

FINANCIAL HIGHLIGHTS

Brief report of the the year ended March 31, 2022

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary]

(Million yen; rounded down to the nearest million yen)

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|---|---------------------------------|---------------------------------|
| Consolidated | | |
| Operating revenues | 625,486 | 756,983 |
| Operating income (loss) | (21,286) | 17,663 |
| Profit (loss) attributable to owners of the parent | 108,695 | 642,424 |
| Profit (loss) attributable to owners of the parent per share (Yen) | | |
| Basic | 1,165.34 | 6,887.54 |
| Diluted | - | - |

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|------------------|---------------------------------|---------------------------------|
| Total assets | 974,608 | 1,574,960 |
| Total net assets | 316,162 | 984,882 |

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|---|---------------------------------|---------------------------------|
| Net cash provided by (used in) operating activities | 33,397 | 226,460 |
| Net cash provided by (used in) investing activities | 16,987 | (5,848) |
| Net cash provided by (used in) financing activities | (34,845) | (116,001) |

1. Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

1) Summary of Consolidated Operating Results for FY2021

(Billion Yen; rounded to the nearest 100 million yen)

| | Fiscal Year 2020 (Ended March 31, 2021) | Fiscal Year 2021 (Ended March 31, 2022) | Change | % Change |
|--|--|--|--------|----------|
| Operating revenues | 625.5 | 757.0 | 131.5 | 21.0% |
| Operating income (loss) | (21.3) | 17.7 | 38.9 | — |
| Ordinary income (loss) | 89.5 | 657.5 | 568.0 | 634.7% |
| Profit (loss) attributable to owners of the parent | 108.7 | 642.4 | 533.7 | 491.0% |

| | | | | |
|--|---------|----------------|---------|-------|
| Exchange Rate (¥/US\$) (12-month average) | ¥105.79 | ¥112.06 | ¥6.27 | 5.9% |
| Fuel oil price (US\$/MT) (12-month average) | US\$363 | US\$551 | US\$188 | 51.7% |

Due to significant business performance improvement of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as "ONE"), the company recorded 640.992 billion yen of equity in earnings of unconsolidated subsidiaries and affiliates for the fiscal year 2021. Within the recorded equity in earnings of unconsolidated subsidiaries and affiliates, "ONE" accounted for 635.378 billion yen for the fiscal year 2021, and 220.303 billion yen in the fourth quarter alone.

Performance per segment was as follows.

(Billion Yen; rounded to the nearest 100 million yen)

| | | Fiscal Year 2020 (Ended March 31, 2021) | Fiscal Year 2021 (Ended March 31, 2022) | Change | % Change |
|---------------------------------|-----------------------|--|--|--------|----------|
| Dry bulk | Operating revenues | 182.0 | 276.5 | 94.5 | 51.9% |
| | Segment profit (loss) | (9.1) | 23.7 | 32.9 | — |
| Energy resource transport | Operating revenues | 77.6 | 89.7 | 12.1 | 15.6% |
| | Segment profit (loss) | 1.1 | 4.8 | 3.7 | 344.9% |
| Product logistics | Operating revenues | 339.7 | 380.2 | 40.5 | 11.9% |
| | Segment profit (loss) | 104.5 | 640.8 | 536.3 | 513.0% |
| Other | Operating revenues | 26.2 | 10.6 | (15.6) | (59.6%) |
| | Segment profit (loss) | 1.1 | (0.1) | (1.2) | — |
| Adjustments and eliminations | Segment profit (loss) | (8.1) | (11.7) | (3.6) | — |
| Total | Operating revenues | 625.5 | 757.0 | 131.5 | 21.0% |
| | Segment profit (loss) | 89.5 | 657.5 | 568.0 | 634.7% |

(i) Dry Bulk Segment

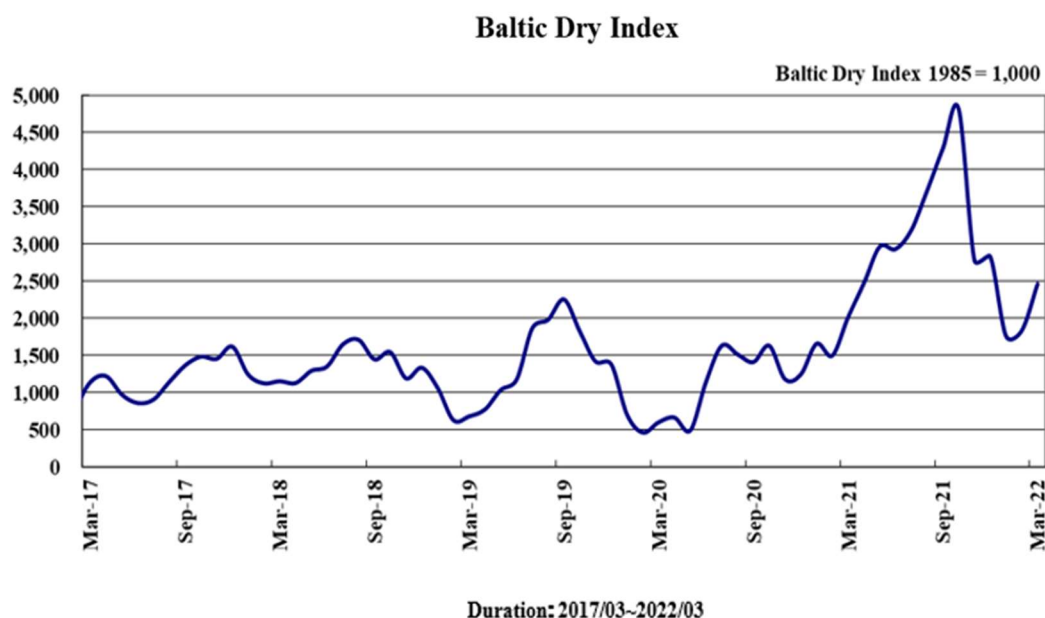
Dry Bulk Business

In the Cape-size sector, market rates stayed mostly firm in the first half due to robust transportation demand in various countries, including China, and remained at a high level toward the middle of the fiscal year as a result of the strengthening of quarantine systems intended to prevent the expansion of COVID-19 and the tightening of the vessel supply-demand balance caused by an increase in port congestion in the Far East. In the second half, transportation demand weakened as China curbed crude steel production. Although market rates declined toward the end of the fiscal year because of the effects of a decrease in shipments due to unfavorable weather in major production regions, they mostly stayed firm throughout the year, despite some fluctuations.

In the medium and small vessel sector, market rates rose toward the middle of the fiscal year because of the effects of port congestion as well as an increase in demand for transportation of coal and minor bulk cargoes, and due to recovery in industrial activity in China and robust demand for grain imports from Brazil to China. In the second half, market rates declined due to the easing of port congestion and disruptions caused by a ban on exports of Indonesian coal, but toward the end of the fiscal year, the market rates rose again because of a change in patterns of transportation from alternative supply sources of grains and other cargoes due to the effects of the situations in Russia and Ukraine.

Under these circumstances, the Group strived to manage the market exposures appropriately and reduce operation costs and improve vessel operation efficiency.

As a result, the overall Dry Bulk Segment recorded a year-on-year increase in revenue and returned to profitability.



(ii) Energy Resource Transport Segment

Tanker Carrier and Electricity Business

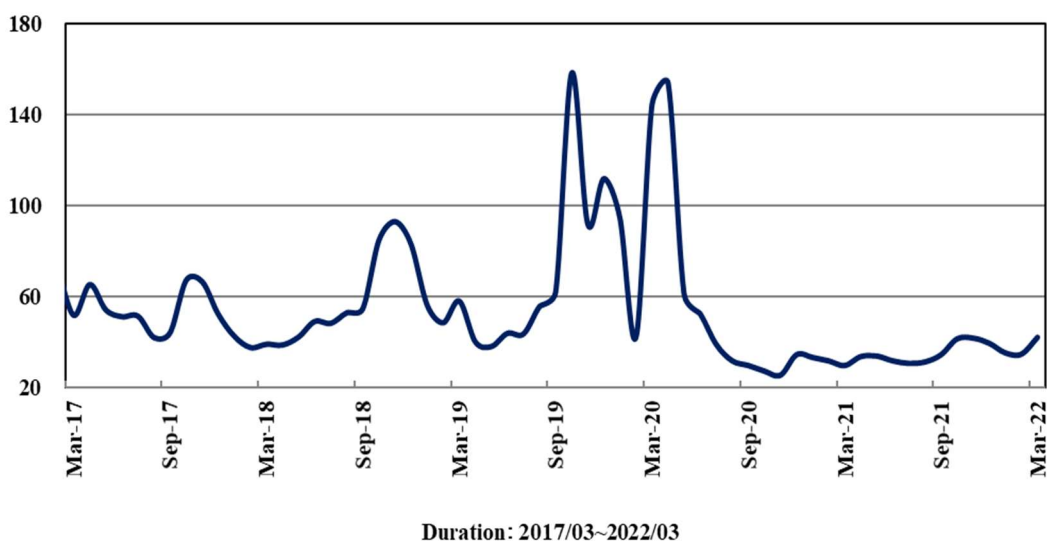
Concerning large crude oil tankers (VLCCs), LPG carriers, and thermal coal carriers, the business stayed firm for mid- and long-term charter contracts and contributed to secure stable profit.

LNG Carrier and Offshore Business

Concerning LNG carriers, drillship and FPSO (Floating Production, Storage and Offloading system), the business stayed firm for mid- and long-term charter contracts and contributed to secure stable profit. Concerning the offshore support vessel business, market rates remained sluggish in spite of oil price decline recovery.

As a result, the overall Energy Resource Transport Segment recorded a year-on-year increase both in revenue and profit.

VLCC World Scale (AG/JPN)



(iii) Product Logistics Segment

Car Carrier Business

In the global car sales market, although supply shortages of semiconductors and auto parts, and the situations in Russia and Ukraine affected production and shipments in some areas, the recovery from the impact of COVID-19 in the previous fiscal year continued. Despite the effects of continued rises in fuel prices, transportation demand has recovered.

Logistics Business

In the domestic logistics and port business, the domestic container handling volume recorded a year-on-year increase. In the towage business, the work volume stayed firm. The warehousing business remained firm. As for the international logistics business, in the forwarding business, the air cargo transportation volume continued to increase. In the finished vehicles transportation business, the handling volume in inventory storage service remained low.

Short Sea and Coastal Business

In the short sea business, demand for transportation of steel and lumber stayed firm, but the transportation volume of bulk cargoes decreased year-on-year. Overall transportation volume in the whole of the short sea business recorded a year-on-year decrease.

In the coastal business, market rates stayed firm for ferry transportation, and the transportation volume recorded a year-on-year increase. Regarding liner transportation, the transportation volume rose year-on-year as the Group captured demand for transportation of timber products and food cargoes. With respect to tramp service business, ships dedicated to transportation of limestones and coal maintained stable operation, while the transportation volume of general cargo ships increased year-on-year due to growth in demand for lumber.

Containership Business

As for the performance of "ONE", amid the tightening of the supply-demand balance due to supply chain disruptions and robust cargo movements, market rates stayed high in all trades. As a result, the business performance of "ONE" significantly improved year-on-year.

As a result, the overall Product Logistics Segment recorded a year-on-year increase both in revenue and profit.

(iv) Other Segment

Other Segment includes but not limited to the Group's ship management service, travel agency service, and real estate and administration service. The segment recorded a year-on-year decrease in revenue and a loss was recorded.

2)Prospect for Fiscal 2022

For the fiscal year ending March 31, 2023, the Group is projecting the performance as follows.

(Billion Yen; rounded to the nearest 100 million yen)

| | Operating Revenue | | Operating Income | | Ordinary Income | | Profit attributable to owners of the parent | |
|--------------------------------------|-------------------|------|------------------|--------|-----------------|---------|---|---------|
| | | | | | | | | |
| Fiscal Year 2022 (End March 2023) | 780.0 | 3.0% | 41.0 | 132.1% | 470.0 | (28.5%) | 460.0 | (28.4%) |

(Exchange Rate(¥/US\$) : ¥117.70 / Fuel Oil Price(US\$/MT) : US\$764)

In the Dry Bulk Segment, market rates are expected to stay firm on the whole, as transportation demand continues to be robust against a limited building volume of new ships, which leads to the tightening of the vessel supply-demand

balance. On the other hand, the Group will keep a close watch on changes in transportation demand and prepare to respond quickly amid expectations of the effects of the situations in Russia and Ukraine on resource prices and the impact of COVID-19 on transportation demand. At the same time, amid growing need to deal with environmental problems, take advantage of its strength in high quality transportation, the Group will strive to secure stable profit by increasing vessel operation efficiency and reducing costs as well as increasing mid- and long-term contracts.

In the Energy Resource Transport Segment, the Group will strive to secure stable profit under mid- and long-term contracts with respect to large crude oil tankers, LPG carriers, thermal coal carriers, LNG carriers, drillships and FPSO (Floating Production, Storage and Offloading) systems. In addition, as was announced in the news release on December 17, 2021, titled "Notice Concerning Dissolution of Subsidiary Company and Transfer of Fixed Assets," the Group decided to sell all the offshore support vessels owned by K LINE OFFSHORE AS (KOAS), its subsidiary company, and dissolve KOAS.

As for the Product Logistics Segment, regarding the car carrier business, global vehicle sales are expected to remain on a recovery trend from the effects of COVID-19 in the previous fiscal year, despite the effects of shortages of semiconductors and auto parts. In addition to recovery in global vehicle sales and cargo movements and restoration of freight levels, the Group will continue to strive to improve operational efficiency through such measures as appropriate fleet restructure and reorganization of the network of trades. Regarding the logistics business, demand for ocean container transportation is expected to stay firm in the domestic logistics and port business segments. As for the international logistics business, demand for ocean and air transportation is expected to stay at a high level for a while in the forwarding business. In the business of transporting finished vehicles by land, the handling volume is expected to increase due to the continuation of the uptrend in vehicle imports in Australia. In the containership business, although the situation in Russia and Ukraine and lockdown in China are uncertain, cargo movements are expected to stay firm for the foreseeable futures. "ONE" will strive to conduct steady business management by taking active measures intended to avoid supply chain disruptions, while keeping a close watch on the future economic environment.

Our services related to both Russia and Ukraine are suspended and changed sequentially, taking into account various situations. The impact of the situation in both countries on our business is expected to be minor and limited.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Consolidated assets at the end of March 2022 were ¥1,574.960 billion, an increase of ¥600.351 billion from the end of the previous fiscal year. Current assets increased by ¥164.879 billion from the end of the previous fiscal year, due mainly to an increase in cash and deposits. Non-current assets increased by ¥435.472 billion, mainly as a result of an increase in investment securities.

Consolidated liabilities decreased by ¥68.368 billion to ¥590.077 billion from the end of the previous fiscal year, mainly as a result of a decrease in short-term borrowings.

Consolidated net assets were ¥984.882 billion, an increase of ¥668.720 billion compared to the end of the previous fiscal year, mainly as a result of an increase in retained earnings.

2) Cash Flows

(Billion Yen; rounded to the nearest 100 million yen)

| Item | Fiscal 2020 (Ended March 2021) | Fiscal 2021 (Ended March 2022) | Year-on-year increase/(decrease) |
|--|-----------------------------------|-----------------------------------|-------------------------------------|
| Cash and cash equivalents at the beginning of the year | 111.9 | 130.0 | 18.1 |
| (1) Cash flows from operating activities | 33.4 | 226.5 | 193.1 |
| (2) Cash flows from investing activities | 17.0 | (5.8) | (22.8) |
| (3) Cash flows from financing activities | (34.8) | (116.0) | (81.2) |
| (4) Currency translation gain or loss (on cash and cash equivalents) | 2.5 | 9.7 | 7.2 |
| Net increase (decrease) in cash and cash equivalents | 18.1 | 114.3 | 96.2 |
| Change in cash and cash equivalents as a result of companies newly included in consolidated accounting | 0 | 0 | (0) |
| Cash and cash equivalents at the end of the year | 130.0 | 244.3 | 114.3 |

Total cash and cash equivalents at the end of fiscal year 2021 were ¥244.316 billion, an increase of ¥114.315 billion over the end of the previous fiscal year. Details of each cash flow source are as follows:

Cash flows from operating activities were a net cash inflow of ¥226.460 billion (compared to a net cash inflow of ¥33.397 billion in the previous fiscal year) due mainly to profit before income taxes.

Cash flows from investing activities resulted in a net cash outflow of ¥5.848 billion (compared to a net cash inflow of ¥16.987 billion in the previous fiscal year) due mainly to purchase of vessels, property and equipment.

Cash flows from financing activities resulted in a net cash outflow of ¥116.001 billion (compared to a net cash outflow of ¥34.845 billion in the previous fiscal year) due mainly to repayments of long-term loans and obligations under finance leases.

Reference: Changes in cash flow-related indicators

| | Fiscal Year Ended March 2018 | Fiscal Year Ended March 2019 | Fiscal Year Ended March 2020 | Fiscal Year Ended March 2021 | Fiscal Year Ended March 2022 |
|------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Equity ratio (%) | 20.9 | 10.9 | 11.3 | 22.4 | 56.2 |

| | Fiscal Year Ended March 2018 | Fiscal Year Ended March 2019 | Fiscal Year Ended March 2020 | Fiscal Year Ended March 2021 | Fiscal Year Ended March 2022 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---|
| Equity ratio (based on market value) (%) | 22.4 | 11.7 | 8.5 | 24.3 | 47.5 |
| Ratio of debt to cash flow (annual) | 488.8 | — | — | 15.2 | 1.9 |
| Interest coverage ratio (x) | 0.2 | — | — | 3.3 | 22.0 |

*Equity ratio is the shareholders' equity divided by total assets.

Equity ratio (based on market value) is market capitalization divided by total assets.

Ratio of debt to cash flow is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expenses.

Notes

1. Indicators are calculated on the basis of consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding, not including treasury stock.
3. Cash flows above refer to cash flows from operating activities.
4. Interest-bearing liabilities are the total of all liabilities on the consolidated balance sheet on which interest is paid (including ¥50.0 billion in Euro-Yen Zero Coupon Convertible Bonds). Interest paid shown in the consolidated statement of cash flows is used as interest expenses.
5. The ratio of debt to cash flow and the interest coverage ratio for the fiscal year ended March 2019 and March 2020 was omitted since the cash flows from operating activities were negative.

(3) Basic Dividend Policy and Dividend Payments for Fiscal Year 2021 and Following Fiscal Year

The Company's important management task is to maximize returns to our shareholders by strategically allocating our management resources to investments, optimization of capital efficiency and to improve our financial strength considering mid to long-term business environment.

The Company decided payment of a year-end dividend for the fiscal year ending March 31, 2022, resolved as 600.0 yen per share which increased by 300.0 yen per share additional dividend from the previous forecast announced on February 3rd, 2022.

For the fiscal year ending March 31, 2023, the Company plans to consider payment of a year ended dividend of 300.0 yen per share as ordinary dividend (including an interim dividend of 150.0 yen per share) and additional shareholder return of 100.0 billion yen or more, based on comprehensive consideration of the earnings forecast. The Company plans to consider share buybacks in addition to dividends as an additional return to shareholders.

2. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

3. Matters Relating to Summary Information

(Change in Accounting Standards)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the “Accounting Standard for Revenue Recognition,” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) effective from the beginning of the fiscal year ended March 31, 2022, and it recognizes revenue when (or as) it satisfies a performance obligation in transferring promised goods or services (i.e., an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognized at an amount expected to be received upon exchange of goods or services.

As a result of this application, although the Company had previously applied “Voyage completion method,” in which the Company recorded marine transportation revenues and costs and expenses upon completion of voyage; provided, however, that the “Complex transportation progress method” was used for container ships, the Company has changed its calculation method related to marine transportation revenues and costs and expenses based on the number of elapsed days of a voyage from the beginning of the fiscal year ended March 31, 2022. The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment provided for in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition.

The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022 was added to or deducted from the beginning balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was reflected in the beginning balance; provided, however, that the new accounting policy was not retrospectively applied to contracts where the recognition of nearly all the revenue amounts for periods prior to the beginning of the fiscal year ended March 31, 2022 were subject to the previous treatment, by applying the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition. Furthermore, with regards to modifications to contracts carried out based on the contractual terms existing after all contract modifications were reflected, the cumulative effect was added to or deducted from the beginning balance of retained earnings of the fiscal year ended March 31, 2022 by applying the method set forth in item (1) of the supplementary provisions of Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, for the fiscal year ended March 31, 2022, revenue increased by ¥13,583 million, costs and expenses increased by ¥7,279 million, operating income, ordinary income, and profit before income taxes increased by ¥6,303 million, respectively. In addition, the beginning balance of retained earnings increased by ¥3,982 million.

Due to the application of Accounting Standard for Revenue Recognition, “Accounts and notes receivable-trade” presented in current assets are included in “Accounts and notes receivable-trade and contract assets” from the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated to reflect the new presentation method.

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), from the beginning of the fiscal year ended March 31, 2022. The Company has prospectively applied new accounting policies based on the Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement provided for in Article 19 of Accounting Standard for Fair Value Measurement and Article 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019). The impact of the application of the Accounting Standard for Fair Value Measurement on the consolidated financial statements for the fiscal year ended March 31, 2022 is immaterial.

Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

Consolidated Balance Sheet

| | (Millions of yen) | |
|---|---------------------------------|--|
| | Year ended March 31, 2021 | Year ended March 31, 2022 |
| ASSETS | | |
| Current assets : | | |
| Cash and deposits | 132,371 | 247,344 |
| Accounts and notes receivable-trade | 56,125 | - |
| Accounts and notes receivable-trade and contract assets | - | 103,699 |
| Raw materials and supplies | 22,309 | 36,572 |
| Deferred and prepaid expenses | 38,790 | 17,659 |
| Short-term loans receivable | 1,844 | 4,749 |
| Other current assets | 15,685 | 22,107 |
| Allowance for doubtful accounts | (915) | (1,044) |
| Total current assets | 266,210 | 431,089 |
| Non-current assets : | | |
| (Vessels, property and equipment) | | |
| Vessels, net | 352,981 | 339,821 |
| Buildings and structures, net | 10,641 | 9,817 |
| Machinery, equipment and vehicles, net | 3,338 | 2,904 |
| Land | 16,356 | 15,730 |
| Construction in progress | 3,877 | 9,679 |
| Other, net | 4,137 | 4,076 |
| Total vessels, property and equipment | 391,334 | 382,029 |
| (Intangible assets) | | |
| Other intangible assets | 3,551 | 3,513 |
| Total intangible assets | 3,551 | 3,513 |
| (Investments and other assets) | | |
| Investment securities | 257,522 | 691,809 |
| Long-term loans receivable | 19,043 | 23,007 |
| Asset for retirement benefits | 857 | 1,228 |
| Deferred tax assets | 3,378 | 2,589 |
| Other investments and other assets | 33,964 | 40,824 |
| Allowance for doubtful accounts | (1,253) | (1,132) |
| Total investments and other assets | 313,512 | 758,326 |
| Total non-current assets | 708,398 | 1,143,870 |
| Total assets | 974,608 | 1,574,960 |

Consolidated Balance Sheet

(Millions of yen)

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|---|---------------------------------|---------------------------------|
| LIABILITIES | | |
| Current liabilities : | | |
| Accounts and notes payable-trade | 51,661 | 62,756 |
| Short-term loans and current portion of long-term loans | 138,002 | 87,544 |
| Lease obligations | 6,023 | 26,870 |
| Accrued income taxes | 1,404 | 3,051 |
| Provision for loss related to the Anti-Monopoly Act | 357 | 357 |
| Provision for loss on liquidation of subsidiaries and affiliates | 62 | 2,168 |
| Provision for loss on chartering contracts | 15,556 | 13,903 |
| Provision for bonuses | 2,655 | 4,165 |
| Provision for directors' bonuses | 117 | 309 |
| Other current liabilities | 45,688 | 50,411 |
| Total current liabilities | 261,529 | 251,538 |
| Non-current liabilities : | | |
| Bonds | 7,000 | - |
| Long-term loans, less current portion | 325,803 | 277,992 |
| Obligations under finance leases, less current portion | 30,176 | 24,047 |
| Deferred tax liabilities | 5,759 | 9,129 |
| Deferred tax liabilities on land revaluation | 1,174 | 1,174 |
| Provision for directors' and audit and supervisory board members' retirement benefits | 353 | 167 |
| Provision for directors' stock benefits | 48 | 307 |
| Provision for periodic dry docking of vessels | 11,904 | 13,392 |
| Liability for retirement benefits | 6,499 | 6,147 |
| Derivative liabilities | 5,045 | 3,417 |
| Other non-current liabilities | 3,150 | 2,761 |
| Total non-current liabilities | 396,916 | 338,538 |
| Total liabilities | 658,446 | 590,077 |
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 75,457 | 75,457 |
| Capital surplus | 14,295 | 14,214 |
| Retained earnings | 130,723 | 777,130 |
| Treasury stock | (2,373) | (2,378) |
| Total shareholders' equity | 218,103 | 864,424 |
| Accumulated other comprehensive income : | | |
| Net unrealized holding gain (loss) on investment securities | 3,960 | 5,474 |
| Deferred gain (loss) on hedges | (3,657) | (893) |
| Revaluation reserve for land | 4,630 | 4,630 |
| Translation adjustments | (1,963) | 12,954 |
| Retirement benefits liability adjustments | (2,879) | (1,956) |
| Total accumulated other comprehensive income | 90 | 20,209 |
| Non-controlling interests | 97,968 | 100,248 |
| Total net assets | 316,162 | 984,882 |
| Total liabilities and net assets | 974,608 | 1,574,960 |

Consolidated Statement of Operations

(Millions of yen)

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Marine transportation and other operating revenues | 625,486 | 756,983 |
| Marine transportation and other operating costs and expenses | 590,046 | 681,605 |
| Gross profit (loss) | 35,440 | 75,377 |
| Selling, general and administrative expenses | 56,726 | 57,714 |
| Operating income (loss) | (21,286) | 17,663 |
| Non-operating income : | | |
| Interest income | 541 | 671 |
| Dividend income | 1,977 | 2,226 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | 118,165 | 640,992 |
| Foreign exchange gains | 1,401 | 10,742 |
| Other non-operating income | 1,461 | 1,470 |
| Total non-operating income | 123,547 | 656,103 |
| Non-operating expenses : | | |
| Interest expenses | 10,056 | 10,305 |
| Loss on valuation of derivatives | 719 | 2,003 |
| Financing expenses | 1,135 | 3,467 |
| Other non-operating expenses | 850 | 487 |
| Total non-operating expenses | 12,762 | 16,263 |
| Ordinary income (loss) | 89,498 | 657,504 |
| Extraordinary income : | | |
| Gain on sales of non-current assets | 11,947 | 19,758 |
| Gain on sales of shares of subsidiaries and affiliates | 19,894 | 8,967 |
| Other extraordinary income | 496 | 1,379 |
| Total extraordinary income | 32,339 | 30,105 |
| Extraordinary losses : | | |
| Impairment losses | 6,307 | 18,159 |
| Loss on cancellation of chartered vessels | 1,061 | 7,262 |
| Provision for loss on liquidation of subsidiaries and affiliates | 62 | 2,168 |
| Other extraordinary losses | 550 | 924 |
| Total extraordinary losses | 7,982 | 28,516 |
| Profit (loss) before income taxes | 113,854 | 659,093 |
| Income taxes : | | |
| Current | 2,628 | 8,665 |
| Deferred | 143 | 3,794 |
| Total income taxes | 2,772 | 12,459 |
| Profit (loss) | 111,082 | 646,633 |
| Profit (loss) attributable to non-controlling interests | 2,386 | 4,209 |
| Profit (loss) attributable to owners of the parent | 108,695 | 642,424 |

Consolidated Statement of Comprehensive Income

| | (Millions of yen) | |
|--|---------------------------------|--|
| | Year ended March 31, 2021 | Year ended March 31, 2022 |
| Profit (loss) | 111,082 | 646,633 |
| Other Comprehensive income : | | |
| Net unrealized holding gain (loss) on investment securities | 4,048 | 1,581 |
| Deferred gain (loss) on hedges | (756) | 1,470 |
| Foreign currency translation adjustment | 6,142 | 10,959 |
| Retirement benefits liability adjustments | 1,813 | 881 |
| Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method | (2,374) | 5,737 |
| Total other comprehensive income | <u>8,873</u> | <u>20,630</u> |
| Comprehensive income | <u>119,956</u> | <u>667,264</u> |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 116,542 | 662,543 |
| Comprehensive income attributable to non-controlling interests | 3,413 | 4,720 |

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha Ltd. and Consolidated Subsidiaries for the year ended March 31, 2021

(Millions of yen)

| | Shareholder's equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at April 1, 2020 | 75,457 | 13,723 | 22,050 | (2,379) | 108,852 |
| Cumulative effects of changes in accounting policies | | | | | - |
| Restated balance | 75,457 | 13,723 | 22,050 | (2,379) | 108,852 |
| Change in items during the year | | | | | |
| Profit (loss) attributable to owners of the parent | | | 108,695 | | 108,695 |
| Purchase of treasury stock | | | | (1) | (1) |
| Disposal of treasury stock | | (2) | | 7 | 4 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | 575 | | | 575 |
| Reversal of revaluation reserve for land | | | 0 | | 0 |
| Net changes in retained earnings from changes in scope of consolidation or equity method | | | (23) | | (23) |
| Net changes in items other than shareholders' equity | | | | | |
| Net changes during the year | - | 572 | 108,672 | 5 | 109,251 |
| Balance at March 31, 2021 | 75,457 | 14,295 | 130,723 | (2,373) | 218,103 |

| | Accumulated other comprehensive income (loss) | | | | | | Non-controlling interests | Total net assets |
|---|---|--------------------------------|------------------------------|-------------------------|---|--|---------------------------|------------------|
| | Net unrealized holding gain (loss) on investments in securities | Deferred gain (loss) on hedges | Revaluation reserve for land | Translation adjustments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | | |
| Balance at April 1, 2020 | 148 | (3,152) | 4,631 | (4,821) | (4,562) | (7,756) | 99,138 | 200,234 |
| Cumulative effects of changes in accounting policies | | | | | | | | - |
| Restated balance | 148 | (3,152) | 4,631 | (4,821) | (4,562) | (7,756) | 99,138 | 200,234 |
| Change in items during the year | | | | | | | | |
| Loss attributable to owners of the parent | | | | | | | | 108,695 |
| Purchase of treasury stock | | | | | | | | (1) |
| Disposal of treasury stock | | | | | | | | 4 |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | 575 |
| Reversal of revaluation reserve for land | | | | | | | | 0 |
| Net changes in retained earnings from changes in scope of consolidation or equity method | | | | | | | | (23) |
| Net changes in items other than shareholders' equity | 3,811 | (505) | (0) | 2,858 | 1,682 | 7,846 | (1,169) | 6,676 |
| Net changes during the year | 3,811 | (505) | (0) | 2,858 | 1,682 | 7,846 | (1,169) | 115,928 |
| Balance at March 31, 2021 | 3,960 | (3,657) | 4,630 | (1,963) | (2,879) | 90 | 97,968 | 316,162 |

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha Ltd. and Consolidated Subsidiaries for the year ended March 31, 2022

(Millions of yen)

| | Shareholder's equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at April 1, 2021 | 75,457 | 14,295 | 180,723 | (2,373) | 218,103 |
| Cumulative effects of changes in accounting policies | | | 3,982 | | 3,982 |
| Restated balance | 75,457 | 14,295 | 184,706 | (2,373) | 222,085 |
| Change in items during the year | | | | | |
| Profit (loss) attributable to owners of the parent | | | 642,424 | | 642,424 |
| Purchase of treasury stock | | | | (4) | (4) |
| Disposal of treasury stock | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | (80) | | | (80) |
| Reversal of revaluation reserve for land | | | | | - |
| Net changes in retained earnings from changes in scope of consolidation or equity method | | | (0) | | (0) |
| Net changes in items other than shareholders' equity | | | | | |
| Net changes during the year | - | (80) | 642,424 | (4) | 642,338 |
| Balance at March 31, 2022 | 75,457 | 14,214 | 777,180 | (2,378) | 864,424 |

| | Accumulated other comprehensive income (loss) | | | | | | Non-controlling interests | Total net assets |
|---|---|--------------------------------|------------------------------|-------------------------|---|--|---------------------------|------------------|
| | Net unrealized holding gain (loss) on investments in securities | Deferred gain (loss) on hedges | Revaluation reserve for land | Translation adjustments | Retirement benefits liability adjustments | Total accumulated other comprehensive income | | |
| Balance at April 1, 2021 | 3,960 | (3,657) | 4,630 | (1,963) | (2,879) | 90 | 97,968 | 316,162 |
| Cumulative effects of changes in accounting policies | | | | | | | 88 | 4,070 |
| Restated balance | 3,960 | (3,657) | 4,630 | (1,963) | (2,879) | 90 | 98,056 | 320,233 |
| Change in items during the year | | | | | | | | |
| Profit (loss) attributable to owners of the parent | | | | | | | | 642,424 |
| Purchase of treasury stock | | | | | | | | (4) |
| Disposal of treasury stock | | | | | | | | - |
| Change in ownership interest of parent due to transactions with non-controlling interests | | | | | | | | (80) |
| Reversal of revaluation reserve for land | | | | | | | | - |
| Net changes in retained earnings from changes in scope of consolidation or equity method | | | | | | | | (0) |
| Net changes in items other than shareholders' equity | 1,514 | 2,764 | - | 14,917 | 923 | 20,119 | 2,191 | 22,311 |
| Net changes during the year | 1,514 | 2,764 | - | 14,917 | 923 | 20,119 | 2,191 | 664,649 |
| Balance at March 31, 2022 | 5,474 | (893) | 4,630 | 12,954 | (1,956) | 20,209 | 100,248 | 984,882 |

Consolidated Statement of Cash Flows

(Millions of yen)

| | Year ended March 31, 2021 | Year ended March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities : | | |
| Profit (loss) before income taxes | 113,854 | 659,093 |
| Depreciation and amortization | 43,869 | 42,821 |
| Increase (decrease) in liability for retirement benefits | (739) | (99) |
| (Increase) decrease in asset for retirement benefits | (256) | (371) |
| Increase (decrease) in retirement benefits liability adjustments | 1,930 | 980 |
| Increase (decrease) in provision for directors' and audit and supervisory board members' retirement benefits | (9) | (185) |
| Increase (decrease) in provision for periodic dry docking of vessels | 327 | 1,463 |
| Increase (decrease) in provision for loss on chartering contracts | (917) | (1,652) |
| Interest and dividend income | (2,519) | (2,898) |
| Interest expenses | 10,056 | 10,305 |
| Foreign exchange losses (gains) | (1,482) | (8,291) |
| Impairment losses | 6,307 | 18,159 |
| Equity in (earnings) losses of unconsolidated subsidiaries and affiliates | (118,165) | (640,992) |
| Loss on cancellation of chartered vessels | 1,061 | 7,262 |
| Provision for loss on liquidation of subsidiaries and affiliates | 62 | 2,168 |
| (Gain) loss on sales of vessels, property and equipment | (11,923) | (19,756) |
| Gain on sales of shares of subsidiaries and affiliates | (19,893) | (8,967) |
| (Increase) decrease in accounts and notes receivable-trade | (2,109) | - |
| (Increase) decrease in accounts and notes receivable-trade and contract assets | - | (28,855) |
| (Increase) decrease in inventories | 3,039 | (14,024) |
| (Increase) decrease in other current assets | (2,853) | 1,754 |
| Increase (decrease) in accounts and notes payable-trade | 8,039 | 2,524 |
| Increase (decrease) in other current liabilities | 1,277 | 8,097 |
| Other, net | (456) | 940 |
| Subtotal | 28,498 | 29,476 |
| Interest and dividends received | 19,938 | 217,357 |
| Interest expenses paid | (10,039) | (10,435) |
| Payments for cancellation of chartered vessels | (1,061) | (6,715) |
| Payments related to the Anti-Monopoly Act | (630) | (328) |
| Income taxes paid | (3,308) | (2,894) |
| Net cash provided by (used in) operating activities | 33,397 | 226,460 |
| Cash flows from investing activities : | | |
| Payments into time deposits | (5,199) | (6,588) |
| Proceeds from withdrawal of time deposits | 6,535 | 6,114 |
| Purchases of marketable securities and investment securities | (237) | (4,249) |
| Proceeds from sales of marketable securities and investment securities | 296 | 252 |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | 25,784 | 2,810 |
| Purchase of vessels, property and equipment | (41,718) | (41,140) |
| Proceeds from sales of vessels, property and equipment | 41,369 | 46,382 |
| Purchase of intangible assets | (405) | (821) |
| Payments of long-term loans receivable | (4,309) | (6,824) |
| Collection of long-term loans receivable | 1,906 | 1,331 |
| Other, net | (7,033) | (3,115) |
| Net cash provided by (used in) investing activities | 16,987 | (5,848) |
| Cash flows from financing activities : | | |
| Increase (decrease) in short-term loans, net | (921) | (244) |
| Proceeds from long-term loans | 110,274 | 76,339 |
| Repayments of long-term loans and obligations under finance leases | (140,191) | (190,309) |
| Redemption of bonds | (3,000) | - |
| Cash dividends paid to non-controlling interests | (849) | (1,124) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (241) | (663) |
| Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation | 4 | 14 |
| Other, net | 78 | (13) |
| Net cash provided by (used in) financing activities | (34,845) | (116,001) |
| Effect of exchange rate changes on cash and cash equivalents | 2,527 | 9,705 |
| Net increase (decrease) in cash and cash equivalents | 18,066 | 114,314 |
| Cash and cash equivalents at beginning of the year | 111,933 | 130,001 |
| Increase in cash and cash equivalents arising from initial consolidation of subsidiaries | 1 | 1 |
| Cash and cash equivalents at end of the period | 130,001 | 244,316 |

Segment information

Year ended March 31, 2021

(Millions of yen)

| | Dry bulk | Energy resource transport | Product logistics | Other | Total | Adjustments and eliminations | Consolidated |
|---|----------|---------------------------|-------------------|--------|---------|------------------------------|--------------|
| Revenues | | | | | | | |
| Operating revenues from customers | 181,983 | 77,641 | 339,667 | 26,193 | 625,486 | - | 625,486 |
| Inter-group revenues and transfers | 34 | 3 | 12,965 | 46,997 | 60,001 | (60,001) | - |
| Total revenues | 182,018 | 77,645 | 352,632 | 73,190 | 685,487 | (60,001) | 625,486 |
| Segment profit (loss) | (9,136) | 1,071 | 104,545 | 1,084 | 97,565 | (8,066) | 89,498 |
| Segment assets | 201,962 | 244,374 | 478,027 | 57,548 | 981,912 | (7,303) | 974,608 |
| Depreciation and amortization | 15,378 | 11,897 | 14,878 | 1,490 | 43,646 | 222 | 43,869 |
| Interest income | 120 | 208 | 206 | 82 | 618 | (76) | 541 |
| Interest expenses | 2,945 | 3,657 | 2,738 | 60 | 9,401 | 655 | 10,056 |
| Equity in earnings (loss) of unconsolidated subsidiaries and affiliates | 7 | 283 | 117,956 | (81) | 118,165 | - | 118,165 |
| Investments in subsidiaries and affiliates accounted for by the equity method | 419 | 27,335 | 202,379 | 4,080 | 234,215 | - | 234,215 |
| Increase in vessels, property and equipment, and intangible assets | 24,507 | 2,656 | 16,115 | 2,127 | 45,407 | (75) | 45,332 |

Year ended March 31, 2022

(Millions of yen)

| | Dry bulk | Energy resource transport | Product logistics | Other | Total | Adjustments and eliminations | Consolidated |
|---|----------|---------------------------|-------------------|--------|-----------|------------------------------|--------------|
| Revenues | | | | | | | |
| Revenues from contracts with customers | 271,352 | 84,295 | 374,369 | 10,489 | 740,506 | - | 740,506 |
| Other revenues | 5,126 | 5,431 | 5,827 | 91 | 16,476 | - | 16,476 |
| Operating revenues from customers | 276,478 | 89,726 | 380,196 | 10,580 | 756,983 | - | 756,983 |
| Inter-group revenues and transfers | 17 | 12 | 13,603 | 50,924 | 64,457 | (64,457) | - |
| Total revenues | 276,496 | 89,738 | 393,699 | 61,505 | 821,440 | (64,457) | 756,983 |
| Segment profit (loss) | 23,744 | 4,766 | 640,814 | (106) | 669,219 | (11,715) | 657,504 |
| Segment assets | 372,585 | 182,867 | 981,765 | 45,514 | 1,582,732 | (7,772) | 1,574,960 |
| Depreciation and amortization | 15,559 | 10,338 | 16,232 | 481 | 42,611 | 210 | 42,821 |
| Interest income | 104 | 349 | 201 | 39 | 695 | (23) | 671 |
| Interest expenses | 2,181 | 4,005 | 3,968 | 31 | 10,187 | 118 | 10,305 |
| Equity in earnings (loss) of unconsolidated subsidiaries and affiliates | 48 | 2,445 | 638,344 | 154 | 640,992 | - | 640,992 |
| Investments in subsidiaries and affiliates accounted for by the equity method | 498 | 31,213 | 629,559 | 4,340 | 665,611 | - | 665,611 |
| Increase in vessels, property and equipment, and intangible assets | 15,251 | 4,616 | 22,509 | 526 | 42,905 | 537 | 43,442 |