18,339	10,910	10,047	11,000	10,739	11,232
	Handy	27,535	18,720	14,905	9,610	17,692	10,515	8,877	10,000	9,848	10,597
Tankers	VLCC	-11,190	25,579	60,061	45,860	30,078	39,049	20,469	39,000	34,379	40,512
	VLGC	45,958	38,630	102,217	67,833	63,660	75,981	103,704	67,500	78,671	53,995

* 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(Result)		2H	Full-Year	
	Q1	Q2	Q3	Q4		Q1	Q2			
All Trade (10,000 Cars)	218		232		450	227		235	463	1
	106	112	124	108		112	115			
Year-on-year	6%		10%		8%	4%		1%	3%	0%
	-1%	14%	20%	0%		5%	3%			

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

Fleet in Operation

Industrial Segment	Type of Vessel	Sep, 2022 (Results)	Mar, 2023 (Results)	Sep, 2023 (Result)						
		Total	Total	Owned (incl. co-owned)		Chartered		Total		
		Vessels	Vessels	Vessels	Kt (DWT)	Vessels	Kt (DWT)	Vessels	Kt (DWT)	
Liner & Logistics	Liner Trade	Container Ships	55	54	26	1,665	27	2,938	53	4,604
	Logistics	Coastal Ships, Ferries	12	12	5	29	7	41	12	70
Bulk Shipping	Automotive	Car Carriers	121	122	60	1,058	60	1,112	120	2,171
	Dry Bulk	Capesize Bulkers	119	118	21	4,100	100	19,711	121	23,812
		Panamax Bulkers	94	94	39	3,452	60	5,193	99	8,645
		Handysize Bulkers	137	131	54	2,683	82	4,194	136	6,877
		Wood Chip Carriers	37	36	12	597	21	1,152	33	1,750
		Multi-Purpose Carriers	47	47	21	388	26	365	47	754
		Others	4	4	4	29	0	0	4	29
	Subtotal of Dry Bulk		438	430	151	11,251	289	30,617	440	41,868
	Energy	Tankers	67	70	51	6,301	18	2,407	69	8,708
		LNG Carriers	86	86	83	6,902	3	224	86	7,127
		Shuttle Tankers	28	27					27	3,465
		FPSO	3	3					3	-
		FSO	2	2					2	-
		Drill Ships	1	1					1	-
LNG Bunkering Vessel		2	2					2	5	
CTV		1	1					2	0	
Subtotal of Energy		190	192					192	19,305	
Others	Other	Cruise Ships	1	1	1	7	0	0	1	7
Total		817	811	818						68,182

<The number of Environment-Friendly Vessels> *In parentheses: Alternative fuels

Bulk Shipping	Automotive	Car Carriers (LNG)	6	8	11	183	0	0	11	183
	Energy	Tankers (LPG, methanol)	4	5	5	259	0	0	5	259
Shuttle Tankers (LNG)		2	2					2	247	
LNG Bunkering Vessel (LNG)		1	1					1	3	
Total		13	16	19						693

* 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 FY2023 2nd Quarter

October 31, 2023

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- 2. Liftings, Utilization Rates,
and Freight Index in Major Trades P.4**
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1. FY2023 2nd Quarter Results

□ Outline

Despite the start of the peak season, there was no strong recovery in cargo movement. The supply-demand balance softened due to an increase of newly built vessels, and short-term freight rate levels did not sustain their upward trend. The profit after tax for FY2023 Q2 was US\$187 million, significantly lower than the same period last year.

- In North America, cargo movement showed some momentum in August, but lacked sustainability against the backdrop of weak general consumption and other factors. In Europe, a gradual recovery trend from the decline in demand caused by high inflation was seen, however it did not lead to a full-fledged recovery in cargo movement.
- On East-West routes, tonnage increased due to the addition of newly built vessels, although blank sailings and service rationalization were implemented.
- The above factors softened the supply and demand balance, particularly on East-West routes resulting in stagnant freight levels.

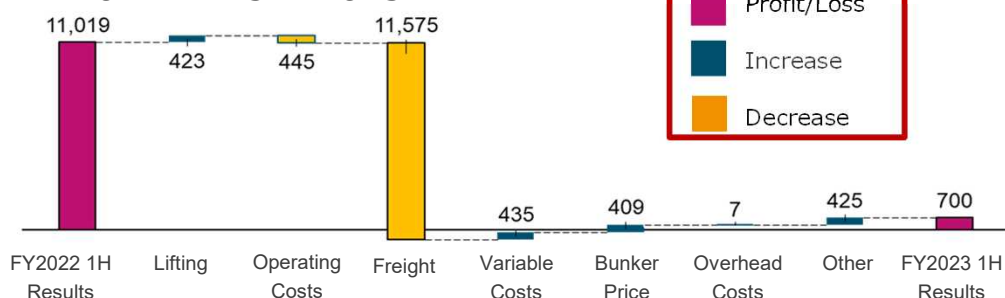
□ FY2023 1st Half results and PL analysis

(Unit : millionUS\$)

	FY2022			FY2023			2Q Results to FY2022		1H Results to FY2022	
	1Q Results	2Q Results	1H Results	1Q Results	2Q Results	1H Results	Change	Change (%)	Change	Change (%)
Revenue	9,019	9,367	18,386	3,765	3,549	7,314	- 5,817	-62%	- 11,072	-60%
EBITDA	5,859	5,843	11,702	770	496	1,266	- 5,347	-92%	- 10,436	-89%
EBIT	5,561	5,528	11,089	385	58	443	- 5,470	-99%	- 10,647	-96%
Profit /Loss	5,499	5,521	11,019	513	187	700	- 5,334	-97%	- 10,319	-94%

Bunker Price (US\$/MT)	\$750	\$875	\$812	\$590	\$565	\$577	-\$310	-35%	-\$235	-29%
Bunker consumption (K MT)	773	771	1,543	799	862	1,661	92	12%	118	8%
Lifting (K TEU)	2,939	2,898	5,837	2,825	3,087	5,911	189	7%	75	1%

FY2022 1H vs FY2023 1H



- Lifting : Increased from the same period of the previous year.
- Operating Costs : Increased overall due to higher ship, port, and fuel costs.
- Freight : Significantly decreased year on year
- Variable Costs : Improved, mainly due to lower container storage costs resulting from resolved port congestion
- Bunker Price : Decreased due to lower oil prices
- Overhead Costs : At the same level year on year

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

(Unit:1,000TEU)

Liftings / Utilization by Trades		FY2022							FY2023		
		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	577	578	1,155	449	468	916	2,072	578	706	1,284
	Utilization	100%	91%	95%	80%	90%	85%	90%	82%	95%	89%
Asia - Europe Westbound	Lifting	402	395	796	368	346	713	1,510	385	434	819
	Utilization	95%	95%	95%	90%	95%	92%	94%	94%	92%	93%
Asia-North America Westbound	Lifting	278	276	554	297	294	591	1,145	291	295	586
	Utilization	48%	51%	49%	49%	55%	52%	51%	44%	40%	42%
Asia-Europe Eastbound	Lifting	282	267	549	243	235	477	1,026	240	221	461
	Utilization	58%	56%	57%	54%	54%	54%	55%	54%	45%	49%

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

Freight Index by Trades		FY2022							FY2023		
		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		354	389	372	264	176	219	304	126	109	117
Asia - Europe Westbound		530	508	519	303	189	248	391	139	116	127

- Liftings, Utilization rates : The North America eastbound liftings increased due to resolved supply chain disruptions and the start of the peak season. The utilization rates recovered particularly in West Coast trades. Asia Europe westbound routes witnessed some recovery in liftings, but the utilization rates worsened against the backdrop of increased supply tonnage.
- Freight Index : Long-term contracts have completed the switchover to the current year freight rates. Short-term market conditions are generally softening. As a result, the market returned to pre-COVID levels, falling sharply both QoQ and YoY.

3. FY2023 Full Year Forecast

□ Outline

Full-year results for FY2023 are expected to show a profit after tax of US\$ 851million, a decrease from the previous year, due to the deterioration of freight market caused by declining demand. (-US\$ 14,146 million)

- Although it takes some time to see a solid recovery of cargo movements as high interest rates and inflation continues, a gradual recovery in the second half is expected.
- The oversupply of tonnage, caused by the delivery of a large number of newly built vessels in this fiscal year, is expected to continue through the second half.
- The freight market will remain weak in the second half due to the supply & demand gap described above, but ONE will focus on maximizing profit by flexible tonnage deployment and efficient equipment control based on demand.

□ FY2023 Full Year Forecast

(Unit : millionUS\$)

	FY2022 Results			FY2023 Results			Full Year	
	1H Results	2H Results	Full Year Results	1H Results	2H Forecasts	Full Year Forecasts	Change	Change (%)
Revenue	18,386	10,896	29,282	7,314	7,157	14,471	-14,810	-51%
EBITDA	11,702	4,618	16,320	1,266	589	1,855	-14,465	-89%
EBIT	11,089	3,916	15,005	443	-191	252	-14,754	-98%
Profit /Loss	11,019	3,978	14,997	700	151	851	-14,146	-94%
Bunker Price (US\$/MT)	\$812	\$696	\$756	\$577	\$634	\$607	-\$149	-20%

4. ONE's Response to Recent Changes in the Business Environment

Events

- Cargo movements from Asia to North America during July-September fell by 7.5% year-on-year. Cargo movement temporarily picked up in the peak season, but the speed of inventory adjustment was slow and sales of general consumer goods stagnated which resulted in sluggish growth. Cargo movements from Asia to Europe during July-August increased by 6.1%. Although demand continued to recover moderately from the decline in the second half of the previous fiscal year, the recovery in consumption remained lackluster against the backdrop of inflation and high interest rates.
- On the supply side, as supply chain disruptions were generally resolved and the addition of newly built vessels to the market went into full swing, supply pressure increased. As a result, supply and demand softening trend continued.
- While supply and demand softened on the intra-Asia and South American routes, cargo movements in these trades remained robust.



ONE's response

- Continued the flexible blank sailings in response to the fluctuating demand.
- Implemented structural service restructuring in line with the mid-term demand forecast, reducing operational costs while maintaining service quality.
- The following measures were taken, aimed at improving profitability and reducing vessel's idling times caused by blank sailings
 - 1) Optimization of tonnage deployment in each trade through deploying newly built vessels
 - 2) Reduction of bunker consumption by slow steaming
 - 3) Optimization of cargo mix in each trade
- Optimization of ONE's container fleet by returning leased containers and efficient container repositioning.
- Increased special cargo shipments through the strengthening of special cargo sales.
- New services expansion in growing markets such as Latin America East Coast-North Europe.



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

5. Initiatives for FY2023 2nd Quarter

Initiative	<ol style="list-style-type: none"> 1. As a container shipping company that supports the supply chain, ONE will make investments to 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. ONE 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"> ➤ Two vessels, out of six long-term-chartered 24,000TEU vessels from SHOEI KISEN KAISHA LTD, were delivered and deployed in Asia-Europe trade (total three vessels in service). The first vessel of four long-term-chartered 15,000TEU Vessels from Seaspans Corporation was delivered in Q2. ➤ Intra-Asia new services(KCS2 & THX) launched (Jul). ➤ AIB(Adriatic Israel Butterfly) service launched in Mediterranean trade (Jul). ➤ New Latin America services(FLX,LUX) launched (Sep).
	Environment	<ul style="list-style-type: none"> ➤ Participation in Green Shipping Corridor between Shanghai/Los Angeles • Long Beach (Sep).
	Digital	<ul style="list-style-type: none"> ➤ 2FA (Factor Authentication) deployed in mobile App (Sep). ➤ “ONE Finance” was implemented as a new function of e Commerce (Sep).
	Safety	<ul style="list-style-type: none"> ➤ Accelerated ONE’s-collaboration with Safetytech Accelerator, with the aim of reducing cargo fires (Aug).
	Others	<ul style="list-style-type: none"> ➤ Hosted 2nd “Container Shipping Summit” in Singapore (Aug).

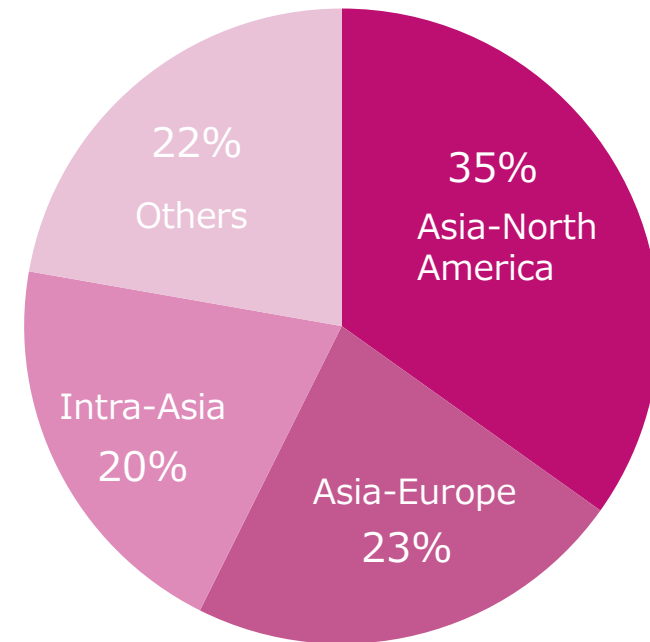
6. Reference (Fleet Structure, Service Structure & New Order)

□ Fleet Structure

Size		1) As of end of Jun 2023	2) As of end of Sep 2023	2)-1)
20,000 TEU <=	Capacity (TEU)	144,600	192,600	48,000
	Vessels	7	9	2
10,500 TEU - 20,000 TEU	Capacity (TEU)	550,316	565,688	15,372
	Vessels	40	41	1
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)	346,389	346,389	0
	Vessels	39	39	0
6,000 TEU - 7,800 TEU	Capacity (TEU)	151,811	151,279	-532
	Vessels	23	23	0
5,200 TEU - 6,000 TEU	Capacity (TEU)	38,654	27,488	-11,166
	Vessels	7	5	-2
4,600 TEU - 5,200 TEU	Capacity (TEU)	83,101	78,068	-5,033
	Vessels	17	16	-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)	29,042	37,548	8,506
	Vessels	7	9	2
2,400 TEU - 3,500 TEU	Capacity (TEU)	86,860	81,573	-5,287
	Vessels	32	30	-2
1,300 TEU - 2,400 TEU	Capacity (TEU)	10,354	17,239	6,885
	Vessels	6	10	4
1,000 TEU - 1,300 TEU	Capacity (TEU)	13,915	16,061	2,146
	Vessels	13	15	2
0 TEU - 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0
Total	Capacity (TEU)	1,627,844	1,686,735	58,891
	Vessels	216	222	6

□ Service Structure

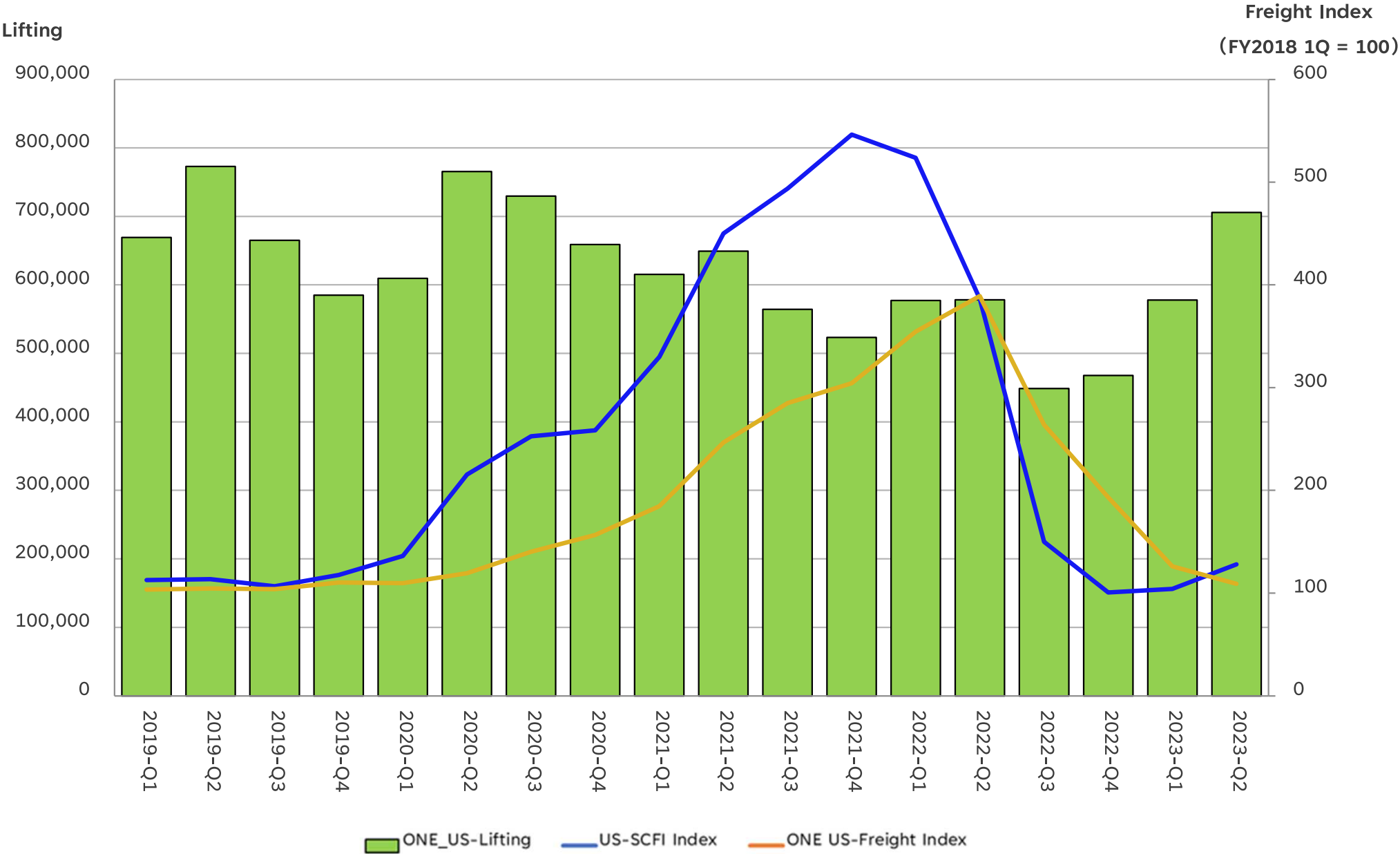
(FY2023 Q2 Structure of dominant and non-dominant space)



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

	As of end of June 2023	Delivered in 2Q FY2023	New Order in 2Q FY2023	As of end of Sep 2023
No. of Order Book (Vessels)	42	3	0	39

7. Appendix Change of Demand and Freight index before/after COVID-19





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