



Medium-term Management Plan

May 9th, 2022



Devising the New Medium-Term Management Plan

Preparing a new Medium-Term Management Plan to earn even greater trust from all stakeholders by digesting/facing management stage transition head-on

- Maintaining awareness of new management issues arising from changes in the business environment in and outside of the company
 - As financial position has dramatically been improved, the key to improving corporate value going forward will be to make effective use of capital and growth strategies based on optimized capital structure.
 - While responding effectively to changes in the business environment in the short and medium term, it will become increasingly important for the company to dramatically reduce carbon emissions and help achieve a low-carbon/decarbonized society over the long term, as part of its management approach.
- The “K” LINE Group’s vision was clarified through careful discussions based on multiple perspectives, and a new Medium-Term Management Plan was created
 - To determine the direction of “K” LINE’s corporate management in a new management stage, Measures were investigated over six months to improve corporate value through group-wide projects.
 - The best capital and shareholder return policies were investigated based on objective recommendations from third-party experts.

Objective of the “K” LINE Group

New Medium-term Management Plan (5 years)

Evaluation of Management Plan in FY2021

Policy under the Management Plan in FY2021	Results	Issues for improvement	
Refining our Four-pillar Business	<ul style="list-style-type: none"> Continuing to our fleet optimization in line with plans, prioritizing stable earnings and selectivity in investment and rigorous pursuit of efficiency in vessel allocation Improve revenue by fortifying our ability to provide clients with new ideas Attained profitability in all segments 	<ul style="list-style-type: none"> Completed structural reforms by eliminating unprofitable vessels and withdrawing from underperforming businesses Boosted profitability by improving vessel allocation efficiency Attained profitability in all segments 	Clarifying the growth strategy and actively making proposals to customers
Accelerating business development abroad, particularly in Asia	<ul style="list-style-type: none"> Developing a global business, especially in growth markets such as Asia Collaboration with global partners, leveraging our group network 	<ul style="list-style-type: none"> Devised a plan to consolidate energy transportation vessel management functions in Singapore and completed system development Promoted new projects such as LNG business projects outside Japan Began managing Singapore’s first LNG bunkering vessel 	Toward the execution phase after this fiscal year
Venturing into new business areas	<ul style="list-style-type: none"> Renewable energy area Foundation of JV company regarding offshore wind power generation in Japan Building a system that utilizes low-carbon/decarbonization related technologies to reduce and eliminate carbon emissions for the company and society 	<ul style="list-style-type: none"> Launched various projects including support vessel business for offshore wind power installations, through the launch of “K” Line Wind Service, Ltd. Built an organizational structure and promoting group-wide activities to support the company and society in achieving low-carbon/zero-carbon emissions 	Set environmental strategies and investment targets under the new Medium-Term Management Plan and promote practical activities toward the targets.
Achieve Further Competitiveness in Containership Business	<ul style="list-style-type: none"> “K”LINE, as a shareholder, continue to support ONE as Containership Business is one of our important business. 	<ul style="list-style-type: none"> Continued to provide support and advice from a shareholder standpoint for the realization of ONE’s growth strategy ONE’s business performance has improved significantly and has started paying dividends. 	Clarify the business plan in order for Containership Business to grow further and meet with proper appreciation by stakeholders.
Continuing to expand a stronger financial base	<ul style="list-style-type: none"> Accumulating equity capital and strengthening our financial base 	<ul style="list-style-type: none"> Achieved an improved shareholder’s equity ratio, ordinary income of over 50.0 billion yen, and ROE of over 10% 	Appropriate distribution and reinvestment of cash flow, which has recovered significantly due in part to earning improvements in “K” LINE’s own businesses and dividend income from Containership Business.

Challenges remain for realizing growth strategies based on low-carbon/zero-carbon emissions for “K” LINE’s own businesses and for clarifying capital policies to improve corporate value.

Business environment surrounding the "K" LINE Group

■ Changes in the market environment



- Global economic trends such as rising resource prices and inflation
- Separation of economic zones and transformation of supply chains due to geopolitical factors
- Highly unpredictable market conditions and freight market trends
- Soaring demand in emerging countries in Asia and elsewhere

■ Changes in the vessel investment environment



- Even greater awareness of vessel safety and service quality
- Transition from vessels powered by heavy bunker fuel oil to those using alternative fuels
 - Necessity of new shipbuilding investment to benefit from rapidly advancing vessel technologies
 - Increasing importance of operational and management capabilities for alternative fuel vessels
- Rapid changes in global environmental regulations

■ Low-carbon / decarbonized society



- Societal energy mix transformation, including the development of infrastructure for new fuel supply chains
- Increasing demand for low-carbon/decarbonized transport and impact on heavy bunker fueled vessels
- Advances in operation optimization and energy-saving based on digital technologies



In order for the "K" LINE Group to maintain the trust of all stakeholders, we will **focus management resources on businesses that play a leading role in growth**. The aim is to realize low-carbon/zero-carbon emissions for the company and society through the construction and development of **partnerships with customers who can share growth opportunities**. We are looking to **promote sustainable growth and improve our corporate value**.

New 「Corporate Principle」 「Vision」 「Values the "K" LINE Group prizes」

Corporate Principle

~ **K** trust from all over the world ~

As a logistics company rooted in the shipping industry, we help make the lives of people more affluent.

Vision

As a partner trusted by all its stakeholders, we aim for sustainable growth and greater corporate value by supporting the infrastructure of the global community.

Values the "K" LINE Group prizes

- Providing safe and optimized services that put the customer first.
- Tireless attitude toward problem solving
- Providing the value only "K" LINE can in pursuit of expertise
- Relentless efforts to achieve innovation
- Contributing to the global environment and a sustainable society
- Respecting individuals and ensuring fair business activities by embracing diverse values



Promoting low-carbon/zero-carbon emissions for the company and society while enhancing our corporate value



Concentration of management resources on organizational roles that drive growth



Partnerships with customers who can share growth opportunities

Long-term Management Vision of "K"LINE Group

As part of efforts to maintain sustainable growth and enhance corporate value, we are committed to smoothly switching to other forms of energy for our company and society. We will promote the realization of a low-carbon / decarbonized society.

Promoting low-carbon/zero-carbon emissions for the company and society by enhancing the specialized functions that represent "K" LINE Group strengths

Environment·
Technology

Safety·Ship quality
management

Promoting
Digitalization

Working with customers to respond to changes in the business environment and to needs in the energy mix transition

Heavy oil Fueled Vessels

LNG Fueled
Vessels



Zero carbon
emission
Vessels



Image of Profitability

Concentration of management resources on businesses that can drive growth and leverage "K" LINE strengths

Containership Business

"K"LINE Own Businesses

Businesses as a role of driving growth

2022

Medium-term
Management Plan Period

2026

2030

2050

Measures for improvement of corporate value

Customers

Shareholders

Stakeholders

Further growth and Improvement of Corporate Value

"K" LINE own Businesses

- Capturing new demand from low-carbon/zero-carbon emissions
- Portfolio Strategy
- Focusing management resources on businesses as Coal and Iron Ore carriers, LNG carriers and Car carriers

Further enhancing business management

Containership Business

- One of main businesses
- Continued to provide support from a shareholder standpoint

Improving corporate value by business growth and optimal capital structure

Establishing optimal capital structure with awareness of cash flow to achieve capital efficiency and financial stability

Safety quality

Environment technology

Promoting Digitalization

Human Resources

Contributing to a low-carbon/decarbonized society: Activity guidelines for reducing greenhouse gas emissions

Setting "K" LINE goals that exceed IMO targets and promoting activities to reach low-carbon/zero-carbon emissions for the company and society

Present performance and planning

Target for 2030

Target for 2050

Steady progress toward achieving "K" LINE targets for 2030

• "K"LINE Low-carbon/decarbonization

- Expanding adoption of LNG-fueled ships and introducing zero-emission vessels such as those powered by ammonia and hydrogen fuel
- Utilizing automatic kite systems Seawing
- Further streamlining operations with K-IMS, an integrated vessel operation and performance management systems, and other measures

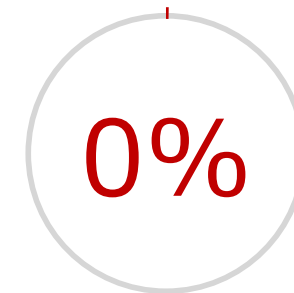
• Low-carbon/decarbonized society

- Offshore support vessel business for offshore wind power installations
- Participating in hydrogen and ammonia transport business/ hydrogen and ammonia-fueled vessel, constructing fuel supply networks, and the like

Aiming for CO2 emissions efficiency improvement of 50%, surpassing the IMO target of 40% (compared to 2008)



Taking on the challenge of net-zero greenhouse gas emissions, surpassing the IMO target of halving total emissions



• Promoting the development and expansion of new businesses that contribute to a low-carbon/decarbonized society

• Supporting customers' energy mix transformation aimed at low-carbon/zero-carbon emissions

■ Highly regarded by third parties

- Included in the CDP "A List" for climate action leadership for six consecutive years: Only two shipping companies in the world have made this list
- SBT certification: Only two Japanese shipping companies have obtained this certification



KPIs for Business Management

Utilizing management indicators to maximize corporate value

ROE

ROE sustainably
achieve more than
10%

Profitability Target

Profitability of "K"LINE
own businesses will be
the same as that of
Containership Business in
FY26

Ordinary Income :
140.0 billion yen

Optimal Capital Structure

Achieve a good
balance between
optimization of capital
efficiency and
financial strength
which allows strategic
fundings

Policy of Shareholders' return

400.0-500.0 billion yen in the period of this Medium-term management plan

To promote shareholders' return, including share buyback regarding excess of appropriated equity capital, by awareness of the optimal capital structure, securing of investment (required) to enhance corporate value, and strengthening the stability of financial basis.

Portfolio Management

Redefining the Group's business portfolio to achieve well-balanced resource allocation according to the characteristics of each business

	"K"LINE Own Businesses			Containership	New
	Role of driving growth	Role of supporting smooth energy source conversion and taking on new business opportunities	Role of contributing by enhancing profitability	Role of supporting the business as a shareholder and stabilizing the earning base	Expansion of new businesses in fields where "K" LINE can utilize its strengths
Earnings growth potential	Growth	Stability	Stability~ Growth	Growth	Stability~ Growth
Partnerships with firms that can share growth opportunities	Deepening partnerships with key customers	Deepening partnerships with key customers	Building relationships with a wide variety of clients	Building relationships with a wide variety of clients	Deepening partnerships with key customers

AGENDA

Objective of the “K” LINE Group

New Medium-term Management Plan (5 years)

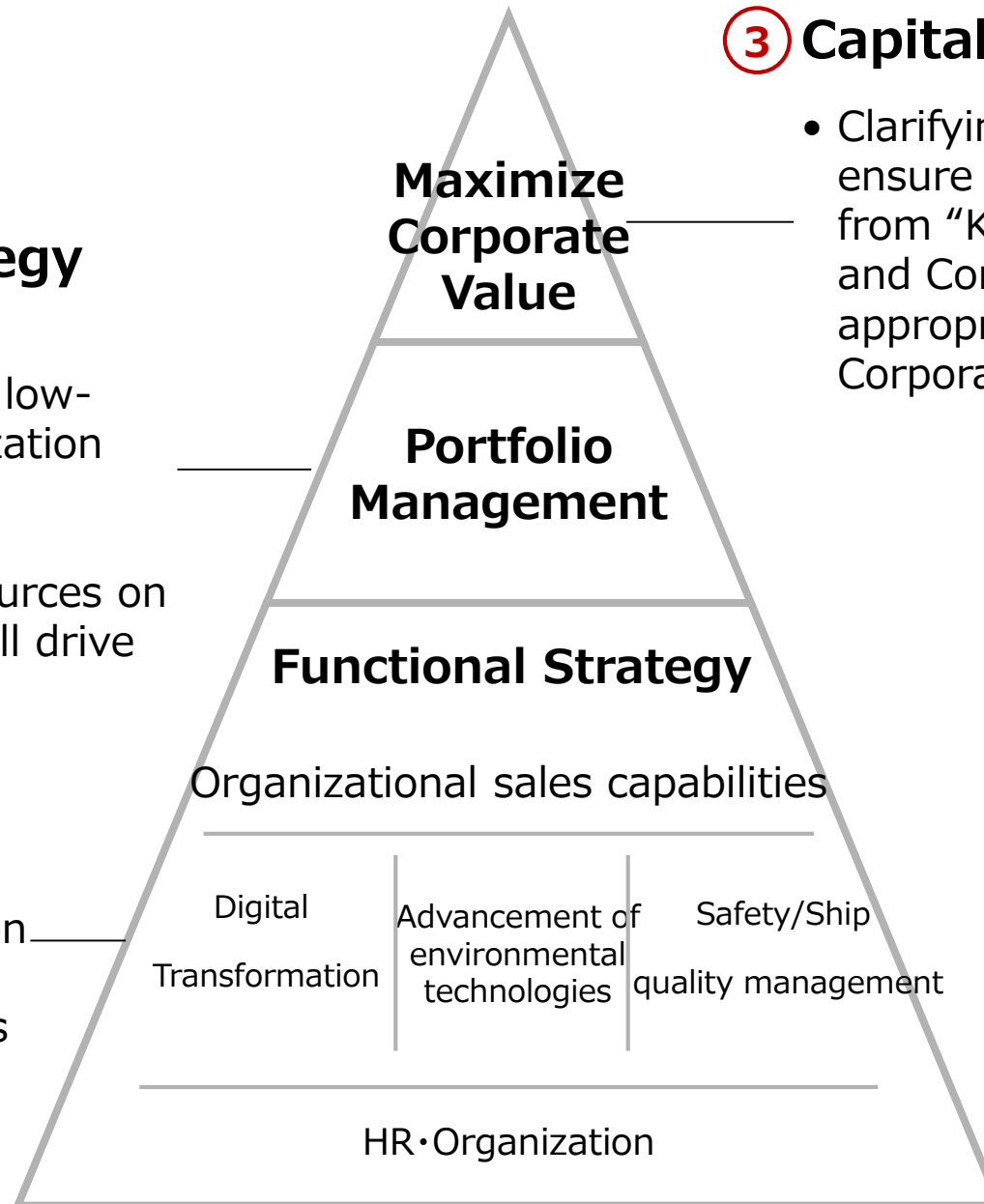
Key points of the 2022 Medium-Term Management Plan

① Business Strategy

- Devising a growth strategy based on low-carbon/decarbonization measures and concentrating management resources on businesses that will drive growth

② Business Base

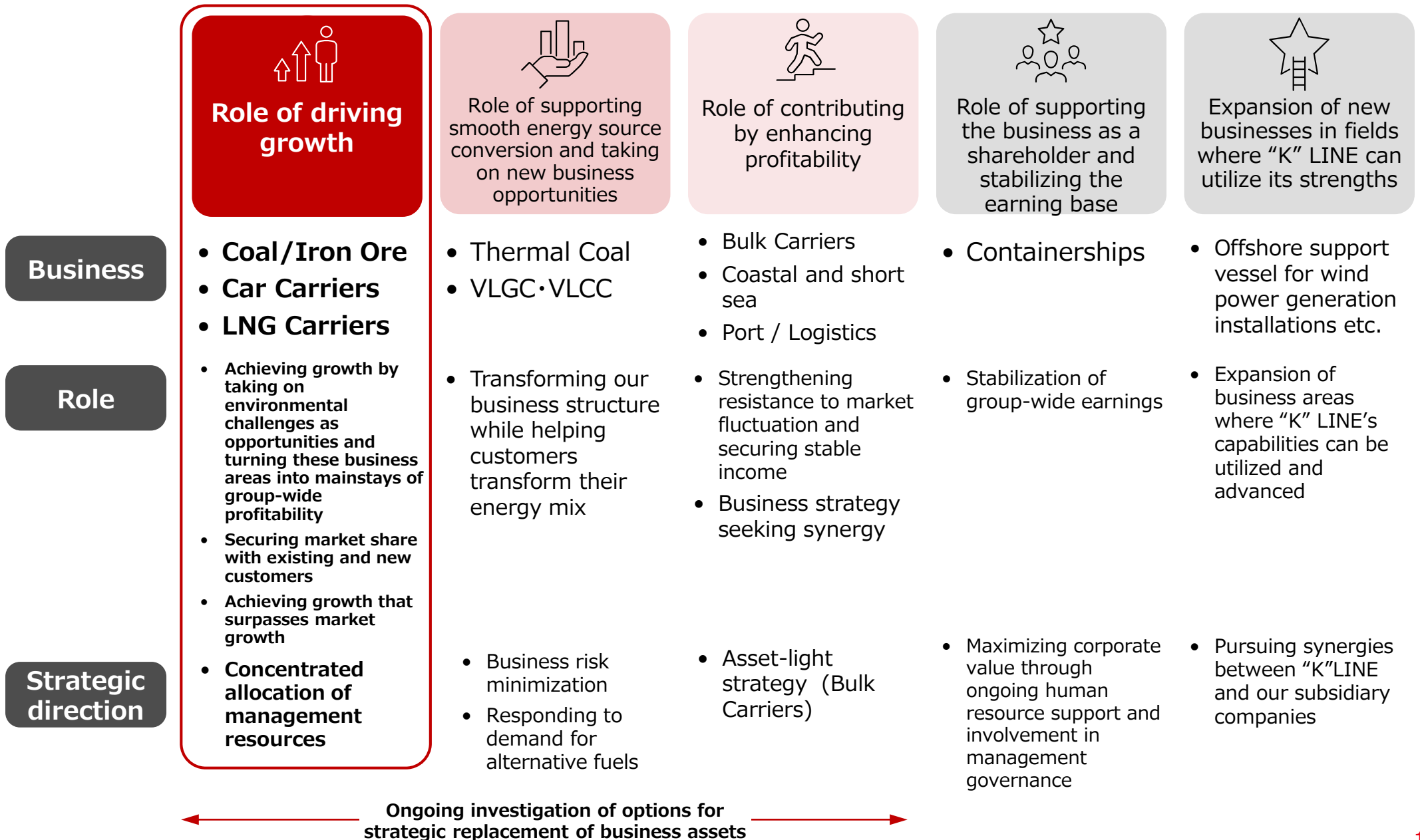
- Building a solid business foundation to achieve the business strategies



③ Capital Policy

- Clarifying the capital policy to ensure that the profits earned from “K” LINE’s own businesses and Containership Business are appropriately reflected in the Corporate Value

1 Group-wide strategy: Portfolio business classification based on the new Medium-Term Management Plan



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

Enhancing business base and revenue sources by customer-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



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

Measures

- Expanding share of high and heavy cargoes transport among customers
- 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.



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.



① Role of supporting smooth energy source conversion and taking on new business opportunities : Path toward conversion of businesses related to Thermal Coal Carriers, VLGCs and VLCCs

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

Measures for
improving
profitability
and business
conversion

- Continuing efforts to maintain and improve high service quality and technology even during the transitional energy mix conversion period
- **Supporting energy mix conversion through proactive sales proposals and by capturing new energy transport demand**
- Along with the above, **maintaining management and operation systems to meet new demand** for ammonia and other fuel transport

Resources

- Vessels : **Developing a fleet capable of transporting new energy fuels** based on customer needs
- HR : **Maintaining and enhancing the capabilities of crew members for the transport of new energy**

① Role of contributing by enhancing profitability : Profitability Growth for Bulk Carriers, Short Sea and Coastal ship, Port and Logistic Businesses

Maintaining stable income by thoroughly utilizing current assets

Direction
of
Business

Measures
•Policy

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
- **Strategically lightening asset ownership** by aligning contract periods with vessel chartering periods
- **Expanding asset management and business sites in Singapore** and enhancing access to future growth markets such as Southeast Asia, India, and the Middle East
- Reducing environmental impact by optimizing navigation using K-IMS*

Short sea and Coastal/Port/Logistics

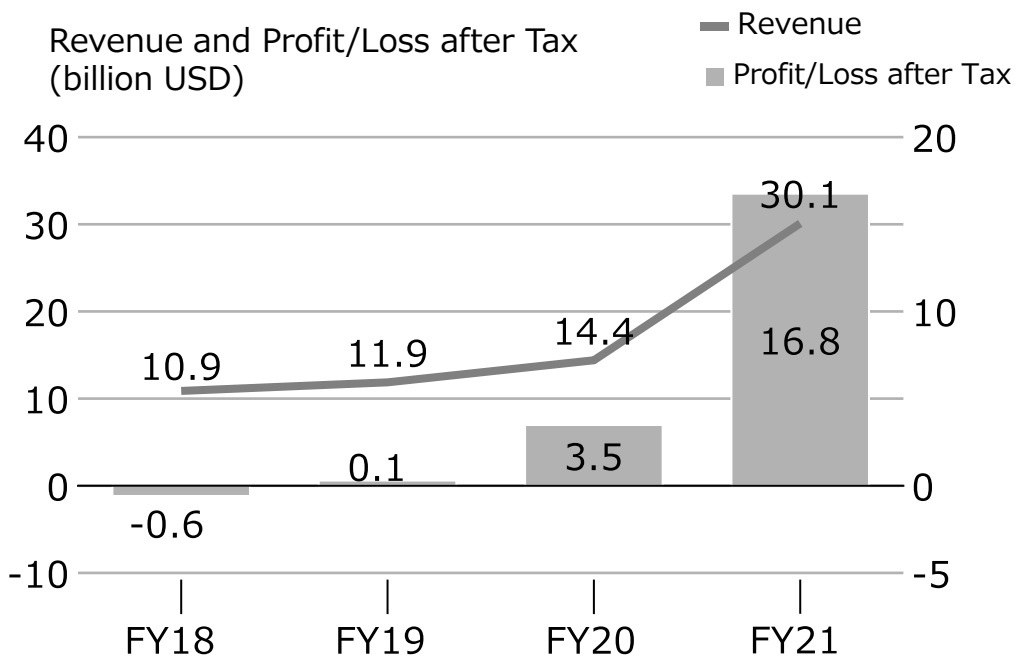
- **Boosting synergies between affiliated companies by utilizing their strengths, including Kawasaki Kinkai Kisen, which is now a wholly-owned subsidiary**
- **Pursuing synergies with businesses that can drive growth**
- **Short Sea and Coastal :**
 - Strengthening the business by the collaboration with the logistics division of “K”LINE and accelerating the modal shift in Japan as a center of “K”LINE Group against stricter domestic environment and labor regulations.
 - To provide multilayered services both in Ocean and Coastal routes by deepening the collaboration with both Dry Bulk and Energy Resource Transport Businesses
- **Port•Logistics :** Pursuing synergies with businesses that can drive growth and affiliated companies. Enhancing and expanding the Automotive Logistics Business, which has been developed on the local level

① Role of supporting the business as a shareholder and stabilizing the earning base : Containership Business

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

■ Highlights of ONE's business performance

- ONE has realized a significant increase in earnings
 - Securing advantages of scale by integrating three companies and strengthening competitiveness through agile operations
 - Improving freight market conditions resulting from strong cargo demand and supply chain disruptions

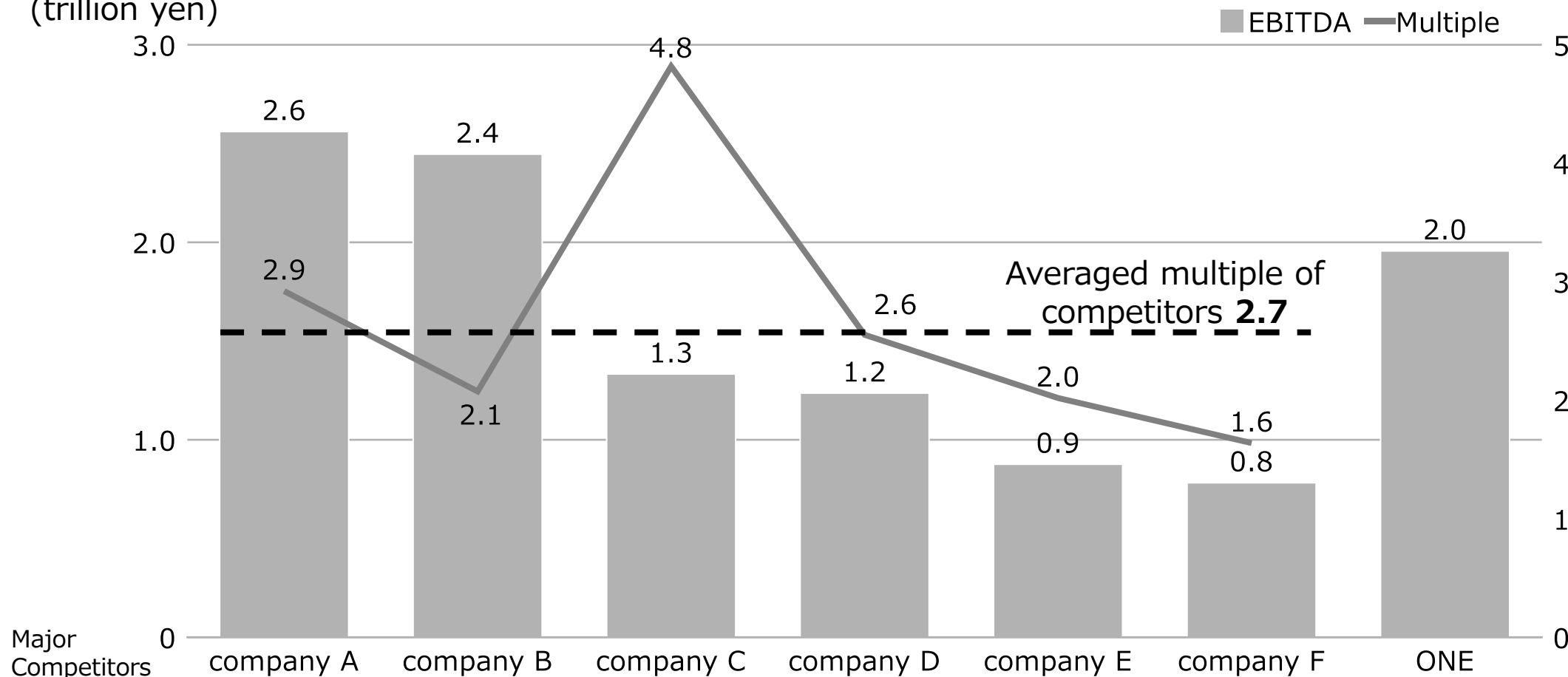


■ Importance of ONE in the “K” LINE Group Medium-Term Management Plan and contribution to ONE as a shareholder

- Containership is an important business segment for the “K” LINE Group
 - Dividend distribution to shareholders is also to begin, accounting for about 80% of earnings during the Medium-Term Management Plan (fiscal 2022-26 cumulative ordinary income)
 - Contributing to the “K” LINE Group's earnings going forward through sustainable growth by transport demand that is expected to continue expanding
- Providing support and advice as a shareholder for the sustainable growth and development of ONE
 - **Governance** : Capital Efficiency for improving corporate value and Management with awareness of ROE
 - **HR support** : Supporting the company by providing human resources for both senior management and operations
 - **IR** : Providing communications to ensure that ONE's corporate value can be appreciated by stakeholders

① (Reference) EBITDA·Multiple of Major Containerships companies and ONE

EBITDA of Major Containerships companies in FY21*
(trillion yen)



Major Competitors	company A	company B	company C	company D	company E	company F	ONE
Market Capitalization (End of 2021, trillion yen)	7.5	5.1	6.4	3.2	1.8	1.3	N/A

*Figures for each company were based on CAPIQ. Exchange rate was 116yen per U.S. dollar in the end of 2021 as TTS rate.

① Expansion of new businesses in fields where “K” LINE can utilize its strengths

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

■ Policy

- Further developing our widely recognized environmental response capabilities and focusing on initiatives for the acquisition of new strengths by leveraging unique “K” LINE Group capabilities
 - Support Vessel Business for offshore wind power installations and other renewable energy facilities
 - Fuel Conversion Business (building LNG supply chains)
- Bringing together the expertise of the “K” LINE Group based on collaboration among environmental activity departments

Fuel Conversion Business



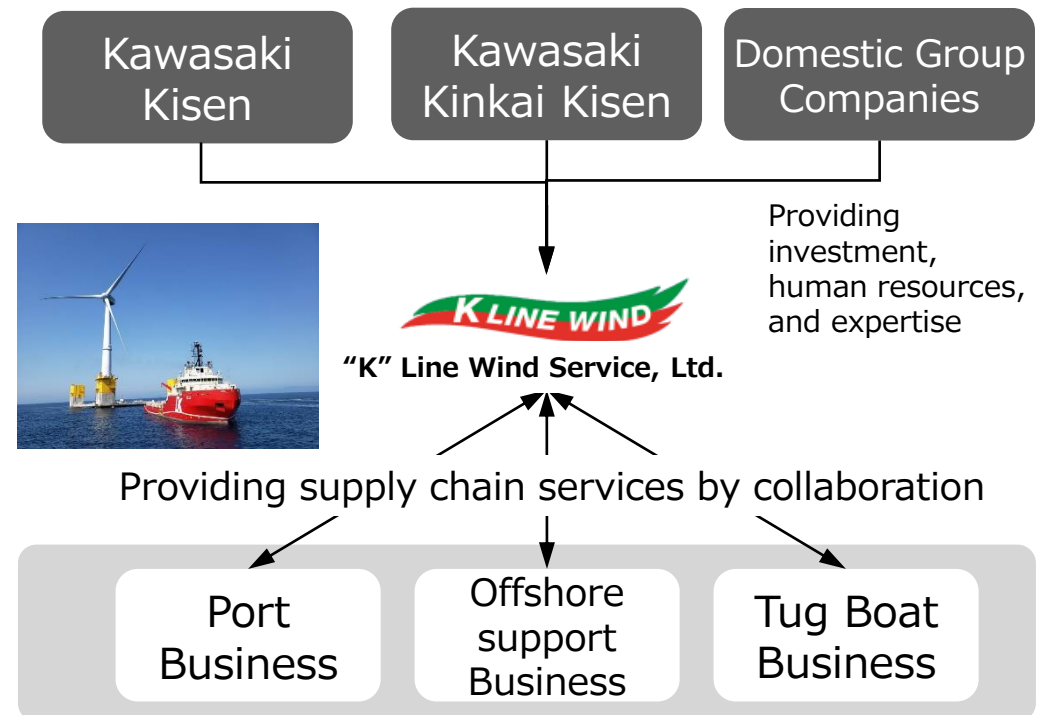
3,500m³ type of LNG Bunkering Vessel [Kaguya]
(Japan's First LNG Bunkering by ship-to-ship *Provided by CLMF)



7,500m³ type of LNG Bunkering Vessel [FUELNG BELLINA]

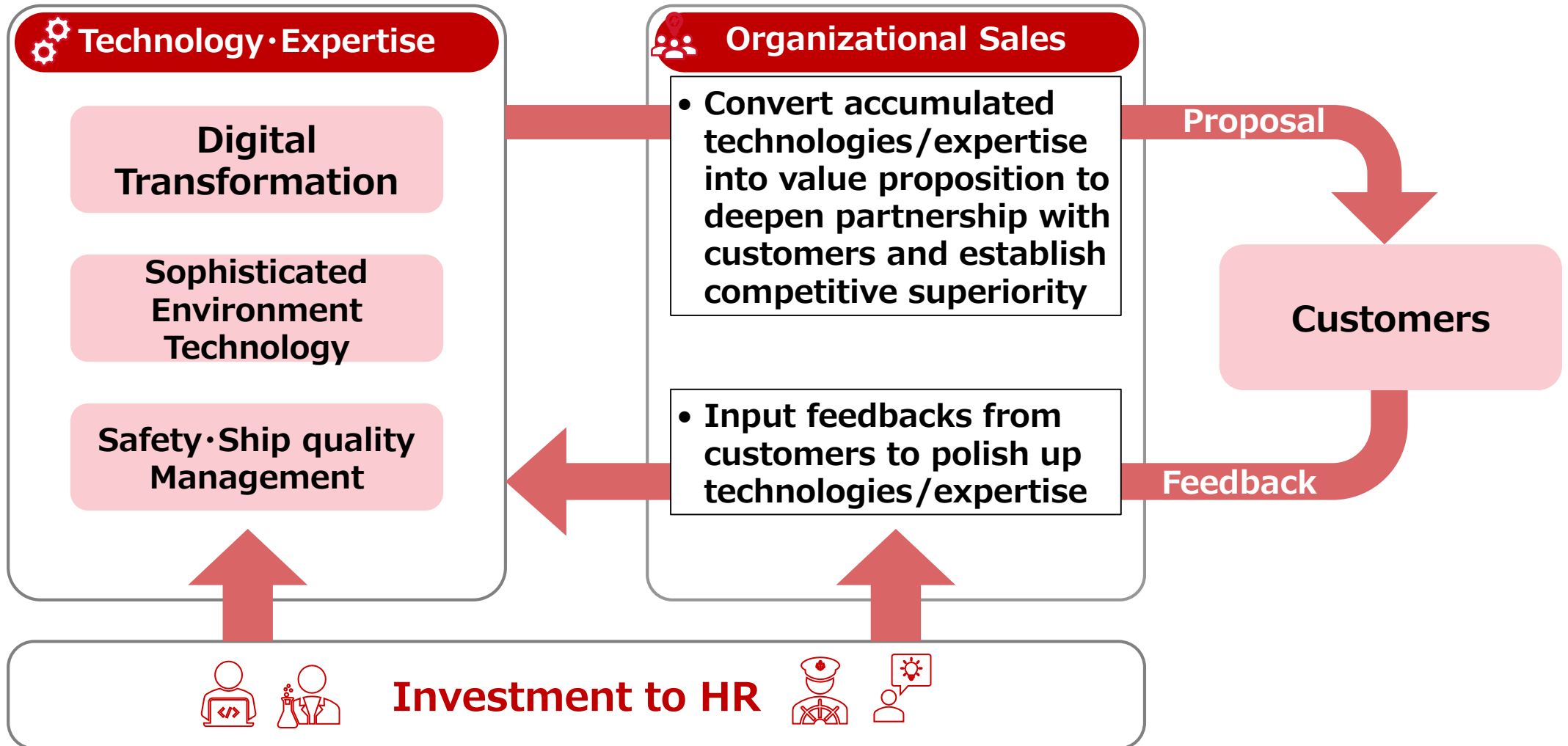
■ Initiatives at present

- Further enhancing the Group's comprehensive capabilities by making Kawasaki Kinkai Kisen a wholly-owned subsidiary
- Next-generation operations including support vessel service by “K” Line Wind Service, Ltd. (KWS) for wind power generation installations



② Business Base : Big picture of Functional Strategy

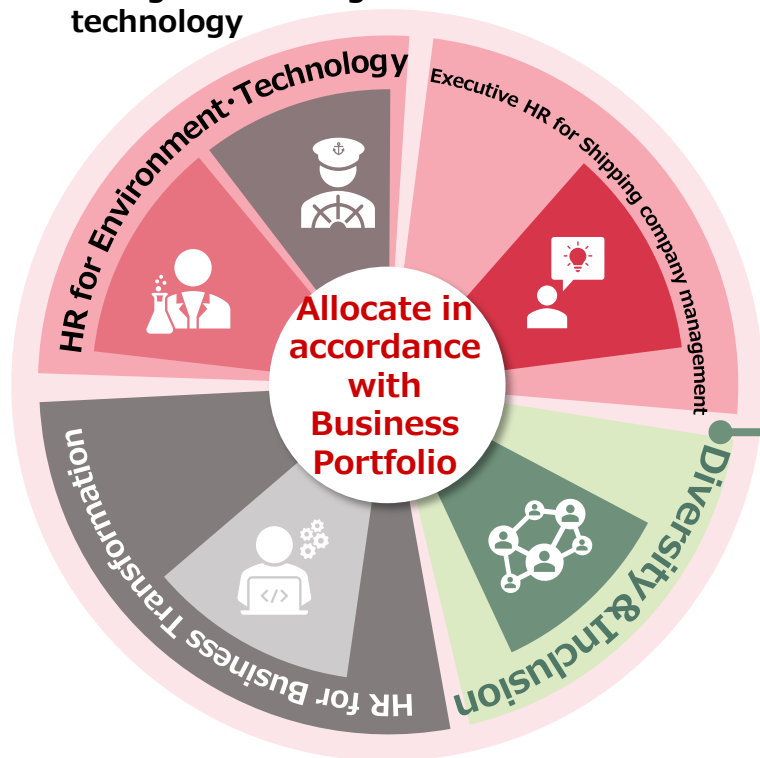
Through organizational sales, polishing up technologies/expertise that only K Line Group can provide and convert them into value-added that matches to customer-specific needs



② Investment to HR: Develop and Secure Expertized HR X Diversity

While embracing diverse values, securing the quality and quantity of human resources for each business portfolio

- Hiring and developing executive human resources with expertise in shipping company management and accelerating business growth
- Hiring and developing human resources with environmental technology expertise and continually providing customers with industry-leading safety and service quality
- Hiring and training human resources for business transformation, and promoting this transformation by utilizing digital technology



Embracing diverse values: Diversity is the source of competitiveness

- The “K” LINE Spirit (Independence and Autonomy, Broad-Mindedness, and an Enterprising Spirit) forms the basis of each member’s individual strength, which is then brought together through teamwork and fused into organizational strength
- In an effort to ensure diversity, recruitment is already being promoted without preference to any gender or nationality. Through mid-career hiring, we can acquire fresh perspectives, and after these hires join the company, we try to keep them on the same career path, to create a sense of unity. To expand female organizational participation, we are aiming to have women in at least 15% of managerial positions within five years (a little over 30% of new graduate hires have been women over the past three years).

Improving corporate value

Enhancing the partnership with customers

Focusing on the role driving our growth

② Digital Transformation

Further advancing the digitalization of information and administrative processes as well as vessels, enhancing the core values of safety, environmental conservation and quality through the utilization of data and digital technology, and increasing the added value of our services to further strengthen competitiveness

■ Improvement on business/operational process and enhancement of Safety/Environment/Quality by digitalization with focuses on safe operation supporting system, initiatives for digitalization of vessel, DX on onshore office, work style reform on board and autonomous navigation.

Promoting visualization and information sharing

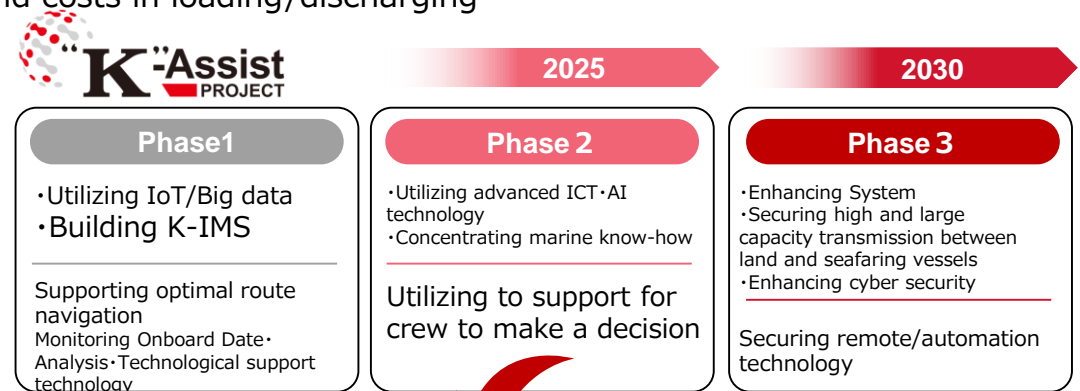
- Deepening the partnerships with “K”LINE Group customers through sharing and visualizing of cargo information and the situation of CO2 emission and sharing it with them

Optimization of Loading/Discharging (Car Carrier, Dry bulk etc)

- Promoting to improve of safety and optimization in loading/discharging by analyzing and reviewing of working process during loading/discharging by onboard crew through utilizing IoT equipment and AI technology
- Contributing the reduction both of lead time and costs in loading/discharging

Initiatives for Reforms to Onboard Workstyles and automated ship navigation (each type of vessel)

- To secure remote/automated control technology by strengthening both onboard and ship-to-shore telecommunication systems and developing the support system of decision making by onboard crew
- Contributing to improve safety quality, optimize crew management and ship management



Certified by Japan's Ministry of Economy, Trade and Industry in April 2022 under the Digital Transformation (DX) Certification initiative *



Starts Joint R&D on Integrated Navigation Support System Using AI and Other Cutting-edge Technologies

Initiatives for Phase 2	Development Schedule				
	2021	2022	2023	2024	2025
Supporting watching and navigation	R&D		Trial		Operation
Supporting safe berthing/unberthing		R&D		Trial	
Optimal route control in sea area			Navi system Update		Operation
Supporting engine plant operation	R&D			Trial	Operation

*The Digital Transformation (DX) Certification system was created based on Japan's Act on Facilitation of Information Processing. The system certifies companies deemed ready to promote digital transformation: They have met the basic requirements specified in the Digital Governance Code, which summarizes the actions business managers need to take to facilitate the digital transformation of society.

② Environment/Technology, Safety/Ship Quality Management



Environment Technology

■ Continuing initiatives to pursue new technologies while also enhancing measures for technology investigation and verification in preparation for implementation

- Expanding adoption of energy-saving technologies such as Seawing kite systems to lower “K” LINE emissions and decarbonize the company while developing new energy-saving technologies
- Rebuilding our integrated vessel operation and performance management systems (K-IMS), including further development of automated operations and adoption of Bearing’s AI technology
- Developing fuel supply networks for LNG and ammonia, as well as drop-in biofuels and other fuels.
- We have jointly developed a new concept of LNG fueled battery energy saving bulk carrier and have received Approval in Principle (AIP) from Class NK.

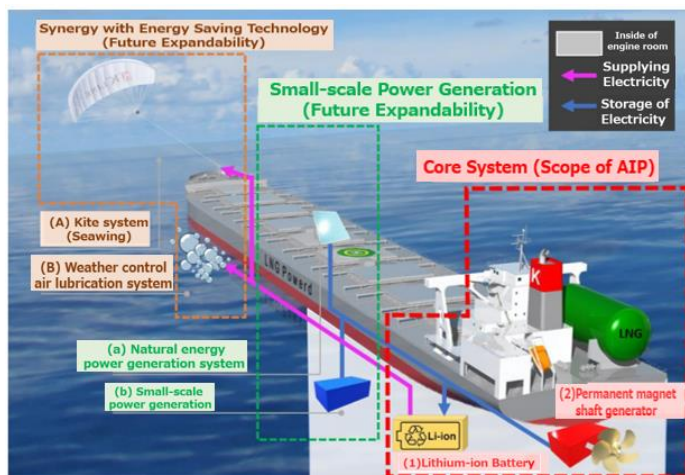


Image of Next-Generation Dry Bulk Carrier



Safety·Ship quality Management

■ Enhancing organization system which covers safety and quality management both world-wide marine transport businesses and regional businesses (LNG bunkering business, support business for wind power generation installations)

- Development of ship quality management system by 3sites as U.S., Europe and Singapore
- Development of monitoring Safety navigation and engine diagnosis center utilizing K-IMS
- Development of local-based customer support system customers by each site as regional head



Introduce of “K”ARE program ensuring safety in navigation



Promoting installation of Seawing to each type of vessel



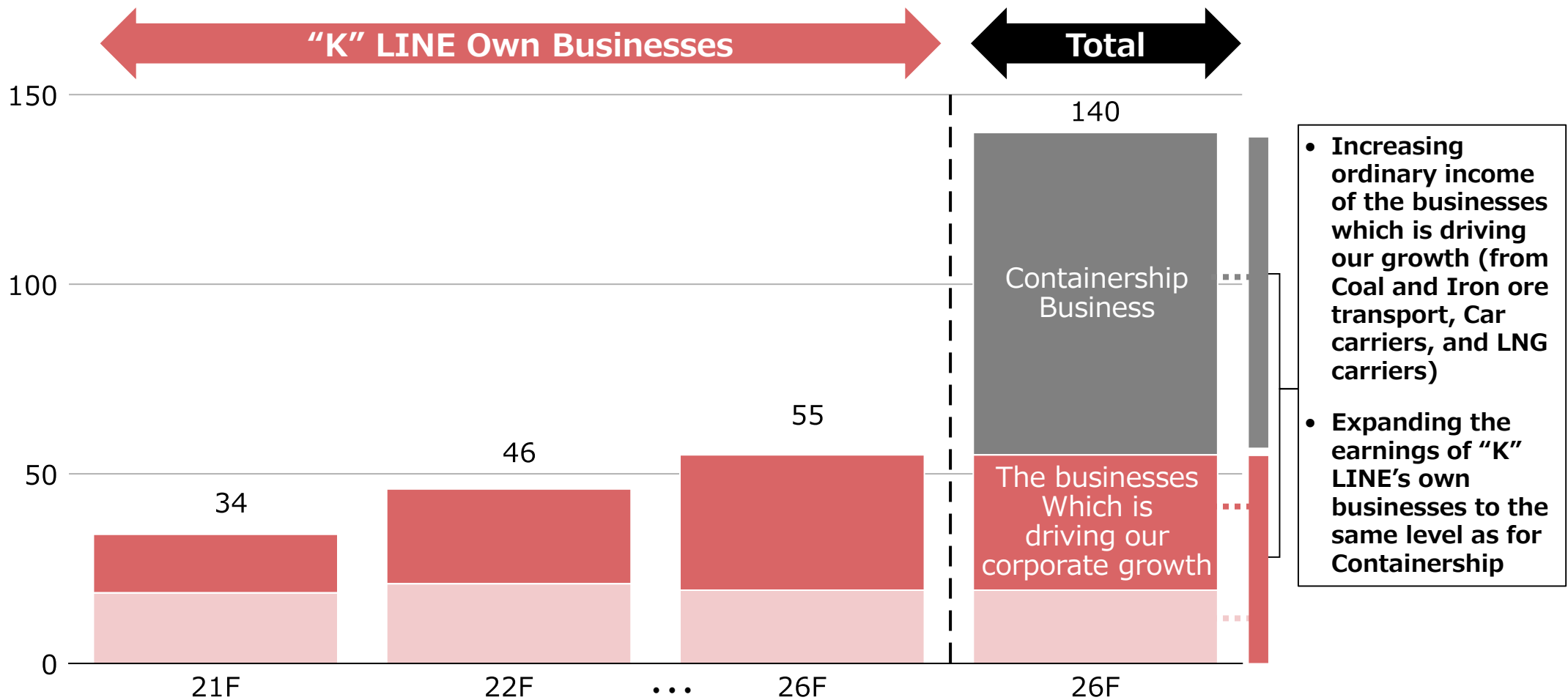
Seawing onboard trial

*Bearing AI : Artificial intelligence (AI) technology provided by Bearing. Bearing is a venture-capital company offering AI for the maritime industry. It provides access to the world’s most advanced AI technologies and provides highly accurate data analysis services.

③ Profitability Targets

Treating low-carbon/decarbonization transformation as business opportunities, promoting expansion of growth-driver businesses, and expanding the earnings of “K” LINE’s own Businesses to the same level as for Containership Business.

Ordinary Income (billion yen)

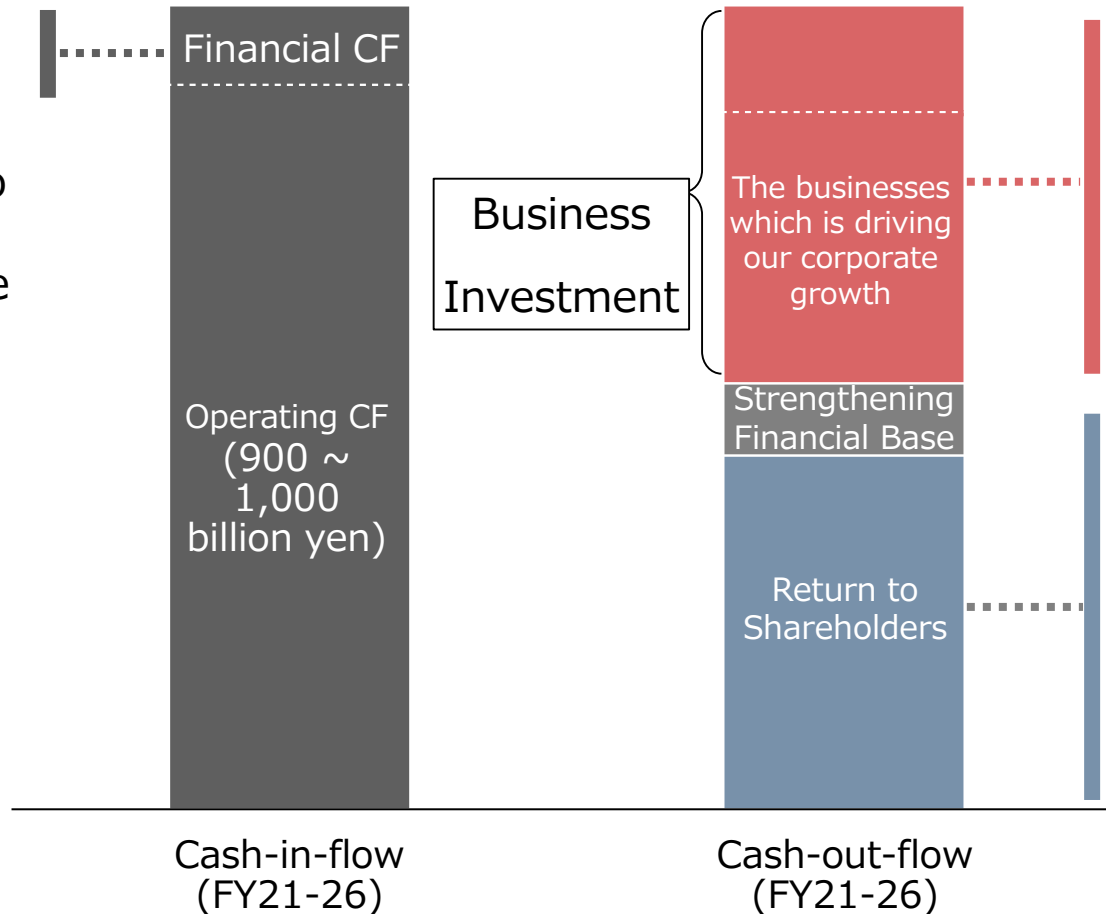


③ Cash Allocation

Strategically executing growth investment and optimizing capital efficiency that takes advantage of anticipated changes in the business environment over the medium and long term based on the optimized capital structure, and allocating resources for maintaining and improving the financial base and shareholder returns

■ Breakdown of Cash allocation

Making appropriate use of debt and equity capital to optimize the capital structure



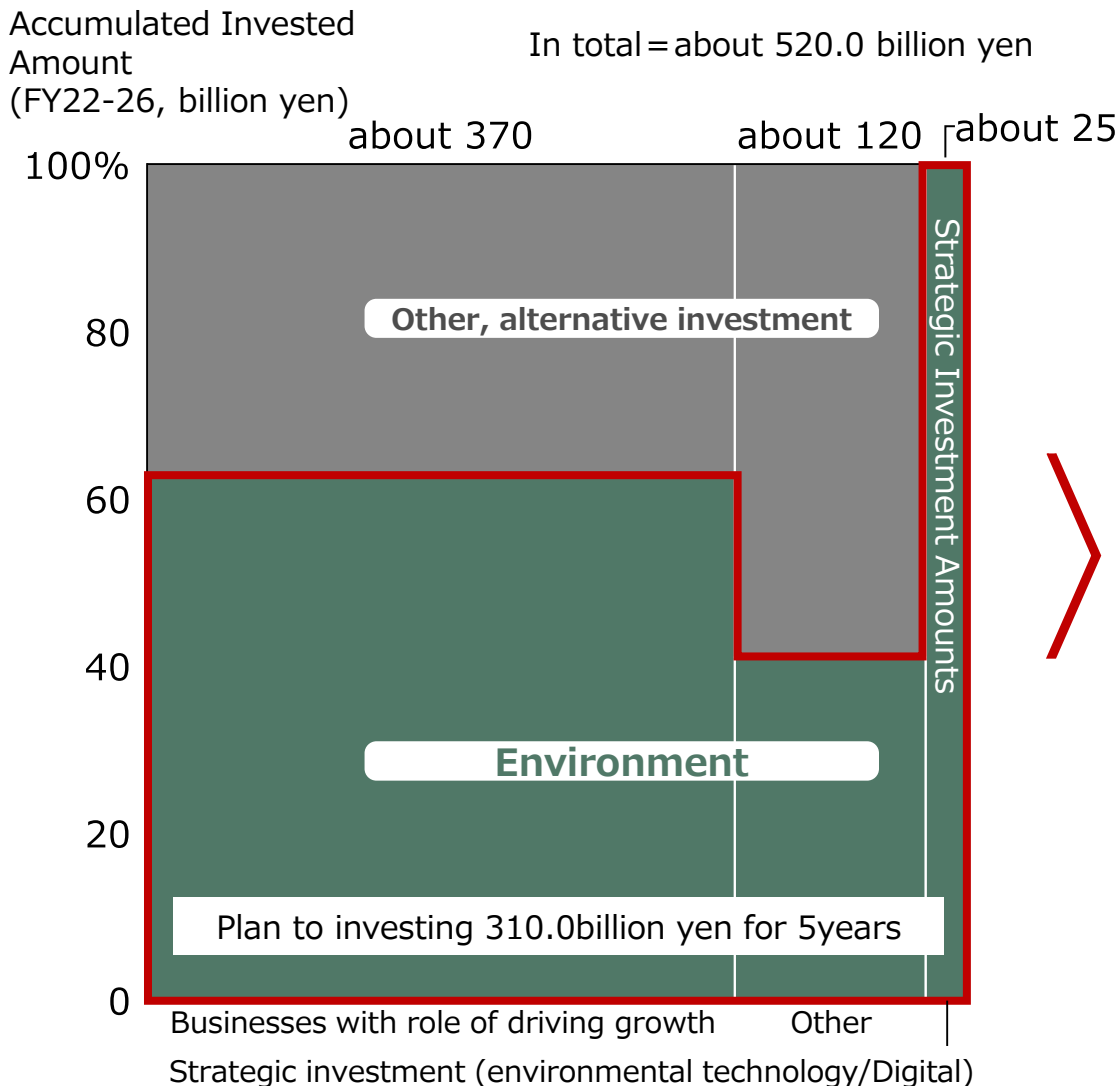
Investing in business opportunities, including measures for low-carbon/decarbonization in the areas of Coal and Iron ore transport, Car carriers, and LNG carriers

Distributing a total of 400.0-500.0 billion yen in shareholder returns during the medium-term plan period (fiscal 2022-26)

- During the first three years (fiscal 2022-24), the business outlook and other factors will be comprehensively evaluated, and additional earnings distribution will be carried out as appropriate through additional dividends and share buy-back
- From fiscal 2025 onward, returns will be distributed using appropriate timing and methods according to fluctuations in operating and investment cash flows.

② An investment plan that focuses on the environment and the role of driving growth

As part of efforts to achieve our long-term management vision, developing a competitive advantage based on low-carbon/decarbonization promotion measures



- Approximately 80% of the investment will be allocated to businesses that drive growth, and more than 60% of the investment will be environmental investment.
- As part of the environmental investment, 275.0 billion yen will go towards "K" LINE's low-carbon/decarbonization measures, and 35.0 billion yen will be used to promote low-carbon/decarbonization measures for society.

"K"LINE Low-carbon/Decarbonization

- Alternative fuel vessels : 250.0billion yen
 - In addition to LNG-fueled vessels, we will start investing in 19 other alternative fuel vessels, such as those powered by LPG and ammonia, and introduce them by 2026.
 - In the first half of 2030, we will expand our fleet of alternative fuel vessels to about 60 and aim to establish a competitive advantage based on environmental performance.
- Environmentally friendly equipment : 25.0billion yen
 - Installation of Seawing
 - Installation of scrubbers and ballast water treatment systems
 - Expanded installation of other environmental technologies

Promoting Low-carbon/Decarbonized Society

- Strategic Investment Amount (Environment technology· Digital) : 25.0billion yen
- New business that promotes low-carbon achievement : 10.0 billion yen

③ Return to Shareholders

In addition to stable dividend distribution, striving to improve shareholder value by providing additional dividends and by share buy-back

- The total amount of returns will be determined after considering the cash inflows and business investment choices for each year and will be disclosed in the annual earnings forecasts.

← FY22 →

FY21 FY22 FY23 FY24 FY25 FY26

Basic dividends

- 300yen/share
- 300yen/Share
- From fiscal 2023 onward, striving to maintain stable dividend distribution and considering further shareholders return.

Additional dividends· Share buy-back

- Dividend : 300yen/Share
- Additional return more than 100.0 billion yen in addition to basic dividends
- Implement Additional dividends/Share Buy-back expeditiously
- Returns will be distributed using appropriate timing and methods according to fluctuations in operating and investment cash flows

Additional dividends·Share Buy-back

Basic dividends

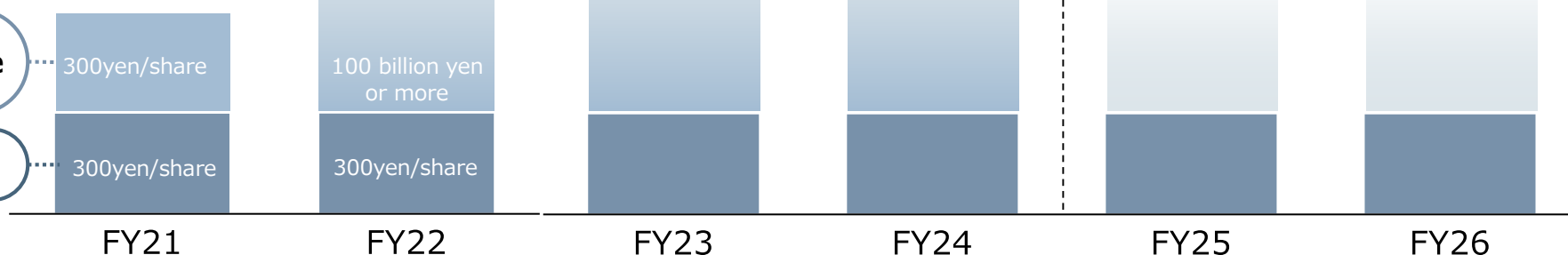


Image of total payout

← FY22 →

To promote shareholders' return, including share buyback regarding excess of appropriated equity capital, by awareness of the optimal capital structure, securing of investment (required) to enhance corporate value, and strengthening the stability of financial basis.

3 Further advancement of business management

Establishing a corporate management system with awareness of capital costs and cash flow for each area by introducing responsible accounting management in each business. Maintaining and enhancing investment discipline by introducing business investment management.

□ Concept of responsible accounting management in each business

Improving cash flow management

- Clarifying the roles of each business and evaluating future cash generation
- Evaluating the earnings (cash-based profit) generated by each business

Improving portfolio management

- Performing executive management and making investment decisions for each business with an awareness of cash-based profits and capital costs
- After appropriately evaluating businesses and assets, taking timely measures such as business replacement

Responsible accounting management for each business

- In addition to regular profit and loss evaluation for each business, evaluating the investment plan and asset management (balance sheet), and forecasting the future cash flow
- Clarifying business management evaluation and responsibilities by improving business-specific executive management

□ Business investment management (preparing vessel investment guidelines for each business)

Preparing investment proposals

- Business investment strategy is set under the Medium-Term Management Plan, and investment priorities are established at the time of budget creation.
- Preparing business scenarios when drafting individual projects

Pre-investment evaluation

- Determining the feasibility of an investment proposal based on quantitative and qualitative evaluation
- Risk response by visualizing uncertain factors and examining investment feasibility

Investment execution

- Ascertaining the progress of investment execution plans

Post-investment evaluation

- Evaluating investment recovery and risk materialization status
- Thorough management of cash flow generating units and efficient responsible accounting management for each business, as well as evaluation of each cash flow generating unit

Summary of New Mid-term Management Plan

- ✓ After improvement of financial strength drastically, “K”LINE arrived at a new phase
- ✓ Improving corporate value through the growth by contributing low-carbon/decarbonization focusing on shipping business
- ✓ Expecting ordinary income 140.0 billion yen in FY26 and Investment scale for 5 years will be 520.0 billion yen
- ✓ Improving profitability both in “K”LINE own businesses and Containership Business
- ✓ Management resources will be allocated to 3 businesses that drive growth based on portfolio strategy
- ✓ Containership is an important business segment for the “K” LINE Group and providing support and advice as a shareholder
- ✓ To be thorough valuation for each business, capital discipline, financial discipline and discipline of investment with awareness of capital costs
- ✓ Building the optimal capital structure and allocating cash focusing on growth investment and shareholder’s return
- ✓ 600yen/share for Year-end dividend in FY2021. The shareholder’s return in FY2022 is planning more than 100.0 billion yen as additional shareholder’s return plus 300yen/share.
- ✓ Assuming a total of 400.0-500.0 billion yen in shareholder returns by FY26 and considering Additional dividends/Share Buy-back expeditiously

【Disclaimer】

Information contained in this material is provided solely for informational purposes and is not an offer or a solicitation of an offer to buy or sell securities.

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.

