

April 30, 2025  
Mitsui O.S.K. Lines, Ltd.

**Major Questions and Answers**  
**at the FY 2024 Financial Results Briefing (Online)**

Respondent : CEO Takeshi Hashimoto, CFO Kazuya Hamazaki

Q1) Regarding shareholder returns, there was an explanation that you would reconsider strengthening the returns during this fiscal year as and when unstable factors are eliminated. Please tell us about the decision criteria and timeline for this.

A1) (Hashimoto) With sufficiently accumulated equity capital, we initially considered raising the dividend payout ratio from 30% to around 40% starting from this fiscal year. However, for the first two quarters or so, we want to assess the direction of Trump's tariff policy. If the situation stabilizes to some extent and U.S. policy returns to a relatively realistic stance, I personally think we should return to the initial plan.

Q2) Regarding Cases 1 and 2 of the performance forecast for ONE, please explain how the assumptions are incorporated into each case. Specifically, considering the impact of tariffs, how do you view cargo volume and freight rates? Also, how is the resumption of Suez Canal transit incorporated into each case?

A2) (Hamazaki) ONE has made two scenarios: Case 1, projecting a net profit of USD 1,100 million and Case 2 projecting a net profit of USD 250 million,, both assuming that the Suez Canal will remain inaccessible throughout the year. Case 1 assumes no impact from tariffs. Although the Suez Canal remains inaccessible, the spot freight rates for Q4 of FY2024 declined due to the pressure of new building vessel supply in FY2024 and FY2025, and this freight level is assumed to continue.

Case 2 incorporates several key assumptions: a) cargo volume from China to North America decreases due to tariff impact, b) freight rates to North America decline, and c) freight rates on other routes stagnate due to additional reciprocal tariffs.

We assume that additional reciprocal tariffs will settle through the 90-day suspension and negotiations. Based on the assumptions outlined in points (a) and (b), we forecast USD 600 million for ONE's performance in FY2025.

Q3) Please explain the factors causing the lower performance outlook for the Car Carrier business and Energy business, particularly chemical tankers, for FY2025 compared to FY2024 results. How are tariff impacts incorporated? Also, please share if there is any underlying message behind the outlook of an ordinary profit of 150 billion yen and a pre-tax profit of 200 billion yen for FY2025.

A3) (Hamazaki) Regarding the first point, we have incorporated a tariff impact of 40 billion yen. The breakdown is approximately 20 billion yen for the containership business, over 10 billion yen for the car carrier business, and the remainder for the chemical tanker and dry bulk businesses. The car carrier business assumes a decrease in the number of units transported to the U.S. due to tariffs.

(Hashimoto) Regarding the second point about the message behind the performance outlook, my personal view is that in Phase 1 (FY2023-2025), we aim for an ROE of around 8% to 10% each year. In our management plan, we have set a pre-tax profit target of 240 billion yen for FY2025. Although the announced 200 billion yen falls slightly short, we aim to achieve an ROE of around 8%.

As we advance our business, we have entered a phase where we must seriously consider asset recycling. Until recently, we have increased the investments, but there is a sense of pause. Moving forward, alongside new investments, it will be necessary to liquidate the existing assets by recycling. We believe that stocks and real estate will be the main targets. By executing a certain number of sales each year, we can expect an uplift in profit.

Q4) Regarding the containership business, please let us know if there is a last-minute surge in transportation demand caused by tariffs and how the current cargo movement is. Also, regarding U.S. port fees for Chinese-built ships, please explain the impact and incorporation into performance forecasts.

A4) (Hamazaki) Container cargo movement typically decreases rapidly after the Chinese New Year. However, this year, the decrease has been somewhat milder than usual, suggesting there may have been some degree of rush demand. Overall, cargo movement in the U.S.-China trade is not strong at present.

Regarding U.S. port fees for Chinese-built ships, if applied, it would start in October. However, the proportion of Chinese-built ships in our group's fleet is relatively low. Even if applied, we can respond by arranging the fleet to ensure that the affected ships do not call at U.S. ports, so the impact of port fees is not incorporated into the performance outlook. ONE also has relatively few affected ships and can manage with fleet arrangements.

For car carriers, it applies to non-U.S.-built ships regardless of whether or not they were built in China.

If applied in October, we would be impacted as we do not own U.S.-flagged car carriers. However, we understand that the burden on industry is significant, therefore efforts are being made through diplomatic channels to resolve the situation. Given this, the likelihood of application starting in October is not visible at present, and we do not expect the car carrier's business to decline.

(Hashimoto) Regarding U.S. port fees, there have been strong complaints from the industries worldwide., leading me to believe that there may be a withdrawal of this policy. It seems unlikely that commercial ships like car carriers can be built in the U.S. immediately, and doing so would only increase costs. Therefore, we have proceeded with the judgement that this is an infeasible policy at this stage.

Q5) I understand that shareholder returns will be strengthened if performance exceeds expectations upon assessment of the business environment. Does this policy mean maintaining a dividend payout ratio of 30%, or raising it to 40% or 50%? Also, is there a possibility of changing the dividend policy during the fiscal year?

A5) (Hashimoto) Initially, we considered raising the dividend payout ratio from 30% to 40% one year ahead starting this fiscal year. However, considering the downside risk to performance due to tariff impacts, we have set back to maintaining a minimum dividend of 150 yen. If the situation regarding tariff impacts becomes clear and a pre-tax profit of over 200 billion yen can be foreseen, we might reconsider raising the dividend payout ratio to 40% starting this fiscal year, but at present, we want to assess the market carefully. However, there is a possibility that if performance is not favorable and maintaining a 150 yen dividend results in a 40% payout ratio, this cannot be ruled out at present.

Q6) This fiscal year is projected to see a decrease of over 10% in the number of car shipments compared to the previous year. Please let us know the current export ratio to North America and the degree of the decrease for this fiscal year.

A6) (Hamazaki) As stated in the business performance materials, the number of cars to be transported in FY2025 is expected to decrease by nearly 400,000 units compared to the previous year, and a considerable portion of this is expected to be destined for the U.S.