Financial Highlights Brief Report for 2nd Quarter FY2022

November 4th, 2022

KAWASAKI KISEN KAISHA, LTD.

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A. Financial Highlights for 2nd Quarter FY2022

A-1 : Financial Results for 2nd Quarter FY2022

Financial Results for 2nd Quarter FY2022

(billion yen)

Operating Revenues and Profit	FY2022 1Q	FY2022 2Q	FY2022 1H (a)	FY2021 1H (b)	FY2021 (a)-(b)	as of Aug 3, 2022 1H (c)	as of Aug 3, 2022 (a)-(c)
Operating Revenues	228.5	254.4	482.9	357.6	125.3	470.0	12.9
Operating Income/Loss	18.9	34.1	53.0	10.2	42.8	39.0	14.0
Ordinary Income/Loss	267.4	300.1	567.5	238.0	329.5	500.0	67.5
Net Income/Loss Attributable to Owners of Parent	266.6	298.8	565.4	246.0	319.4	495.0	70.4
Exchange Rate (¥/$)	¥126.49	¥136.64	¥131.56	¥109.90	¥21.67	¥129.36	¥2.20
Bunker Price (/MT)	$821	$878	$850	$497	$353	$876	-$27

Key Financial Indicator

(billion yen)

Indicators	FY2022-2Q (d)	FY2021 (e)	(d)-(e)
Equity Capital	1,527.7	884.6	643.1
Interest-bearing Liability	393.8	423.5	- 29.7
DER	26%	48%	-22points
NET DER	11%	20%	-9points
Equity Ratio	70%	56%	14points

Key Factors (year-on year comparison)

- Operating income increased mainly in the Dry Bulk segment due to an increase in transport demand, and in the Product Logistics segment including Car Carrier Business due to recovery from the impact of the COVID-19 pandemic.

- Containership Business operated by equity-method affiliate OCEAN NETWORK EXPRESS PTE. LTD. (ONE) posted higher ordinary and net income as market conditions were at a high level amid robust cargo demand, in addition to the rapid shift toward the weakening of the yen.

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A-２：Financial Results for 2nd Quarter FY2022 by Segment

Financial Results for 2nd Quarter FY2022 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2022 1Q	FY2022 2Q	FY2022 1H (f)	FY2021 1H (g)	FY2021 (f)-(g)	As of Aug. 2022 1H (h)	As of Aug. 2022 (f)-(h)
Dry Bulk	84.6	87.0	171.6	131.6	40.0	173.0	- 1.4
	15.0	10.9	26.0	5.9	20.1	25.5	0.4
Energy Resource Transport	24.7	26.0	50.8	42.8	7.9	52.0	- 1.2
	5.8	3.3	9.2	0.8	8.3	8.5	0.7
Product Logistics	115.7	138.9	254.6	178.0	76.7	240.0	14.7
	248.8	288.1	536.9	238.1	298.7	472.0	64.9
Containership	11.9	12.5	24.4	20.9	3.6	25.0	- 0.6
	238.0	266.0	504.0	235.5	268.5	453.0	51.0
Other	3.4	2.5	5.9	5.2	0.8	5.0	0.9
	0.1	0.4	0.5	- 0.1	0.6	0.0	0.5
Adjustment	-	-	-	-	-	-	-
	- 2.4	- 2.6	- 5.0	- 6.7	1.8	- 6.0	1.0
Total	228.5	254.4	482.9	357.6	125.3	470.0	12.9
	267.4	300.1	567.5	238.0	329.5	500.0	67.5

Key Factors by Segments (year-on-year comparison)

Dry Bulk

- Market conditions for Cape, Panamax and smaller sizes were generally good due to an increase in transportation demand, despite a temporary slack in supply and demand, and earnings increased due to improved efficiency in navigation and vessel deployment.

Energy Resource Transport

- LNG Carrier Businesses, Thermal Coal Carrier, VLCC (Very Large Crude Carrier), and LPG Carrier secured stable profits backed by medium- to long-term charter contracts.

Product Logistics

- In Car Carrier Business, although carmakers saw a decrease in production due to factors such as the semiconductor shortage, our earnings rose thanks to an improvement in profitability and vessel operation efficiency as robust cargo demand continued.

- Freight market remained high in Containership Business due to supply chain disruptions and ongoing pressure on transportation demand as robust cargo demand continued.

B. Forecast and Initiatives for FY2022

"K" LINE KAWASAKI KISEN KAISHA, LTD.

B-１：Forecasts for FY2022 and Key Factors

Forecasts for FY2022

(billion yen)

Operating Revenues and Profit/Loss	FY2022					FY2021		As of Aug. 2022	
	1Q	2Q	1H	2H Forecast	Total (i)	Total (j)	Y-o-Y (i)-(j)	Total (k)	(i)-(k)
Operating Revenues	228.5	254.4	482.9	437.1	920.0	757.0	163.0	890.0	30.0
Operating Income/Loss	18.9	34.1	53.0	27.0	80.0	17.7	62.4	57.0	23.0
Ordinary Income/Loss	267.4	300.1	567.5	142.5	710.0	657.5	52.5	700.0	10.0
Net Income/Loss Attributable to Owners of parent	266.6	298.8	565.4	134.6	700.0	642.4	57.6	690.0	10.0
Exchange Rate (¥/$)	¥126.49	¥136.64	¥131.56	¥132.47	¥132.02	¥112.06	¥19.95	¥129.68	¥2.34
Bunker Price (/MT)	$821	$878	$850	$710	$780	$551	$229	$896	-$116

Key Factors（year-on-year comparison)

- Operating income is expected to increase by 62.4 billion yen compared to FY2021 and reach 80.0 billion yen, due to steady growth mainly in Dry Bulk and Car Carrier Businesses.
- Although a degree of adjustment is expected in the containership market conditions with the easing of supply chain disruptions, ordinary income is forecast to be 710.0 billion yen as we expect to maintain a solid level of earnings coupled with the impact of a weakening yen.
- Net income will improve year on year due to the improvement in ordinary income.

Key factor assumption

- Yen-US$ exchange rate ¥132.02/$
- Bunker price $780/MT
- Market assumption

  Please refer to Appendix

Estimates sensitivity (3Q~4Q 6 months)

- Yen-US$ rate: each ¥1 weaker (stronger) adds (subtracts) ±5.2 bln
- Bunker price: each $10/MT down (up) adds (subtracts) ±0.02 bln

*Exchange rate fluctuations related to equity in earnings of subsidiaries, "ONE" is included.

Shareholder's return

Dividends: The interim dividend is expected to be 300 yen/share (based on shares before stock split), and the year-end dividend forecast is 100 yen/share (based on shares after stock split). A simple comparison is not possible due to the stock split, but the annual dividend forecast based on shares before the stock split is 600 yen/share.

Additional return : On May 9, 2022, "K" LINE announced an additional shareholder's return of 100.0 billion yen or more. Considering the scale of this additional shareholder's return for the fiscal year 2022, we have determined that the best way to do this will be to perform a share buy-back for the entire amount. We will repurchase the Common stock of "K" LINE up to 100.0 billion yen and total number of shares of common stock of "K" LINE up to 35,236,000 shares（after the stock split)

➡ details : P12 Shareholder's Return Policy（2022)

*The note is made taking the effect of stock split to implemented on October 1, 2022 into consideration.

B-２：Forecasts for FY2022 by Segment

Forecasts for FY2022 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2022 1Q	FY2022 2Q	FY2022 1H	FY2022 2H Forecast	FY2022 Total (l)	FY2021 Total (m)	FY2021 Total (l)-(m)	As of Aug. 2022 Total (n)	As of Aug. 2022 Total (l)-(n)
Dry Bulk	84.6	87.0	171.6	131.4	303.0	276.5	26.5	318.0	- 15.0
	15.0	10.9	26.0	7.0	33.0	23.7	9.3	36.0	- 3.0
Energy Resource Transport	24.7	26.0	50.8	46.2	97.0	89.7	7.3	99.0	- 2.0
	5.8	3.3	9.2	3.8	13.0	4.8	8.2	13.0	0.0
Product Logistics	115.7	138.9	254.6	254.4	509.0	380.2	128.8	465.0	44.0
	248.8	288.1	536.9	138.1	675.0	640.8	34.2	663.0	12.0
Containership	11.9	12.5	24.4	21.6	46.0	41.7	4.3	50.0	- 4.0
	238.0	266.0	504.0	109.1	613.0	623.8	- 10.8	627.0	- 14.0
Other	3.4	2.5	5.9	5.0	11.0	10.6	0.4	8.0	3.0
	0.1	0.4	0.5	0.5	1.0	- 0.1	1.1	0.0	1.0
Adjustment	-	-	-	-	-	-	-	-	-
	- 2.4	- 2.6	- 5.0	- 7.0	- 12.0	- 11.7	- 0.3	- 12.0	- 0.0
Total	228.5	254.4	482.9	437.1	920.0	757.0	163.0	890.0	30.0
	267.4	300.1	567.5	142.5	710.0	657.5	52.5	700.0	10.0

Key Factors by Segments (year-on-year comparison)

Dry Bulk

- Although market conditions in major economies are expected to weaken due to inflation and other factors, we will strive to appropriately manage our market exposure, improve vessel deployment efficiency, and reduce operating costs.
- We will actively conduct sales activities leveraging its high service quality and endeavor to expand stable earnings through the accumulation of medium- to long-term contracts.

Energy Resource Transport

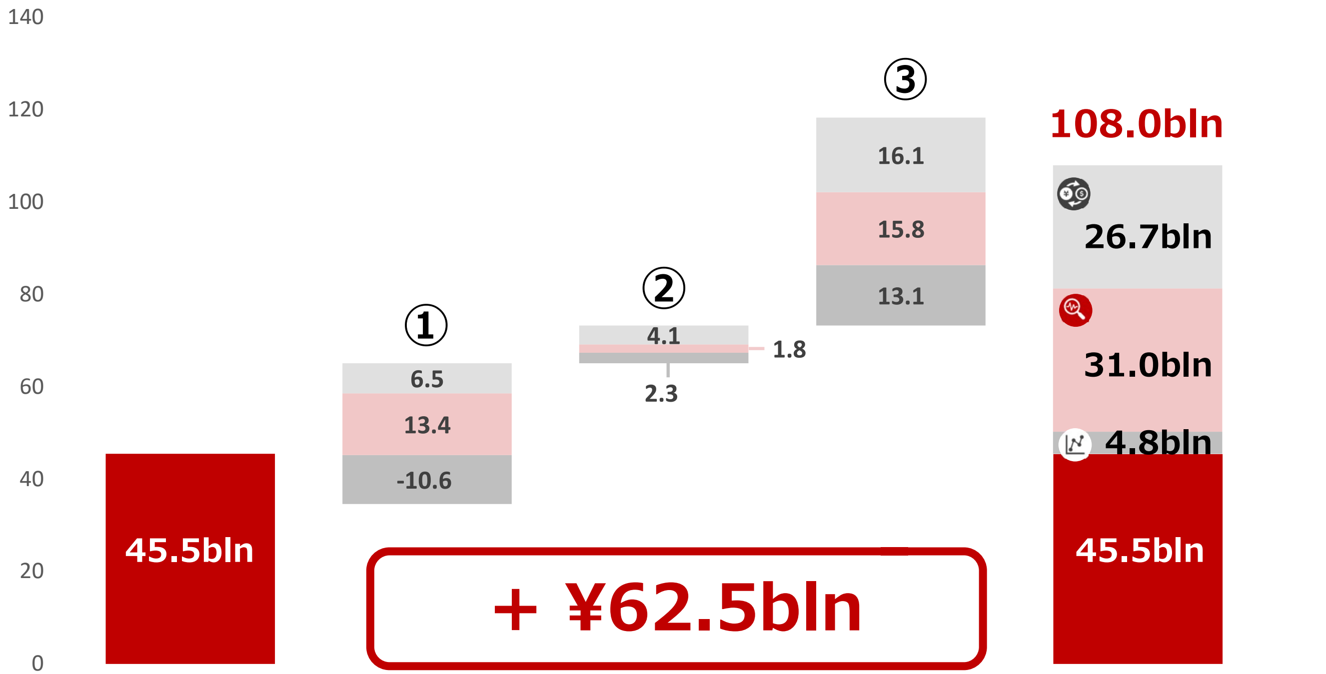
- Efforts will be made to secure stable earnings in LNG Carrier, VLCC (Very Large Crude Carrier) and LPG Carrier, Thermal Coal Carrier Businesses through medium- to long-term contracts.

Product Logistics

- In anticipation of continued strong cargo demand for Car Carrier Business, we will work toward rate restorations, while improving vessel deployment efficiency, and implementing various measures under the medium-term management plan.
- In the Containership segment, disruption of supply chains will subside, and market conditions are expected to enter an adjustment phase in the second half of the fiscal year.

B-3 : Key Factors of Improvement for "K" Line's Own Businesses in FY2022

Ordinary Income/Loss (billion yen)	FY2021	Dry Bulk	Energy Resource Transport	Product Logistics (excl. Containership)	FY2022 Forecast
		9.3bln	8.2bln	45.0bln	



Exchange rate impact	Own business profitability improvement	Market conditions, other***
26.7bln	**31.0bln**	**4.8bln**
・Dry Bulk: 6.5bln	• Effect of business measures**:27.7bln	•Dry Bulk: -10.6bln
・Energy Resource Transport: 4.1bln	• Effect of structural reform:3.3bln	•Energy Resource Transport: 2.3bln
・Product Logistics: 16.1bln		•Product Logistics: 13.1bln

①Dry Bulk

- Realizing fleet optimization through structural reforms, implementing efficient vessel deployment, and reducing operating costs
- Expanding stable earnings by acquiring new medium- to long-term contracts based on a stronger customer-oriented sales system

②Energy Resource Transport

- Ensuring stable earnings through medium- to long-term contracts
- Enhancing profitability by withdrawing from unprofitable businesses

③Product Logistics (excl. Containership)

Car Carriers

- Improving profitability through rate restorations
- Improving fleet competitiveness by securing large seize vessel
- Cargo volumes are expected to continue their post-pandemic recovery, and the tight supply and demand situation is expected to remain
- Strategically pursuing new and high-and-heavy cargo contracts, while maintaining space for existing cargo
- Continuing efforts to enhance vessel operation efficiency through route rationalization, etc.

Short sea and coastal/Port /Logistics

- Promoting business through collaboration among our subsidiary companies to utilize the respective knowledge and experience of each company
- Maintaining efforts to create synergies among Group businesses

*Oversized cargo such as construction and agricultural machinery, and rail vehicles, **acquisition of new contracts, ship allocation efficiency, etc.
*** including impact of oil prices

C. Status and Progress of Medium-term Management Plan

C-１：Capital Policy Progress

Progress on the aims of the medium-term management plan

Cash Allocation

- Maintaining awareness of optimal capital structure at any time, always ensuring capital efficiency and financial soundness, and promoting cash allocation that emphasizes growth-oriented investments and shareholder return
- Placing priority on business investments to improve corporate value when allocating cash obtained from both operating and financial cash flows, while also proactively providing return to shareholders

Investment Plan

- Maintaining disciplined investment with a focus on businesses that drive growth, in order to establish a competitive advantage based on technology for reducing and eliminating carbon emissions

Enhancing cash flow and business-specific portfolio management through further advancement of business management

Shareholder Return Policy

Return Delivery Plan

- The total shareholder return amount is determined in a dynamic way after first considering the cash inflows and business investment options for the year concerned. A cumulative total of 400.0 to 500.0 billion yen will be returned to shareholders during the period of the medium-term management plan (FY2022-26).
- For FY2022, performing a share buyback of up to 100.0 billion yen (max.), and distributing an interim dividend of 600 yen/share (based on shares before stock split)
- Already announced year-end dividend of 100 yen/share (based on shares after stock split) (forecast)
- For the year-end dividend, we will consider additional shareholder return based on the shareholder return policy, and the performance trends in the second half, after investigating future operating cash flows and capital needs.

Always maintaining awareness of optimal capital structure and cash allocation according to the medium-term management plan, along with capital efficiency and financial soundness, and striving to further enhance corporate value

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C-２：Shareholder's Return Policy（FY2022）

Conducting share buy-back up to 100 billion yen

Proactively providing shareholder return by increasing dividends and performing share buybacks in order to improve shareholder value, based on the medium-term management plan

▮ Dividends

- FY2022: In addition to a basic annual dividend of 300 yen/share (150 yen for the interim and year-end respectively; based on shares before stock split), we plan to augment the annual dividend by 300 yen/share (based on shares before stock split) (announced on August 3).

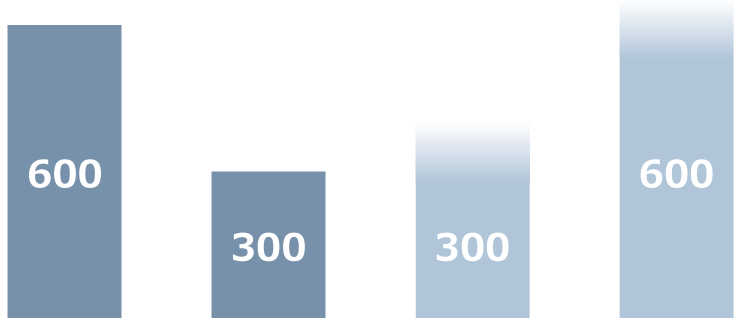
▮ Share buy-back

- Given the current stock price level, shareholder return will be provided through dynamic share buybacks based on the cash allocation policy.
- In FY2022, we will repurchase "K" Line stock up to a total value of 100.0 billion yen (max.) or up to a total of 35,236,000 shares (max.) (based on shares after stock split).
- Share buy-back method: Purchase on the Tokyo Stock Exchange through off-auction own share buy-back trading (ToSTNeT-3) and Auction market
- Period: From November 8, 2022 to March 31, 2023
- In principle, the shares to be repurchased will be cancelled

※For the details of share buy-back, please refer to "Notification of Stock Repurchase and Share Buyback through Off-Auction Own Share Repurchase Trading (ToSTNeT-3)" announced on November 4, 2022.

【Regarding Stock Split】
- Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 has been split into 3 shares per share.
- The interim dividend for the fiscal year ending March 2023 which has a dividend record date of September 30, 2022, will be paid based on the shares before the stock split.
- The year-end dividend for the fiscal year ending March 2023 which has a dividend record date of March 31, 2023, will be paid based on the shares following the stock split.
- Forecast for the full-year dividend per share is not presented as simple comparisons are not possible due to the implementation of the stock split, however, the forecast for the full-year dividend per share based on the pre-stock split is 600.00 yen.

Annual dividends（yen/share)
(As a reference, comparison based on shares before stock split)

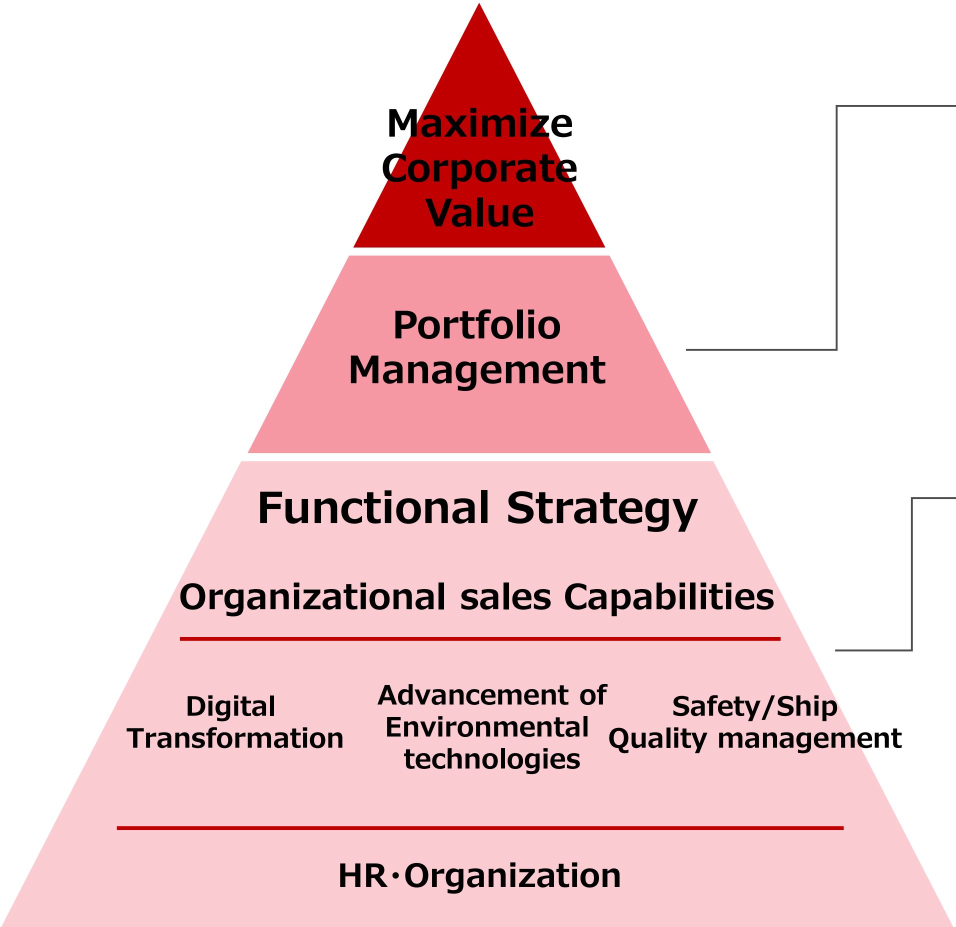


	FY21 year-end	FY22 interim	FY22 year-end	FY22 total
Amount of dividends			Based on shares after stock split	
	–	–	100yen/share (Forecast)	–
	Based on shares before stock split		(Reference) Based on shares before stock split	
	600yen/share	300yen/share	300yen/share (Forecast)	600yen/share (Forecast)
Share buy-back	–	100.0 billion yen (max.)		

For the year-end dividend, we will consider additional shareholder return based on the shareholder return policy and the performance trends from the second half, after investigating future operating cash flows and capital needs.

C-3 : Overview of Progress on the Medium-term Management Plan

Steadily implementing measures to achieve the goals of the medium-term management plan, by focusing on three businesses with role of driving growth*



Business Strategy

Preparing a growth strategy based on the reduction and elimination of carbon emissions, and concentrating management resource allocation on businesses that will drive growth

- Carbon reduction and elimination initiatives based on close collaboration with customers
- Strategic response to BEV** transport demand and emerging-market shippers
- Capturing growing demand in Asia

➡ details : P14-19 Business strategy progress

Functional Strategy

Environment･Technology
Steady progress on Seawing development and operational preparations

Safety･Ship Quality Management
Progress is being made as planned on rebuilding the safety and quality control system to create organizations that are optimized for diversifying needs

Digital Transformation
Established a system to monitor ship communications 24 hours a day, 365 days a year, as a measure to strengthen cyber security as part of a vessel digital transformation strategy

Develop HR
Continuing efforts to secure and develop diverse human resources to support business portfolio management

➡ details : P20-21 Functional strategy progress

At the business briefing scheduled for around May 2023, we will explain the growth strategy for our businesses with role of driving growth and the progress made.

*3 Businesses with role of driving growth: Coal/Iron Ore, Car Carriers and LNG Carriers **Battery Electric Vehicle

C-４：Business Strategy Progress

Working on initiatives specific to each business according to its role under the medium-term management plan

Role of driving growth

Coal/Iron Ore

- Enhancing business base and revenue sources by costumer-oriented sales/investment with ascertaining fuel conversion needs

Car Carriers

- Responding to environmental needs with alternative fuel vessels, and capturing new demand

LNG Carriers

- While expanding existing businesses, capturing demand in Asia

Role of supporting smooth energy source conversion and taking on new business opportunities

Thermal Coal

- Concrete efforts to support energy mix transition through proposal-based sales, and to capture demand for transporting new energy sources such as ammonia

VLGC・VLCC

- Starting investigation for the adoption of Dual Fuel VLCCs using LNG and heavy oil

Role of contributing by enhancing profitability

Bulk Carriers

- Transforming the profit structure by enhancing market resilience and expanding the customer base in Asia

Coastal and short sea Port / Logistics

- Maintaining efforts to create synergies among our subsidiary companies

Role of supporting the business as a shareholder and stabilizing the earning base

Containerships

- As a ONE shareholder, we will contribute to its development by providing ongoing human resource support while strengthening our involvement in management governance.

Expansion of new business in fields where "K" LINE can utilize its strengths

Offshore support vessel for wind power generation installations etc.

- In addition to progress on the establishment of "K" Line Wind Service, investigations are continuing concerning the provision of ammonia fuel for ships, and demonstration projects involving CCS *as well as CO2 transport.

*Carbon Capture and Storage

C-5 : Business Strategy Progress : Role of driving growth

Role of driving growth

Coal/Iron Ore

New Medium-term Management Plan (5 years)

① Role of driving growth : Growth Strategy for Coal and Iron Ore Carriers Business

Enhancing business base and revenue sources by costumer-oriented sales/investment with ascertaining fuel conversion needs for LNG-fueled and zero-emission vessels

Targeted Market/ Customers
- To maintain and enhance strong stable business and revenue base with existing customers with focus on Japan and Asia
- To enlarge stable revenue stream, **engage actively in business opportunities with major resources companies etc.**

Measures
- To maintain and enhance stable revenue basis by proactively meeting customers' demands in environmental context.
- Growth investment and operational system development to meet demand for LNG and ammonia-fueled transportation
- Advancing and expanding our customer-oriented sales system by increasing the number of sales and operators, by deploying specialized marine superintendents, and by enhancing and further promoting environmental sales
- Strengthening resistance to market fluctuation through appropriate fleet and exposure control

Resources
- Cash : Investment in LNG/ammonia fueled vessel, maintain environmentally friendly fleet by introducing Seawing systems
- HR : Augmenting sales staff, marine engineers, operators, and logistics experts

*FFA : Forward Freight Agreement. As a type of freight derivative, a forward contract for a future transaction in anticipation of future freight rates.

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Business Strategy Progress

Enhancing business base and revenue sources by costumer-oriented sales/investment with ascertaining fuel conversion needs for LNG-fueled and zero-emission vessels

- Signed an MOU* with EGA** and JSW Steel concerning joint research and comprehensive discussions on decarbonization measures
- Signed long-term multiple consecutive coastal voyage contracts with JSW Steel for the Indian market, and steadily implemented renewal of other medium- and short-term COA*** contracts
- Installation of our first Seawing kite system on a Capesize bulker will begin in December 2022. Decided to install our second Seawing system on an LNG-fueled vessel to be delivered in 2024
- Promoting a joint Green Innovation Fund Project for the development of an ammonia-fueled ship that can be widely adopted

*Memorandum of Understanding, **Emirates Global Aluminium, ***Contract of Affreightment

C-6 : Business Strategy Progress : Role of driving growth

Role of driving growth

Car Carriers

New Medium-term Management Plan (5 years)

1 Role of driving growth : Growth Strategy for Car Carriers Business

Expanding transport capacity by increasing the size of vessels, responding to environmental needs with alternative fuel vessels, and capturing new demand from emerging BEV manufacturers

Targeted Market/ Customers	• **Expanding customer base of existing finished vehicle OEMs and meeting demand for environmentally friendly transport** • **Expanding business with emerging-economy BEV shippers with the aim of capturing increasing demand for BEV transport** • Expanding share of high and heavy cargoes transport among customers
Measures	• Business investment to strengthen profitability by enhancing "K" LINE's presence among shipping routes and shippers • **Improving the sales system to capture BEV customers in emerging economies and further boosting stable earnings by launching end-to-end automotive logistics services** • Diversifying cargo handled, including expansion of high and heavy cargoes • Freight rates restoration and improving profitability by bolstering unprofitable contracts and routes
Resources	• Cash : Introducing and adding LNG and ammonia-fueled vessels as well as Seawing systems, investing in carriers compatible with high and heavy cargoes, expanding cargo volumes handled, and implementing end-to-end service business investment • HR : Augmenting sales staff, marine engineers, operators, and logistics experts (engaged in research and development for end-to-end solutions)

OEM : Original Equipment Manufacturing. A company that manufactures its own products, meaning automakers in case of materials
BEV : Battery Electric Vehicle.
High & Heavy : Construction Machinery, Agricultural Machinery, Static Cargo, etc.

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Business Strategy Progress

- **Expanding transport capacity by increasing the size of vessels, responding to environmental needs with alternative fuel vessels, and capturing new demand from emerging BEV manufacturers**
  - Expanding existing OEM transportation platform for finished vehicles and implementing strategic measures to capture growing demand from the emerging BEV industry
  - Continuing to enhance earnings through improved profitability due to rate restorations and a steady increase in high-and-heavy cargo
  - Maintaining fleet and vessel deployment flexibility to allow rapid response to global economic trends and changes in cargo demand
  - Establishing a team to promote initiatives that will enhance our organizational and environmental sales systems
  - From April 2022, the "K" Line Group started operating Yokohama's Daikoku C-4 Terminal, which is its first car shipping terminal in Japan

C-7 : Business Strategy Progress : Role of driving growth

Role of driving growth

LNG Carriers


New Medium-term Management Plan (5 years)

① Role of driving growth : Growth Strategy for LNG Carriers Business

Capturing growing Asian demand by focusing on business expansion in Qatar, which offers the largest business scale

Targeted Market/ Customers
- With business expansion as the top priority, strengthening initiatives for existing businesses such as those in Qatar, which offers the largest business scale
- Strengthening customer bases in China, Malaysia, India, and Indonesia, markets with solid track records
- **Acquiring opportunities in future growth markets such as Asia and the United States**

Measures
- Expanding investment frameworks while flexibly responding to customer needs by increasing the number of vessels
- Building even closer relationships with customers **by moving ship management sites to Singapore and enhancing the local sales system there to capture demand in Asia**
- Using risk assessment by a third-party organization to identify risks and strengthen response measures in emerging countries and for long-term projects and contracts

Resources
- Cash : Implementing business and vessel investment to expand the number of vessels and boost sales
- HR : Increasing sales support staff in China and Singapore including head office.

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Business Strategy Progress

- **Capturing growing Asian demand by focusing on business expansion in Qatar, which offers the largest business scale**
  - Concluded shipbuilding and large-scale long-term time charter /shipbuilding contracts concerning 12 LNG carriers for QatarEnergy, a state-owned energy company in Qatar
  - Delivered LNG carriers “LAGENDA SURIA” and “LAGENDA SERENITY” for the PETRONAS Group, a state-owned oil and gas company in Malaysia
  - There are currently 44 LNG carriers with which “K” Line is involved, and plans are in place to expand this to a fleet of about 70 ships by around 2025, including ships ordered but not yet completed. Plan progress is on track

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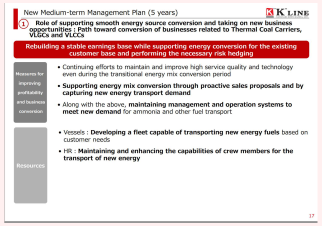
C-8 : Business Strategy Progress

Role of supporting smooth energy source conversion and taking on new business opportunities

Thermal coal
VLGC VLCC


New Medium-term Management Plan (5 years)
Rebuilding a stable earnings base while supporting energy conversion for the existing customer base and performing the necessary risk hedging

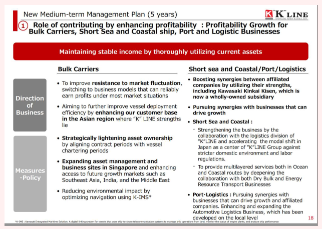
Business Strategy Progress

Rebuilding a stable earnings base while supporting energy conversion for the existing customer base and performing the necessary risk hedging

- Concrete efforts are underway to support energy mix transition through proposal-based sales, and to capture demand for transporting new energy sources such as ammonia
- Starting investigation for the adoption of Dual Fuel VLCCs using LNG and heavy oil

Role of contributing by enhancing profitability

Bulk Carriers
Short sea and coastal
Port /Logistics


New Medium-term Management Plan (5 years)
Maintaining stable income by thoroughly utilizing current assets

Bulk Carriers

To improve resistance to market fluctuation, switching to business models that can reliably earn profits under most market situations
Aiming to further improve vessel deployment efficiency by enhancing our customer base in the Asian region where "K" LINE strengths lie

- Renewing connecting cargo contracts (up to 3 years), which promote efficient vessel deployment, and extending dedicated vessel contracts (consecutive coastal voyage contracts with JSW Steel, etc.) as a stable source of earnings
- Signed an MOU with EGA and JSW Steel concerning joint research and comprehensive discussions on decarbonization measures
- Carried out marine biofuel test voyages in August 2022 using a steel product carrier for JFE Steel

Short sea and Coastal/Port/Logistics

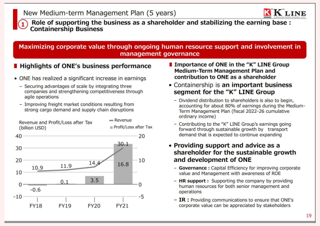
Boosting synergies between affiliated companies by utilizing their strengths, including Kawasaki Kinkai Kisen
Pursuing synergies with businesses that can drive growth

- To promote synergy creation between our subsidiary companies, a working group was established with Kawasaki Kinkai Kisen Kaisha. The working group is enhancing both business and functional divisions while promoting stronger governance.
- Decided to build a hybrid EV tugboat
- Kawasaki Kinkai Kisen Kaisha is conducting voyages for demonstration testing of a next-generation biofuel using a large high-speed RORO ship

C-9 : Business Strategy Progress

Role of supporting the business as a shareholder and stabilizing the earning base

Containerships



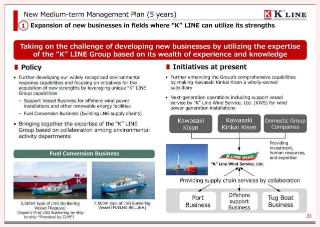
Business Strategy Progress

Improving corporate value through ongoing human resource support and increasing involvement in management governance

- Supply chain disruptions have been easing and market conditions are stabilizing. The business environment is gradually getting back up to cruising speed.
- Despite an inevitable slowdown in the second half of this fiscal year, we will maintain a healthy level of earnings.
- Enhancing crew skills and ship management capabilities in line with fleet development
- As a ONE shareholder, we will continue to support the creation and execution of business plans aimed at increasing its medium- to long-term corporate value.
- Continuing to supply human resources to support both corporate management and operations, while strengthening our governance involvement as a shareholder

Expansion of new business in fields where "K" LINE can utilize its strengths

Offshore support vessel for wind power generation installations etc.



Taking on the challenge of developing new businesses by utilizing the expertise of the "K" LINE Group based on its wealth of experience and knowledge

- **Ammonia fuel supply business**
  - Investigating ways to provide ammonia fuel supply to ships in Singapore and acquiring basic approval for bunkering vessels
- **Liquified CO2 transportation business**
  - A groundbreaking ceremony for the hull of a demonstration test ship for liquefied CO2 transportation was held at the Shimonoseki Shipyard & Machinery Works of Mitsubishi Shipbuilding Co., Ltd. The vessel is scheduled to be completed in December 2023 and will be used for the demonstration project
  - Continuing initiatives such as participating in a joint study in Malaysia concerning carbon capture and storage
- **Offshore support vessel for wind power generation installations**
  - Signed an MOU for collaboration with Penta-Ocean Construction and "K" Line Wind Service

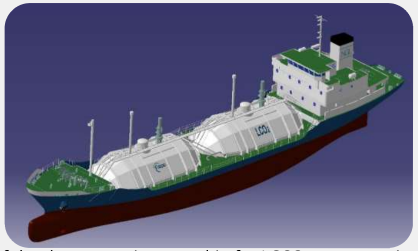


Image of the demonstration test ship for LCO2 transportation

C-10 : Functional Strategy Progress

Steady progress is being made on measures to achieve the function-specific strategies that form the foundation of the medium-term management plan.

Function-specific strategies provide important support for achieving our business strategies under the medium-term management plan. Therefore, we will enhance functional departments in the areas of environmental response, safety and quality, and digital and human resource measures. By carefully defining the axis for each function, we will promote steady progress to make the Group's business operational foundation even stronger.

【Environment･Technology】

- Steady progress on Seawing development and operational preparations
- Strengthening current systems for safe vessel operation support
- Complying with IMO regulations (EEXI, CII)
- Securing and enhancing competitiveness through technologies for reducing and eliminating carbon emissions

【Safety･Ship Quality Management 】

- Taking on the challenge of rebuilding the safety and quality control system to create organizations that are optimized for diversifying needs
- Progress on building a three-base system for ship management (Singapore)
- Enhancing ship management functions for customer and community-based support

【Digital Transformation】

- Established a system to monitor ship communications 24 hours a day, 365 days a year, as a measure to strengthen cyber security as part of a vessel digital transformation strategy
- Began strengthening system infrastructure, safe vessel operation support, and customer convenience by rebuilding the core K-IMS integrated vessel operation and performance management system
- Investigating and developing a system for automatic preparation and sharing of cargo loading plans, as well as the streamlining of vessel laytime calculation, and information sharing platform
- Through the K-Assist project, continuing development of systems for integrated navigation support, safe docking and departure support, and engine plant operation support

【HR】

- Now in the process of securing and developing human resources for business transformation, as well as environmental and technical human resources and professional shipping executives to manage “K” Line’s business portfolio
- Continuing diversity initiatives from the viewpoint of diversity and inclusion
  - Actively recruiting human resources with science backgrounds, performing year-round mid-career recruitment, promoting full workplace participation by women (ensuring that at least 30% of new graduate hires are women, and appointing female managers), and globalizing human resource portfolios at sites outside Japan, etc.
  - Diversity initiatives for maritime human resources

Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator(CII) will be applied from Jan. 2023

C-11 : Functional Strategy Progress

【Environment・Technology】

Steady progress on Seawing development and operational preparations

- Continuing development and testing of our first Seawing system on a test vessel
- Installation of our first Seawing kite system on a Capesize bulker will begin in December 2022

Complying with IMO regulations (EEXI, CII)

- Regarding measures using the Energy Efficiency Existing Ship Index (EEXI) and the Carbon Intensity Indicator (CII), we conducted simulations and reconfirmed that our goals can be achieved.

Securing and enhancing competitiveness through technologies for reducing and eliminating carbon emissions

- Conducting a study jointly with a customer on an ammonia-fueled vessel to be completed by 2025, and performing a fuel supply vessel risk assessment with the aim of entering the ammonia fuel supply business
- Research on trends for alternative fuels including liquefied hydrogen, methanol, and biofuels
- Participating on a committee (secretariat: The Maritime Human Resource Institute, Japan) that examines the qualification requirements for crew on board ammonia-fueled ships

Installing Seawing's machinery part to trial vessel


Inflate test using kite for trial inside the factory

Photos : provided by Airseas

C-12 : External Environment Surrounding “K” Line Group

Additional risk factors — **The business environment outlook is becoming more uncertain**

Dampening of the US economy due to its monetary policy (Higher than expected interest rate hike)	Energy prices (Deterioration of gas supply to Europe)	Delayed lifting of China's zero-COVID policy

- There is a risk of recession in Europe and the US due to the impact of rising US interest rates and inflation including energy prices.
- Outlook for Asia is not optimistic given the lack of external demand resulting from a likely recession in the West. While the timing for lifting the zero-COVID policy in China will be key, the real estate market in that country remains a risk factor.
- The global economy is expected to experience severe conditions starting in the second half of the current fiscal year until the first half of the next fiscal year.

External Environment		Anticipated Risks and Opportunities	Action Based on the Medium-term Management Plan
International Conditions	• Impact on the economy such as high prices caused by the Russia-Ukraine situation • Expansion of the scope of economic sanctions on Russia such as energy embargos	• Although there are concerns about the impact on trade for some cargo, the impact on market conditions is expected to be minor. • Impact on the European manufacturing industry due to a long-term curtailment of gas supply from Russia	● **Strengthening of resilience to market conditions through the emergence of effect of structural reforms** ● **Strengthening earning power through resource allocation according to the characteristics of each business based on the portfolio strategy** ● **Working with customers to respond to “changes in the business environment” and the “energy mix transition phase”** ● **Strengthening of safety and quality management systems as a shipping company supporting global social infrastructure**
Pandemic	• Increase in the number of global infections due to variant strains • Impact of China's zero-COVID measures	• Continued burden on the entire supply chain and decrease in the volume of production of goods due to the shortages of parts and semiconductors • Chinese economic slump and its continuation	
Global Economy	• Rapid weakening of the yen • Progression of global inflation • Rising interest rates in Europe and the US • Increased resource prices	• Slowdown of real economy due to rising procurement costs, for example. • Rising prices in Asia and recession in the US	
Strengthening of Regulations Related to Decarbonization	• Application of treaty on new CO2 emission regulations to large ocean-going vessels	• Increase in benefits of environmentally friendly vessels due to restrictions on output of existing vessels and the necessity to make modifications to improve fuel efficiency	● **Realizing growth by considering the low-carbon/zero-carbon shift of the Company and society as a business opportunity based on the long-term management vision**

Appendix

Market Results and Assumptions/ Market Exposure

Dry Bulk Market Results and Assumption

Dry Bulk Market	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Forecast
CAPE	$31,100	$42,400	$42,650	$14,750	$32,750	$21,600	$13,700	$16,000	$10,000	$15,350
PANAMAX	$24,700	$32,300	$27,900	$21,900	$26,750	$25,300	$15,850	$20,000	$15,000	$19,050
HANDYMAX	$25,550	$34,250	$30,500	$25,150	$28,900	$28,900	$19,750	$20,000	$15,000	$20,900
SMALL HANDY	$22,500	$32,200	$31,350	$24,100	$27,600	$27,550	$18,700	$18,000	$13,000	$19,300

Tanker Market Results and Assumption

World Scale (WS)	FY2021					FY2022				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Forecast
VLCC	33	33	42	39	37	46	71	80	68	66
(Middle East/Japan)	$4,850	$2,750	$7,700	-$2,050	$3,300	-$3,250	$32,250	$49,000	$22,800	$25,200
AFRAMAX	84	91	103	109	97	167	214	189	187	189
(South Asia/Japan)	$5,000	$5,650	$6,650	$7,000	$6,100	$18,000	$35,500	$30,000	$30,000	$28,400

Transition of Fleet Scale

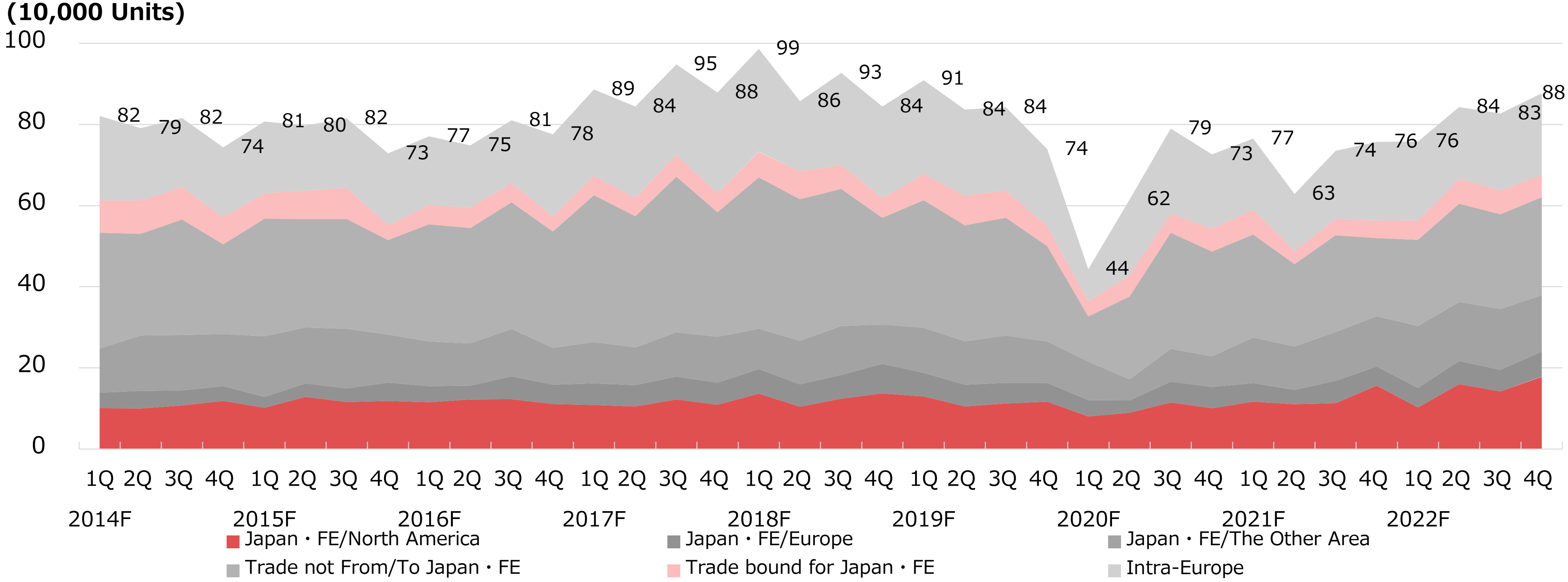
Vessel Type	FY2020	FY2021	FY2022-2Q
CAPE	86	88	84
Panamax and Smaller size	88	80	79
Wood Chip Carriers	7	6	7
Total	**181**	**174**	**170**
VLCC	6	6	6
LPG Carriers	4	4	4
Other Tankers	6	5	2
Thermal Coal Carriers	26	31	26
LNG Carriers	44	43	44
Total	**86**	**89**	**82**

FY2022 : Market Exposure

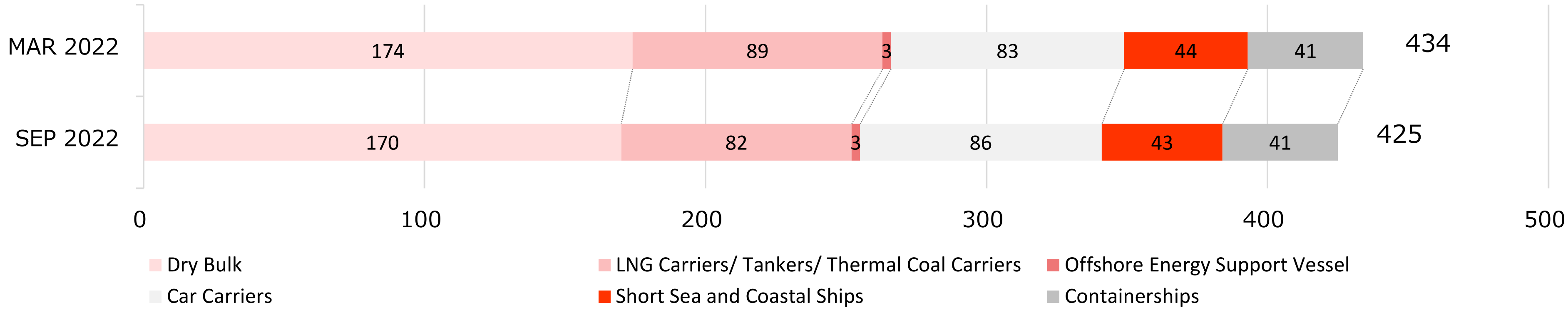
Vessel Type	Market Exposure
CAPE	14%
Panamax and Smaller size	14%
Wood Chip Carriers	0%
VLCC	0%
LPG Carriers	0%
Thermal Coal Carriers	0%

Car Carriers Total Units Carried by Service Routes

Total Units Carried (1,000 units)	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2021 Total	FY2022 1Q	FY2022 2Q	FY2022 3Q Forecast	FY2022 4Q Forecast	FY2022 Forecast
Outbound	275	252	288	327	1,142	303	362	345	379	1,390
Homebound	61	33	40	44	179	48	62	59	55	223
Others	254	203	238	193	889	212	242	234	241	929
Intra-Europe	175	140	168	193	677	195	177	190	201	762
Total Units Carried	765	629	735	757	2,886	758	843	827	877	3,305
Number of Fleet	81	80	84	83	83	87	86	87	87	87



"K" Line Group Fleet Composition



	SEP 2022						MAR 2022	
	Owned		Chartered		Total		Total	
Type of Vessel	No.	DWT (MT)	No.	DWT (MT)	No.	DWT (MT)	No.	DWT (MT)
Dry Bulk	50	5,966,599	120	15,876,268	170	21,842,867	174	22,490,344
Thermal Coal Carriers	8	702,507	18	1,627,765	26	2,330,272	31	2,762,433
LNG Carriers	43	3,590,647	1	77,163	44	3,667,810	43	3,652,067
Tankers	8	1,558,027	4	722,598	12	2,280,625	15	2,381,297
Drillship	1	-	0	-	1	-	1	-
FPSO	1	-	0	-	1	-	1	-
LNG Bunkering Vessel	1	2,431	0	-	1	2,431	1	2,431
Car Carriers	33	446,112	53	961,798	86	1,407,910	83	1,362,224
Short Sea and Coastal Ships	22	179,097	21	247,947	43	427,044	44	489,046
Ccontainerships	11	849,856	30	2,970,195	41	3,820,051	41	3,820,051
合計	178	13,295,276	247	22,483,734	425	35,779,010	434	36,959,893

* The number of ownes vessels includes co-owned vessels, and deadweight tonnage includes share of other companies' ownership in co-owned vessels.
* Includes flagships and spot and/or short-term activities at the end of term.

“K” Line Group Vessels in Operation/New Building Delivery Schedule

“K” Line Group Vessels in Operation

Segment	Business/Vessel Types		Mar-22	Sep-22
Dry Bulk		Cape	80	79
		Over Panamax	8	5
		Panamax	46	41
		Handymax	30	33
		Small Handy	4	5
		Woodchip Carriers	6	7
	Total		**174**	**170**
Energy Resource Transport	Tankers	VLCC	6	6
		Aframax	2	2
		Chemical Tankers	3	0
		LPG Carriers	4	4
		Total	15	12
	LNG Carriers		43	44
	Thermal Coal Carriers		31	26
	Drillship		1	1
	FPSO		1	1
	LNG Bunkering Vessel		1	1
	Total		**92**	**85**
Product Logistics	Car Carriers	7,000 Units	17	17
		6,000 Units	38	39
		5,000 Units	10	10
		4,000 Units	3	5
		3,000 Units	4	4
		2,000 Units	4	4
		～2,000 Units	7	7
		Total	83	86
	Containerships	14,000TEU	12	12
		8,000TEU	13	13
		5,500TEU	4	4
		4,200TEU	7	7
		1,700TEU	5	5
		1,200TEU	0	0
		Total	41	41
	Short Sea and Coastal Ships		44	43
	Total		**168**	**170**
Grand Total			**434**	**425**

New Building Delivery Schedule

Number of Vessel	2022	2023	2024
Cape		2	1
Over Panamax		1	
Handymax			1
LPG Carriers		1	
LNG Carriers		1	
FPSO		1	
Car Carriers (7,000 Unit)		1	4
Short Sea and Coastal Ships	1	2	2
Total	1	9	8

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You are requested to make investment decisions using your own judgment.

【Forward-looking statements】
This material contains forward-looking statements concerning future plans and forecast, these statements are based on information currently available.
Furthermore, "K" LINE therefore cautions readers that actual results may differ materially from economic conditions, supply and demand in the shipping industry, price of bunker, foreign currency exchange rates.

"K" LINE
KAWASAKI KISEN KAISHA, LTD.