FINANCIAL HIGHLIGHTS

Brief report of the the year ended March 31, 2021

Kawasaki Kisen Kaisha, Ltd.

[Two Year Summary] (Million yen; rounded down to the nearest million yen)

	Year ended March 31, 2020	**Year ended March 31, 2021**
Consolidated		
Operating revenues	¥ 735,284	¥ **625,486**
Operating income (loss)	6,840	**(21,286)**
Profit (loss) attributable to owners of the parent	5,269	**108,695**
Profit (loss) attributable to owners of the parent per share (Yen)		
Basic	56.50	**1,165.34**
Diluted	-	-

	Year ended March 31, 2020	**Year ended March 31, 2021**
Total assets	¥ 896,081	¥ **974,608**
Net assets	200,234	**316,162**

	Year ended March 31, 2020	**Year ended March 31, 2021**
Net cash provided by (used in) operating activities	¥ (21,797)	¥ **33,397**
Net cash provided by (used in) investing activities	(20,286)	**16,987**
Net cash provided by (used in) financing activities	16,731	**(34,845)**

1. Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

1) Summary of Consolidated Operating Results for FY2020

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

	Fiscal Year 2019 (Ended March 31, 2020)	**Fiscal Year 2020 (Ended March 31, 2021)**	Change	% Change
Operating revenues	735.3	**625.5**	(109.8)	(14.9%)
Operating income (loss)	6.8	**(21.3)**	(28.1)	–
Ordinary income (loss)	7.4	**89.5**	82.1	–
Profit (loss) attributable to owners of the parent	5.3	**108.7**	103.4	–

Exchange Rate (¥/US$) (12-month average)	¥109.13	**¥105.79**	(¥3.34)	(3.1%)
Fuel oil price (US$/MT) (12-month average)	US$467	**US$363**	(US$104)	(22.3%)

Due to significant business performance improvement of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as "ONE"), the company recorded 118.165 billion yen of equity in earnings of subsidiaries for the fiscal year 2020. Within the recorded equity in earnings of subsidiaries, "ONE" accounted for 119.271 billion yen in consolidated cumulative fourth quarter, and 67.325 billion yen in the fourth quarter alone.

Performance per segment was as follows.

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

		Fiscal Year 2019 (Ended March 31, 2020)	**Fiscal Year 2020 (Ended March 31, 2021)**	Change	% Change
Dry bulk	Operating revenues	233.8	**182.0**	(51.8)	(22.2%)
	Segment profit (loss)	4.1	**(9.1)**	(13.2)	–
Energy resource transport	Operating revenues	84.7	**77.6**	(7.0)	(8.3%)
	Segment profit (loss)	9.9	**1.1**	(8.8)	(89.2%)
Product logistics	Operating revenues	384.5	**339.7**	(44.8)	(11.7%)
	Segment profit (loss)	(2.9)	**104.5**	107.5	–
Other	Operating revenues	32.3	**26.2**	(6.1)	(19.0%)
	Segment profit (loss)	1.7	**1.1**	(0.6)	(37.4%)
Adjustments and eliminations	Segment profit (loss)	(5.4)	**(8.1)**	(2.7)	–
Total	Operating revenues	735.3	**625.5**	(109.8)	(14.9%)
	Segment profit (loss)	7.4	**89.5**	82.1	–

(i) Dry Bulk Segment

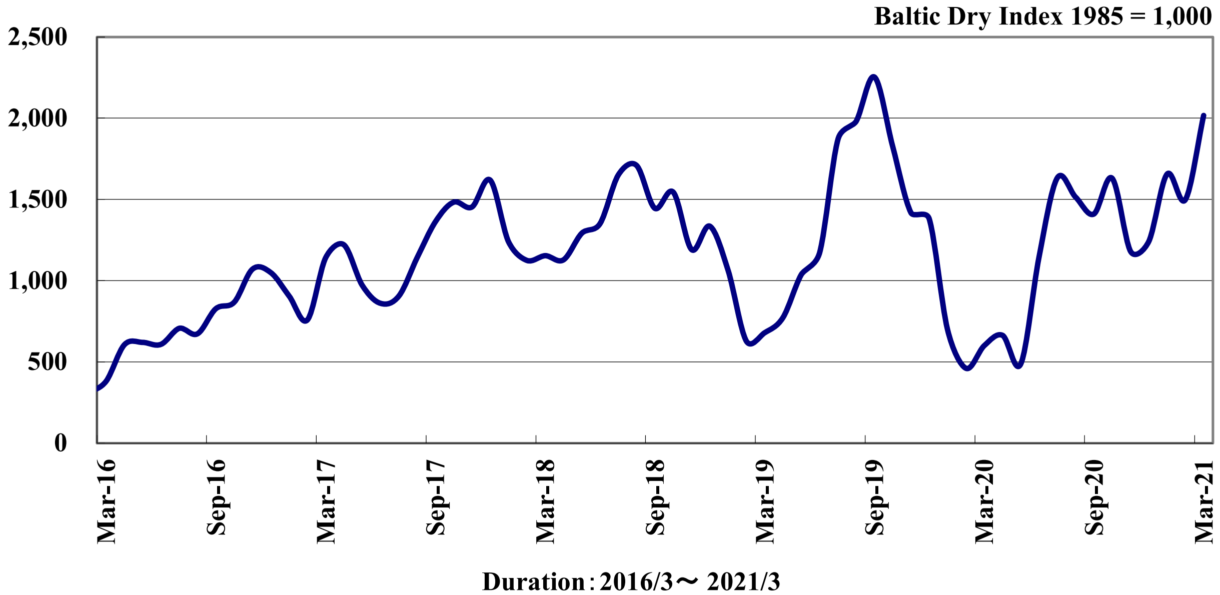
Dry Bulk Business

In the Cape-size sector, market rates fell steeply early in the current fiscal year as a result of the combined effects of stagnant economic activity due to the spread of COVID-19 and a decrease in shipments due to unfavorable weather conditions in production locations. However, around the middle of the fiscal year, market rates rose at sometimes in line with a recovery in demand for transportation of cargoes to China. In the second half, market rates generally remained firm despite some fluctuations because of a recovery in economic activity in major countries and brisk production of crude steel in China.

In the medium and small vessel sector, cargo movements remained sluggish around the world early in the current fiscal year due to the spread of COVID-19. However, toward the middle of the current fiscal year, cargo movements recovered because of the resumption of economic activity in China and robust demand for transportation of grains from Brazil to China. In the second half, the vessel supply-demand balance tightened for medium and small vessels due to increased demand for coal imports caused by cold waves in China in addition to brisk transportation of grains from the United States to China, and as a result, market rates stayed firm.

Under these circumstances, the Group strove to reduce operation costs, fleet restructure and to hedge against market risks by Forward Freight Agreement but remaining effect of weakened market rates in first half, the overall Dry Bulk Segment recorded a year-on-year decrease in revenue and a loss was recorded.

Baltic Dry Index



Duration：2016/3～ 2021/3

(ii) Energy Resource Transport Segment

Tanker and Thermal Coal Carrier Business

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

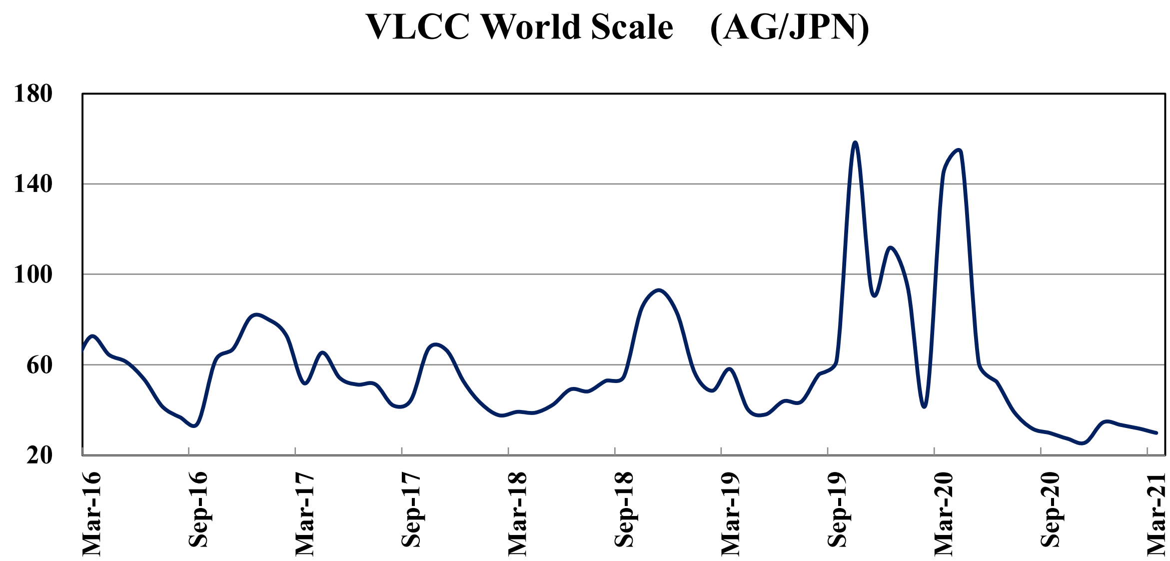
LNG Carrier and Offshore Energy E&P Business

Concerning LNG carriers 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.

In the drillship business, losses were recorded considering the forecast of market rates after the expiry in 2022 of existing contracts although the business stayed firm during this period for mid- and long-term charter contracts and contributed to secure stable.

Concerning the offshore support vessel business, market rates fell in the first half owing to stagnant oil resource development because of an oil price drop. Following an oil price recovery in the second half, market rates remained sluggish.

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



Duration：2016/3~2021/3

(iii) Product Logistics Segment

Car Carrier Business

Demand for ocean transportation declined steeply because of sluggish global sales and the production shutdown of factories in various countries due to the spread of COVID-19. Although the Group carried out to reduce costs by vessel operation stoppage, temporary trade service revision, and fleet restructure, the car carrier business recorded a year-on-year decrease in revenue and a loss was recorded.

Logistics Business

In the domestic logistics sector, container handling volume recovered because of an increase in demand for ocean container transportation around the world. In the towage business, work volume declined due to a continued decline in demand related to steel and paper materials. The warehousing business stayed firm.

In the international logistics sector, cargo movements related to the air forwarding business improved due to a shift from ocean to air cargo transportation caused by congestion in ocean transportation. Cargo movements related to e-commerce remained firm because of "nesting" demand due to the effects of COVID-19.

Short Sea and Coastal Business

In the short sea business, regarding steel transportation, shipment volume of steel products declined in the first half as a result of the effects of production cuts by steelmakers, however, the transportation volume in the current fiscal year remained almost flat year-on-year, as demand recovered strongly in the second half. Regarding timber transportation, the transportation volume of imported plywood declined year-on-year owing to sluggish demand, but transportation volume increased significantly for fuels for biomass power generation, for which demand for use as a renewable energy source is growing. As for bulk transportation, transportation volume fell steeply year-on-year because of a drop in domestic demand for Russian coal, the main cargo item.

In the coastal business, the Group strived to capture demand for food cargoes amid a decline in main cargo related to paper and automobiles in the liner transportation sector, but transportation volume fell year-on-year. In the ferry business, the transportation volume of passengers and passenger cars dropped steeply year-on-year amid the spread of COVID-19. In the tramp service business, the operation rate of both vessels dedicated to the transportation of limestone and coal and general cargo vessels fell year-on-year. As a result, the transportation volume in the short sea and coastal business declined year-on-year.

Port Business

In the domestic terminal sector, cargo movements in trans-Pacific trade stayed firm. As cargo movements recovered in intra-Asia trade as well in the second half, handling volume increased year-on-year. The international terminal service sector, regarding the Group's container terminal (managed by INTERNATIONAL TRANSPORTATION SERVICE, INC. (ITS)) in North America, cargo movements from Asia to North America increased steeply from summer onward due to "nesting" demand in the United States, so container handling volume remained on a firm trend. Moreover, as business with new users started in September, the Port business turned a profit.

Regarding ITS, the Company completed the transfer of all shares of ITS to MIP V BidCo, LLC, an infrastructure investment fund operated by Macquarie Infrastructure and Real Assets in December, 2020.

Containership Business

As for the performance of “ONE”, in the first half, lifting decreased because global cargo movements declined due to the spread of COVID-19. However, profit increased year-on-year, as the company strove to improve profitability through such measures as flexibly reducing the number of voyages in accordance with demand and reducing operational costs through optimal vessel operation. In the third quarter, mainly Asia North America trade, freight rate market conditions remained firm and utilization rate was maintained firm. Cargo demand for medical related goods and consumer goods recovered over the previous year. Shortage of vessel space and container and shore side and inland congestion cause much turmoil within the entire global supply chain and tight supply-demand balance. In the fourth quarter, supply-demand balance of all trade was tight. “ONE” chartered additional ships to recover schedule integrity and executed extra sailings but profit improved significantly year-on-year, because of a rise in the short-term freight market.

As a result, the overall Product Logistics Segment recorded a year-on-year decline in revenue but turned a profit.

(iv) Other Segment

Other Segment includes but not limited to the Group’s ship management service, travel agency service, and real estate and administration service. The segment recorded a year-on-year decline both in revenue and profit.

2) Prospects for Fiscal 2021

For the fiscal year ending March 31, 2022, the Group is projecting operating revenues of ¥570.0 billion, operating income of ¥0 billion, ordinary income of ¥45.0 billion and profit attributable to owners of the parent of ¥35.0 billion.

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

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of the parent	
Fiscal Year 2021 (End March 2022)	570.0	(8.9%)	0	−	45.0	(49.7%)	35.0	(67.8%)

（Exchange Rate(¥/US$) : ¥105.81 / Fuel Oil Price(US$/MT) : $431）

In the Dry Bulk Segment, the vessel supply-demand balance is expected to tighten because of the limited number of newly built ships and an increase in scrapped ships due to the enforcement of environmental regulations as well as expectations that the global economy will remain on the path of recovery as a result of economic support policy measures and infection prevention measures implemented by various countries. As the dry bulk market is expected to stay firm, the consolidated results for the whole of FY2021 are forecast to improve. On the other hand, there still remains concern over the effects of COVID-19 on economic activity, and therefore, a close watch will be kept on changes in overall transportation demand. In the Dry Bulk Segment, the Group will continue efforts to improve operation efficiency and take profit improvement measures, including cost reduction. At the same time, the Group will strive to secure stable profit by increasing mid- and long-term contracts that take advantage of its strength in high quality transportation.

In the Energy Resource Transport Segment, the Group will strive to secure stable profit under mid- and long-term contracts with respect to large crude oil tankers, LPG carriers, thermal coal carriers, LNG carriers, drillships and FPSO (Floating Production, Storage and Offloading) systems. In the offshore support vessel business, the Group will continue efforts to improve profitability through cost reduction measures.

As for the Product Logistics Segment, regarding the car carrier business, global vehicle sales are expected to continue recovering strongly from the impact of COVID-19 in the previous fiscal year. On the other hand, while there are concerns over the effects of a semiconductor shortage on production, the Group expects to secure profits in FY2021 through activities continued since the previous fiscal year, including appropriate fleet development and reorganization of the network of trades. In the logistics business, container handling volume is likely to stay firm amid expectations that robust cargo movements regarding ocean container transportation will continue for a while in the domestic logistics segment. On the other hand, in the towage business, demand is declining at the moment but is expected to recover gradually toward the second half. In the international logistics segment, cargo movements in the automobile industry are expected to remain on the path of recovery. In the air forwarding business, cargo movements are expected to continue recovering due to a shift from ocean to air cargo transportation caused by congestion in ocean transportation.

In the containership business, it is expected that the global economy will remain on the path of recovery, but convergence of COVID-19 is uncertain. There still remain tight supply-demand balance due to strong demand and turmoil within the entire global supply chain. “ONE” initiatively continues to charter additional ships to recover schedule integrity. Container procurement was maximized with new containers phasing in upon delivery.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Consolidated assets at the end of March 2021 were ¥974.608 billion, an increase of ¥78.527 billion from the end of the previous fiscal year. Current assets increased by ¥7.177 billion from the end of the previous fiscal year, due mainly to an increase in cash and deposits. Non-current assets increased by ¥71.349 billion, mainly as a result of an increase in investment securities.

Consolidated liabilities decreased by ¥37.400 billion to ¥658.446 billion from the end of the previous fiscal year, mainly as a result of a decrease in long-term borrowings.

Consolidated net assets were ¥316.162 billion, an increase of ¥115.928 billion compared to the end of the previous fiscal year, mainly as a result of an increase in retained earnings.

2) Cash Flows

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

Item	Fiscal 2019 (Ended March 2020)	**Fiscal 2020 (Ended March 2021)**	Year-on-year increase/(decrease)
Cash and cash equivalents at the beginning of the year	138.0	**111.9**	(26.1)
(1) Cash flows from operating activities	(21.8)	**33.4**	55.2
(2) Cash flows from investing activities	(20.3)	**17.0**	37.3

Item	Fiscal 2019 (Ended March 2020)	**Fiscal 2020 (Ended March 2021)**	Year-on-year increase/(decrease)
(3) Cash flows from financing activities	16.7	**(34.8)**	(51.6)
(4) Currency translation gain or loss (on cash and cash equivalents)	(0.9)	**2.5**	3.4
Net increase (decrease) in cash and cash equivalents	(26.2)	**18.1**	44.3
Change in cash and cash equivalents as a result of companies newly included in consolidated accounting	0.1	**0**	(0.1)
Cash and cash equivalents at the end of the year	111.9	**130.0**	18.1

Total cash and cash equivalents at the end of fiscal year 2020 were ¥130.001 billion, a increase of ¥18.068 billion over the end of the previous fiscal year. Details of each cash flow source are as follows:

Cash flows from operating activities were a net cash inflow of ¥33.397 billion (compared to a net cash outflow of ¥21.797 billion in the previous fiscal year) due mainly to profit before income taxes.

Cash flows from investing activities resulted in a net cash inflow of ¥16.987 billion (compared to a net cash outflow of ¥20.286 billion in the previous fiscal year) due mainly to proceeds from sale of property, plant and equipment.

Cash flows from financing activities resulted in a net cash outflow of ¥34.845 billion (compared to a net cash inflow of ¥16.731 billion in the previous fiscal year) due mainly to repayment of long-term debt and obligations under finance leases.

Reference: Changes in cash flow-related indicators

	Fiscal Year Ended March 2017	Fiscal Year Ended March 2018	Fiscal Year Ended March 2019	Fiscal Year Ended March 2020	**Fiscal Year Ended March 2021**
Equity ratio (%)	21.0	20.9	10.9	11.3	**22.39**
Equity ratio (based on market value) (%)	26.5	22.4	11.7	8.5	**24.3**
Ratio of debt to cash flow (annual)	–	488.8	–	–	**15.2**
Interest coverage ratio (x)	–	0.2	–	–	**3.3**

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

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

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

Interest coverage ratio is cash flow divided by interest expenses.

Notes

1. Indicators are calculated on the basis of consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding, not including treasury stock.
3. Cash flows above refer to cash flows from operating activities.
4. Interest-bearing liabilities are the total of all liabilities on the consolidated balance sheet on which interest is paid (including ¥50.0 billion in Euro-Yen Zero Coupon Convertible Bonds). Interest paid shown in the consolidated statement of cash flows is used as interest expenses.
5. The ratio of debt to cash flow and the interest coverage ratio for the fiscal year ended March 2017, March 2019 and March 2020 was omitted since the cash flows from operating activities were negative.

(3) Basic Dividend Policy and Dividend Payments for Fiscal Year 2020 and Following Fiscal Year

Our important management task is to maximize returns to our shareholders by implementing stable dividend. However, the Company’s basic dividend policy is to comprehensively take all into consideration such as future business condition, investment for sustainable growth and future financial conditions to tackle on the improvement of mid to long term Shareholders’ interests. Based on this policy, it is with sincere regret that the Company announces it has decided to pay no dividend for the current fiscal year ending March 31, 2021.

The annual dividend in the fiscal year ending March 31, 2022 has yet to be decided and we assign highest priority to improve financial strength and business foundation for the time being.

(4) Business Risks

The Group conducts international business operations, and unexpected events, such as political or social events or natural phenomena, can have a negative impact on the Group’s business in the related regions or markets. In the field of marine transport, the Group’s main business domain, conditions for cargo volumes and shipping are influenced by various factors, including economic trends in countries around the world, commodity market conditions, the balance of supply and demand for vessels and competition. Changes in these factors can have an impact on the Group’s operating activities and operating results. In particular, changes in the taxation systems and economic policies of Japan and major trading countries and regions, such as North America, Europe and China, or their implementation of protective trade policies, etc., can causes a decline in international transport volumes and freight rates, with an attendant negative impact on the Group’s financial position and operating results.

Other major risks that could negatively impact the Group’s business activities include the following:

1. Exchange Rate Fluctuations

A high proportion of the Group’s business sales is denominated in US dollars. As a consequence, values converted into Japanese yen may be affected by the foreign exchange rate. The Group takes measures to minimize the negative impact of foreign exchange fluctuations by converting expenses into US dollars and entering into foreign exchange forward contracts. However, appreciation of the yen against the US dollar could have a negative impact on the Group’s financial position and operating results.

2. Fuel Oil Price Fluctuations

Fuel cost is a significant component of the Group's ship operation costs. The price of fuel oil is extremely difficult to predict because it reflects a number of factors that are beyond the Group's control, such as the supply and demand balance of crude oil, trends among OPEC and other oil producing countries, and changes in the politics and oil production capacity of oil-producing countries. Moreover, an expansion and strengthening of environmental regulations could require use of high quality fuel that has a low environmental impact, which could oblige the Group to procure fuel at a higher price. The Group takes measures to avoid the impact of unstable price fluctuations by fixing the price for a certain portion of its fuel consumption using futures contracts. However, a significant and sustained increase in fuel oil prices would push up the Group's operating costs and have a negative impact on the Group's financial position and operating results.

3. Interest Rate Fluctuations

The Group continuously makes capital expenditures for building vessels and so forth. The Group strives to reduce interest-bearing debt to the greatest extent possible by utilizing its own capital and engaging in off-balance deals. However, it relies on borrowing from financial institutions for a significant portion of its funds. In addition, the Group procures operating capital required for business operations.

When procuring funds, the Group borrows a certain amount at a fixed rate of interest or uses fixed interest rate swaps for some of its borrowings for investment in ships and equipment. However, future interest-rate movements could increase the Group's financing costs, which could have a negative impact on the Group's financial position and operating results.

4. Public Regulations

The shipping business is influenced by international treaties on operation, registration, construction of ships and environmental conservation in general, as well as laws and regulations relating to business licenses and taxes in each country and region. The enactment of new laws and regulations in the future could restrict the Group's business development and increase its business costs, which could have a negative impact on the Group's financial position and operating results. The Group's operated vessels are managed and operated in accordance with current laws and regulations, and they carry appropriate insurance coverage. However, relevant laws and regulations could be changed, and this may incur a cost to make the Group compliant with such changes.

In relation to the case of a possible cartel related to transportation of cargoes, including automobiles and construction machinery vehicles, the Group has become the subject of investigation by foreign competition law authorities. In addition, in some countries, class-action lawsuits related to this case have been filed against several business operators, including the Group.

5. Serious Marine Incidents, Negative Environmental Impact, Conflicts, etc.

The Group has positioned safety in all ship operations and environmental conservation as its top priorities and has maintained and strengthened its safe operation standards as well as a crisis management system.

With regard to environmental conservation, the Group recognizes the burden placed on the global environment by its business activities and promotes an Environmental Policy to minimize this burden. To ensure that initiatives for the environment are steadily promoted in line with the Environmental Policy, the CSR & Environmental Committee, chaired by the President & CEO, has been established to deliberate and formulate this promotion structure. Moreover, in March 2015, the Group formulated "K" LINE Environmental Vision 2050 "Blue Seas for the Future" we achieved most of the 2019 interim milestones and we saw dramatic changes in environment and its requirement from society/stakeholder how to deal with environmental preservation. Therefore, in June 2020, we came to a decision to revise the vision and our long-term goals for 2050 and set the new milestone goals for 2030.

With regards to safety in navigation, the Ship Safety Promotion Committee, chaired by the President & CEO, meets periodically to conduct investigations and initiatives based on all manner of perspectives with regards to those matters related to safety in navigation. Furthermore, in our Emergency Response Manual we have set out the actions we must take in the event of emergency, and accident response is continually improved by regularly holding accident response drills. However, an unexpected accident, particularly one involving an oil spill or other major accidents leading to environmental pollution, could occur and have a negative impact on the Group's financial position and operating results. Furthermore, piracy losses, operating in areas affected by political unrest or military conflict, and the increased risk to vessels from terrorism could cause major damage to the Group's vessels and jeopardize lives of the crews. This in turn, could have a negative impact on the Group's safe operation of vessels, voyage planning and management and overall marine transportation business.

6. Competitive Business Environment, etc.

The Group conducts its business in the international marine transportation market. In competing with other leading marine transportation companies in Japan and overseas, differences between the Group and peers in terms of management resource allocation in each business segment and competitiveness on cost and technology could have a negative impact on the Group's position in the industry and on its operating results.

In the highly competitive containership business segment, the Group maintains and enhances the competitiveness of its services by participating in alliances with other marine transportation companies. However, events that the Group cannot control, such as a unilateral withdrawal by alliance partners, could have a negative impact on the Group's sales activities, financial position and operating results.

7. Natural Disasters

Maintenances of business operations in the event of a natural disaster in the Group's duty as the Group provides pivotal role for society, and it is a critical aspect of the justification for the Group's existence. If a major earthquake were to occur at the heart of the Tokyo metropolitan area, many buildings, transportation systems and lifelines are expected to suffer from major damages. Furthermore, if infectious diseases, equivalent to the Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, were to arise and cause a global pandemic, it could seriously harm the health of many people. Reputational damage could also accompany such natural disasters and secondary disasters. The Group has drawn up a business continuity plan (BCP) for these two disasters. In the event of a natural disaster, while the Group's goal is to continue business operations by applying or adapting this plan, such natural disasters could have a certain degree of negative impact on the Group's business.

The Group is currently carrying out measures for the business continuity by applying this plan against the infection spread of current COVID-19. Looking back on our countermeasure, we have been preparing for operation plan against pandemic of attenuated virus in future. However, events that the Group cannot expect, such as discovering new COVID-19 variant, could have a negative impact on the Group’s business operation.

8. Business Partners’ Failure to Perform Contracts

When selecting business partners to provide service to or to receive service, the Group investigates their reliability as far as possible. However, a business partner’s financial position may deteriorate in the future, and a full or partial breach of a contract could subsequently occur. This could in turn have a negative impact on the Group’s financial position and operating results.

9. Non-achievement of Investment Plans

The Group plans the necessary investments to upgrade its fleet. However, if the investments do not proceed as planned due to changes in conditions in the shipping markets or official regulations in the future, the Group may be obliged to cancel ship building contracts prior to taking delivery of new buildings and so forth, which could have a negative impact on the Group’s financial position and operating results. In addition, if demand for transportation of cargo falls below the Group’s prior projections when the Group takes delivery of new buildings, it could have a negative impact on the Group’s financial position and operating results.

10. Losses from Disposal of Vessels, etc.

The Group strives to upgrade its fleet flexibly in accordance with market conditions. However, it may be obliged to sell some of its vessels or make an early termination of charter contracts for chartered vessels in case of the deterioration in the actual balance between supply and demand for vessels, the obsolescence of vessels due to technological innovation, or changes of the trends in the charter markets. As a result, there could be a negative impact on the Group’s financial position and operating results.

11. Fixed Asset Impairment Losses and Market Value Fluctuations of Securities

Deterioration in the profitability of the Group’s fixed assets such as vessels may make recovery of the investment amounts unlikely. In cases where the Group recognizes loss on impairment of fixed assets as a result, it could have a negative impact on the Group’s financial position and operating results. In addition, as the evaluation standard and evaluation method for its marketable securities, or investment securities with a market price, the Group uses a market value method based on the market price on the last day of each financial term. As a result, a fall in the market price due to fluctuations in stock market conditions could have a negative impact on the Group’s financial position and operating results.

12. Reversal of Deferred Tax Assets

The Group evaluates the likelihood of a reversal of deferred tax assets based on its estimated future taxable income. If the Group were to determine that it would not be able to secure sufficient taxable income in the future due to a decline in its earning capacity, its deferred tax assets would be reversed, and income tax expense would be recorded. This could have a negative impact on the Group’s financial position and operating results.

13. Allowance for loss on chartering contracts

The Group contract out containerships which the Company and its consolidated subsidiaries charter to other charterers. Because charter rates are highly sensitive to fluctuations in charter markets, there is a risk that charter rates may fall below hire rates. Based on available information, the Group recorded a provision for potential future losses whose amount can be reasonably estimated under certain contracts where charter rates fall below hire rates. However, depending on changes in the Group’s planning for chartered vessel contracts or trends in charter markets, it may be necessary for the Group to record an additional provision for losses, which could have a negative impact on the Group’s financial position and operating results.

14. Information Security

"K" LINE Group is taking measures to ensure and improve information security in order to provide safe and secure marine transportation and logistics services as a logistics infrastructure supporting global economic activities.

Cyber-attacks have become extremely diverse in recent years, and local responses and product introductions alone are not sufficient for complete protection, and there are increasing cases where information leaks due to unauthorized access and system outages due to virus infections have a negative impact on the Group’s sales activities, financial position and operating results.

As information security measures, we are working to strengthen its "Response" "Restoration" to prevent attacks and to quickly "Detection" the occurrence of abnormalities in the event of a security incident and to minimize the impact by multilayering security measures without depending on 1 measure.

In addition, we have implemented information security measures from the following 3 perspectives: "Information Management" which aims to protect information; "Cybersecurity" which focuses on the defense of system networks against cyber attacks; and "Physical Security" which prevents unauthorized access to facilities such as office terminals.

As for our efforts for marine cyber risk management, in particular, we have acquired Cyber Security Management System (CSMS) certification from Nippon Kaiji Kyokai for Our Group's ship management companies and our vessels are proceeding with the acquisition of certification for other vessels. "Safety" is the core competence of "K" LINE Group's maritime transport business. We will provide safer and more optimal transportation services by strengthening our response to cyber risks.

We also provide security education to raise awareness of information security among Group officers and employees.

Matters in the above text that refer to the future are as determined by the Group as of the day of publication of these materials. In addition, the items discussed here do not cover all of the risks relating to the Group.

2. Situation of the “K” LINE GROUP

The business segments of the “K” Line Group are Dry Bulk Segment, Energy Resource Transport Segment, and Product Logistics Segment.

The main companies that handle these businesses (as of March 31, 2021) are the following:

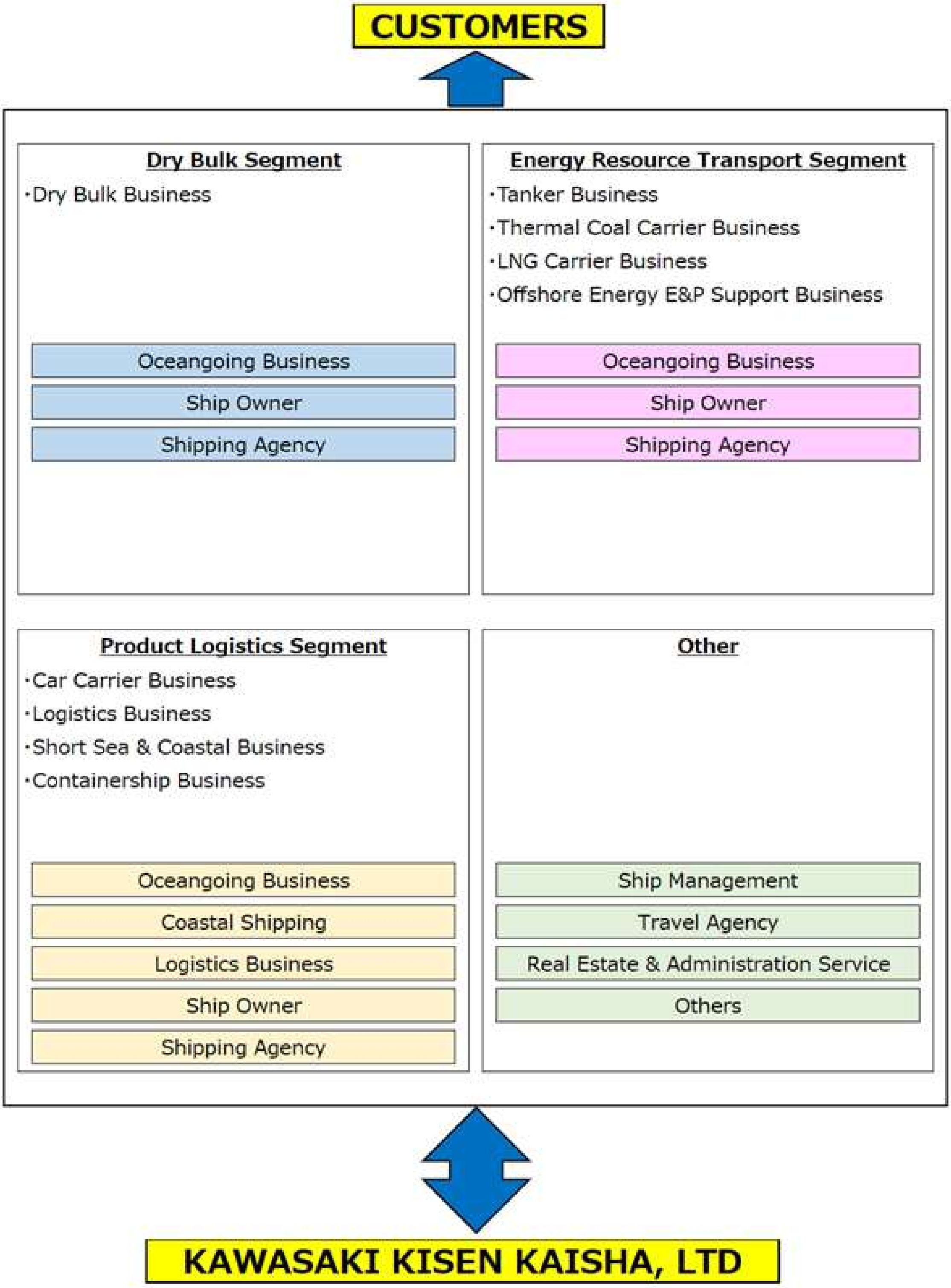
Business Segment	Principal Companies Managing Each Business	
	Domestic	Overseas
I. Dry Bulk	Kawasaki Kisen Kaisha, Ltd.	“K” LINE BULK SHIPPING (UK) LIMITED, “K” LINE PTE LTD
II. Energy Resource Transport	Kawasaki Kisen Kaisha, Ltd.	“K” LINE (TAIWAN) LTD., “K” LINE LNG SHIPPING (UK) LIMITED, “K” LINE DRILLING/OFFSHORE HOLDING, INC., K LINE OFFSHORE AS, “K” LINE PTE LTD
III. Product Logistics	Kawasaki Kisen Kaisha, Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd., Daito Corporation, Nitto Total Logistics Ltd., “K” Line Logistics, Ltd., Japan Express Transportation Co., Ltd., Hokkai Transportation Co., Ltd., Seagate Corporation, Nitto Tugboat Co., Ltd., Ocean Network Express Holdings, Ltd. * KLKG HOLDINGS, Co., Ltd.	K LINE (THAILAND) LTD., KAWASAKI (AUSTRALIA) PTY. LTD., UNIVERSAL LOGISTICS SYSTEM, INC.#, “K” LINE AMERICA, INC., ”K” LINE (Deutschland) GmbH, ”K” LINE (BELGIUM) N.V., PT. K LINE INDONESIA, “K” LINE MARITIME (MALAYSIA) SDN. BHD., KLINE (CHINA) LTD., “K” LINE (AUSTRALIA) PTY. LIMITED, “K” LINE (EUROPE) LIMITED, ”K” LINE PTE LTD, “K” LINE (VIETNAM) LIMETED, “K” LINE BRASIL TRANSPORTES MARITIMOS LTDA., “K” LINE SHIPPING (SOUTH AFRICA) PTY LTD, OCEAN NETWORK EXPRESS PTE. LTD.*, ”K” LINE (KOREA) LTD., “K” Line European Sea Highway Services GmbH, CENTURY DISTRIBUTION SYSTEMS, INC.#
IV. Other	Kawasaki Kisen Kaisha, Ltd., Kawasaki Kinkai Kisen Kaisha, Ltd., Daito Corporation, Nitto Total Logistics Ltd., Hokkai Transportation Co., Ltd., Seagate Corporation, Shinki Corporation, “K” Line Energy Ship Management Co., Ltd., Rinko Corporation*, KMDS Co., Ltd., "K" LINE BUSINESS SUPPORT, LTD., “K” Line Business Systems, Ltd., “K” Line Travel, Ltd., “K” Line RoRo Bulk Ship Management Co., Ltd., KLKG HOLDINGS, Co., Ltd.	CYGNUS INSURANCE COMPANY LIMITED, “K” LINE HOLDING (EUROPE) LIMITED

NOTE / Companies without asterisk : Consolidated companies

Companies with asterisk : Affiliated companies (subject to equity method)

Companies with # : These companies will be transferred to a 3rd party on May-31, 2021.

The above overall business structure is as follows:


CUSTOMERS
Dry Bulk Segment
・Dry Bulk Business
Oceangoing Business
Ship Owner
Shipping Agency
Energy Resource Transport Segment
・Tanker Business
・Thermal Coal Carrier Business
・LNG Carrier Business
・Offshore Energy E&P Support Business
Oceangoing Business
Ship Owner
Shipping Agency
Product Logistics Segment
・Car Carrier Business
・Logistics Business
・Short Sea & Coastal Business
・Containership Business
Oceangoing Business
Coastal Shipping
Logistics Business
Ship Owner
Shipping Agency
Other
Ship Management
Travel Agency
Real Estate & Administration Service
Others
KAWASAKI KISEN KAISHA, LTD

3. Basic Approach to Selection of Accounting Standards

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

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

4. Matters Relating to Summary Information

(Additional information)

(Consolidated taxation system)

The Company and certain domestic consolidated subsidiaries adopt the consolidated taxation system.

On March 31, 2020, the Accounting Standards Board of Japan ("ASBJ") issued "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force ("PITF") No.39), based on provisions in the Act for Partial Amendments to Income Tax Act (Act No.8).

The Company and certain domestic subsidiaries applied tax laws in effect prior to the amendments to calculate deferred tax assets and deferred tax liabilities for certain items remeasured from the single tax return system in accordance with section 3 of ASBJ PITF No.39 as an alternative to the application of section 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28).

(Accounting estimates related to COVID-19)

Due to the high degree of uncertainty regarding the spread of COVID-19 and when it will end, it is difficult to forecast a future outlook.

The Group has prepared its financial statements based on accounting estimates (in evaluating impairment of fixed assets, etc.) assuming that the impact of the COVID-19 will remain during the fiscal year ending March 31, 2022, however the economy (and demand for cargo transportation) is gradually improving, and will finally recover after the next fiscal year.

In the case of any changes in the above assumption, estimates of the Group's financial position and business performance in the future may be affected.

(Transfer of Subsidiary Shares and Fixed Assets)

Based on the resolution at the Board of Directors' meeting on April 30, 2021, as a result of undertaking a portfolio review of group companies, the Company has signed an agreement to transfer all shares of a subsidiary of Century Distribution Systems, Inc. ("CDS") to Century Distribution Intermediate Holding, LLC, an investment fund managed by Sun Capital Partners, Inc., ("SUN") a U.S.-based private investment firm. On the same day, decision was made to transfer the certain fixed assets, such as buildings, structures and land, etc., owned in California, USA, by Universal Logistics System, Inc. ("ULS"), a subsidiary of CDS, to a third party.

1. Transfer of CDS Shares

(1)Outline of the company to be transferred

Name of the company:	Century Distribution Systems, Inc. (The Company's share: 100%)
Main business:	Buyers' consolidation business (*), Non-Vessel Operating Common Carrier ("NVOCC") business, land transport business and warehouse and supply chain management business offering customers an IT system.
Business transaction with the Company:	The Company's local subsidiaries and some of its group companies operate an agency business in Europe and Asia of CDS's subsidiaries.

(*) Buyers' consolidation business is a logistics service in which cargo from multiple suppliers is consolidated onto one shared container at an origin port and then transported to the destination and deconsolidated for buyers.

(2)Transferee

Name of the transferee:	Century Distribution Intermediate Holding, LLC (Investment fund managed by Sun Capital Partners, Inc.)

(3)Number of shares, transfer price, gain or loss, shareholding ratio after the transfer, and date of transfer

Number of shares:	22,550 shares
Transfer price:	Undisclosed due to confidentiality provision in the agreement
Gain or loss:	A gain on sales of shares of subsidiary in the amount of ¥5 billion (*) will be recognized under extraordinary income in the consolidated statement of operations for the year ending March 31, 2022.
Shareholding ratio after the transfer:	-
Date of transfer:	May 31, 2021 (Planned)

(*) The amount includes expected cash dividends from CDS to be distributed following the sale of the fixed assets as described in 2. below. Accordingly, the final share transfer price is subject to change because the transfer price will be determined based on the terms and conditions of the Transfer Agreement, including the financial results of the CDS Group.

2.Transfer of fixed assets owned by ULS

(1) Outline of the transfer of fixed assets

The Company has decided to sell the fixed assets (buildings, structures and land, etc.) owned by ULS to a third party in conjunction with the timing of the transfer of CDS shares as described in 1. above.

(2) Location and details

Location: 2850 E. Del Amo Blvd. Carson, CA 90221, USA

Details: Buildings and structures (264,450 SF) and land (835,425 SF) etc.

Description: Logistics warehouse

(*) The transfer price is not disclosed at the request of the transferee.

(3) Outline of transferee

The name of transferee is not disclosed at their request. However, there are no ownership or business relationships to be noted between the transferee and the Company or the Group, and the transferee is not a related party of the Company or the Group.

(4) Impact on financial results

In line with the transfer of the aforementioned fixed assets, the Company expects to record a gain on sales of fixed assets of approximately ¥12.6 billion as extraordinary income in the consolidated statement of operations for the fiscal year ending March 31, 2022.

(5) Schedule of transfer

Date transfer: May 31, 2021 (Planned)

Consolidated Financial Statements

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

Consolidated Balance Sheet

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
ASSETS		
Current assets :		
Cash and deposits	¥ 115,394	¥ **132,371**
Accounts and notes receivable-trade	60,022	**56,125**
Raw materials and supplies	25,859	**22,309**
Prepaid expenses and deferred charges	41,302	**38,790**
Short-term loans receivable	2,019	**1,844**
Other current assets	15,649	**15,685**
Allowance for doubtful receivables	(1,215)	**(915)**
Total current assets	259,032	**266,210**
Non-current assets :		
(Vessels, property and equipment)		
Vessels, net	375,507	**352,981**
Buildings and structures, net	12,438	**10,641**
Machinery and vehicles, net	9,874	**3,338**
Land	18,336	**16,356**
Construction in progress	8,532	**3,877**
Other, net	6,399	**4,137**
Total vessels, property and equipment	431,089	**391,334**
(Intangible assets)		
Other intangible assets	4,329	**3,551**
Total intangible assets	4,329	**3,551**
(Investments and other assets)		
Investments in securities	150,993	**257,522**
Long-term loans receivable	16,857	**19,043**
Asset for retirement benefits	600	**857**
Deferred tax assets	5,877	**3,378**
Other investments and other assets	28,377	**33,964**
Allowance for doubtful receivables	(1,077)	**(1,253)**
Total investments and other assets	201,629	**313,512**
Total non-current assets	637,048	**708,398**
Total assets	¥ 896,081	¥ **974,608**

Consolidated Balance Sheet

		(Millions of yen)
	Year ended March 31, 2020	**Year ended March 31, 2021**
LIABILITIES		
Current liabilities :		
Accounts and notes payable-trade	¥ 47,673	**¥ 51,661**
Short-term loans and current portion of long-term loans	104,576	**138,002**
Lease obligation (current portion)	15,633	**6,023**
Accrued income taxes	2,118	**1,404**
Allowance for loss related to the Anti-Monopoly Act	834	**357**
Allowance for loss on liquidation of subsidiaries and affiliates	113	**62**
Allowance for loss on chartering contracts	16,474	**15,556**
Allowance for bonuses	2,344	**2,655**
Allowance for directors' bonuses	155	**117**
Other current liabilities	46,214	**45,688**
Total current liabilities	236,139	**261,529**
Non-current liabilities :		
Bonds	7,000	**7,000**
Long-term loans, less current portion	379,104	**325,803**
Obligations under finance leases, less current portion	34,136	**30,176**
Deferred tax liabilities (non-current)	7,609	**5,759**
Deferred tax liabilities on land revaluation	1,174	**1,174**
Allowance for directors' and audit and supervisory board members' retirement benefits	377	**353**
Allowance for directors' stock benefits	16	**48**
Accrued expenses for overhaul of vessels and other assets	11,548	**11,904**
Liability for retirement benefits	7,313	**6,499**
Derivative liabilities	7,277	**5,045**
Other non-current liabilities	4,147	**3,150**
Total non-current liabilities	459,707	**396,916**
Total liabilities	695,847	**658,446**
NET ASSETS		
Shareholders' equity:		
Common stock	75,457	**75,457**
Capital surplus	13,723	**14,295**
Retained earnings	22,050	**130,723**
Treasury stock	(2,379)	**(2,373)**
Total shareholders' equity	108,852	**218,103**
Accumulated other comprehensive income :		
Net unrealized holding loss on investments in securities	148	**3,960**
Deferred gain (loss) on hedges	(3,152)	**(3,657)**
Revaluation reserve for land	4,631	**4,630**
Translation adjustments	(4,821)	**(1,963)**
Retirement benefits liability adjustments	(4,562)	**(2,879)**
Total accumulated other comprehensive income	(7,756)	**90**
Non-controlling interests	99,138	**97,968**
Total net assets	200,234	**316,162**
Total liabilities and net assets	¥ 896,081	**¥ 974,608**

Consolidated Statement of Operations

		(Millions of yen)		
		Year ended March 31, 2020		**Year ended March 31, 2021**
Marine transportation and other operating revenues	¥	735,284	¥	**625,486**
Marine transportation and other operating costs and expenses		671,387		**590,046**
Gross profit (loss)		63,897		**35,440**
Selling, general and administrative expenses		57,057		**56,726**
Operating income (loss)		6,840		**(21,286)**
Non-operating income :				
Interest income		1,123		**541**
Dividend income		2,565		**1,977**
Equity in earnings of subsidiaries and affiliates		8,011		**118,165**
Reversal of allowance for loss related to the Anti-Monopoly A		375		**-**
Exchange gain		-		**1,401**
Other non-operating income		1,608		**1,461**
Total non-operating income		13,685		**123,547**
Non-operating expenses :				
Interest expenses		10,177		**10,056**
Exchange loss		1,583		**-**
Other non-operating expenses		1,357		**2,705**
Total non-operating expenses		13,117		**12,762**
Ordinary income (loss)		7,407		**89,498**
Extraordinary income :				
Gain on sales of vessels, property and equipment		4,756		**11,947**
Gain on sales of shares of subsidiaries and associates		576		**19,894**
Other extraordinary income		4,869		**496**
Total extraordinary income		10,203		**32,339**
Extraordinary losses :				
Loss on impairment of vessels, property and equipment		604		**6,307**
Loss on cancellation of chartered vessels		-		**1,061**
Other extraordinary losses		5,691		**613**
Total extraordinary losses		6,295		**7,982**
Profit (loss) before income taxes		11,315		**113,854**
Income taxes :				
Current		3,392		**2,628**
Deferred		(280)		**143**
Total income taxes		3,111		**2,772**
Profit (loss)		8,204		**111,082**
Profit (loss) attributable to non-controlling interests		2,934		**2,386**
Profit (loss) attributable to owners of the parent	¥	5,269	¥	**108,695**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2021
Profit (loss)	¥ 8,204	¥ 111,082
Other Comprehensive income：		
Net unrealized holding gain (loss) on investments in securities	(4,207)	4,048
Deferred gain (loss) on hedges	(4,094)	(756)
Translation adjustments	(7,915)	6,142
Retirement benefits liability adjustments	(958)	1,813
Share of other comprehensive income of subsidiaries and affiliates accounted for by the equity method	(3,893)	(2,374)
Total other comprehensive income	(21,069)	8,873
Comprehensive income	¥ (12,865)	¥ 119,956
(Breakdown)		
Comprehensive income attributable to owners of the parent	¥ (14,886)	¥ 116,542
Comprehensive income attributable to non-controlling interests	2,020	3,413

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha Ltd. and Consolidated Subsidiaries for the year ended March 31, 2020 (Millions of yen)

	Shareholder's equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2019	¥ 75,457	¥ 1,383	¥ 16,692	¥ (2,381)	¥ 91,152
Cumulative effects of changes in accounting policies			19		19
Restated balance	75,457	1,383	16,712	(2,381)	91,172
Change in items during the year					
Profit (loss) attributable to owners of the parent			5,269		5,269
Purchases of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		2	1
Change in treasury stock arising from change in equity in entities accounted for under the equity method		(0)		0	0
Change in ownership interests due to transactions with non-controlling interests		12,340			12,340
Reversal of revaluation reserve for land			24		24
Net changes in retained earnings from changes in scope of consolidation or equity method			43		43
Net changes in items other than shareholders' equity					
Net changes during the year	-	12,339	5,337	1	17,679
Balance at March 31, 2020	¥ 75,457	¥ 13,723	¥ 22,050	¥ (2,379)	¥108,852

	Accumulated other comprehensive income (loss)						Non-controlling interests	Total net assets
	Net unrealized holding gain (loss) on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2019	¥ 4,414	¥ 2,999	¥ 4,655	¥ 4,063	¥ (3,710)	¥ 12,423	¥ 77,657	¥ 181,233
Cumulative effects of changes in accounting policies								19
Restated balance	4,414	2,999	4,655	4,063	(3,710)	12,423	77,657	181,253
Change in items during the year								
Loss attributable to owners of the parent								5,269
Purchases of treasury stock								(1)
Disposal of treasury stock								1
Change in treasury stock arising from change in equity in entities accounted for under the equity method								0
Change in ownership interests due to transactions with non-controlling interests								12,340
Reversal of revaluation reserve for land								24
Net change in retained earnings from changes in scope of consolidation or equity method								43
Net changes in items other than shareholders' equity	(4,266)	(6,152)	(24)	(8,885)	(851)	(20,179)	21,480	1,300
Net changes during the year	(4,266)	(6,152)	(24)	(8,885)	(851)	(20,179)	21,480	18,980
Balance at March 31, 2020	¥ 148	¥ (3,152)	¥ 4,631	¥ (4,821)	¥ (4,562)	¥ (7,756)	¥ 99,138	¥ 200,234

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha Ltd. and Consolidated Subsidiaries for the year ended March 31, 2021 (Millions of yen)

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

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

Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2020	**Year ended March 31, 2021**
Cash flows from operating activities :		
Profit (loss) before income taxes	¥ 11,315	**¥ 113,854**
Depreciation and amortization	44,253	**43,869**
Increase (decrease) in liability for retirement benefits	1,110	**(739)**
(Increase) decrease in asset for retirement benefits	72	**(256)**
Increase (decrease) in retirement benefits liability adjustments	(1,047)	**1,930**
Increase (decrease) in allowance for directors' and audit and supervisory board members' retirement benefits	(516)	**(9)**
Increase (decrease) in accrued expenses for overhaul of vessels	(691)	**327**
Increase (decrease) in allowance for loss related to the Anti-Monopoly Act	(375)	**-**
Increase (decrease) in allowance for loss on chartering contracts	1,338	**(917)**
Interest and dividend income	(3,689)	**(2,519)**
Interest expense	10,177	**10,056**
Exchange (gain) loss, net	(445)	**(1,482)**
Loss on impairment of vessels, property and equipment	604	**6,307**
Equity in (earnings) loss of subsidiaries and affiliates, net	(8,011)	**(118,165)**
Loss on cancellation of chartered vessels	-	**1,061**
(Gain) loss on sales of vessels, property and equipment, net	(4,755)	**(11,923)**
Gain on sales of shares of subsidiaries and associates	(561)	**(19,893)**
(Increase) decrease in accounts and notes receivable – trade	1,840	**(2,109)**
(Increase) decrease in inventories	383	**3,039**
(Increase) decrease in other current assets	(55)	**(2,853)**
Increase (decrease) in accounts and notes payable – trade	(9,148)	**8,039**
Other, net	(254)	**883**
Subtotal	41,541	**28,498**
Interest and dividends received	5,211	**19,938**
Interest paid	(11,397)	**(10,039)**
Payments for cancellation of chartered vessels	(51,774)	**(1,061)**
Payments related to the Anti-Monopoly Act	(2,573)	**(630)**
Income taxes paid	(2,804)	**(3,308)**
Net cash provided by (used in) operating activities	(21,797)	**33,397**
Cash flows from investing activities :		
Payments into time deposits	(5,171)	**(5,199)**
Proceeds from withdrawal of time deposits	6,646	**6,535**
Purchases of marketable securities and investments in securities	(1,113)	**(237)**
Proceeds from sales of marketable securities and investments in securities	4,141	**296**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	**25,784**
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(143)	**-**
Purchases of vessels, property and equipment	(71,361)	**(41,718)**
Proceeds from sales of vessels, property and equipment	52,502	**41,369**
Purchases of intangible assets	(787)	**(405)**
Payments of long-term loans receivable	(1,402)	**(4,309)**
Collection of long-term loans receivable	972	**1,906**
Other, net	(4,567)	**(7,033)**
Net cash provided by (used in) investing activities	(20,286)	**16,987**
Cash flows from financing activities :		
Increase (decrease) in short-term loans, net	(36,390)	**(921)**
Proceeds from long-term loans	73,044	**110,274**
Repayments of long-term loans and obligations under finance leases	(50,743)	**(140,191)**
Redemption of bonds	(1,809)	**(3,000)**
Cash dividends paid to non-controlling interests	(963)	**(849)**
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	(80)	**(241)**
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	33,768	**4**
Other, net	(94)	**78**
Net cash provided by (used in) financing activities	16,731	**(34,845)**
Effect of exchange rate changes on cash and cash equivalents	(873)	**2,527**
Net increase (decrease) in cash and cash equivalents	(26,225)	**18,066**
Cash and cash equivalents at beginning of the period	138,040	**111,933**
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	118	**1**
Cash and cash equivalents at end of the period	¥ 111,933	**¥ 130,001**

Segment information

Year ended March 31, 2020

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Operating revenues from customers	¥ 233,781	¥ 84,676	¥ 384,508	¥ 32,318	¥ 735,284	¥ -	¥ 735,284
Inter-group revenues and transfers	38	0	8,366	48,670	57,076	(57,076)	-
Total revenues	¥ 233,820	¥ 84,676	¥ 392,874	¥ 80,989	¥ 792,360	¥ (57,076)	¥ 735,284
Segment profit (loss)	¥ 4,089	¥ 9,921	¥ (2,933)	¥ 1,732	¥ 12,809	¥ (5,401)	¥ 7,407
Segment assets	¥ 245,295	¥ 226,470	¥ 380,026	¥ 54,384	¥ 906,176	¥ (10,095)	¥ 896,081
Depreciation and amortization	¥ 14,674	¥ 12,226	¥ 16,323	¥ 788	¥ 44,012	¥ 241	¥ 44,253
Interest income	163	455	456	213	1,288	(164)	1,123
Interest expenses	3,169	3,792	2,583	178	9,723	453	10,177
Equity in earnings (loss) of subsidiaries and affiliates	5	3,289	4,630	86	8,011	-	8,011
Investments in subsidiaries and affiliates accounted for by the equity method	396	29,054	97,836	4,066	131,353	-	131,353
Increase in vessels, property and equipment, and intangible assets	14,740	45,002	20,839	355	80,938	210	81,148

Year ended March 31, 2021

(Millions of yen)

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