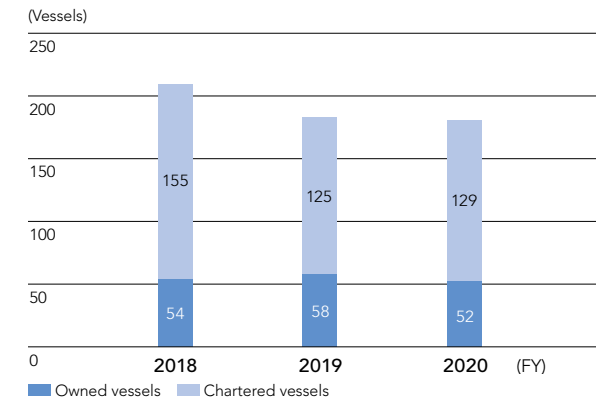


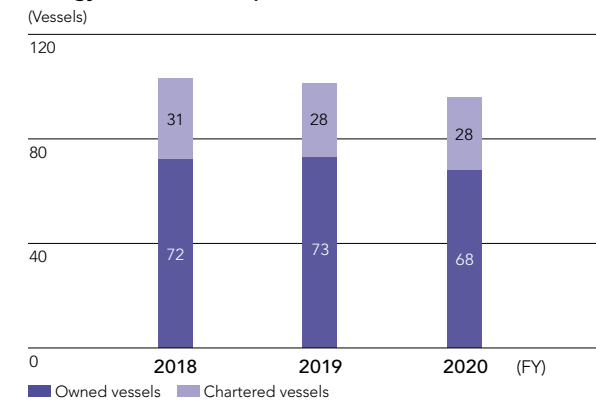
At a Glance

Segment	Business	Business overview
Dry Bulk	Bulk Carrier Business / Coal & Iron Ore Carrier Business	The Dry Bulk Business transports commodities including iron ore, coal, grain, woodchips, and other minor bulk cargoes that are not packaged and loaded directly on the vessel. We are expanding our business internationally by actively engaging in transportation of cargoes bound not only for Japan but also for other countries and regions, such as China, India, and other emerging economies as well as the Atlantic region.
	Tanker Business / Fuel Strategy & Procurement Business	We engage in marine transportation of crude oil and liquefied petroleum gas (LPG). Since delivering our first large crude tanker in 1935 and our first LPG carrier in 1974, we have developed a global business for customers both in Japan and overseas. In addition to procuring fuel for "K" LINE fleets, the Fuel Strategy & Procurement Business contributes to reducing environmental impacts by supplying LNG fuel and also conducting demonstrations of liquefied hydrogen carriers.
Energy Resource Transport	Electricity Business / Offshore Business	In the Electricity Business, our proprietary developed "Corona Series" of vessels transport thermal coal mainly from Australia and Indonesia to power companies in Japan and Taiwan. In the Offshore Business, we provide offshore support vessel services in the North Sea, drillship services off Brazil, and floating production storage and offloading system (FPSO) services off Ghana.
	LNG Carrier Business / Carbon-Neutral Promotion Business	In the LNG Carrier Business, we offer global transportation of LNG, a fuel source for which demand is increasing worldwide, and also provide service to customers with diversifying needs across the LNG value chain. In Carbon-Neutral Promotion Business, we promote business development related to renewable energy including offshore wind power generation; carbon capture, utilization, and storage (CCUS); alternative fuels; and carbon offset.
Product Logistics	Car Carrier Business	Since introducing Japan's first pure car carrier (PCC) in 1970, "K" LINE has continued to provide transportation services for passenger cars, trucks, and other vehicles. We apply the expertise gained over our 50 years of operation in this area to further enhance our RORO cargo services (roll-on, roll-off cargo services using specialized handling equipment). In addition, we commenced operation of an LNG-fueled car carrier in fiscal 2020, and we continue to perform fleet maintenance with special care for environmental concerns.
	Logistics and Port Business	By combining the expertise and service networks of the entire "K" LINE Group, we provide comprehensive logistics services to meet a range of customer needs for sea transportation as well as air transportation, tugboat, land transportation, warehousing, and automotive logistics business from auto parts to complete built-up cars. In addition, we operate container terminals at four ports in Japan: Tokyo, Yokohama, Osaka, and Kobe.
	Short Sea and Coastal Business	Kawasaki Kinkai Kisen Kaisha, Ltd. provides domestic marine transportation and ferry services. It operates passenger ferries, RORO cargo ships, dedicated carriers for limestone used in steel production, dedicated thermal coal carriers for electric power production and also general cargo carriers. It also operates general cargo vessels and bulk carriers for cargo to and from Asia. Furthermore, it has entered the offshore support vessel operations around Japan to further enhance the business.
	Containership Business	The containership business in April 2018 integrated the containership businesses of three Japanese shipping companies to form a new company, Ocean Network Express Pte. Ltd. (ONE). Drawing on its enhanced route network, it provides stable, reliable, high-quality, and competitive services and is capable of swiftly adapting to changes in the environment.
	Others	The "K" LINE Group also operates businesses engaging in ship management services, travel agency services, and real estate rental and administration services.

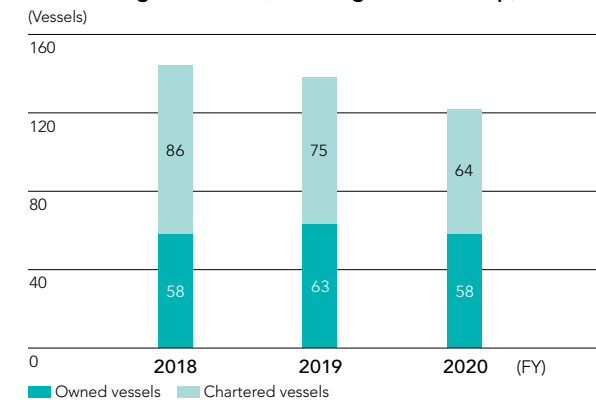
Dry Bulk Fleet



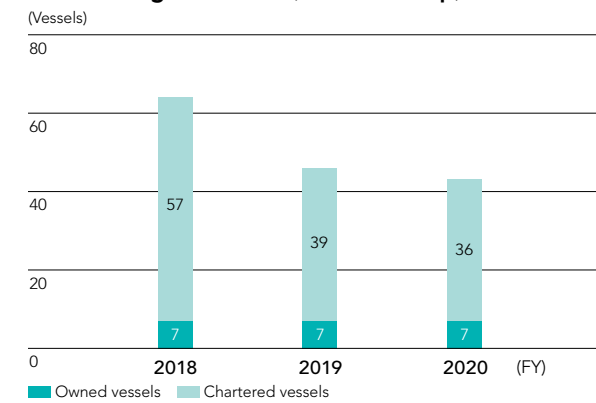
Energy Resource Transport Fleet



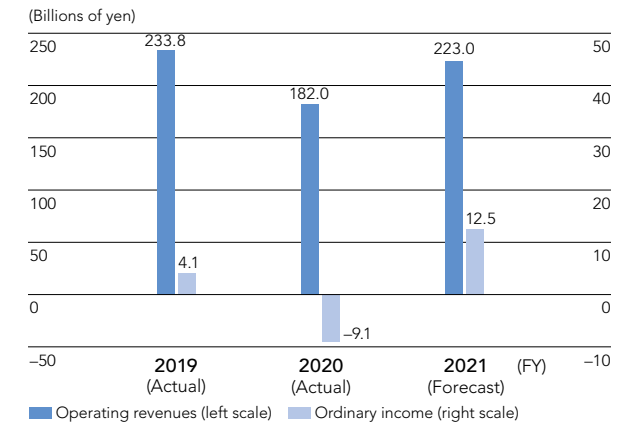
Product Logistics Fleet (Excluding Containership)



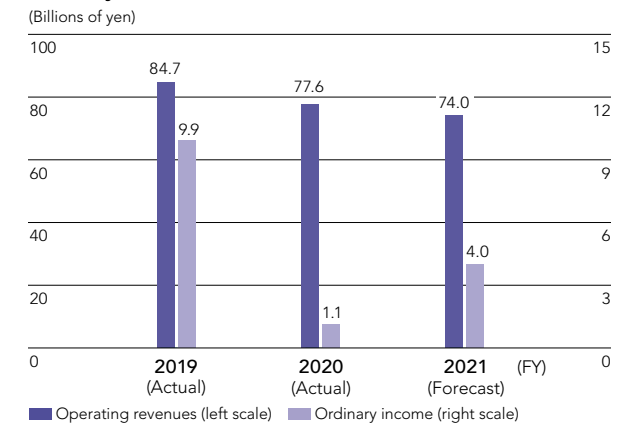
Product Logistics Fleet (Containership)



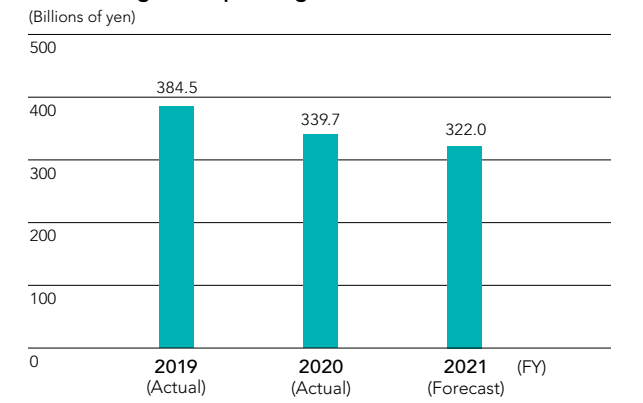
Dry Bulk Operating Revenues, Ordinary Income



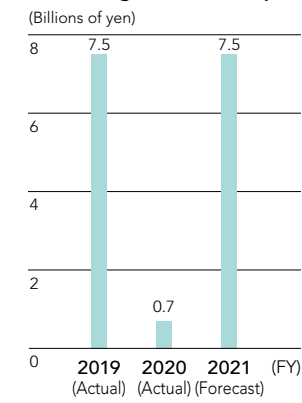
Energy Resource Transport Operating Revenues, Ordinary Income



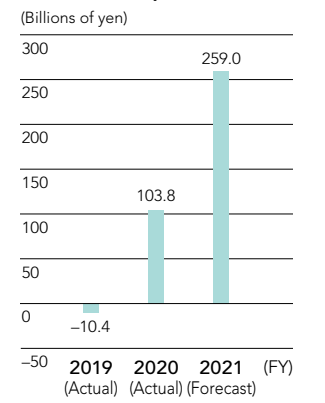
Product Logistics Operating Revenues



Product Logistics Ordinary Income (Excluding Containership)



Product Logistics Ordinary Income (Containership)



Note: Fiscal 2021 forecasts for segment operating revenues and ordinary income reflect the forecast announced in August 2021.

Dry Bulk

- ▶ Bulk Carrier Business
- ▶ Coal & Iron Ore Carrier Business

Takahiko Tsurukawa
Executive Officer
In charge of Bulk Carrier Business,
Drybulk Planning



Panamax bulk carrier



Cape-size bulk carrier

Masatoshi Taguchi
Executive Officer
In charge of Coal &
Iron Ore Carrier Business,
Coal & Iron Ore Carrier
Planning & Operation

▶ Overview of Fiscal 2020

Demand for marine transportation was sluggish, particularly at the beginning of fiscal 2020, as a result of the economic stagnancy triggered by the COVID-19 pandemic. Cargo volume for Cape-size bulker declined substantially because of decreases in shipments of iron ore due to bad weather in loading regions. However, demand for transportation to China recovered near the middle of the fiscal year, and overall demand was strong in the second half of the fiscal year due to recovery of economic activities in principal markets. Meanwhile, cargo volumes for Panamax- and Handy-sized vessels benefited from the resumption of economic activities in China, increases in demand for transporting grain from Brazil and the United States to China, and rising demand for coal imports to China triggered by cold waves, but these factors were unable to compensate for the impacts of the COVID-19 pandemic felt at the beginning of the fiscal year. Supply of newly built ships was limited for all vessel types, but the ship supply and demand balance was weak in comparison to the previous fiscal year. Against this backdrop, we sought to reduce operating costs, optimize fleet scale, and hedge market risks through freight derivatives. However, ultimately the Dry Bulk Business recorded year-on-year decreases in sales and profit.

▶ Fiscal 2021 Business Strategies

Fiscal and economic stimulus measures are boosting economic activities in countries around the world. This situation has been supporting demand for Cape-size bulker through factors such as the global recovery of steel demand, which led crude steel production in China to reach a historic monthly high in May 2021. Panamax- and Handy-sized bulker cargo volumes have been higher than initially anticipated due to increased demand for transportation of grain to China as well as cargo movement for thermal coal and minor bulk items seen in conjunction with the recovery of industrial activity. Supply of newly built ships is expected to remain limited, resulting in year-on-year increases in ship demand.

Objectives of the Dry Bulk Business will be to expand our foundations for stable earnings through medium- to long-term transportation contracts for high-quality transportation services, including the introduction of next-generation fuels. In addition, we will maximize our earnings potential through the strengthening of our marketing and chartering capabilities by utilizing overseas offices, by improving fleet allocation efficiency, and by optimizing fleet composition to improve our resilience to market fluctuation.

▶ Medium- to Long-Term Outlook

- Improved balance of ship supply and demand for large vessels, despite the gradual pace of overall growth in transportation demand, due to the retirement of aged and other unprofitable vessels amid requirements for safety and environmental performance and lower levels of speculative orders
- Strong performance for small- and medium-sized vessels due to increased demand for grain and minor bulk items centered on emerging countries, but it is necessary to monitor changes in coal transportation demand based on government fossil fuel policies of pertinent countries
- Acceleration in carbon neutrality measures such as environmental regulation and other activities to drive the transition to new fuel sources for ships and development of energy-saving equipment

▶ Major Medium- to Long-Term Strategies

- Reduce negative impacts on the environment and improve safety in navigation and transportation through means such as adopting next-generation fuel sources to contribute to the realization of a sustainable society
- Respond to customer needs related to newly emerging transportation demand and improvements of efficiency in transportation, while monitoring major changes in social needs such as carbon fuel policies of countries

Dry Bulk (All Types) Fleet Ranking

(As of July 2021)

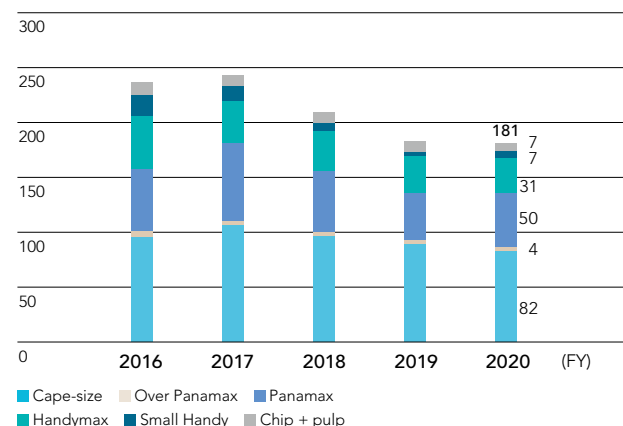
Ranking	Operator	100,000 DWT	Vessels
1	China COSCO Shipping	349.4	310
2	Fredriksen Group	149.1	120
3	NYK	143.0	154
4	Star Bulk Carriers	138.1	127
5	China Merchants	135.4	122
6	"K" LINE	124.1	104
7	Berge Bulk	121.2	64
8	Oldendorff Carriers	118.5	101
9	Pan Ocean	112.0	77
10	ICBC	111.8	36

Note: Owned vessels and a part of chartered vessels

Source: Clarksons

Dry Bulk Fleet

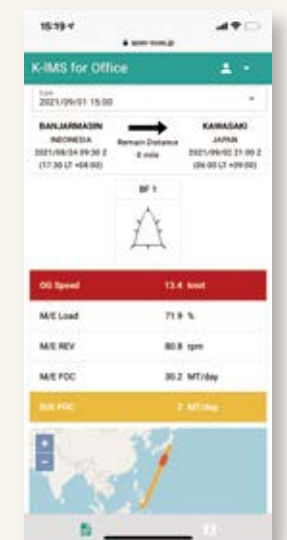
(Vessels)



TOPICS

Launch of Dry Bulk Digital Transformation Strategy Task Force

A digital transformation strategy task force was launched for the Dry Bulk Business in April 2021 to facilitate the organization-wide enhancement of the frontline- and customer-oriented initiatives previously instituted on an individual business group basis. The task force takes a quality approach, through digital transformation methodologies, to improve safety and efficiency and help preserve the environment by compiling and analyzing issues faced by "K" LINE and customers. We look to maximize work productivity and profitability for "K" LINE and also to improve convenience for customers and reduce environmental impacts. In order to achieve these goals, we are proposing multiple services to customers and developing new applications. We hope that this new task force will grow to become a team of capable and flexible Dry Bulk Business professionals who exceed customers' expectations through this new undertaking.



Smartphone app tracking vessel course

Energy Resource Transport

- ▶ Tanker Business
- ▶ Fuel Strategy & Procurement Business

Hisashi Nakayama

Executive Officer
In charge of Tankers,
Fuel Strategy & Procurement



▶ Overview of Fiscal 2020

Tanker Business

Very large crude carriers (VLCCs) and very large liquefied petroleum gas carriers (VLGCs) contributed to our earnings, particularly through medium- and long-term charter contracts. In addition, we sold one VLGC for which a medium- and long-term charter contract had expired in order to reduce market risk exposure.

Fuel Strategy & Procurement Business

In the LNG fuel supply business, we commenced operations in central Japan in October 2020 through which we carried out Japan's first ship-to-ship LNG bunkering of a LNG-fueled car carrier. In addition, we started managing *FueLNG Bellina*, an LNG bunkering vessel owned by FueLNG Pte Ltd of Singapore, in January 2021, also undertaking this country's first ship-to-ship LNG bunkering.

▶ Fiscal 2021 Business Strategies

Tanker Business

Transportation demand for crude oil and LPG is expected to show a recovery from the impacts of the COVID-19 pandemic, but the business environment is still plagued with uncertainty, and the uncertain outlook will likely continue in the future. We will supply high-quality services through our VLCC and VLGC fleet based on medium- to long-term contracts with principal customers while examining the possibility of transitioning to next-generation vessels.

Fuel Strategy & Procurement Business

We will provide reliable LNG fuel supplies in central Japan and Singapore in order to contribute to the realization of a decarbonized society. In hydrogen businesses, we will move forward with a verification test at the CO₂-free Hydrogen Energy Supply-Chain Technology Research Association (HySTRA) while participating in various associations and councils to develop a hydrogen supply chain.

Concurrently, we will examine the potential of ammonia, biofuel, and other fuels as next-generation marine fuels.

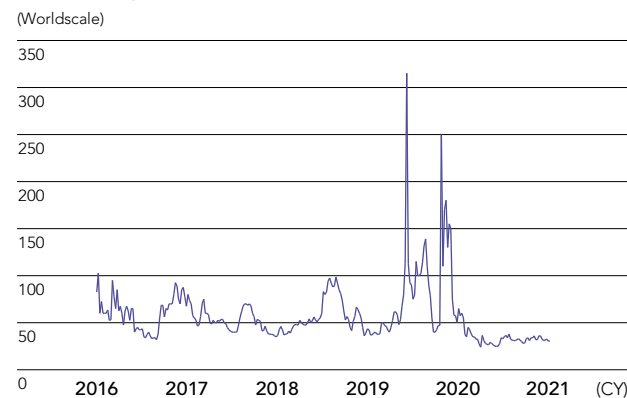
▶ Medium- to Long-Term Outlook

- Focus on trends in crude oil demand amid the transition to alternative energy sources to help preserve the environment
- Transition to eco-friendly vessels for crude oil and LPG transportation
- Increased demand for hydrogen and ammonia transportation and adoption of next-generation fuels to transition to a carbon-free society

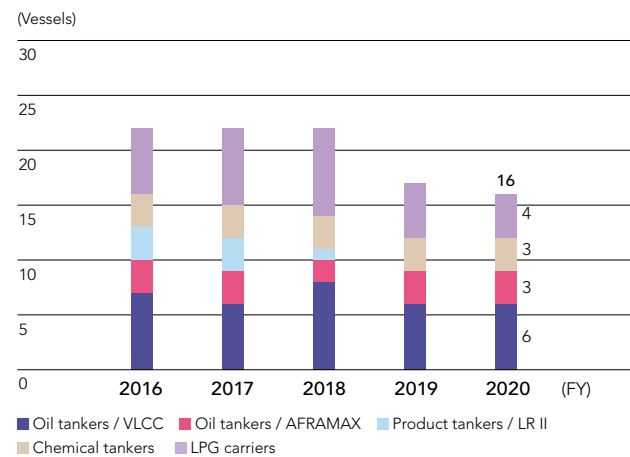
▶ Major Medium- to Long-Term Strategies

- Reduction of emissions from ships and provision of services using eco-friendly vessels
- Proactive adoption of safe navigation technologies to provide higher-quality services
- Development of the hydrogen and ammonia business and examination of next-generation fuel adoption to contribute to the realization of a carbon-free society

Tanker Freight Index



Tanker Fleet Scale



TOPICS

Accommodation of Next-Generation Energy to Contribute to the Realization a Decarbonized Society

"K" LINE continues to support the energy value chain by providing safe and high-quality crude oil and LPG transportation services. At the same time, we are introducing into our fleet vessels fueled by LNG and LPG in order to reduce our environmental impact. Looking ahead, we anticipate the emergence of new demand for transporting ammonia to power plants in Japan, and we therefore intend to enter into the ammonia transportation business.

Meanwhile, we are contributing to the realization of a hydrogen society through participation in pilot hydrogen supply chain demonstrations being conducted jointly by Australia and Japan using the *SUIISO FRONTIER* liquefied hydrogen carrier. We thereby aim to accumulate expertise related to the safe transportation of next-generation energy sources. "K" LINE is also looking to lower and reduce CO₂ emissions for its own vessels, and the possibility of adopting ammonia and biofuels, next-generation fuels that are expected to follow the trend set by LNG and LPG, is being investigated.



SUIISO FRONTIER
(Photograph provided by Kawasaki Heavy Industries, Ltd.)

Energy Resource Transport

- ▶ Electricity Business
- ▶ Offshore Business

Michitomo Iwashita
Executive Officer
In charge of Electricity and Offshore Business



Thermal coal carrier



Floating production storage and offloading system (FPSO)
(Photograph provided by Yinson Holdings Berhad)

▶ Overview of Fiscal 2020

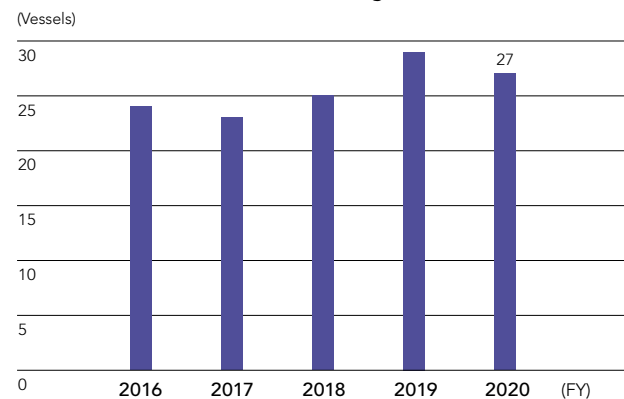
Electricity Business

During the first half of fiscal 2020, the state of emergency declaration issued in Japan caused a halt to economic activities in this country, resulting in massive drops in electricity and consequently coal demand. In the second half of the fiscal year, the resumption of economic activities sparked a recovery in power demand. In particular, demand for electricity increased during the cold wave at the beginning of 2021 and led coal-fired thermal power plants to continue to be operated at full capacity, as several nuclear power plants were still under a long-term suspension. Against this backdrop, the "K" LINE Group's fleet continued to operate smoothly, mainly under medium- to long-term contracts, and we were able to generate stable earnings through flexible and efficient fleet deployment in response to rapid fluctuations in coal demand.

Offshore Business

The FPSO business produced stable earnings through continuously high utilization rates based on a long-term contract in the project off Ghana. Meanwhile, our drillship business recorded a loss, despite earnings from the smooth operation of a project off Brazil conducted under a long-term contract, following the re-examination of market conditions after the expiration of contracts. The offshore support vessel business suffered from a deterioration in market conditions due to sluggish trends in development projects as a result of falling crude oil prices in the first half of fiscal 2020. The market remained sluggish despite the recovery in oil prices in the second half of the fiscal year.

Thermal Coal Carrier Fleet (Including Co-Owned)



▶ Fiscal 2021 Business Strategies

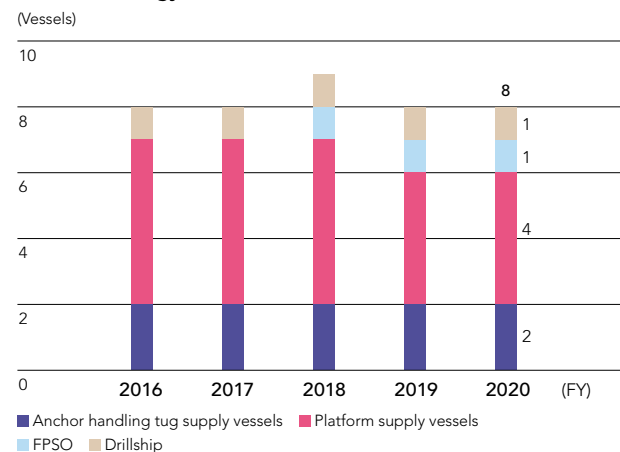
Electricity Business

The delays in restarting nuclear power plants in Japan mean that coal-fired thermal power plants will continue to be an important source of power for the country. Electricity demand has proved firm due to the recovery of economic conditions brought about by the acceleration of vaccinations. The outlook for electricity demand is currently opaque, but even if a sudden fluctuation in demand occurs, "K" LINE will continue to supply customers with the flexibility that only it can offer. Inspired by the importance of our mission of supporting a vital lifeline, we will continue to practice high-quality vessel operation to ensure safe operation.

Offshore Business

In our FPSO and drillship businesses, we look to secure stable earnings by maintaining high utilization rates under long-term contracts. As for the offshore support vessel business, we will continue to pursue cost reductions in order to improve earnings, given that market recovery will continue to be limited.

Offshore Energy E&P Fleet



▶ Medium- to Long-Term Outlook

Electricity Business

- Ongoing operation of thermal power plants despite reduced coal consumption volume due to closure of inefficient power plants amid decarbonization trends and mixed burning with biomass fuel

Offshore Business

- Gradual market recovery driven by increased development investment together with recovery in crude oil prices

▶ Major Medium- to Long-Term Strategies

Electricity Business

- Pursuit of carbon neutrality in 2050 and development of carbon neutral thermal power plants through introduction of CCUS technologies, given the unchanging necessity for thermal power as an adjustment-purpose power source

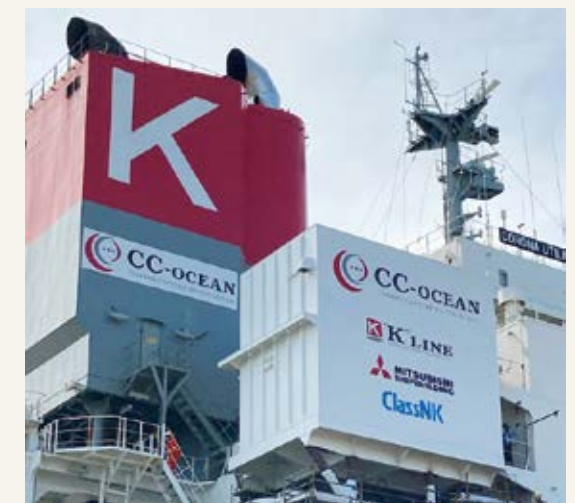
Offshore Business

- Response to impacts on development investment plans from the global decarbonization trend (impacts to influence offshore support vessel demand recovery and new FPSO order trends)

TOPICS

Adjustment of Group Fleet Composition in Response to Changes in Government Energy Policies

The business environment surrounding the Electricity Business in Japan underwent substantial change during fiscal 2020. Factors behind this change included the issuance of a government order to look at phasing out inefficient coal-fired thermal power plants in July 2020, the declaration of the country's goal of achieving carbon neutrality by 2050 in October, and the announcement of a national target of reducing greenhouse gas emissions by 46% from fiscal 2013's level by fiscal 2030 in April 2021. These government policies are expected to cause decreases in future demand for transportation of coal for thermal power plants in Japan. However, there will be no change to the position of thermal power as an important power source in Japan, given the energy mix as viewed from the circumstances regarding the resumption of nuclear power plant operation and the introduction of renewable energy. Accordingly, it is unlikely that thermal coal transportation demand will drop to zero in the short term. "K" LINE will carefully monitor the progress of Japan's decarbonization-related energy policies while adjusting its fleet composition to incorporate vessels with eco-friendly equipment, so that it can continue responding to transportation demand.



CCS verification test "CC-OCEAN" Project
(world's first on-vessel CO₂ capture verification test)

Energy Resource Transport

- ▶ LNG Carrier Business
- ▶ Carbon-Neutral Promotion Business

Satoshi Kanamori

Executive Officer
In charge of LNG, Carbon-Neutral Promotion



LNG carrier



Offshore support vessel

▶ Overview of Fiscal 2020

LNG Carrier Business

In the LNG Carrier Business, trends in utilization of existing vessels were favorable, and earnings contributions were made by this stable-earnings producing business via medium- to long-term chartering contracts. We are moving forward with the construction of project vessels scheduled to be delivered in fiscal 2022 as part of new projects. In addition, we are preparing, among other initiatives, for an expansion project in Qatar, where procurement of several dozen new ships is expected.

Carbon-Neutral Promotion Business

"K" LINE has continued to strengthen the business related to the LNG value chain development, such as gas to power projects and small-scale LNG transportation. The Carbon-Neutral Promotion Group was established on April 1, 2021, with the aim of accelerating such initiatives toward rapid global decarbonization. The organization will play a central role in creating new businesses related to fields such as renewable energy, hydrogen value chain development and CCUS technologies.

▶ Fiscal 2021 Business Strategies

LNG Carrier Business

Demand for LNG, a relatively clean form of energy, is expected to grow over the long term, centered on emerging countries. Accordingly, we plan to expand our fleet in the LNG Carrier Business in line with the growth of this demand. We will also work to acquire long-term contracts that will be stable sources of future revenue subsequent to the long-term charter contract for two LNG carriers (scheduled to be delivered in 2022) acquired in 2020 from Petronas Group, Malaysia's national petroleum and gas conglomerate. Furthermore, we will respond flexibly to accommodate the diversifying needs of customers.

Carbon-Neutral Promotion Business

The Carbon-Neutral Promotion Business continues to develop the businesses contributing to the world's decarbonization such as offshore wind power projects and commercialized CCUS technologies. "K" Line Wind Service, Ltd. (KWS) was started in June 2021 to gather all of the knowledge and ideas within the "K" LINE Group and to contribute to the development of offshore wind projects. At the same time, targeting the practical implementation of liquefied CO₂ marine transportation, the Company participates in CO₂ marine transportation verification tests.

▶ Medium- to Long-Term Outlook

LNG Carrier Business

- Final investment decisions for multiple new projects anticipated even after the start of a large-scale production facility expansion project in Qatar, leading to a certain degree of ship procurement

Carbon-Neutral Promotion Business

- Worldwide decarbonization trends with the target of higher implementation of renewable energy, development of the supply chain of hydrogen and ammonia, and commercialization of CCUS

▶ Major Medium- to Long-Term Strategies

LNG Carrier Business

- Medium- to long-term growth in LNG demand forecast centered on emerging countries, creating a need to predict the position within trends on expanded renewable energy use and next-generation energy development

Carbon-Neutral Promotion Business

- Examination and development of various methodologies for achieving carbon neutrality, making it crucial to determine what businesses we should advance and the ideal participation timing

LNG Carrier Fleet Ranking

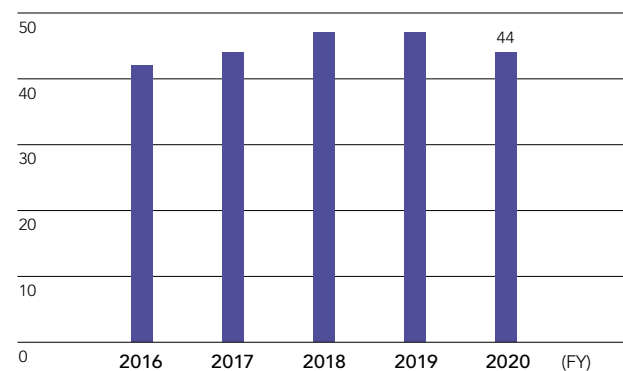
(As of June 2021)

Ranking	Operator	Vessels
1	MOL	89
2	NYK	76
3	Nakilat	69
4	Teekay	47
5	"K" LINE	44
6	Maran Gas	37
7	MISC	29
8	Gaslog	25
8	Iino Lines	25
10	Bergesen Worldwide	21
11	Golar	15

Source: Compiled by "K" LINE based on each company's disclosure

LNG Carrier (Including Co-Owned)

(Vessels)



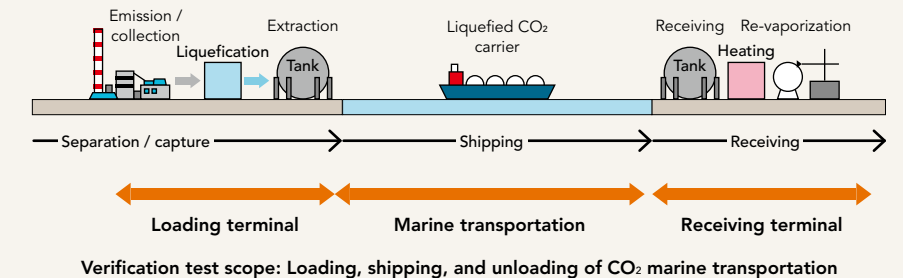
TOPICS

Participation in CCUS Verification

Through consignment from the Engineering Advancement Association of Japan, "K" LINE is participating in the R&D project on the social implementation of liquefied CO₂ maritime transportation, together with Ochanomizu University and Nippon Gas Line Co., Ltd. These R&D activities are being carried out as a part of "large-scale CCUS verification tests in Tomakomai City, Hokkaido" supported by the New Energy and Industrial Technology Development Organization and aim at the verification of CO₂ marine transportation technology.

CCUS refers to the technologies of CO₂ capture, utilization, and storage, and these technologies are therefore expected to play an important role in achieving the carbon-neutral society in 2050. Through the aforementioned verification tests, "K" LINE targets the development of liquefied CO₂ carrier transportation technologies, to establish the methodology of long-distance, high-volume transportation of CO₂ and to reduce the costs associated with CCUS technologies.

By expanding the accumulated technologies and expertise through the safe transportation and cargo handling of liquefied gas, "K" LINE will evaluate safety loading/discharging operation and transportation of liquefied CO₂ transportation with the target of establishing the technical guidelines.



Product Logistics

Car Carrier Business

Takenori Igarashi

Managing Executive Officer

In charge of Car Carrier Business,
Car Carrier Planning & Development,
Car Carrier Quality and Operations



LNG-fueled car carrier



Car carrier

Overview of Fiscal 2020

In fiscal 2020, global automobile sales declined, particularly in April and May 2020, due to the COVID-19 pandemic. Meanwhile, a clear recovery trend was later seen in early autumn, most notably in the United States. However, the full-year automobile sale volume was only 7.7 million units in fiscal 2020, a decrease of approximately 14% from fiscal 2019.

Meanwhile, global marine transportation demand for completed automobiles was only around 13.7 million units in fiscal 2020, a decrease of approximately 18% from fiscal 2019.

At the same time, the number of automobiles transported by the "K" LINE Group in fiscal 2020 also declined in the first quarter due to the COVID-19 pandemic. There was a recovery trend seen centered on the United States beginning in September 2020. However, our transportation volume was only 2.6 million units in fiscal 2020, a decrease of approximately 23% from 3.3 million in fiscal 2019. We took steps to reduce costs through temporary revisions and reorganizations of services and rationalization of surplus vessels, but fiscal 2020 saw a decline in revenue compared to 2019, which resulted in us posting a loss.

Fiscal 2021 Business Strategies

The impacts of the COVID-19 pandemic are expected to persist throughout fiscal 2021. However, we also anticipate substantial recovery in automobile sales markets around the world as well as recovery in marine transportation demand.

In conjunction with this recovery, we will work to secure a proper fleet size and provide transportation services matched to customer demand. Specific measures will include improving conventional high and heavy cargo operations and reorganizing and strengthening our routes to accommodate changes in transportation demand, such as the trend toward electric vehicles. We will thereby seek to strengthen operating foundations.

"K" LINE also plans to accelerate global carbon neutrality initiatives in the Car Carrier Business. We completed construction of *CENTURY HIGHWAY GREEN*, our first LNG-fueled car carrier, in March 2021. This vessel is equipped with the latest digital technologies in addition to various eco-friendly technologies. In the future, we will accelerate initiatives for achieving carbon neutrality, such as seeking out alternative fuel sources.

Medium- to Long-Term Outlook

- Strong recovery in global automobile sales volumes and marine transportation of completed automobiles after the COVID-19 pandemic subsides
- Changes in completed automobile transportation demand due to electric vehicle popularization and innovation in automotive industry
- Increased demand for eco-friendly transportation to contribute to carbon neutrality

Medium- to Long-Term Strategies

- Expansion of earnings scale and ongoing growth through recovery of completed automobile transportation demand and operating foundation enhancement
- Fleet reformation to reduce environmental impacts and business transformation in response to changes in social and customer demand
- Development of a new completed automobile logistic business model that creates value through digital transformation

Car Carrier Fleet Ranking

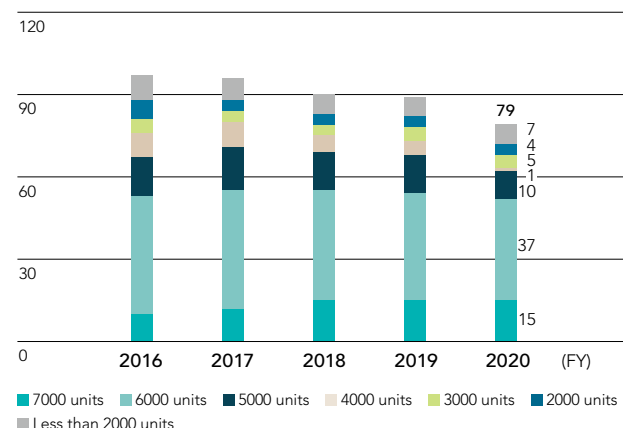
(As of May 2021)

Ranking	Operator	Vessels	Share	Capacity (units)	Share
1	WWL ASA	115	17.2%	777,120	19.6%
2	NYK	97	14.5%	590,880	14.9%
3	MOL	90	13.4%	534,530	13.5%
4	GLOVIS	86	12.8%	552,970	13.9%
5	"K" LINE	68	10.1%	422,573	10.6%
6	Grimaldi	57	8.5%	281,350	7.1%
7	Höegh	40	6.0%	268,870	6.8%
8	TOYOFUJI	16	2.4%	70,850	1.8%
9	UECC (NYK + WWL)	11	1.6%	47,280	1.2%
10	Others	90	13.4%	426,558	10.7%
	Total	670	100.0%	3,972,981	100.0%

Source: Compiled by "K" LINE based on Hoesne Shipping "AS Year Report"

"K" LINE Car Carrier Fleet

(Vessels)

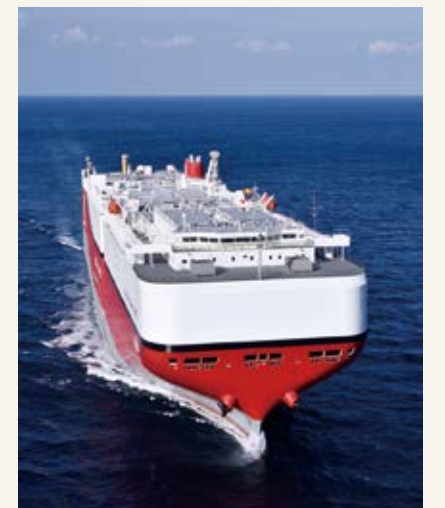


Note: Includes short-term chartered vessels and Group company-operated vessels

TOPICS

Provision of New Options through Eco-Friendly Approaches and Digital Technologies

In fiscal 2021, "K" LINE commenced operation of its first LNG-fueled car carrier. Also in this year, we will be responding actively to environmental regulations and promoting digitalization. Electric vehicles are becoming mainstream in the automotive industry as it pursues reductions in environmental impacts, a trend that is spurring changes in marine transportation of completed automobiles and subsequently changes in production bases and target markets as well as in the trading patterns for car carriers. Amid these changes, we are pressed to develop marine transportation methods that contribute to carbon neutrality and to provide safe and optimal transportation services and to create new value through digitalization. In addition to our existing services, "K" LINE will provide new services matched to changes in customers and in society in order to supply value in the transportation of completed automobiles. Furthermore, we will look to provide new automobile logistics services, such as land transportation.



CENTURY HIGHWAY GREEN
LNG-fueled car carrier

Product Logistics

► Logistics and Port Business

Keiji Kubo
 Managing Executive Officer
 In charge of Logistics, Port and Affiliated Business



Trucks operated by a Group company in Thailand



Cold storage facility in Vietnam

► Overview of Fiscal 2020

In the domestic logistics and port business, containership transportation volume declined during the first half of fiscal 2020 as a result of the COVID-19 pandemic, but it recovered in the second half of the fiscal year, and annual cargo handling volume at container terminals increased compared to 2019. Similarly, the tugboat business also saw improved performance due to second-half demand recovery. Meanwhile, the warehousing business continued to post strong performance. In domestic terminal operations, we proceeded to make effective use of assets through KLCG HOLDINGS, Co., Ltd., a joint venture with Kamigumi Co., Ltd., that commenced operations in fiscal 2019. The synergies generated with Kamigumi through this company are contributing to strong trends in cargo processed via domestic terminal subsidiaries.

In the international logistics business, our forwarding operations recorded an increase in air cargo volumes as customers turned to air transportation in response to sea container unit shortages and a lack of space on sea vessels.

► Fiscal 2021 Business Strategies

The domestic logistics and port business will seek to secure a stable profit centered on tugboat, land and sea intermodal transportation, and warehousing operations. Similarly, we will build upon our cooperation with Kamigumi and seek to improve our service efficiency, to enhance our cost-competitiveness, and to raise our asset utilization efficiency. The port business will continue to provide high-standard and high-quality container terminal management in response to the increasing size of container ships.

In international logistics business, we will restructure the global network of "K" Line Logistics, Ltd., expand our customer base in our non-vessel operating common carrier (NVOCC) business,* and provide high-quality logistics services that utilize the comprehensive strength of the Group.

At the same time, we will continue to enhance our comprehensive automobile logistic services, which include logistics for everything from automotive parts to completed automobiles.

* Freight transportation business that includes incidental services, such as cargo handling, as an intermediary between shippers and carriers, during cargo transportation

► Medium- to Long-Term Outlook

- Strong growth expected in global logistics operations; possibility for unpredictable demand downturns, such as those caused by the COVID-19 pandemic in fiscal 2020
- Full recovery of coastal business from COVID-19 pandemic to be seen in fiscal 2022 and beyond, but domestic port business to continue to experience strong growth

► Major Medium- to Long-Term Strategies

- Development of a logistics business model (as core business) for the "K" LINE Group that can adapt to market changes
- Intra-Group sharing of business models and enhancement of networking and consolidated management through rationalization of global organizations, along with examination and development of logistics services in preparation for future trends
- Expansion of earnings by installing infrastructure to accommodate large-scale vessels and by conducting selection and concentration on a port-by-port basis in domestic port business

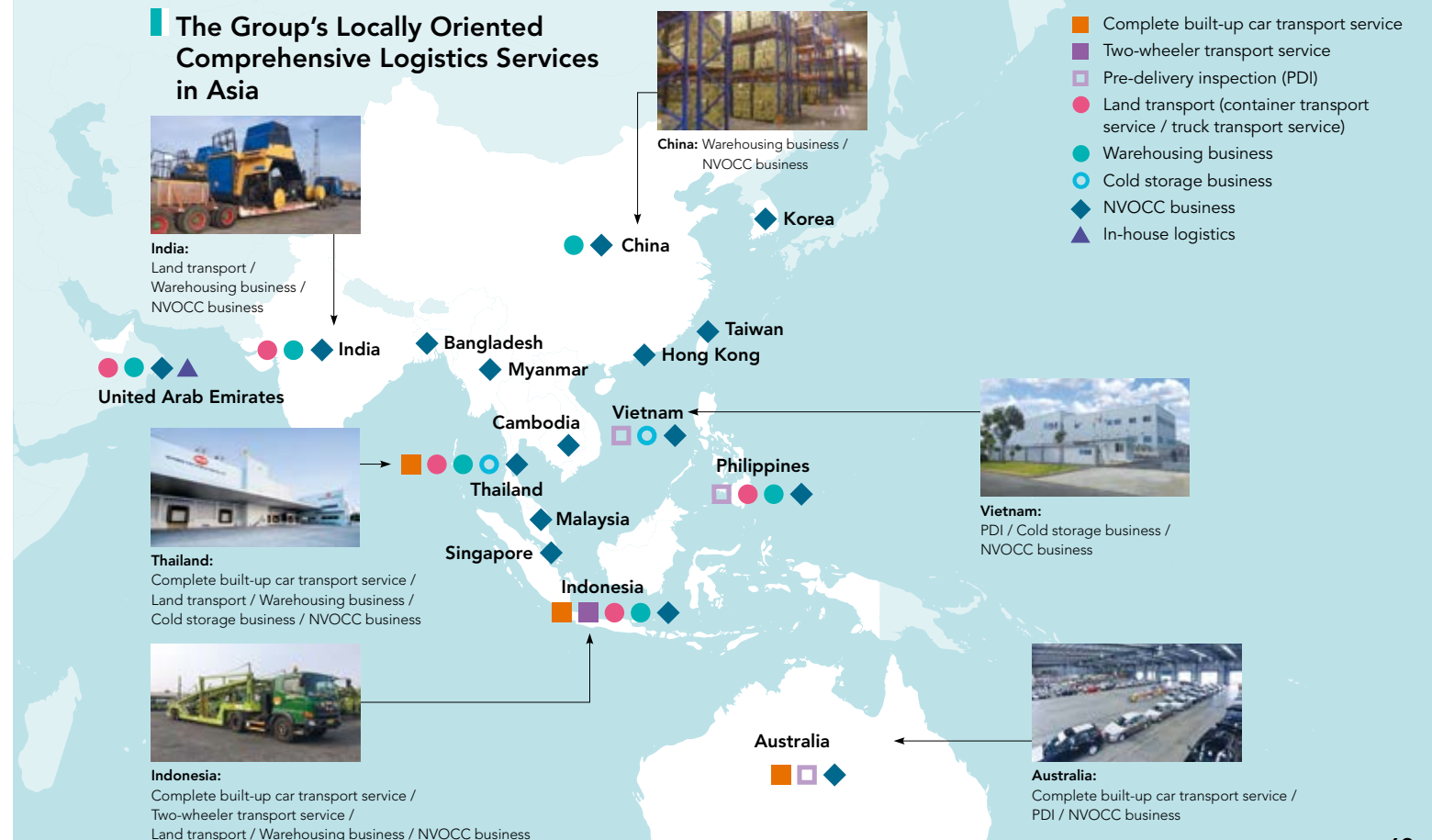
TOPICS

Development of a High-Standard Container Terminal at Yokohama Port

The relocation of "K" LINE's terminal at the Yokohama Port from Daikoku to Minami Honmoku was completed in April 2021. The container terminal, which has a quayside water depth of between 16 and 18 meters and a total length of 1,600 meters, is equipped to accommodate Ultra-large container vessels. Together with joint borrowers APM Terminals Japan K.K. and Mitsui O.S.K. Lines, Ltd., "K" LINE is able to use all facilities at Minami Honmoku in an integrated manner. We will utilize these high-standard capacities and provide high-quality services by flexibly using these facilities.



The Group's Locally Oriented Comprehensive Logistics Services in Asia



Product Logistics

▶ Short Sea and Coastal Business

Keiji Kubo
 Managing Executive Officer
 In charge of Logistics, Port and
 Affiliated Business



Ferry operated by Kawasaki Kinkai Kisen Kaisha, Ltd.

▶ Overview of Fiscal 2020

The Short Sea Business recorded a loss in fiscal 2020 due to cargo volume declines resulting from the COVID-19 pandemic. Similarly, profit decreased in the Coastal Business, despite a reduction in costs from lower bunker prices, as a result of a decreased number of operating vessels and a decrease in cargo volume as well as a decline in ferry passengers throughout the fiscal year. The offshore support vessel business also recorded a loss as reduced earnings from salvage services outweighed the increase in ocean survey service earnings. The results of these activities were year-on-year declines in sales and profits for the Short Sea and Coastal Business.

▶ Medium- to Long-Term Outlook

- Steady recovery trend to be seen in the Short Sea Business; transportation demand projected for Russian coal, one of the main cargoes in this business, from steel, cement, and other manufacturers; and transportation demand forecast for biomass fuel in both short sea and more distant locations
- Low utilization of ferries expected by passengers and automobiles in the Coastal Business due to COVID-19 pandemic impacts; advancement of the modal shift due to strict environmental regulations and lack of truck drivers resulting from tightening of regulations on driver workhours
- Further promotion of offshore wind power generation backed by Japanese government policies to advance offshore support vessel business

▶ Fiscal 2021 Business Strategies

In the Short Sea Business, we will pursue improvements in earnings by increasing fleet allocation efficiency through close monitoring of market trends and customer needs amid the uncertainty regarding the end of the COVID-19 pandemic. In the Coastal Business, we aim to acquire new cargo contracts amid the decline in major cargo items, such as paper products. As for the offshore support vessel business, we will actively take part in offshore wind power generation support projects in addition to existing business.

▶ Major Medium- to Long-Term Strategies

- Expansion of trading area in the Short Sea Business by continuing to optimize the fleet in response to changing market trends resulting from environmental regulation tightening in addition to existing business
- Appropriate response to the COVID-19 pandemic in the Coastal Business while continuing to provide punctual services to advance the modal shift and stimulate marine transportation demand
- Support for development, construction, and operation of offshore wind power generation projects through KWS, which was established and commenced operations in June 2021, in addition to existing business

TOPICS

Completion of a New Ferry

Completed in June 2021, *SILVER BREEZE* (see photograph at the top of the page) is a new ferry with an increased number of private rooms constructed amid the restrictions on passengers imposed in response to the COVID-19 pandemic on services between Hachinohe Port in Aomori Prefecture and Tomakomai Port in Hokkaido Prefecture. With this new vessel, we will seek to encourage ferry use by passengers and vehicles while exploring the possibility of utilizing its storage capacity to transport cargo and pursuing efficient service management.

Product Logistics

▶ Containership Business



Containership

Daisuke Arai
 Managing Executive Officer
 Responsible for Containerships
 Business Unit

▶ Overview of Fiscal 2020

Equity-method affiliate Ocean Network Express Pte. Ltd. (ONE) achieved improvements in full-year performance, despite a first-half decline in cargo volume, as it flexibly reviewed fleet allocations and sought to improve operational efficiency in response to the COVID-19 pandemic. In the third quarter of fiscal 2020, demand for consumer goods grew due to the spread of teleworking and people increasingly staying home. At the same time, consumer spending increased following measures for responding to the COVID-19 pandemic, such as government benefits in United States.

As a result, ocean freight and container capacity utilization showed favorable trends centered on North American trade.

Cargo volume exceeded the capacity of railway transportation networks due to an increase in cargo handling volume, causing delays in container delivery. The resulting

▶ Medium- to Long-Term Outlook

- Potential for dynamic changes in economic conditions dedicated by future trends, as part of projected improvements in circumstances surrounding the COVID-19 pandemic around the world resulting from vaccine rollouts
- Overall reduction in the amount of disruption seen in terminals, ground transportation, and warehouses in North America, but a continuation of the tight supply and demand balance, creating the possibility for further disruption due to increases in cargo volume during the business seasons

shortage of container chassis and a lack of truck drivers disrupted supply chains.

ONE continued working to address the disruption through the allocation of provisional vessels and improvements in operations. Meanwhile, in the fourth quarter of fiscal 2020, a tight supply and demand balance emerged in North American, European, and all other routes. Consequently, short-term freight rates remained high, and ONE's earnings showed a substantial year-on-year improvement.

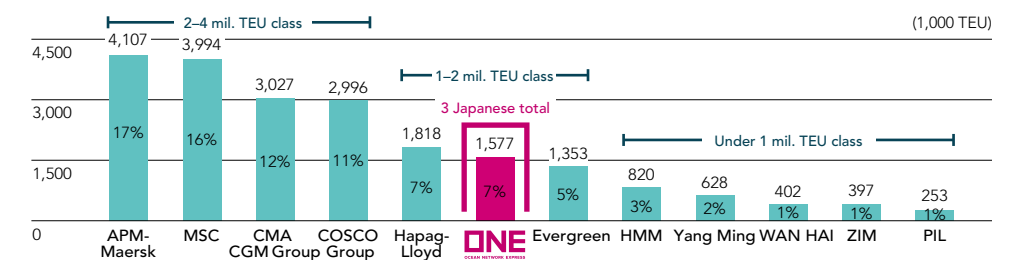
▶ Fiscal 2021 Business Strategies

It is still difficult to predict when the COVID-19 pandemic will end, and the Containership Business is expected to continue to face unpredictable conditions accordingly. We expect brisk cargo movement continuing from fiscal 2020, and the supply chain disruption and tight transportation supply and demand balance will persist. ONE will continue to actively allocate provisional vessels and new container equipment to respond to the disruption.

▶ Major Medium- to Long-Term Strategies

- Evolution into a highly competitive containership company by utilizing economies of scale and best practices presented through collaboration among three companies
- Sustainable management performed by securing competitiveness through alliances and by maintaining business scale in line with trade growth
- Support for human resources provided as a shareholder of ONE with a focus on recruiting and cultivating talented individuals

Containership Fleet Scale
 (As of June 2021)



Source: Compiled by "K" LINE based on Alphaliner