(Translation)

NOTICE OF THE 155TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

The 155th term

(From April 1, 2022 to March 31, 2023)

Kawasaki Kisen Kaisha, Ltd.

The amounts are rounded to the nearest 100 million yen when figures are presented in billions of yen or rounded down to the nearest million yen when figures are presented in millions of yen. The foreign currency amounts are rounded down to the nearest unit.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders,

I would first like to express my sincere gratitude to you, our shareholders, for your continued support. I hereby announce the 155th Ordinary General Meeting of Shareholders of Kawasaki Kisen Kaisha, Ltd.

In FY2022 (from April 1, 2022 through March 31, 2023), amid continued normalization of supply chains across the globe as a result of the containment of COVID-19, new risk factors, including Russia's prolonged invasion of Ukraine and growing concern about the US-China conflict, brought about a sharp increase in resource prices and affected the global economy. However, in its own businesses, the Company steadily increased profits. The market conditions for the containership business remained robust, especially in the first half of the fiscal year, resulting in a record profit attributable to owners of the parent of ¥694.9 billion for the second consecutive year.

The five-year medium-term management plan, which started in the current fiscal year, is also making solid progress. We have defined our business areas with marine transportation as our core business, and concentrated management resources on three businesses that play "a role of driving growth," which steadily expand earnings as a pillar of our own businesses. The Company is balancing its contribution to low-carbon/zero-carbon emissions for the Company and society with profitability growth, pursuing growth opportunities through partnerships with its customers, and responding to new transportation demands in line with the energy mix transition. The Company maintains investment discipline: take a restrained approach during favorable market conditions; and develop a strategic approach during unfavorable market conditions. Thus, it aims to further strengthen its resilience to market fluctuations. As to capital policy, the Company has purchased and canceled its treasury stock of approximately ¥89.5 billion, the largest ever. Concurrently, the Company plans to double its annual dividend compared to the previous fiscal year to ¥400 per share (an interim dividend of ¥100 per share and a year-end dividend of ¥300 per share on a post-stock-split basis). With the optimal capital structure always in mind, the Company promotes shareholder return measures based on cash allocation.

In FY2023, we will continue to steadily implement our medium-term management plan to achieve sustainable growth and increase corporate value for the purpose of further enhancing shareholder value. I ask for the continued support of all our stakeholders.

Yukikazu Myochin

Representative Director, President & CEO

(Securities Code: 9107)
June 2, 2023

To our Shareholders:

Yukikazu Myochin
Representative Director,
President & CEO
Kawasaki Kisen Kaisha, Ltd.
8 Kaigan-dori, Chuo-ku, Kobe, Japan

Notice of the 155th Ordinary General Meeting of Shareholders

We are pleased to announce the 155th Ordinary General Meeting of Shareholders of Kawasaki Kisen Kaisha, Ltd. (hereinafter referred to as "the Company"), details of which are set forth below.

If you are unable to attend the meeting in person, please review the after-mentioned "Reference Materials for the General Meeting of Shareholders" and exercise your voting rights in advance either via the Internet, etc. or in writing (by post) in accordance with "Guidance for Exercise of Voting Rights" on page 7. Please ensure that your votes reach the Company no later than 5:00 p.m., Thursday, June 22, 2023 (Japan Standard Time).

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company's website. Please access the website shown below to review the information.

The Company's Website: https://www.kline.co.jp/ir/stock/meeting.html (in Japanese)

In addition, apart from posting matters for which measures for providing information in electronic format are to be taken on the Company's website, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE) and the website of Sumitomo Mitsui Trust Bank. Please refer below.

The Tokyo Stock Exchange website (Listed Company Search):
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show (in Japanese)

(Access the TSE website indicated above, enter "Kawasaki Kisen" in the "Issue name (company name)" or the Company's securities code "9107" in the "Code" and Search. Then select "Basic information" followed by "Documents for public inspection/PR information" and review the information from the "Notice of General Shareholders Meeting/Information Materials for a General Shareholder Meeting" under "Filed information available for public inspection.")

Shareholder Meeting Portal® (Sumitomo Mitsui Trust Bank, Limited)
https://www.soukai-portal.net (in Japanese)

Please scan the QR Code on the Voting Rights Exercise Form or access the above URL and enter your ID and password.

1. Date and time: 10:00 a.m., Friday, June 23, 2023 (Japan Standard Time)
(Reception desk scheduled to open at 9:00 a.m.)

2. Location: Iino Hall, 4th floor, Iino Building,
1-1, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

3. Agenda:

Matters to be reported:

Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and Audit Reports by the Accounting Auditor and the Audit & Supervisory Board on the Consolidated Financial Statements for the Fiscal Year from April 1, 2022 to March 31, 2023

Matters to be resolved:

Proposition 1 Appropriation of Surplus
Proposition 2 Election of nine (9) Directors
Proposition 3 Election of three (3) Audit & Supervisory Board Members
Proposition 4 Election of one (1) Substitute Audit & Supervisory Board Member
Proposition 5 Revision of the Maximum Amount of Remuneration for Directors
Proposition 6 Revision of the Maximum Amount of Remuneration Pertaining to the Performance-based Share Remuneration Plan for Directors

- We will send paper-based documents stating the items concerning measures for providing information in electronic format to shareholders who requested the delivery of paper-based documents, but in accordance with the provisions of relevant laws and regulations and Article 19 of the Company's Articles of Incorporation, these paper-based documents do not include the following items.

  - "Core Business"
  - "Principal Lenders"
  - "Matters Related to Stock Acquisition Rights"
  - "Status of Accounting Auditor"
  - "System to Ensure Proper Business Operations"
  - "Outline of Operational Status of System to Ensure Proper Business Operations"
  - "Consolidated Statement of Changes in Net Assets"
  - "Notes to Consolidated Financial Statements"
  - "Non-consolidated Statement of Changes in Net Assets"
  - "Notes to Non-consolidated Financial Statements"

  Apart from such paper-based documents, the documents above are audited by Audit & Supervisory Board Members to prepare their Audit Report while documents related to consolidated financial statements and non-consolidated financial statements among the documents are audited by Accounting Auditors to prepare their Audit Reports.

- If there are any amendments to items concerning measures for providing information in electronic format, a statement that the items have been amended, as well as the items before and after the amendment, will be posted on each of the aforementioned websites where the Company takes measures for providing information in electronic format.

- For those attending the meeting on the day, please submit the Voting Rights Exercise Form at the reception desk.
- In the event that the voting rights have been exercised in writing with the Voting Rights Form and where no vote for or against a proposal has been indicated on the Voting Rights Form, the vote shall be treated as for the proposal.
- In the event that the exercise of votes is duplicated by both the method of postal mail and the Internet, etc., the vote received last shall be deemed valid. However, if the duplicate votes are received on the same date, the vote via the Internet, etc. shall be deemed valid. If you exercise your voting rights via the Internet, etc. multiple times, the vote exercised last shall be deemed valid.
- This General Meeting of Shareholders will be livestreamed on the day of the meeting, and the video will be posted on the aforementioned Company’s website at a later date.

Guidance for Exercise of Voting Rights

Please exercise your voting rights after reviewing the Reference Materials for the General Meeting of Shareholders listed on pages 9 to 36.
You may exercise your voting rights by one of the following three methods.

1. By attending the shareholders' meeting

Please submit the enclosed Voting Rights Exercise Form to the reception at the meeting venue.
Please also bring this Notice of the 155th Ordinary General Meeting of Shareholders with you to the meeting.

2. By submitting Voting Rights Exercise Form by postal mail

Please indicate your approval or disapproval of each of the Propositions on the enclosed Voting Rights Exercise Form and send it by postal mail to arrive at the Company no later than 5:00 p.m., Thursday, June 22, 2023 (Japan Standard Time).

3. By exercising voting rights via the Internet

Please access the dedicated website for exercising voting rights (https://www.web54.net) and enter your vote for each Proposition by 5:00 p.m., Thursday, June 22, 2023 (Japan Standard Time).
Please see the following page for details.

Exercise of Voting Rights via the Internet, etc.

Exercise of Voting Rights via a smartphone, etc.

You can simply login to the Voting Right Exercise Website without entering your voting right exercise code and password.

1. Please scan the QR Code printed on the lower right-hand side of the Voting Rights Exercise Form.

* "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.

2. Tap the "To Exercise of Voting Rights" button on the General Meeting of Shareholders portal top screen.
3. Indicate your approval or disapproval by following the instructions on the screen.

Please note that exercising voting rights by using "Smart Vote®" method is available only once.

If you need to change your votes after exercising your voting rights, please login to the Voting Right Exercise Website for PC by using your "Voting Right Exercise Code" and "Password" printed on the Voting Rights Exercise Form, and exercise your voting rights again.

* If you rescan the QR Code, you can access the Voting Right Exercise Website for PC.

Exercise of Voting Rights via a PC, etc.

Access the URL shown below, by entering the Voting Right Exercise ID Code and Password printed on the Voting Rights Exercise Form.

After logging in, please indicate your approval or disapproval by following the instructions on the screen.

General meeting of shareholders portal https://www.soukai-portal.net (in Japanese)

Click the "To Exercise of Voting Rights"

You can continue to use the Voting Right Exercise Website (https://www.web54.net). (in Japanese)

* If you exercise your voting rights via the Internet, etc. multiple times, the vote exercised last will be recorded as the effective vote.

* If you exercise your voting rights both via the Internet, etc. and by postal mail, the vote that reaches us last will be recorded as the effective vote. If both votes via the Internet, etc. and by postal mail arrive on the same day, the one exercised via the Internet, etc. will be recorded as the effective vote.

If you have any technical inquiries regarding the operation of a PC, etc. for voting on this site, please contact the following:

Dedicated phone line for Securities Agency Web Support, Sumitomo Mitsui Trust Bank, Limited

[Telephone number within Japan] 0120-652-031 (Toll free)
(Business hours: 9:00 – 21:00, Japan Standard Time)

Please refer to the Q&A using the QR Code.

* Institutional investors may also use the "Electronic Voting Rights Exercise Platform" operated by ICJ, Inc. to electronically exercise the voting rights for this General Meeting of Shareholders.

Reference Materials for the General Meeting of Shareholders

Proposition 1: *Appropriation of Surplus*

The Company proposes the appropriation of surplus as follows:

Matters related to the year-end dividend
One of the Company's important management tasks is to maximize returns to our shareholders. With the optimal capital structure always in mind, the Company secures capital efficiency and financial soundness. Considering all factors comprehensively, including business performance trends and the necessary investments to enhance corporate value, and providing shareholder returns in a flexible manner, the Company's basic policy is to work to raise shareholder profits over the medium to long term. Considering shareholder returns and policies to enhance corporate value, the Company would like to pay the below year-end dividend for the current fiscal year.

1. Type of dividend property
   Cash
2. Allotment of dividend property and total amount of their aggregate amount
   300 yen per common stock of the Company
   Total amount of 74,593,154,100 yen
3. Effective date of dividends of surplus
   June 26, 2023

Proposition 2: ***Election of nine (9) Directors***

The terms of office for all nine (9) Directors will expire upon conclusion of this meeting. Therefore, the Company requests that nine (9) Directors be elected at this meeting. The candidates are:

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)	Number of the Company's shares held
1	Yukikazu Myochin (March 27, 1961) <Reappointed> Attendance at Board meetings: 100% (19/19 meetings) Term of office as Director: 7 years	April, 1984 Joined the Company January, 2010 General Manager of Containerships Business Group April, 2011 Executive Officer April, 2016 Managing Executive Officer June, 2016 Director, Managing Executive Officer April, 2018 Representative Director, Senior Managing Executive Officer April, 2019 Representative Director, President & CEO (Current) Mr. Yukikazu Myochin has served as Representative Director, President & CEO since April 2019. Further, he formulated and executed management plans amid an ongoing difficult and unstable business environment due to the spread of COVID-19 from the beginning of 2020 and achieved substantial improvement in business results since the fiscal year ended March 31, 2021. His leadership and management skills, which are backed by his broad and deep knowledge and experience, are essential for enhancing corporate value over the medium to long term by promoting the current medium-term management plans and strengthening the corporate governance system. Accordingly, the Company requests his election as Director. There is no special interest between Mr. Myochin and the Company.	45,400 shares

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)	Number of the Company's shares held
2	Atsuo Asano (February 7, 1961) <Reappointed> Attendance at Board meetings: 100% (19/19 meetings) Term of office as Director: 5 years	April, 1983 Joined the Company October, 2009 General Manager of Coal & Iron Ore Carrier Group April, 2010 Executive Officer, General Manager of Coal & Iron Ore Carrier Group April, 2012 Executive Officer April, 2014 Managing Executive Officer April, 2018 Senior Managing Executive Officer June, 2018 Director, Senior Managing Executive Officer April, 2019 Representative Director, Senior Managing Executive Officer June, 2020 Representative Director, Vice President Executive Officer (Current) Assistant to President & CEO, Responsible for Dry Bulk Carriers Unit, in charge of Bulk Carriers	46,200 shares
		Reasons for nomination as candidate for Director: Mr. Atsuo Asano has proven achievements, notably in the Company's Dry Bulk Sector, and abundant management experience as a Director of the Company. Currently he assists President & CEO and is appropriately executing business strategies as the Executive Officer responsible for the Dry Bulk Carriers Unit, in charge of Bulk Carriers. The Company judges that his abundant experience and proven achievements will contribute to the sustainable growth of the Group and increase its corporate value. Accordingly, the Company requests his election as Director. There is no special interest between Mr. Asano and the Company.	

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)	Number of the Company's shares held
3	Yukio Toriyama (November 10, 1959) <Reappointed> Attendance at Board meetings: 100% (19/19 meetings) Term of office as Director: 4 years	April, 1983 Joined the Company April, 2010 General Manager of Port Business Group April, 2011 Executive Officer, General Manager of Accounting Group June, 2011 Director, Executive Officer, General Manager of Accounting Group April, 2012 Director, Executive Officer April, 2014 Director, Managing Executive Officer June, 2016 Managing Executive Officer April, 2019 Senior Managing Executive Officer June, 2019 Representative Director, Senior Managing Executive Officer (Current) Responsible for CFO Unit (Corporate Planning, Research, Finance, Accounting, Taxation), CFO (Chief Financial Officer)	38,400 shares
		Reasons for nomination as candidate for Director: Mr. Yukio Toriyama has proven achievements, notably in the Company's administrative divisions in general, and abundant management experience as a Director of the Company. Currently he serves as Executive Officer responsible for CFO Unit to manage each division ranging from Corporate Planning, Research, Finance, Accounting, and Taxation and is appropriately executing business strategies as the Chief Financial Officer. The Company judges that his abundant experience and proven achievements relating to a broad range of work including business departments will contribute to the sustainable growth of the Group and increase its corporate value. Accordingly, the Company requests his election as Director. There is no special interest between Mr. Toriyama and the Company.	

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, positions and areas of responsibility in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="10">4</td><td rowspan="10">Kazuhiko Harigai
(July 7, 1960)

<Reappointed>

Attendance at Board meetings:

100%
(19/19 meetings)

Term of office as Director: 4 years</td><td>April, 1983</td><td>Joined the Company</td><td rowspan="10">47,100 shares</td></tr>
<tr><td>June, 2006</td><td>General Manager of Thermal Coal, Woodchip and Pulp Group</td></tr>
<tr><td>April, 2011</td><td>Executive Officer, General Manager of Thermal Coal, Woodchip and Pulp Group</td></tr>
<tr><td>April, 2012</td><td>Executive Officer</td></tr>
<tr><td>April, 2013</td><td>Managing Executive Officer</td></tr>
<tr><td>April, 2019</td><td>Senior Managing Executive Officer</td></tr>
<tr><td>June, 2019</td><td>Director, Senior Managing Executive Officer</td></tr>
<tr><td>June, 2020</td><td>Representative Director, Senior Managing Executive Officer (Current)</td></tr>
<tr><td></td><td>Responsible for Energy Transportation Business Unit</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Director:
Mr. Kazuhiko Harigai has proven achievements, notably in the Energy Transportation Sector, and abundant management experience as the Company’s Director, and, especially in the field of Thermal Coal Transportation business, he is the leading person in the Company with broad business network and insight. Currently he is appropriately executing business strategies as the Executive Officer responsible for Energy Transportation Business Unit and the Company judges that his management experience and proven achievements will contribute to the sustainable growth of the Group and increase its corporate value. Accordingly, the Company requests his election as Director. There is no special interest between Mr. Harigai and the Company.</td></tr>
</table>

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)		Number of the Company's shares held
5	Keiji Yamada (April 5, 1954) <Reappointed> <Independent & Outside Director> Attendance at Board meetings: 100% (19/19 meetings) Term of office as Outside Director: 4 years	April, 1977	Joined Ministry of Home Affairs (current Ministry of Internal Affairs and Communications)	200 shares
		July, 1982	Superintendent of Amakusa Tax Office, National Tax Agency	
		July, 1983	Manager of Local Affairs Division, General Affairs Department, Wakayama Prefecture	
		September, 1985	Deputy General Manager of San Francisco Tourism Promotion Office, Japan National Tourist Organization	
		April, 1989	Manager of Finance Division, General Affairs Department, Kochi Prefecture	
		January, 1992	Investigator, Local Administration Division, Local Administration Bureau, Ministry of Home Affairs	
		July, 1992	Counsellor, Cabinet Legislation Bureau	
		July, 1997	Manager, Land Information Division, Land Bureau, National Land Agency (currently known as Ministry of Land, Infrastructure, Transport and Tourism)	
		August, 1999	Director, General Affairs Department, Kyoto Prefecture	
		June, 2001	Vice-Governor, Kyoto Prefecture	
		April, 2002	Governor, Kyoto Prefecture (retired in April 2018)	
		April, 2011	President, National Governors' Association (retired in April 2018)	
		April, 2018	Vice-President and Professor, Department of Interdisciplinary Studies in Law and Policy, Faculty of Law, Kyoto Sangyo University	
		June, 2019	Outside Director of the Company (Current)	
		March, 2020	Outside Audit & Supervisory Board member, HORIBA, Ltd. (Current)	
		April, 2020	Special Advisor to the President and Professor, Department of Interdisciplinary Studies in Law and Policy, Faculty of Law, Kyoto Sangyo University	
		November, 2020	Outside Director, TOSE CO., LTD. (Current)	

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)	Number of the Company's shares held
		April, 2021 Trustee, Kyoto Sangyo University, Special Advisor to the President and Professor, Department of Interdisciplinary Studies in Law and Policy, Faculty of Law, Kyoto Sangyo University (Current) Director, Head of Outside Directors Remuneration Advisory Committee Chairperson	
		Reasons for nomination as candidate for Outside Director and summary of expected roles: Mr. Keiji Yamada has experience in prominent positions with central/local governmental offices such as former Ministry of Home Affairs, and also served 4 terms (16 years) as Governor of Kyoto Prefecture. He has been an Outside Director of the Company since June 2019. Mr. Yamada does not have prior experience of direct involvement in corporate management by methods other than serving as an outside director, however, his wide range of experience/personal network and insight has been utilized in the Company's management. He serves as the head of Outside Directors and is fulfilling his role of making active suggestions at the Board of Directors meetings and supervising the Company's management and execution of business through his activities in his position as Nomination Advisory Committee Member and Remuneration Advisory Committee Member. Therefore, the Company requests that he again be elected as Outside Director. The Company expects that he will continue to fulfill these roles. There is no special interest between Mr. Yamada and the Company. As Mr. Yamada satisfies the criteria for independence of Outside Director provided by the Company, the Company has designated him as an independent director pursuant to the regulations of the Tokyo Stock Exchange where its stock is listed, and if he is reelected, the Company plans to continue to appoint him as an independent director.	

<table>
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(Date of birth)</th><th>Career summaries, positions and areas of responsibility in the Company
(Significant concurrent positions)</th><th>Number of the Company’s shares held</th></tr>
<tr><td rowspan="2">6</td><td rowspan="2">Ryuhei Uchida
(October 6, 1977)

<Reappointed>

<Outside Director>

Attendance at Board meetings:

100%
(19/19 meetings)

Term of office as Outside Director: 4 years</td><td>April, 2002 Joined Mitsubishi Corporation
December, 2009 Joined Innovation Network Corporation of Japan, Vice-President of Investment
December, 2012 Joined Effissimo Capital Management Pte Ltd, Director (Current)
June, 2019 Outside Director of the Company (Current)</td><td rowspan="2">0 shares</td></tr>
<tr><td>Reasons for nomination as candidate for Outside Director and summary of expected roles:
Mr. Ryuhei Uchida first joined Mitsubishi Corporation, mainly served for supporting investments for Japanese and foreign non-listed companies, then joined Innovation Network Corporation of Japan, being in charge of investments for foreign non-listed companies and supporting business start-ups for Japanese non-listed companies, as well as also serving as an Outside Director for both British and Chilean companies. Currently he is in charge of managing investments of Japanese-listed companies as a Director of our shareholder, Effissimo Capital Management Pte Ltd. He has been an Outside Director of the Company since June 2019 and his abundant experience and insight in corporate value enhancement has been utilized in the Company’s management. The Company judges that his proactive opinions given as a Director with the perspective of our shareholder and his supervision on its management and the execution of business will benefit general shareholders and contribute to improving the Group’s corporate governance. Therefore, the Company requests that he again be elected as Outside Director. The Company expects that he will continue to appropriately fulfill these roles. There is no special interest between Mr. Uchida and the Company.
Mr. Uchida satisfies the requisite for Outside Director in the Companies Act; however, due to conflicts with the shareholder requisite in the criteria for independence of Outside Directors provided by the Company, the Company requests him to be elected as a non-independent Outside Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summaries, positions and areas of responsibility in the Company (Significant concurrent positions)		Number of the Company's shares held
7	Kozue Shiga (November 23, 1948) <Reappointed> <Independent & Outside Director> Attendance at Board meetings: 100% (19/19 meetings) Term of office as Outside Director: 3 years	November, 1967	Joined Japan Airlines Co., Ltd.	3,200 shares
		April, 1993	Commissioned as public prosecutor	
		April, 1998	Registered with Daiichi Tokyo Bar Association	
		August, 1999	Established Shiga Law Office	
		October, 2005	Partner, Shiraishi Sogo Law Office (retired in December 2018)	
		June, 2010	Outside Audit & Supervisory Board Member, Shinsei Bank, Ltd. (currently known as SBI Shinsei Bank, Ltd.) (retired in June 2018)	
		June, 2015	Outside Director, Ricoh Leasing Company, Ltd. (retired in June 2020)	
		June, 2016	Outside Audit & Supervisory Board Member of the Company (retired in June 2020)	
		January, 2019	Of Counsel, Shiraishi Sogo Law Office (retired in June 2022)	
		June, 2020	Outside Director of the Company (Current)	
		July, 2022	Attorney, Oka-Partners Law Office (Current) Nomination Advisory Committee Chairperson	

		Reasons for nomination as candidate for Outside Director and summary of expected roles: Ms. Kozue Shiga has expert knowledge and experience as a lawyer, and she was elected as Outside Audit & Supervisory Board Member of the Company in June 2016 and as Outside Director of the Company in June 2020 after having served as an outside director and auditor of several listed companies. Though she does not have prior experience of direct involvement in corporate management by methods other than serving as an outside board member, based on her abundant experience and from a broad perspective, she is appropriately fulfilling her role of making active suggestions at the Board of Directors meetings and supervising the Company's management and the execution of business through her activities in her position as Nomination Advisory Committee Chairperson and Remuneration Advisory Committee Member. Accordingly, the Company requests that she again be elected as Outside Director. The Company expects that she will continue to appropriately fulfill these roles. There is no special interest between Ms. Shiga and the Company. As Ms. Shiga satisfies the criteria for independence of Outside Director provided by the Company, the Company has designated her as an independent director pursuant to the regulations of the Tokyo Stock Exchange where its stock is listed, and if she is reelected, the Company plans to continue to appoint her as an independent director.	

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<tr><td rowspan="14">8</td><td rowspan="14">Koji Kotaka
(May 14, 1958)

<New candidate>

<Independent & Outside Director>

Attendance at Board meetings:

-

Term of office as Outside Director: -</td><td>April, 1987</td><td>Joined Sato and Tsuda Law Office (retired in March 1988)</td><td rowspan="14">0 shares</td></tr>
<tr><td>August, 1990</td><td>Joined Goldman Sachs Japan Co., Ltd.</td></tr>
<tr><td>November, 1998</td><td>Managing Director, Goldman Sachs Japan Co., Ltd.</td></tr>
<tr><td>November, 2006</td><td>Partner, Goldman Sachs Japan Co., Ltd. (retired in November 2008)</td></tr>
<tr><td>November, 2009</td><td>Counsel, Nishimura & Asahi (retired in December 2010)</td></tr>
<tr><td>January, 2011</td><td>Representative Attorney, Koji Kotaka & Associates (Current)</td></tr>
<tr><td>September, 2012</td><td>Senior Advisor, Apollo Global Management LLC (Current)</td></tr>
<tr><td>June, 2013</td><td>Outside Director, Monex Group, Inc. (retired in June 2018)</td></tr>
<tr><td>February, 2016</td><td>Outside Director, LINE Corporation (retired in February 2021)</td></tr>
<tr><td>March, 2018</td><td>Outside Director, Kenedix, Inc. (retired in March 2021)</td></tr>
<tr><td>March, 2021</td><td>Member of the Management Committee, Kenedix, Inc. (Current)</td></tr>
<tr><td>May, 2022</td><td>Senior Advisor, Greenhill & Co., Japan Ltd. (Current)</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Outside Director and summary of expected roles:
Mr. Koji Kotaka, in addition to being a lawyer, has experience in roles such as a company director in a broad range of industries including real estate, securities, investment banking and IT. The Company judges that his expertise in law, particularly his abundant insight into the investment area will contribute to the Company’s management. Accordingly, the Company requests that he be elected as Outside Director. After his appointment, the Company expects that he will draw on his abundant experience in law, finance and accounting and broad insight, which also includes investment and IR, to appropriately fulfill his role of making suggestions at the Board of Directors meetings and supervising the execution of business as Outside Director of the Company. There is no special interest between Mr. Kotaka and the Company.
Mr. Kotaka satisfies the criteria for independence of Outside Director provided by the Company, and if he is elected as an Outside Director, the Company plans to designate him as an independent director pursuant to the regulations of the stock exchanges where its stock is listed.</td></tr>
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(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="12">9</td><td rowspan="12">Hiroyuki Maki
(November 15, 1980)

<New candidate>

<Independent & Outside Director>

Attendance at Board meetings:

-

Term of office as Outside Director: -</td><td>August, 2004</td><td>Representative Director, Melco Asset Management Limited (retired in October 2006)</td><td rowspan="12">0 shares</td></tr>
<tr><td>November, 2006</td><td>Representative Director, Melco Asset Management Pte. Ltd. (retired in September 2007)</td></tr>
<tr><td>October, 2007</td><td>Representative Director, MAM PTE. LTD (retired in May 2014)</td></tr>
<tr><td>June, 2011</td><td>Director, Melco Holdings Inc.</td></tr>
<tr><td>June, 2014</td><td>President & CEO, Melco Holdings Inc. (Current)</td></tr>
<tr><td>May, 2018</td><td>President & CEO, Buffalo Inc. (Current)</td></tr>
<tr><td>May, 2020</td><td>President & CEO, Buffalo IT Solutions Inc. (retired in May 2023)</td></tr>
<tr><td>October, 2020</td><td>President & CEO, Melco Financial Holdings Inc. (retired in April 2023)</td></tr>
<tr><td>May, 2021</td><td>President & CEO, BIOS Corporation (retired in May 2022)</td></tr>
<tr><td>May, 2022</td><td>Director, Shimadaya Corporation (Current)</td></tr>
<tr><td>June, 2022</td><td>Outside Director, Saison Information Systems Co., Ltd. (Current)</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Outside Director and summary of expected roles:
Mr. Hiroyuki Maki is the President and CEO of Melco Holdings Inc., mainly engaged in IT related business and food business, and President and Director of its subsidiary companies. The Company judges that his abundant experience and insight in Group business administration will contribute to the Company's management. Accordingly, the Company requests that he be elected as Outside Director. After his appointment, the Company expects that he will draw on his abundant experience as a corporate manager and broad insight in the IT and digital realm to appropriately fulfill his role of making suggestions at the Board of Directors meetings and supervising the execution of business as Outside Director of the Company. There is no special interest between Mr. Maki and the Company.
Mr. Maki satisfies the criteria for independence of Outside Director provided by the Company, and if he is elected as an Outside Director, the Company plans to designate him as an independent director pursuant to the regulations of the stock exchanges where its stock is listed.</td></tr>
</table>

Notes: 1) Messrs. Keiji Yamada, Ryuhei Uchida, Ms. Kozue Shiga and Messrs. Koji Kotaka and Hiroyuki Maki are candidates for Outside Director.

2) The Company has concluded a limited liability contract with Messrs. Keiji Yamada, Ryuhei Uchida and Ms. Kozue Shiga pursuant to Article 427, Paragraph (1) of the Companies Act. If the proposition is accepted, the Company intends to extend the contract with them and conclude the same contract with Messrs. Koji Kotaka and Hiroyuki Maki. The overview of the contract is as follows.

Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, when acting in good faith and in the absence of any serious negligence, Directors (excluding those who are Executive Directors, etc.) may bear liability of 10,000,000 yen or the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act, whichever is higher, for the liabilities stipulated in Article 423, Paragraph (1) of the Companies Act.

3) The Company has entered into a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The contents of the insurance policy are provided on page 60 of the Business Report. If the proposition is accepted, all candidates for Director will be insured under the policy. The term of said policy is one year and will be renewed upon a resolution by the Board of Directors before expiration of the term.

<For your reference> Policies and Procedures for Nomination of Candidates for Directors

To achieve the management plan, the Company's Board of Directors shall consist of a variety of individuals including the aspects of gender, internationality, career and age such as those with experience in managing corporations and other large organizations and those with expertise in the operational, technical, financial and other aspects of the shipping industry. This is to ensure constructive discussions and supervision based on diverse backgrounds and knowledge. The Company shall give extra consideration to such diversity when selecting candidates for Directors and the Audit & Supervisory Board Members. In addition, with respect to the size of the Board of Directors, for the time being the number of Directors shall range from eight to 10, of whom one third or more shall be Independent Outside Directors.

The Nomination Advisory Committee, comprised of all Independent Outside Directors, the Chairman and the President & CEO, shall deliberate on the nomination of candidates for Directors in a fair, transparent and rigorous manner in response to consultation with the Board of Directors, and the Board of Directors shall determine candidates for Directors, respecting the recommendations of the Nomination Advisory Committee.

Director Skill Matrix

The expertise of candidates for director is as follows:

Name	Expertise							
	Corporate Management & Strategy	Legal & Risk Management	Finance & Accounting	Human Resources & Labor	Safety & Quality	Environment & Technology	Global	Sales & Marketing
Yukikazu Myochin	●	●		●	●	●	●	●
Atsuo Asano	●			●	●	●	●	●
Yukio Toriyama	●	●	●	●	●		●	
Kazuhiko Harigai	●				●	●	●	●
Keiji Yamada		●		●	●	●	●	
Ryuhei Uchida	●		●				●	
Kozue Shiga		●		●			●	
Koji Kotaka		●	●				●	
Hiroyuki Maki	●		●	●		●	●	●

Proposition 3: ***Election of three (3) Audit & Supervisory Board Members***

Audit & Supervisory Board Members Kunihiko Arai and Atsumi Harasawa will retire from their positions due to the expiration of their terms of office and Audit & Supervisory Board Member Yutaka Akutagawa will retire from his position due to resignation upon conclusion of this meeting.
It is therefore requested that three (3) Audit & Supervisory Board Members be elected at this meeting.
The Audit & Supervisory Board has already given its prior consent to the submission of this proposition.
The candidates are:

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, positions in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="9">1</td><td rowspan="9">Kunihiko Arai
(November 16, 1959)

<Reappointed>

Attendance at Board meetings:

100%
(19/19 meetings)

Attendance at Audit & Supervisory Board meetings:

100%
(15/15 meetings)

Term of office as Audit & Supervisory Board Member: 4 years</td><td>April, 1982</td><td>Joined the Company</td><td rowspan="9">12,400 shares</td></tr>
<tr><td>August, 2001</td><td>General Manager, "K" LINE PTE LTD Trade Management Division</td></tr>
<tr><td>July, 2012</td><td>Representative in Beijing, China (Representative Office closed in December 2012)
Managing Director, KLINE (CHINA) LTD. (retired in June 2019)</td></tr>
<tr><td>January, 2014</td><td>President, "K" LINE (HONG KONG) LIMITED (retired in January 2019)</td></tr>
<tr><td>April, 2015</td><td>Managing Executive Officer</td></tr>
<tr><td>April, 2019</td><td>Special Advisor</td></tr>
<tr><td>June, 2019</td><td>Audit & Supervisory Board Member (Current)</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Audit & Supervisory Board Member:
Mr. Kunihiko Arai has, until his retirement as Managing Executive Officer of the Company in March 2019, served mainly in the Containerships Business, and has made proven achievements in a wide range of both domestic and overseas sectors including being a Representative in Chile, Singapore and China. He was subsequently appointed an Audit & Supervisory Board Member in June 2019. He possesses broad and deep knowledge in business matters, which will contribute to monitoring business execution, as well as considerable knowledge of financial and accounting. He also has the qualifications required for Standing Audit & Supervisory Board Members of the Company. Accordingly, in light of his performance in the effective auditing from an outside independent standpoint since being appointed as an Outside Audit & Supervisory Board Member of the Company, the Company requests that he again be elected as an Audit & Supervisory Board Member. There is no special interest between Mr. Arai and the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, positions in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="10">2</td><td rowspan="10">Atsumi Harasawa
(August 28, 1967)

<Reappointed>

<Independent & Outside Audit & Supervisory Board Member>

Attendance at Board meetings:

100%
(19/19 meetings)
-
Attendance at Audit & Supervisory Board meetings:

100%
(15/15 meetings)

Term of office as Audit & Supervisory Board Member: 4 years</td><td>April, 1992</td><td>Joined Japan Airlines Co., Ltd. (resigned in March 2004)</td><td rowspan="10">200 shares</td></tr>
<tr><td>December, 2009</td><td>Registered with Tokyo Bar Association
Joined Sonderhoff & Einsel Law and Patent Office (resigned in June 2014)</td></tr>
<tr><td>June, 2014</td><td>Joined Digital Arts, Inc. (resigned in March 2015)</td></tr>
<tr><td>April, 2015</td><td>Joined Yamasaki & Partners (resigned in October 2016)</td></tr>
<tr><td>November, 2016</td><td>Partner, Igarashi ● Watanabe ● Esaka Law Office (Current)</td></tr>
<tr><td>April, 2018</td><td>Outside Auditor, Lawson Bank, Inc. (Current)</td></tr>
<tr><td>June, 2019</td><td>Audit & Supervisory Board Member of the Company (Current)</td></tr>
<tr><td>June, 2020</td><td>Outside Director, Ricoh Leasing Company, Ltd. (Current)</td></tr>
<tr><td>September, 2020</td><td>Outside Audit & Supervisory Board Member, GiXo, Ltd. (Current)</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Audit & Supervisory Board Member:
Ms. Atsumi Harasawa, admitted to practice as a lawyer in Japan, possesses extensive expert knowledge and experience in the field of corporate law, labor law and patent rights, gained through working at a law firm, and also has knowledge and experience in the transportation sector by contributing on safety from the technical side being certified as a first class aircraft maintenance technician at Japan Airlines Co., Ltd. Ms. Harasawa does not have prior experience of direct involvement in corporate management by methods other than serving as an outside director/auditor. However, in light of her performance in the effective auditing from an outside independent standpoint since being appointed as an Outside Audit & Supervisory Board Member of the Company in June 2019, the Company requests that she again be elected as an Audit & Supervisory Board Member. The Company expects that she will continue to appropriately fulfill this role. There is no special interest between Ms. Harasawa and the Company. As there is no possibility that conflict of interest may occur between Ms. Harasawa and general shareholders, if she is elected as an Audit & Supervisory Board Member, the Company plans to designate her as an independent director pursuant to the regulations of the stock exchanges where its stock is listed.</td></tr>
</table>

No.	Name (Date of birth)	Career summaries, positions in the Company (Significant concurrent positions)	Number of the Company's shares held
3	Makoto Arai (May 5, 1959) <New candidate> Attendance at Board meetings: - Attendance at Audit & Supervisory Board meetings: -	April, 1983 Joined the Company October, 2010 General Manager of IR & PR Group July, 2013 General Manager of IR & PR Group General Manager of Legal Group September, 2013 General Manager of Legal Group April, 2014 Executive Officer April, 2018 Managing Executive Officer June, 2020 Director, Managing Executive Officer June, 2022 Managing Executive Officer April, 2023 Special Advisor (Current) Reasons for nomination as candidate for Audit & Supervisory Board Member: Mr. Makoto Arai has, until his retirement as a Managing Executive Officer of the Company in March 2023, gained abundant experience notably in the Legal, Corporate Legal Risk & Compliance and Internal Audit divisions while also serving as a Director for two years from 2020. He possesses broad and deep knowledge in business matters, which will contribute to monitoring business execution, as well as considerable knowledge of financial and accounting matters. Accordingly, the Company requests his election as an Audit & Supervisory Board Member as it judges that he will perform effective auditing with his qualifications required for Standing Audit & Supervisory Board Member of the Company. There is no special interest between Mr. Arai and the Company.	35,400 shares

Notes:

1) The Company has concluded a limited liability contract with Mr. Kunihiko Arai and Ms. Atsumi Harasawa pursuant to Article 427, Paragraph (1) of the Companies Act. If the proposition is accepted, the Company intends to extend the contract with them and conclude the same contract with Mr. Makoto Arai.
The overview of the contract is as follows.
Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, when acting in good faith and in the absence of any serious negligence, Audit & Supervisory Board Members may bear liability of 10,000,000 yen or the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act, whichever is higher, for the liabilities stipulated in Article 423, Paragraph (1) of the Companies Act.

2) The Company has entered into a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The policy covers damages that may arise from the execution of the duties of the insured. If the proposition is accepted, Mr. Kunihiko Arai and Ms. Atsumi Harasawa will continue to be insureds under the policy, and Mr. Makoto Arai will be newly included as an insured. The term of said policy is one year and will be renewed upon a resolution by the Board of Directors before expiration of the term.

Proposition 4: ***Election of one (1) Substitute Audit & Supervisory Board Member***

It is requested that one (1) substitute Audit & Supervisory Board Member be elected as a substitute for Outside Audit & Supervisory Board Member at this meeting. This is a precaution against cases where there is a vacancy which results in a shortfall in the number of the Outside Audit & Supervisory Board Members prescribed by laws and regulations.
The Audit & Supervisory Board has already given its prior consent to the submission of this proposition.
The candidate is:

<table>
<tr><th>Name
(Date of birth)</th><th colspan="2">Career summaries and positions in the Company
(Significant concurrent positions)</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="8">Akiko Kumakura
(September 27, 1978)

<Independent & Outside Substitute Audit & Supervisory Board Member></td><td>October, 2003</td><td>Joined KPMG AZSA LLC (retired in July 2012)</td><td rowspan="8">0 shares</td></tr>
<tr><td>July, 2007</td><td>Registered as Certified Public Accountant (deregistered in August 2012, re-registered in April 2017)</td></tr>
<tr><td>April, 2017</td><td>Certified Public Accountant, Kumakura Certified Public Accountant Office (Current)</td></tr>
<tr><td>May, 2017</td><td>Outside Corporate Auditor, Bank of Innovation, Inc. (retired December 2019)</td></tr>
<tr><td>December, 2019</td><td>Outside Director (Audit & Supervisory Committee Member), Bank of Innovation, Inc. (Current)</td></tr>
<tr><td>September, 2020</td><td>Outside Audit & Supervisory Board Member, GiXo Ltd. (Current)</td></tr>
<tr><td>May, 2022</td><td>Outside Director, YARUKI Switch Group Holdings Co., Ltd. (Current)</td></tr>
<tr><td colspan="2">Reasons for nomination as candidate for Substitute Outside Audit & Supervisory Board Member:
Ms. Akiko Kumakura has abundant experience in accounting audits, internal audits and internal controls as a Certified Public Accountant. Ms. Kumakura does not have prior experience of direct involvement in corporate management by methods other than serving as an outside director/auditor. However, she has experience in the position of outside corporate auditor and outside director (audit & supervisory committee member) at multiple companies, so the Company judges that she will perform effective auditing from an outside independent standpoint as an Outside Audit & Supervisory Board Member. Accordingly, the Company requests her election as a substitute Audit & Supervisory Board Member of an Outside Audit & Supervisory Board Member. There is no special interest between Ms. Kumakura and the Company.
As there is no possibility that conflict of interest may occur between Ms. Kumakura and general shareholders, if she assumes office as an Audit & Supervisory Board Member, the Company plans to designate her as an independent director pursuant to the regulations of the stock exchanges where its stock is listed.</td></tr>
</table>

Notes: 1) Ms. Akiko Kumakura is a candidate for substitute Outside Audit & Supervisory Board Member.

2) If Ms. Akiko Kumakura assumes office as Audit & Supervisory Board Member, the Company intends to conclude a limited liability contract with her pursuant to Article 427, Paragraph (1) of the Companies Act. An overview of the contract is as follows. Pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, when acting in good faith and in the absence of any serious negligence, Audit & Supervisory Board Members may bear liability of 10,000,000 yen or the minimum liability amount stipulated in Article 425, Paragraph (1) of the Companies Act, whichever is higher, for the liabilities stipulated in Article 423, Paragraph (1) of the Companies Act.

3) The Company has entered into a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The contents of the insurance policy are provided on page 60 of the Business Report. If Ms. Akiko Kumakura assumes office as an Audit & Supervisory Board Member, she will be insured under the policy. The term of said policy is one year and will be renewed upon a resolution by the Board of Directors before expiration of the term.

(Propositions 5 and 6)
The remuneration for the Company's Directors comprises fixed remuneration (monetary), short-term performance-based remuneration (monetary), and medium- to long-term performance-based remuneration (stock).
The Company will revise its remuneration system that aims to serve as motivation for achieving sustainable growth and improving corporate value in light of the drastically changing business environment surrounding the Group while it strives to share value further with shareholders by establishing a higher ratio of performance-based remuneration.
Accordingly, the Company seeks approval for revisions of the maximum amount of remuneration for Directors proposed in Proposition 5 and revisions of the maximum amount of remuneration pertaining to the performance-based share remuneration plan for Directors proposed in Proposition 6.
Since the Company revises the remuneration system as an integrated system, Proposition 5 and Proposition 6 are mutually subject to the approval of the other. If one is rejected, the other will be deemed to be rejected as well.

Proposition 5: *Revision of the Maximum Amount of Remuneration for Directors*

Pursuant to the resolution passed at the 148th Ordinary General Meeting of Shareholders held on June 24, 2016, the limit of remuneration for the directors of the Company has heretofore been set equal to or less than 600 million yen per year. Since then, the Company has managed this remuneration amount as the maximum amount for Directors for fixed remuneration and short-term performance-based remuneration (monetary remuneration linked to the level of achievement relative to the initial targets for performance in the relevant fiscal year). The Company proposes that the maximum remuneration amount for Directors be revised to equal to or less than 800 million yen (including equal to or less than 111 million yen for Outside Directors) per year. In addition, the Company proposes to undertake the payment of fixed remuneration and short-term performance-based remuneration within this limit from the fixed remuneration and short-term performance-based remuneration for the current fiscal year (155th term).
Remuneration for the Directors of the Company will be, in addition to fixed remuneration, the payment of short-term performance-based remuneration continuing to be within this limit for the remuneration amount. Fixed remuneration is monthly remuneration set for each position to execute business according to the duties and responsibilities, and short-term performance-based remuneration is remuneration linked to the performance of each fiscal year. Remuneration for each individual Director is determined at the Board of Directors following deliberations of the Remuneration Advisory Committee, which is comprised of a majority of Independent Outside Directors.
This proposition is judged to be appropriate, with necessary and reasonable content that highlights matters including the criteria for calculations such as the remuneration for individuals prescribed in "Policies on Remuneration for Each Individual Director" of the Business Report on pages 54 and 55, and the levels of the number of Directors eligible for payments.
At this point in time, this plan is applicable to a total of nine Directors (including four Outside Directors). If and when Proposition 2 is approved, this plan would be applicable to a total of nine

Directors (including five Outside Directors).

In addition, Outside Directors have the position of monitoring and supervising management from an independent perspective, so Outside Directors are not included in the persons eligible to receive payment of short-term performance-based remuneration. Furthermore, employee salary portions for Directors who also serve as employees are not included in the amount of remuneration for Directors as in the past.

Proposition 6: *Revision of the Maximum Amount of Remuneration Pertaining to the Performance-based Share Remuneration Plan for Directors*

1. Reasons for Proposition and Reasons Why the Proposed Remuneration is Reasonable

The Company introduced the performance-based share remuneration plan “Board Benefit Trust (BBT)” (hereinafter referred to as “the Plan”) for Directors (Executive Directors only) and Executive Officers (hereinafter referred to as “Directors, etc.”) with the approval of shareholders at the 148th Ordinary General Meeting of Shareholders held on June 24, 2016 (hereinafter referred to as “the Original Resolution”), which has continued up until now.

The Plan purports to further enhance the connection between remuneration for Directors, etc. and share value, thereby further motivating the Directors, etc. to make contributions toward improving the Company’s medium- to long-term performance and increasing its corporate value.

The Company seeks approval for revisions of the maximum amount of remuneration pertaining to the Plan in order to create a remuneration system for executives that serves as motivation for achieving sustainable growth and improving corporate value while it strives to share value further with shareholders by establishing a higher ratio of share remuneration.

This proposition is based on the objectives described above and is consistent with “Policies on Remuneration for Each Individual Director” of the Business Report on pages 54 and 55, so the Company judged the contents of this proposition is appropriate.

The Company seeks approval for this proposition as a maximum amount separate from the maximum amount of remuneration pertaining to monetary remuneration for Directors proposed for approval in Proposition 5.

In addition, we propose that details of the Plan be left to the discretion of the Board of Directors within the framework described in 3. below.

At this point in time, the Plan is applicable to a total of five Directors. If and when Proposition 2 is approved, the Plan would be applicable to a total of four Directors.

2. Contents of Revision

The Company acquires the reasonably anticipated number of the Company’s stock through a trust (hereinafter a trust established in accordance with the Plan referred to as “the Trust”) necessary to provide the Company’s stock, etc. (defined in 3. (2) below; hereinafter, the same shall apply) for a single Period (each four-fiscal-year period defined in 3. (3) below; hereinafter, the same shall apply). The Company would revise the cap on the funds to acquire stock per Period contributed by the Company and the cap on the number of points awarded to Directors, etc. as outlined below. In addition, the Company proposes that the granting of points within the revised maximum number of points for the performance-based share remuneration be applied starting with the performance-based share remuneration for the current fiscal year (the 155th term).

	Before the revision	After the revision
Cap on the funds to acquire stock per Period	1,300 million yen	5,200 million yen
Of which, for Directors	480 million yen	2,400 million yen
Cap on the number of points awarded to Directors, etc. per Period	2,040,000 points (Note)	2,600,000 points
Of which, for Directors	744,000 points	1,200,000 points

(Note) According to the Original Resolution, the cap on the number of points awarded to Directors, etc. was 1,700,000 points (including 620,000 points for Directors) per fiscal year. Subsequently, to date, the Company has carried out a share consolidation and a share split as described below. Reflecting these factors, the number of points converted per Period is equivalent to 2,040,000 points (including 744,000 points for Directors).

(i) Share consolidation
Consolidation ratio: 1 share for 10 shares
Effective date: October 1, 2017

(ii) Share split
Split ratio: 3 shares for 1 share
Effective date: October 1, 2022

3. Specific calculation method for the amount of remuneration, etc. and contents under the Plan
Partial revision of the previous contents of the Plan (The main changes from the proposition and the reference information from the time of the Original Resolution are underlined).

(1) Individuals eligible for the Plan
The Directors (Executive Directors only) and Executive Officers.

(2) Outline of the Plan
The Plan is a performance-based share remuneration plan under which the Company's stock will be acquired through a trust using money contributed by the Company, and the Company's stock and the money equivalent to the market value of the Company' stock (hereinafter referred to as "the Company's stock, etc.") will be delivered or paid to the Directors, etc. through the trust according to the Regulations for Delivery of Shares to Officers prescribed by the Board of Directors. In principle, the Directors, etc. will receive the Company's stock, etc. all at once after their retirement from office.

(3) Limit of amount of money the Company will contribute to the Trust and
method of acquisition of the Company's stocks
The Company will introduce the Plan for the four fiscal years from the fiscal year ending March 31, 2017 until the fiscal year ending March 31, 2020 (hereinafter, such four-fiscal-year period and subsequent four-fiscal-year period that commence following such four-fiscal-year period, hereinafter respectively referred to as "the Period") and a trust for eligible Directors, etc. as beneficiaries (hereinafter referred to as "the Trust"), contributing 1,300 million yen (of which, 480 million yen for Directors) as the funds necessary for the Trust to acquire shares to grant to Directors, etc., in

accordance with the Plan in relation to the first Period. The Trust has used the above funds to acquire 1,344,300 shares of the Company's stock (the number of shares reflecting the impact of share consolidations and share splits) in respect of the first Period.
This time, together with continuing the Plan, the Company will, also after the first Period, make an additional contribution to the Trust of up to a total of 5,200 million yen (of which 2,400 million yen for Directors) for each Period. Upon such additional contribution, however, if there are Company stocks (excluding the ones which correspond to the number of share points awarded to the directors, etc. and which have yet to be delivered to them) and money remaining in the trust assets (hereinafter referred to as "the Remaining Shares, etc.") as of the end of the Period immediately before the Period covered by the additional contribution, the total amount of the additional contribution and the amount of the Remaining Shares, etc. (the share price to be determined by market price on the final day of the Period immediately before the Period to be covered by the additional contribution) is to be within the amount approved at this General Meeting of Shareholders.

As a reference, based on the closing market price of 3,260 yen per share on May 19, 2023, the number of shares able to acquire with the maximum amount of funds contributed by the Company for the acquisition of shares to deliver to Directors, etc. for one Period (5,200 million yen) will be about 1.59 million shares.
The Trust will acquire the Company's shares through stock markets or by subscribing Treasury Shares.

(4) Details of the Company's stock, etc. to be delivered to Directors, etc.
In each fiscal year, based on performance indicators including total shareholders return (TSR), the Company will award points to the Directors, etc., which will be calculated after taking his/her duties and responsibilities and other elements into consideration.
The total number of points awarded to the Directors, etc. in each Period is capped at 2.6 million points (equivalent to 2.6 million shares of the Company's common stock; of which 1.2 million points for Directors, equivalent to 1.2 million shares of the Company's common stock).
Upon the delivery of the Company's stock, etc. mentioned in (5) below, 1 point granted to Directors, etc. will be converted to 1 share of the Company's common stock. However, after the approval of this proposition by shareholders, if the number of the Company's shares is increased or decreased due to a stock split (*kabushiki bunkatsu*), free allotment of shares (*kabushiki mushōwariate*), stock consolidation (*kabushiki heigō*) or any other event, the cap on the number of points and the number of already awarded points or the conversion ratio will be adjusted by a reasonable method according to such ratio.

(5) Specific calculation method of the amount of the Company's stock, etc. delivered and remuneration, etc. for Directors, etc.
If a Director, etc. who has retired from office meets the beneficiary requirements stipulated in the Regulations for Delivery of Shares to Officers, he/she shall, in principle, receive the Company's shares from the Trust after his/her retirement in proportion to the accumulated number of the points

awarded until his/her retirement as a Director, etc., by taking the prescribed procedures to determine the beneficiary. However, as for a certain percentage, if a Director, etc. meets requirements stipulated in the Regulations for Delivery of Shares to Officers, the Company may pay him/her money equivalent to the market value of such shares, instead of delivering them. Please note that the Trust may sell the Company's shares to pay money.

The amount of remuneration, etc. received by Director is based on the total number of points awarded to Directors, etc. when points are awarded multiplied by the book value per share of the Company's stock held in the Trust (However, in the event of a stock split, free allotment of shares, stock consolidation or any other event pertaining to the Company's stock, this will be adjusted by a reasonable method according to such ratio.). In addition, in the event that an exceptional payment of money in accordance with the provisions in the Regulations for Delivery of Shares to Officers is deemed appropriate, such money is added.

Even if a Director, etc. who has been awarded points, when certain events that are prescribed in Regulations for Delivery of Shares to Officers arise including dismissal by resolution of the General Meeting of Shareholders, resignation, retirement due to certain illegal acts during the person's term of office, or in the event of inappropriate action that risks inflicting harm on the Company during the person's term of office, all or part of the rights to receive benefits may be denied by the decision of the Board of Directors.

<For your reference> Criteria for Independence of Outside Officers

In addition to the requirements prescribed in the Companies Act, the Company specifies the criteria for the independence of Outside Directors and Outside Audit & Supervisory Board Members for the purpose of electing them. An overview is provided below.

An Outside Officer shall be judged to be independent if none of the following criteria apply.

1. A person who has been a business executor (meaning a business executor as provided for in Article 2, Paragraph (3), Item (6) of the Regulation for Enforcement of the Companies Act; the same shall apply hereinafter) of a corporate group for whom the "K" LINE Group ("the Group") is a major client within the past three years.
   "A corporate group for whom the Group is a major client" refers to a corporate group that has recorded sales to the Group in each of the years in this three-year period accounting for over 2% of consolidated sales in each such year for that corporate group.
2. A person who has been a business executor of a corporate group that is a major client of the Group within the past three years.
   "A corporate group that is a major client of the Group" refers to a corporate group to whom the Group has recorded sales in each of the years in the three-year period accounting for over 2% of the Group's consolidated sales in each such year.
3. A person who has, within the past three years, been a business executor of a financial institution or another principal creditor, or its parent company or important subsidiary that plays a critical role in the Group's financing to such a degree that it is irreplaceable for the Group.
4. A person who annually has been paid 10 million yen or more or has received other assets in an amount equivalent thereto other than officer's remuneration from the Group in the past three years; or a person who has, within the past three years, belonged to an audit firm, tax accounting firm, law firm, consulting firm or other professional advisory firm that has annually been paid 10 million yen or more or other assets in an amount equivalent thereto by the Group accounting for over 2% of the total revenues of such juridical person, etc. in the latest fiscal year. However, this shall not apply to a person who belongs to such juridical person in outline but has substantially no conflict of interest with the Group (a person who does not receive any compensation from such juridical person, for example).
5. A shareholder holding over 10% of the voting rights of the Company. If the shareholder is a juridical person, a person who has been a business executor of the shareholder or its parent company or subsidiary within the past three years.
6. A person who is a spouse or a relative of the second or less degree of a person falling under any of the above criteria.

Basic principle of corporate governance

To fulfill its corporate social responsibility, to respond to the mandate bestowed by shareholders and other stakeholders, and to achieve sustainable growth, establishing corporate governance is essential for the Company. The Company has been engaged in initiatives to strengthen its framework of corporate governance and to develop and enhance systems for risk management. The Company continuously strives to increase its corporate value by acting in total accordance with our business ethics at the group-wide level while building an organic and effective mechanism of governance, in conjunction with the achievement of increasingly robust earnings and a stronger financial standing.

Evaluation of the effectiveness of the Board of Directors

For sustainable growth and the medium- to long-term enhancement of corporate value, the Company believes that the effective functioning of corporate governance is essential. As such, the Company conducts a self-evaluation or an analysis by an independent third party every year, and discloses those results in a timely and proper manner.

Independence and diversity in the Board of Directors

Ratio of Outside Directors: 5/9 persons 55%
(including four Independent Outside Directors)
Ratio of female executives: 2/13 persons 15%
(If Propositions 2 and 3 are approved)

Please refer to the Company's website below for details of the principle of corporate governance, details of the corporate governance reports and the results of the evaluation of the effectiveness of the Board of Directors.
HOME > Sustainability > Governance > Corporate Governance

(Attachment)

Business Report
(From April 1, 2022 to March 31, 2023)

1. Matters Related to Current Conditions of the Corporate Group

(1) Business Progress and Results

[General Conditions]

In the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), the global economy headed for a recovery from the novel coronavirus (COVID-19), such as with the abolition of the China's zero-COVID policy. However inflationary pressures due to factors such as the higher price of energy and resources caused by the Russia-Ukraine situation and concerns about the impact of polarization of the global economy centered on the conflict between the U.S. and China continue.

On the other hand, the Japanese economy recorded moderate growth with the lifting of activity restrictions imposed because of COVID-19.

For shipping rates, container freight rates weakened due to a temporary drop in cargo demand, but cargo demand was stable in the Car carrier business as well as the Dry Bulk business and Energy Transportation business, so stable market rates were kept.

Amid this business environment, the Company announced its 5-year Medium-term Management Plan starting from FY2022 in May 2022.

We formulated growth strategies seeing the challenges of entering new business domains that contribute to the achievement of a low-carbon and zero-carbon society as business opportunities and are concentrating management resources on three businesses that will be the drivers of growth based on portfolio strategies. In addition, for the containership business, which is an important business for the Group, we are enhancing our support as a shareholder to the sustainable growth and development of our equity-method affiliate OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as "ONE").

Furthermore, aiming for the optimal capital structure, we are also progressing cash allocation that balance growth investment and shareholder returns. Through these initiatives, we aim to be a company that continues to deserve the trust of all stakeholders by reducing our environmental impact and continuously improving our corporate value to realize a sustainable society.

In our own business, all segments continue to record profits due to the optimization of fleets with the completion of structural reforms, reductions to operational costs with the ongoing implementation of efficient operations and fleet allocations, the acquisition of new medium and long-term contracts with the enhancements to the customer-oriented sales system and ongoing initiatives to create synergies of businesses within the Group.

In addition, the performance of ONE was affected by a combination of consumer downturn due to monetary tightening in the U.S. and other factors as well as seasonal factors, despite the high level of market rates in the first half of the fiscal year. Market rates fell from the second half of the fiscal year due to a temporary drop in cargo demand.

The Company recorded an improvement in profits, particularly in its own business due to the impact of initiatives to improve corporate value in line with the Medium-term Management Plan and external factors such as market rates and cargo movements. In addition, the cash generated from both operating and financial cash flows is actively used for shareholder returns after allocation to business investment needed to improve corporate value.

As a result, operating revenues for the fiscal year were ¥942.6 billion (up ¥185.6 billion year on year), operating income was ¥78.8 billion (up ¥61.1 billion year on year), and ordinary income was ¥690.8 billion (up ¥33.3 billion year on year). Profit attributable to owners of the parent was ¥694.9 billion (up ¥52.4 billion year on year).

The average foreign exchange rate in the current fiscal year was ¥135.07/US$ (yen depreciation of ¥23.01 /US$ compared to the previous fiscal year) and the average fuel oil price was US$769/MT* (up by US$218/MT compared to the previous fiscal year).

* MT: Metric ton (one metric ton is 1,000 kilograms)

Operating revenues	Operating income	Ordinary income	Profit attributable to owners of the parent
¥942.6 billion (An increase of 24.5% year on year)	¥78.8 billion (4.5× compared to the previous fiscal year)	¥690.8 billion (An increase of 5.1% year on year)	¥694.9 billion (An increase of 8.2% year on year)

Dry Bulk Segment (Billions of yen)

Operating revenues	312.2	(an increase of 12.9% year on year)
Segment profit (loss)	21.6	(a decrease of 9.0% year on year)
Operating revenue composition ratio to total operating revenues	33.1%	

[Dry Bulk Business]

The Cape-size sector remained at high levels as tonnage supply contracted due to ships being forced to wait outside ports because of port congestion caused by COVID-19 at the beginning of the fiscal year. In addition to this impact easing from the middle to the end of the fiscal year, demand for transport to China declined due to lower demand caused by China's zero-COVID policy, and the market conditions weakened. Market rates rose in the second half of the fiscal year due to expectations for a recovery in iron ore demand from economic stimulus measures following the end of such policy.

In the medium and small vessel sector, in addition to declines such as the decline in transportation of coal to India and the decline in demand for transportation of steel products to Europe at the beginning of the fiscal year, market rates weakened due to the easing of port congestion in China. Market rates fluctuated in the second half of the fiscal year due to the increase in demand for transportation of grain to China and the decline in demand for transportation of coal, but rose in the same way as large vessels from the beginning of the year.

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 decrease in profitability.

Energy Resource Transport Segment (Billions of yen)

Operating revenues	100.2	(an increase of 11.7% year on year)
Segment profit (loss)	9.8	(an increase of 106.6% year on year)
Operating revenue composition ratio to total operating revenues 10.6%		

[LNG Carrier Business, Electricity Business, Tanker Business and Offshore Business]

Concerning LNG carriers, thermal coal carriers, large crude oil tankers (VLCCs), LPG 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.

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

Product Logistics Segment (Billions of yen)

Operating revenues	519.7	(an increase of 36.7% year on year)
Segment profit (loss)	670.0	(an increase of 4.6% year on year)
Operating revenue composition ratio to total operating revenues	55.1%	

[Car Carrier Business]

In the global car sales market, although supply shortages of semiconductors and auto parts, and the protracted situation in Russia and Ukraine affected production and shipments in some areas, the recovery from the impact of COVID-19 continued. We continuously engaged in initiatives to restore freight and improve vessel operation efficiency.

[Logistics Business]

The domestic logistics and port business recorded a year on year decline with the decline in the volume handled at domestic container terminals due to the decline in cargo to the west coast of North America. In the towage business, the work volume stayed firm. Volumes handled in the warehousing business remained firm.

As for the international logistics business, in the forwarding business, the ocean and air cargo transportation volume continued to decline. In the finished vehicles transportation business, both land transportation volume and storage volume increased year on year due to the increased demand for vehicles bound for Australia.

[Short Sea and Coastal Business]

In the short sea business, although coal transportation declined year on year due to the Russia-Ukraine situation, the overall market remained firm because of robust demand for the transportation of steel products and biomass fuels. In the coastal business, cargo volumes were at similar levels to the previous year, but transport volumes for passenger cars and passengers continued to recover due to the abolition of restrictions on movement caused by COVID-19.

[Containership Business]

Earnings at our equity-method affiliate ONE were strong due to the high levels of freight rates in the first half of the fiscal year.

Although short-term freight rates dropped in the second half of the fiscal year due to the recovery in tonnage supply volumes with the normalization of the supply chain and the decline in transportation demand, earnings were once again strong for the full year.

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

(2) Financial Position and Results of Operation

Item	FY2019	FY2020	FY2021	FY2022 (current fiscal year)
Operating revenues (Millions of yen)	735,284	625,486	756,983	942,606
Ordinary income (Millions of yen)	7,407	89,498	657,504	690,839
Profit attributable to owners of the parent (Millions of yen)	5,269	108,695	642,424	694,904
Basic profit per share (Yen)	18.83	388.45	2,295.85	2,571.02
Total assets (Millions of yen)	896,081	974,608	1,574,960	2,052,616
Net assets (Millions of yen)	200,234	316,162	984,882	1,546,679
Net assets per share of common stock (Yen)	361.29	779.76	3,161.45	6,128.41
Ratio of current profit to capital equity (ROE) (%)	5.1	68.1	116.5	57.9
Ratio of ordinary income to total assets (ROA) (%)	0.8	9.6	51.6	38.1
Capital equity ratio (%)	11.3	22.4	56.2	73.8

(Notes) 1. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued by the Accounting Standards Board of Japan on March 31, 2020) has been applied from the beginning of FY2021. The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition.

2. The Company conducted a share split with one ordinary share split into three shares on October 1, 2022. Basic profit per share and net assets per share of common stock are calculated assuming this share split occurred at the beginning of the 152nd term.

3. Overviews of FY2019 to FY2022 are as follows.

FY2019: Following on from the previous fiscal year, the global economy continued to face very difficult conditions. With concerns over economic slowdown and geopolitical uncertainties, consumption and manufacturing have stagnated since the beginning of 2020 due to the spread of COVID-19, which has started to cause significant restriction of global economic activity. In this business environment, backed by the effects through the structural reforms implemented in the previous fiscal year, we enhanced businesses that generate stable earnings, drastically realigned our car carrier service network, and restored freight in the car carrier business. In addition, backed by a substantial improvement in the business of ONE, the Company's equity-method affiliate, the Company successfully secured profitability in all operating income, ordinary income and profit for the period.

FY2020: Following the spread of COVID-19 and accompanying restrictions on movement and self-restraint from going out, the global economy experienced the worst negative growth of the post-war period, worse than what was witnessed in the Lehman crisis. Based on consideration of the impact on the

Group's business environment due to the COVID-19 pandemic, the Company established a management plan in August 2020 and focused on initiatives to control the damage by rationalizing fleet sizes centered on dry bulk and car carriers and carefully selecting investment opportunities, while securing sufficient liquidity and selling its assets such as the international terminal service sector. In addition, the performance of ONE, the Company's equity-method affiliate, substantially improved because of the effects such as flexible operations adapted to robust demand and contributions from the continued high level of freight rates. Due to these initiatives and improved profits, the Company achieved its target to increase its own capital significantly ahead of schedule which was originally set in the mid-2020s.

FY2021: The global economy recorded high growth rates on a full-year basis due to a reaction following the recovery from the previous fiscal year, despite the renewed spread of COVID-19 including the Omicron variant. The Company released its management plan (Rolling Planning) in May 2021. Since then, the Company engaged in "refining our four-pillar businesses," "accelerating global business development centered on Asia," "venturing into new business areas," "achieving further competitiveness in the containership business," and "continuously expanding our financial base." In its own businesses, all segments earned profits due to initiatives such as continuously promoting the optimization of fleet allocations, carefully choosing investments focused on stable earnings, pursuing thorough vessel efficiency, and growing profitability through enhancing customer proposal capabilities. In addition, the performance of ONE, the Company's equity-method affiliate, substantially improved from the previous fiscal year. Due to these improvements, the Company achieved its FY2030 target ahead of schedule to increase its own capital, and promoted business structure reform of withdrawing from high-cost vessels and unprofitable businesses.

FY2022: The overview for FY2022 is as provided in subsection "(1) Business Progress and Results," pages 37 to 41.

(3) Capital Investment

Over the current fiscal year, the Group made overall capital investments of ¥71.8 billion.

The Dry Bulk, Energy Resource Transport, and Product Logistics segments made capital investments of ¥4.4 billion, ¥32.4 billion, and ¥33.9 billion, respectively, with such outlays primarily centered on ship construction.

Meanwhile, sales of fixed assets amounted to ¥37.7 billion, mainly attributable to vessel disposal.

(4) Capital Procurement

The Group raised the required funds for the current fiscal year through its own capital and borrowings from financial institutions.

(5) Issues to Address

We forecast that the uncertain business environment will continue in FY2023 due to the unpredictable nature of the conflict between the U.S. and China and the Russia-Ukraine situation as well as concerns about economic decoupling, downward pressure on the global economy, and energy policy trends in all countries.

Even under this very uncertain business environment, we aim to strengthen our risk management and preparation in the anticipation of unpredicted contingencies, respond appropriate to changes in the business environment in the short and medium term while aiming for management that is focused on the low- and zero-carbon transitions of the Company and society over the long-term.

We are aiming for sustainable growth and to improve our corporate value by both contributing to the response to environmental challenges and achieving profitability growth as a company that is very resilient to market fluctuations with two pillars of our own business and container ships. We will develop partnerships with customers who can share growth opportunities, promote the reduction of greenhouse gas emissions, switch to alternative fuels, and response to demand for new types of transportation as part of society’s infrastructure.

[Business strategy]

The Group strives to clarify the role of each business, strengthen the profitability of business through well-balanced resource allocation according to the characteristics of each business and further improve corporate value based on a portfolio strategy that leverages the Group’s strengths with the shipping industry at the core as set out on the 5-year Medium-term Management Plan, released in May 2022.

In the coal/iron ore, car carriers and LNG carriers businesses, which are “businesses that play a role of driving growth,” we will achieve business growth through concentrated allocation of management resources for the purpose of achieving growth by taking on environmental challenges as opportunities and turning these business areas into mainstays of group-wide profitability.

Thermal coal carriers, large tanker and LPG carrier business, which are “businesses that play a role of supporting a smooth energy source conversion and taking on new business opportunities,” will aim to help customers transform their energy mix and to promote the response to new energy transport demand by preparing management and operation systems to respond to demand for new transportation, while minimizing business risks.

In bulk carriers, short sea and coastal, and port/logistics businesses, which are “businesses that play a role in contributing by enhancing profitability,” we will strive to strengthen resistance to market fluctuations and secure stable income, promoting a business strategy that pursues synergies.

In “businesses that play a role of supporting the business as a shareholder and stabilizing the earning base,” Containerships are considered to be an important business for the Company, and we aim to maximize corporate value through ongoing human resource support and involvement in management governance for the purpose of enhancing our support as a shareholder to the sustainable growth and development of our equity-method affiliate ONE.

In the “new business domain,” we aim to expand the business domains in which we can leverage the Group’s strengths, pursuing the refinement of specialized fields between Group companies such as liquified CO_2 carriers and support vessel business for offshore wind power generation projects.

[Business foundation]

We will build a solid business foundation to realize our business strategy. By improving our unique technology and expertise through investment into the human resources that are the source of the Group’s value proposition as well as their supporting systems and technologies, we aim to provide added value that meets our customers’ needs through our industry-leading safety, environment and transportation quality as well as our organizational business strength.

[Capital Policy]

We will 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 soundness of financial basis. In addition to base dividends, we will strive to increase shareholder value by flexibly implementing additional dividends and share buybacks. In addition, we plan to further improve business management and will aim to further increase corporate value by maintaining and strengthening our investment discipline through the introduction of business management systems with awareness of capital costs and cash flow for each business area and the introduction of business investment management.

(6) Status of Principal Subsidiaries, etc. (as of March 31, 2023)

Company name	Paid-in capital	Equity ownership (%)	Core business
KAWASAKI KINKAI KISEN KAISHA, LTD.	2,368 million yen	100.0	Marine transportation
“K” LINE LOGISTICS, LTD.	600 million yen	95.9	Air transportation agency
“K” LINE RORO BULK SHIP MANAGEMENT CO., LTD.	400 million yen	100.0	Ship management
DAITO CORPORATION	842 million yen	(51.0)	Harbor transportation
NITTO TOTAL LOGISTICS LTD.	1,596 million yen	(51.0)	Harbor transportation
HOKKAI TRANSPORTATION CO., LTD.	60 million yen	80.1	Harbor transportation
“K” LINE BULK SHIPPING (UK) LIMITED	33.97 million U.S. dollars	(100.0)	Marine transportation
“K” LINE LNG SHIPPING (UK) LIMITED	35.90 million U.S. dollars	(100.0)	Marine transportation
“K” LINE PTE LTD	41.14 million U.S. dollars	100.0	Marine transportation
OCEAN NETWORK EXPRESS PTE. LTD.	3,000.00 million U.S. dollars	(31.0)	Marine transportation

(Notes) 1. Figures shown in parentheses in the equity ownership column include ownership shares held by subsidiaries, etc.

2. KAWASAKI KINKAI KISEN KAISHA, LTD. became a wholly-owned subsidiary of the Company on June 1, 2022 through a share exchange between the Company, the wholly share exchange parent company, and KAWASAKI KINKAI KISEN KAISHA, LTD., the wholly share exchange subsidiary.

3. The Company bought more shares of “K” LINE LOGISTICS, LTD. in September 2022 and its equity ownership increased from 91.9% to 95.9%.

4. The Company’s ownership ratio of DAITO CORPORATION and NITTO TOTAL LOGISTICS LTD. is through 51% ownership of KLKG HOLDINGS, Co., Ltd.

5. The Company’s ownership of “K” LINE BULK SHIPPING (UK) LIMITED and “K” LINE LNG SHIPPING (UK) LIMITED is through the Company’s wholly owned subsidiary “K” LINE HOLDING (EUROPE) LIMITED.

6. The Company’s ownership ratio of OCEAN NETWORK EXPRESS PTE. LTD. is through 31.0% ownership of OCEAN NETWORK EXPRESS HOLDINGS, LTD. OCEAN NETWORK EXPRESS PTE. LTD. is an equity-method affiliate running a containership business but is listed from the perspective of importance.

(7) Main Locations (as of March 31, 2023)

(i) The Company

Name	Location
Head Office	Iino Building, 1-1, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo, Japan
Registered Head Office	Shinko Building, 8 Kaigan-dori, Chuo-ku, Kobe, Japan
Nagoya Branch	Nagoya International Center Building, 47-1, Nagono 1-chome, Nakamura-ku, Nagoya, Japan
Kansai Branch	Shinko Building, 8 Kaigan-dori, Chuo-ku, Kobe, Japan
Overseas Representative Office	Taipei, Manila, Dubai

(Note) The Yangon Representative Office was closed effective March 12, 2023.

(ii) Subsidiaries, etc.

Company name	Location
KAWASAKI KINKAI KISEN KAISHA, LTD.	Tokyo, Kushiro, Sapporo, Tomakomai, Hachinohe, Naka, Shizuoka, Kitakyushu, Oita
“K” LINE LOGISTICS, LTD.	Tokyo, Nagoya, Osaka
“K” LINE RORO BULK SHIP MANAGEMENT CO., LTD.	Kobe, Tokyo, the Philippines
DAITO CORPORATION	Tokyo, Chiba, Yokohama
NITTO TOTAL LOGISTICS LTD.	Kobe, Tokyo, Nagoya, Osaka, Kurashiki
HOKKAI TRANSPORTATION CO., LTD.	Kushiro, Sapporo, Tomakomai, Tokyo
“K” LINE BULK SHIPPING (UK) LIMITED	U.K.
“K” LINE LNG SHIPPING (UK) LIMITED	U.K.
“K” LINE PTE LTD	Singapore
OCEAN NETWORK EXPRESS PTE. LTD.	Singapore

(iii) Other Locations Overseas

Korea, China, Taiwan, Thailand, Singapore, Malaysia, Indonesia, Vietnam, India, Australia, U.K., Germany, Belgium, U.S.A., Mexico, Peru, Chile, Brazil, South Africa

(8) Status of Employees (as of March 31, 2023)

Name of segment	Dry Bulk	Energy Resource Transport	Product Logistics	Other	Corporate (common)	Total
Number of employees	170	190	3,700	443	415	4,918
As of previous fiscal year end	160	212	3,697	680	409	5,158
Change from previous fiscal year end	10	(22)	3	(237)	6	(240)

(Notes) 1. Employees categorized as "Corporate (common)" are employees belonging to administrative divisions who cannot be categorized as belonging to a particular segment.

(9) Status of Vessels (as of March 31, 2023)

Name of segment	Dry Bulk	Energy Resource Transport	Product Logistics			Total
Vessel type	Dry bulk carriers	LNG carriers, tankers, thermal coal carriers	Car carriers	Short sea and coastal vessels	Containerships	
Category						
Owned						
Number of vessels	50	22	31	24	11	138
Deadweight tons	6,119,663	2,979,104	439,338	234,374	849,856	10,622,335
Chartered						
Number of vessels	129	24	54	18	30	255
Deadweight tons	16,509,739	2,293,757	974,458	171,304	2,970,195	22,919,453
Total						
Number of vessels	179	46	85	42	41	393
Deadweight tons	22,629,402	5,272,861	1,413,796	405,678	3,820,051	33,541,788

(Note) The numbers of owned vessels include vessels for which ownership is shared and the numbers of deadweight tons include the portions owned by other companies in these vessels.

(10) Reorganizations, etc. (Transfer of Business, Mergers, etc.)

The Company and its consolidated subsidiary Kawasaki Kinkai Kisen Kaisha, LTD. (hereinafter referred to as “Kawasaki Kinkai Kisen”) conducted a share exchange effective June 1, 2022, whereby the Company is the wholly share exchange parent company and Kawasaki Kinkai Kisen is the wholly share exchange subsidiary.

(11) Other Important Matters Related to Current Conditions of the Corporate Group

The Group has been investigated by the competition authorities in certain countries in relation to alleged anti-competitive behavior (alleged formation of a cartel) relating to the transportation of automobiles, automotive construction machineries, and other automotive vehicles.

In addition, the Group is currently subject to lawsuits for damages in certain countries in relation to the same matter.

2. Matters Related to Corporate Stocks (as of March 31, 2023)

(1) Number of Authorized Shares: 600,000,000 shares

(Note) 600,000,000 shares due to the share split (3 shares for 1 ordinary share) conducted on October 1, 2022.

(2) Number of Issued and Outstanding Shares: 250,712,389 shares

(Note) 250,712,389 shares due to the issuance of new shares (increase of 811,234 shares) for a share exchange to make KAWASAKI KINKAI KISEN KAISHA, LTD. a wholly-owned subsidiary on June 1, 2022, stock split on October 1, 2022 (increase of 189,498,926 shares), and cancellation of treasury stock on March 29, 2023 (decrease of 33,536,000 shares).

(3) Aggregate Number of Shareholders: 70,640

(4) Major Shareholders (top 10)

Name of shareholders	Number of shares held (Thousands)	Percentage of shares held (%)
ECM MF	32,149	12.92
The Master Trust Bank of Japan, Ltd. (trust account)	24,296	9.77
GOLDMAN SACHS INTERNATIONAL	17,892	7.19
MLI FOR SEGREGATED PB CLIENT	16,954	6.81
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	15,300	6.15
CGML PB CLIENT ACCOUNT/COLLATERAL	14,125	5.68
IMABARI SHIPBUILDING CO., LTD.	7,062	2.84
Custody Bank of Japan, Ltd. (trust account)	5,937	2.38
Mizuho Bank, Ltd.	4,911	1.97
Sompo Japan Insurance Inc.	4,405	1.77

(Note) Percentage of shares held is calculated excluding treasury stock (2,068,542 shares).

(5) The Status of Shares Issued to Directors and Audit & Supervisory Board Members as Consideration for Execution of Their Duties During the Current Fiscal Year

There was no relevant matter during the current fiscal year.

(6) Other Matters Related to Stocks

(i) Share buyback

A share buyback was conducted as follows in accordance with a resolution at the Board of Directors meeting convened on November 4, 2022.

・Class and total number of shares acquired Common shares of the Company 35,236,000

・Total acquisition price of shares ¥89,535,332,845

・Acquisition period From November 8, 2022 to March 24, 2023

(ii) Cancellation of treasury stock

Treasury stock were cancelled in accordance with a resolution at the Board of Directors meeting convened on March 14, 2023.

・Class and total number of shares cancelled Common shares of the Company 33,536,000

・Cancellation date March 29, 2023

・Number of treasury stock after cancellation 2,068,542

3. Matters Related to Directors and Audit & Supervisory Board Members

(1) Details of Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Name	Position	Areas of responsibility in the Company and significant concurrent positions
Yukikazu Myochin	Representative Director, President & CEO	CEO
Atsuo Asano	Representative Director, Vice President Executive Officer	Assistant to President & CEO, Responsible for Dry Bulk Carriers Unit, Bulk Carrier, Drybulk Planning, Marine Sector, Advanced Technology, Ship Technical and GHG Reduction Strategy Unit
Yukio Toriyama	Representative Director, Senior Managing Executive Officer	Responsible for CFO Unit (Planning, Research, Corporate Sustainability, Environment Management, IR and Communication, Finance, Accounting, Taxation), Legal and Corporate Legal Risk & Compliance Unit, CFO (Chief Financial Officer)
Kazuhiko Harigai	Representative Director, Senior Managing Executive Officer	Responsible for Energy Transportation Business Unit
Yasunari Sonobe	Director, Senior Managing Executive Officer	Responsible for Product Logistics Business Unit (Car Carriers, Logistics, Port, Short Sea and Coastal Business and Affiliated Business)
Keiji Yamada	Director	Remuneration Advisory Committee Chairperson, Trustee of Kyoto Sangyo University, Special Advisor to the President and Professor, Department of Interdisciplinary Studies in Law and Policy, Faculty of Law of Kyoto Sangyo University, Outside Audit & Supervisory Board member of HORIBA, Ltd. and Outside Director of TOSE CO., LTD.
Ryuhei Uchida	Director	Director of Effissimo Capital Management Pte Ltd
Kozue Shiga	Director	Nomination Advisory Committee Chairperson, and Attorney, Oka-Partners Law Office
Tsuyoshi Kameoka	Director	Trustee and Councilor, Kwansei Gakuin Educational Foundation, Outside Director, J-OIL MILLS, INC.
Kunihiko Arai	Standing Audit & Supervisory Board Member	
Yutaka Akutagawa	Standing Audit & Supervisory Board Member	
Atsumi Harasawa	Audit & Supervisory Board Member	Partner of Igarashi Watanabe & Esaka Law Office, Outside Director of Ricoh Leasing Company, Ltd. and Outside Audit & Supervisory Board member of GiXo Ltd.
Shinsuke Kubo	Audit & Supervisory Board Member	Representative Partner of Kyoei Accounting Office and Outside Audit & Supervisory Board Member of Japan Airlines Co., Ltd.

(Notes) 1. Directors, Keiji Yamada, Ryuhei Uchida, Kozue Shiga, and Tsuyoshi Kameoka are Outside Directors. The Company has designated Keiji Yamada, Kozue Shiga, and Tsuyoshi Kameoka as independent directors pursuant to the regulations of the Tokyo Stock Exchange, and has provided the relevant notification to the said exchange.

2. Audit & Supervisory Board Members Atsumi Harasawa and Shinsuke Kubo are Outside Audit & Supervisory Board Members. The Company has designated them both as independent auditors pursuant to the regulations of the Tokyo Stock Exchange, and has provided the relevant notification to the said exchange.
3. Audit & Supervisory Board Member Kunihiko Arai has considerable knowledge of financial and accounting matters based on his engagement in a wide range of both domestic and overseas sectors including being a Representative at overseas bases of the Company. Audit & Supervisory Board Member Yutaka Akutagawa has considerable knowledge of financial and accounting matters based on his wide range of experience in Mizuho Bank, Ltd. and his involvement in corporate management as its Executive Officer. Audit & Supervisory Board Member Shinsuke Kubo is qualified as a certified public accountant with considerable knowledge of financial and accounting matters based on his engagement in CPA offices inside and outside Japan.
4. Director Keiji Yamada is Trustee of Kyoto Sangyo University, Special Advisor to the President and Professor, Department of Interdisciplinary Studies in Law and Policy, Faculty of Law of Kyoto Sangyo University, Outside Audit & Supervisory Board member of HORIBA, Ltd. and Outside Director of TOSE CO., LTD. No special interests exist between the Company and each of these entities where he concurrently holds the positions.
5. Director Ryuhei Uchida is Director of Effissimo Capital Management Pte Ltd. The entity has submitted a statement of large-volume holdings stating that it holds 38.39% of the issued and outstanding shares of the Company.
6. Director Kozue Shiga is Attorney, Oka-Partners Law Office. No special interests exist between the Company and the said office.
7. Director Tsuyoshi Kameoka is Trustee and Councilor of Kwansei Gakuin Educational Foundation and outside director of J-OIL MILLS, INC. No special interests exist between the Company and each of these entities where he concurrently holds the positions.
8. Audit & Supervisory Board Member Atsumi Harasawa is Partner of Igarashi Watanabe & Esaka Law Office, Outside Director of Ricoh Leasing Company, Ltd. and Outside Audit & Supervisory Board member of GiXo Ltd. No special interests exist between the Company and each of these entities where she concurrently holds the positions.
9. Audit & Supervisory Board Member Shinsuke Kubo is Representative Partner of Kyoei Accounting Office. No special interests exist between the Company and the said office. In addition, he is Outside Audit & Supervisory Board Member of Japan Airlines Co., Ltd. The Company’s air cargo business conducts business transactions with the said company, but annual transaction volume accounts for less than 1% of the Company’s consolidated sales and less than 1% of consolidated sales of the said company.

(2) Directors' and Audit & Supervisory Board Members' Remuneration

(i) Amount of Directors' and Audit & Supervisory Board Members' Remuneration

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of Directors and Audit & Supervisory Board Members
		Fixed remuneration	Performance-based remuneration		
		Monthly remuneration	Short-term performance-based remuneration (monetary)	Medium- to long-term performance-based remuneration (stock)	
Directors (excluding Outside Directors)	867	258	201	407	6
Outside Directors	39	39	-	-	4
Total	906	298	201	407	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	60	60	-	-	2
Outside Audit & Supervisory Board Members	20	20	-	-	2
Total	80	80	-	-	4

(Notes) 1. The above table includes one Director who retired from their position upon the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2022.

2. Of the remuneration, etc. relating to the current fiscal year, the ¥201 million of short-term performance-based remuneration (monetary) to Directors is conditional on the approval of Proposition 5 at the 155th Ordinary General Meeting of Shareholders. The plan is to pay five Directors, excluding four Outside Directors, serving at the end of the current term.

3. Of the remuneration, etc. relating to the current fiscal year, medium- to long-term performance-based remuneration (stock) is conditional on the approval of Proposition 6 at the 155th Ordinary General Meeting of Shareholders. In the above table, ¥407 million is presented as the amount recorded as expense in the current fiscal year and is to be paid to five Directors, excluding four Outside Directors, serving at the end of the current term.

4. Remuneration other than listed above is a payment of ¥159 million as bonuses paid on consolidated performance in July 2022 to six Directors, excluding Outside Directors, as performance-based remuneration pertaining to FY2021, and a decision to award points equivalent to ¥103 million as performance-based share remuneration in May 2022. The Company intends to pay performance-based share remuneration when an officer retires.

(ii) Matters Related to Resolutions by the General Meeting of Shareholders on Directors' and Audit & Supervisory Board Members' Remuneration

The maximum amount of monetary remuneration for Directors was set at no more than ¥600 million per year and a performance-based share remuneration plan was introduced in which the determination of the specific amount to be paid is left to the discretion of the Board of Directors to be within the framework of the total amount as resolved by resolution of the Ordinary General Meeting of Shareholders held on June 24, 2016.

The number of Directors as of the conclusion of said Ordinary General Meeting of Shareholders is nine (of which, three are Outside Directors).

In accordance with the resolution of the Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced the plan for the four fiscal years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2020 (hereinafter, this four-fiscal-year period and each subsequent four-fiscal-year period are referred to as the "Period"; there is no date set for the termination of the trust, and the trust will continue as long as the plan continues), as well as for each Period that follows. The Company established the trust for eligible Directors as beneficiaries with the Company contributing up to ¥480 million as the funds necessary to acquire the shares to be delivered to Directors based on the plan during the initial period. The number of Directors as of the conclusion of said Ordinary General Meeting of Shareholders is nine (of which, three are Outside Directors).

The maximum amount of remuneration for Audit & Supervisory Board Members was set at no more than ¥12 million per month by resolution of the Ordinary General Meeting of Shareholders held on June 26, 2006. The number of Audit & Supervisory Board Members as of the conclusion of said Ordinary General Meeting of Shareholders is four (of which, two are Outside Audit & Supervisory Board Members).

(iii) Policies on Remuneration for Each Individual Director

a. Method of determining policies on remuneration for each individual Director

- Policies on determining remuneration for each individual Director are decided based on Article 13 of the Kawasaki Kisen Kaisha, Ltd. CORPORATE GOVERNANCE GUIDELINES established at the Board of Directors meeting held on November 27, 2015.

b. Overview of contents of policies for determining remuneration for each individual Director

- The amount of remuneration for each individual Director shall be fair and adequate in consideration of the Company's business performance and in light of the levels of remuneration paid by other comparable companies. The remuneration for Executive Directors shall be appropriate, fair, and balanced so as to reflect the Company's medium- to long-term business performance and the latent risks borne by said Executive Directors and to further enhance their willingness and motivation to bring about the Company's sustainable growth and maximize its corporate value. In addition, the remuneration for Outside Directors shall reflect the amount of time devoted to the Company's business, and the responsibilities borne by them, and shall not include business performance-linked factors.

c. Reasons the Board of Directors has judged that the contents of remuneration for each individual Director are in line with said policies

- The institutional design and level of remuneration for Directors shall be deliberated on, resolved, and recommended to the Board of Directors by the Remuneration Advisory Committee pursuant to the aforementioned policies.
- The Board of Directors shall respect the recommendations of the Remuneration Advisory Committee and approve the remuneration for each Director within the limit of the maximum yearly remuneration as resolved by the General Meeting of Shareholders, and the Representative Director, President & CEO shall ultimately determine the amount to be paid to each Director. The amount of performance-based remuneration for each Director is determined according to the formula stipulated in the internal regulations within the limit of the resolution at the Ordinary General Meeting of Shareholders.

- In accordance with the above, the Company has judged that the contents of remuneration for each individual Director in the current fiscal year are in line with the policies for determining remuneration for each individual Director.
- The Remuneration Advisory Committee shall comprise all Independent Outside Directors, the Chairman, and the President & CEO. The chairperson shall be appointed from among committee members who are Independent Outside Directors.

(iv) Policies on delegation of authority to determine the contents of remuneration for each individual Director

The contents of remuneration for each individual Director shall ultimately be determined by Yukikazu Myochin, the Representative Director, President & CEO, who has a general understanding of the status of execution of duties by Directors from the perspective of privacy and accurate ratings, as resolved at the Board of Directors meeting held on June 23, 2022.

In order for the Representative Director, President & CEO to appropriately exercise said authority in determining the amount to be paid to each individual Director, the Remuneration Advisory Committee provides recommendations within the limit of the maximum yearly remuneration as resolved by the General Meeting of Shareholders and said recommendations are approved at a meeting of the Board of Directors.

The Company has judged that the delegation of said authority is appropriate based on the fact that the undertaking of said measures can serve to ensure objectivity and transparency.

(v) Method of determining indicators relating to performance-based remuneration and amount of said performance-based remuneration; and reasons for selecting said indicators

The indicators for performance-based remuneration for the current fiscal year were resolved at the Board of Directors meeting convened on March 14, 2023 to commence applying to Directors in office at the end of the current fiscal year, conditional upon the approval of Proposition 5 and Proposition 6 at the 155th Ordinary General Meeting of Shareholders to be held on June 23, 2023. The following is based on that resolution.

a. Method of determining indicators relating to performance-based remuneration and amount of said performance-based remuneration

- Short-term performance-based remuneration (monetary)

  Short-term performance-based remuneration (monetary) is primarily linked to the level of achievement of the targets for consolidated performance for a single fiscal year to enhance the transparency and objectivity of payment standards.

  The coefficient for multiplying the base amount for each position shall be linked to consolidated performance (total amount of ordinary income, amount of ordinary income excluding the containership business, and profit attributable to owners of the parent) for single fiscal years as well as individual contributions. The coefficient linked to consolidated performance varies in value from 0 to 1.5 based on the designated formula according to the level of achievement of targets. The degree of linkage to performance increases in accordance with management responsibility. In addition to this, in the event of a serious marine accident, the Company applies subtraction indicators according to the extent of the accident and its impact.

In the fiscal year under review, total amount of ordinary income, amount of ordinary income excluding the containership business, and profit attributable to owners of the parent all substantially exceeded their targets, so the coefficient linked to the consolidated performance was set at the maximum value of 1.5.

- Medium- to long-term performance-based remuneration (stock)

  The medium- to long-term performance-based remuneration (stock) shall be linked to the total shareholders return (TSR) and other indicators in order to further share value with shareholders, strengthen incentives for Directors to enhance corporate value over the medium- to long-term, and make it functioning more effectively.

For TSR-based indicators, a combination of the ratio of the Company's TSR to the TOPIX growth rate (hereinafter, the "TSR Ratio") and the ranking of the Company's TSR to the TSR of other companies shall be used to determine the coefficient for multiplying the base amount for each position.

If the TSR Ratio is 50% or less, the coefficient for multiplying the base amount for each position shall be 0 (the minimum value); if the TSR Ratio is 100%, the coefficient shall be 1 (when set targets were achieved); if the TSR Ratio is 150% or more, the coefficient shall be 1.62 (the maximum value); and if the TSR Ratio is more than 50% but less than 150%, the coefficient shall be calculated through a certain formula.

Apart from TSR-based indicators, the Company introduces coefficients based on the level of achievement of the targets in the medium-term management plan and the ranking of the Company to other companies as ROE indicators, and coefficients that assess the improvements in CO_2 emissions efficiency as ESG indicators.

The degree of linkage to performance is designed to increase in accordance with management responsibility. The composition ratio for TSR indicators: ROE indicators: ESG indicators (CO_2) is set at 90:5:5.

The total values of each coefficient (the minimum value 0, the maximum value 1.8) calculated as detailed above shall be multiplied by the base amount for each position to calculate the amount of medium- to long-term performance-based remuneration, which will be converted into points and awarded to Directors each fiscal year. In principle, the Company's stock, etc. will be delivered at the time of retirement in proportion to the accumulated number of the points awarded.

In the current fiscal year, the ratio of the Company's TSR to TOPIX growth rate for the three-year period from FY2020 to FY2022 was over 150%, resulting in a payment coefficient based on TSR indicators of 1.62, a payment coefficient based on ROE indicators of 0.09 and a payment coefficient based on ESG indicators of 0. Thus, the coefficient to be multiplied by the base amount for each position was 1.71.

- Composition ratio of remuneration

  The composition ratio for fixed remuneration (monetary), short-term performance-based remuneration (monetary), and medium- to long-term performance-based remuneration (stock) according to the typical case is as follows:

  In the case of achieving the performance target:

(Before revision) 100:30:10 → (After revision) 100:40:65

According to the level of achievement of targets, short-term performance-based remuneration varies from 0 to 1.5 times and medium- to long-term performance-based remuneration varies from 0 to 1.8 times. In addition, the degree of linkage to performance increases in accordance with management responsibility.

b. Reasons for selecting said indicators

The Company provides motivation with the optimal balance between short-term performance and medium- to long-term shareholder value enhancement, providing Directors with incentives to promote sustainable initiatives, aimed at maximizing corporate value.

<For your reference>

Overview of the Design of Remuneration System Applicable to the Current Fiscal Year (Conditional upon the approval of Proposition 5 and Proposition 6 at the 155th Ordinary General Meeting of Shareholders)

<table>
<tr><th>Classification</th><th>Type of remuneration</th><th>Nature of remuneration</th><th>Method of determination</th><th>Maximum limit of remuneration</th></tr>
<tr><td rowspan="3">Director</td><td>1) Monthly remuneration</td><td>Fixed remuneration</td><td>Remuneration is determined in accordance with position</td><td rowspan="2">Within 800 million yen / year</td></tr>
<tr><td>2) Short-term performance-based remuneration (monetary)*</td><td rowspan="2">Variable remuneration</td><td>Linked to consolidated performance and individual performance evaluations for single fiscal years, including ESG indicators (safety)</td></tr>
<tr><td>3) Medium- to long-term performance -based remuneration (stock) “BBT”*</td><td>Linked to the Company’s medium- to long-term total shareholders return (TSR) TSR = The rate of increase of the Company’s shares over a fixed period + The dividend rate over the fixed period (Total dividend ÷ Initial share price), with the addition of ROE indicators and ESG indicators (improvement in reducing CO_2 emissions)</td><td>Over the 4 fiscal years from FY ended March 31, 2021 up until FY ended March 31, 2024:
(1) Amount contributed to the trust by the Company: 2,400 million yen
(2) Maximum points awarded to Directors in any 1 FY: 1.2 million points (equivalent to 1.2 million shares)</td></tr>
<tr><td>Audit & Supervisory Board Member</td><td>Monthly remuneration only</td><td>Fixed remuneration</td><td>Determined following deliberation among Audit & Supervisory Board Members</td><td>Within 12 million yen / month</td></tr>
</table>

* Limited to Executive Directors

(3) Matters Related to Outside Directors and Outside Audit & Supervisory Board Members

Status of Main Activities During the Current Fiscal Year and Summary of Duties Performed in Relation to Expected Roles

Name	Position	Status of Main Activities and Summary of Duties Performed in Relation to Expected Roles
Keiji Yamada	Outside Director	Mr. Yamada attended all 19 meetings of the Board of Directors held during the current fiscal year. Based on his wide range of experience/personal network and insight from his long-term experience as a head of administrative organs, he has fulfilled his expected roles of making comments as appropriate from an objective standpoint as an Outside Director and supervising the execution of business through his activities in his position as Remuneration Advisory Committee Chairperson and Nomination Advisory Committee Member.
Ryuhei Uchida	Outside Director	Mr. Uchida attended all 19 meetings of the Board of Directors held during the current fiscal year. Based on his abundant experience and insight in corporate value enhancement at a general trading company and investment funds, he has fulfilled his expected roles of making comments as appropriate from an objective standpoint as an Outside Director and contributing to the enhancement of the Group’s corporate governance with his precise supervision on the Company’s management and the execution of business.
Kozue Shiga	Outside Director	Ms. Shiga attended all 19 meetings of the Board of Directors held during the current fiscal year. She has expert knowledge and experience as a lawyer, and is fulfilling her expected roles of making comments as appropriate from an objective standpoint and supervising the execution of business through her activities in her position as Nomination Advisory Committee Chairperson and Remuneration Advisory Committee Member.
Tsuyoshi Kameoka	Outside Director	Mr. Tsuyoshi Kameoka attended 18 of the 19 meetings of the Board of Directors held during the current fiscal year. Based on his abundant experience in corporate management and broad insight, he is fulfilling his expected roles of making comments as appropriate from an objective standpoint as an Outside Director and supervising the execution of business through his activities in his position as Remuneration Advisory Committee Member and Nomination Advisory Committee Member.
Atsumi Harasawa	Outside Audit & Supervisory Board Member	Ms. Harasawa attended all 19 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the current fiscal year. She has fulfilled her expected roles of making comments as appropriate from an expert perspective as a lawyer and conducting effective auditing from an independent point of view.

Name	Position	Status of Main Activities and Summary of Duties Performed in Relation to Expected Roles
Shinsuke Kubo	Outside Audit & Supervisory Board Member	Mr. Kubo attended 18 of the 19 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the current fiscal year. He has fulfilled his expected roles of making comments as appropriate from an expert perspective as a certified public accountant and conducting effective auditing from an independent point of view.

(4) Overview of Contents of Limited Liability Contracts

The Company's Articles of Incorporation stipulate that, pursuant to the provisions of Article 427, Paragraph (1) of the Companies Act, the Company may conclude limited liability contracts as prescribed in Article 423, Paragraph (1) of the said Act with Directors (excluding Executive Directors) and Audit & Supervisory Board Members. Based on the provisions, the Company has concluded limited liability contracts with Non-Executive Directors Keiji Yamada, Ryuhei Uchida, Kozue Shiga and Tsuyoshi Kameoka, as well as all Audit & Supervisory Board Members. When acting in good faith and in the absence of any serious negligence, the limit of liability on the basis of any such contract will amount to either ¥10 million or an amount stipulated by laws and regulations, whichever amount may be higher.

(5) Outline of Liability Insurance Contracts for Directors and Officers, etc.

The Company has concluded liability insurance contracts with an insurance company for Directors and Officers, etc., as stipulated in Article 430-3, Paragraph (1) of the Companies Act. The scope of the said contracts is for Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, and the insured does not bear the premium. The said contract covers damages that may arise from the insured assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. However, the coverage excludes illegal acts and the like of the insured carried out intentionally so that the properness of the execution of duties by the insured is not impaired.

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023
ASSETS	
Current assets:	
Cash and deposits	247,429
Accounts and notes receivable-trade and contract assets	107,522
Marketable securities	102,001
Raw materials and supplies	38,356
Deferred and prepaid expenses	22,018
Short-term loans receivable	2,293
Other current assets	16,345
Allowance for doubtful accounts	(1,074)
Total current assets	**534,894**
Non-current assets:	
(Vessels, property and equipment)	
Vessels, net	319,329
Buildings and structures, net	9,709
Machinery, equipment and vehicles, net	3,129
Land	15,537
Construction in progress	18,842
Other, net	5,599
Total vessels, property and equipment	**372,147**
(Intangible assets)	
Other intangible assets	3,808
Total intangible assets	**3,808**
(Investments and other assets)	
Investment securities	1,070,227
Long-term loans receivable	24,568
Asset for retirement benefits	1,400
Deferred tax assets	6,175
Other investments and other assets	41,323
Allowance for doubtful accounts	(1,930)
Total investments and other assets	**1,141,765**
Total non-current assets	**1,517,722**
Total assets	**2,052,616**

(Note) The amounts presented are rounded down to the nearest million yen.

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023
LIABILITIES	
Current liabilities:	
Accounts and notes payable-trade	62,803
Short-term loans and current portion of long-term loans	50,691
Lease obligations	13,367
Accrued income taxes	2,095
Provision for loss related to the Anti-Monopoly Act	1,692
Provision for loss on chartering contracts	9,609
Provision for bonuses	4,489
Provision for directors' bonuses	523
Other current liabilities	40,106
Total current liabilities	**185,378**
Non-current liabilities:	
Long-term loans, less current portion	267,313
Lease obligations	20,320
Deferred tax liabilities	4,044
Deferred tax liabilities on land revaluation	1,174
Provision for directors' and audit and supervisory board members' retirement benefits	83
Provision for directors' stock benefits	1,192
Provision for periodic drydocking of vessels	14,810
Liability for retirement benefits	6,441
Other non-current liabilities	5,177
Total non-current liabilities	**320,558**
Total liabilities	**505,937**
NET ASSETS	
Shareholders' equity:	
Common stock	75,457
Capital surplus	29,102
Retained earnings	1,302,769
Treasury stock	(6,550)
Total shareholders' equity	**1,400,779**
Accumulated other comprehensive income:	
Net unrealized holding gain (loss) on investment securities	6,482
Deferred gain (loss) on hedges	2,100
Revaluation reserve for land	4,682
Foreign currency translation adjustments	103,353
Retirement benefits liability adjustments	(2,000)
Total accumulated other comprehensive income	**114,619**
Non-controlling interests	**31,280**
Total net assets	**1,546,679**
Total liabilities and net assets	**2,052,616**

(Note) The amounts presented are rounded down to the nearest million yen.

Consolidated Statement of Operations

(Millions of yen)

	Year ended March 31, 2023
Marine transportation and other operating revenues	942,606
Marine transportation and other operating costs and expenses	799,881
Gross profit (loss)	142,724
Selling, general and administrative expenses	63,866
Operating income (loss)	78,857
Non-operating income:	
Interest income	2,805
Dividend income	2,517
Equity in earnings of unconsolidated subsidiaries and affiliates	627,759
Other non-operating income	2,950
Total non-operating income	636,033
Non-operating expenses:	
Interest expenses	9,996
Foreign exchange losses, net	9,723
Other non-operating expenses	4,332
Total non-operating expenses	24,052
Ordinary income (loss)	690,839
Extraordinary income:	
Gain on sales of non-current assets	3,829
Other extraordinary income	919
Total extraordinary income	4,748
Extraordinary losses:	
Impairment losses	18
Loss on change in equity	614
Provision for loss related to the Anti-Monopoly Act	1,335
Other extraordinary losses	742
Total extraordinary losses	2,710
Profit (loss) before income taxes	692,877
Income taxes:	
Current	3,864
Deferred	(9,982)
Total income taxes	(6,117)
Profit (loss)	698,994
Profit (loss) attributable to non-controlling interests	4,090
Profit (loss) attributable to owners of the parent	694,904

(Note) The amounts presented are rounded down to the nearest million yen.

Audit Report of the Accounting Auditor for the Consolidated Financial Statements(COPY)
(TRANSLATION)

Independent Auditor's Report

May 16, 2023

The Board of Directors
Kawasaki Kisen Kaisha, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Satoshi Uchida
Designated Engagement Partner
Certified Public Accountant

Yuichiro Sagae
Designated Engagement Partner
Certified Public Accountant

Masashi Kobayashi
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of operations, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Kawasaki Kisen Kaisha, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Members and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023
ASSETS	
Current assets:	
Cash and deposits	194,351
Accounts receivable-shipping	70,072
Contract assets	4,757
Marketable securities	102,000
Advances paid	4,401
Supplies	31,755
Deferred and prepaid expenses	24,571
Accounts receivable from agencies	11,350
Short-term loans receivable	12,521
Other current assets	10,364
Allowance for doubtful accounts	(922)
Total current assets	**465,224**
Non-current assets:	
(Vessels, property and equipment)	
Vessels, net	56,360
Buildings, net	864
Structures, net	33
Machinery and equipment, net	18
Vehicles and transportation equipment, net	420
Equipment and fixtures, net	292
Land	4,584
Construction in progress	2,399
Other, net	203
Total vessels, property and equipment	**65,177**
(Intangible assets)	
Software	471
Other intangible assets	117
Total intangible assets	**588**
(Investments and other assets)	
Investment securities	19,537
Shares of subsidiaries and affiliates	207,717
Investments in capital	609
Investments in capital of subsidiaries and affiliates	3,596
Long-term loans receivable	5,349
Long-term loans receivable from employees	225
Long-term loans receivable from subsidiaries and affiliates	55,527
Long-term prepaid expenses	22,121
Prepaid pension expenses	1,500
Deferred tax assets	5,433
Lease investment assets	22,805
Lease and guarantee deposits	1,583
Other investments and other assets	1,503
Allowance for doubtful accounts	(979)
Total investments and other assets	**346,530**
Total non-current assets	**412,296**
Total assets	**877,521**

(Note) The amounts presented are rounded down to the nearest million yen.

Non-Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023
LIABILITIES	
Current liabilities:	
Accounts payable-shipping	60,827
Short-term loans and current portion of long-term loans	78,616
Lease obligations	2,488
Accounts payable other than trade	2,207
Accrued expenses	736
Accrued income taxes	172
Advances received	1,160
Contract liabilities	19,859
Deposits received	5,867
Accounts payable to agencies	364
Provision for loss related to Anti-Monopoly Act	1,692
Provision for loss on chartering contracts	11,239
Provision for loss on guarantees	2,134
Provision for bonuses	2,444
Provision for directors' bonuses	201
Other current liabilities	864
Total current liabilities	**190,876**
Non-current liabilities:	
Long-term loans, less current portion	157,430
Lease obligations	10,288
Provision for employees' retirement benefits	618
Provision for directors' stock benefits	1,192
Provision for periodic drydocking of vessels	49
Deferred tax liabilities on land revaluation	877
Other non-current liabilities	821
Total non-current liabilities	**171,279**
Total liabilities	**362,155**
NET ASSETS	
Shareholders' equity:	
Common stock	75,457
Capital surplus:	
Capital reserve	9,607
Total capital surplus	9,607
Retained earnings:	
Legal reserve	8,463
Other retained earnings	
Reserve for advanced depreciation	89
Retained earnings carried forward	424,850
Total other retained earnings	424,940
Total retained earnings	433,403
Treasury stock	(6,515)
Total shareholders' equity	**511,952**
Accumulated other comprehensive income:	
Net unrealized holding gain (loss) on investment securities	5,585
Deferred gain (loss) on hedges	(4,230)
Revaluation reserve for land	2,057
Total accumulated other comprehensive income	**3,412**
Total net assets	**515,365**
Total liabilities and net assets	**877,521**

(Note) The amounts presented are rounded down to the nearest million yen.

Non-Consolidated Statement of Operations

(Millions of yen)

	Year ended March 31, 2023
Marine transportation revenues	
Freight	583,503
Charter hire	116,338
Other marine transportation revenue	26,373
Total marine transportation revenues	726,215
Marine transportation expenses	
Operating costs and expenses	301,466
Vessel expenses	9,466
Charter hire:	
Charter hire	306,495
Provision for loss on chartering contracts	11,122
Other marine transportation expenses	28,258
Total marine transportation expenses	656,810
Marine transportation income (loss)	69,405
Other business revenue	50
Other business expenses	62
Other business income (loss)	(11)
Gross operating income (loss)	69,393
General and administrative expenses	23,193
Operating income (loss)	46,199
Non-operating income:	
Interest income	3,000
Dividend income	366,517
Other non-operating income	2,043
Total non-operating income	371,560
Non-operating expenses:	
Interest expenses	6,751
Interest on bonds	30
Financing expenses	3,587
Foreign exchange losses, net	9,508
Provision of allowance for doubtful accounts	613
Provision for loss on guarantees	22
Other non-operating expenses	665
Total non-operating expenses	21,179
Ordinary income (loss)	396,580
Extraordinary income:	
Gain on sales of shares of subsidiaries and affiliates	159
Gain on sales of investment securities	220
Gain on liquidation of subsidiaries and affiliates	716
Other extraordinary income	1
Total extraordinary income (loss)	1,097
Extraordinary losses:	
Impairment losses	3
Provision for loss related to the Anti-Monopoly Act	1,335
Other extraordinary losses	330
Total extraordinary losses	1,669
Profit (loss) before income taxes	396,008
Income taxes:	
Current	(2,067)
Deferred	(9,629)
Total income taxes	(11,697)
Profit (loss)	407,706

(Note) The amounts presented are rounded down to the nearest million yen.

Audit Report of the Accounting Auditor(COPY)

(TRANSLATION)

Independent Auditor's Report

May 16, 2023

The Board of Directors
Kawasaki Kisen Kaisha, Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Satoshi Uchida
Designated Engagement Partner
Certified Public Accountant

Yuichiro Sagae
Designated Engagement Partner
Certified Public Accountant

Masashi Kobayashi
Designated Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operations, the statement of changes in net assets, and notes to the financial statements and the related supplementary schedules of Kawasaki Kisen Kaisha, Ltd. (the Company) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Members and the Audit and Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Board Members and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION PURPOSE ONLY)
Copy of the Audit & Supervisory Board's Report

AUDIT REPORT

With respect to the Directors' execution of their duties during the 155th term from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member. We hereby report as follows:

1. Method and Contents of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board has established the audit policies, audit plans, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audit and results thereof. In addition, we have received reports from the Directors, Executive Officers and the Accounting Auditor regarding the status of execution of their duties, and requested their explanations as necessary.

(2) In conformity with the Audit & Supervisory Board Member auditing standards established by the Audit & Supervisory Board, in accordance with the audit policies, audit plans, etc., and while utilizing the Internet and other means, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Directors, Executive Officers, the internal audit division and other employees, etc. of the Company, endeavored to collect information and maintain and improve the audit environment, and conducted an audit by following the methods described below:

① Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings, received reports on the status of execution of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and investigated the status of operations and assets of the headquarters and other major offices. Moreover, with respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the directors and audit & supervisory board members, etc. of each subsidiary, and received reports on their respective business from the subsidiaries as necessary.

② Each Audit & Supervisory Board Member received regular reports from Directors and employees, requested explanations as necessary, and conveyed their views, regarding the contents of deliberations at Board of Directors' meetings and the framework and operational status of systems (internal control systems) established on the basis of resolutions thereof to establish systems to ensure that directors perform their duties specified in the business report in compliance with relevant laws and regulations and the Articles of Incorporation, and other systems set forth in Article 100, Paragraphs (1) and (3), of the Regulation for Enforcement of the Companies Act as being necessary for ensuring that business of the corporate group comprised of the stock company and its subsidiaries is carried out in a manner appropriate to a joint stock company (kabushiki kaisha). In addition, with regard to the internal controls for financial reporting, we received reports from the Directors and employees of the Company, and Ernst & Young ShinNihon LLC regarding the evaluation of said internal controls and the auditing activities, and requested explanations as necessary.

③ Each Audit & Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their execution of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Accounting Auditor that it had established "systems for ensuring appropriate execution of its duties" (in each item listed in Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (October 28, 2005, Business Accounting Council), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of operations, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their supplementary schedules thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets, and notes to consolidated financial statements) for this business year.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

① We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation.

② We acknowledge that no misconduct or violations of laws and regulations, or the Articles of Incorporation was found with respect to the Directors' execution of their duties.

③ We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions of the business report and the Director's execution of their duties regarding the internal control system including the internal controls for financial reporting.

As noted in this business report, the "K" LINE Group has been subject to investigation by competition authorities in certain countries relating to the transportation of automobiles, etc. The Audit & Supervisory Board confirms that the entire "K" LINE Group undertakes measures to strengthen systems for compliance with competition laws, and fully engages in initiatives to prevent recurrence of such incidents. We will closely monitor the Group to ensure that it continues working to strengthen compliance systems while acting in total accordance with its corporate ethics.

(2) Results of Audit of Non-consolidated Financial Statements and Their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 18, 2023

The Audit & Supervisory Board of
Kawasaki Kisen Kaisha, Ltd.

Standing Audit & Supervisory Board Member	Kunihiko Arai
Standing Audit & Supervisory Board Member	Yutaka Akutagawa
Outside Audit & Supervisory Board Member	Atsumi Harasawa
Outside Audit & Supervisory Board Member	Shinsuke Kubo

(Translation)

REFERENCE DOCUMENTS FOR THE 155TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

(Items concerning measures for providing information in electronic format that are not included in documents delivered to shareholders who have requested delivery of paper-based documents, pursuant to the provisions of relevant laws and regulations and the Company's Articles of Incorporation)

The 155th term
(From April 1, 2022 to March 31, 2023)

Core Business
Principal Lenders
Matters Related to Stock Acquisition Rights
Status of Accounting Auditor
System to Ensure Proper Business Operations
Outline of Operational Status of System to Ensure Proper Business Operations
Consolidated Statement of Changes in Net Assets
Notes to Consolidated Financial Statements
Non-Consolidated Statement of Changes in Net Assets
Notes to Non-consolidated Financial Statements

Kawasaki Kisen Kaisha, Ltd.

Pursuant to the provisions of relevant laws and regulations and Article 19 of the Company's Articles of Incorporation, the items listed above are not included in the documents delivered to shareholders who have requested delivery of paper-based documents. However, for this general meeting of shareholders, the Company will send paper-based documents stating the items listed above that are excluded from items concerning measures for providing information in electronic format to all shareholders regardless of whether they have made a request for delivery of paper-based documents.

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Core Business (as of March 31, 2023)

Dry Bulk Segment	Dry bulk business
Energy Resource Transport Segment	LNG carrier business, Electricity business, Tanker business and offshore Business
Product Logistics Segment	Car carrier business, logistics business, short sea and coastal business, and containership business
Other	Ship management service, travel agency service, and real estate rental and administration service

Principal Lenders (as of March 31, 2023)

Lender	Loan balance (Billions of yen)
Mizuho Bank, Ltd.	97.2
Development Bank of Japan Inc.	71.1
Sumitomo Mitsui Trust Bank, Limited	29.4
The Norinchukin Bank	15.4
MUFG Bank, Ltd.	10.6

Matters Related to Stock Acquisition Rights

No items to report.

Status of Accounting Auditor

(1) Name of Accounting Auditor
Ernst & Young ShinNihon LLC

(2) Amount of Remunerations Payable to Accounting Auditor for the Fiscal Year under Review

Item	Amount
1) Amount of remunerations to be paid to Accounting Auditor by the Company	¥99 million
2) Total amount of money and other financial benefits to be paid to Accounting Auditor by the Company and its subsidiaries	¥156 million

(Note) The audit contract between the Company and Accounting Auditor does not classify the remuneration amounts separately for audits pursuant to the Companies Act and for audits pursuant to the Financial Instruments and Exchange Act, partially given the impracticality of deriving such classifications. Therefore, the amount listed in 1) is not classified in this way.
Of the Company's principal subsidiaries, etc., accounting auditors other than the Accounting Auditor of the Company audit documents relating to accounts of "K" LINE BULK SHIPPING (UK) LIMITED, "K" LINE LNG SHIPPING (UK) LIMITED, "K" LINE PTE LTD and OCEAN NETWORK EXPRESS PTE. LTD.

(3) Reason for the Consent to the Amounts of the Remunerations for Accounting Auditor, etc.
The Audit & Supervisory Board obtained necessary materials and received reports from Directors, the related internal departments and the Accounting Auditor. And after conducting the necessary verification and deliberations on whether or not the content of audit plans conducted by the Accounting Auditor, the execution status of Accounting Auditor's duty, the basis for calculation of estimates for its remuneration, etc. are appropriate, the Board gave the consent provided for in Article 399, Paragraph 1 of the Companies Act.

(4) Details of Non-audit Services (Services Other than Those of Article 2, Paragraph 1 of the Certified Public Accountants Act) Performed by Accounting Auditor
No items to report.

(5) Policy for Decisions on Dismissal or Non-reappointment of Accounting Auditor
If deemed necessary by the Audit & Supervisory Board in cases such as where an Accounting Auditor has difficulty in the execution of his or her duties, the Audit & Supervisory Board shall determine the content of a proposition regarding the dismissal or non-reappointment of the Accounting Auditor to be submitted to a general meeting of shareholders.
If circumstances involving an Accounting Auditor are deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed subject to unanimous approval by the Audit & Supervisory Board. In any such case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the grounds for dismissal at the first general meeting of shareholders to be convened after the dismissal.

System to Ensure Proper Business Operations

The Company continues its efforts to establish a system to ensure the execution of duties by its Directors in compliance with laws and regulations and the Articles of Incorporation, as well as a system to ensure the appropriateness of businesses of the corporate group comprised of the Company and its subsidiaries (hereinafter, the "Group") specified by laws and regulations.

To be precise, the Company's Board of Directors assumes responsibility for establishing an internal control system, evaluating its effectiveness and ensuring its functions.

Currently, the Company establishes the following systems and will strive to review and improve them on a continuous basis and as necessary in order to enhance the effectiveness of its internal control.

(1) System to ensure the execution of duties by the Company's Directors, Executive Officers and employees in compliance with laws and regulations as well as the Articles of Incorporation

The Company has established the Charter of Conduct for "K" Line Group Companies and the "K" Line Implementation Guideline for Charter of Conduct, in which the compliance of the Group with laws and regulations as well as business ethics is specified as one of the principles of the conduct. The Directors are required to ensure thorough implementation of compliance and establish an effective internal system in order to achieve it. To that end, the Company constantly implements the following measures:

(i) The Company promotes the appropriate management of the Board of Directors in accordance with the Rules for the Board of Directors, in order to ensure the executions of duties by the Directors in compliance with laws and regulations as well as the Articles of Incorporation.

(ii) The Company establishes the Rules for Executive Officers, which specify matters to be complied with by the Executive Officers in order to ensure that the execution of duties by the Executive Officers appointed by the Board of Directors is in compliance with laws and regulations as well as the Articles of Incorporation, and promotes the active and faithful execution of the business delegated to them.

(iii) The Company establishes internal rules such as the Rules for Employees in order to ensure the execution of duties by the employees in compliance with laws and regulations as well as the Articles of Incorporation.

(iv) The Internal Audit Group supports the performance of responsibilities by the Board of Directors regarding the establishment, maintenance and improvement of the internal control system through the supervision and verification of the system.

(v) The Company establishes the Compliance Committee chaired by the President & CEO and strives to develop and maintain its compliance system.

(vi) The Company establishes a whistle-blowing system called the "Hotline System" in order to identify and appropriately handle legal violations and other compliance issues at an early stage. The Group specifies some internal contacts as well as a law firm as an external contact for whistle-blowers. This system is managed under the Rules for the Hotline System.

(2) System for retaining and managing information pertaining to the execution of duties by the Company's Directors

The Company appropriately retains and manages information regarding the execution of duties by its Directors in the form of fully searchable data that ensures the availability of perusal at any time, in accordance with the Rules for the Board of Directors and the Regulations for Documentation during the period specified by such rules and regulations.

(3) Rules and systems for the Company to manage risks of loss

The Company remains aware of the risks, as listed below, inherent in the course of conducting business. Accordingly, we will develop systems for addressing the respective risks, and the Crisis Management Committee will take overall charge of crisis and risk management initiatives, and promote such activities.

- Ship-related accidents (including incidents involving seawater contamination)
- Major disasters
- Compliance-related issues
- Other management risks

(4) System to ensure that Directors of the Company execute their duties efficiently

The Company adopts the executive officer system and promotes smooth decision-making on the execution of duties. The Board of Directors determines the fundamental management policies, matters required by laws and regulations, and other important matters regarding the management of businesses, while supervising the execution of duties by the Directors and Executive Officers. A meeting of the Board of Directors should be held at least once a month.

The Company also adopts a system of making resolutions in writing for the Board of Directors, which enables the flexible operation of the board.

In addition to the Board of Directors, the Company hosts a Management Conference that requires the attendance of the Director and Chairman, Executive Officers equivalent to or higher than Senior Executive Officer, Executive Officers responsible for business units, Executive Officers in charge of corporate planning, finance and accounting as well as Audit & Supervisory Board Members once a week in principle. By doing so, the Company establishes a system that contributes to decision-making by the President & CEO based on open discussions.

(5) Systems to ensure proper business operations of the corporate group comprised of the Company and its subsidiaries

The Company establishes the Charter of Conduct for “K” Line Group Companies as the code of conduct applicable to the entire Group, in order to ensure the appropriate operations of its subsidiaries (hereinafter, the “Group companies”). Each Group company establishes internal rules and regulations based on the charter. In addition, the Company establishes the Regulations for Business Operations by Subsidiaries in order to ensure the appropriate operations by its Group companies by supporting and managing the establishment and effective operation of their internal control systems while respecting the independence of these Group companies.

(i) System for reporting matters regarding the execution of duties by Directors, etc. of the Group companies to the Company

The Company establishes the Regulations for Business Operations by Subsidiaries and requires its Group companies to report important matters to the relevant departments of the Company. In addition, the Company provides its hotline contact as well as hotline systems of each Group company for whistle-blowers who identify any legal violations and other compliance issues in each respective office. The Company also hosts the Group Management Meeting twice a year to facilitate information exchange among the Company and the Group companies.

(ii) Rules and systems for managing risk of loss of the Group companies

The Group companies establish their own crisis management system independently according to their business scale and characteristics. The Company establishes the Regulations for Business Operations by Subsidiaries and requires the Group companies to report risks in executing their respective business operations according to the characteristics of their businesses to the Company, which will be handled by the Crisis Management Committee and other organizations.

(iii) System to ensure that Directors, etc. of the Group companies execute their duties efficiently

The Group companies independently manage their respective businesses in principle. The Company establishes the Regulations for Business Operations by Subsidiaries and specifies that certain important matters of the Group companies require approval of, discussion with, or reporting to the Company.

(iv) System to ensure that Directors, etc. and employees of the Group companies execute their duties in compliance with relevant laws and regulations and the Articles of Incorporation

The Company establishes the Charter of Conduct for “K” Line Group Companies and requires the Group companies to comply with the charter. In addition, the Company requires each Group company to establish its Implementation Guideline for Charter of Conduct according to the characteristics of their businesses and verifies the content of such guidelines.

Furthermore, the Company monitors via the Internal Audit Group, etc. the status of compliance and implementation of the internal control system by the Group companies.

(6) Matters concerning the employees who are to assist Audit & Supervisory Board Members in their duties

The Company establishes the Rules Concerning Employees Tasked with the Assisting Audit & Supervisory Board Members, and appoints employees who are required to assist the duties of Audit & Supervisory Board Members (“employees assisting Audit & Supervisory Board Members”) under the supervision of the Audit & Supervisory Board.

(7) Matters concerning the independence of the employees assisting Audit & Supervisory Board Members from the Directors of the Company

The Company establishes the Rules Concerning Employees Tasked with the Assisting Audit & Supervisory Board Members, and specifies that it shall not order the employees assisting Audit & Supervisory Board Members to assume other duties concurrently in principle. If it needs to do so due to unavoidable reasons, prior approval should be obtained from the Audit & Supervisory Board. The Audit & Supervisory Board Members evaluate the performance of the employees assisting Audit & Supervisory Board Members. The appointment and transfer of the employees assisting Audit & Supervisory Board Members require prior approval from the Audit & Supervisory Board.

(8) Matters to ensure the effectiveness of instructions by the Audit & Supervisory Board Members of the Company given to the employees assisting them

When the employees assisting Audit & Supervisory Board Members request the Company for any information materials and/or reporting, the Company will promptly provide such materials and/or reporting.

(9) System for reporting to the Audit & Supervisory Board Members of the Company by the Directors, Executive Officers and employees of the Company; the Directors, the Audit & Supervisory Board Members, and employees of the Group companies; or a person who received a report from the above persons; and other systems for reporting to Audit & Supervisory Board Members of the Company

The Directors, Executive Officers and employees of the Company are required to report important matters regarding the management and operations of the Company's businesses and the status of executing its business in charge to the Audit & Supervisory Board Members as needed at a meeting of the Board of Directors or other important meetings, as well as to promptly report any compliance issues and other matters that may cause serious damage to the Company, if identified, to the Audit & Supervisory Board in accordance with the Rules for Systems of Reporting to Audit & Supervisory Board Members, Etc. The Directors are required to promptly report matters regarding the execution of duties in an appropriate manner to the Audit & Supervisory Board or its Members when being requested to do so. The Internal Audit Group is required to report the progress of its audits to the Audit & Supervisory Board as necessary and conduct additional audits if being requested to do so by the Audit & Supervisory Board.

The Directors, Audit & Supervisory Board Members and employees of the Group companies are required to report compliance issues and other important matters specified to the relevant department of the Company, and the relevant department is required to report the matter to the Audit & Supervisory Board Members of the Company as necessary in accordance with the Regulations for Business Operations by Subsidiaries. The Company hosts a Group Companies' Audit & Supervisory Board Communication Meeting, in order to share information among the Company, its Group companies and subsidiaries.

(10) System to ensure the non-unfair treatment of persons who made reporting as described in the above

The Company prohibits the Company or its Group companies, under the Rules for Systems of Reporting to Audit & Supervisory Board Members, Etc. and the Regulations for Business Operations by Subsidiaries, from unfairly treating the Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Company and its Group companies who conducted whistle-blowing to the Audit & Supervisory Board Members of the Company due to the act of such whistle-blowing.

(11) Matters concerning policies on the advance payments, reimbursements and other procedures for settlements of expenditures and/or liabilities incurred from the execution of duties by the Audit & Supervisory Board Members of the Company

The Company establishes policies on the advance payments and reimbursements and other procedures for settlements of expenditures and liabilities incurred from the execution of duties by the Audit & Supervisory Board Members, and conduct such advance payments and reimbursements and settlements based on the policies.

(12) Other systems to ensure performance of effective audits by Audit & Supervisory Board Members of the Company

The Company cooperates in developing an environment ensuring effective audits by the Audit & Supervisory Board Members by coordinating regular meetings with the Audit & Supervisory Board

Members and the Representative Directors, arranging collaboration of the Audit & Supervisory Board Members with the Internal Audit Group, and other such means.

(13) System for ensuring the reliability of financial reports

To ensure the reliability of the Group's financial reports, the Company will engage in ongoing efforts to evaluate and improve the effectiveness of internal control systems pertaining to financial reporting, on the basis of Japan's Financial Instruments and Exchange Act, and other relevant laws and regulations.

(14) Fundamental policy toward anti-social forces and status of policy implementation

The Charter of Conduct for "K" Line Group Companies vows that "the "K" Line Group will resolutely confront any anti-social force or organization which may threaten social order and public safety."

Accordingly, the Company establishes a system that enables the swift and appropriate handling of matters relating to anti-social forces occurring within the Group, by appointing a department in charge of handling matters relating to anti-social forces and working with law enforcement officials, expert corporate legal counsel and other external organizations on a normal basis, with the aim of precluding all involvement of anti-social forces and severing any ties that could emerge.

Outline of Operational Status of System to Ensure Proper Business Operations

A summary of the operational status of the above system in the current fiscal year is as follows:

(1) Status of the Company's efforts made for the system to ensure the execution of duties by the Company's Directors, Executive Officers and employees in compliance with laws and regulations as well as the Articles of Incorporation

The Company carried out the following matters as its efforts for making officers and employees fully aware of the Charter of Conduct for "K" Line Group Companies and the "K" Line Implementation Guideline for Charter of Conduct, for ensuring compliance within the Company and for establishing an effective internal system to achieve it.

(i) The "K" Line Group Global Compliance Policy (hereinafter "Global Policy"), which was established in January 2017, aims to strengthen the Group compliance system at a global level. The Company requires executives and employees of the Company and the Group companies to comply with the Global Policy. In addition, the Company works to make the Global Policy the code of conduct for the day-to-day duties for executives and employees of the Company and the Group companies through seminars conducted by the division dedicated to the initiative, delivery of a guidebook, activities by a special committee, and other initiatives.

(ii) Regarding compliance with domestic and foreign competition laws, the Company works to ensure compliance of executives and employees with the Regulation for Compliance with Anti-Monopoly Act and implemented the initiative to further strengthen compliance consciousness concerning competition laws through promoting educational and awareness-raising activities by a division dedicated to the initiative. In addition, the Company monitors and supervises the status of implementation of measures for compliance by conducting business process audits. With respect to contacts with competitor companies, the Company strictly enforces rules on prior reporting and approval, recoding and storing details of the contacts in accordance with the nature of the contact.

(iii) To further enhance the system against bribery, based on the Global Policy, including individual policies relating to anti-bribery act, the Company enhances its initiatives against bribery and corruption as a member of the Maritime Anti-Corruption Network (MACN), which is a global business network working towards the vision of a maritime industry free of corruption.

(iv) In November 2019, the Company revised the Global Policy (individual policies relating to economic sanctions and anti-money laundering was added). The Company ensures executives and employees of the Company and the Group companies to comply with the regulations regarding the economic sanctions as well as the rules and measures for the anti-money laundering and the countering financing of terrorism that are applicable to the business of the Group.

(v) The Company established a Hotline System for receiving reports from executives and employees of the Company and the Group companies in Japan, as well as a Global Hotline System for receiving reports from executives and employees of the Group companies overseas, and is working to prevent compliance-related problems before they occur and to identify risks at an early stage and implement corrective measures in the Group's businesses in Japan and overseas. In addition, the Company ensured protection of the whistleblower and confidentiality of the report so that the whistleblower could utilize the systems without concern.

(vi) The Company discusses the policy for securing the compliance throughout the Company and the Group companies as well as measures to address compliance violations through the Compliance Committee chaired by the President & CEO. Under the Chief Compliance Officer (CCO), who has the ultimate responsibility for compliance, the Company strengthens compliance throughout the organization.

(vii) The Company sets every November as the dedicated compliance-awareness month when the Company distributes a message from the President & CEO to executives and employees of the Company and the Group companies to remind them of the importance of compliance. The Company also holds a compliance e-learning training and a compliance seminar featuring lecturers invited from outside the company. Furthermore, as part of the Company's stratified personnel training system, it conducts compliance training and holds seminars focused on individual themes (such as insider trading and harassment prevention) as appropriate. In addition, the Company distributes, as necessary, a "Compliance Newsletter" to report the important compliance-related matters that require particular attention.

(2) Status of the Company's efforts made for rules and systems for the Company to manage risks of loss

The Risk Management Committee held two meetings in order to recognize and promote crisis and risk management activities in general.

In October 2022, the Company held a large-scale accident response drill in the event of an occurrence of ship-related accidents.

(3) Status of the Company's efforts made for the system to ensure that Directors of the Company execute their duties efficiently

The Board of Directors consists of 9 Directors including four Outside Directors, and the meetings of the Board of Directors were held 19 times. The meetings of the Board of Directors determined the fundamental management policies, matters required by laws and regulations, and other important matters regarding the management of businesses, while supervising the execution of duties by the Directors and Executive Officers.

The meetings of the Management Conference were held 49 times, attended by the Chairman of the Board, Executive Officers equivalent to or higher than Senior Executive Officer, Executive Officers responsible for business units, Executive Officers in charge of corporate planning, finance and accounting as well as the Audit & Supervisory Board Members, etc.

At these meetings, initiatives when studying new projects and matters to be kept in mind were ascertained and consultations were made to contribute to decision making by the President & CEO, etc. on important matters.

(4) Status of the Company's efforts made for the Systems to ensure proper business operations of the corporate group comprised of the Company and its subsidiaries

Based on the 'Charter of Conduct for "K" Line Group Companies' that is the code of conduct applicable to the entire Group, the Company had each Group company establish internal rules and regulations. In addition, in accordance with the "Regulations for Business Operations by Subsidiaries," the Company ensured the appropriate operations by its Group companies by supporting and managing the establishment and effective operation of their internal control systems while respecting the independence of these Group companies, and based on that, carried out the following matters.

(i) The Company required its Group companies to report important matters and business reports to the relevant departments of the Company. In addition, the Company held Group Management Meetings to share information among the Company and the Group companies.

(ii) The Company required the Group companies to report risks occurred in executing their business operations, which were handled by the Compliance Committee and other organizations.

(iii) Based on the "Regulations for Business Operations by Subsidiaries," the Company approved, discussed or received reports on certain important matters of the Group companies.

(5) Status of the Company's efforts made for the system for reporting to the Audit & Supervisory Board Members of the Company by the Directors, Executive Officers and employees of the Company; the Directors, the Audit & Supervisory Board Members, and employees of the Group companies; or a person who received a report from the above persons; and other systems for reporting to Audit & Supervisory Board Members of the Company

The Company has developed a system where the Directors, Executive Officers and employees of the Company are required in accordance with the Rules for Systems of Reporting to Audit & Supervisory Board Members, Etc., and the Directors, Audit & Supervisory Board Members and employees of the Group companies are required in accordance with the Regulations for Business Operations by Subsidiaries to report according to the matters through the relevant department of the Company to the Audit & Supervisory Board or its Members. In addition, the Company hosts the Group Companies' Audit & Supervisory Board Communication Meeting to share information among the Company, its Group companies and subsidiaries.

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	75,457	14,214	777,130	(2,378)	864,424
Change in items during the year					
Cash dividends	–	–	(84,613)	–	(84,613)
Profit (loss) attributable to owners of the parent	–	–	694,904	–	694,904
Purchase of treasury stock	–	–	–	(89,558)	(89,558)
Disposal of treasury stock	–	60	–	30	90
Cancellation of treasury stock	–	(381)	(84,574)	84,955	–
Share exchanges	–	14,898	–	400	15,299
Change in ownership interest of parent due to transactions with non-controlling interests	–	310	–	–	310
Reversal of revaluation reserve for land	–	–	(52)	–	(52)
Net change in retained earnings from changes in scope of consolidation or equity method	–	–	(25)	–	(25)
Net changes in items other than shareholders' equity	–	–	–	–	–
Net changes during the year	–	14,888	525,639	(4,172)	536,355
Balance at March 31, 2023	75,457	29,102	1,302,769	(6,550)	1,400,779

(Note) The amounts presented are rounded down to the nearest million yen.

(Millions of yen)

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized holding gain on investment securities	Deferred loss on hedges	Revaluation reserve for land	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2022	5,474	(893)	4,630	(12,954)	(1,956)	20,209	100,248	984,882
Change in items during the year								
Cash dividends	–	–	–	–	–	–	–	(84,613)
Profit (loss) attributable to owners of the parent	–	–	–	–	–	–	–	694,904
Purchase of treasury stock	–	–	–	–	–	–	–	(89,558)
Disposal of treasury stock	–	–	–	–	–	–	–	90
Cancellation of treasury stock	–	–	–	–	–	–	–	–
Share exchanges	–	–	–	–	–	–	–	15,299
Change in ownership interests due to transactions with non-controlling interests	–	–	–	–	–	–	–	310
Reversal of revaluation reserve for land								(52)
Net change in retained earnings from changes in scope of consolidation or equity method	–	–	–	–	–	–	–	(25)
Net changes in items other than shareholders' equity	1,007	2,994	52	90,398	(43)	94,409	(68,968)	25,441
Net changes during the year	1,007	2,994	52	90,398	(43)	94,409	(68,968)	561,796
Balance at March 31, 2023	6,482	2,100	4,682	103,353	(2,000)	114,619	31,280	1,546,679

(Note) The amounts presented are rounded down to the nearest million yen.

Notes to Consolidated Financial Statements

Notes on Important Matters Forming the Basis of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 238

Names and details of principal consolidated subsidiaries:

The Company's principal consolidated subsidiaries are as provided in "1. Matters Related to Current Conditions of the Corporate Group, (6) Status of Principal Subsidiaries etc." in the Business Report.

A total of 6 companies, including K MARINE SHIP MANAGEMENT PTE. LTD., have been included in the scope of consolidation from the current fiscal year due to the materiality of their businesses. A total of 17 companies were excluded from the scope of consolidation due to sales a part of shares or their liquidation.

(2) Names and details of principal non-consolidated subsidiaries:

The Company's principal non-consolidated subsidiary is Chiba Koei Co., Ltd.

Non-consolidated subsidiaries are excluded from the scope of consolidation, as all of the non-consolidated subsidiaries are small-sized companies and any total amount of total assets, net sales, profit or loss (amount corresponding to the Company's equity in such subsidiaries), or retained earnings (amount corresponding to the Company's equity in such subsidiaries) etc., do not have material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of entities accounted for under the equity method: 46

Of the entities accounted for under the equity method, 14 companies are non-consolidated subsidiaries, and the principal company among them is Shibaura Kaiun Co., Ltd. The number of affiliates is 32, and the principal company among them is OCEAN NETWORK EXPRESS PTE. LTD.

A total of 4 companies, including Shinki Corporation, have been included in the scope of the entities accounted for under the equity method from the current fiscal year due to sales of a part of their shares or the materiality of their businesses.

(2) Non-consolidated subsidiaries and affiliates to which the equity method was not applied

Non-consolidated subsidiaries (Chiba Koei Co., Ltd. and others) and affiliates (Bousai Tokushu Eisen Co., Ltd. and others) are excluded from the scope of the equity method application, as their profit or loss, retained earnings, etc., do not have material impact on the consolidated financial statements and do not have significance as a whole.

(3) Items involving application of equity method for which a special description is deemed necessary

In the case of entities accounted for under the equity method with account closing dates that are different from the account closing date for the consolidated financial statements, the financial statements for the fiscal year of each of the entities are used.

3. Fiscal year of consolidated subsidiaries

The fiscal year of 9 of the Company's consolidated subsidiaries ends on December 31. Of these, the financial statements as of that date are used for 4 of the companies. However, adjustments necessary for consolidation purposes are made if major transactions were executed between their account closing date and the account closing date for the consolidated financial statements. For the 5 remaining companies, the accounts are based on financial statements for which a provisional settlement of accounts is performed based on the account closing as of the account closing date for consolidated financial statements. The account closing date of other consolidated subsidiaries is the same as the consolidated account closing date.

4. Accounting policies

(1) Standards and methods of valuation of significant assets

(i) Securities

Held-to-maturity securities:	Stated at cost based on the amortized cost method.
Other securities	
Other than securities without market value:	Fair value method (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by the moving-average method).
Securities without market value:	Mainly stated at cost based on the moving-average method.
(ii) Inventories	Mainly stated at cost based on the moving-average method (The method includes write-downs based on decreased profitability).

(2) Depreciation and amortization methods of significant assets

(i) Vessels, property and equipment (excluding leased assets)

Vessels:	Straight-line method and the declining-balance method, with the method selected according to each vessel.
Other:	Mainly the declining-balance method However, the straight-line method is applied to buildings (excluding accompanying facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.
(ii) Intangible assets (excluding leased assets)	Straight-line method For software used internally, the straight-line method is applied based on the period of potential use by the Company and its consolidated subsidiaries (five years).

(iii) Leased assets

Leased assets under finance lease transactions that transfer ownership:	Same depreciation method as that applied to owned fixed assets.
Leased assets under finance lease transactions that do not transfer ownership:	Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero. Leased assets under finance lease transactions that do not transfer ownership whose inception date is on or before March 31, 2008 are accounted for under the method similar to the one that is applicable to regular rental transactions.

(3) Recognition for significant reserves

(i) Allowance for doubtful accounts:	In order to prepare for potential credit losses on receivables, an estimated amount is recognized at the amount calculated based on the historical rate of credit loss with respect to ordinary receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(ii) Provision for bonuses: In order to prepare for bonuses to be paid to employees, the provision for bonuses is recognized at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(iii) Provision for directors' bonuses: In order to prepare for bonuses to be paid to directors, the provision for directors' bonuses is recognized at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(iv) Provision for directors' and audit and supervisory board members' retirement benefits:
In order to prepare for retirement benefit payments to directors and audit and supervisory board members, the amount required at the end of the fiscal year by the internal rules is recognized at certain consolidated subsidiaries.

(v) Provision for periodic drydocking of vessels:
In order to prepare for expenditure on periodic overhaul, accrued expenses for overhaul of vessels are recognized at the estimated amount of the expenses to be paid as allocated to the current fiscal year.

(vi) Provision for loss related to the Anti-Monopoly Act:
In order to prepare for fines and penalties required by overseas authorities relating to the Anti-Monopoly Act, an amount reasonably estimated to the extent possible is recognized.

(vii) Provision for directors' stock benefits: In order to prepare for stock benefits etc., to the directors and the executive officers in accordance with the Regulations for Delivery of Shares to Officers, the provision for directors' stock benefits is recognized at the estimated amount of the Company's stock corresponding to points to be provided to the eligible individuals as of the year end of the current consolidation fiscal year.

(viii) Provision for loss on chartering contracts:
In order to prepare for potential future loss under certain contracts where charter rates fall below hire rates, the probable and reasonably estimated amount of loss is recognized based on available information as of the year end of the current fiscal year.

(4) Accounting treatment for retirement benefits
(i) Method of attributing estimated retirement benefits to periods
The retirement benefit obligations are attributed to periods to the end of the current fiscal year using the benefit formula basis.

(ii) Method of amortizing actuarial differences and past service costs
Actuarial differences are amortized in the years following the year in which the differences are recognized by the straight-line method principally over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.
Past service cost is amortized by the straight-line method principally over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees at the time when the cost is recognized.

(5) Policy for Recognizing Significant Revenues and Costs
The Company recognizes revenue at an amount expected to be received when control of promised goods or services is transferred. Therefore, the Company records marine transportation revenues and costs based on the number of days that have elapsed during a voyage.

(6) Significant hedge accounting method
Hedging activities are accounted for under the deferral hedge method.
If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under each interest rate swap contract is added to or deducted from the interest on the underlying assets or liabilities for which the swap contract is executed "Special treatment for interest rate swaps."
Forward foreign exchange contracts which meet certain criteria are accounted for by the allocation method which requires that recognized foreign currency receivables or payables be translated at the corresponding contract rates.

(Hedge activities subject to "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR")
Among the above hedge activities, the exceptional treatment prescribed in the PITF is applied to all hedge activities included in the scope of application of "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No.40, issued on March 17, 2022).

The details of hedging activities to which the PITF is applied are as follows.
(1) Hedge accounting method: Deferral hedge accounting method
(2) Applicable hedging instruments: Interest rate swaps
(3) Applicable hedged items: Long-term loans
(4) Applicable hedging transactions: Cash flow hedges

(7) Recognition of deferred assets
Bond issuance costs are fully recognized as expenses when incurred.

(8) Recognition of interest expenses on vessel construction loans
For vessels for which the construction is over the long term, interest expenses on vessel construction loans incurred during the construction period are included in the acquisition cost.

(9) Application of the group tax sharing system
The Company and certain domestic subsidiaries have transferred from the consolidated taxation system to the group tax sharing system from the fiscal year ended March 31, 2023. In accordance with the change, the Company and certain domestic subsidiaries have applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021; hereinafter "PITF No. 42"), which provides for accounting treatment and disclosure of corporate tax and local corporate taxes and tax effect accounting. In accordance with Paragraph 32 (1) of PITF No. 42, there is no effect on the consolidated financial statements due to the change in accounting standards resulting from the application of PITF No. 42.

(10) Amortization method of goodwill and amortization period
Goodwill is amortized over a period of five years under the straight-line method.

(Change in Accounting Standards)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance on Fair Value Measurement Standard") from the beginning of the fiscal year ended March 31, 2023. The Company has prospectively applied the new accounting policies stipulated by the Implementation Guidance on Fair Value Measurement Standard, in accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. There was no effect of the application of Implementation Guidance on Fair Value Measurement Standard on the consolidated financial statements for the fiscal year ended March 31, 2023.

Notes on Changes in Presentation

(Consolidated Balance Sheet)
(1) "Marketable securities," which was included in "Other current assets" in the previous fiscal year (¥0 million for the previous fiscal year), is presented separately from the current fiscal year due to an increase in materiality.

(2) "Derivative liabilities," which was presented separately in the previous fiscal year (¥3,417 million for the previous fiscal year), is included in "Other non-current liabilities" from the current fiscal year due to a decrease in materiality.

(Consolidated Statement of Operations)
(1) "Financing expenses," which was presented separately in the previous fiscal year (¥3,467 million for the previous fiscal year), is included in "Other non-operating expenses" from the current fiscal year due to a decrease in materiality.

(2) "Gain on sales of shares of subsidiaries and affiliates," which was presented separately in the previous fiscal year (¥8,967 million for the previous fiscal year), is included in "Other extraordinary income" from the current fiscal year due to a decrease in materiality.

Notes on Accounting Estimates

1. Estimate of charter contract loss provision
   (1) Amount recognized in consolidated financial statements for the current fiscal year.

   Consolidated Statement of Operations
   Marine transportation and other operating costs and expenses: ¥9,492 million

   Consolidated Balance Sheet
   Provision for loss on chartering contracts: ¥9,609 million

   (2) Other information
   ① Calculation method of the amount recognized in the consolidated financial statements for the current fiscal year

   After the establishment of OCEAN NETWORK EXPRESS PTE. LTD. (A joint venture for the purpose of integrating the regular container shipping business, hereinafter referred to as "ONE"), the containership business started regular shipping business from the Company to ONE, and the business form has changed from the conventional business form of operating ships to provide freight transportation services to the business form of chartering ships.

The provision for loss on chartering contracts mentioned above is estimated to prepare for potential future loss under certain contracts where charter rates fall below hire rates, and the probable and reasonably estimated amount of loss is recognized based on available information as of the year end of the current fiscal year.

② Significant assumptions used to calculate the amount recognized in the consolidated financial statements for the current fiscal year

Significant assumptions used to calculate the amount recognized in the consolidated financial statements for the current fiscal year are the range of vessels for which future charter contract losses are expected, the charter rate and hire rate of applicable vessels, and the expected duration of loss making from the contracts.
The range of vessels for which future charter contract losses are expected is based on the operation plan, which is based on the budget approved by the Board of Directors.
The charter rate and hire rate of applicable vessels is based on the charter contract between the Company and the shipowner, and the charter contract between the Company and ONE.
The expected duration of loss making from the contracts is based on the term of the charter contract concluded with the lender, ONE, and the situation where the unfavorable relationship between the charter rate and hire rate is reasonably expected to continue from the end of the current fiscal year, even after the consideration of trends in the market to which the vessel belongs to and the Group's policy of the charter contract.

③ Impact on consolidated financial statements for the following year

Due to high degree of uncertainty in the estimation of the significant assumptions such as the range of vessels for which future charter contract losses are expected, the charter rate and hire rate of applicable vessels, and the expected duration of loss making from the contracts, depending on the Group's policy for chartering contracts and trends in the charter market, additional provision may need to be recognized, which would affect the calculation of the amount of estimated loss resulting from chartering contracts.

2. Estimate of total number of voyage days used in daily pro rata calculation of voyage days for revenue recognition

The Group considers the percentage of progress for revenues of ocean tramp shipping (excluding product logistics) for the parent company (Kawasaki Kisen Kaisha, Ltd.) as a significant accounting estimate due to the significance of the freight revenue amounts and the estimated period.

(1) Amount of marine transportation and other operating revenues for voyages not completed by the end of the current fiscal year in consolidated financial statements for the current fiscal year

Marine transportation and other operating revenues: ¥26,706 million.

(2) Other information

① Calculation method of the amount recognized in the consolidated financial statements for the current fiscal year

Marine transportation revenues for voyages not completed by the end of the current fiscal year are calculated based on the total freight revenue amounts and the voyage progress.
The voyage progress is calculated based on the number of elapsed days of a voyage by the end of the current fiscal year compared with the estimated total number of days of voyage, and the amount of revenue is recognized in line with the voyage progress.
A significant assumption in calculating the voyage progress is the total number of voyage days.

② Significant assumptions used to calculate the amount recognized in the consolidated financial statements for the current fiscal year

A significant assumption used in the voyage progress calculation is the estimate of the total number of voyage days. The total number of voyage days changes depending on weather conditions, congestion at the ports of loading and discharge and other factors, which may affect the voyage progress.

③ Impact on consolidated financial statements for the following year

There is a possibility that the amount of revenues recognized for the following fiscal year could be affected because of the difference between estimated and actual total number of voyage days, which is a significant assumption due to fluctuations in the voyage progress.

Notes to Consolidated Balance Sheet

1. Amount of receivables from contracts with customers out of "Accounts and notes receivable-trade and contract assets" is described in "Notes on Revenue Recognition" in the notes to the consolidated financial statements.

2. Amount of contract liabilities out of "Other current liabilities" is described in "Notes on Revenue Recognition" in the notes to the consolidated financial statements.
3. Assets pledged as collateral and secured liabilities

Assets pledged as collateral (Millions of yen)

Asset category	
Vessels	232,807
Investment securities	25,583
Other	4,160
Total	262,551

Investment securities of ¥25,583 million in the table above were pledged as collateral to procure funds for vessel equipment of subsidiaries, affiliates and others. There were no corresponding liabilities as of the end of the current fiscal year.

Secured liabilities (Millions of yen)

Liability category	
Short-term loans and current portion of long-term loans	30,179
Long-term loans, less current portion	145,143
Total	175,323

4. Accumulated depreciation of assets

Accumulated depreciation of vessels, property and equipment ¥374,355 million

5. Guarantee obligations (Millions of yen)

Guarantees.	7,636
Additional funding obligation, etc.	3,939

6. Land revaluation

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of 2001), the Company and certain consolidated subsidiaries performed revaluation of land for business use. The effect of this revaluation has been recorded as revaluation reserve for land in net assets, excluding the deferred tax liabilities on land revaluation.

Pursuant to the “Act on Revaluation of Land” (Act No. 34 of 1998) and the “Act on Partial Amendment to the Act on Revaluation of Land” (Act No. 19 of 2001), a certain domestic affiliate accounted for by the equity method also performed revaluation of land for business use and recorded as revaluation reserve for land in net assets.

Revaluation method prescribed in Article 3, Paragraph 3 of the “Act on Revaluation of Land”
The revaluation of land for business use was calculated by making rational adjustments to the prices posted in accordance with the provision of Article 6 of the Public Notice of Land Prices Act for standard sites set forth in Article 6 of the same act in the neighborhood of the relevant land for business use pursuant to Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of 1998). However, for some land, the revaluation was calculated by making rational adjustments to standard prices assessed in accordance with the provision of Article 9, Paragraph 1 of the Order for Enforcement of the National Land Use Planning Act for standard sites set forth in Article 7, Paragraph 1, Item 1 (a) of the same order in the neighborhood of the relevant land for business use pursuant to Article 2, Item 2 of the Order for Enforcement of the Act on Revaluation of Land, by making rational adjustments to land prices registered in the land tax ledger set forth in Article 341, Item 10 of the Local Tax Act or in the supplementary land tax ledger set forth in Article 341, Item 11 of the same act for the relevant land for business use pursuant to Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land, or by making rational adjustments to the value calculated by the method established and published by the Director-General of the National Tax Agency for computing land value that serves as a basis for the calculation of taxable amount of land value tax set forth in Article 16 of the Land-Holding Tax Act for the relevant land for business use pursuant to Article 2, Item 4 of the Order for Enforcement of the Act on Revaluation of Land.

Revaluation date	March 31, 2002
Difference between the fair value and revalued book value of the revalued land at the end of the current fiscal year (amount corresponding to the Group)	¥ (2,856) million

7. Other matters
   The Group has been investigated by the overseas competition authorities in relation to alleged anti-competitive behavior (alleged formation of a cartel) relating to the transportation of automobiles, automotive construction machineries and other automotive vehicles. In addition, multiple service providers including the Group are currently subject to claim for damage in some countries in relation to the same matter.

Notes to Consolidated Statement of Operations

Revenue from contracts with customers
Regarding revenue, the Company does not separately present revenue from contracts with customers and revenue from other sources. The amount of revenue from contracts with customers is described in “Notes on Revenue Recognition” in the notes to the consolidated financial statements.

Notes to Consolidated Statement of Changes in Net Assets

1. Class and number of shares issued and treasury stock

	April 1, 2022 (thousands of shares)	Increase (thousands of shares)	Decrease (thousands of shares)	March 31, 2023 (thousands of shares)
Shares issued				
Common stock	93,938	190,310	33,356	250,712
Total	93,938	190,310	33,356	250,712
Treasury stock				
Common stock	665	36,399	33,626	3,438
Total	665	36,399	33,626	3,438

(*1) The Company split its common shares on the basis of one (1) share into three (3) shares effective October 1, 2022.

(*2) There were 443 thousand and 1,319 thousand shares, which are held by the Custody Bank of Japan, Ltd., included in the number of shares in treasury stock at April 1, 2022 and March 31, 2023, respectively.

(*3) The increase in the number of shares issued in common stock of 190,310 thousand shares is due to increase of 811 thousand shares (based on pre-stock split) by the issue of new shares and increase of 189,498 thousand shares by stock split as a result of a share exchange with the Company as the wholly owning parent company and Kawasaki Kinkai Kisen as the wholly-owned subsidiary on June 1, 2022.

(*4) The decrease in the number of shares issued in common stock of 33,536 thousand shares is due to cancellation of treasury stock based on the resolution at the Board of Directors' meeting.

(*5) The increase in the number of shares in treasury stock of 36,399 thousand shares is due to increase of 1,157 thousand shares by the stock split and increase of 35,236 thousand shares (based on the post-stock split) by purchase of treasury stock based on the resolution at the Board of Directors' meeting, etc.

(*6) The decrease in the number of shares in treasury stock of 33,626 thousand shares is due to decrease of 33,536 thousand shares (based on the post-stock split) by cancellation of treasury stock based on the resolution at the Board of Directors' meeting, etc.

2. Matters related to dividends

(1) Amounts of dividends distributed

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2022	Common stock	56,244	Retained earnings	600	March 31, 2022	June 24, 2022
Board of Directors' Meeting to be held on November 4, 2022	Common stock	28,388	Retained earnings	300	September 30, 2022	December 5, 2022

(*1) The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 23, 2022 includes ¥266 million of dividends on the Company's shares held by The Custody Bank of Japan, Ltd. as trust assets of the "Board Benefit Trust (BBT)."

(*2) The total amount of dividends resolved at the Board of Directors' Meeting on November 4, 2022 includes ¥131 million of dividends on the Company's shares held by The Custody Bank of Japan, Ltd. as trust assets of the "Board Benefit Trust (BBT)."

(*3) The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. "Dividend per share" is described at the pre-stock split amount.

(2) Dividends with the record date falling in the current fiscal year and with the effective date falling in the following fiscal year.

Resolution	Class of shares	Total dividend amount (millions of yen)	Source of dividend	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2023	Common stock	74,593	Retained earnings	300	March 31, 2023	June 26, 2023

(*) The total amount of dividends resolved at the Ordinary General Meeting of Shareholders on June 23, 2023 includes ¥395 million of dividends on the Company's shares held by The Custody Bank of Japan, Ltd. as trust assets of the "Board Benefit Trust (BBT)."

Notes on Financial Instruments

1. Conditions of financial instruments

The Group obtains necessary funding, mainly through bank loans and the issuance of bonds, in accordance with its capital expenditure plans. Temporary surplus funds are invested in highly liquid financial assets, and short-term operating funds are financed through bank loans. The Group utilizes derivatives only for hedging the below-mentioned risks, and does not utilize them for speculation.

Receivables for future freight and charter hire are exposed to market fluctuation risk and are hedged by freight forward agreements (FFA). Of the capital expenditures for acquisitions of tangible assets such as vessels, those denominated in foreign currencies are exposed to foreign exchange fluctuation risks. Liabilities for future bunker oil, etc. are exposed to price fluctuation risk and hedged by bunker oil swap transactions. These are hedged by forward foreign exchange contracts. Loans are primarily used to raise funds for capital expenditure. Some of these are exposed to interest rate fluctuation risk, which is hedged by such means as interest rate swap contracts. In addition, foreign exchange fluctuation risk on future foreign currency-denominated debts is hedged by currency swap contracts.

Derivative transactions are entered into after obtaining approval from the persons authorized to decide such matters in accordance with the regulations on decision making and the detailed rules on handling derivatives, which stipulate details such as the authority to enter into transactions and transaction limits. Transaction results are reported periodically at the Executive Officers' Meeting.

2. Matters related to fair values, etc. of financial instruments

The following table presents the Company's financial instruments on the consolidated balance sheet, their fair values and the differences as of March 31, 2023.

Securities without market value, etc.(the amount recorded in the consolidated balance sheet:¥1,049,611 million) are not included in "(1) Marketable securities and investment securities." In addition, fair value of "cash and deposits," "marketable securities," "accounts and notes receivable – trade and contract assets" and "accounts and notes payable-trade" are omitted because they are cash and their fair value approximates carrying value due to the short maturities of these instruments.

(Millions of yen)

	Carrying value (*)	Estimated fair value (*)	Difference
(1) Investment securities			
(i) Other securities	16,186	16,186	–
(ii) Shares of subsidiaries and affiliates	4,429	1,055	(3,374)
(2) Short-term loans and current portion of long-term loans	[50,691]	[50,677]	13
(3) Long-term loans, less current portion	[267,313]	[267,236]	77
(4) Derivative transactions	[1,304]	[1,304]	–

(*) Liabilities and net liabilities ("(4) Derivative transactions") are shown in square brackets [ ].

3. The breakdown of the fair value of financial instruments by appropriate classification

Financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is available in active markets as the inputs used in the calculation of observable fair value

Level 2: Fair value calculated using inputs for the calculation of observable fair value other than Level 1 inputs

Level 3: Fair value calculated using inputs that are unobservable

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial assets and liabilities measured at fair value by level as of March 31, 2023

	Estimated Fair Value (Millions of yen)(*)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	16,141	–	–	16,141
Derivative transactions				
Forward foreign exchange contracts	–	450	–	450
Forward freight agreements	–	[206]	–	[206]
Currency swaps	–	[973]	–	[973]
Interest rate swaps	–	[547]	–	[547]
Bunker fuel swaps	–	[26]	–	[26]

(*) Net liabilities ("Forward freight agreements," "Currency swaps," "Interest rate swaps," and "Bunker fuel swaps") are shown in square brackets [ ].

(2) Financial assets and liabilities other than those measured at fair value by level as of March 31, 2023

	Estimated Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities	–	45	–	45
Investments in unconsolidated subsidiaries and affiliates	1,055	–	–	1,055
Short-term loans and current portion of long-term loans	–	[50,677]	–	[50,677]
Long-term loans, less current portion	–	[267,236]	–	[267,236]

(*) Liabilities are shown in square brackets [ ].

Fair value measurement method and inputs for fair value measurement

Investment securities

The fair value of marketable securities and golf memberships is the quoted market price. Marketable securities listed and traded on an active market are classified as Level 1. Golf memberships are classified as Level 2 because they are not traded so frequently that the underlying transaction prices can be considered as being quoted in an active market.

Short-term loans and current portion of long-term loans

The fair value of short-term loans is based on carrying value because the carrying amounts approximate fair value due to the short maturities. However, fair values of amounts of the current portion of long-term loans, which are included in the total amount in “Short-term loans and current portion of long-term loans,” are calculated using the method shown in “Long-term loans, less current portion” below.

Long-term loans, less current portion

The fair value of long-term loans, less current portion, is primarily calculated at the present value after applying a discount rate to the total of the principal and interest, are classified as Level 2. The discount rate is based on the assumed interest rate for similar new borrowings.

Derivative transactions

Forward foreign exchange contracts, forward freight agreements, currency swaps, interest rate swaps and bunker fuel swaps, of which fair value is based on prices provided by counterparty financial institutions and measured by using observable inputs such as interest rates or exchange rates, are classified as Level 2.

Notes on Business Combination

Transaction under common control, etc.

(Wholly owned subsidiary through simplified share exchange)

1. Overview of the transaction
   Based on the resolution at the Board of Directors' meeting on March 16, 2022, the Company concluded a share exchange agreement between Kawasaki Kinkai Kisen Kaisha, Ltd. (hereinafter, "Kawasaki Kinkai Kisen"), which had been a consolidated subsidiary of the Company, for the purpose of promoting the optimal and efficient utilization of the Group's management resources, the further sharing of business strategies between the Companies, and the enhancement of their competitiveness. Based on the agreement, the Company carried out a share exchange on June 1, 2022. The share exchange is simplified share exchange procedure with the Company as the wholly owning parent company and Kawasaki Kinkai Kisen as the wholly-owned subsidiary pursuant to the provisions of Article 796, paragraph (2) of the Companies Act of Japan.

2. Overview of accounting treatment
   The share exchange was accounted for as a capital transaction since this transaction involves acquiring additional shares of consolidated company. As a result of the share exchange, capital surplus will increase by ¥14,898 million and treasury stock will decrease by ¥400 million in the consolidated financial statements.

3. Additional acquisition of shares of the subsidiary
   Details of each type of acquisition cost and consideration
   Consideration for acquisition (common stock): ¥9,095 million
   Acquisition cost: ¥9,095 million

4. Ratio for share exchange, calculation method of allotment ratio and number of shares to be delivered upon the share exchange
   (1) Ratio for share exchange

	The Company (Wholly-owning parent company in share exchange)	Kawasaki Kinkai Kisen (Wholly-owned subsidiary in share exchange)
Allotment ratio for share exchange	1	0.58

   (2) Calculation method of share exchange ratio
   In order to calculate the share exchange ratio, the Company appointed Mizuho Securities Co., Ltd. (hereinafter, "Mizuho Securities") and Kawasaki Kinkai Kisen appointed KPMG FAS Co., Ltd., (hereinafter, "KPMG"), as their respective financial advisors and third-party appraisers, respectively.
   Mizuho Securities conducted a market share price analysis, a comparable company analysis, and discounted cash flow analysis (hereinafter, "DCF Analysis") for the Company and Kawasaki Kinkai Kisen.
   KPMG conducted a market share price analysis for the Company, and a market share price analysis and DCF Analysis for Kawasaki Kinkai Kisen.

   (3) Number of shares to be delivered
   888,234 shares

Notes on Revenue Recognition

1. Information on disaggregation of revenues from contracts with customers

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other (*)	Total
Revenues:					
Revenues from customers with contracts	307,835	96,024	513,637	10,195	927,693
Other revenues	4,431	4,201	6,156	123	14,912
Operating revenues from customers	312,267	100,225	519,794	10,318	942,606

(*) The “Other” segment consists of business segments not classified into aforementioned three reporting segments, including ship management service, travel agency business, real estate rental and management business and others

2. Foundational information for understanding revenue from contracts with customers

Revenue from contracts with customers is recognized based on the following five-step approach at the amount of the consideration for which the Company expects to be entitled in exchange for transferring goods or services.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the separate performance obligations in the contract
Step 5: Recognize revenue when (or as), the performance obligations are satisfied

The performance obligations as part of the Group’s business are primarily as follows.

(1) Freight revenue

Regarding voyage charter contracts, one voyage unit is judged a single performance obligation and contract based on understanding to agreement with customers. The transaction price is determined based on the amount billed per voyage and allocated to a performance obligation based on the amount agreed with the customers for each voyage and includes variable consideration such as demurrage charges and dispatch charges. If variable consideration is included in the consideration for the contract with customers, it is recorded in the transaction price only if it is highly likely that there will be no significant reduction in the revenue recorded up to the time when the degree of uncertainty regarding variable consideration is finally resolved.

Given the nature of the voyage, it is expected that the customer will receive benefits as the entity fulfills its obligations in its contract with the customer. Therefore, the Company has determined that this is a performance obligation that will be satisfied as the voyage progresses, and recognizes revenue based on the degree of progress made in satisfying the performance obligation. Progress is measured based on the number of elapsed days of a voyage to the end of the period relative to the estimated total number of days of voyage days. The consideration for the transactions is mainly invoiced upon completion of loading of cargoes and the majority of the consideration is received by the completion of the voyage, while variable consideration, such as demurrage charges and dispatch charges, are invoiced after the berthing period is fixed. The consideration does not include significant financing component.

(2) Charter rates

Time charter contracts entitle the Company to receive from the customer a consideration whose amount corresponds directly to the value to the customer for the portion of the Company's performance obligation satisfied to date, such as an agreement to charge a fixed amount based on the time of service rendered. In accordance with the treatment in the application guidelines of Article 19 of the Accounting Standard for Revenue Recognition, the Company recognizes revenue at the amount the Company has a right to claim from the customer.

3. Information for understanding the amounts for the year ended March 31, 2023 and subsequent years

(1) Balance of contract assets and contract liabilities

The breakdown of accounts receivable arising from contracts with customers, contract assets and contract liabilities as of March 31, 2022 and 2023 is as follows:

(Millions of yen)

	2022	**2023**
Notes receivable – trade	594	546
Accounts receivable – trade	93,330	100,343
	93,925	100,890
Contract assets	9,774	6,632
Contract liabilities	17,573	21,085

The beginning balance of contract liabilities was mainly recognized in revenue for the year ended March 31, 2023.

The timing of satisfying performance obligations and the normal timing of payments are described above in Note 2 "Foundational information for understanding revenue from contracts with customers."

Changes in the balance of contract assets are mainly due to the recognition of revenues and transfer to accounts receivable. Changes in the balance of contract liabilities are mainly due to the receipt of considerations in advance from customers and the satisfaction of performance obligations.

Revenue recognized for performance obligations satisfied (or partially satisfied) in past periods is immaterial.

Receivables other than those arising from contracts with customers for the years ended March 31, 2022 and 2023 are not classified because their amounts are immaterial.

(2) Transaction price allocated to remaining performance obligations

As described above in Note 2 "Foundational information for understanding revenue from contracts with customers," the Group recognizes each voyage as a single performance obligation and also contract voyage. Since a voyage is normally completed within a year, the Company applies the provisions of Article 80-22 (1) of the Accounting Standard for Revenue Recognition and therefore omits related information in the notes.

For contracts involving the long-term time-charter of vessels, as described above in Note 2 "Foundational information for understanding revenue from contracts with customers," the Company also recognizes revenue from the satisfaction of performance obligations in accordance with the provision of Article 19 of Implementation Guidance on Accounting Standard for Revenue Recognition, and accordingly, the Company omits related information in the notes in accordance with the provisions of Article 80-22 (2) of the Accounting Standard for Revenue Recognition.

Notes on Per Share Information

Net assets per share	¥6,128.41
Basic profit per share	¥2,571.02

The basis of calculation for net assets per share and basic profit per share is as follows:

Amount of net assets on consolidated balance sheet	¥1,546,679 million
Net assets attributable to common stock	¥1,515,399 million
Number of shares of common stock issued and outstanding at the year end	250,712 thousand shares
Number of shares of common stock held as treasury stock at the year end	3,438 thousand shares
Profit attributable to owners of the parent on consolidated statement of operations	¥694,904 million
Amount not attributable to shareholders of common stock	–
Profit attributable to owners of the parent relating to common stock	¥694,904 million
Average number of outstanding shares of common stock	270,283 thousand shares

(*) The Company split its common shares on the basis of one (1) share into three (3) shares effective October 1, 2022. Accordingly, net assets per share, basic profit per share, total number of issued shares at the end of the period, number of treasury stock at the end of the period and average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year ended March 31, 2023.

Note on Significant Subsequent Events

No items to be reported.

Non-Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	Reserve for advanced depreciation	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	75,457	1,300	–	1,300	–	100	194,803	194,904	(2,330)	269,331
Change in items during the year										
Cash dividends	–	–	–	–	–	–	(84,632)	(84,632)	–	(84,632)
Transfer to legal reserve by cash dividends	–	–	–	–	8,463	–	(8,463)	–	–	–
Reversal of reserve for advanced depreciation	–	–	–	–	–	(10)	10	–	–	–
Profit (loss) attributable to owners of the parent	–	–	–	–	–	–	407,706	407,706	–	407,706
Purchase of treasury stock	–	–	–	–	–	–	–	–	(89,558)	(89,558)
Disposal of treasury stock	–	–	0	0	–	–	–	–	11	11
Cancellation of treasury stock	–	–	(381)	(381)	–	–	(84,574)	(84,574)	84,955	–
Share exchanges	–	8,307	380	8,687	–	–	–	–	407	9,095
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–	–	–
Net changes during the year	–	8,307	–	8,307	8,463	(10)	230,046	238,499	(4,184)	242,621
Balance at March 31, 2023	75,457	9,607	–	9,607	8,463	89	424,850	433,403	(6,515)	511,952

(Note) The amounts presented are rounded down to the nearest million yen.

(Millions of yen)

	Valuation and translation adjustments				Total net assets
	Net unrealized holding gain on investment securities	Deferred gain on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at April 1, 2022	4,740	(3,285)	2,057	3,512	272,843
Change in items during the year					
Cash dividends	–	–	–	–	(84,632)
Transfer to legal reserve by cash dividends	–	–	–	–	–
Reversal of reserve for advanced depreciation	–	–	–	–	–
Profit (loss) attributable to owners of the parent	–	–	–	–	407,706
Purchase of treasury stock	–	–	–	–	(89,558)
Disposal of treasury stock	–	–	–	–	11
Cancellation of treasury stock	–	–	–	–	–
Share exchanges	–	–	–	–	9,095
Net changes in items other than shareholders' equity	844	(945)	–	(100)	(100)
Net changes during the year	844	(945)	–	(100)	242,521
Balance at March 31, 2023	5,585	(4,230)	2,057	3,412	515,365

(Note) The amounts presented are rounded down to the nearest million yen.

Notes to Non-consolidated Financial Statements

Notes on Important Accounting Policies

1. Standards and methods of valuation of assets

(1) Securities

(i) Stocks of subsidiaries and affiliates: Stated at cost based on the moving-average method.

(ii) Held-to-maturity securities: Stated at cost based on the amortized cost method.

(iii) Other securities

Marketable securities classified as other securities:
Fair value method (the valuation difference is accounted for as a separate component of net assets and the cost of sales is calculated by the moving-average method).

Non-marketable securities classified as other securities:
Stated at cost based on the moving-average method.

(2) Inventories: Stated at cost based on the moving-average method (The method involves write-downs based on any decrease in profitability).

2. Depreciation and amortization methods of fixed assets

(1) Vessels, property and equipment (excluding leased assets)

(i) Vessels: Straight-line method

(ii) Other: Declining-balance method
However, the straight-line method is applied to buildings (excluding accompanying facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016.

(2) Intangible assets (excluding leased assets):
Straight-line method
For software used internally, the straight-line method is applied based on the period of potential use by the Company (five years).

(3) Leased assets

Leased assets under finance lease transactions that transfer ownership:
Same depreciation method as that applied to owned fixed assets.

Leased assets under finance lease transactions that do not transfer ownership:
Straight-line method based on the assumption that the useful life equals the lease term and the residual value equals zero.
Leased assets under finance lease transactions that do not transfer ownership whose inception date is on or before March 31, 2008 are accounted for under the method similar to the one that is applicable to regular rental transactions.

3. Recognition of reserves

(1) Allowance for doubtful accounts: In order to prepare for potential credit losses on receivables, an estimated amount is recognized at the amount calculated based on the historical rate of credit loss with respect to ordinary receivables and at the amount determined in consideration of collectability of individual receivables with respect to doubtful accounts and certain other receivables.

(2) Provision for bonuses: In order to prepare for bonuses to be paid to employees, the provision for bonuses is recognized at the estimated amount of the bonuses to be paid as allocated to the current fiscal year.

(3) Provision for directors' bonuses: In order to prepare for bonuses to be paid to directors, the provision for directors' bonuses is recognized at the estimated amount of the bonuses to be paid as allocated to the current fiscal year

(4) Provision for employees' retirement benefits: In order to prepare for the provision of retirement benefit payments for employees, the deemed obligation at the end of the current fiscal year is recognized based on estimated amounts of retirement benefit obligations and plan assets at the end of the current fiscal year.
Actuarial differences are amortized in the years following the year in which the differences are recognized by the straight-line method over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.
Past service cost is amortized by the straight-line method over a period of nine years, which falls within the estimated average remaining years of service of the eligible employees.

(5) Provision for periodic drydocking: In order to prepare for expenditure on periodic overhaul, accrued expenses for overhaul of vessels are recognized at the estimated amount of the expenses to be paid as allocated to the current fiscal year.

(6) Provision for loss related to the Anti-Monopoly Act:
In order to prepare for fines and penalties required by overseas authorities relating to the Anti-Monopoly Act, an amount reasonably estimated to the extent possible is recognized.

(7) Provision for directors' stock benefits: In order to prepare for stock benefits etc., to the directors and the executive officers in accordance with the Regulations for Delivery of Shares to Officers, the provision for directors' stock benefits is recognized at the estimated amount of the Company's stock corresponding to points to be provided to the eligible individuals as of the end of the current fiscal year.

(8) Provision for loss on chartering contracts: In order to prepare for potential future loss under certain contracts where charter rates fall below hire rates, the probable and reasonably estimated amount of loss is recognized based on available information as of the end of the current fiscal year.

(9) Provision for loss on guarantees: In order to prepare for possible losses on guarantees to a subsidiary and an affiliate, a provision is provided in the amount of estimated losses, taking into consideration the financial position of each guaranteed party.

4. Policy for Recognizing Significant Revenues and Costs
   The Company recognizes revenue at an amount expected to be received when control of promised goods or services is transferred. Therefore, the Company records marine transportation revenues and costs based on the number of days that have elapsed during a voyage.

5. Hedge accounting method
   Hedging activities are accounted for under the deferral hedge method.
   If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under each interest rate swap contract is added to or deducted from the interest on the underlying assets or liabilities for which the swap contract is executed "Special treatment for interest rate swaps."
   Forward foreign exchange contracts which meet certain criteria are accounted for by the allocation method which requires that recognized foreign currency receivables or payables be translated at the corresponding contract rates.

6. Recognition of deferred assets
   Bond issuance costs are fully recognized as expenses when incurred.

7. Recognition of interest expenses on vessel construction loans
   For vessels for which the construction is over the long term, interest expenses on vessel construction loans incurred during the construction period are included in the acquisition cost.

8. Accounting treatment for retirement benefits
   The accounting treatment for unrecognized actuarial differences and the unrecognized past service costs related to retirement benefits is different from the treatment for these items in the consolidated financial statements.

9. Application of the group tax sharing system
   The Company adopted the group tax sharing system.

(Change in Accounting Standards)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Implementation Guidance on Fair Value Measurement Standard") from the beginning of the fiscal year ended March 31, 2023. The Company has prospectively applied the new accounting policies stipulated by the Implementation Guidance on Fair Value Measurement Standard, in accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. There was no effect of the application of Implementation Guidance on Fair Value Measurement Standard on the non-consolidated financial statements for the fiscal year ended March 31, 2023.

Notes on Changes in Presentation

(Non-Consolidated Statement of Operations)
(1) "Gain on sales of investment securities," which was included in "Other extraordinary income" in the previous fiscal year (¥0 million for the previous fiscal year), is presented separately from the current fiscal year due to an increase in materiality.

(2) "Gain on liquidation of subsidiaries and affiliates," which was included in "Other extraordinary income" in the previous fiscal year (¥0 million for the previous fiscal year), is presented separately from the current fiscal year due to an increase in materiality.

(3) "Loss on devaluation of shares of subsidiaries and affiliates," which was presented separately in the previous fiscal year (¥23,965 million for the previous fiscal year), is included in "Other extraordinary losses" from the current fiscal year due to a decrease in materiality.

Notes on Accounting Estimates

1. Estimate of charter contract loss provision
   (1) Amount recognized in non-consolidated financial statements for the current fiscal year

   Non-Consolidated Statement of Operations
   Provision for loss on chartering contracts: ¥11,122 million

   Non-Consolidated Balance Sheet
   Provision for loss on chartering contracts: ¥11,239 million

   (2) Other information
   As the same information is provided in the "Notes on Accounting Estimates" in the notes to the consolidated financial statements, the notes are omitted.

2. Estimate of total number of voyage days used in daily pro rata calculation of voyage days for revenue recognition

   The Company considers the percentage of progress for revenues of ocean tramp shipping (excluding product logistics) as a significant accounting estimate due to the significance of the freight revenue amounts and the estimated period.

   (1) Amount of marine transportation revenues for voyages not completed by the end of the current fiscal year in non-consolidated financial statements for the current fiscal year

   Marine transportation revenues: ¥26,706 million.

   (2) Other information
   As the same information is provided in the "Notes on Accounting Estimates" in the notes to the consolidated financial statements, the notes are omitted.

Notes to Non-consolidated Balance Sheet

1. Assets pledged as collateral and secured liabilities

Assets pledged as collateral

	(Millions of yen)
Asset category	
Vessels	41,261
Investment securities	7,016
Shares of subsidiaries and affiliates	19,506
Total	67,784

In the above table, ¥1,785 million out of the amount of ¥41,261 million for vessels, investment securities of ¥7,016 million and shares of subsidiaries and affiliates of ¥19,506 million were pledged as collateral to procure funds for vessel equipment of subsidiaries, affiliates and others. There were no corresponding liabilities as of March 31, 2023.

Secured liabilities

	(Millions of yen)
Liability category	
Short-term loans and current portion of long-term loans	4,110
Long-term loans, less current portion	25,508
Total	29,618

2. Accumulated depreciation of assets (Millions of yen)

Accumulated depreciation of vessels, property and equipment	70,800

3. Guarantee obligations (Millions of yen)

Guarantees, etc.	96,762

(Guarantees, etc. include commitment for future guarantees. These guarantee obligations exclude ¥97 million of re-guarantees by other companies.)

	(Millions of yen)
Additional funding obligation, etc.	10,689

In the above table, ¥76,479 million out of the amount of ¥96,762 million for guarantees etc. was for borrowing of equipment funds for vessels time-chartered by the Company from its subsidiaries that own vessels.

4. Land revaluation

Pursuant to the "Act on Revaluation of Land" (Act No. 34 of 1998) and the "Act on Partial Amendment to the Act on Revaluation of Land" (Act No. 19 of 2001), the Company performed revaluation of land for business use. The effect of this revaluation has been recorded as revaluation reserve for land in net assets, excluding the deferred tax liabilities on land revaluation.

Revaluation method prescribed in Article 3, Paragraph 3 of the "Act on Revaluation of Land"

The revaluation of land for business use was calculated by making rational adjustments to the prices posted in accordance with the provision of Article 6 of the Public Notice of Land Prices Act for standard sites set forth in Article 6 of the same act in the neighborhood of the relevant land for business use pursuant to Article 2, Item 1 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 of 1998). However, for some land, the revaluation was calculated by making rational adjustments to standard prices assessed in accordance with the provision of Article 9, Paragraph 1 of the Order for Enforcement of the National Land Use Planning Act for standard sites set forth in Article 7, Paragraph 1, Item 1 (a) of the same order in the neighborhood of the relevant land for business use pursuant to Article 2, Paragraph 2 of the Order for Enforcement of the Act on Revaluation of Land.

Revaluation date	March 31, 2002
Difference between the fair value and revalued book value of the revalued land at March 31, 2023	¥ (834) million

5. Monetary receivables from and monetary payables to subsidiaries and affiliates

	(Millions of yen)
Short-term monetary receivables	29,855
Long-term monetary receivables	22,777
Short-term monetary payables	80,417
Long-term monetary payables	1,101

6. Other matters

The Company has been investigated by the overseas competition authorities in relation to alleged anti-competitive behavior (alleged formation of a cartel) relating to the transportation of automobiles, automotive construction machineries and other automotive vehicles. In addition, multiple service providers including the Company are currently subject to claim for damage in some countries in relation to the same matter.

Notes to Non-consolidated Statement of Operations

Transactions with subsidiaries and affiliates

		(Millions of yen)
Transaction amount – trading	Operating revenues	78,861
	Operating expenses	201,883
Transaction amount - non-trading		363,340

Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of treasury stock as of the end of the current fiscal year

Common stock	3,388,242 shares

There were 1,319,700 shares, which are held by Custody Bank of Japan, Ltd. in relation to the Board Benefit Trust (BBT), included in the number of shares in treasury stock the end of the current fiscal year.

Notes on Tax Effect Accounting

1. Significant components of deferred tax assets and deferred tax liabilities

	(Millions of yen)
Deferred tax assets	
Allowance for doubtful accounts	511
Provision for bonuses	696
Loss on devaluation of investment securities and others	1,628
Provision for employees' retirement benefits	176
Board Benefit Trust	339
Impairment losses	1,031
Accounts payable-shipping	4,555
Deferred assets for tax purposes	632
Provision for loss on chartering contracts	3,203
Provision for loss on guarantees	608
Deferred loss on hedges	2,035
Tax loss carried forward	63,880
Other	596
Subtotal	79,895
Valuation allowance for tax loss carried forward	(61,131)
Valuation allowance for the total of deductible temporary differences and others	(8,819)
Valuation allowance subtotal	(69,950)
Total deferred tax assets	9,944
Deferred tax liabilities	
Reserve for advanced depreciation	(35)
Tax on retained surplus	(365)
Deferred gain on hedges	(1,160)
Net unrealized holding gain on investment securities	(2,226)
Other	(722)
Total deferred tax liabilities	(4,510)
Net amount of deferred tax liabilities	5,433

2. Accounting treatment of corporate tax and local corporate taxes or tax effect accounting
   The Company has transferred from the consolidated taxation system to the group tax sharing system from the current fiscal year ended March 31, 2023. In accordance with the change, the Company has applied the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021; hereinafter "PITF No. 42"), which provides for accounting treatment and disclosure of corporate tax and local corporate taxes and tax effect accounting.
   In accordance with Paragraph 32 (1) of PITF No. 42, there is no effect on the financial statements due to the change in accounting standards resulting from the application of PITF No. 42.

Notes on Business Combination

Transaction under common control, etc.

(Wholly owned subsidiary through simplified share exchange)

Based on the resolution at the Board of Directors' meeting on March 16, 2022, the Company concluded a share exchange agreement between Kawasaki Kinkai Kisen Kaisha, Ltd., which had been a consolidated subsidiary of the Company, for the purpose of promoting the optimal and efficient utilization of the Group's management resources, the further sharing of business strategies between the Companies, and the enhancement of their competitiveness. Based on the agreement, the Company carried out a share exchange on June 1, 2022.

As a result of the share exchange, capital reserve increased by ¥8,307 million, other capital surplus increased by ¥380 million and treasury stock decreased by ¥407 million in the non-consolidated financial statements. An overview of the share exchange is provided in the "Notes on Business Combination (Wholly owned subsidiary through simplified share exchange)" in the notes to the consolidated financial statements.

Notes on Revenue Recognition

Foundational information for understanding revenue from contracts with customers is omitted because the same information is provided in the "Notes on Revenue Recognition" in the notes to the consolidated financial statements.

Notes on Transactions with Related Parties

1. Parent company and major corporate shareholders, etc.
   No items to be reported.
   (*) Based on the resolution at the Board of Directors' meeting on November 4, 2022, the Company purchased ¥31,761 million from Effissimo Capital Management Pte Ltd. at the closing price on November 7, 2022, the day before the transaction by Tokyo Stock Exchange Trading NeTwork System (ToSTNeT-3).

2. Subsidiaries and affiliates, etc.

Type	Subsidiary
Name	"K" LINE NEXT CENTURY GK
Voting rights (%)	100% direct ownership
Relationship	Loan from the party
Details of business transaction	Repayment (*1)
Amount of transaction	¥50,441 million
Account	–
Balance at the end of year	–
Details of business transaction	Payment of interest (*1)
Amount of transaction	¥162 million
Account	–
Balance at the end of year	–
Details of business transaction	Repayment of investment in capital
Amount of transaction	¥50,000 million
Account	–
Balance at the end of year	–

Type	Subsidiary
Name	"K" LINE PTE LTD
Voting rights (%)	100% direct ownership
Relationship	Loan from the party Interlocking directors
Details of business transaction	Loan from the party (*1)
Amount of transaction	¥146 million
Account	Short-term loans and current portion of long-term loans
Balance at the end of year	¥10,074 million
Details of business transaction	Payment of interest (*1)
Amount of transaction	¥666 million
Account	Accrued expenses
Balance at the end of year	¥262 million

Type	Subsidiary
Name	"K" LINE BULK SHIPPING (UK) LIMITED
Voting rights (%)	100% direct ownership
Relationship	Loan from the party Interlocking directors
Details of business transaction	Loan from the party (*1)
Amount of transaction	¥11,139 million
Account	Short-term loans and current portion of long-term loans
Balance at the end of year	¥14,390 million
Details of business transaction	Payment of interest (*1)
Amount of transaction	¥283 million
Account	Accrued expenses
Balance at the end of year	¥106 million

Type	Affiliate
Name	OCEAN NETWORK EXPRESS PTE. LTD. (*2)
Voting rights (%)	–
Relationship	Chartering contractor, etc.
Details of business transaction	Receiving dividend
Amount of transaction	¥354,622 million
Account	–
Balance at the end of year	–

Note 1: Regarding loan from the party, this is related to the GCMS (Group Cash Management System) with which the Company has concluded contracts with each of its group companies, the transaction amount represents the net increase or decrease amount during the period.
In addition, the interest rate is determined considering market interest rate.

Note 2: OCEAN NETWORK EXPRESS PTE. LTD. is a subsidiary of Ocean Network Express Holdings, Ltd., which holds direct ownership of 100% of voting rights. Ocean Network Express Holdings, Ltd. is an equity-method affiliate of the Company.

3. Directors and Audit & Supervisory Board Members, and individual shareholders, etc.
   No items to be reported.

Notes on Per Share Information

Net assets per share	¥2,083.76
Basic profit per share	¥1,508.09

The basis of calculation for net assets and basic profit per share is as follows:

Amount of net assets on non-consolidated balance sheet	¥515,365 million
Net assets attributable to common stock	¥515,365 million
Number of shares of common stock issued and outstanding at the year end	250,712 thousand shares
Number of shares of common stock held as treasury stock at the year end	3,388 thousand shares
Profit on non-consolidated statement of operations	¥407,706 million
Amount not attributable to shareholders of common stock	–
Profit attributable to common stock	¥407,706 million
Average number of outstanding shares of common stock	270,345 thousand shares

(*) The Company split its common shares on the basis of one (1) share into three (3) shares effective October 1, 2022. Accordingly, net assets per share, basic profit per share, total number of issued shares at the end of the period, number of treasury stock at the end of the period and average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the current fiscal year ended March 31, 2023.

Notes on Significant Subsequent Events

No items to be reported.