

(TRANSLATION FOR REFERENCE PURPOSES ONLY)

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Consolidated Financial Statements

The 8th Business term

from April 1, 2024
to March 31, 2025

Ocean Network Express Holdings, Ltd.

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan.

Consolidated Balance Sheets

(As of March 31, 2025)

(thousands of yen)

| Subjects | Amount | Subjects | Amount |
|-----------------------------------|---------------|--|---------------|
| (Assets) | | (Liabilities) | |
| Current assets | 2,495,384,137 | Current liabilities | 717,272,255 |
| Cash and deposits | 1,980,678,500 | Accounts payable | 237,811,972 |
| Accounts receivable | 415,387,520 | Contract liability | 111,089,942 |
| Short-term loans receivable | 1,392,120 | Short-term loans payables | 23,935,147 |
| Inventories | 58,514,542 | Lease obligations | 278,213,760 |
| Other | 44,512,333 | Other | 66,221,433 |
| Allowance for doubtful accounts | △ 5,100,880 | Non-current liabilities | 1,198,484,111 |
| Fixed assets | 2,858,935,720 | Long-term loans payable | 198,497,919 |
| Property, plant and equipment | 1,887,468,815 | Lease obligations | 991,983,578 |
| Machinery, equipment and vehicles | 330,447,537 | Other | 8,002,613 |
| Right-of-use asset | 1,170,511,857 | Total liabilities | 1,915,756,366 |
| Other | 386,509,420 | (Net Assets) | |
| Intangible fixed assets | 34,168,827 | Shareholders' equity | 2,183,839 |
| Software | 4,606,087 | Capital | 50,000 |
| Goodwill | 14,413,913 | Capital surplus | 49,016 |
| Other | 15,148,827 | Retained earnings | 2,084,823 |
| Investments and other assets | 937,298,077 | Accumulated other comprehensive income | 716,049 |
| Investment securities | 278,309,371 | Foreign currency translation adjustments | 716,206 |
| Long-term deposit | 635,972,604 | Deferred gains or losses on hedges | △ 25 |
| Other | 23,016,100 | Remeasurements of defined benefit plans | △ 132 |
| Total assets | 5,354,319,857 | Non-controlling interests | 3,435,663,601 |
| | | Total net assets | 3,438,563,490 |
| | | Total liabilities and net assets | 5,354,319,857 |

Consolidated Statements of Income

(From April 1, 2024 to March 31, 2025)

(thousands of yen)

| Subjects | Amount | |
|--|-------------|---------------|
| Sales | | 3,028,056,883 |
| Cost of sales | | 2,255,372,768 |
| Gross profit | | 772,684,114 |
| Selling, general and administrative expenses | | 185,951,251 |
| Operating income | | 586,732,863 |
| Non-operating income | | |
| Interest and dividend income | 147,063,605 | |
| Exchange gain | 2,908,933 | |
| Other | 35,010,070 | 184,982,609 |
| Non-operating expenses | | |
| Interest expense | 63,310,009 | |
| Other | 5,383,097 | 68,693,107 |
| Ordinary profit | | 703,022,365 |
| Extraordinary losses | | |
| Impairment loss | | 72,063,466 |
| Income before income taxes | | 630,958,899 |
| Income taxes | 29,661,223 | |
| Income taxes deferred | △ 2,706,575 | 26,954,648 |
| Net income | | 604,004,251 |
| Net income attributable to non-controlling interests | | 603,657,672 |
| Net income attributable to owners of parent | | 346,578 |

Consolidated statement of changes in equity
from April 1, 2024 to March 31, 2025

(Unit : Thousand of Yen)

| | Shareholders' equity | | | | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|----------------------|-----------------|-------------------|----------------------------|---|------------------------------------|---|--|---------------------------|------------------|
| | Capital stock | Capital surplus | Retained earnings | Total shareholders' equity | Foreign currency translation adjustment | Deferred gains or losses on hedges | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 50,000 | 49,787 | 1,738,245 | 1,838,033 | 731,436 | 363 | △68 | 731,731 | 3,210,451,453 | 3,213,021,217 |
| Changes of items during period | | | | | | | | | | |
| Profit attributable to owners of parent | | | 346,578 | 346,578 | | | | | | 346,578 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | △ 771 | | △ 771 | | | | | | △ 771 |
| Net changes of items other than shareholders' equity | | | | | △ 15,229 | △389 | △ 63 | △15,682 | 225,212,148 | 225,196,466 |
| Total changes of items during period | | △ 771 | 346,578 | 345,806 | △15,229 | △389 | △ 63 | △15,682 | 225,212,148 | 225,542,272 |
| Balance at end of current period | 50,000 | 49,016 | 2,084,823 | 2,183,839 | 716,206 | △25 | △132 | 716,049 | 3,435,663,601 | 3,438,563,490 |

Notes to Consolidated Financial Statements

Basis of preparation

1. Scope of consolidation

(1) Number of consolidated subsidiaries and the major consolidated subsidiaries

Number of consolidated subsidiaries 64

The major consolidated subsidiaries

Ocean Network Express, Pte. Ltd.

Changes in scope of consolidation

From the current consolidated fiscal year, 13 companies were newly included in the scope of consolidated subsidiaries due to their materiality and acquisition of shares.

(2) Non-consolidated subsidiaries

Multi-Modal Express, LLC is the major non-consolidated subsidiaries.

The aggregated total assets, revenue, net profit and retained earnings of all non-consolidated subsidiaries have insignificant impact on the consolidated financial statements and are excluded from the scope of consolidation.

2. Equity Method Accounting

(1) Number of equity method affiliates and the major equity method affiliates

Number of equity method affiliates 10

The major equity method affiliates

Poseidon Corp.

(2) Non-consolidated subsidiaries and affiliates not accounted for by the equity method.

Both the net profits for the current year and retained earnings of Symphony Creative Solutions Pte. Ltd. have insignificant impact on the consolidated financial statements and are not accounted for by the equity method.

(3) Items involving application of equity method for which a special description is deemed necessary

In the case of entities accounted for under the equity method with account closing dates that are different from the account closing date for the consolidated financial statements, the financial statements for the fiscal year of each of the entities are used.

3. Accounting Period

Although a total of 9 companies, including Ocean Network Express (China) Ltd., have a December 31 year end, all the other subsidiaries have a March 31 year end.

For the 9 companies with a December year end, adjustments have been made for any significant transactions which took place during the period between their year end and the year end of the Company.

The consolidated subsidiaries TraPac Holdings, LLC, TraPac, LLC and Ocean Network Express (Latin America) Ltda changed their fiscal year-end from December 31 to March 31. Due to this change in the fiscal year end, the 15-month period from January 1, 2024 to March 31, 2025 has been consolidated.

4. Significant Accounting Policies

(1) Measurement and valuation method for assets

① Measurement and valuation method for securities

Other securities

Non-marketable securities : Cost determined by the moving-average method.

② Measurement and valuation method for derivatives

Derivative

: Market price as of financial year end

③ Measurement and valuation method for inventory

Inventories

: Cost determined by the first-in, first-out method
(for the value stated in the balance sheet, the carrying amount is written down based on the decreased profitability)

(2) Depreciation method for fix assets

① Property, plant and equipment (excluding right of use assets)

Mainly straight-line method

② Intangible assets (excluding right of use assets)

Straight-line method

③ Right of use assets

Mainly straight-line method

(3) Recognition for significant reserves

Allowance for doubtful accounts

Allowance for general receivables is based on historical default rate.

Allowance for specific receivables, such as individual doubtful receivables, is based on the individual likelihood of default.

(4) Revenue and related costs

The major subsidiary, Ocean Network Express, Pte. Ltd. adopts the complex transportation progress method in which the revenues from container vessels are recognized based on the passage of the transportation period. Related costs are recognized when incurred.

(5) Application of Group relief system

The Company adopted the Group relief system.

(6) Policy for converting significant foreign currency-denominated assets or liabilities into Japanese currency

Monetary receivables and payables denominated in foreign currencies are translated into the yen at the spot exchange rates prevailing on the consolidated closing date, with translation differences recognized as gains or losses. Assets and liabilities of overseas consolidated subsidiaries are translated into yen at the spot exchange rate on the consolidated closing date, while revenues and expenses are translated into yen at the average exchange rate during the period.

However, income and expenses of subsidiaries in a hyperinflationary economy are translated into yen at the spot exchange rate on the consolidated closing date in order to apply the hyperinflationary accounting method.

Notes on accounting estimates

1. Impairment of fixed assets

The Company assesses whether there are any indicators of impairment for assets or asset groups with definite useful life at each reporting period. If assets or asset groups are assessed to be impaired, the carrying amount is reduced to the recoverable amount, and the amount of the reduction is recorded as an impairment loss.

The recoverable amount is the higher of fair value less costs to sell or value in use of assets or asset groups.

The amount of fixed assets recorded for the current fiscal year mainly includes as follows.

| | |
|-------------------------|-------------------------------|
| Right-of-use assets | 1,170,511,857 thousand of yen |
| Intangible fixed assets | 34,168,827 thousand of yen |

2. Lease Term

When estimating the lease term of the respective lease arrangement, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

If a significant event or a significant change in circumstances occurs which affects this assessment, the assessment will be reviewed.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Company mainly uses the incremental borrowing rates method to determine the discount rates used to calculate lease liabilities. These rates are determined according to several criteria including the duration of the leases, and the lease currencies. The discount rates are reviewed and updated on monthly basis.

The amount recorded for the current fiscal year mainly includes as follows.

| | |
|---|-----------------------------|
| Lease liabilities (due within one year) | 278,213,760 thousand of yen |
| Lease liabilities | 991,983,578 thousand of yen |

3. Cost Estimate

The amounts of accruals for major trade related expenses such as terminal costs, port costs and transportation costs are partially estimated.

The amount recorded for the current fiscal year mainly includes as follows.

| | |
|------------------|-----------------------------|
| Accounts payable | 237,811,972 thousand of yen |
|------------------|-----------------------------|

Notes to Consolidated Balance Sheet

Accumulated depreciation

Accumulated depreciation for property, plant and equipment 1,001,177,963 thousand of yen

Notes to Consolidated Income Statement

Impairment loss

As a general policy, the company and its consolidated subsidiaries classify operating assets by business segment for the purpose of investment decision-making.

During the current consolidated fiscal year, due to a significant deterioration in profitability, such as from underperforming operations, the company reduced the book value of asset groups, including goodwill and operating assets, to their recoverable amounts. The resulting impairment loss (72,063,466 thousand of yen) was recorded as an extraordinary loss.

The breakdown is as follows.

| Location | Use | Type | Impairment loss (Thousand of yen) |
|---------------|-----------------|---------------------------|--------------------------------------|
| United States | - | Goodwill | 7,787,667 |
| United States | Business assets | Right-of-use assets, etc. | 64,275,799 |
| Total | - | - | 72,063,466 |

The recoverable value of the asset group is the higher of the net sale value or the value in use. The net selling price is the appraised value reasonably calculated by a third party and the value in use has been calculated primarily by applying a discount rate of 9.9% to projected future cash flows.

Notes to consolidated statement of change in net assets

Number of issued shares

Common stock

100 shares

Notes related to financial instruments

1. Status of financial instruments

The Group basically plans for financing within the internal funds and all the other subsidiaries obtain funding as short-term loans from Ocean Network Express, Pte. Ltd. The Group utilizes derivatives only for avoiding the foreign currency exchange risk but does not utilize them for speculation. The credit risk of customers for accounts receivable - trade is reduced in accordance with the internal regulation. Accounts payable are exposed to fluctuation risk which the Group manage through the monthly cash planning and so on.

2. Estimated fair value of financial instruments

The carrying value, the estimated fair value and the difference between them on the consolidated balance sheets as of March 31, 2025 are shown in the following table.

| | Carrying value (※ 1) | Estimated fair value (※ 1) | Difference |
|--------------------------------|-------------------------|-------------------------------|------------|
| (1) Cash and deposits | 1,980,678,500 | 1,980,678,500 | — |
| (2) Accounts receivable -trade | 415,387,520 | 415,387,520 | — |
| (3) Short-term loans | 1,392,120 | 1,392,120 | — |
| (4) Accounts payable – trade | (237,811,972) | (237,811,972) | — |

Thousand of Yen

| | | | |
|--------------------------|-----------------|-----------------|------------|
| (5) Loans payable (※2) | (222,433,066) | (211,942,184) | 10,490,882 |
| (6) Lease liability (※2) | (1,270,197,338) | (1,266,069,730) | 4,127,607 |
| (7) Long-term deposit | 635,972,604 | 656,061,172 | 20,088,567 |

(※1) The amounts in parentheses represent net liability position.

(※2) The figures include loans payable and lease liability with repayment due dates of one year or less.

(Note 1) The item regarding fair value of financial instruments and Derivative transactions

Fair values of (1) cash and deposits, (2) accounts receivable, (3) short-term loans and (4) accounts payable are based on carrying value as most of them are settled within a short term and their fair value approximates carrying value.

Fair Value of (5) Loans payable and (6) Lease liability are mainly based on the present value of the total amount including principal and interest, discounted by the expected interest rate assuming a new transaction of a similar installment lease.

Fair value of (7) Long-term deposit is calculated by discounting the market value at the interest rate of each term U.S. Treasury bond at each maturity of the deposit.

(Note 2) The fair value of non-marketable securities (278,309,371 thousand of yen on consolidated balance sheet) is not included in investments in the above summary table of financial instruments.

Notes to Revenue Recognition

Basic information for understanding revenue

Basic information for understanding revenue is as presented in "Basis of preparation of 4. Significant Accounting Policies, (4) revenue and related costs."

Amounts per share

| | |
|----------------------|-----------------------|
| Net assets per share | 28,998,894 Yen 07 Sen |
| Income per share | 3,465,786 Yen 42 Sen |