MATSON, INC.

FORM 10-Q
(Quarterly Report)

Filed 05/06/25 for the Period Ending 03/31/25

Address	1411 SAND ISLAND PARKWAY
	HONOLULU, HI, 96819
Telephone	808-848-1211
CIK	0000003453
Symbol	MATX
SIC Code	4400 - Water transportation
Industry	Marine Freight & Logistics
Sector	Industrials
Fiscal Year	12/31

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-34187

Matson, Inc.
(Exact name of registrant as specified in its charter)

Hawaii (State or other jurisdiction of incorporation or organization)	**99-0032630** (I.R.S. Employer Identification No.)
1411 Sand Island Parkway **Honolulu, HI** (Address of principal executive offices)	**96819** (Zip Code)

(808) 848-1211
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, without par value	MATX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock outstanding as of March 31, 2025: 32,644,844

MATSON, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MATSON, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income and Comprehensive Income
(Unaudited)

(In millions, except per share amounts)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Operating Revenue:		
Ocean Transportation	$ 637.4	$ 579.0
Logistics	144.6	143.1
Total Operating Revenue	782.0	722.1
Costs and Expenses:		
Operating costs	(631.1)	(612.2)
Income from SSAT	6.6	0.4
General and administrative	(75.4)	(73.4)
Total Costs and Expenses	(699.9)	(685.2)
Operating Income	82.1	36.9
Interest income	9.4	8.8
Interest expense	(1.7)	(2.2)
Other income (expense), net	2.4	1.8
Income before Taxes	92.2	45.3
Income taxes	(19.9)	(9.2)
Net Income	$ 72.3	$ 36.1
Comprehensive Income (Loss), Net of Income Taxes:		
Net Income	$ 72.3	$ 36.1
Other Comprehensive Income (Loss):		
Net change in pension and post-retirement liabilities	(0.8)	(0.8)
Other adjustments	0.5	(0.8)
Total Other Comprehensive Income (Loss), Net of Income Taxes	(0.3)	(1.6)
Total Comprehensive Income	$ 72.0	$ 34.5
Basic Earnings Per Share	$ 2.20	$ 1.05
Diluted Earnings Per Share	$ 2.18	$ 1.04
Weighted Average Number of Shares Outstanding:		
Basic	32.8	34.4
Diluted	33.2	34.6

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

(In millions)	March 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 122.0	$ 266.8
Accounts receivable, net of allowance for credit losses of $9.3 million and $9.8 million, respectively	270.7	268.9
Prepaid expenses and other assets	75.3	73.9
Total current assets	468.0	609.6
Long-term Assets:		
Investment in SSAT	91.0	84.1
Property and equipment, net	2,314.0	2,260.9
Operating lease right of use assets	325.2	357.7
Goodwill	327.8	327.8
Intangible assets, net	156.3	159.4
Capital Construction Fund	685.4	642.6
Deferred dry-docking costs, net	77.8	73.7
Other long-term assets	81.5	79.6
Total long-term assets	4,059.0	3,985.8
Total Assets	$ 4,527.0	$ 4,595.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Current portion of debt	$ 39.7	$ 39.7
Accounts payable and accruals	274.0	268.5
Operating lease liabilities	119.2	129.0
Other liabilities	113.5	123.2
Total current liabilities	546.4	560.4
Long-term Liabilities:		
Long-term debt, net of deferred loan fees	340.9	350.8
Long-term operating lease liabilities	206.2	229.5
Deferred income taxes	693.9	693.4
Other long-term liabilities	106.4	109.3
Total long-term liabilities	1,347.4	1,383.0
Commitments and Contingencies (see Note 15)		
Shareholders' Equity:		
Common stock	24.5	24.7
Additional paid in capital	284.7	296.7
Accumulated other comprehensive loss, net	(6.8)	(6.5)
Retained earnings	2,330.8	2,337.1
Total shareholders' equity	2,633.2	2,652.0
Total Liabilities and Shareholders' Equity	$ 4,527.0	$ 4,595.4

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In millions)	Three Months Ended March 31, 2025	2024
Cash Flows From Operating Activities:		
Net income	$ 72.3	$ 36.1
Reconciling adjustments:		
Depreciation and amortization	40.6	37.2
Amortization of operating lease right of use assets	34.5	33.9
Deferred income taxes	0.4	2.3
Share-based compensation expense	5.8	5.7
Income from SSAT	(6.6)	(0.4)
Distributions from SSAT	—	14.0
Other	(1.9)	(1.7)
Changes in assets and liabilities:		
Accounts receivable, net	(1.6)	(23.7)
Deferred dry-docking payments	(10.4)	(5.2)
Deferred dry-docking amortization	6.6	6.8
Prepaid expenses and other assets	(6.9)	2.4
Accounts payable, accruals and other liabilities	(5.3)	(34.3)
Operating lease assets and liabilities, net	(35.1)	(34.6)
Other long-term liabilities	(3.4)	(1.9)
Net cash provided by operating activities	89.0	36.6
Cash Flows From Investing Activities:		
Vessel construction expenditures	(66.7)	(1.1)
Capital expenditures (excluding vessel construction expenditures)	(22.5)	(54.2)
Proceeds from disposal of property and equipment, net	0.2	2.3
Cash and interest deposited into the Capital Construction Fund	(105.4)	(6.0)
Withdrawals from Capital Construction Fund	65.0	—
Net cash used in investing activities	(129.4)	(59.0)
Cash Flows From Financing Activities:		
Repayments of debt	(10.1)	(10.1)
Dividends paid	(11.3)	(11.1)
Repurchase of Matson common stock	(66.9)	(47.3)
Tax withholding related to net share settlements of restricted stock units	(16.1)	(17.2)
Net cash used in financing activities	(104.4)	(85.7)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(144.8)	(108.1)
Cash and Cash Equivalents, and Restricted Cash, Beginning of the Period	266.8	136.3
Cash and Cash Equivalents, and Restricted Cash, End of the Period	$ 122.0	$ 28.2
Reconciliation of Cash, Cash Equivalents and Restricted Cash, End of the Period:		
Cash and Cash Equivalents	$ 122.0	$ 25.9
Restricted Cash	—	2.3
Total Cash and Cash Equivalents, and Restricted Cash, End of the Period	$ 122.0	$ 28.2
Supplemental Cash Flow Information:		
Interest paid, net of capitalized interest	$ 1.7	$ 0.5
Income tax payments (refunds), net	$ 1.6	$ 1.1
Non-cash Information:		
Capital expenditures included in accounts payable, accruals and other liabilities	$ 7.6	$ 16.0

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)

(In millions, except per share amounts)	Common Stock Shares	Common Stock Stated Value	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2024	33.0	$ 24.7	$ 296.7	$ (6.5)	$ 2,337.1	$ 2,652.0
Net income	—	—	—	—	72.3	72.3
Other comprehensive income (loss), net of tax	—	—	—	(0.3)	—	(0.3)
Share-based compensation	—	—	5.8	—	—	5.8
Shares issued, net of shares withheld for employee taxes	0.1	0.1	(16.2)	—	—	(16.1)
Shares repurchased	(0.5)	(0.3)	(1.6)	—	(67.3)	(69.2)
Dividends ($0.34 per share)	—	—	—	—	(11.3)	(11.3)
Balance at March 31, 2025	32.6	$ 24.5	$ 284.7	$ (6.8)	$ 2,330.8	$ 2,633.2

(In millions, except per share amounts)	Common Stock Shares	Common Stock Stated Value	Additional Paid In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Balance at December 31, 2023	34.4	$ 25.8	$ 293.4	$ (8.2)	$ 2,089.7	$ 2,400.7
Net income	—	—	—	—	36.1	36.1
Other comprehensive income (loss), net of tax	—	—	—	(1.6)	—	(1.6)
Share-based compensation	—	—	5.7	—	—	5.7
Shares issued, net of shares withheld for employee taxes	0.2	0.1	(17.3)	—	—	(17.2)
Shares repurchased	(0.4)	(0.3)	(1.6)	—	(47.0)	(48.9)
Equity interest in SSAT (See Note 4)	—	—	—	—	10.1	10.1
Dividends ($0.32 per share)	—	—	—	—	(11.1)	(11.1)
Balance at March 31, 2024	34.2	$ 25.6	$ 280.2	$ (9.8)	$ 2,077.8	$ 2,373.8

See Notes to Condensed Consolidated Financial Statements.

MATSON, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANICAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF THE BUSINESS

Matson, Inc., a holding company incorporated in the State of Hawaii, and its subsidiaries ("Matson" or the "Company"), is a leading provider of ocean transportation and logistics services. The Company consists of two segments, Ocean Transportation and Logistics.

Ocean Transportation: Matson's Ocean Transportation business is conducted through Matson Navigation Company, Inc. ("MatNav"), a wholly-owned subsidiary of Matson, Inc. Founded in 1882, MatNav provides a vital lifeline of ocean freight transportation services to the domestic non-contiguous economies of Hawaii, Alaska and Guam, and to other island economies in Micronesia. MatNav also operates premium, expedited services from China to Long Beach, California, provides services to Okinawa, Japan and various islands in the South Pacific, and operates an international export service from Alaska to Asia. In addition, subsidiaries of MatNav provide stevedoring, refrigerated cargo services, inland transportation and other terminal services for MatNav on the Hawaiian islands of Oahu, Hawaii, Maui and Kauai, and in Alaska.

Matson has a 35 percent ownership interest in SSA Terminals, LLC ("SSAT"), a joint venture between Matson Ventures, Inc., a wholly-owned subsidiary of MatNav, and SSA Ventures, Inc., a subsidiary of Carrix, Inc. SSAT currently provides terminal and stevedoring services to various carriers at eight terminal facilities on the U.S. West Coast, including three facilities dedicated for MatNav's use. Matson records its share of income from SSAT in costs and expenses in the Condensed Consolidated Statements of Income and Comprehensive Income, and within the Ocean Transportation segment due to the nature of SSAT's operations.

Logistics: Matson's Logistics business is conducted through Matson Logistics, Inc. ("Matson Logistics"), a wholly-owned subsidiary of MatNav. Established in 1987, Matson Logistics extends the geographic reach of Matson's transportation network throughout North America and Asia, and is an asset-light business that provides a variety of logistics services to its customers including: (i) multimodal transportation brokerage of domestic and international rail intermodal services, long-haul and regional highway trucking services, specialized hauling, flat-bed and project services, less-than-truckload services, and expedited freight services (collectively, "Transportation Brokerage" services); (ii) less-than-container load ("LCL") consolidation and freight forwarding services (collectively, "Freight Forwarding" services); (iii) warehousing, trans-loading, value-added packaging and distribution services (collectively, "Warehousing" services); and (iv) purchase order management, booking services, and non-vessel operating common carrier ("NVOCC") freight forwarding services (collectively, "Supply Chain Management" services).

2. GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The Condensed Consolidated Financial Statements are unaudited, and include the accounts of Matson, Inc. and all wholly-owned subsidiaries, after elimination of intercompany amounts and transactions. Significant investments in businesses, partnerships, and limited liability companies in which the Company does not have a controlling financial interest, but has the ability to exercise significant influence, are accounted for under the equity method. The Company accounts for its investment in SSAT using the equity method of accounting.

Due to the nature of the Company's operations, the results for interim periods are not necessarily indicative of results to be expected for the year. These Condensed Consolidated Financial Statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim periods, and do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete consolidated financial statements.

The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed with the Securities and Exchange Commission ("SEC") on February 28, 2025.

Fiscal Period: The period end for Matson covered by this report is March 31, 2025. The period end for MatNav and its subsidiaries covered by this report is March 28, 2025.

Significant Accounting Policies: The Company's significant accounting policies are described in Note 2 to the Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Use of Estimates: The preparation of the interim Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the amounts reported. Estimates and assumptions are used for but not limited to: impairment of investments; impairment of long-lived assets, intangible assets and goodwill; capitalized interest; allowance for doubtful accounts and other receivables; legal contingencies; insurance reserves and other related liabilities; contingent acquisition related consideration; accrual estimates; pension and post-retirement estimates; multi-employer withdrawal liabilities; operating lease assets and liabilities; income (loss) from SSAT including estimates for impairment charges; and income taxes. Future results could be materially affected if actual results differ from these estimates and assumptions.

Prepaid Expenses and Other Assets: Prepaid expenses and other assets consisted of the following at March 31, 2025 and December 31, 2024:

Prepaid Expenses and Other Assets (in millions)	**March 31, 2025**	**December 31, 2024**
Vessel fuel	$ 31.6	$ 31.2
Prepaid insurance and insurance related receivables	17.5	19.1
Prepaid operating expenses	8.8	8.8
Income tax receivables, net	2.6	2.0
Other	14.8	12.8
Total	$ 75.3	$ 73.9

Recognition of Revenues and Expenses: Revenue in the Company's Condensed Consolidated Financial Statements is presented net of elimination of intercompany transactions. The following is a description of the Company's principal revenue generating activities by segment, and the Company's revenue recognition policy for each activity for the periods presented:

	Three Months Ended March 31,	
Ocean Transportation (in millions) (1)	**2025**	**2024**
Ocean Transportation services	$ 632.9	$ 565.8
Terminal and other related services	2.5	8.7
Fuel sales	2.0	2.9
Vessel management and related services	—	1.6
Total	$ 637.4	$ 579.0

(1) Ocean Transportation revenue transactions are primarily denominated in U.S. dollars except for less than 3 percent of Ocean Transportation services revenue and fuel sales revenue categories which are denominated in foreign currencies.

- Ocean Transportation services revenue is recognized ratably over the duration of a voyage based on the relative transit time completed in each reporting period. Vessel operating costs and other ocean transportation operating costs, such as terminal operating overhead and general and administrative expenses, are charged to operating costs as incurred.
- Terminal and other related services revenue is recognized as the services are performed. Related costs are recognized as incurred.
- Fuel sales revenue and related costs are recognized when the Company has completed delivery of the product to the customer in accordance with the terms and conditions of the contract.
- Vessel management and related services revenue is recognized in proportion to the services completed. Related costs are recognized as incurred. In July 2024, the Company discontinued its vessel management and related services.

Logistics (in millions) (1)	Three Months Ended March 31, 2025	2024
Transportation Brokerage and Freight Forwarding services	$ 127.3	$ 127.4
Warehousing services	9.0	9.1
Supply Chain Management services	8.3	6.6
Total	$ 144.6	$ 143.1

(1) Logistics revenue transactions are primarily denominated in U.S. dollars except for less than 3 percent of Transportation Brokerage and Freight Forwarding services revenue, and Supply Chain Management services revenue categories which are denominated in foreign currencies.

- Transportation Brokerage and Freight Forwarding services revenue consists of amounts billed to customers for services provided. The primary costs include third-party purchased transportation services, agent commissions, labor and equipment. Revenue and the related purchased third-party transportation costs are recognized over the duration of a delivery based upon the relative transit time completed in each reporting period. Labor, agent commissions, and other operating costs are expensed as incurred. The Company reports revenue on a gross basis as the Company serves as the principal in these transactions because it is responsible for fulfilling the contractual arrangements with the customer and has latitude in establishing prices.
- Warehousing services revenue consist of amounts billed to customers for storage, handling, and value-added packaging of customer merchandise. Storage revenue is recognized in the month the service is provided to the customer. Storage related costs are recognized as incurred. Other Warehousing services revenue and related costs are recognized in proportion to the services performed.
- Supply Chain Management and other services revenue, and related costs are recognized in proportion to the services performed.

The Company generally invoices its customers at the commencement of the voyage or the transportation service being provided, or as other services are being performed. Revenue is deferred when services are invoiced in advance to the customer. The Company's receivables are classified as short-term as collection terms are for periods of less than one year. The Company expenses sales commissions and contract acquisition costs as incurred because the amounts are generally immaterial. These expenses are included in general and administrative expenses in the Condensed Consolidated Statements of Income and Comprehensive Income.

Capitalized Interest: The Company capitalizes interest costs during the period as the qualified assets are being readied for their intended use. The Company determined that vessel construction costs are considered qualifying assets for the purposes of capitalizing interest on these assets. The amount of capitalized interest is calculated based on the amount of expenditures incurred related to the construction of these vessels using a weighted average interest rate. The weighted average interest rate is determined using the Company's average borrowings outstanding during the period. Capitalized interest is included in vessel construction in progress in property and equipment in the Company's Condensed Consolidated Balance Sheets (see Note 5). During the three months ended March 31, 2025 and 2024, the Company capitalized $1.1 million and $0.8 million, respectively, of interest related to the construction of new vessels.

Dividends: The Company's first quarter 2025 cash dividend of $0.34 per share was paid on March 6, 2025. On April 24, 2025, the Company's Board of Directors declared a cash dividend of $0.34 per share payable on June 5, 2025 to shareholders of record on May 8, 2025.

Repurchase of Shares: During the three months ended March 31, 2025, the Company repurchased approximately 0.5 million shares for a total cost of $69.2 million. As of March 31, 2025, the maximum number of remaining shares that may be repurchased under the Company's share repurchase program was approximately 3.3 million shares.

Reclassification: The Company reclassified amortization of deferred loan fees of $0.4 million from Depreciation and amortization to Other within cash flows from operating activities in the Consolidated Statements of Cash Flows for the three months ended March 31, 2024, to conform to current year cash flow presentation. There were no changes in Net cash provided by operating activities as a result of this reclassification for the three months ended March 31, 2024.

New Accounting Pronouncements: In November 2024, the Financial Accounting Standards Board ("FASB") issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses ("ASU 2024-03"). ASU 2024-03 requires disclosure of certain expenses in the financial statements including employee compensation, depreciation and amortization of intangible assets on an annual and interim basis. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. ASU 2024-03 can be adopted either: (i) prospectively to the financial statements issued for reporting periods after the effective date of the ASU or (ii) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the effects of adopting ASU 2024-03 but does not expect it will have a material impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025. The Company is currently evaluating the effects of adopting ASU 2023-09 but does not expect it to have a material impact on the Company's consolidated financial statements.

3. REPORTABLE SEGMENTS

Reportable segments are components of an enterprise that engage in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company's CODM is its Chief Executive Officer.

The Company identified two reportable segments on the basis of internal information provided to the CODM: Ocean Transportation and Logistics which are described in Note 1. Each segment is managed separately based upon fundamental differences in the operations of each segment. The Company's Ocean Transportation service primarily involves the transportation of customer cargo on Company owned and chartered vessels. The Company's Logistics service provides customers with logistics solutions primarily using third-party purchased transportation. The Company's CODM assesses the performance of each segment using operating income. The Company's CODM reviews the performance of each segment using monthly internal reports which provide variance analysis of actual results by segment compared to budget, forecast and prior year. The Company's CODM uses this information when making decisions about the allocation of operating and capital resources to each segment. Segment balance sheet information is not provided to the CODM as capital decisions are based upon the Company's consolidated balance sheet.

Reportable segment financial information for the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
(In millions)	**Ocean Transportation**	**Logistics**	**Total**	**Ocean Transportation**	**Logistics**	**Total**
Operating Revenue (1)(2)	$ 637.4	$ 144.6	$ 782.0	$ 579.0	$ 143.1	$ 722.1
Operating Expenses:						
Operating costs:						
Direct cargo expense	238.2	—	238.2	228.6	—	228.6
Vessel operating expense	147.4	—	147.4	153.0	—	153.0
Operating overhead (3)	87.1	—	87.1	76.1	—	76.1
Direct operating costs	—	117.8	117.8	—	117.3	117.3
Depreciation and amortization	37.2	3.4	40.6	34.4	2.8	37.2
Total operating costs	509.9	121.2	631.1	492.1	120.1	612.2
Income from SSAT	(6.6)	—	(6.6)	(0.4)	—	(0.4)
General and administrative	60.5	14.9	75.4	59.7	13.7	73.4
Total Costs and Expenses	563.8	136.1	699.9	551.4	133.8	685.2
Operating Income:	$ 73.6	$ 8.5	82.1	$ 27.6	$ 9.3	36.9
Interest income			9.4			8.8
Interest expense			(1.7)			(2.2)
Other income (expense), net			2.4			1.8
Income before Taxes			92.2			45.3
Income taxes			(19.9)			(9.2)
Net Income			$ 72.3			$ 36.1
Capital Expenditures (4)	$ 88.1	$ 1.1	$ 89.2	$ 51.0	$ 4.3	$ 55.3

(1) Ocean Transportation operating revenue excludes inter-segment revenue of $21.4 million and $19.7 million for the three months ended March 31, 2025 and 2024, respectively.
(2) Logistics operating revenue excludes inter-segment revenue of $32.6 million and $26.9 million for the three months ended March 31, 2025 and 2024, respectively.

(3) Ocean Transportation operating overhead includes dry-docking amortization of $6.6 million and $6.8 million for the three months ended March 31, 2025 and 2024, respectively.
(4) Capital expenditures exclude accrued capital expenditures of $7.6 million and $16.0 million as of March 31, 2025 and 2024, respectively.

Ocean Transportation's operating expenses includes the following:
- *Operating costs* includes:
  - *Direct Cargo Expense* includes terminal handling costs including labor and wharfage, outside purchased transportation and other related costs.
  - *Vessel Operating Expense* includes crew wages and related costs; fuel; pilots, tugs, lines and related costs; vessel charter expenses; and other vessel operating related expenses.
  - *Operating Overhead Expense* includes vessel repair and maintenance costs, inactive vessel costs, dry-docking amortization, equipment lease costs, equipment repair costs, vessel insurance, port engineers and other maintenance costs, other vessel and shoreside related overhead and other indirect costs.
  - *Depreciation and Amortization Expense* includes depreciation of property and equipment and amortization of intangible assets.
- *Income from SSAT* includes the Company's share of income from its equity investment in SSAT and has been aggregated into the Ocean Transportation segment due to the operations of SSAT being an integral part of the Company's Ocean Transportation business (see Note 4).
- *General and Administrative Expense* includes employee salaries, wages and other related costs, equipment maintenance, computer hardware and software, professional fees and other general and administrative expenses.

Logistics' operating expenses includes the following:
- *Operating costs* includes:
  - *Direct Operating Expense* includes transportation costs, transportation brokerage expenses, agency commissions, leases of warehouses, cross-dock and other facility operating costs, wages and other related costs, and other operating overhead.
  - *Depreciation and Amortization Expense* includes depreciation of property and equipment and amortization of intangible assets.
- *General and Administrative Expense* includes employee salaries, wages and other related costs, computer hardware and software, professional fees and other general and administrative expenses.

The Company's Ocean Transportation segment provides ocean transportation services to the Logistics segment, and the Logistics segment provides logistics services to the Ocean Transportation segment in certain transactions. Accordingly, inter-segment revenue of $54.0 million and $46.6 million for the three months ended March 31, 2025 and 2024, respectively, have been eliminated from consolidated operating revenues. In arrangements where the customer purchases ocean transportation and logistics services, the revenues are allocated to each reportable segment based upon the contractual amounts for each type of service.

4. INVESTMENT IN SSAT

The Company's investment in SSAT is described in Note 4 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024. Condensed income statement information for SSAT for the three months ended March 31, 2025 and 2024 consisted of the following:

	Three Months Ended March 31,	
(In millions)	**2025**	**2024**
Operating revenue	$ 311.5	$ 270.3
Operating costs and expenses	(297.5)	(278.4)
Operating income (loss)	14.0	(8.1)
SSAT's Net Income (Loss) (1)	$ 17.7	$ (3.8)
Company's Share of SSAT's Net Income (Loss) (2)	$ 6.6	$ 0.4

(1) Includes earnings and losses from equity method investment held by SSAT less earnings and losses allocated to non-controlling interests.
(2) The Company records its share of net income (loss) from SSAT in costs and expenses in the Condensed Consolidated Statement of Income and Comprehensive Income due to the nature of SSAT's operations.

The Company's investment in SSAT was $91.0 million and $84.1 million at March 31, 2025 and December 31, 2024, respectively.

On March 1, 2024, SSAT completed the sale of 25 percent of its equity interest in SSA Terminals (Seattle Terminals), LLC ("SSAT ST") to a third-party company. After the completion of this transaction, SSAT retains a 50 percent controlling interest in SSAT ST, while the third-party company increased its non-controlling interest to 50 percent in SSAT ST. As a result of this transaction during the three months ended March 31, 2024, the Company recorded an increase in its investment in SSAT of approximately $13.2 million and increase in deferred income taxes of $3.1 million, and a corresponding increase in retained earnings of $10.1 million.

5. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2025 and December 31, 2024 consisted of the following:

(In millions)	March 31, 2025	December 31, 2024
Cost:		
Vessels	$ 2,479.0	$ 2,475.2
Containers and equipment	886.2	883.8
Terminal equipment and other property	152.5	152.3
New vessel construction in progress	265.5	198.8
Other construction in progress	53.9	42.6
Total Property and Equipment	3,837.1	3,752.7
Less: Accumulated Depreciation	(1,523.1)	(1,491.8)
Total Property and Equipment, net	$ 2,314.0	$ 2,260.9

New vessel construction in progress at March 31, 2025 and December 31, 2024 includes milestone progress payments, capitalized interest and other costs related to the construction of three new Jones Act vessels.

6. GOODWILL AND INTANGIBLES

Goodwill by segment as of March 31, 2025 and December 31, 2024 consisted of the following:

(In millions)	Ocean Transportation	Logistics	Total
Goodwill	$ 222.6	$ 105.2	$ 327.8

Intangible assets as of March 31, 2025 and December 31, 2024 consisted of the following:

(In millions)	March 31, 2025	December 31, 2024
Customer Relationships:		
Ocean Transportation	$ 140.6	$ 140.6
Logistics	106.7	106.2
Total	247.3	246.8
Less: Accumulated Amortization	(118.3)	(114.7)
Total Customer Relationships, net	129.0	132.1
Trade name – Logistics	27.3	27.3
Total Intangible Assets, net	$ 156.3	$ 159.4

The Company evaluates its goodwill and intangible assets for possible impairment in the fourth quarter, or whenever events or changes in circumstances indicate that it is more likely than not that the fair value is less than its carrying amount. The Company has reporting units within the Ocean Transportation and Logistics reportable segments. The Company considered the general economic and market conditions and its impact on the performance of each of the Company's reporting units. Based on the Company's assessment of its market capitalization, future forecasts and the amount of excess of fair value over the carrying value of the reporting units in the 2024 annual impairment tests, the Company concluded that an impairment triggering event did not occur during the three months ended March 31, 2025.

The Company will monitor events and changes in circumstances that could negatively impact the key assumptions used in determining the fair value, including the amount and timing of estimated future cash flows generated by the reporting units, long-term growth and discount rates, comparable company market valuations, and industry and economic trends, including the impact of tariffs. It is possible that future changes in such circumstances, including future changes in the assumptions and estimates used in assessing the fair value of the reporting unit, could require the Company to record a non-cash impairment charge.

7. CAPITAL CONSTRUCTION FUND

The Capital Construction Fund ("CCF") is described in Note 7 to the Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. A summary of the activities within the CCF cash and cash equivalents, and investments account for the three months ended March 31, 2025 and 2024 consisted of the following:

(In millions)	Three Months Ended March 31, 2025	2024
CCF Cash and Cash Equivalents:		
CCF cash and cash equivalents balance at beginning of period	$ 230.7	$ 599.4
Cash withdrawal for the purchase of U.S. Treasury debt securities and accrued interest	—	(449.8)
Proceeds from U.S. Treasury debt securities at maturity	20.3	—
Interest income on cash and cash equivalents, and CCF investments	4.1	7.2
Repurchase of assigned accounts receivable	100.7	—
Qualifying withdrawal payments out of the CCF	(65.0)	—
Total CCF cash and cash equivalents balance at end of period	290.8	156.8
CCF Investments:		
CCF investments balance at beginning of period	411.9	—
Purchase of U.S. Treasury debt securities	—	448.1
Withdrawals of U.S. Treasury debt securities at maturity	(20.3)	—
Accretion of investments	3.0	1.9
Total CCF investments balance at end of period	394.6	450.0
Total CCF cash and cash equivalents, and investments balance at end of period	$ 685.4	$ 606.8

CCF Cash and Cash Equivalents: Cash on deposit in the CCF account is invested in a short-term U.S. Treasury obligations fund with daily liquidity. At March 31, 2025, these short-term securities had a weighted average life of 89 days.

CCF Investments: In February 2024, the Company purchased approximately $448.1 million of fixed-rate U.S. Treasuries with accrued interest of $1.7 million using CCF cash. The fixed-rate debt securities were purchased at a discount and have various maturity dates of less than 2 years. The cost of these investments accretes to face value on a straight-line basis until maturity. Such accretion is included in interest income in the Condensed Consolidated Statements of Income and Comprehensive Income.

As of March 31, 2025, CCF investments maturities are as follows:

Year (in millions)	As of March 31, 2025 Cost	Fair Value
2025	$ 173.0	$ 173.2
2026	169.3	169.9
2027	52.3	52.6
Total CCF investments	$ 394.6	$ 395.7

CCF cash and cash equivalents, and investments are classified as a long-term asset on the Company's Condensed Consolidated Balance Sheets as the Company intends to use withdrawals to fund qualified milestone progress payments for the construction of three new Jones Act vessels.

CCF Assigned Accounts Receivable: As of March 31, 2025 and December 31, 2024, eligible accounts receivable of $79.2 million and $178.1 million were assigned to the CCF, respectively. Due to the nature of the assignment of eligible accounts receivable into the CCF, such assigned amounts are classified as part of accounts receivable in the Condensed Consolidated Balance Sheets.

8. DEBT

As of March 31, 2025 and December 31, 2024, the Company's debt consisted of the following:

(In millions)	March 31, 2025	December 31, 2024
Private Placement Term Loans:		
3.37 %, payable through 2027	$ 34.6	$ 34.6
3.14 %, payable through 2031	93.0	100.1
Title XI Debt:		
1.22 %, payable through 2043	150.3	150.3
1.35 %, payable through 2044	112.9	115.9
Total Debt	390.8	400.9
Less: Current portion	(39.7)	(39.7)
Total Long-term Debt	351.1	361.2
Less: Deferred loan fees	(10.2)	(10.4)
Total Long-term Debt, net of deferred loan fees	$ 340.9	$ 350.8

Except as described below, the Company's debt is described in Note 8 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Revolving Credit Facility: The Company's revolving credit facility has committed available borrowing of up to $650 million and matures on March 31, 2026. As of March 31, 2025, the Company had $643.9 million of remaining borrowing availability under the revolving credit facility. The Company used $6.1 million of the revolving credit facility for letters of credit outstanding as of March 31, 2025. There were no outstanding borrowings under the revolving credit facility as of March 31, 2025 and December 31, 2024.

Debt Security and Guarantees: All of the debt of the Company and MatNav, including related guarantees, as of March 31, 2025 was unsecured, except for the Title XI debt.

Debt Maturities: As of March 31, 2025, debt maturities are as follows:

Year (in millions)	As of March 31, 2025
Remainder of 2025	$ 29.6
2026	39.7
2027	39.7
2028	28.2
2029	28.2
Thereafter	225.4
Total Debt	$ 390.8

9. LEASES

The Company’s leases are described in Note 9 to the Consolidated Financial Statements included in Part II, Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

Components of Lease Cost: Components of lease cost recorded in the Company’s Condensed Consolidated Statement of Income and Comprehensive Income for the three months ended March 31, 2025 and 2024 consisted of the following:

(In millions)	Three Months Ended March 31, 2025	2024
Operating lease cost	$ 38.2	$ 35.9
Short-term lease cost	1.6	2.0
Variable lease cost	0.1	0.2
Total lease cost	$ 39.9	$ 38.1

Maturities of operating lease liabilities at March 31, 2025 are as follows:

Year (in millions)	As of March 31, 2025
Remainder of 2025	$ 95.5
2026	98.6
2027	71.8
2028	21.8
2029	10.3
Thereafter	79.7
Total lease payments	377.7
Less: Interest	(52.3)
Present value of operating lease liabilities	325.4
Less: Short-term portion	(119.2)
Long-term operating lease liabilities	$ 206.2

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended March 31, 2025 consisted of the following:

(In millions)	Pension Benefits	Post-Retirement Benefits	Non-Qualified Plans	Other	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2024	$ (14.0)	$ 8.1	$ (0.4)	$ (0.2)	$ (6.5)
Amortization of prior service credit	—	(0.7)	—	—	(0.7)
Amortization of net actuarial gain (loss)	—	(0.1)	—	—	(0.1)
Foreign currency exchange	—	—	—	0.3	0.3
Other adjustments	—	—	—	0.2	0.2
Balance at March 31, 2025	$ (14.0)	$ 7.3	$ (0.4)	$ 0.3	$ (6.8)

Changes in accumulated other comprehensive income (loss) by component, net of tax, for the three months ended March 31, 2024 consisted of the following:

(In millions)	Pension Benefits	Post-Retirement Benefits	Non-Qualified Plans	Other	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2023	$ (20.3)	$ 11.0	$ (0.2)	$ 1.3	$ (8.2)
Amortization of prior service credit	—	(0.7)	—	—	(0.7)
Amortization of net actuarial gain (loss)	0.1	(0.2)	—	—	(0.1)
Foreign currency exchange	—	—	—	(0.9)	(0.9)
Other adjustments	—	—	—	0.1	0.1
Balance at March 31, 2024	$ (20.2)	$ 10.1	$ (0.2)	$ 0.5	$ (9.8)

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company values its financial instruments based on the fair value hierarchy of valuation techniques for fair value measurements. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs other than quoted prices observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability. If the technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy, the lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The Company uses Level 1 inputs for the fair values of its cash and cash equivalents, and CCF cash and cash equivalents and investments, and Level 2 inputs for fixed rate debt. The fair values of cash and cash equivalents, and cash and cash equivalents in the CCF approximate their carrying values due to the nature of the instruments. The fair value of investments in the CCF is calculated based upon quoted prices available in active markets. The fair value of fixed rate debt is calculated based upon interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements.

The carrying value and fair value of the Company's financial instruments as of March 31, 2025 and December 31, 2024 are as follows:

(In millions)	Total Carrying Value March 31, 2025	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value Measurements at March 31, 2025			
Cash and cash equivalents	$ 122.0	$ 122.0	$ 122.0	$ —	$ —
CCF - Cash and cash equivalent	$ 290.8	$ 290.8	$ 290.8	$ —	$ —
CCF - Investments	$ 394.6	$ 395.7	$ 395.7	$ —	$ —
Fixed rate debt	$ 390.8	$ 315.9	$ —	$ 315.9	$ —

(In millions)	December 31, 2024	Fair Value Measurements at December 31, 2024			
Cash and cash equivalents	$ 266.8	$ 266.8	$ 266.8	$ —	$ —
CCF - Cash and cash equivalent	$ 230.7	$ 230.7	$ 230.7	$ —	$ —
CCF - Investments	$ 411.9	$ 412.5	$ 412.5	$ —	$ —
Fixed rate debt	$ 400.9	$ 317.7	$ —	$ 317.7	$ —

12. EARNINGS PER SHARE

Basic earnings per share is determined by dividing net income by the weighted average common shares outstanding during the period. The calculation of diluted earnings per share includes the dilutive effect of non-vested restricted stock units. The computation of weighted average common shares outstanding excluded a nominal amount of anti-dilutive restricted stock units for each period ended March 31, 2025 and 2024.

The computations for basic and diluted earnings per share for the three months ended March 31, 2025 and 2024 are as follows:

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
(In millions, except per share amounts)	Net Income	Weighted Average Common Shares	Per Common Share Amount	Net Income	Weighted Average Common Shares	Per Common Share Amount
Basic:	$ 72.3	32.8	$ 2.20	$ 36.1	34.4	$ 1.05
Effect of Dilutive Securities:	—	0.4	(0.02)	—	0.2	(0.01)
Diluted:	$ 72.3	33.2	$ 2.18	$ 36.1	34.6	$ 1.04

13. SHARE-BASED COMPENSATION

During the three months ended March 31, 2025, the Company granted time-based restricted stock units and performance-based shares to certain of its employees totaling approximately 133,200 shares with a combined weighted average grant date fair value of $143.66 per share.

Total share-based compensation cost recognized in the Condensed Consolidated Statements of Income and Comprehensive Income as a component of general and administrative expenses was $5.8 million and $5.7 million for the three months ended March 31, 2025 and 2024, respectively. Total unrecognized compensation cost related to unvested share-based compensation arrangements was $38.5 million at March 31, 2025, and is expected to be recognized over a weighted average period of approximately 1.9 years. Total unrecognized compensation cost may be adjusted for any unearned performance shares or forfeited shares.

14. PENSION AND POST-RETIREMENT PLANS

The Company's pension and post-retirement plans are described in Note 11 to the Consolidated Financial Statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. Components of net periodic benefit cost and other amounts recognized in Other Comprehensive Income (Loss) for the qualified pension plans and the post-retirement benefit plans for the three months ended March 31, 2025 and 2024 consisted of the following:

	Pension Benefits Three Months Ended March 31,		Post-retirement Benefits Three Months Ended March 31,	
(In millions)	**2025**	**2024**	**2025**	**2024**
Components of net periodic benefit cost (credit):				
Service cost	$ 1.1	$ 0.9	$ —	$ 0.1
Interest cost	2.6	2.4	0.3	0.3
Expected return on plan assets	(4.4)	(3.8)	—	—
Amortization of net actuarial loss (gain)	—	0.1	(0.2)	(0.2)
Amortization of prior service credit	—	—	(0.9)	(0.9)
Net periodic benefit credit	$ (0.7)	$ (0.4)	$ (0.8)	$ (0.7)

15. COMMITMENTS AND CONTINGENCIES

Environmental Matters: The Company's Ocean Transportation business has certain risks that could result in expenditures for environmental remediation. The Company believes that based on all information available to it, the Company is currently in compliance, in all material respects, with applicable environmental laws and regulations.

Other Matters: The Company and its subsidiaries are parties to, or may be contingently liable in connection with, other legal actions arising in the normal course of their businesses, the outcomes of which, in the opinion of management after consultation with counsel, would not have a material effect on the Company's financial condition, results of operations, or cash flows.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and related notes, and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q.

FORWARD-LOOKING STATEMENTS

The Company, from time to time, may make or may have made certain forward-looking statements, whether orally or in writing, such as, among others, forecasts or projections of the Company's future performance or statements of management's plans and objectives. These statements are considered "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be contained in, among other things, SEC filings such as Forms 10-K, 10-Q and 8-K, the Company's Annual Report to Shareholders, the Company's Sustainability Report, press releases made by the Company, the Company's Internet websites (including websites of its subsidiaries), and oral statements made by officers of the Company. Except for historical information contained in these written or oral communications, all other statements are forward-looking statements. These include, for example, all references to 2025 or future years, including such references included under "First Quarter 2025 Discussion and Outlook for 2025," as well as statements generally identified through the inclusion of words such as "anticipate," "believe," "can," "commit," "estimate," "expect," "goal," "intend," "may," "plan," "seek," "should," "target," and "will," or similar statements or variations of such terms and other similar expressions. New risks or uncertainties may emerge from time to time, risks that the Company currently does not consider to be material could become material, and it is not possible for the Company to predict all such risks, nor can it assess the impact of all such risks on the Company's business or the extent to which any factor, or combination of factors, may cause actual results or outcomes, or the timing of results or outcomes, to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of future results or outcomes and involve a number of risks and uncertainties that could cause actual results or outcomes to differ materially from those projected in the statements, including but not limited to the factors that are described in Part II, Item 1A under the caption "Risk Factors" below. Except as required by law, the Company undertakes no obligation to revise or update publicly forward-looking statements or any factors that may affect actual results, whether as a result of new information, future events, circumstances occurring after the date of this report, or otherwise.

OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a discussion of the Company's financial condition, results of operations, liquidity and certain other factors that may affect its future results from the perspective of management. The discussion that follows is intended to provide information that will assist in understanding the changes in the Company's Condensed Consolidated Financial Statements from period to period, the primary factors that accounted for those changes, and how certain accounting principles, policies and estimates affected the Company's Condensed Consolidated Financial Statements. The MD&A is provided as a supplement to the Condensed Consolidated Financial Statements and notes herein, and should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2024, the Company's reports on Forms 10-Q and 8-K, and other publicly available information.

FIRST QUARTER 2025 DISCUSSION AND OUTLOOK FOR 2025

Ocean Transportation: The Company's container volume in the Hawaii service in the first quarter 2025 was 3.2 percent higher year-over-year. The increase was primarily due to the dry-docking of a competitor's vessel. The Hawaii economy remains stable with low unemployment, strong construction activity, and stable tourism, offset by challenging population growth and high inflation and interest rates. The Company expects volume in 2025 to be comparable to the level achieved in 2024, reflecting modest economic growth in Hawaii and stable market share.

In China, the Company achieved significantly higher freight rates in the first quarter 2025 compared to the year ago period. The year-over-year increase benefitted from the carryover of elevated freight rates from the fourth quarter of 2024. Container volume in the first quarter 2025 decreased 1.4 percent year-over-year. Currently, there is significant uncertainty regarding tariffs and global trade, regulatory measures, the trajectory of the U.S. economy and other geopolitical factors. Since the tariffs were implemented in April, the Company's container volume has declined approximately 30 percent year-over-year. Given the pronounced market decline in demand in the Transpacific in April, coupled with limited visibility to the Company's container demand, the Company expects container volume and average freight rates in the second quarter to be lower year-over-year. For full year 2025, the Company also expects container volume and average freight rates to be lower year-over-year.

In Guam, the Company's container volume in the first quarter 2025 decreased 14.3 percent year-over-year. The decrease was primarily due to lower demand from retail and food and beverage segments. In the near term, the Company expects Guam's economy to remain stable with a slow recovery in tourism, a low unemployment rate, and some increase in construction activity. For 2025, the Company expects volume to approach the level achieved last year.

In Alaska, the Company's container volume for the first quarter 2025 increased 4.8 percent year-over-year. The increase was primarily due to higher northbound volume, partially offset by an additional sailing in the year ago period. In the near term, the Company expects continued economic growth in Alaska supported by a low unemployment rate, jobs growth and continued oil and gas exploration and production activity. For 2025, the Company expects volume to be comparable to the level achieved last year.

The contribution in the first quarter 2025 from the Company's SSAT joint venture investment was $6.6 million, or $6.2 million higher than first quarter 2024. The increase was primarily due to higher lift volume. For 2025, the Company expects the contribution from SSAT to be lower than the $17.4 million achieved last year without taking into account the $18.4 million impairment charge at SSAT during the fourth quarter 2024.

Based on the outlook trends noted above, along with significant uncertainty regarding tariffs and global trade, regulatory measures, the trajectory of the U.S. economy and other geopolitical factors, the Company expects Ocean Transportation operating income for the second quarter 2025 to be meaningfully lower than the level achieved in the same period last year. For full year 2025, the Company expects Ocean Transportation operating income to be lower than the level achieved in the prior year, with the amount dependent on the impact and timing of the global trade and macroeconomic uncertainties described above.

Logistics: In the first quarter 2025, operating income for the Company's Logistics segment was $8.5 million, or $0.8 million lower compared to the level achieved in the first quarter 2024. The decrease was primarily due to a lower contribution from freight forwarding and transportation brokerage, partially offset by a higher contribution from supply chain management. For the second quarter 2025, the Company expects Logistics operating income to be lower than the $15.6 million achieved in the second quarter 2024. For full year 2025, the Company expects Logistics operating income to be lower than the level achieved in the prior year due to a challenging environment for all the business lines.

Consolidated Operating Income: For the second quarter 2025, the Company expects consolidated operating income to be meaningfully lower than the $124.6 million achieved in the second quarter 2024. For full year 2025, the Company expects consolidated operating income to be lower than the $551.3 million achieved in 2024 due to the uncertain global trade and macroeconomic environment.

Depreciation and Amortization: For full year 2025, the Company expects depreciation and amortization expense to be approximately $200 million, inclusive of dry-docking amortization of approximately $26 million.

Interest Income: The Company expects interest income for the full year 2025 to be approximately $31 million.

Interest Expense: The Company expects interest expense for the full year 2025 to be approximately $7 million.

Other Income (Expense): The Company expects full year 2025 other income (expense) to be approximately $9 million in income, which is attributable to the amortization of certain components of net periodic benefit costs or gains related to the Company's pension and post-retirement plans.

Income Taxes: In the first quarter 2025, the Company's effective tax rate was 21.6 percent. For the full year 2025, the Company expects its effective tax rate to be approximately 23.0 percent.

Capital and Vessel Dry-docking Expenditures: For the first quarter 2025, the Company made capital expenditure payments excluding new vessel construction expenditures of $22.5 million, new vessel construction expenditures (including capitalized interest and owner's items) of $66.7 million, and dry-docking payments of $10.4 million. For the full year 2025, the Company expects to make other capital expenditure payments, including maintenance capital expenditures, of approximately $100 to $120 million, new vessel construction expenditures (including capitalized interest and owner's items) of approximately $305 million, and dry-docking payments of approximately $40 million.

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated Results – Three months ended March 31, 2025 compared with 2024:

	Three Months Ended March 31,			
(Dollars in millions, except per share amounts)	**2025**	**2024**	**Change**	
Operating revenue	$ 782.0	$ 722.1	$ 59.9	8.3 %
Operating costs and expenses	(699.9)	(685.2)	(14.7)	2.1 %
Operating income	82.1	36.9	45.2	122.5 %
Interest income	9.4	8.8	0.6	6.8 %
Interest expense	(1.7)	(2.2)	0.5	(22.7)%
Other income (expense), net	2.4	1.8	0.6	33.3 %
Income before taxes	92.2	45.3	46.9	103.5 %
Income taxes	(19.9)	(9.2)	(10.7)	116.3 %
Net income	$ 72.3	$ 36.1	$ 36.2	100.3 %
Basic earnings per share	$ 2.20	$ 1.05	$ 1.15	109.5 %
Diluted earnings per share	$ 2.18	$ 1.04	$ 1.14	109.6 %

Changes in operating revenue, and operating costs and expenses are further described below in the Analysis of Operating Revenue and Income by Segment.

The increase in interest income for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, was due to increased amounts of cash and cash equivalent, and CCF funds that were invested in interest bearing accounts during the three months ended March 31, 2025.

The decrease in interest expense for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, was due to lower outstanding debt during the period, and a higher offset of capitalized interest related to the construction of new vessels.

Other income (expense) relates to the amortization of certain components of net periodic benefit costs or gains related to the Company's pension and post-retirement plans.

Income tax expense was $19.9 million, or 21.6 percent of income before taxes, for the three months ended March 31, 2025, compared to $9.2 million, or 20.3 percent of income before taxes, for the three months ended March 31, 2024. The increase in the effective tax rate for the three months ended March 31, 2025 was due to higher discrete tax adjustments recorded during that period.

ANALYSIS OF OPERATING REVENUE AND INCOME BY SEGMENT

Ocean Transportation Operating Results – Three months ended March 31, 2025 compared with 2024:

	Three Months Ended March 31,			
(Dollars in millions)	**2025**	**2024**	**Change**	
Ocean Transportation revenue	$ 637.4	$ 579.0	$ 58.4	10.1 %
Operating costs and expenses	(563.8)	(551.4)	(12.4)	2.2 %
Operating income	$ 73.6	$ 27.6	$ 46.0	166.7 %
Operating income margin	11.5 %	4.8 %		
Volume (Forty-foot equivalent units (FEU)) (1)				
Hawaii containers	35,700	34,600	1,100	3.2 %
Alaska containers	19,700	18,800	900	4.8 %
China containers (2)	28,500	28,900	(400)	(1.4)%
Guam containers	4,200	4,900	(700)	(14.3)%
Other containers (3)	3,400	3,600	(200)	(5.6)%

(1) Approximate volume included for the period are based on the voyage departure date, but revenue and operating income are adjusted to reflect the percentage of revenue and operating income earned during the reporting period for voyages in transit at the end of each reporting period.
(2) Includes containers transshipped in China from other Asian ports.
(3) Includes containers from services in various islands in Micronesia and the South Pacific, and Okinawa, Japan.

Ocean Transportation revenue increased $58.4 million, or 10.1 percent, during the three months ended March 31, 2025, compared with the three months ended March 31, 2024. The increase was primarily due to significantly higher freight rates in China.

On a year-over-year FEU basis, Hawaii container volume increased 3.2 percent primarily due to the dry-docking of a competitor's vessel; Alaska volume increased 4.8 percent primarily due to higher northbound volume, partially offset by an additional sailing in the year ago period; China volume was 1.4 percent lower; Guam volume decreased 14.3 percent primarily due to lower demand from retail and food and beverage segments; and Other containers volume decreased 5.6 percent.

Ocean Transportation operating income increased $46.0 million, or 166.7 percent, during the three months ended March 31, 2025, compared with the three months ended March 31, 2024. The increase was primarily due to significantly higher freight rates in China and a higher contribution from SSAT, partially offset by higher direct cargo expense and operating overhead costs.

The Company's SSAT terminal joint venture investment had an income of $6.6 million during the three months ended March 31, 2025, compared to income of $0.4 million during the three months ended March 31, 2024. The increase was primarily driven by higher lift volume.

Logistics Operating Results – Three months ended March 31, 2025 compared with 2024:

	Three Months Ended March 31,			
(Dollars in millions)	**2025**	**2024**	**Change**	
Logistics revenue	$ 144.6	$ 143.1	$ 1.5	1.0 %
Operating costs and expenses	(136.1)	(133.8)	(2.3)	1.7 %
Operating income	$ 8.5	$ 9.3	$ (0.8)	(8.6)%
Operating income margin	5.9 %	6.5 %		

Logistics revenue increased $1.5 million, or 1.0 percent, during the three months ended March 31, 2025, compared with the three months ended March 31, 2024. The increase was primarily due to higher revenue in freight forwarding and supply chain management, partially offset by lower revenue from transportation brokerage.

Logistics operating income decreased $0.8 million, or 8.6 percent, during the three months ended March 31, 2025, compared with the three months ended March 31, 2024. The decrease was primarily due to a lower contribution from freight forwarding and transportation brokerage, partially offset by a higher contribution from supply chain management.

LIQUIDITY AND CAPITAL RESOURCES

Sources of liquidity available to the Company as of March 31, 2025 compared to December 31, 2024 were as follows:

Cash and Cash Equivalents, Accounts Receivable and CCF: Cash and cash equivalents, accounts receivable and CCF as of March 31, 2025 compared to December 31, 2024 were as follows:

(In millions)	March 31, 2025	December 31, 2024	Change
Cash and cash equivalents	$ 122.0	$ 266.8	$ (144.8)
Accounts receivable, net (1)	$ 270.7	$ 268.9	$ 1.8
CCF - cash and cash equivalents, and investments account	$ 685.4	$ 642.6	$ 42.8

(1) As of March 31, 2025 and December 31, 2024, $79.2 million and $178.1 million of eligible accounts receivable were assigned to the CCF, respectively.

Changes in the Company's cash and cash equivalents for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, were as follows:

	Three Months Ended March 31,		
(In millions)	2025	2024	Change
Net cash provided by operating activities (1)	$ 89.0	$ 36.6	$ 52.4
Net cash used in investing activities (2)	(129.4)	(59.0)	(70.4)
Net cash used in financing activities (3)	(104.4)	(85.7)	(18.7)
Net decrease in cash, cash equivalents and restricted cash	(144.8)	(108.1)	(36.7)
Cash and cash equivalents, and restricted cash, beginning of the period	266.8	136.3	130.5
Cash and cash equivalents, and restricted cash, end of the period	$ 122.0	$ 28.2	$ 93.8

(1) Changes in net cash provided by operating activities:

Changes in net cash provided by operating activities for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, were due to the following:

(In millions)	Change
Net income	$ 36.2
Non-cash depreciation and amortization	3.4
Deferred income taxes	(1.9)
Other non-cash related changes, net	(0.3)
Income and distribution from SSAT, net	(20.2)
Accounts receivable, net	22.1
Prepaid expenses and other assets	(9.3)
Accounts payable, accruals and other liabilities	29.0
Operating lease assets and liabilities, net	(0.5)
Non-cash amortization of operating lease right of use assets	0.6
Deferred dry-docking payments	(5.2)
Other long-term liabilities	(1.5)
Total	$ 52.4

Net income was $72.3 million for the three months ended March 31, 2025, compared to $36.1 million for the three months ended March 31, 2024. Income from SSAT was $6.6 million for the three months ended March 31, 2025, compared to $0.4 million for the three months ended March 31, 2024. The increase in income from SSAT was primarily due to higher lift volume during the three months ended March 31, 2025, compared to the same prior year period. The Company received $14.0 million of cash distributions from SSAT during the three months ended March 31, 2024. No cash distributions were received from SSAT during the three months ended March 31, 2025. Cash distributions from SSAT are dependent on the level of cash available for distribution after SSAT's operational and capital needs. Changes in accounts receivable were primarily due to the timing of collections associated with those receivables. Changes in prepaid expenses and other assets were primarily due to an increase in vessel fuel. Changes in accounts payable, accruals and other liabilities were due to the timing of payments associated with those liabilities. Changes in operating lease assets and liabilities were primarily due to new operating lease additions and renewals, offset by operating lease payments and terminations during the three months ended March 31, 2025, compared to the same prior year period. Deferred dry-docking payments for the three months ended March 31, 2025 were $10.4 million, compared to $5.2 million for the three months ended March 31, 2024. Changes in deferred dry-docking is primarily due to the timing of vessel dry-dock related activities and the payments associated with those activities.

(2) Changes in net cash used in investing activities:

Changes in net cash used in investing activities for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, were due to the following:

(In millions)	Change
Cash deposits and interest into the CCF	$ (99.4)
Withdrawals from CCF	65.0
Vessel construction expenditures	(65.6)
Capital expenditures (excluding vessel construction expenditures)	31.7
Proceeds from disposal of property and equipment, net, and other	(2.1)
Total	$ (70.4)

The Company deposited $105.4 million of cash and interest into the CCF and made $65.0 million of qualifying withdrawal payments out of the CCF during the three months ended March 31, 2025. The Company deposited $6.0 million of interest into the CCF, and did not make any qualifying withdrawal payments out of the CCF during the three months ended March 31, 2024. Cash and cash equivalents, and investments in the CCF are intended to fund milestone payments for the construction of three new Jones Act vessels. Vessel construction expenditures (including capitalized interest) were $66.7 million for the three months ended March 31, 2025, compared to $1.1 million for the three months ended March 31, 2024. Vessel construction expenditures relate to milestone payments and capitalized interest for the construction of three new Jones Act vessels. Maintenance and other capital expenditures payments were $22.5 million for the three months ended March 31, 2025, compared to $54.2 million for the three months ended March 31, 2024. Maintenance and other capital expenditures primarily relate to vessel related expenditures, the acquisition of containers, chassis and other equipment, and expenditures on other capital related projects. The decrease in maintenance and other capital expenditure for the three months ended March 31, 2025, compared to the same prior year period primarily related to the timing of when vessel maintenance activities are performed and when other capital related projects are incurred.

(3) Changes in net cash used in financing activities:

Changes in net cash used in financing activities for the three months ended March 31, 2025, compared to the three months ended March 31, 2024, were due to the following:

(In millions)	Change
Repurchase of Matson common stock	$ (19.6)
Shares withheld for taxes related to settlement of restricted stock units	1.1
Dividends paid	(0.2)
Total	$ (18.7)

During the three months ended March 31, 2025, the Company paid $66.9 million to repurchase Matson common stock, compared to $47.3 million during the three months ended March 31, 2024. During the three months ended March 31, 2025, the Company paid $10.1 million in scheduled fixed interest debt payments, compared to $10.1 million during the three months ended March 31, 2024. During the three months ended March 31, 2025, the Company paid $16.1 million in withholding taxes related to vested restricted stock units, compared to $17.2 million during the three months ended March 31, 2024. During the three months ended March 31, 2025, the Company paid $11.3 million in dividends, compared to $11.1 million during the three months ended March 31, 2024. The increase in dividend payments was due to an increase in dividends declared per share of common stock by the Company, offset by a reduction in common stock outstanding.

Capital Construction Fund: The Company's CCF is described in Note 7 of Part I, Item 1 above. CCF cash and cash equivalents, and CCF investments as of March 31, 2025 and December 31, 2024 are as follows:

(In millions)	March 31, 2025	December 31, 2024
CCF Cash and cash equivalents	$ 290.8	$ 230.7
CCF Investments	394.6	411.9
Total	$ 685.4	$ 642.6

CCF cash and cash equivalents, and CCF investments are intended to fund milestone payments for the construction of three new Jones Act vessels.

Debt: The Company's debt is described in Note 8 of Part I, Item 1 above. The Company utilizes a mix of fixed and variable debt for liquidity and to fund the Company's operations. Total Debt as of March 31, 2025 and December 31, 2024 is as follows:

(In millions)	March 31, 2025	December 31, 2024	Change
Variable interest debt	$ —	$ —	$ —
Fixed interest debt	390.8	400.9	(10.1)
Total Debt (excluding deferred loan fees)	$ 390.8	$ 400.9	$ (10.1)

Total Debt decreased by $10.1 million during the three months ended March 31, 2025, compared to December 31, 2024, due to scheduled fixed interest debt repayments.

As of March 31, 2025, the Company had $643.9 million of remaining borrowing availability under the revolving credit facility, with a maturity date of March 31, 2026.

Working Capital: The Company had a working capital deficit of $78.4 million at March 31, 2025, compared to a working capital surplus of $49.2 million at December 31, 2024. Working capital is primarily impacted by the amount of net cash provided by operating activities, the amount of capital expenditures, the timing of collections associated with accounts receivable, prepaid expenses and other assets, and by the amount and timing of payments associated with accounts payable, accruals, income taxes and other liabilities. The decrease in the Company's working capital at March 31, 2025, compared to December 31, 2024 is primarily due to cash deposited into the CCF during the three months ended March 31, 2025.

Capital Expenditures: Except as described below, during the three months ended March 31, 2025, there were no material changes to the Company's expected capital expenditures for the years ending December 31, 2025 and 2026 that are described in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

During the three months ended March 31, 2025, the Company paid $65.0 million in milestone payments under the vessel construction agreements. The following represents the estimated timing of future milestone payments under the vessel construction agreements as of March 31, 2025, as described in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024:

	Paid	Future Milestone Payments					
Vessel Construction Obligations (in millions)	As of March 31, 2025	Remainder of 2025	2026	2027	2028	Thereafter	Total
Three Aloha Class Containerships	$ 254.5	$ 225.4	$ 313.6	$ 185.0	$ 22.2	$ 2.9	$ 1,003.6

The Company intends to use the CCF cash and cash equivalents, and CCF investments to fund future milestone progress payments.

For the full year 2025, the Company expects to make other capital expenditure payments, including maintenance capital expenditures, of approximately $100 to $120 million, and dry-docking payments of approximately $40 million.

Repurchase of Shares: During the three months ended March 31, 2025, the Company repurchased approximately 0.5 million shares for a total cost of $69.2 million, compared to 0.4 million shares for a total cost of $48.9 million for the three months ended March 31, 2024. The maximum number of remaining shares that may be repurchased under the Company's share repurchase program was approximately 3.3 million shares at March 31, 2025.

Other Material Cash Requirements: There were no other material changes during the quarter ended March 31, 2025 to the Company's other cash requirements that are described in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes during this quarter to the Company's critical accounting policies and estimates as discussed in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

OTHER MATTERS

The Company's first quarter 2025 cash dividend of $0.34 per share was paid on March 6, 2025. On April 24, 2025, the Company's Board of Directors declared a cash dividend of $0.34 per share payable on June 5, 2025 to shareholders of record on May 8, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the Company's market risk position from the information provided under Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," of its Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures: The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2025, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting: There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Environmental Matters: The Company's Ocean Transportation business has certain risks that could result in expenditures for environmental remediation. The Company believes that based on all information available to it, the Company is currently in compliance, in all material respects, with applicable environmental laws and regulations.

In accordance with SEC rules, with respect to administrative or judicial proceedings involving the environment, the Company has determined it will disclose any such proceeding if it reasonably believes such proceeding will result in monetary sanctions, exclusive of interest and costs, at or in excess of $1 million. The Company believes that such threshold is reasonably designed to result in disclosure of environmental proceedings that are material to its business or financial condition.

Other Matters: The Company and its subsidiaries are parties to, or may be contingently liable in connection with other legal actions arising in the normal course of their businesses, the outcomes of which, in the opinion of management after consultation with counsel, would not have a material effect on the Company's financial condition, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

The following material risks, events and uncertainties may make an investment in the Company speculative or risky and should be reviewed carefully. The Company faces the material risks set forth below; however, the description below does not purport to include all risks the Company faces, and additional risks or uncertainties that are currently unknown or are not currently believed to be material may occur or become material. Moreover, some of the factors, events and contingencies discussed below may have occurred in the past, but the disclosures below are not representations as to whether or not the factors, events or contingencies have occurred in the past, and instead reflect our beliefs and opinions as to the factors, events, or contingencies that could materially and adversely affect us in the future. The occurrence of these or the risks and uncertainties described below may, in ways the Company may not be able to accurately predict, recognize or mitigate, adversely affect the Company's business, competitive environment, strategy, financial condition, operating results, cash flows, liquidity, demand, revenue, growth, prospects, reputation or stock price. All forward-looking statements made in this Form 10-Q are qualified by the risks and uncertainties described below.

The risk factors described below include material changes to and supersede the risk factors previously described in Part I, Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Risks Related to the Jones Act

Repeal, invalidation, substantial amendment, or waiver of the Jones Act or changes in its application would have an adverse effect on the Company's business.

The Merchant Marine Act of 1920 (commonly referred to as the Jones Act) regulates all interstate and intrastate marine commerce within the U.S. From time to time, various interests have sought to repeal, amend or waive the Jones Act. For example, in February 2025, a lawsuit was filed in the U.S. District Court for the District of Columbia challenging the Jones Act, arguing that it violates the Port Preference Clause of the U.S. Constitution; the Company believes this lawsuit is without merit and has filed a motion to intervene in the case. If the Jones Act were to be repealed, invalidated, substantially amended or waived and, as a consequence, competitors were to enter the Hawaii or Alaska markets with lower operating costs by utilizing their ability to acquire and operate foreign-flagged and foreign-built vessels and/or being exempt from other U.S. regulations, the Company's business would be adversely affected. In addition, the Company's position as a U.S. citizen operator of Jones Act vessels would be negatively impacted if periodic efforts and attempts by foreign interests, including recent campaigns by foreign governments, to circumvent or repeal certain aspects of the Jones Act were successful. If maritime cabotage services were included in the General Agreement on Trade in Services, the United States-Mexico-Canada Agreement, or other international trade agreements, or if the restrictions contained in the Jones Act were otherwise altered, the shipping of cargo between covered U.S. ports could be opened to foreign-flagged or foreign-built vessels, which could have other adverse impacts to our business.

The Company's business would be adversely affected if the Company were determined not to be a U.S. citizen under the Jones Act.

Certain provisions of the Company's articles of incorporation protect the Company's ability to maintain its status as a U.S. citizen under the Jones Act. If non-U.S. citizens were able to defeat such articles of incorporation restrictions and own, in the aggregate, more than 25 percent of the Company's common stock, the Company would no longer be considered a U.S. citizen under the Jones Act. Such an event could result in the Company's ineligibility to engage in coastwise trade and the imposition of substantial penalties against the Company, including seizure or forfeiture of its vessels.

Risks Related to the Company's Operations

Changes in macroeconomic conditions, geopolitical developments, or governmental policies, including due to outbreaks of disease, have affected and could in the future affect the Company.

The transportation industry in which the Company operates has been and could in the future be impacted by macroeconomic fluctuations, volatility, downturns, inflation, recessions, interest rates and other economic shifts or market instabilities, including due to outbreaks of disease and instability in financial institutions, as well as the development of and changes in governmental policies, relations, priorities and budgeting constraints, and uncertainties resulting from the U.S. political environment, including increased political polarization and the potential for political gridlock (such as the prospect of a shutdown of the U.S. federal government), and geopolitical developments across the jurisdictions in which it operates. For example, there have been increases in geopolitical and trade tensions among a number of the world's major economies, including the United States' recent imposition of tariffs and the imposition by other countries of new or increased tariffs. These tensions have resulted in protectionist measures by governments, including reciprocal tariffs, non-tariff trade barriers, and sanctions, including the use of export control restrictions and sanctions against certain countries and individual companies. On April 17, 2025, the U.S. Trade Representative (the "USTR") also announced service fees on certain Chinese-owned or operated, or Chinese-built vessels entering U.S. ports and proposed additional duties on cranes, containers, certain chassis and spare parts, which could result in higher equipment costs. These actions and uncertainty regarding domestic and foreign tariff policy, including uncertainty associated with the scope, level, magnitude, duration and product range of tariffs, have, and may continue to have, an adverse economic impact in the markets in which the Company operates and could result in a reduced demand for the Company's services.

These adverse economic conditions can also impact the Company's customers' business levels and needs. Within the U.S., a weakening of economic drivers in Hawaii, Alaska or Guam, which include tourism, military spending, construction, personal income growth and employment, the weakening of consumer confidence, market demand, the economy in the U.S. Mainland, inflation, interest rates, recession, increased political polarization and the potential for political gridlock (such as the prospect of a shutdown of the U.S. federal government), and the effect of a change in the strength of the U.S. dollar against other foreign currencies has reduced and could in the future reduce the demand for goods, adversely affecting inland and ocean transportation volumes or rates. In addition, overcapacity in the global or transpacific ocean transportation markets, a change in the cost of goods or currency exchange rates, pressure from U.S. or foreign governments, and changes in tariff policies or international trade policies and related uncertainties could adversely affect freight volumes and rates in the Company's China services. Additionally, fluctuations in the price of oil could further impact the Alaskan economy, which in turn could impact the Company's business.

The shipping industry is competitive, and the Company has been and may continue to be impacted by new or increased competition.

The Company has faced and may continue to face new competition by established or start-up shipping operators that enter into the Company's markets. The shipping industry is competitive with limited barriers to entry. Ocean carriers can shift vessels in and out of tradelanes or charter vessels to manage capacity and meet customer demands. The Company also competes with air freight carriers some of which are able to offer more attractive schedules and services, or to increase capacity. The entry of a new competitor or the addition of new vessels or capacity by existing competitors on any of the Company's existing routes could result in a significant increase in available shipping capacity that could have an adverse effect on the Company's volumes and rates.

The loss of or damage to key customer relationships may adversely affect the Company's business.

The Company's businesses are dependent on their relationships with customers and derive a significant portion of their revenues from the Company's largest customers. The Company's business relies on its relationships with the U.S. military, freight forwarders and non-vessel owning common carriers, large retailers and consumer goods manufacturers, as well as other larger customers. For more information regarding the Company's significant customers, see the discussion in Part I, Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024. The loss of or damage to any of these key relationships may adversely affect the Company's business and revenue.

The Company is dependent upon key vendors and third parties for equipment, capacity, facilities, infrastructure and services essential to operate its business, and if the Company fails to secure sufficient third-party services, its business could be adversely affected.

The Company's businesses are dependent upon key vendors who provide terminal, rail, truck, agent and ocean transportation services. Service structures and relationships with these parties are important in the Company's intermodal business, as well as in the China, Guam, Micronesia, Japan, Alaska export and South Pacific services. If the Company cannot reliably secure sufficient transportation equipment, capacity or services from these third parties at reasonable prices or rates to meet its or its customers' needs and schedules, or if there are changes to the costs of such services, customers may seek to have their transportation and logistics needs met by others on a temporary or permanent basis. If this were to occur, the Company's business, results of operations and financial condition could be adversely affected. The loss of or damage to any of these key relationships may also adversely affect the Company's business and revenue.

An increase in fuel prices, changes in the Company's ability to collect fuel-related surcharges, and/or the cost or limited availability of required fuels may adversely affect the Company's profits.

Fuel, including LNG fuels and biofuels, is a significant operating expense for the Company's Ocean Transportation business. The price and supply of fuel are difficult to predict and fluctuate based on events beyond the Company's control, including impacts from global macroeconomic conditions, geopolitical events and governmental policies such as the USTR action. Increases in the price of fuel may adversely affect the Company's results of operations. Any such increases also can lead to increases in other expenses, such as energy costs and costs to purchase outside transportation services. In the Company's Ocean Transportation and Logistics services segments, the Company utilizes fuel-related surcharges, although increases in the fuel-related surcharges may adversely affect the Company's competitive position and may not correspond exactly with the timing of increases in fuel expense. Changes in the Company's ability to collect fuel-related surcharges, including recovery of all or most fuel-related expenses, also may adversely affect its results of operations.

The development of alternative fuels (such as low- or carbon-neutral fuels), including the necessary infrastructure and technology to utilize such fuels, is still in early experimental stages. There is significant uncertainty as to when, if at all, these alternative fuels will become commercially available or viable at a reasonable cost and in sufficient quantities, and whether Matson will be able to utilize or have access to these alternative fuels (or any such alternative fuels developed in the future) in a timely and cost-effective manner. In addition, advances in fuel technology could require Matson to incur significant capital costs to utilize any such technologies (including, for example, efforts to accelerate building of new vessels, retrofit existing vessels, retire vessels early or make reserve vessels unusable) and Matson may be unable to equip its vessels with these technologies on a timely basis, if at all. It is also uncertain to what extent charter vessel owners may be willing to experiment with, or make the necessary investments to utilize, alternative fuels.

Evolving regulations and stakeholder expectations related to sustainability matters exposes the Company to heightened scrutiny, additional costs, operational challenges and a number of risks.

The state of California and certain other regulators, investors, advisory firms, employees, customers, suppliers, governments and certain other stakeholders are increasingly focused on and have established regulations and expectations related to sustainability matters and related corporate practices, disclosures and initiatives. These evolving regulations and expectations may impact the Company's reputation, business and attractiveness as an investment, employer or business partner to the extent the Company – including its initiatives, goals and reporting – fails to satisfy or is perceived to fail to satisfy those regulations and expectations, including as a result of any third-party rating or assessment. The adoption and expansion of related legislation and regulations have also resulted and may again result in increased capital expenditures and compliance, operational and other costs to the Company. For example, the state of California has adopted climate change disclosure requirements. Compliance with such rules could require significant effort and resources and result in changes to the Company's current GHG emission reduction goals.

The Company's public disclosures on its climate, sustainability, human capital and other initiatives include its goals or expectations with respect to those matters, including GHG emission reduction targets. These disclosures are aspirational and based on standards and frameworks for presenting and measuring progress that are not harmonized and are still developing, assumptions that may change, disclosure controls and procedures that continue to evolve, and with respect to our GHG emissions targets, dependent in part on the industry's successful and timely development of alternative fuels and technologies. The Company's use of disclosure frameworks and standards, and the interpretation or application of those frameworks and standards, may change from time to time or differ from those of others. This may result in a lack of consistent or meaningful comparative data from period to period or between the Company and other companies in the same industry. The Company's initiatives and goals may not be favored by certain stakeholders and could impact the attraction and retention of investors, customers and employees, as well as the Company's willingness to do business with other companies or customers or their willingness to do business with the Company. Efforts to achieve or accurately track the Company's initiatives and goals face numerous risks and may be untimely, be unsuccessful, result in additional costs or experience delays, and as a result may have an adverse impact on the Company, including its brand, reputation, financial performance and growth and stock price, and may expose the Company to increased scrutiny from the investment community as well as enforcement authorities.

The Company may not be timely or successful in completing its fleet upgrade initiatives, which may result in significant costs and adversely impact the Company's ability to meet its climate goals.

The Company's four commissioned Aloha and Kanaloa class vessels include dual fuel capable engines that can run on low sulfur fuel oil or LNG. The Company has completed the installation of tanks, piping and cryogenic equipment on *Daniel K. Inouye* and *Kaimana Hila* and re-engined *Manukai* to operate on LNG. In addition, construction has begun on three new LNG-ready Aloha Class vessels. The Company has made and anticipates making significant capital expenditures in connection with these fleet initiatives. Additional operating costs may be incurred to the extent use of LNG presents new maintenance requirements or unforeseen complications.

The Company's investments in LNG-ready vessels, whether on their own or in addition to other Company initiatives, may be insufficient to meet the Company's previously announced GHG emission reduction goals on a timely basis or at all. There is no guarantee that the Company will be able to secure LNG via bunker barges or other methods on the U.S. West Coast or in China in sufficient amounts to fuel its vessels or at a reasonable cost, as increased demand for LNG could decrease available supply of LNG and increase prices. Governments have in the past and may again in the future impose tariffs on LNG that also may increase supply costs. As a result of these risks, the Company may not fully realize the benefits of these investments.

The Company's vessel construction agreements with Philly Shipyard subject the Company to risks.

On November 1, 2022, MatNav and Philly Shipyard entered into vessel construction agreements pursuant to which Philly Shipyard will construct three new 3,600-TEU Aloha Class dual-fuel capable containerships, with expected delivery dates during the first quarter 2027, the third quarter 2027 and the second quarter 2028. Failure of any party to the vessel construction agreements to fulfill its obligations under the agreements could have an adverse effect on the Company's financial position and results of operations. Such a failure could happen for a variety of reasons, including but not limited to (i) delivery delays, (ii) delivery of vessels that fail to meet any of the required operating specifications (for example, capacity, fuel efficiency or speed), (iii) events in South Korea that prevent one or more significant subcontractors to Philly Shipyard from performing, (iv) loss of key personnel at either Philly Shipyard or any of its subcontractors, (v) work stoppages or other labor disruptions that may occur as a result of the failure of Philly Shipyard to negotiate collective bargaining agreements with its unions, (vi) the insolvency of, or the refusal or inability to perform for any reason, by Philly Shipyard or any of its subcontractors, (vii) the ability of Hanwha Ocean and Hanwha Systems (collectively, "Hanwha") to integrate Philly Shipyard successfully into their global operations following Hanwha's acquisition of Philly Shipyard, or (viii) delays in the construction of vessels scheduled to be completed before the Company's vessels. Significant delays in the delivery of the new vessels could limit our ability to replace aging vessels in the Alaska service without substantial modifications and delay the Company's ability to upsize the CLX service, which could also have an adverse impact on our business plans, financial condition and results of operations.

The Company's operations are susceptible to weather, natural disasters, risks arising from climate change, maritime accidents, spill events and other physical and operating risks.

As a maritime transportation company, the Company's operations are vulnerable to delay, disruptions and loss of life and property as a result of weather, natural disasters and other climate-driven events, such as rising temperatures and heat waves, rising sea levels, bad weather at sea (including increased storm severity), lightning strikes, wildfires, lava flows, hurricanes, typhoons, tsunamis, droughts, windstorms, floods and earthquakes. Climate change has increased and may continue to increase the frequency, severity and uncertainty of such events. For example, sea level rise could potentially impact coastal and other low-lying areas, cause erosion of shorelines, higher water tables and increased flooding, which could damage the Company's vessels, terminals or facilities. In addition, the Company's customers and the island communities it serves throughout the Pacific are particularly vulnerable to rising sea levels and severe storms, which may drive inhabitants away from these regions and reduce demand for the Company's services in the affected areas and adversely impact our business.

The Company's operations are also vulnerable to risks related to the operation of ocean-going vessels, including risks of potential marine accidents, or disasters, including grounding, fires, explosions, collisions, mechanical failures, human error, maintenance issues, latent defects, oil or other spill or environmental accidents, whale strikes, war, terrorism and piracy, lost or damaged cargo, delays, injury and loss of life. These risks could be exacerbated by severe weather or other climate-driven events. Changing macroeconomic and geopolitical conditions, including geopolitical conflict, may also result increased attacks on vessels, piracy or terrorism.

Such events could interfere with the Company's ability to provide on-time scheduled service, require evacuation of personnel or stoppage of services or impact the Company's customer's operations, resulting in increased expenses and potential loss of business associated with such events. In addition, severe weather and natural disasters can result in interference with the Company's terminal operations and may cause serious damage to its vessels and cranes. These impacts could be particularly acute in ports such as Dutch Harbor and Kodiak, Alaska where the Company is dependent on a single crane. The Company's vessels and their cargoes, terminals and other facilities are also subject to operating risks such as mechanical failure, collisions and human error.

The occurrence of any of these events may result in damage to or loss of terminals, port facilities and infrastructure, vessels, containers, cargo and other equipment, increased maintenance expense, loss of life or physical injury to its employees or people, pollution, or the slow down or suspension of operations. For example, damage to the Company's vessels could require repair at a dry-docking facility. The costs of repairs may be substantial which may adversely affect the Company's business and financial condition. Further, the Company may be unable to find space at a suitable dry-docking facility, the vessels may be forced to wait for space or be towed to a different facility, all of which could result in additional expenses and delays, and may adversely affect the Company's business.

These events can also expose the Company to reputational harm and liability for resulting damages, including for loss of life and property, and possible penalties that, pursuant to typical maritime industry policies, it must pay and then seek reimbursement from its insurer. Affected vessels may also be removed from service and thus would be unavailable for income-generating activity. Furthermore, the Port of Alaska requires upgrades to its port facilities and infrastructure to improve operational safety and efficiency, accommodate modern shipping operations and improve resiliency, as well as to mitigate the risk of failure due to corrosion, deterioration or loss of load bearing capacity. As a result, there is an increased risk that an earthquake or other natural disaster could damage or render inoperable, in whole or in part, port facilities and infrastructure at the Port of Alaska. This, in turn, could adversely affect transportation volumes or rates in Alaska and adversely impact the Company's Ocean Transportation business and Span Alaska's freight forwarding business, particularly given the Alaskan economy's dependence on this port for ocean cargo.

There is no assurance that our efforts to mitigate the impact of these risks, including from severe weather or other climate-driven events on our operations, will be effective. Although we take measures that we believe are reasonable to mitigate these risks, it is not practicable to eliminate such risks altogether. The Company's casualty and liability insurance policies are generally subject to large retentions and deductibles and may not cover all losses the Company may incur. Some types of losses, such as losses resulting from a port blockage, generally are not insured. In some cases, the Company retains the entire risk of loss because it is not economically prudent to purchase insurance coverage or because of the perceived remoteness of the risk. Other risks are uninsured because insurance coverage may not be commercially available. Finally, the Company retains all risk of loss that exceeds the limits of its insurance.

The Company may be impacted by transitional and other risks arising from climate change.

The Company may be impacted by transitional and other risks arising from climate change and the global shift toward a low carbon future. Organizational, industrial and governmental shifts in operations as well as legal and regulatory requirements to reduce or eliminate emissions and/or increase efficiency, or any amendments, modifications or changes in the interpretation, application or enforcement of any such operations or requirements, may require the Company to increase expenditures, make changes to existing infrastructure, vessels and equipment, limit the speed at which the Company's vessels are permitted to travel, and make other changes to its business model. For example, the maritime industry is moving toward deployment of clean energy technologies and use of electricity powered by renewable energy sources to power terminal operations as a way to reduce shoreside GHG emissions. As the Company and SSAT increase their reliance on the power grid at terminals, including for cold-ironing and ground service fleets, the Company may experience increased risks related to power outages, brown outs or black outs. The likelihood of these risks is compounded by uncertainties regarding the reliability of renewable energy sources as well as any increased frequency of extreme weather events that may disrupt the generation or transmission of electricity.

In addition, compliance with climate change requirements or regulations such as the IMO's CII requirements, or any amendments, modifications or changes in the interpretation, application or enforcement of any such requirements or regulations, may create schedule disruptions and could require Matson's fleet to slow down if efficiency improvements or transitions to alternative fuels together are not enough to reduce GHG emissions sufficiently, thus impacting Matson's expedited business model and competitive advantage.

New environmental requirements for vessel performance and operation could also require the Company to accelerate the building of new vessels, increase the construction costs for new vessels and equipment to accommodate even newer technology as it emerges while today's technology becomes obsolete, initiate unexpected retrofit projects for existing vessels, retire older vessels earlier than expected, or render reserve vessels unusable. If these outcomes were to occur, the Company's business, results of operations, cash flows and financial condition could be adversely affected.

The Company faces risks related to actual or threatened health epidemics, outbreaks of disease, pandemics or other major health crises, which could significantly disrupt the Company's business.

The Company's business has in the past, and could in the future, be impacted adversely by outbreaks of disease, the effects of public health epidemics, pandemics or other major heath crises (which the Company refers to collectively as public health crises), such as the COVID-19 pandemic. Actual or threatened public health crises can have a number of adverse impacts, including volatility in the global economy, impacts to the Company's customers' business operations, reduced tourism in the markets the Company serves, potential restrictions on employee travel, or significant disruptions in ocean-borne transportation of goods, logistics demand and supply chain activity, caused by a variety of factors such as quarantines, factory and office closures, port closures, or other government-imposed restrictions, any of which can adversely impact the Company's business, financial condition, operating results and cash flows.

The Company's significant operating agreements and leases could be renewed/replaced on less favorable terms or may not be renewed/replaced on acceptable terms, if at all.

The significant operating agreements and leases entered into by the Company in the course of its operations, including those related to terminals, chartered vessels, bonded and unbonded container yards, cross-dock facilities, warehouses and offices as well as those entered into with SSAT, expire at various points in time and may not be renewed/replaced with comparable assets with the specifications necessary for the Company's or SSAT's businesses or could be renewed/replaced on less favorable terms, if at all, thereby adversely affecting the Company's future financial position, results of operations and cash flows.

The Company may face unexpected dry-docking or repair costs for its vessels.

The Company routinely engages shipyards to dry-dock its vessels for regulatory compliance and to provide repair and maintenance, and capital enhancements. Vessels may also have to be dry-docked or repaired at sea in the event of accidents or other unforeseen damage. Unexpected dry-dockings or repairs could require the Company to activate a reserve vessel, purchase additional fuel and operate a less-efficient, smaller vessel for a period of time. The Company also operates a number of older active and reserve vessels that may require more frequent and extensive maintenance. The cost of repairs is difficult to predict and can be substantial. In addition, the time when a vessel is out of service for maintenance is determined by a number of factors, including regulatory deadlines, market conditions, shipyard availability, shipyard location, availability of employees and repairmen, and customer requirements, and accordingly, the length of time that a vessel may be out of service may be longer than anticipated, which could adversely affect the Company's business, financial condition, results of operations and cash flows. The timing and expense required for repairs could be exacerbated by compliance with MARAD and Jones Act requirements.

The Company is involved in a joint venture and is subject to risks associated with joint venture relationships.

The Company is involved in a terminal joint venture with SSAT (and through SSAT, other joint ventures at various U.S. West Coast terminals), and may initiate future joint venture projects. A joint venture involves certain risks for the Company such as:

- The Company's lack of voting control over the joint venture, including the risk that the joint venture takes actions resulting in reputational harm to the Company;
- Misalignment or inconsistency of interests between the Company and the joint venture partner;
- Reliance on the joint venture partner to fund its share of capital or fulfill its other commitments, including the risk that the joint venture partner could become bankrupt; and
- Operating difficulties and financial losses, including from abandonment or termination of terminal lease agreements, at the joint venture, which may lead to SSAT writing down assets or incurring impairment charges.

In addition, the Company relies on SSAT for its stevedoring services at the ports of Long Beach and Oakland, California and Tacoma, Washington on the U.S. West Coast. The Company could be adversely affected by any changes in the services provided or to the costs of such services provided by SSAT. Furthermore, the Company's results of operations have been and may continue to be impacted by lower share of income from SSAT, including as a result of declines in lift volumes due to reduced carrier volumes into U.S. West Coast ports.

The Company is subject to risks associated with conducting business in foreign markets.

Matson's China service and other international services are subject to risks associated with conducting business in foreign markets, which include:

- Challenges associated with operating in foreign countries and developing relationships with foreign companies, business associates and governments, including as a result of cultural differences;
- Difficulties in staffing and managing foreign operations, including dynamic employment and immigration laws;
- The Company's ability to comply with U.S. and foreign legal and regulatory restrictions, including anti-corruption laws such as the Foreign Corrupt Practices Act;
- Not having continued access to existing port facilities or feeder vessels;
- The Company's ability to manage changes in the cost of goods or currency exchange rate fluctuations;
- Geopolitical and economic instability;
- Economic downturns or slower growth in the local markets or geographic areas in which we conduct business;
- Dynamics involving U.S. trade relations with other countries, including uncertainty associated with the scope, level, magnitude, duration and product range of tariffs, non-tariff trade barriers or sanctions, including the use of export control restrictions and sanctions against certain countries and individual companies, or other retaliatory governmental actions, and responsive actions taken by the Company's customers, including with respect to their supply chains;
- The Company's ability to offer a differentiated service for which customers are willing to pay a significant premium; and
- Customer preferences to diversify supply chains away from, or otherwise limit sourcing from, certain countries.

The Company's terminals in Hawaii and Alaska require modernization.

The Company has completed the first phase of renovating and modernizing its Sand Island terminal in Honolulu Harbor. However, significant upgrades remain, including the long-term expansion program at the Sand Island terminal and projects to improve resiliency to risks from events such as severe weather, natural disasters, sea level rise and other climate-change related risks. The Company is continuing discussions with state and local authorities regarding a port modernization program for the Port of Alaska. Significant upgrades to the terminal and port facilities at the Port of Alaska are needed to improve operational safety and efficiency, accommodate modern shipping operations, and improve resiliency, including to risks due to severe weather events, natural disasters and climate-change related risks. For example, the aging cranes and dock facilities of the port are increasingly exposed to the risk of failure due to corrosion, deterioration, and the loss of load-bearing capacity particularly in the event of extreme seismic events or other natural disasters. Regulatory, construction or other delays or cost overruns related to the expansion and modernization of the terminals could have an adverse impact on the Company's business plans, financial condition and results of operations.

In addition, the terminal modernization programs may not result in improved operational productivity or improved resiliency to severe weather events, extreme seismic events or other natural disasters or generate expected returns.

Heightened security measures, war, actual or threatened terrorist attacks, efforts to combat terrorism and other acts of violence may adversely impact the Company's operations and profitability.

War, terrorist attacks and other acts of violence may cause consumer confidence and spending to decrease, or may affect the ability or willingness of tourists to travel to Hawaii, Guam or Alaska, thereby adversely affecting those economies and the Company. Wars or terrorism could impact global supply chains due to changes in vessel routing, product sourcing decisions, or governmental sanctions or restrictions. Additionally, acts of war and future terrorist attacks could increase volatility in the U.S. and worldwide financial markets. Acts of war or terrorism may also be directed at the Company's shipping operations or may cause the U.S. government to take control of Matson's vessels for military operations. Heightened security measures, including customs inspections and related procedures in countries of origin and destination, potentially slow the movement and increase the cost of freight through U.S. or foreign ports, across borders or on U.S. or foreign railroads or highways.

Acquisitions may have an adverse effect on the Company's business.

The Company's growth strategy includes expansion through acquisitions, including, for example, the Company's acquisitions of Horizon Lines, Inc. ("Horizon") in 2015 and Span Alaska in 2016. There is no assurance that the Company will be successful in identifying, negotiating or consummating any future acquisitions. Even if suitable candidates are identified, such transactions may result in regulatory scrutiny, litigation or difficulties assimilating acquired assets or companies, and may result in the diversion of the Company's capital and its management attention from other business issues and opportunities. The Company may not be able to integrate companies that it acquires successfully, including their personnel, financial systems, distribution, operations and general operating procedures. The Company may also encounter challenges in achieving appropriate internal control over financial reporting in connection with the integration of an acquired company. The Company may pay a premium for an acquisition, resulting in goodwill that may later be determined to be impaired.

Risks Related to Employees

Work stoppages or other labor disruptions caused by the Company's unionized workers and other workers or their unions in related industries could adversely affect the Company's operations.

A significant portion of Matson's employees are covered by collective bargaining agreements. Furthermore, the Company relies on the services of third parties, including SSAT, which employ persons covered by collective bargaining agreements. For additional information on collective bargaining agreements with unions, see Part I, Item 1, Subheading C. Employees and Labor Relations of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Previously, the Company has been adversely affected by actions taken by employees of the Company or other companies in related industries against efforts by management of the Company or other companies to control labor costs, restrain wage or benefit increases or modify work practices. In the past, strikes, slow-downs and disruptions have occurred as a result of the failure of Matson or other companies in its industry to negotiate collective bargaining agreements with such unions successfully.

In addition, any slow-downs, strikes, lock-outs or other disruptions, including limits on the availability of labor through trade union hiring halls, have had and in the future, particularly in years when collective bargaining agreements are being negotiated, could have an adverse impact on Matson's or SSAT's operations.

Loss of the Company's key personnel or failure to adequately manage human capital could adversely affect its business.

The Company's future success depends, in significant part, upon the continued services of its key personnel and skilled employees, including its senior management, as well as key personnel at its joint venture partners. The permanent or temporary loss of the services of key personnel could adversely affect the Company's future operating results because of such employees' experience with and knowledge of the Company's business and customer relationships. If key personnel and skilled employees depart or are unable or unwilling to work, the Company's ability to execute its business model could be impaired to the extent it cannot replace such personnel or sufficiently train new personnel in a timely manner. In addition, the Company may incur significant costs to replace these employees. Whether the Company can meet its labor needs is subject to a variety of pressures, including market compensation and benefit levels, which may be impacted by pressure within the industry to increase wages, including due to the threat of a labor strike; the availability of labor, which may be impacted by national and global labor trends including higher-than-normal levels of individuals leaving the workforce and industry trends including aging workforces that may reduce the available pool of skilled workers; a mismatch of skills or experience to support the evolving needs of the Company's business; and employee expectations or desire for changes in the work environment. In addition, the Company's workforce is aging, and within the next few years an increasing number of employees will be eligible to retire, which may result in a period of higher turnover rates than we have historically experienced and could amplify these challenges. The Company does not maintain key person insurance on any of its key personnel.

The Company's investments in and efforts to manage its human capital and maintain a desirable workplace culture, including to create a safe and healthy work environment, and foster a rewarding workplace for employee development and advancement, may not be successful in identifying, attracting, developing, motivating, retaining, competing for or replacing qualified personnel. These efforts and the Company's reputation may also be impacted by any failure or perceived failure to meet or timely progress on publicly disclosed human capital-related goals and initiatives, or to compare favorably with the progress or goals of its industry or peers.

Risks Related to Information Technology

If the Company is not able to use its information technology and communications systems effectively, the Company's ability to conduct business might be negatively impacted.

The Company is highly dependent on the proper functioning of its information technology systems to enable operations and compete effectively. The Company regularly updates its information technology systems or implements new systems, which could cause substantial business interruption. There is no assurance that the systems upgrades or new systems will meet the Company's current or future business needs, or that they will operate as designed. In addition, adoption of new and rapid changes in technology, such as the rise in artificial intelligence applications, may impact the transportation and logistics industry. If Matson does not appropriately adapt its operations to these new technologies as quickly or effectively as its competitors, the Company's business could be adversely affected.

The Company's information technology systems also rely on third-party service providers for access to the Internet, satellite-based communications systems, the electric grid, database storage facilities and telecommunications providers. The Company has no control over the operations of these third-party service providers. In the past, disruptions in the Company's third-party service providers have impacted the Company's operations, including the Company's ability to book and manage freight, stow vessels, and process customs declarations. Some of the Company's employees work from home or remotely, increasing the Company's dependence on its information technology systems and third-party providers during those times. If the Company's information technology and communications systems experience reliability issues, integration or compatibility concerns or if the Company's third-party providers are unable to perform effectively or experience disruptions, cyber attacks or failures, there could be an adverse impact on the availability and functioning of the Company's information technology and communications systems, which could lead to business disruption or inefficiencies, reputational harm or loss of customers.

The Company's information technology systems have in the past and may in the future be exposed to cybersecurity risks and other disruptions that could impair the Company's ability to operate and adversely affect its business.

The shipping industry is a more frequent target of cyber attacks than some other industries because of the essential nature of these services. The Company relies extensively on its information technology systems and third-party service providers in many aspects of its business, including cloud services for accounting, billing, disbursement, cargo booking and tracking, vessel scheduling and stowage, equipment tracking, customer service, banking, payroll and employee communication systems. The Company also collects, stores and transmits sensitive data, including its proprietary business information and that of its customers, and personally identifiable information of its customers and employees. The Company's practices, policies and other efforts, including as described in Part I, Item 1C of its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, may not be sufficient to prevent, detect or remediate all cybersecurity risks or other disruptions, and the Company and its service providers have in the past experienced and may in the future experience cybersecurity incidents, disruptions, threats and vulnerabilities such as malware (including computer viruses and ransomware), software bugs, denial-of-service ("DoS") attacks, phishing, spoofing, identity-based attacks, code injection attacks, cyber terrorism, sabotage, circumvention of security systems (whether physical or virtual), malfeasance, breaches due to employee error, natural disasters, accidents, power disruptions or loss, telecommunications failure, unauthorized access or other catastrophic events or failures at the Company's facilities, aboard its vessels or at third-party locations.

Any failure, breach or unauthorized access to the Company's systems or those of third parties on which the Company relies could result in the loss of confidential, sensitive or proprietary information, interruptions in its service or production or otherwise impact the Company's ability to conduct business operations, and potentially could result in reductions in revenue and profits, damage to its reputation or liability.

Risks Related to Financial Matters

A deterioration of the Company's credit profile, disruptions of the credit markets or higher interest rates could restrict its ability to access the debt capital markets or increase the cost of debt.

Deterioration in the Company's credit profile may have an adverse effect on the Company's ability to access the private or public debt markets and also may increase its borrowing costs. If the Company's credit profile deteriorates significantly, its access to the debt capital markets or its ability to renew its revolving credit facility and other committed lines of credit may become restricted, or the Company may not be able to refinance debt at the same levels or on the same terms. Because the Company relies on its ability to draw on its revolving credit facility to support its operations when required, any volatility or disruption in the credit and financial markets or other development that prevents the Company from accessing funds (for example, a lender that does not fulfill its lending obligation) or renewing its revolving credit facility could have an adverse effect on the Company's financial condition and cash flows. Additionally, the Company's credit agreements generally include an increase in borrowing rates if the Company's credit profile deteriorates. Furthermore, the Company incurs interest under its revolving credit facility based on floating rates. Floating rate debt creates higher debt service requirements as market interest rates increase, as was the case in connection with the U.S. Federal Reserve's interest rate increases in 2022 and 2023, and high interest rates can adversely affect the Company's cash flow and results of operations. Disruptions to the credit markets as a result of macroeconomic, geopolitical, or financial market developments could increase the Company's cost of capital and limit the Company's access to capital.

Failure to comply with certain restrictive financial covenants contained in the Company's credit facilities could preclude the payment of dividends, impose restrictions on the Company's business segments, capital resources or other activities or otherwise adversely affect the Company.

The Company's credit facilities contain certain restrictive financial covenants, the most restrictive of which include a maximum ratio of debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"), a minimum ratio of EBITDA to interest expense, certain prohibitions on additional priority debt and the maintenance of minimum shareholders' equity. If the Company does not maintain these and other required covenants, and a breach of such covenants is not cured timely or waived by the lenders, resulting in a default, the Company's access to credit may be limited or terminated, dividends may be suspended, and the lenders could declare any outstanding amounts due and payable. The Company's continued ability to borrow under its credit facilities is subject to compliance with these financial and other non-financial covenants.

The Company's effective income tax rate may vary.

Various internal and external factors may have favorable or unfavorable material or immaterial effects on the Company's effective income tax rate and, therefore, impact the Company's net income and earnings per share. These factors include, but are not limited to changes in tax rates; changes in tax laws, regulations, and rulings; changes in interpretations of existing tax laws, regulations and rulings; changes in the evaluation of the Company's ability to realize deferred tax assets, and changes in uncertain tax positions; changes in accounting principles; changes in current pre-tax income as well as changes in forecasted pre-tax income; changes in the level of Capital Construction Fund ("CCF") deductions, non-deductible expenses, and expenses eligible for tax credits; changes in the mix of earnings among countries with varying tax rates; changes to the allowable amounts of foreign derived intangible income deductions; and acquisitions and changes in the Company's corporate structure. These factors may result in periodic revisions to the Company's effective income tax rate, which could affect the Company's cash flow and results of operations.

Changes in the value of pension assets, or a change in pension law or key assumptions, may adversely affect the Company's financial performance.

The amount of the Company's employee pension and post-retirement benefit costs and obligations is calculated on assumptions used in the relevant actuarial calculations. Adverse changes in any of these assumptions due to economic or other factors, changes in discount rates, higher health care costs, or lower actual or expected returns on plan assets, may adversely affect the Company's operating results, cash flows, and financial condition. In addition, a change in federal law, including changes to the Employee Retirement Income Security Act or Pension Benefit Guaranty Corporation premiums, may adversely affect the Company's single-employer and multi-employer pension plans and plan funding. These factors, as well as a decline in the fair value of pension plan assets, may put upward pressure on the cost of providing pension and medical benefits and may increase future pension expense and required funding contributions. There can be no assurance that the Company will be successful in limiting future cost and expense increases, and continued upward pressure in costs and expenses could further reduce the profitability of the Company's businesses.

The Company may have exposure under its multi-employer pension and post-retirement plans in which it participates that extends beyond its funding obligation with respect to the Company's employees.

The Company contributes to various multi-employer pension plans. In the event of a partial or complete withdrawal by the Company from any plan that is underfunded, the Company would be liable for a proportionate share of such plan's unfunded vested benefits (see Note 11 to the Consolidated Financial Statements in Item 8 of Part II of the Company's Annual Report on Form 10-K for the year ended December 31, 2024). Based on the limited information available from plan administrators, which the Company cannot independently validate, the Company believes that its portion of the contingent liability in the case of a full withdrawal or termination may be material to its financial position and results of operations. If any other contributing employer withdraws from any plan that is underfunded, and such employer (or any member of its controlled group) cannot satisfy its obligations under the plan at the time of withdrawal, then the Company, along with the other remaining contributing employers, would be liable for its proportionate share of such plan's unfunded vested benefits. In addition, if any of the multi-employer plans to which the Company contributes fails to satisfy the minimum funding requirements, the Internal Revenue Service will impose certain penalties and taxes on the Company and other contributing employers.

Risks Related to Legal, Regulatory and Compliance Matters

As an ocean transportation and logistics services company, the Company is subject to numerous safety, environmental, and other laws and regulations that impact the Company's operations, are costly to comply with and expose the Company to liability.

The Company, including its vessels and terminals, is subject to numerous federal, state and local laws and regulations, including those related to safety, cabotage, equipment standards and government rates. In addition, the Company is subject to environmental laws and regulations, including those relating to air quality initiatives at port locations; air emissions; use of shore power at California ports; wastewater discharges; management of storm water; the storage, transportation, handling, emission and disposal of solid and hazardous materials, oil and oil related products, hazardous substances and wastes; the investigation and remediation of contamination and liability for damages to the environment; health, safety and the protection of the environment and natural resources; and climate change, including any regulations, mandates or restrictions related to GHG emissions, such as a potential carbon tax, and energy use. Any changes in applicable laws and regulations, including their enforcement, interpretation or implementation that results in more stringent requirements than currently anticipated, as well as any new laws and regulations that are adopted could impose significant additional costs and limitations on the Company's ability to operate. Mitigation strategies or contingency plans to remain in compliance with applicable laws and regulations may be unsuccessful, result in additional costs or experience delays. Such costs may not be recoverable through increased payments from customers. For a discussion of specific laws and regulations, see Part I, Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

Federal, state and local laws and regulations require us to obtain certificates of financial responsibility and to adopt procedures for oil and hazardous substance spill prevention, response and clean up, among other requirements impacting the Company's business. In complying with applicable laws and regulations, the Company has incurred expenses and may incur material future costs and expenses related to vessel and equipment modifications, new equipment, higher-priced fuel, changes in operating practices and procedures, tracking emissions, changing routes, adopting or modifying energy sources and undergoing additional oversight inspections, all of which could adversely affect the Company's business and financial condition. For example, Matson's vessels operate within emissions control areas, and the Company's U.S. flagged vessels generally must be maintained "in class" and are subject to periodic inspections by the American Bureau of Shipping or similar classification societies. They also must be periodically inspected by, or on behalf of, the United States Coast Guard. The Company's vessels' operating certificates and licenses are renewed periodically during the required annual surveys of the vessels, but there is no assurance that the Company's programs and policies will be sufficient to have such certificates and licenses renewed. The EPA also requires vessels to obtain coverage under a general permit and to comply with inspection, monitoring, discharge, recordkeeping and reporting requirements.

These laws and regulations provide for substantial fines, sanctions, as well as criminal and civil penalties and significant environmental liabilities, in the event of any violations of, or non-compliance with, their requirements (including any waivers, permits or recordkeeping and other reporting requirements). Any vessel-generated pollution from incidents in U.S. waters within three nautical miles, and in some cases, within the 200-mile exclusive economic zone, for example, could expose us to such fines or penalties.

The Company is subject to, and may in the future be subject to, disputes, legal or other proceedings, and government inquiries or investigations that could have an adverse effect on the Company.

The nature of the Company's business exposes it to the potential for disputes, legal or other proceedings, and government inquiries or investigations relating to antitrust matters, labor and employment matters, personal injury, loss of life and property damage, environmental, shore power and other matters, as discussed in the other risk factors disclosed in this section or in other Company filings with the SEC. For example, Matson is a common carrier, whose tariffs, rates, rules and practices in dealing with its customers are governed by extensive and complex foreign, federal, state and local regulations, which may be the subject of disputes or administrative or judicial proceedings. If these disputes develop into proceedings, these proceedings, individually or collectively, could involve or result in significant expenditures or losses by the Company, or result in significant changes to Matson's tariffs, rates, rules and practices in dealing with its customers.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchases: The following is the summary of Matson shares that were repurchased under the Company's share repurchase program during the three months ended March 31, 2025:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) (2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 – 31, 2025	180,000	$ 139.12	180,000	650,527
February 1 – 28, 2025	162,505	141.22	162,505	3,488,022
March 1 – 31, 2025	157,066	132.21	157,066	3,330,956
Total	499,571	$ 137.63	499,571	

(1) On June 24, 2021, Matson's Board of Directors approved a share repurchase program of up to 3.0 million shares of common stock, with subsequent approvals for the addition of 3.0 million shares on each of January 27, 2022, August 23, 2022, April 27, 2023 and February 27, 2025, for an aggregate total of 15.0 million shares of common stock. The share repurchase program expires on December 31, 2027. Shares will be repurchased in the open market from time to time, and may be made pursuant to a trading plan in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.
(2) Amounts exclude shares withheld for employee taxes upon vesting of stock-based awards.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

(c) Trading Plans: During the quarter ended March 31, 2025, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements except as described below.

On February 28, 2025, Matthew J. Cox, Chairman and Chief Executive Officer, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) to sell up to 29,856 shares of Matson common stock through December 31, 2025, subject to certain pricing and other conditions.

ITEM 6. EXHIBITS

31.1**	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2**	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32***	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101.INS**	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104**	Cover Page Interactive Data File (formatted in Inline XBRL and included as Exhibit 101).

** Filed herewith.
*** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	MATSON, INC.
	(Registrant)
Date: May 6, 2025	/s/ Joel M. Wine
	Joel M. Wine Executive Vice President and Chief Financial Officer (principal financial officer)
Date: May 6, 2025	/s/ Kevin L. Stuck
	Kevin L. Stuck Vice President and Controller (principal accounting officer)

EXHIBIT 31.1

Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934

I, Matthew J. Cox, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Matson, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Matthew J. Cox
Matthew J. Cox, Chairman and
Chief Executive Officer

Date: May 6, 2025

EXHIBIT 31.2

Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934

I, Joel M. Wine, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Matson, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By /s/ Joel M. Wine

Joel M. Wine, Executive Vice President and
Chief Financial Officer

Date: May 6, 2025

EXHIBIT 32

Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of Matson, Inc. (the “Company”) for the quarterly period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Matthew J. Cox, as Chairman and Chief Executive Officer of the Company, and Joel M. Wine, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, that to their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Matthew J. Cox

Name: Matthew J. Cox
Title: Chairman and Chief Executive Officer
Date: May 6, 2025

/s/ Joel M. Wine

Name: Joel M. Wine
Title: Executive Vice President and Chief Financial Officer
Date: May 6, 2025