

ONE

OCEAN NETWORK EXPRESS

Financial Results for FY2023 3rd Quarter

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- 1. FY2023 3rd Quarter Results** **P.3**
- 2. Liftings, Utilization Rates,
and Freight Index in Major Trades** **P.4**
- 3. FY2023 Full Year Forecast** **P.5**
- 4. ONE's Response to Recent Changes in the
Business Environment** **P.6**
- 5. Initiatives for FY2023 3rd Quarter** **P.7**
- 6. Reference (Fleet Structure, Service Structure &
New Order)** **P.8**
- 7. Appendix: Change of Demand and Freight
index before/after COVID-19** **P.9**

1. FY2023 3rd Quarter Results

□ Summary

Sluggish consumption growth, a decrease in cargo movement during low season, and an influx of new ships contributed to the further softening of the supply and demand trend and low-level short-term freight rates in 3Q. The 3rd quarter concluded with a deficit of US\$83 million, a significant decrease compared to the same period last year.

- In North America, domestic consumption remained firm consistent with the previous quarter, but marine cargo movements slowed as the low-season began. In Europe, prolonged inflation has led to a stagnation in personal consumption, and with the additional uncertainty surrounding the situation in the Middle East, cargo movements have not seen a full-fledged recovery.
- The increase in the number of new ship deliveries continued to boost the supply side, but ONE made efforts to implement blank sailings sufficiently and streamlined services.
- Freight rates increased in December, however on average they remained at a low rate for the entire quarter due to sluggish rates in October and November.

□ FY2023 3rd Quarter results and PL analysis

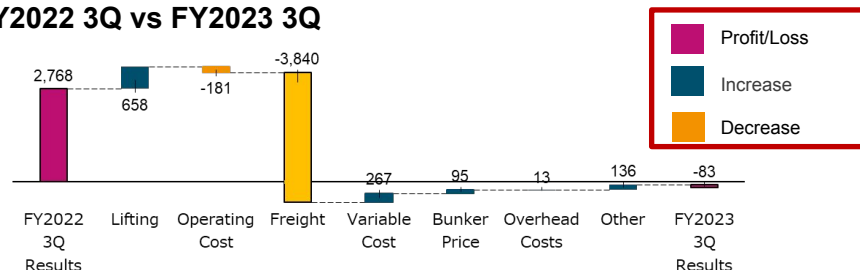
(Unit: Million US\$)

	FY2022					FY2023					3Q Results to 2Q Result		3Q Results to FY2022 3Q	
	1Q Result	2Q Result	1H Results	3Q Results	1Q-3Q Results	1Q Result	2Q Result	1H Results	3Q Results	1Q-3Q Results	Change	Change (%)	Change	Change (%)
Revenue	9,019	9,367	18,386	6,254	24,640	3,765	3,549	7,314	3,357	10,671	-192	-5%	-2,897	-46%
EBITDA	5,859	5,843	11,702	3,060	14,762	770	436	1,206	170	1,376	-266	-61%	-2,890	-94%
EBIT	5,561	5,528	11,089	2,732	13,821	385	31	416	-248	168	-279	-900%	-2,980	-109%
Profit/Loss	5,499	5,521	11,019	2,768	13,788	513	187	700	-83	616	-270	-145%	-2,851	-103%

* 2Q and 1H results for EBITDA/EBIT revised

Bunker Price (US\$/MT)	\$750	\$875	\$812	\$747	\$791	\$590	\$565	\$577	\$625	\$593	\$59	10%	-\$122	-16%
Bunker consumption (K MT)	773	771	1,543	732	2,275	799	862	1,661	859	2,520	-3	0%	128	17%
Lifting (K TEU)	2,939	2,898	5,837	2,648	8,484	2,825	3,087	5,911	3,105	9,017	18	1%	457	17%

FY2022 3Q vs FY2023 3Q



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

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

Liftings / Utilization by Trades		FY2022						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound	Lifting (1,000TEU)	577	578	1,155	449	468	916	2,072
	Utilization	100%	91%	95%	80%	90%	85%	90%
Asia - Europe Westbound	Lifting (1,000TEU)	402	395	796	368	346	713	1,510
	Utilization	95%	95%	95%	90%	95%	92%	94%
Asia-North America Westbound	Lifting (1,000TEU)	278	276	554	297	294	591	1,145
	Utilization	48%	51%	49%	49%	55%	52%	51%
Asia-Europe Eastbound	Lifting (1,000TEU)	282	267	549	243	235	477	1,026
	Utilization	58%	56%	57%	54%	54%	54%	55%

FY2023			
1Q Results	2Q Results	1H Results	3Q Results
578	706	1,284	653
82%	95%	89%	94%
385	434	819	382
94%	92%	93%	90%
291	295	586	327
44%	40%	42%	46%
240	221	461	232
54%	45%	49%	50%

(Unit: 100 = average freight rates as of FY2018 1Q)

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

FY2023			
1Q Results	2Q Results	1H Results	3Q Results
126	109	117	108
139	116	127	106

- Liftings, Utilization rates: The North America Eastbound liftings decreased from 2Q due to low-season and blank sailings in winter. Utilization rates remained at the same level as the 2Q. However, both liftings and utilization rates improved significantly year on year. Europe Westbound liftings and utilization rates decreased due to low-season and stagnant consumption from 2Q, while year on year, lifting slightly increased and utilization rates remained at the same level, supported by results in Mediterranean trade.
- Freight Index :Overall short-term freight rates were generally weak and returned to pre-COVID levels. In North America short-term freight rates were flat and slightly lower in Northern Europe compared to the previous quarter. Both fell significantly compared to the same period last year. In addition, short-term freight rates in the Mediterranean fell both quarter-on-quarter and year-on-year.

3. FY2023 Full Year Forecast

□ Summary

Full-year results for FY2023 are expected to show a profit after tax of US\$ 856 million, a decrease from the previous year due to the deterioration of the freight market caused by the softening of supply and demand.

- Despite the positive trend in cargo movements, low consumer demand due to prolonged stagnation is not supporting a strong recovery of cargo movements. It is expected that it will take some more time for marine transport cargo movements to fully recover.
- The increase in supply caused by the influx of the large number of new vessel deliveries shall continue. However, the situation in the Middle East has caused an instant tonnage shortage.
- Although the supply and demand outlook and freight market conditions are extremely uncertain, ONE will focus on maximizing profit by flexible tonnage deployment and efficient equipment control based on demand.

□ FY2023 Full Year Forecast

(Unit: Million US\$)

	FY2023 (Previous Forecast*)			FY2023 (Latest Forecast)					Full Year	
	1H Results	2H Forecast	Full Year Forecasts	1H Results	3Q Results	4Q Forecasts	2H Forecasts	Full Year Forecasts	Change	Change (%)
Revenue	7,314	7,157	14,471	7,314	3,357	3,411	6,768	14,082	-389	-3%
EBITDA	1,206	715	1,921	1,206	170	549	719	1,925	4	0%
EBIT	416	-65	351	416	-248	132	-116	300	-51	-15%
Profit/Loss	700	151	851	700	-83	239	156	856	5	1%

* 1H results and previous 2H forecast for EBITDA/EBIT revised

Bunker Price (US\$/MT)	\$577	\$634	\$607	\$577	\$625	\$607	\$616	\$597	-\$10	-2%
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	FY2022 (Actual)			Full Year		Change from previous forecast in October 2023
	1H Results	2H Results	Full Year Results	Change	Change (%)	
Revenue	18,386	10,896	29,282	-15,199	-52%	□ Lifting : Worsened due to increased blank sailings
EBITDA	11,702	4,618	16,320	-14,395	-88%	□ Operating Costs : Worsened due to increased fuel consumption
EBIT	11,089	3,916	15,005	-14,706	-98%	□ Freight : Improved from previous forecast
Profit/Loss	11,019	3,978	14,997	-14,142	-94%	□ Variable Costs : Improved as liftings decreased
Bunker Price (US\$/MT)	\$812	\$696	\$756	-\$159	-21%	□ Bunker Price : Improved due to lower oil prices
						□ Overhead Costs : At the same level as the previous forecast

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

Events

- Cargo movements from Asia to North America during October to December increased by 13.1% year-on-year thanks to the continued domestic consumption levels in the United States. Additionally, cargo movements from Asia to Europe increased by 14.7% in October. As in North America, this is due to a reactionary increase, but prolonged inflation has caused a stagnation in personal consumption. With the recent addition of uncertainty surrounding the situation in the Middle East, it is expected that a full recovery in cargo movements will take more time.
- Increased supply due to an influx of new vessel deliveries. However, the market balance has gradually resumed as the effect of blank sailings started to kick in from December.
- Rerouting of Asia-Europe services and Asia-North America services via the Cape of Good Hope to avoid attacks in the Red Sea.
- Prolonged drought of the Panama Canal caused schedule delays with many vessels stuck at both ends waiting for transit.



ONE's response

- Implemented flexible counter measures to minimize supply chain disruptions caused by the situation in the Red Sea.
- As a resolution to the Panama Canal situation, some Asia-North America east-coast services were rerouted to the west route via the Cape of Good Hope, and some Asia-Caribbean and Asia-South America east-coast services were further connected to transatlantic ocean services by land transportation in Panama.
- Implemented structural service reorganization in line with medium-term cargo movement trends. Reduced 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 by deploying new build vessels
 - 2) Reduction of bunker consumption by slow steaming
 - 3) Optimization of cargo mix in each trade
- Optimization of ONE's container distribution by returning leased containers and efficient container repositioning.
- Increased special cargo shipments through the strengthening of special cargo sales.
- Strengthened topline by services expansion in growing markets such as India, and by introducing special temporary services to Latin America tradelanes, where market conditions remain stable.



Maximizing operational efficiencies through flexible deployment and the management of vessels and equipment.

5. Initiatives for FY2023 3rd 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 one of the top management priorities 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"> ➤ Three vessels, out of six long-term-chartered 24,000TEU vessels from SHOEI KISEN KAISHA LTD, were delivered and deployed in Asia-Europe trade. This completes the deployment of all six vessels (Nov - Dec). ➤ The delivery of one 15,000 TEU vessel and two 7,000 TEU vessels on long-term charter from Seaspan (Nov). ➤ Completed acquisition of TraPac LLC, Yusen Terminals LLC and Rotterdam World Gateway (Nov) ➤ Announced West India North America (WIN) service (Nov). ➤ Signed shipbuilding contract for twelve 13,000 TEU methanol dual-fueled vessels (Dec).
	Environment	<ul style="list-style-type: none"> ➤ Announced a new trial of wind propulsion devices in partnership with Econowind (Nov).
	Digital	<ul style="list-style-type: none"> ➤ Electronic Bunker Delivery Note (e-BDN) trial together with MPA and Shell (Nov).
	Safety	<ul style="list-style-type: none"> ➤ Interactive loss prevention workshop with P&I clubs, insurance provider and broker (Nov)
	Others	<ul style="list-style-type: none"> ➤ Established ONE DEJIMA CO. LTD in Nagasaki city to expand its global network and promote regional revitalization in Japan (Dec).

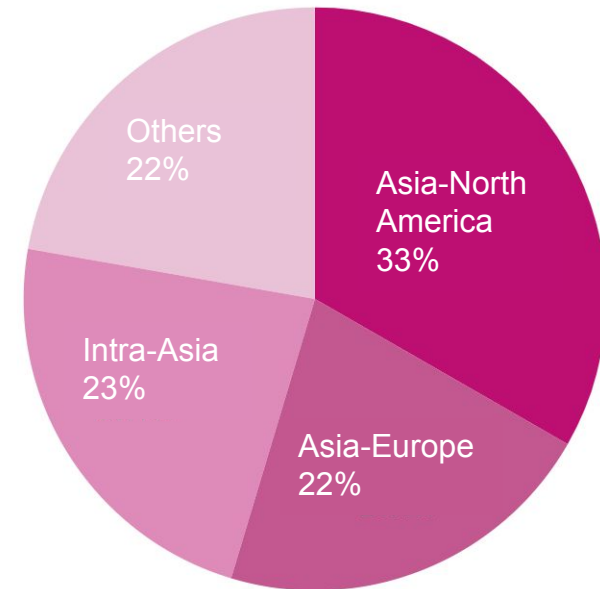
6. Reference (Fleet Structure, Service Structure & New Order)

□ Fleet Structure

Size			1) As of end of Sep 2023	2) As of end of Dec 2023	2)-1)
20,000 TEU >=		Capacity (TEU)	192,600	264,600	72,000
		Vessels	9	12	3
10,500 TEU -	20,000 TEU	Capacity (TEU)	565,688	581,060	15,372
		Vessels	41	42	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)	151,279	158,618	7,339
		Vessels	23	24	1
5,200 TEU -	6,000 TEU	Capacity (TEU)	27,488	33,112	5,624
		Vessels	5	6	1
4,600 TEU -	5,200 TEU	Capacity (TEU)	78,068	78,068	0
		Vessels	16	16	0
4300 TEU -	4,600 TEU	Capacity (TEU)	62,602	62,602	0
		Vessels	14	14	0
3,500 TEU -	4,300 TEU	Capacity (TEU)	37,548	46,051	8,503
		Vessels	9	11	2
2,400 TEU -	3,500 TEU	Capacity (TEU)	81,573	84,370	2,797
		Vessels	30	31	1
1,300 TEU -	2,400 TEU	Capacity (TEU)	17,239	18,544	1,305
		Vessels	10	11	1
1,000 TEU -	1,300 TEU	Capacity (TEU)	16,061	16,088	27
		Vessels	15	15	0
0 TEU -	1,000 TEU	Capacity (TEU)	0	0	0
		Vessels	0	0	0
Total		Capacity (TEU)	1,686,735	1,799,702	112,967
		Vessels	222	232	10

□ Service Structure

(FY2023 3Q Structure of dominant and non-dominant space allocation)



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

	As of end of Sep 2023	Delivered in 3Q FY2023	New Order in 3Q FY2023	As of end of Dec2023
No. of Order Book (Vessels)	39	6	12	45

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

