

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

Respondent : CEO Takeshi Hashimoto, CFO Kazuya Hamazaki, CSO Makoto Inomoto

Q1)

Please advise the containership business' freight rate assumptions for FY2024, including spot freight rates and progress on annual contract negotiation.

A1) (Hamazaki)

We expect the trend of increasing spot freight rates will continue for some time due to the current Red Sea situation. After that, we anticipate a gradual decline from around May 2024 to March 2025. As for annual contracts, the renewal of contracts is currently progressing and fixed at almost the same level as the previous year.

Q2) In the progress report of the management plan BLUE ACTION 2035, the updated cash allocation forecast as of Phase 1 (FY2023 to FY2025) shows a surplus of approximately 140 billion yen. Please advise the background of the decision to allocate this surplus for additional investments instead of shareholder returns or share buybacks.

A2) (Inomoto)

In the management plan BLUE ACTION2035, we have set a goal to increase assets to 7.5 trillion yen by FY2035. To achieve this growth target, we opt to accelerate investment by using surplus. We aim to operate with financial discipline, including our core KPI of maintaining a Net Gearing Ratio between 0.9 and 1.0.

(Hashimoto)

Out of the investment budget of 1.2 trillion yen in Phase 1, we have already made decisions on approximately 1.1 trillion yen of investments. However, depreciation of yen has led to an increase in our investment costs on yen basis. In particular, the investment amount in LNG carriers and FSRUs, which

our company focuses on, has been increasing significantly per unit, as well as our M&A activities.

However, we will continue to invest for growth, with the expectation that approximately 200 billion yen is still available Phase 1. We intend to actively seek investment opportunities and execute M&A transactions without hesitation if it is competitive.

Q3)

What is the background ONE' s freight index in Q4 of the previous fiscal year, which slightly decreased year-on-year?

A3) (Hamazaki)

The supply pressure of newbuilding ships in FY2023 was greater than the previous year. During the FY2023 Q4, spot freight rates recovered temporarily due to geopolitical conditions, but decreased slightly compared to FY2022 Q4, including term contracts. Overall, FY2023 was weaker than FY2022.

Q4)

Please advise ONE' s interest income in the forecast for this fiscal year.

A4) (Hamazaki)

We expect a net profit of 1,000 million US dollars for this fiscal year, with interest income accounting for approximately half of that amount.

Q5)

Why is ONE able to maintain or increase its profit while other global containership companies expect a loss or a decrease in profit?

A5) (Hamazaki)

Based on the expectation of generally favorable liftings on the North American routes, one of ONE' s strengths, and the current economic and geopolitical environment, which is likely to continue for a certain period, we anticipate profit levels to remain the same level as the previous fiscal year. Under the assumption that spot freight rates will gradually decline toward the end of the fiscal year, with term contracts at almost the same level as the previous fiscal year, we anticipate the profits are expected to be about the same level as the last fiscal year.

Q6)

Please advise on the “adjustment”, which is the upside factor of the FY2023 results and the downside factor of FY2024 forecasts.

A6) (Hamazaki)

This indicates the profit or loss resulting from the movement of exchange rates. In FY2023, as the yen depreciated towards the end of the period, we obtained a favorable exchange rate gain. On the other hand, in FY2024, while the current exchange rate is hovering around 150 yen, we have set the exchange rate assumption at approximately 140 yen, and we anticipate incurring exchange rate losses.

Q7)

What factors will drive the significant increase in ordinary profit for the energy business in FY2024?

A7) (Hamazaki)

One factor is the chemical tanker business. The acquisition of Fairfield Chemical Carriers Pte. Ltd. in FY2023 4Q has been very positive, including its acquisition effect. In addition, we anticipate an upward impact on the increase in tanker charter rates due to charter contract renewals. These factors are expected to be the main drivers, resulting in higher profits in the energy business.

Q8)

Regarding the car carrier business, please advise the background behind the expected flat or slight increase in profit despite the expected decrease in transportation volume in FY2024.

A8) (Hamazaki)

The decrease in transportation volume is mainly due to the decline in the European coastal trade and is not expected to be significant for long haul trades. Another reason for the favorable performance is the high freight rate contracts which were obtained in a tight supply situation.

Q9)

How do you recognize that the world situation has changed significantly since the formulation of BLUE ACTION2035? Are there any considerations for revisions on a business basis?

A9) (Hashimoto)

We do not see the necessity of revising the direction outlined in the management plan BLUE ACTION 2035. In particular, there is no need to change the direction regarding investments in environmental sectors and business-growing regions, which are considered areas of future growth, as well as investments to improve the portfolio from a market driven type to a stable revenue type.

On the other hand, preconditions such as geopolitical issues have been changing. For example, while we are gradually reducing our exposure to China and Russia, adjustments will be necessary to expand investments in countries like India, Brazil, and African nations, where future growth is anticipated. We will not change the policy of the management plan but will continue to make revisions at tactic levels.

End