

**Major Questions Answers
at the Q1 FY2023 Financial Results Briefing (Online)**

Q1) Regarding the ordinary profit in the containerships business, please advise the reason why the decline from JPY 23.8 billion in 1Q results to JPY 1.1 billion in 2Q is forecasted. Is the renewal of the term contract a significant factor? Are there any one-time factors contributing to the decline?

A1) (Respondent: CFO Umemura)

The 1Q results reached JPY 23.8 billion as the previous year contracts were partially remaining. However, the 2Q forecast is significantly lower at JPY 1.1 billion due to the impact of exchange rate adjustments. To explain in detail, in 1Q, we incorporated the equity method investment income from ONE at the exchange rate of 144.99 yen/US\$, while we assume an exchange rate of 130 yen/US\$ both for 1Q and 2Q in forecasting 1H performance. As a result, the 2Q forecast includes the profit generated in 2Q itself, along with the negative impact of the foreign exchange difference caused by reapplying the exchange rate assumption from 144.99 yen/US\$ (used in 1Q) to the assumed rate of 130 yen/US\$ for 2Q. As a consequence of this reason, the difference between 1Q and 2Q appears to be significantly large, but in reality, if we exclude the exchange rate impact, the difference is not that substantial. However, as you understand, 1Q figure is better than 2Q when we compare the both in US dollars.

Q2) Regarding the profit plan for the containerships business, the expected operating profit of JPY 1.1 billion in 2Q is planned to significantly recover to JPY 22.0 billion in the second half. Is this based on anticipating one-time gains or an increase in spot freight rates during the second half? Please provide the assumption of the freight rate trend.

A2) (Respondent: CFO Umemura)

We anticipate a certain degree of increase in spot freight rate from the second half. As of the current situation, the spot freight rate decreased slightly in 1Q, but it has been showing an upward trend since the latter half of 1Q. Especially on the

Asia-North America trade, ONE has already raised the freight rate twice in July, and it plans to implement another increase on August 1st. A freight rate increase on August 1st for the Asia-European trade is also planned, which had not been done this year. Taking these factors into consideration, we anticipate that the freight rate levels will gradually increase in the second half. It is indeed challenging to predict when the cargo volume will fully recover. However, from the second half, we expect that the inventory adjustments in the United States will go through a cycle and gradually back to normal.

Q3) Please advise about the one-time profit in the dry bulk business during 1Q (the reversal of allowance for doubtful accounts for GEARBULK). How much is the amount of it? Moreover, is making the upward revision of the profit plan for this segment in the first half attributed to this one-time profit and exchange rates effects?

A3) (Respondent: CFO Umemura)

I refrain from providing specific details on the amount of the reversal of allowance for doubtful accounts for GEARBULK as it is not disclosed. Making an upward revision of profit in the dry bulk business is due to this one-time profit and the impact of exchange rates. The reversal of allowance for doubtful accounts is a new occurrence that emerged in 1Q and was not anticipated at the beginning of FY2023.

Q4) What is the reason for the slight decrease in operating profit of the car carrier business in 1Q compared to the forecast announced on April 28th?

A4) (Respondent: CFO Umemura)

Due to port congestion in Australia and Canada, many vessels have been demurred. Because of this impact, there has been a slight downward revision in the forecast due to a decrease in vessel operational efficiencies compared to the initial expectations.

Q5) Is there any discussion about reducing ONE's capital investment and increasing its dividend payments due to the unfavorable supply-demand balance in the containerships industry?

A5) (Respondent: CFO Umemura)

It is true that the current supply-demand balance of containerships is unfavorable. However, even if new vessels were to be constructed now, it would take 3 to 4 years to become available. Therefore, for shipping companies, not only containerships but also for any type of vessel, it becomes crucial to proceed investment plans with a future-oriented perspective. Hence, at this moment, ONE has no plans to change its capital investment plan. The shipping industry is a challenging and complex world, as it requires making investment decisions with a long-term perspective, considering the outlook for 4 to 5 years ahead. Accordingly, we believe that investment decisions should not be based solely on short-term moves.

Q6) I guess that ONE generates interest income. Even after considering the exchange rate adjustments, is the profit plan of JPY 1.1 billion for the containerships business meaning a loss at ONE's operating profit level?

A6) (Respondent: CFO Umemura)

As for ONE's forecast conducted in US dollars, it is not expected to incur a loss even in 2Q if interest income is considered. Our forecast figures are USD 600 million for the first half, approximately USD 500 million for the second half, and a total annual profit of USD 1.1 billion. Compared to the forecast announced on April 28th of approximately USD 1.2 billion in total annual profit, we anticipate a decrease of about USD 100 million in the current forecast.

Q7) Is there any substantial upward revision or downward revision when excluding the impact of exchange rates and bunker factors?

A7) (Respondent: CFO Umemura)

Even after excluding the impact of exchange rates and bunker factors, there are some slight upward revisions and downward revisions in each segment. The containerships business and terminal & logistics business are undergoing downward revisions. On the other hand, the energy business is undergoing upward revisions. The dry bulk business has been upwardly revised due to the inclusion of the reversal of allowance for doubtful accounts for GEARBULK. However, excluding that, the forecast in the dry bulk business remains largely unchanged.

Q8) How would the factors for the upward revision of JPY 30 billion in the first half and the downward revision of JPY 10 billion in the second half be divided if we categorize them into the reversal of allowance for doubtful accounts, changes in exchange rate assumptions, and others? Furthermore, could you please provide the 2Q and full year forecast for ONE's Net Profit conducted in US dollars?

A8) (Respondent: CFO Umemura)

The upward revision of JPY 30 billion in the first half is attributed to the reversal of allowance for doubtful accounts, changes in exchange rate assumptions, and the positive performance of the energy business compared to the forecast announced on April 28th. On the other hand, regarding the downward revision for the second half, we slightly lowered ONE's performance forecast, resulting in a limited increase of JPY 20 billion in profit for the full year.

Q9) What are the reasons behind the current increase in spot freight rates for containerships, and what is the outlook for its sustainability?

A9) (Respondent: CFO Umemura)

We understand the current increase in spot freight rates is a result of adjustment of the vessel supply to match with the cargo demand conducted by each shipping company. The utilization rate declined temporarily from April to May, however, it has seen a considerable increase recently. We believe that if cargo movement continues to recover further, there will be a possibility of even more improvement.

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