

A large, bold, red stylized letter 'K' graphic that serves as a background element on the left side of the slide. It has a thick, blocky appearance with a slight shadow effect.

Business Briefing

June 3rd, 2024

AGENDA

Opening Remarks

Car Carrier Business

Coal & Iron Ore Carrier Business

LNG Carrier Business

Projects for emission reduction and decarbonization

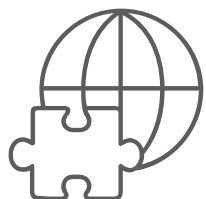
Closing Remarks

Today's Objective

The theme of today's business briefing on our earnings plans and growth strategy to FY2030 is "Further Growth" for the medium-term improvement of shareholder value

May 2023 Business Briefing

"Stability & Growth Potential"



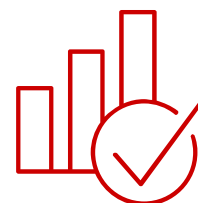
Market Environment and Business Characteristics
"K" Line business characteristics and business environment



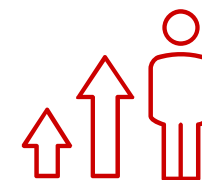
Growth Strategy
Sustainable earnings growth and creation of source of funds for medium-term shareholder returns

Today's Business Briefing

"Stability & Further Growth"



Earnings and Investment Plans
Specific measures towards new earnings targets and investment plans necessary for improving corporate value (continue to promote without relaxing our investment discipline)

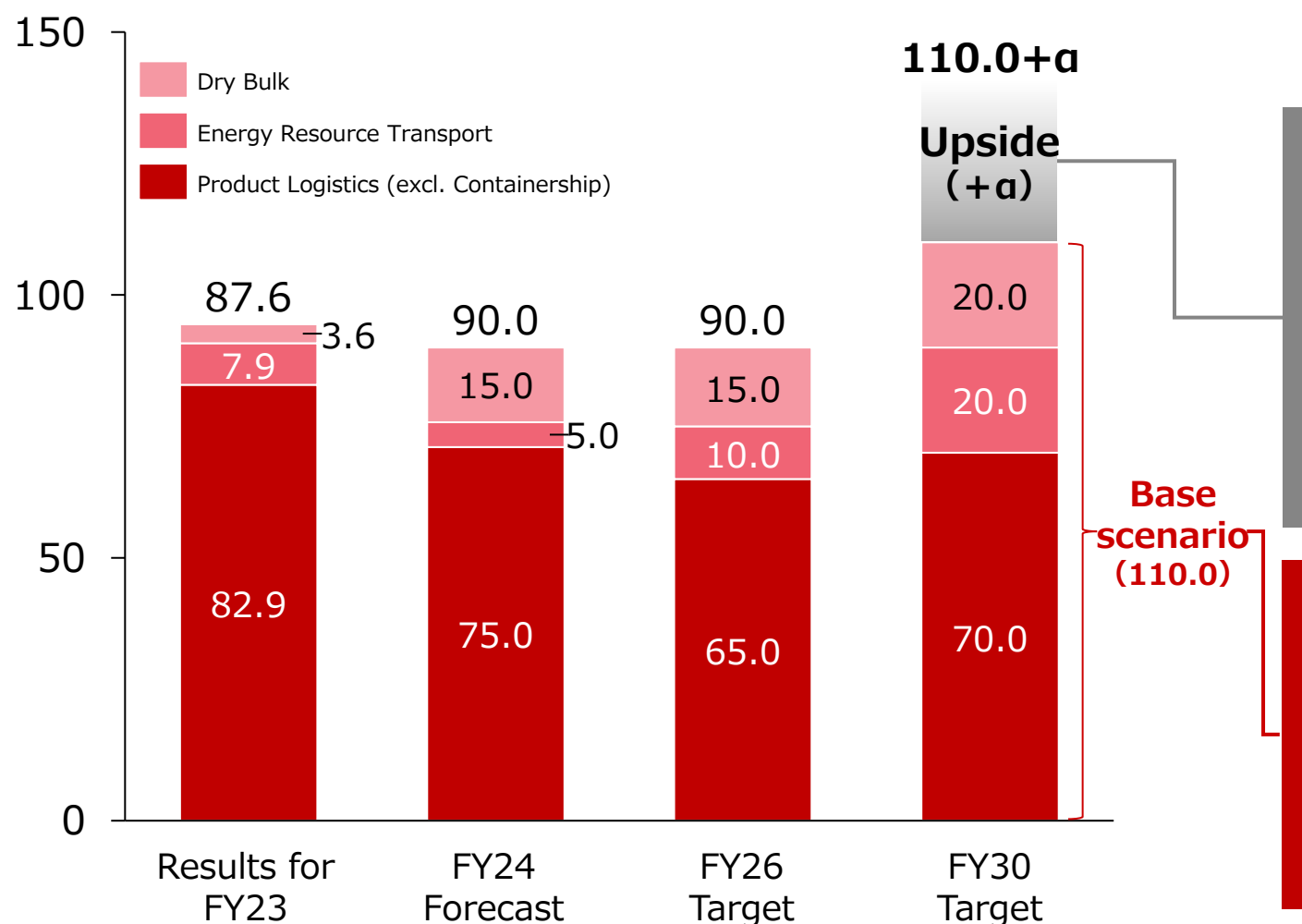


Growth Strategy
High-resolution growth strategy and creation of source of funds for medium-term shareholder returns

Earnings Targets

In 2030, we aim to generate 110.0 billion yen + α in ordinary income from "K" Line's own businesses
To achieve our earnings targets, we will take measures to enhance the profitability of three core businesses driving growth as well as our new business areas

Ordinary income/loss from "K" Line's own businesses (billion yen)



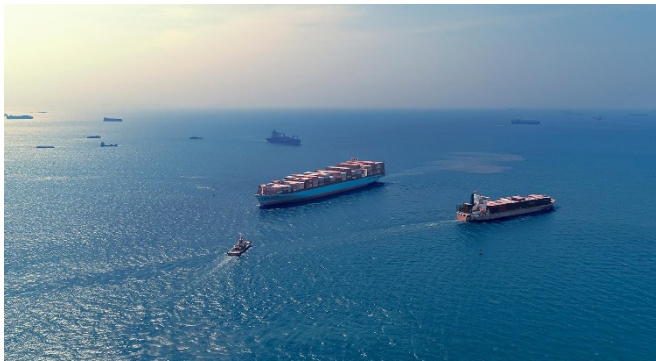
Key points

- **Measures to further boost growth in three own businesses**
 (Planning measures for discontinuous growth by identifying businesses where we can leverage "K" Line's strengths)
- **Earnings targets and growth strategy for "businesses that contribute to emissions reduction and decarbonized society"**
- **Earnings target probability**
 - Earnings plan assumptions
 - Medium-term Management Plan progress
 - Growth Strategy
 - Business KPI

M&A Strategy

In business areas where we can leverage “K” Line’s strengths, we continuously review strategies to promote discontinuous growth

Target Area



- Business areas where we can leverage “K” Line’s strengths
- Focusing on **businesses that drive growth and their surrounding areas**

Requirements for Target Companies



- Highly competitive on a standalone basis
- **Expect to create high synergy with “K” Line** centered on the three businesses playing the role of driving growth

Return Target



- **Without relaxing our investment discipline, only execute M&A investments that exceed the hurdle rate**

Business Briefing Agenda

Topics	Presenter
Opening Remarks	President & CEO Yukikazu Myochin
Car Carrier Business	Senior Managing Executive Officer Takenori Igarashi
Coal & Iron Ore Carrier Business	Managing Executive Officer Masatoshi Taguchi
LNG Carrier Business	Managing Executive Officer Michitomo Iwashita
Projects for emissions reduction and decarbonization	Managing Executive Officer Satoshi Kanamori
Closing Remarks	Senior Managing Executive Officer Noriaki Yamaga

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Opening Remarks

Car Carrier Business

Coal & Iron Ore Carrier Business

LNG Carrier Business

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Transport Demand Outlook and Business Characteristics

1. Business Characteristics and Market Trends

2. Medium-term Management Plan Targets and Progress

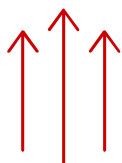
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Car Carrier Business is supported by solid demand, based on trusting relationships with customers, requiring balanced responsiveness to fluctuations in supply and demand

Business Characteristics



Business supported by solid demand

Car sales are expected to increase solidly in the medium term, and marine transport volume is expected to increase



Business with direct interaction between shipping company and customers

The number of customers for the main cargo is limited, making it essential to build business based on mutual trusting relationships between each customer and the shipping company



Business that requires preparation for fluctuation in supply and demand

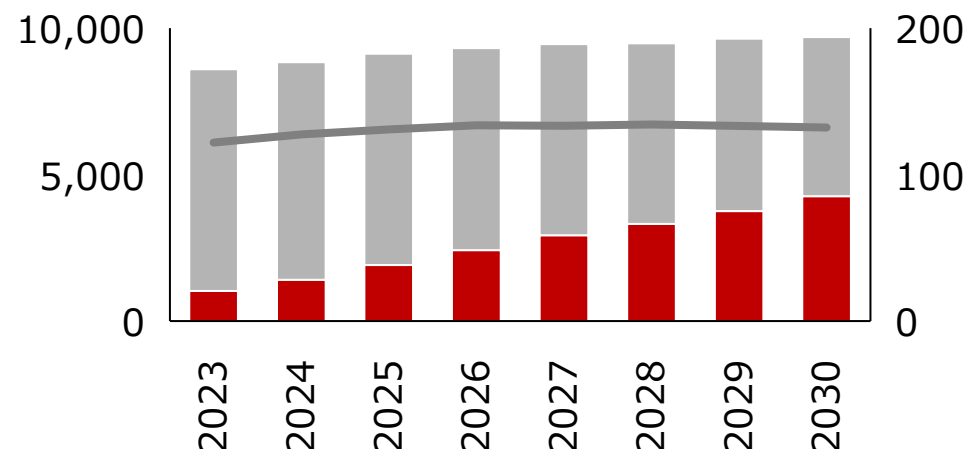
Flexibility is also essential to respond to major fluctuations in shipping demand and prepare for periods of demand downturn

Passenger car sales and marine transport demand forecast

■ : BEV*1 unit sales — : marine transport demand
■ : ICE*2 unit sales

Global passenger cars
Unit sales (10,000 units)

Marine transport demand
(hundred million ton days*3)



Marine transport demand is forecast to remain solid until 2030

- The BEV sales ratio (approx. 40% in 2030) is forecast to increase
- BEV growth is expected to drive both the local production trend and generation of new transportation demand

*1 Battery Electric Vehicle

*2 Internal Combustion Engine

*3 Indicator calculated by multiplying the volume of cargo transport (ton) by the number of days in voyage to transport (days)

Source: Based on S&P database

Vessel Supply Outlook

1. Business Characteristics and Market Trends

2. Medium-term Management Plan Targets and Progress

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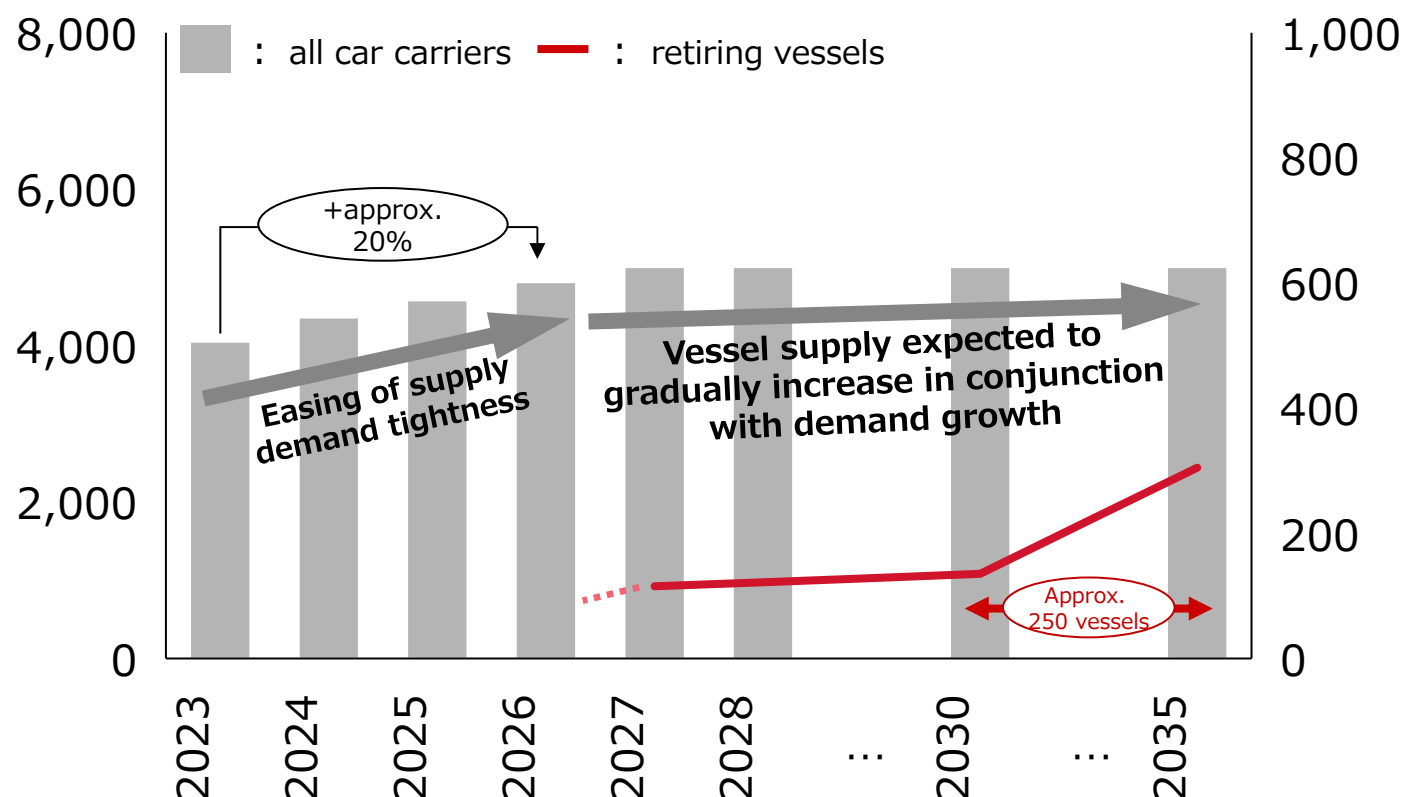
Supply is expected to increase until 2026 to resolve the tight supply and demand situation. From 2027 onwards, we assume that supply will gradually increase in line with the increase in demand, but we will keep a close eye on the progress toward building zero-emission*1 fuel ships and shipbuilding capacity.

Future forecast of car carrier supply

Points

Global car carrier capacity
(1,000 RT*2)

Retired vessel capacity
(1,000 RT)



- The supply amount after 2027 is likely to be suppressed for the time being due to the following reasons:
 - Shipyard berths are filling up until 2028
 - Consideration stage for zero-emission ship construction
 - Stage of determining political and economic trends
- Between 2030 and 2035, vessels delivered around the time of global financial crisis (approx. 250 vessels) will begin to be retired, requiring replacement with alternative fuel vessels, primarily zero-emission vessels; we will keep an eye on whether sufficient shipbuilding capacity will be provided

*1 Vessels that do not emit GHG during operation

*2 Unit expressing the number of cars that can be loaded on a car carrier

Source: Based on S&P database, industry papers and broker information

Supply and Demand Balance Outlook

1. Business Characteristics and Market Trends

2. Medium-term Management Plan Targets and Progress

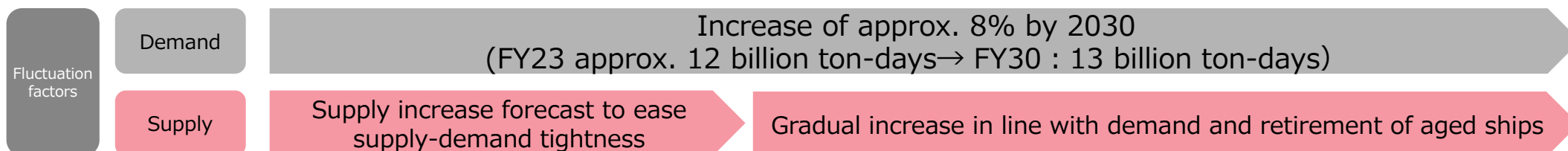
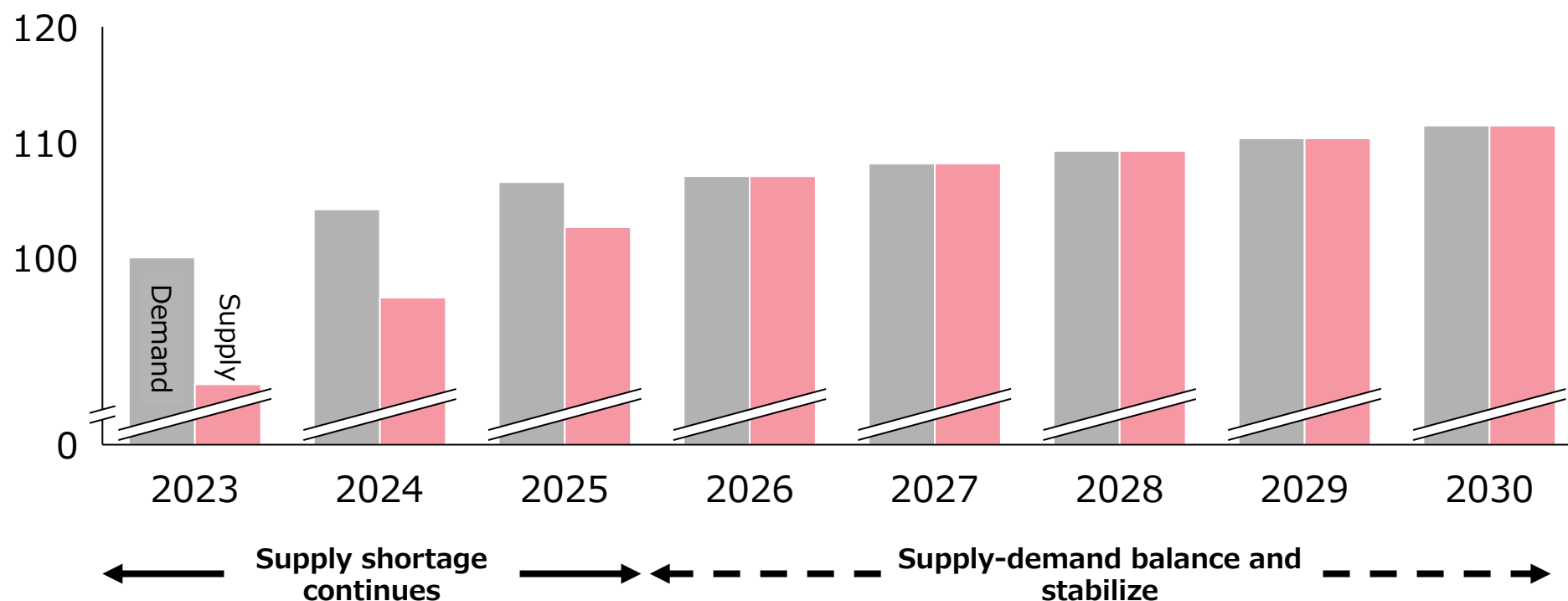
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Supply shortages will continue until 2025. It is predicted that supply and demand will reach a balance around 2026, and then stabilize.

Demand/supply indicator
(2023 demand indicator set as base 100)



2. Medium-term Management Plan Targets and Progress

Progress in Strengthening Profitability and Investment Plan

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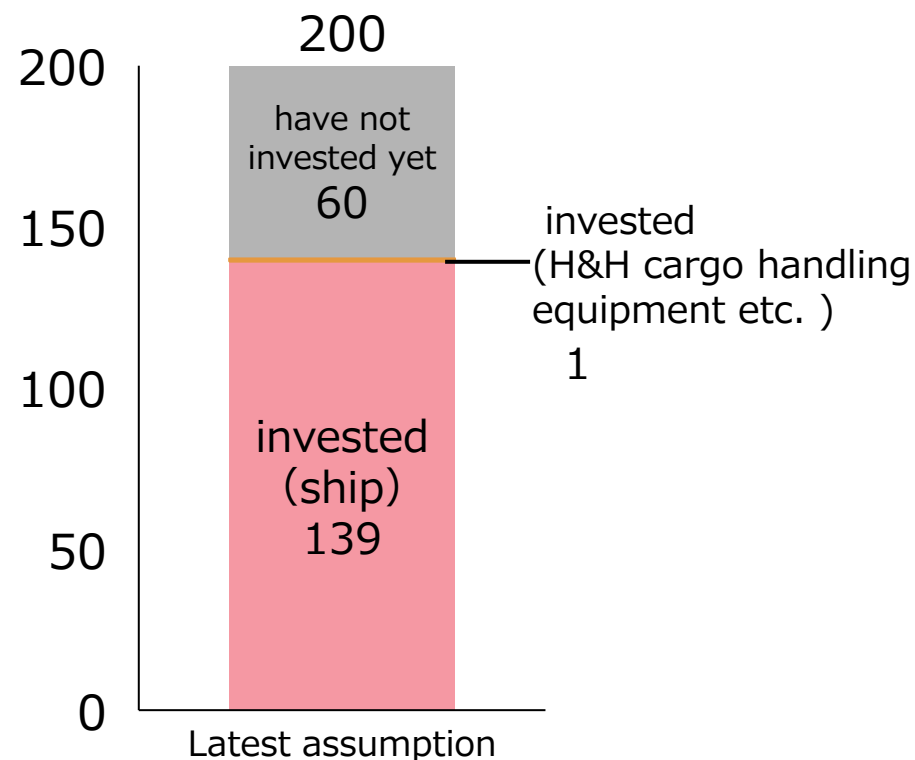
Profit improvement measures such as freight rate restoration, H&H transport volume expansion, and operational efficiency improvements are making steady progress. Investments aimed at growth, such as the construction of new environmentally friendly ships, have been implemented as planned.

Earnings improvement measures and results

Measures	YoY Comparison (Comparison of actual between FY23 and FY22)	Points
Earning Power	Average net freight rate Improved by approx. 10%	<ul style="list-style-type: none">Effects of improving operational efficiency, such as restoring freight rates and introducing larger vessels
Expansion of H&H transport volume	H&H transported volume Expanded by 4%	<ul style="list-style-type: none">Although the transportation space continues to be tight, there is a steady increase mainly in our core H&H cargo volume

Investment plan and results

Cumulative investment amount (billion yen, FY22-26)



Investment plan is progressing steadily, including building new environmentally friendly ships, increasing ship size, and strengthening H&H loading capacity

2. Medium-term Management Plan Targets and Progress

Progress in Fleet Development

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Business strategy has been progressing steadily by promoting “Route-Fleet-Customer” balanced growth approach. In FY2023, we have strengthened our business foundation by ensuring downward flexibility in our fleet, in addition to promoting competitive fleet development

Fleet development



	Measures	KPIs for measuring progress	FY22 Results	FY23 Results	FY26 Targets
Developing a competitive fleet	Utilizing larger carriers	Ave. RT per carrier	6,000	6,024	6,209
	Strengthening H&H shipping capacity	H&H shipping capacity Strengthened fleet size	26	33	43
	Increasing number of eco- friendly vessels	Eco-friendly vessel fleet	1	2	13
Flexible fleet development	Improving downward fleet flexibility	Downward flexibility	3%	12%	11%

 : details on following page

3. Business Strategy

What is Competitiveness of Eco-Friendly Vessels

1. Business Characteristics and Market Trends

2. Medium-term Management Plan Targets and Progress

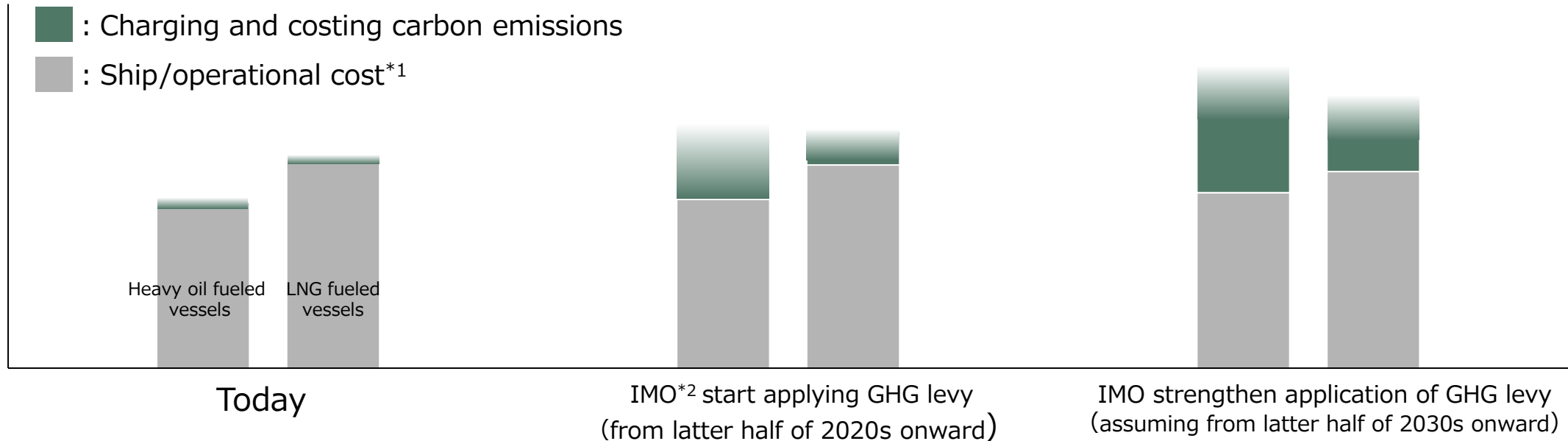
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From the second half of the 2020s, the decarbonization value of environmentally friendly ships will increase, and their cost competitiveness is expected to surpass that of heavy oil-fueled ships. We plan to strengthen fleet with excellent decarbonization value and cost competitiveness, for which customer demand is increasing.

Comparison of competitiveness between heavy fuel vessels and eco-friendly vessels



By maintaining environmentally friendly ships, we are preparing to provide services that are required by customers and have superior environmentally friendly value and cost competitiveness

- Securing stable transportation capacity in the future (Retirement of heavy oil-fueled vessels due to speed restrictions and aging)
- Services with excellent decarbonization value
- Improving competitiveness in response to rising environmental costs due to regulations

The competitiveness of heavy oil-fueled ships gradually declines as the burden of GHG emissions increases

(Calculated based on the assumption of \$100/tCO₂ at the start of applying GHG levy and \$200/ tCO₂ after enhanced application)

Together with customers, we will co-create the transportation of completed cars using environmentally friendly vessels for the future

Summary of Initiatives towards FY30

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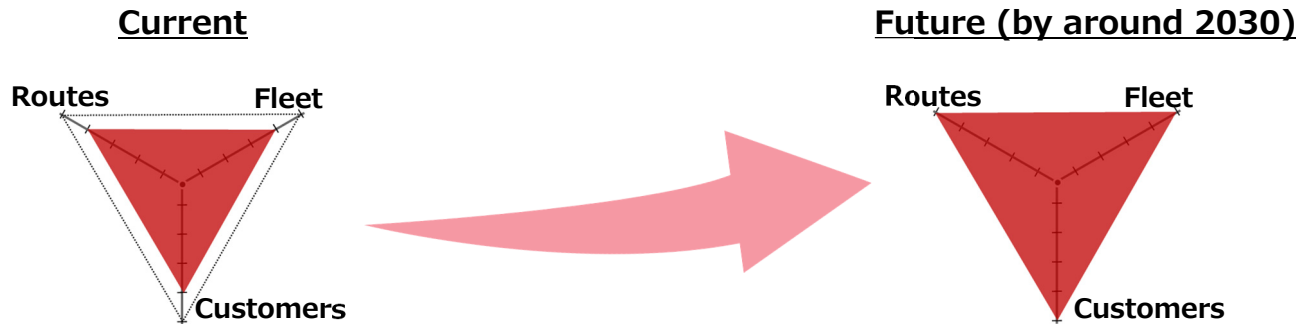
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In order to accelerate our growth under the “Route-Fleet-Customer” balanced strategy, we will steadily implement each priority measure



Maintain and expand customer base



- By providing long-term sustainable transportation services, we aim to meet customer demand and maintain and expand our customer base.
- Expanding the base by capturing new transportation demand (e.g. exports from China, India, Mexico)
- Plan to increase H&H cargo volume by more than 10% by 2030

Sustainable route design



- We will increase transportation capacity in our route network where we have our strength and provide long-term sustainable services.
- Improving the shipping route network in response to new transportation demands

Competitive fleet development



- Improving competitiveness by building larger ships and increasing H&H loading capacity, which can also carry ultra-heavy cargo
 - Competitive environmentally friendly ship development
- We plan to newly build and develop
- *cumulative total of 6 vessels by FY24
 - *cumulative total of 13 vessels by FY26
 - *cumulative total of 30 vessels by FY30

Priority measures

Future Earnings Outlook

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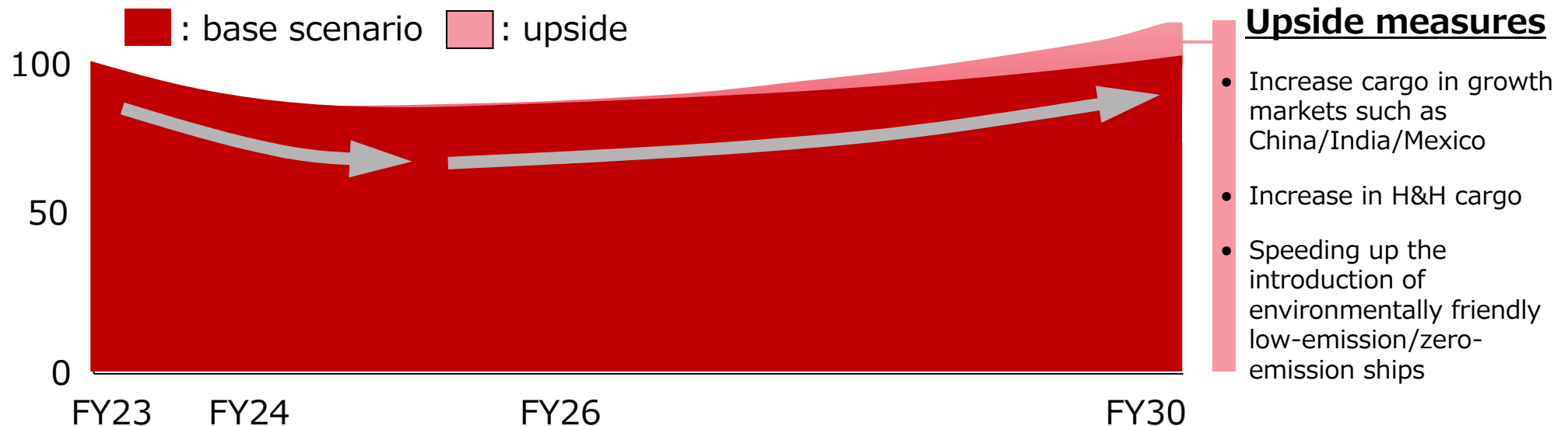
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Looking ahead to FY2030, we aim to strengthen sustainable profitability through measures such as "introducing environmentally friendly vessels," "increasing H&H transportation volume," and "expanding the number of vehicles transported," while also aiming to realize earnings upside

Net ordinary income* (FY23 net ordinary income set as base 100)



major
Fluctuation
factors

- Supply and demand have become balanced, and some overheated markets have returned to cruising speed.
- Continued aftermath of rising shipping costs amid tight supply and demand

- Expand transportation scale to accommodate increased demand from core customers
- Promoting the introduction of highly competitive and environmentally friendly vessels
- Improvement in transportation capacity including upsizing vessels and increase in H&H transportation

Future Investment Outlook

1. Business Characteristics and Market Trends

2. Medium-term Management Plan Targets and Progress

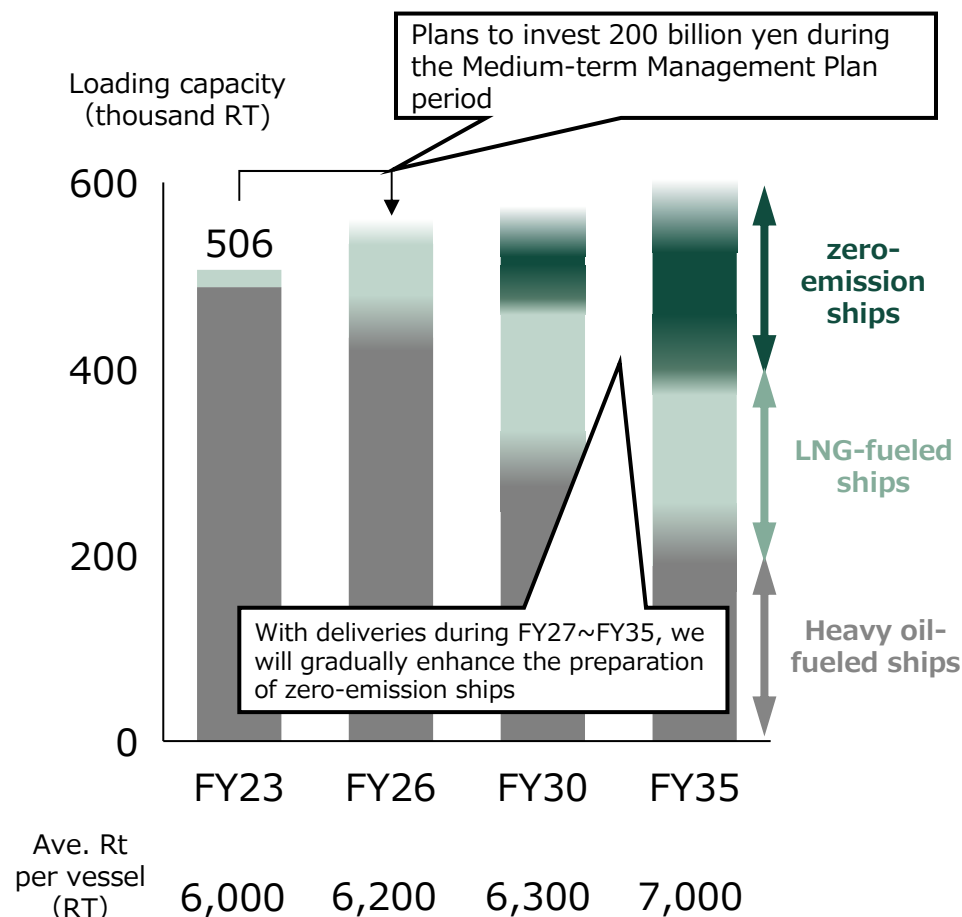
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In the long term, we will promote fleet development in line with the needs of our core customers, including the development of competitive environmentally friendly ships/zero-emission ships aimed at carbon neutrality, upsizing ships, and improved H&H loading capacity

Changes in fleet size (FY23~35)



Concept of investing in environmentally friendly ships



Preparing competitive environmentally friendly ship

In view of carbon emission becoming cost, we will improve the value of decarbonization and develop a highly competitive fleet



Gradual transition to zero-emission ships

At the moment, we are developing LNG-fueled ships, and we are moving to develop zero-emission ships by around 2030

Enlargement of fleet/fleet maintenance in line with basic customer demand



Enlarge fleet to increase cost competitiveness

Increase in the number of larger vessels to create a highly cost-competitive fleet (Aiming to increase loading capacity/ship by 17% in 2035)



Fleet development based on the demands of our core customers

Build a fleet that can flexibly respond to the transportation demands of our core customers by making flexible investments

Key Points of Briefing

Demand and supply : Demand for marine transportation remains steady. **Supply shortages will continue until 2025.** Supply and demand will balance and stabilize from around 2026, but trends in mass retirement and replacement new construction from 2030 to 2035 will be closely monitored.

Progress of the Medium-term Management Plan : During the first two years of the Medium-term Management Plan, we have made steady progress with our **the “Route-Fleet-Customer” balanced strategy**, including **improving profitability** by restoring freight rates and increasing H&H transport volume, and **developing a fleet** that includes competitive, environmentally friendly vessels.

Environmental response : In light of customers' demands for securing transportation capacity and pursuing decarbonization value, we will **increase investment in environmentally friendly vessels** and **co-create with customers** a competitive completed vehicle transportation service that aims to become carbon neutral.

Earnings plan : Despite balancing supply and demand and a partially overheated market becoming in the cruising speed state, we will **introduce competitive, environmentally friendly ships, capture increased demand and new growth markets**, and improve profitability **by increasing ship size and H&H cargo capacity**.

Initiatives in FY24 : We will continue to **acquire and launch contracts for environmentally friendly vessels, capture increased cargo demand and new growth markets further, continue to strengthen H&H cargo handling**, and proceed with **investigation and realization of future zero-emission vessel development**

AGENDA

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Coal & Iron Ore Carrier Business

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Characteristics of Coal & Iron Ore Carrier Business

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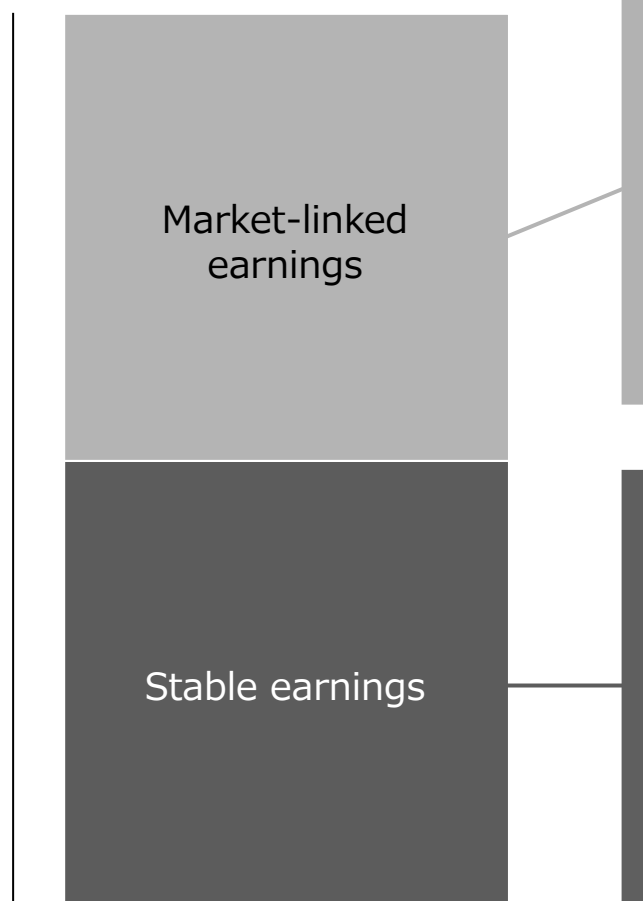
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Coal & Iron Ore Carrier business has significantly different contract formats based on customer attributes and region, etc., and can be largely categorized into stable earnings and market-linked earnings

Coal & Iron Ore Carrier Business's Earnings Structure

Features of earning types

Earnings structure image



Contract period: Short-term (around 1-3 years)
Main customers: Major resources companies, etc.
Transaction format: Mainly through bidding
Rate level: Mainly determined through bidding with competitors, and fluctuates based on supply/demand and market conditions
Selection factors: Particularly based on pricing; safe and stable operation record

Contract period: Medium- to long-term
Main customers: Japanese and Korean steel mills
Transaction format: Nominated tender by small number of bidders or negotiated contract
Rate level: Mainly determined through negotiation; medium- to long-term stable level
Selection factor: Particularly based on long-term safe and stable operation record through transactions

Market Trends

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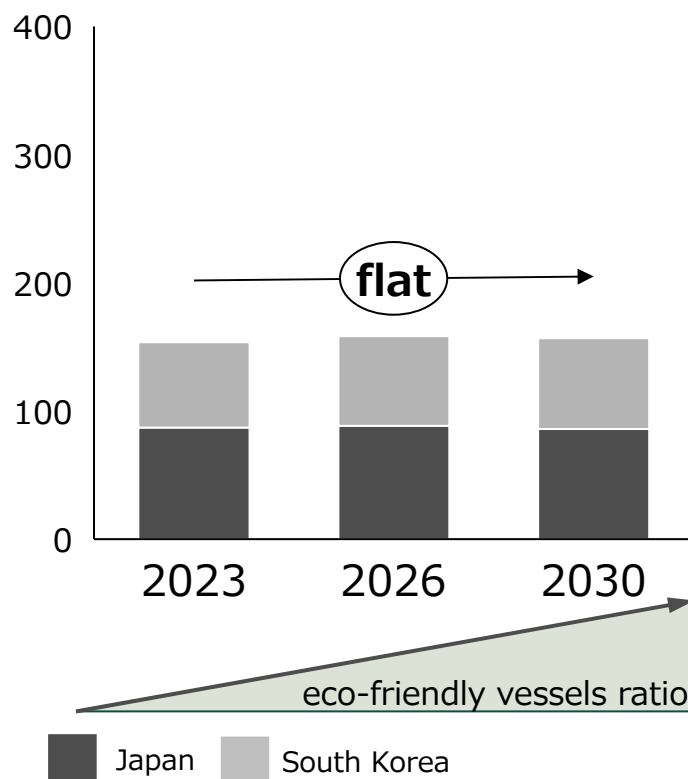
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Demand from our main customers forecast to increase. Demand from Japanese and Korean steel mills forecast to be flat, while business opportunities with Indian and Middle East mills and major resources companies are expected to grow

Japanese/Korean steel mills

- Production is flat, but **demand growing with transition to eco-friendly vessels**

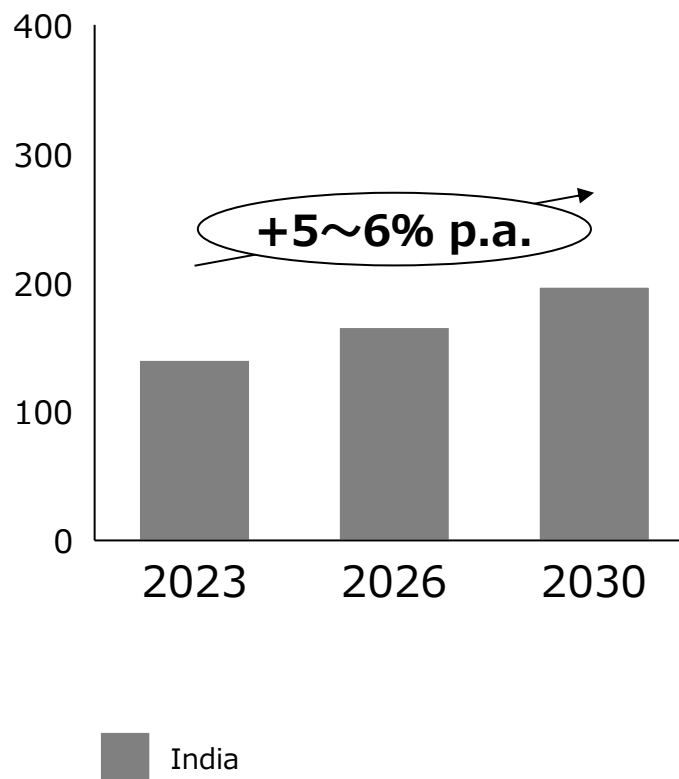
Crude steel production (million tons)



Indian/Middle Eastern mills

- Transport demand growing** in line with economic growth

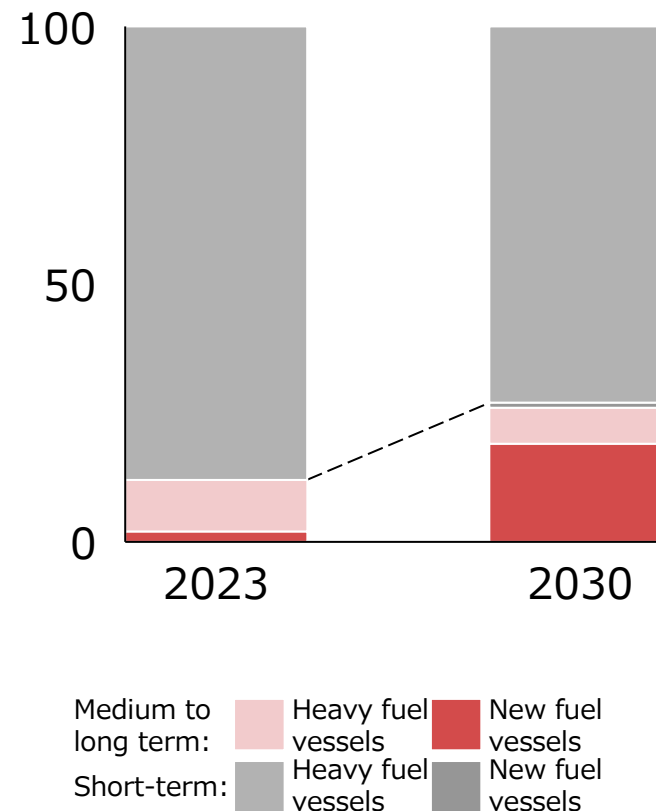
Indian crude steel production (million tons)



Major resources companies

- Contract periods are lengthening due to stronger demand for eco-friendly vessels

Major resources companies contract format ratio (%) (image)



2. Medium-term Management Plan Targets and Progress

Business Strategy Progress

1. Business Characteristics and Market Trends




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Steady progress in business strategy i.e. maintaining and expanding stable earnings base, enhancing organizational sales capabilities, and fleet portfolio control

		Measures	KPIs for measuring progress	FY22 results	FY23 results	FY26 targets
 Maintain and expand stable earnings	Maintain earnings base Japanese/Korean steel mills Indian/Middle Eastern mills Major resources companies	Maintain operational scope	Fleet size (FY22=100)	100	100	100-110
	Enhancing vessel operation efficiency	Decline number of days in ballast voyages	Ballast voyage ratio (FY22 standard ratio)	-	Improved by 1.9 ppt	Improvement
 Enhancing organizational sales capabilities	Enhancing sales capabilities	Strengthen sales capabilities in focus areas	Number of personnel in focus areas	-	Strengthen organizational capabilities in India, Middle East, and Singapore	Further strengthen organizational capabilities, mainly in India and Middle East
 Exposure and fleet portfolio control	Optimized balance of cargo contracts and fleet composition	Matching fleet and contract term	Balance between long-term contract ratio and ownership/long-term charter	20ppt	18ppt	5ppt

Earnings Plan Progress

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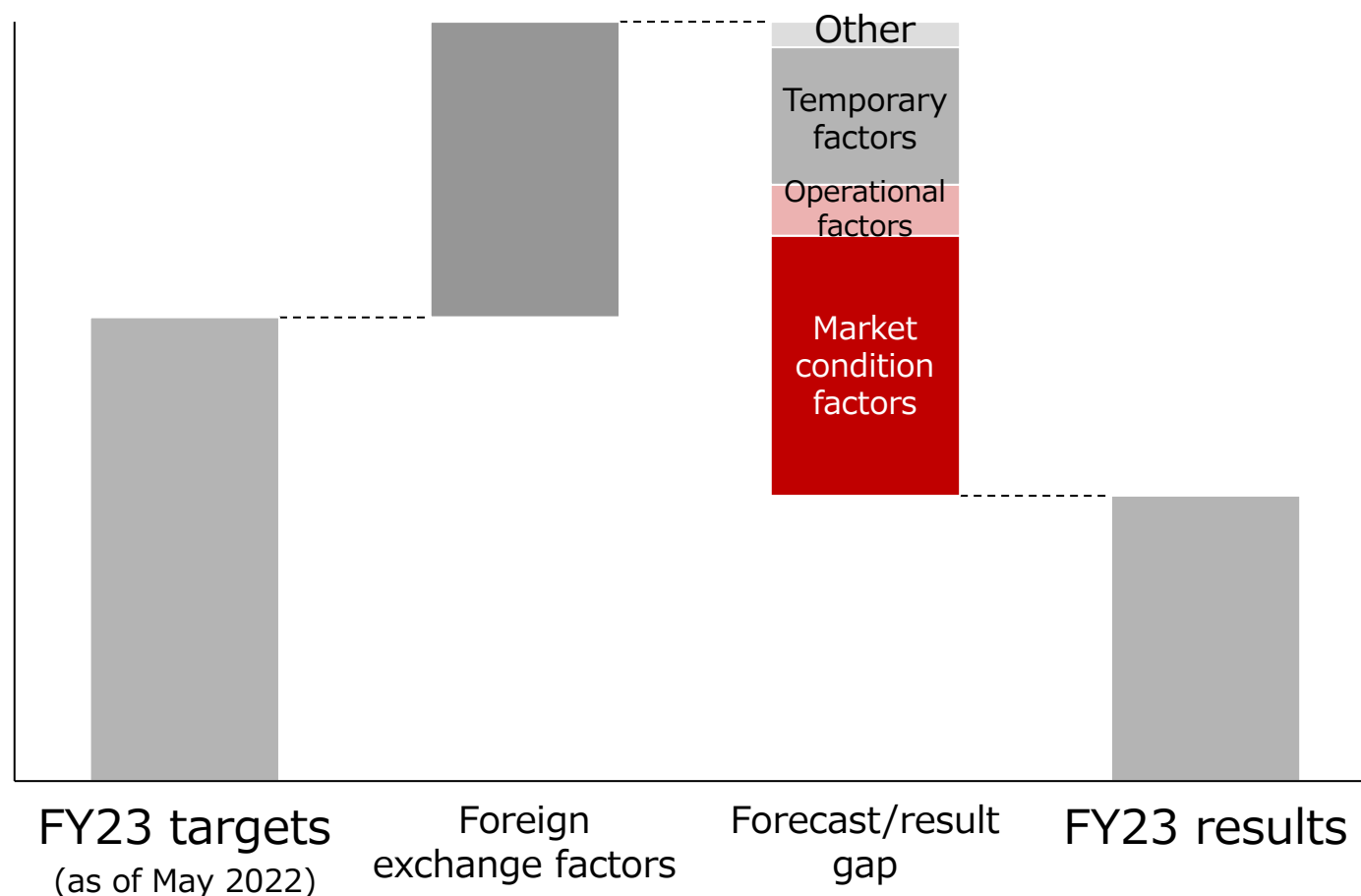
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FY24 results are forecast to rebound from FY23, when such performance fluctuation factors as market conditions and other temporary factors caused profitability to deteriorate

FY23 earnings plan and results, FY24 forecasts

Ordinary income



Earnings fluctuation overview

- **Market condition factor:** Time lag in earnings contribution period between contracts signed for short-term cargo in the first half of FY23 during market conditions downturn, and contracts concluded in the second half of FY23 when market conditions rebounded
- **Operational factors:** Initial cost increases caused by detouring around Cape of Good Hope and Panama Canal drought etc.

Secured stable earnings as planned

2. Medium-term Management Plan Targets and Progress

Investment Plan and Progress

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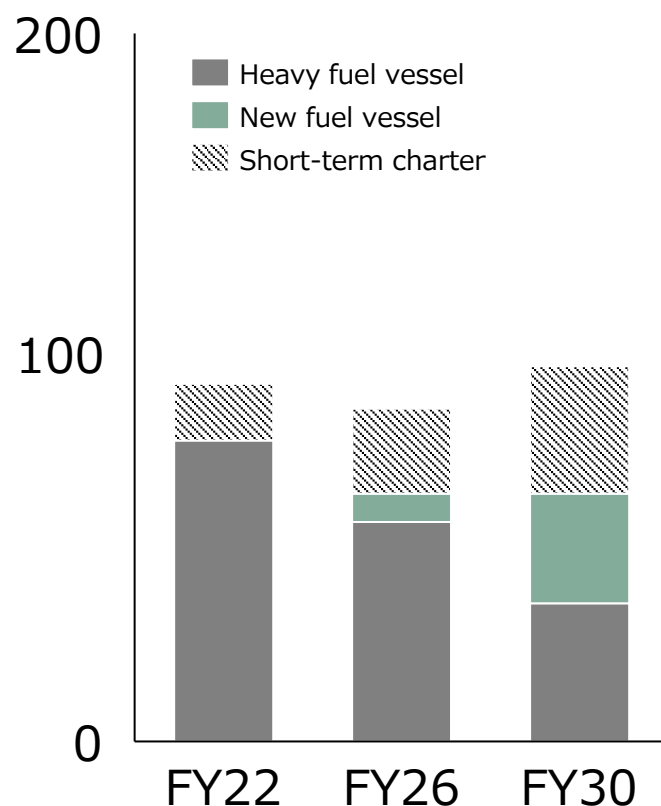
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Overall industry demand for eco-friendly vessels is slower than forecast, causing us to delay a portion of the investment initially planned under the Medium-term Management Plan

May 2023 plan

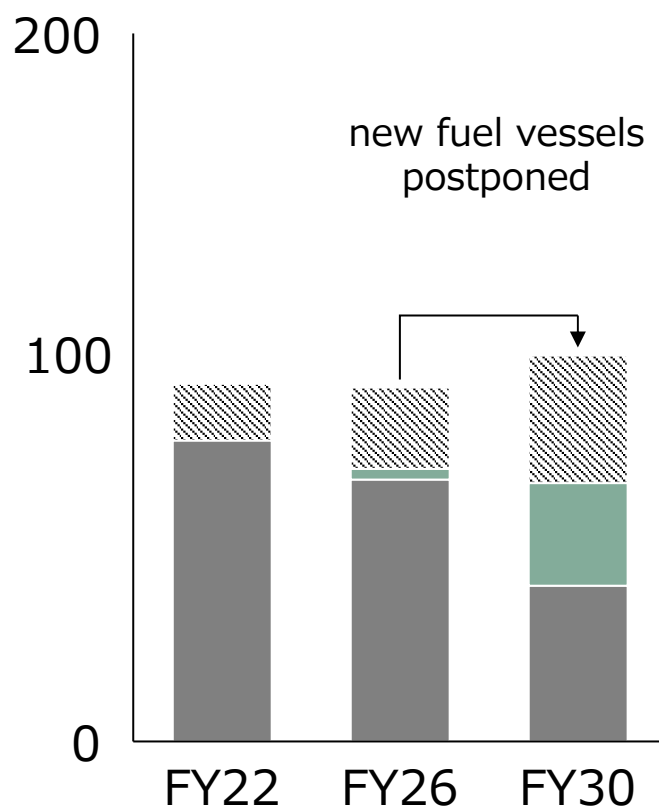
Fleet size(vessels)



FY22~26
investment 120.0
billion yen

Current plan

Fleet size (vessels)



70.0
billion yen - 50.0
billion yen postponed

Points

- **Investment postponement due to demand delay:** Customers' conversion to environmentally friendly vessels is slower than expected, and due to delays in demand for alternative fuel vessels, 50.0 billion yen of the originally planned investment amount for the Medium-term Management plan period has been postponed after the medium-term plan period.
- **Actuality of new fuel vessel demand rising:** Discussions at IMO on environmental regulation methods are supporting the transition to new fuels and promotion of demand for new fuel vessels, with the goal of achieving carbon neutrality in 2050
- **Demand for replacements for past large-scale delivered vessels:** Around 2030, when a large number of vessels built around 2010 will be retired and replaced, environmental regulations are expected to become stricter and demand for environmentally friendly ships is expected to increase.

Business Strategy Overview

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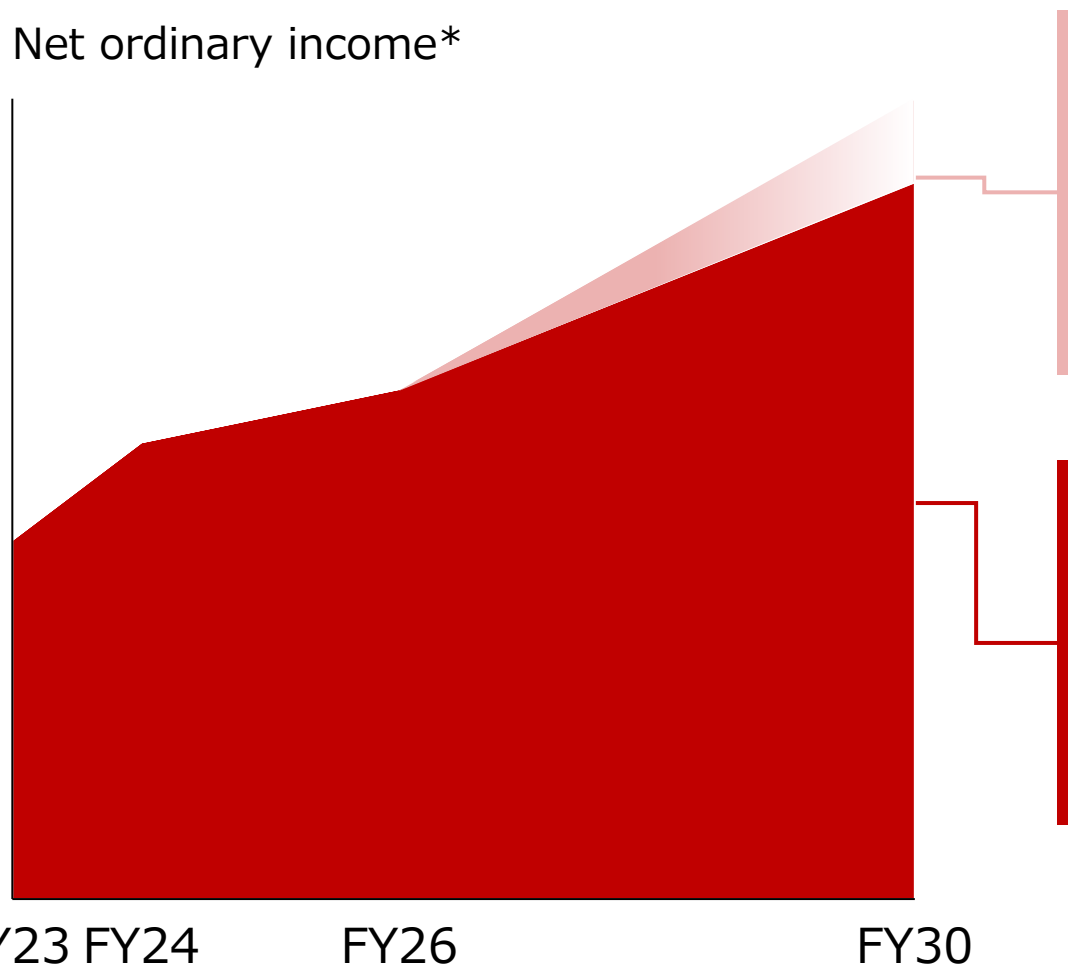
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Aim to realize earnings potential by expanding base scenario earnings with Japanese and Korean steel mills, Indian and Middle Eastern mills, and major resources customers, while securing new transport demand etc. amid the shift to reduced iron

Earnings targets

Business Strategy

Net ordinary income*



Realizing earnings potential

Securing demand among existing customers amid reduced iron and other environmental measures, and expanding customer base in India and other growing markets



Expansion of base scenario earnings

Secure demand for eco-friendly vessels to maintain "K" Line share of Japanese and Korean steel mill business, capture growing demand from India and Middle East mills, and expand share among major resources companies

FY23 FY24

FY26

FY30

*Net ordinary income is ordinary income excluding foreign exchange effects and temporary one-off gain and loss

3. Business Strategy

Base Scenario Expansion: Customer Strategy

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Going forward, we aim to deepen our customer-oriented organizational sales, leverage demand for environmentally friendly vessels to maintain and expand our share of customers and become main carrier.

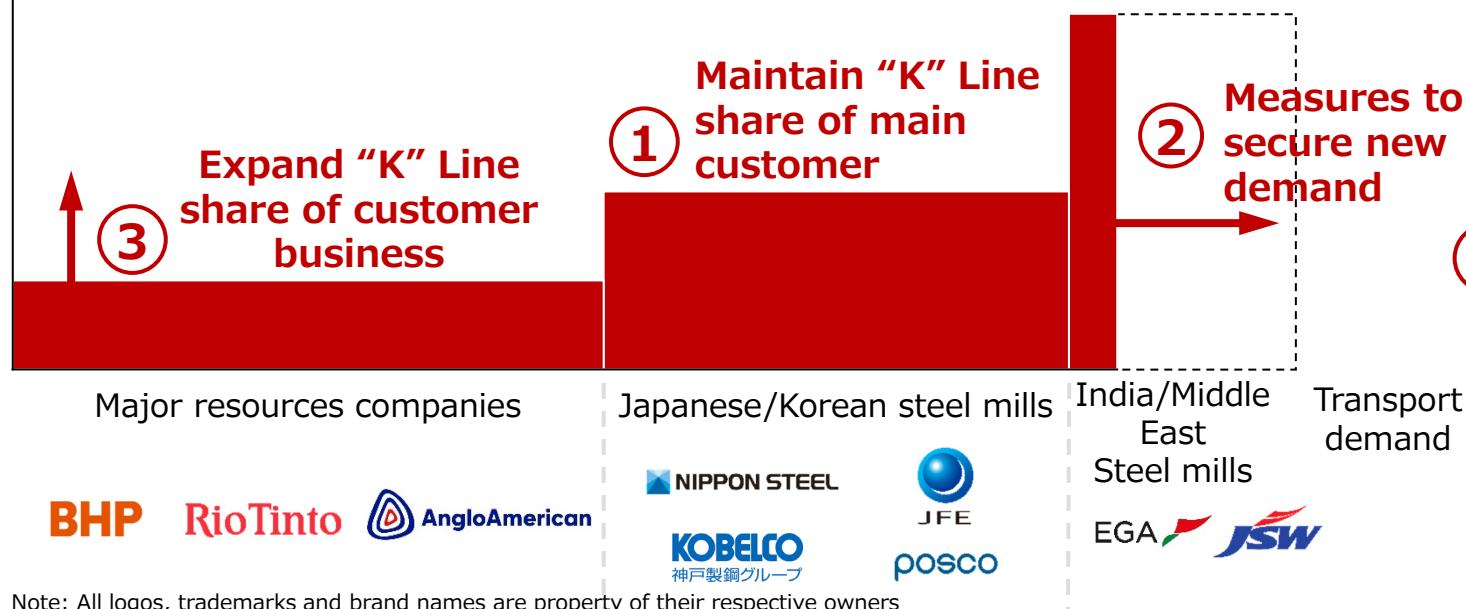
"K" Line share of main customer business

/ IMAGE

① Japanese/Korean steel mills
Maintain customer base by optimizing fleet development in response to demand shift to eco-friendly vessels

② Indian/Middle Eastern mills
Expand customer base and business domains by strengthening and enhancing sales organizations at sites outside Japan, including maritime staff, to meet the increase in transport demand

③ Major resources companies
Secure new demand in shift from short-term to medium- and long-term contracts in conjunction with the increased demand for eco-friendly vessels



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3. Business Strategy

Base Scenario Expansion: Business Strategy

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In order to continue to be chosen as a partner for customers' challenges, including decarbonization, we will continue to promote close collaboration with customers by leveraging our in-house know-how, as well as ensuring safety and operational quality and strengthening organizational sales capabilities.

Ideal Form:

continue to be chosen as a partner for customers' challenges and grow as a main carrier together with customers

Criteria for Ideal Form:



Promote safety



Provide high-quality operations and sales activity with proposal

Strengthening capabilities Measures:



Developing human resources



Strengthen organizational capabilities



Launch joint projects



Promote safety: Prevent serious accidents and gain and maintain customer trust by establishing a safe operation system



Provide high-quality operations: Fostering a culture of safety through collaboration between land and sea, and fulfilling customer trust and demands through high service quality from the customer's perspective



Developing human resources: Training of crew for environmentally friendly ship and superintendent for ship management utilizing knowledge of LNG transportation, etc.



Strengthening organizations: Deepen organizational sales and customer-oriented sales by strengthening and expanding local sales and maritime staff.

– Example: Increase sales staff in the Middle East, India and Singapore



Launching joint projects: Deepen joint research on decarbonization with core customers and promote the pursuit and proposal of common solutions for mutual growth. Participating in programs aimed at improving safe operation and ship management quality

– Example: Collaborating with Anglo American to improve operational efficiency, introduce new fuel-saving technologies and alternative fuel vessels

Realizing Earnings Potential

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Further expand earnings by taking measures to secure new transport demand amid existing customers' raw materials shift, while also securing demand for raw materials other than steel



Measures to secure new transport demand amid existing customers' raw materials shift



Measures to secure demand for raw materials other than steel

Demand outlook

- With the evolution of low-carbon steelmaking technology, **new transportation demands for reduced iron and other materials have emerged in the supply chain, increasing opportunities for small and medium-sized vessels to transport steel raw materials**

- **Demand for bauxite transport is growing**, supported by demand from the automobile and aviation industries.

"K" Line strategy

- Combining the strengths of Capesize and small and medium-sized vessels, we aim to expand our trade area and improve profitability for the entire division.
- Secure new transport demand from customers by enhancing customer-oriented strategy laterally across organizations

- Incorporating the sales expansion needs of existing customers and proposing optimal transportation modes
- Expand and extend contracts with new customers over the medium to long term by understanding needs and providing services through customer-oriented sales.
- Improve vessel deployment diversification and efficiency by utilizing as connecting cargo for free vessels

Plan

- Capture reduced iron transportation from existing customers, which is expected to become full-scale in the next few years

- Acquire medium- to long-term contracts for bauxite transportation, which will become a new pillar, by 2030

Progress

- Accumulating experience and knowledge in reduced iron transportation

- Business growth with multiple new customers including major aluminum refining manufacturers

Earnings Plan

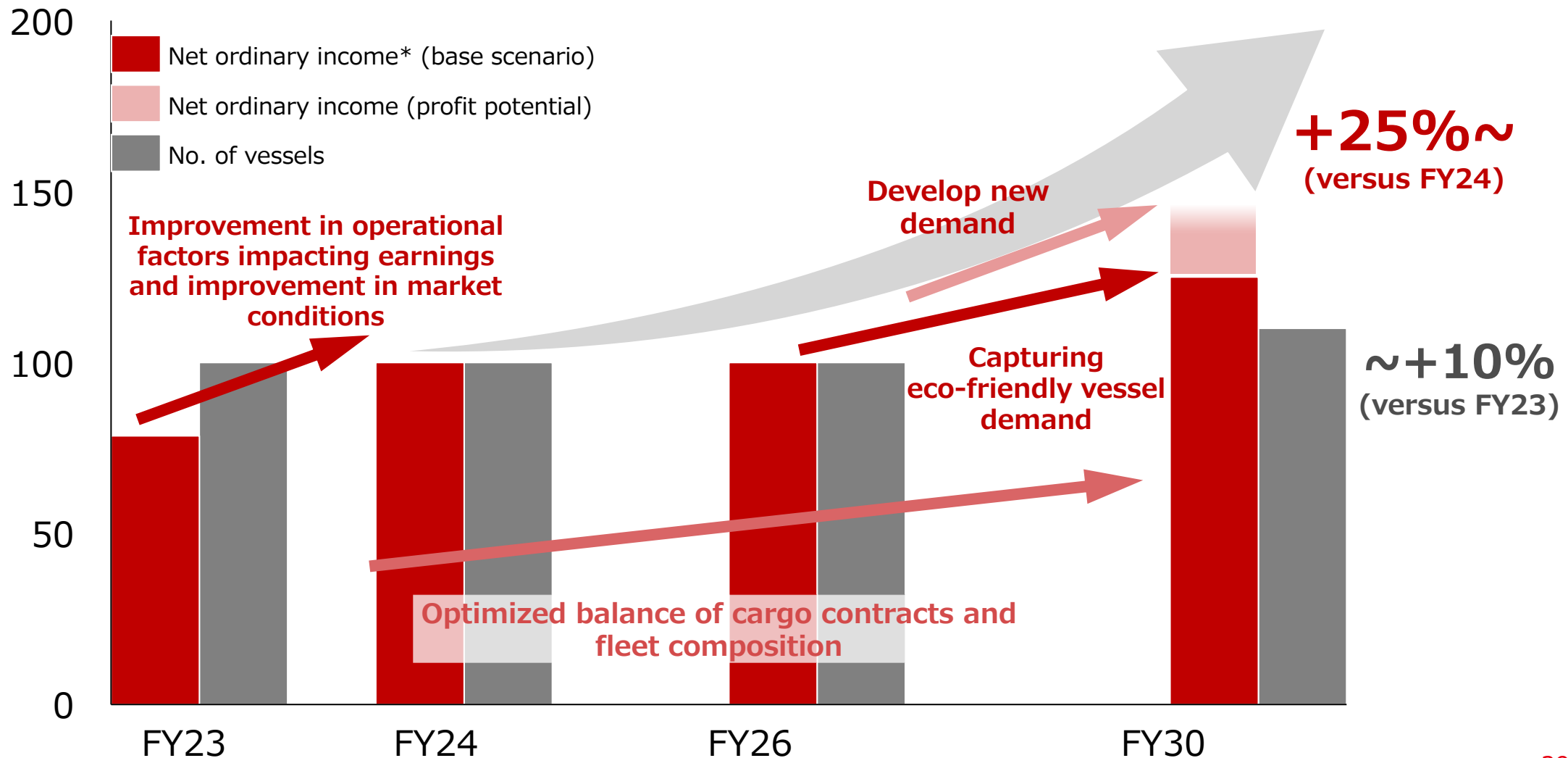
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Towards FY2030, achieve steady earnings growth by taking measures to increase and stabilize earnings, while expanding base scenario and developing and capturing opportunities to serve new transport demand

Indicator (FY24 level is base 100)



*Net ordinary income is ordinary income excluding foreign exchange effects and temporary one-off gain and loss

Investment Plan

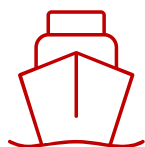
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In order to improve competitiveness and expand the scale of fleet operations, we will invest in owned vessels, mainly new fuel vessels, and procure long-term charters

Fleet development policies



Expand fleet

Make fleet investments to maintain and expand customer base while securing environmental demand



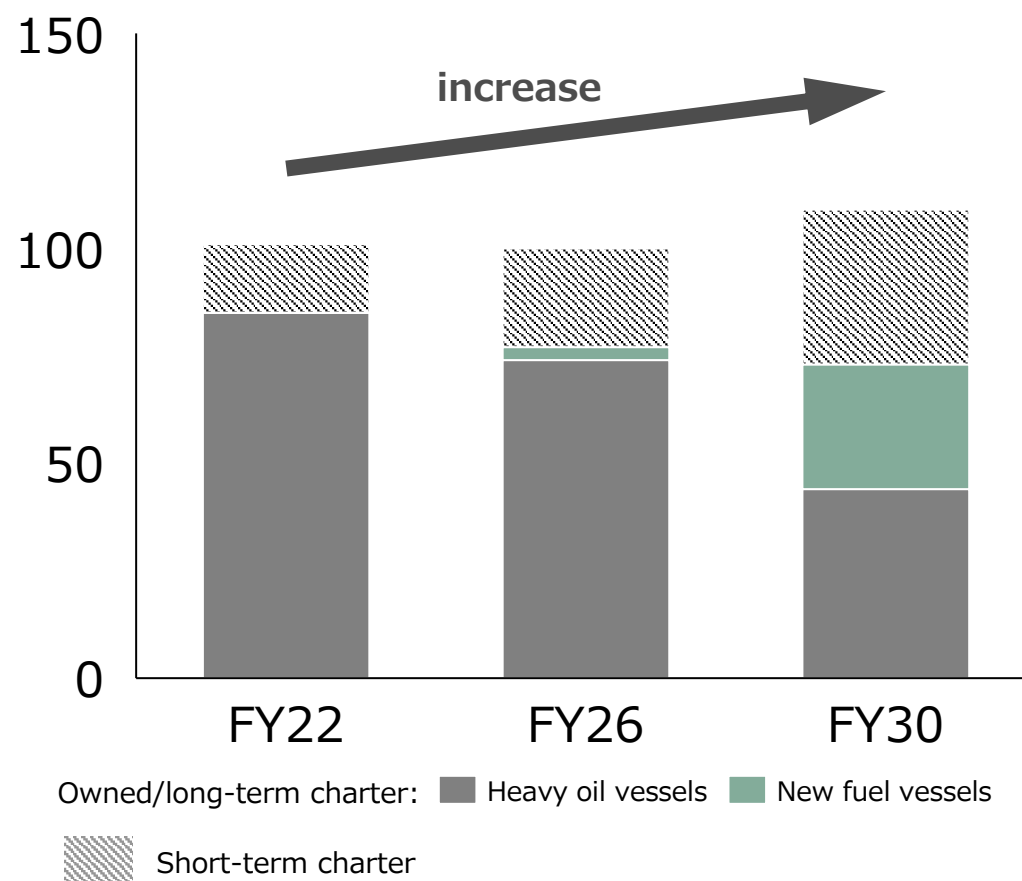
Enhancing vessel competitiveness

Enhance price competitiveness by utilizing state-of-the-art, short- and medium-term chartered vessel with exceptional fuel efficiency

**Achieving growth while
building a fleet structure that
balances demand**

Fleet development plan (FY22-30)

No. of vessels



Key Points of Briefing

Demand from our main customers forecast to increase. Demand from Japanese and Korean steel mills forecast to be flat, while business opportunities with Indian and Middle East mills and major resources companies are expected to grow

Regarding current business results, earnings have temporarily deteriorated due to market conditions such as short-term cargo contracts contracted under low market conditions.

Business performance is expected to recover in FY24

By continuing to be selected as a partner for customers' challenges and growing together as a main carrier, we will realize increased profits for our major customers such as Japanese and Korean mills, India/Middle East mills, and major resources companies

Achieve further earnings upside by capturing new demand by shifting raw materials to reduced iron and capturing demand for transportation of other raw materials such as bauxite

In FY2024, we will pursue the four initiatives; strengthening the sales function, promoting environmental-oriented sales, optimizing our fleet portfolio and **developing crews and superintendent for ship management for eco-friendly vessels**

AGENDA

Opening Remarks

Car Carrier Business

Coal & Iron Ore Carrier Business

LNG Carrier Business

Projects for emission reduction and decarbonization

Closing Remarks

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Strategic Category of LNG Carrier Business

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"K" Line pursues a "long-term stable" strategy leveraging customer-oriented capabilities and focusing on energy resource companies and users

	Our Strategy	
	Long-term Stable	Short-term Market
Contract Period	Long-term	Short- to medium-term
Main Customers	Focus on energy resource companies and users	Focus on portfolio players* and traders
Vessels Ordering	Order at the time of securing a project	Speculative advanced orders
Vessels Ownership	Joint ownership with partners	Sole ownership (control from ship building to sale)
Period to Earnings Contribution	Long-term (requires time for sales and ship building)	Medium-term
	Relationship with customers/partners and capability for responding to customer needs are the key	Ship preparation and quick decision making on timing of order are the key

LNG Demand Outlook

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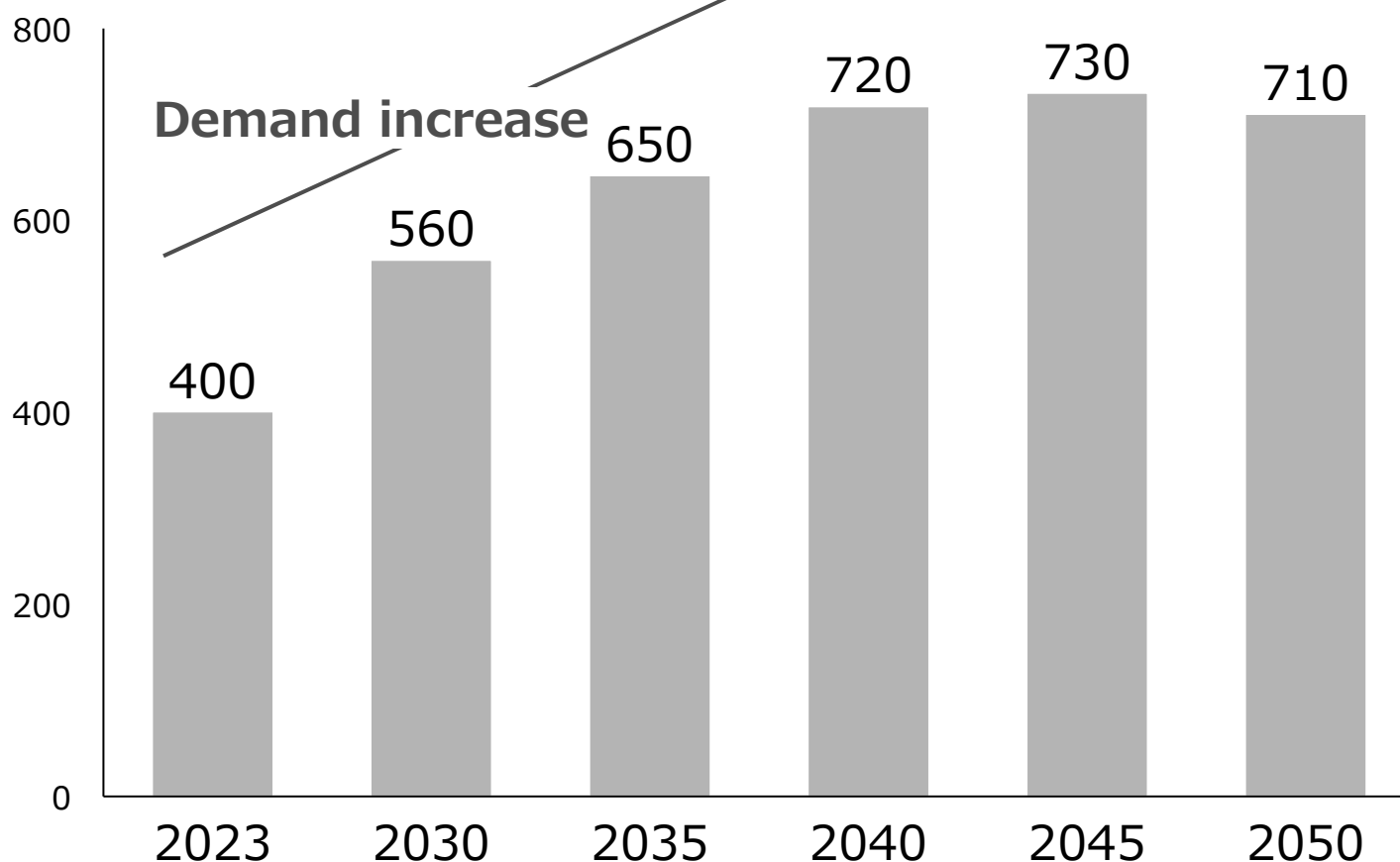
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LNG demand is expected to remain solid over the long term, supported by its acceptance as a realistic solution to achieving a carbon neutral society. Demand for long-term stable LNG carrier transport is forecast to expand firmly to 2040

LNG demand forecast

Global LNG demand (million ton)



Demand expectations

- Increased global energy consumption driven by economic growth, mainly in emerging countries, and higher electricity demand due to AI and other factors
- **LNG demand is forecast to increase firmly to 2040 and remain stable after 2040**, supported by its acceptance as a realistic solution to achieving a carbon neutral society
- **Long-term stable LNG carrier demand is also expected to increase firmly to 2040**, based on forecasts that LNG demand will continue at a level of approx. 700 million tons to 2050

2. Medium-term Management Plan Targets and Progress

Business Strategy Progress

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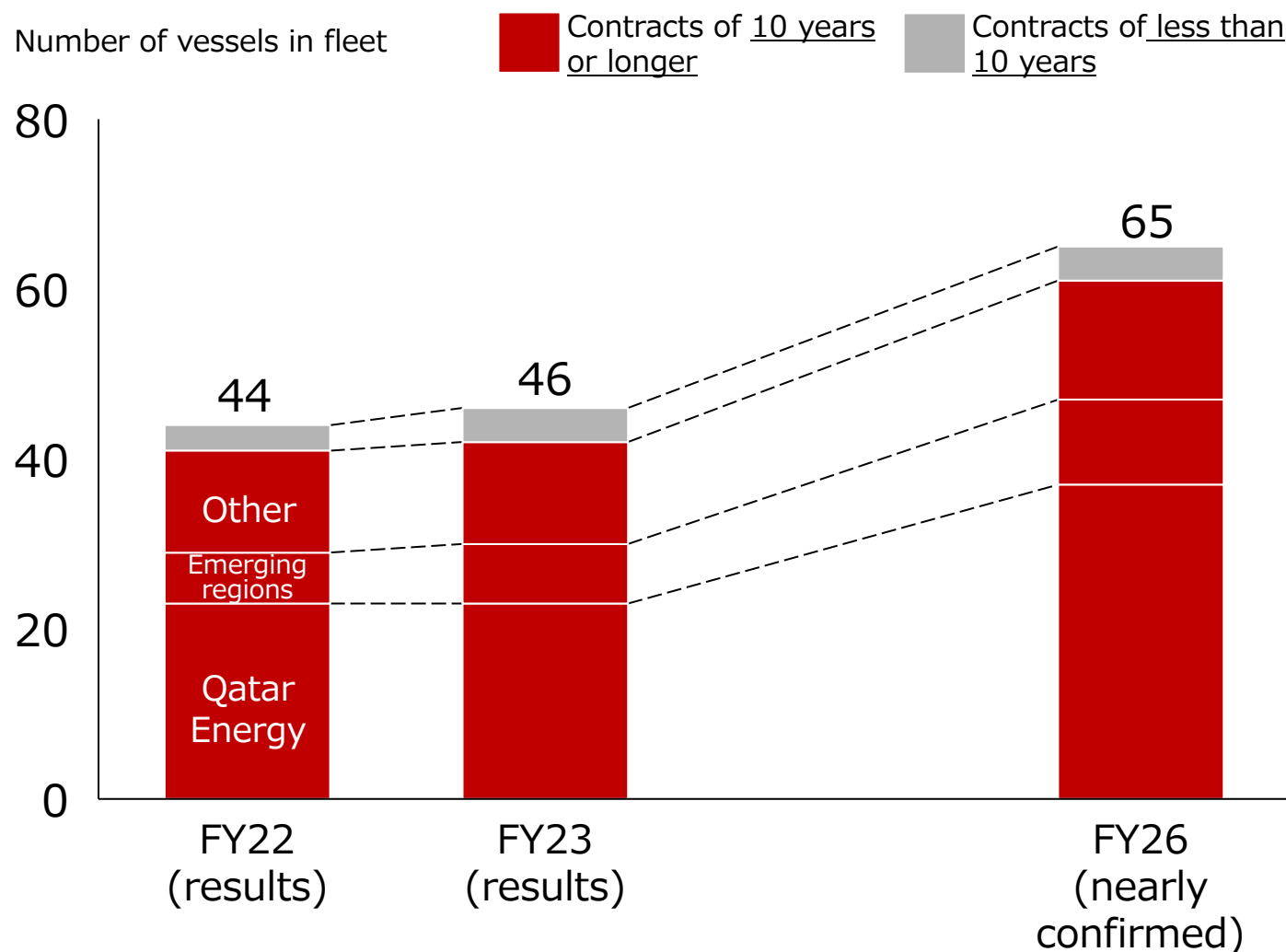
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Plan

We have successfully increased the number of long-term stable earnings contracts, including additional contracts with major partner QatarEnergy. The number of vessels in fleet is forecast to increase to 65 during the period of the Medium-term Management Plan

Number of vessels in fleet



Contracts secured during the period of the Medium-term Management Plan



x 12 vessels
(first group)



x 4 vessels
(second group)



x 3 vessels



x 1 vessel

Besides the above, we have acquired multiple vessels (kept confidential at the client's request)

2. Medium-term Management Plan Targets and Progress

Plan Progress (Earnings, Investment)

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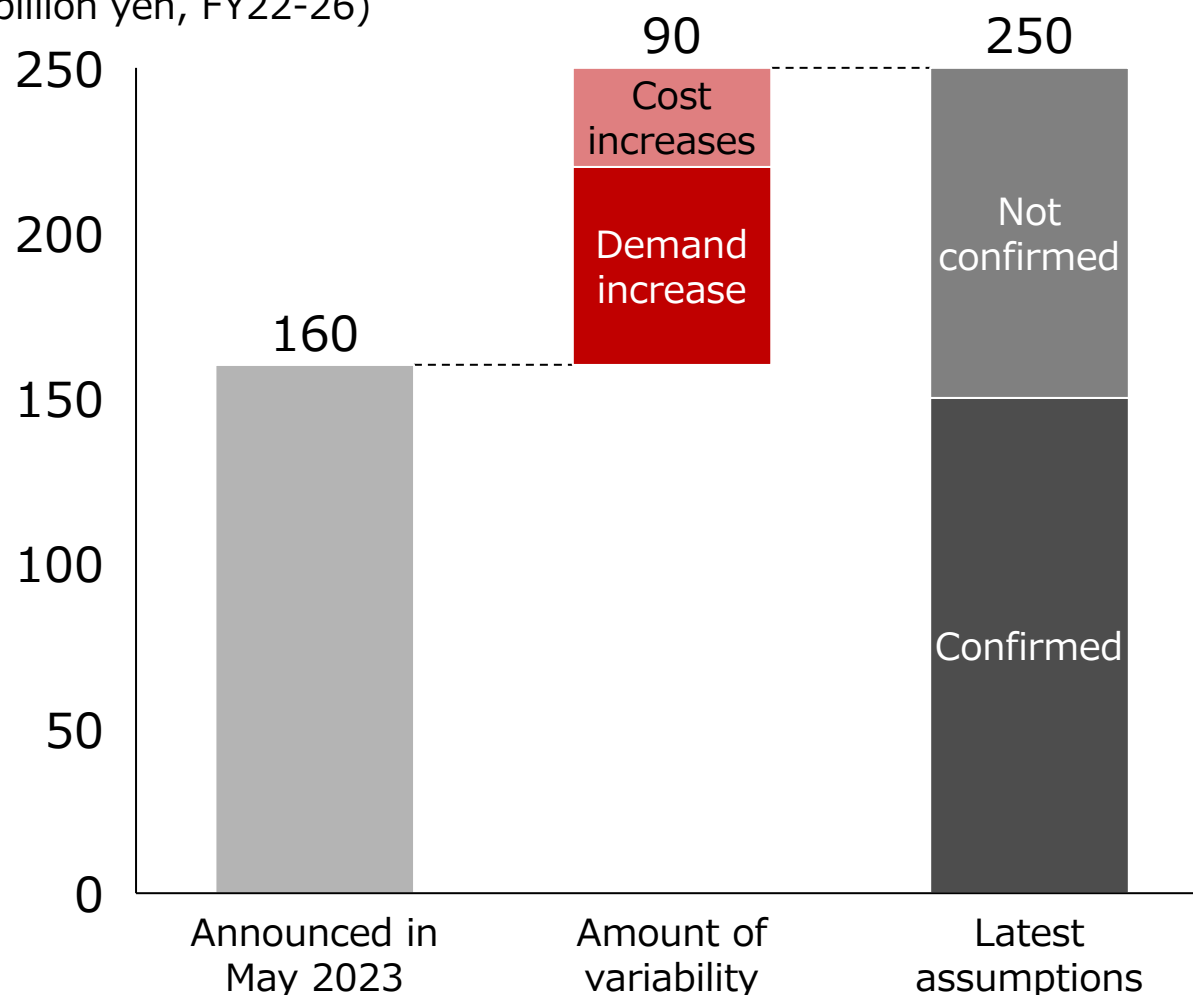
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FY23 earnings made solid progress towards targets under Medium-term Management Plan, supported by stable existing contracts and exchange rates

Investing CF increased 90.0 billion yen, with approx. 60% already earmarked, as customers' vessel procurement plans materialize

Investment during Medium-term Management Plan period

Cumulative investment
(billion yen, FY22-26)



Factors impacting change in investment

- **Demand increase:** Large-scale LNG projects, mainly in Qatar and North America, are materializing and customers' vessel procurement plans are progressing amid overall medium- and long-term growth in LNG demand
- **Cost increases:** Investing CF is increasing due to higher project costs, including higher vessel prices and U.S. dollar-based interest payments, along with exchange rate impact (cost increases can be recovered through long-term contracts)

Earnings fluctuation factors

- Solid progress versus targets, supported by stable existing contracts and yen depreciation

Business Strategy

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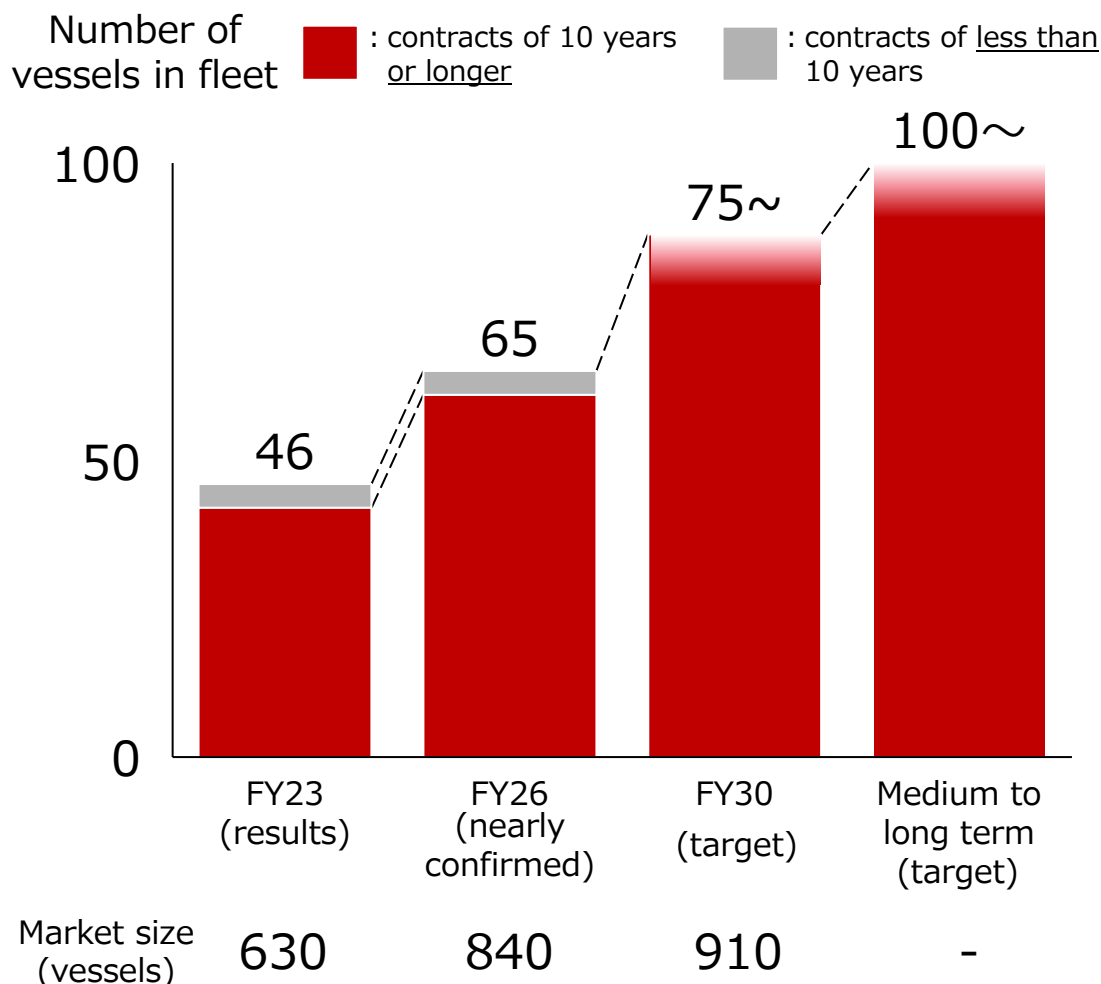
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Towards FY30, strive to accumulate exiting customers' business projects and develop new customers
Aim to expand fleet to 75 vessels or more based primarily on long-term contracts, while forming a medium- to-long-term goal of expanding the fleet to 100 vessels

Number of vessels in fleet

Business Strategy



Accumulate exiting customers' business projects

accumulate business projects by securing contracts for newly planned projects with customers such as Qatar and PETRONAS, as well as securing alternative demand for their existing contracts



develop new customers

Develop new customers in China, India, Southeast Asia and other emerging regions importing LNG, in addition to new producer customers in North America, the largest export market

3. Business Strategy

Strengthen Structure to Expand Number of Vessels in Fleet

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Continue to enhance "K" Line's strength of customer support that combines maritime technology and sales
Collaborate in maritime technology and sales to expand the sales network and improve the quality of ship management

"K" Line's current situation: High ←  → Low

Shipping company selection criteria

"K" Line's current situation

Initiative contents



Ship management record

Industry top level:
Appreciation of quality of ship management and crew by key customers in industry

To ensure the continued high quality and anticipate future fleet expansion, we will advance crew training and recruitment



Response to local contents

Room for improvement:
Experience with cooperation with partners in some regions, but room for improvement

Due to using networks with partners, deploying permanent marine superintendents and increasing local staff levels, enhance capabilities to respond to local contents



Capabilities for responding to customer needs and making proposals

Industry top level:
Provide customer-oriented flexible services

Further differentiate services by combining maritime technology and sales, and improving understanding of customer needs through region- and customer-oriented approach



Pricing

Industry average level:
Comparable to main competitors

Aim to secure the necessary returns at a level comparable to main competitors and achieve cost competitiveness

KPI to Measure Business Plan Results

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5. Investment Plan

To manage business plan progress, five KPIs measure results across the three phases of “project acquisition”, “vessel construction”, and “vessel operation”

	 Project acquisition	 Vessel Construction	 Vessel Operation		
Measures	Acquire long-term contracts from customers ----- Achieve profit generation according to the business plan	Deliver high-quality vessels as scheduled ----- Realize the delivery of vessels according to the business plan	Provision of high-quality services ----- Continuously provide our strength, high-quality vessel management		
KPIs for measuring progress	Number of vessels in fleet ----- Number of vessels in fleet	Construction supervision preparation rate ----- Required construction supervision appointment rate in the construction phase	Crew retention rate ----- Rate of crew retained	Crew preparation rate ----- Rate of crew prepared for vessels to be delivered within next three years	Idle rate ----- The rate of annual vessel idle days in our managed fleets
Current figures	46 vessels	100%	95%	75%	0.01%
Targets	75 vessels or more as of FY30	100%	Above the market average*1 (FY23 : 95%)	60% or more	0.10%

*1 the market average: use the International Association of Independent Tanker Owners (INTERTANKO) average

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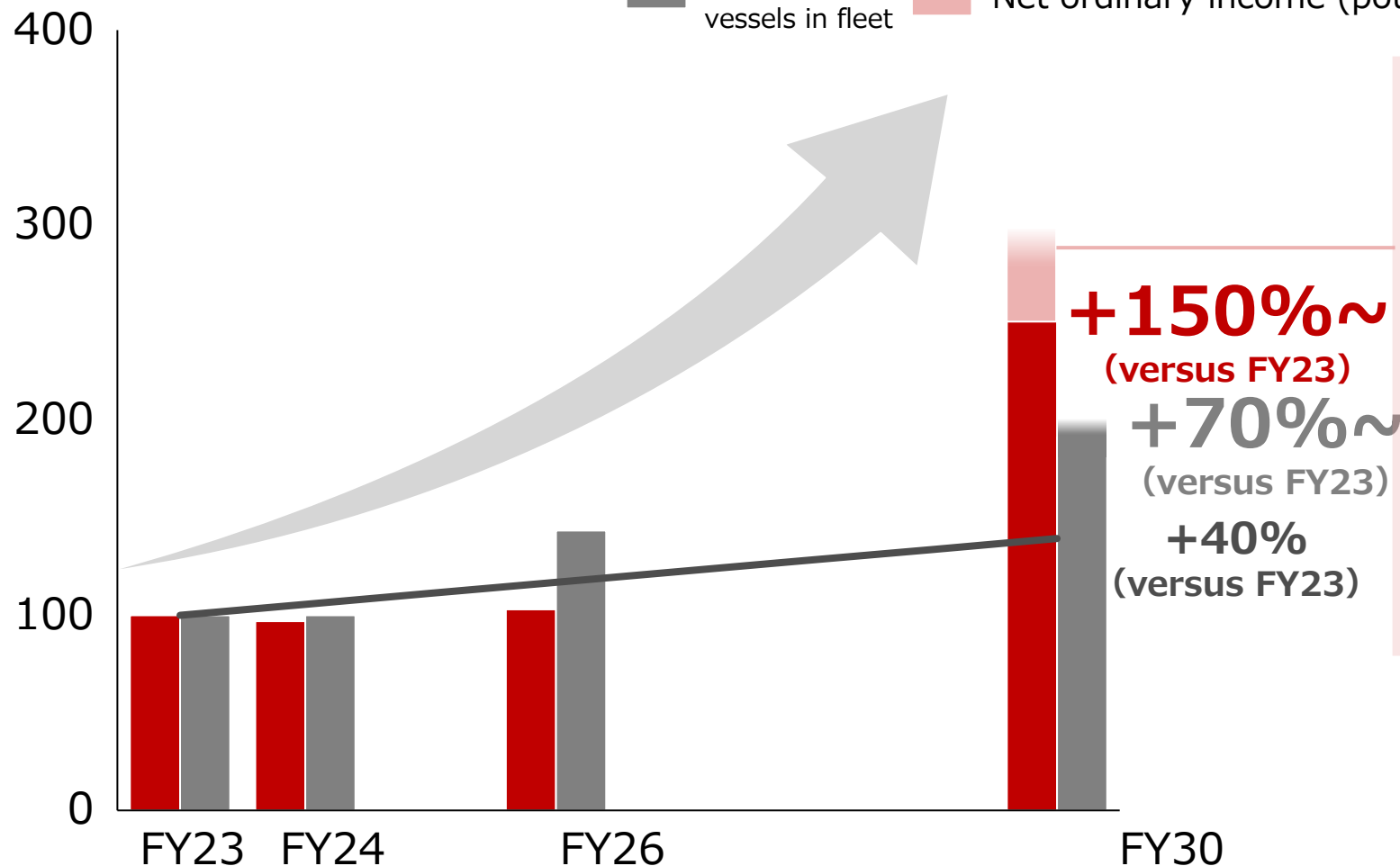
By FY30, we plan to secure contracts and expand earnings at a speed faster than the market growth through efforts to win new projects

Indicator (FY23 level is base 100)

— Market size

■ Net ordinary income *¹ (base scenario)■ Number of
vessels in fleet

■ Net ordinary income (potential)



The measures to achieve revenue upside

- **Further accumulation of business projects :**
Acquisition of business projects beyond the planned amount
- **Maximization of the asset value of used vessels :**
To aim for an expansion of periodical revenue by optimizing the utilization of used vessels after the expiration of long-term contracts in response to market conditions
 - Examples of utilization methods :
Transfer to FSU*² • FSRU *³

Investment Plan

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Total investment of 250.0 billion yen planned during the Medium-term Management Plan, with approx. 60% currently earmarked By FY30, the remaining 40% of the budget will be invested into new projects and the fleet expanded even as investment discipline policy is maintained

Investment approach



Continuation of long-term stable strategy

Focus on low-risk, long-term stable projects due to the positioning of LNG carrier business in our business portfolio



Investment at time of securing project

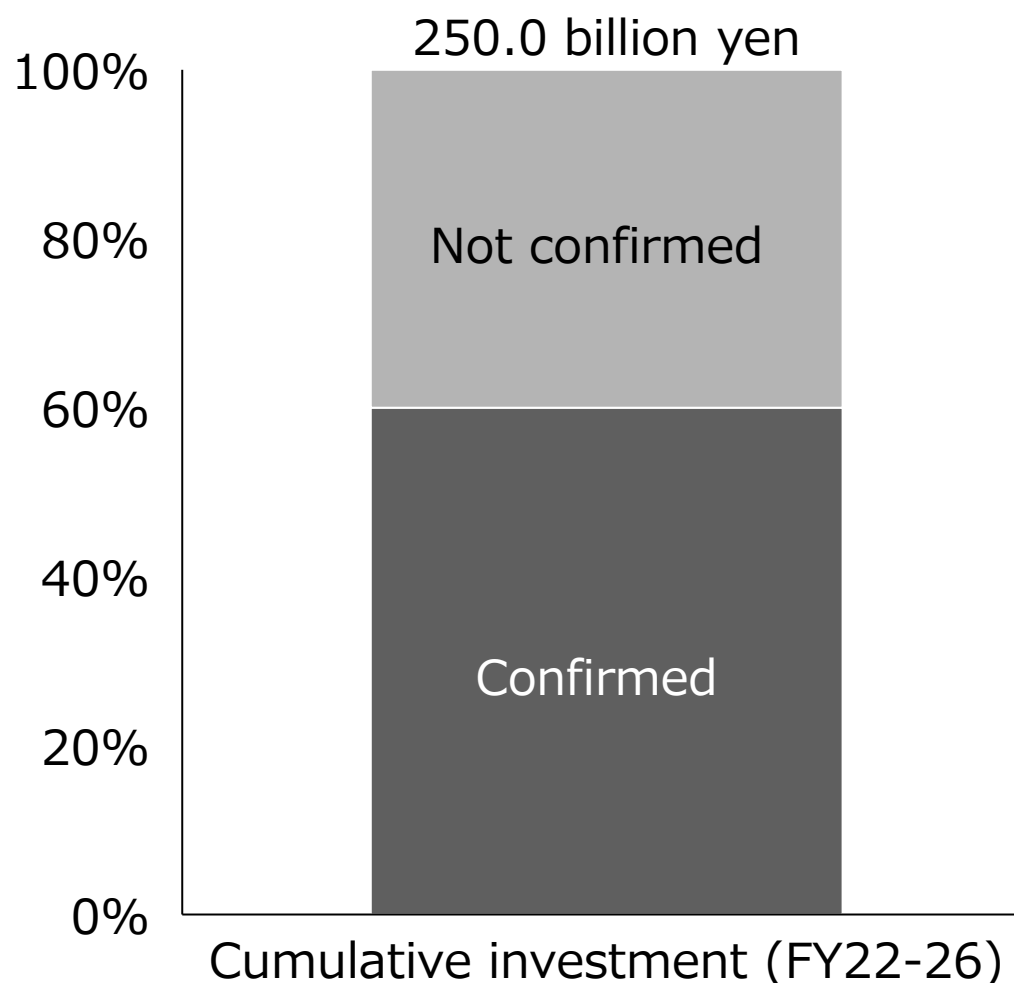
Avoid risk of free vessels by placing shipbuilding orders when long-term contract project is secured instead of speculative advanced orders



Prioritize profitability over simply expanding number of projects

Judge each individual project on its profitability and bid only for projects that meet the standards instead of making the number of projects and fleet size the final goal

Cumulative investment during current Medium-term Management Plan period



Key Points of Briefing

We have positioned LNG Carriers business as a growth business amid the overall market expansion, along LNG demand steadily increases and **long-term stable LNG transport demand is forecast to increase firmly until 2040**

Using our market-leading ship management track record and ability to respond to customer needs and offer solutions, thereby **contract acquisition and expanding our earnings at a faster pace than overall market growth**

We have already achieved the investment targets set out in the initial Medium-term Management Plan and are expanding the scale of investment to enhance the foundation of long-term stable earnings as our business portfolio

We will divide the phases of the business into three stages: "project acquisition," "vessel construction," and "vessel operation," and set a total of five KPIs to **increase the certainty of achieving the business plan**

AGENDA

Opening Remarks

Car Carrier Business

Coal & Iron Ore Carrier Business

LNG Carrier Business

Projects for emission reduction and decarbonization

Closing Remarks

Overview of Projects for Emission Reduction and Decarbonization

We are taking initiatives in the four new business areas of liquefied CO₂ transport business, LNG carrier-related business, offshore wind turbine support vessels, and hydrogen and ammonia transport as part of our efforts to "Support the Decarbonization of Society," one of the targets in "K" Line's Environmental Vision

"K" Line Environmental Vision 2050

"K" Line decarbonization

Take on the challenge of achieving net-zero GHG emissions as a target for 2050



Support the decarbonization of society

Be the transporter and supplier of new energy to support the decarbonization of society

Realistic solutions to achieving net zero

Liquefied CO₂ transport business

- Own and operate liquefied CO₂ transport vessels used in CCS transport*1



LNG carrier-related business

- LNG carrier-related business, mainly FSU*2 and FSRU*3



Develop renewable energies

Offshore wind turbine support vessel business

- Support for offshore wind turbine installation and maintenance using CTV*4 and SOV*5



Switch fuels

Hydrogen and ammonia transport

- Own and operate carriers for the transport of hydrogen and ammonia, alternative fuels with rising expectations



Overview of Projects for Emission Reduction and Decarbonization

In order to form a well-balanced new business portfolio, we are working on four projects for emission reduction and decarbonization simultaneously

Liquefied CO₂ transport business



Aiming to become a top runner in the industry by leveraging the track record and know-how from the world's first Northern Lights project

- Until 2030, focus on European projects with high environmental awareness, and expand to Asia/Pacific projects from 2030 onwards
- Have concluded a charter contract with Northern Lights for three liquefied CO₂ transport vessels. World's first transportation for CCS is scheduled to begin this year

Offshore wind turbine support vessel business



Aiming for the growth and success of K-LINE Wind Service as the "K" Line Group's offshore wind power brand

- We will work on businesses providing SOV, AHTS, and geological survey related vessels that can utilize the knowledge gained from offshore support vessels cultivated in the North Sea and Japan.
- At the same time as acquiring leading projects in Australia and Taiwan, we aim to commercialize business by pursuing partnerships with existing customers such as Penta-Ocean Construction

LNG carrier-related business



We will work on projects that contribute to our LNG carrier business with focus on FSU and FSRU

- Using the following three axes as evaluation criteria, we will select and work on projects that will contribute to our LNG carrier business
 - ① Utilization of our LNG fleet
 - ② Selection of regions that match the strategies of key customers
 - ③ Pursue partnerships with LNG carrier business customers

Hydrogen and ammonia transport



Aiming to acquire transportation projects to Japan by leveraging partnerships with existing customers, etc.

- Decided to invest in JSE Ocean, a company that owns liquefied hydrogen carriers
- Focusing on hydrogen and ammonia transportation projects for electric power, gas, oil companies, and other industries

Earnings Target for Entire Projects for Emission Reduction and Decarbonization Portfolio

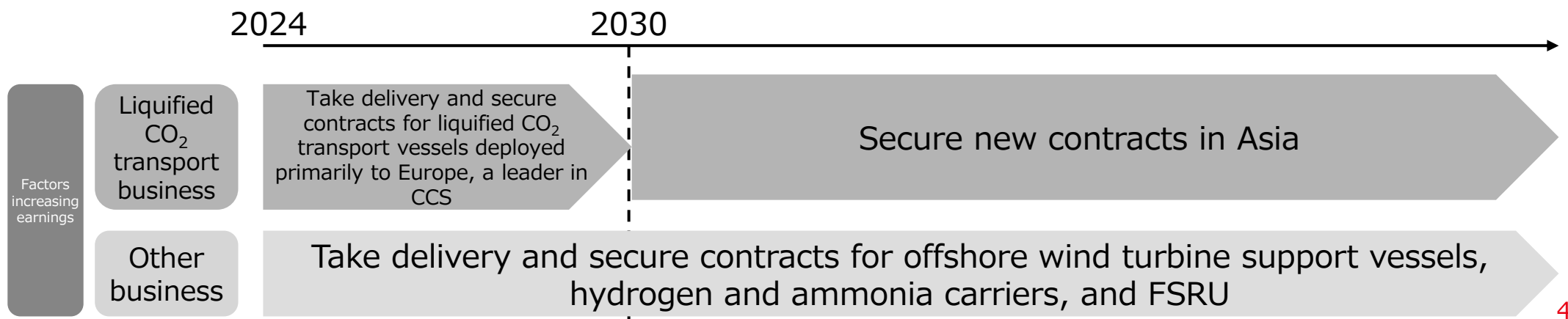
Aiming to establish a business structure to achieve earnings of 5.0 billion-10.0 billion yen in mid-2030s for the entire projects for emission reduction and decarbonization portfolio

Earnings target for mid-2030s

Ordinary income

5.0~10.0 billion yen

- **Investments of 90.0 billion yen** will be made steadily during the Medium-term Management Plan
- **Aiming to further expand business scale in the** medium-to long-term following the current Medium-term Management Plan by investing dynamically in response to changes in demand for environmental measures



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Social Importance of Liquefied CO₂ Transport Business

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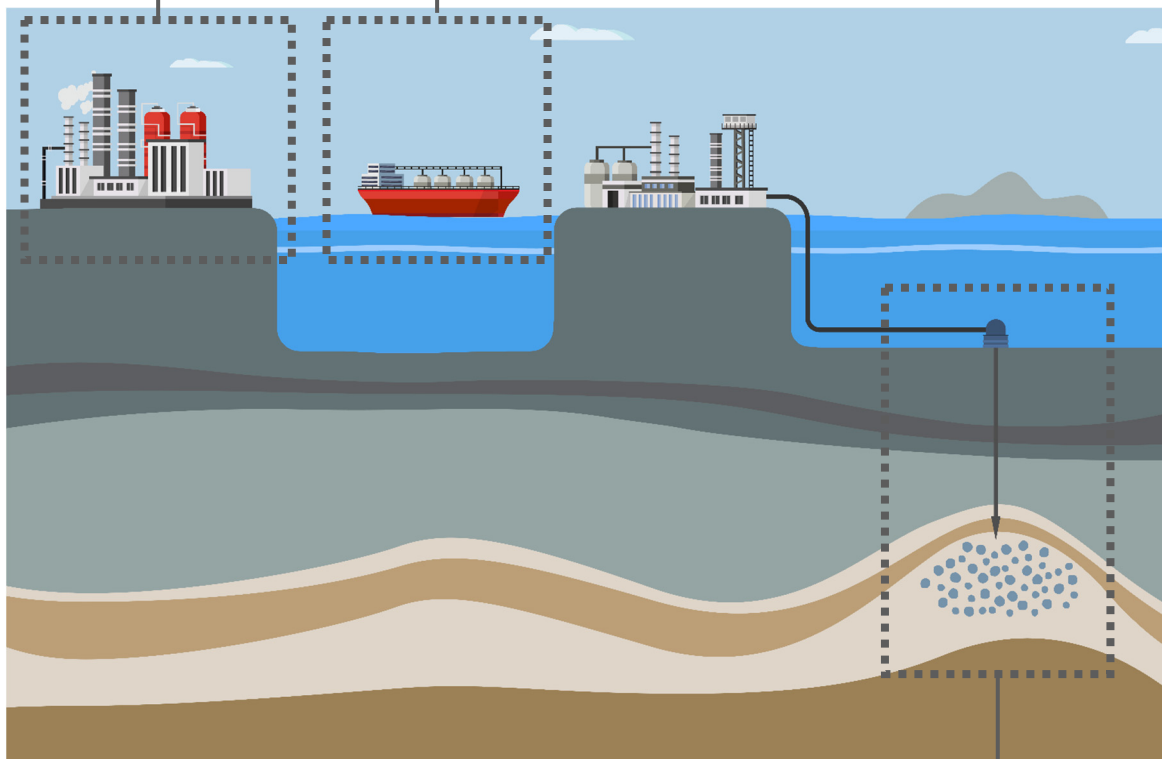
It is essential to pursue initiatives in both natural gas and CCS, which are considered realistic solutions to achieving net zero. The liquefied CO₂ transport business represents an effective transport method in support of CCS

Recover and liquify:

- Special equipment is used to recover CO₂ from factories and other emissions sources
- Recovered CO₂ is compressed and liquified

Transport:

- Carriers are used to transport liquified CO₂ to storage site facilities



Storage:

Pressurized CO₂ is injected in underground layers through pipelines

• CCS has drawn significant interest in recent years

- In Europe, while the development of renewable energies took off between 2010 and 2020, there was a growing realization that net zero could not be achieved only with renewable energies
- It is necessary to pursue initiatives in both natural gas and CCS as realistic solutions to achieving net zero

• Achieving CCS requires maritime transport of CO₂

- In CCS, CO₂ emitted from factories and other sources is recovered and the pressurized gas injected into layers underground
- Maritime transport is required to ship the liquified CO₂ long distances

• CCS is an appealing solution to reducing CO₂

- CCS is expected to account for 5.4 billion metric tons of the total global amount of CO₂ reduction, or approx. 14% (2050)
- In the CCS process, CO₂ is stored in suitable layers underground (in dry gas beds, aquifers, and other areas far from fault lines), and therefore there is a small risk of CO₂ escaping during a major earthquake

Importance of “K” Line Initiatives

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The importance of the liquified CO₂ transport business for “K” Line is large. We can leverage our accumulated know-how, stable operation track record, and partnerships with existing customers, accumulated in the liquified gas transport business to make contributions to carbon neutrality

Leverage operational know-how



Our LNG carrier Pacific Breeze
Arriving at Ichthys LNG terminal in Australia

- Participation in many liquified gas (LPG/LNP) projects in and outside Japan
- Feasible to leverage operational know-how and track record accumulated in the liquified gas carrier transport business for the expansion of the liquified CO₂ transport business

Partnerships with existing customers



MOU signing ceremony for feasibility study to realize the "Setouchi/Shikoku CO₂ Hub Concept" at the "ASEAN-Japan Co-Creation Forum"

- Numerous industries require liquified CO₂ transport, from electric power and gas generation to energy, steel, petrochemicals, paper and cement
- “K” Line has existing business relations with companies in most of these industries, conducting joint research and other projects in partnership

Contributions to carbon neutrality



The signing ceremony for time charter contract with Northern Lights JV DA

- While it may be difficult to radically reduce CO₂ emissions, CCS has drawn interest for its potential to contribute to achieving carbon neutrality
- In 2050, CCS is forecast to account for approx. 5.4 billion metric tons of CO₂ reduction, or 14% of the global reduction total

Transport Method Categories

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There are three methods of transporting CO₂ in CCS: maritime vessel, pipeline, and on-site injection. In FY2024, "K" Line will transport liquified CO₂ for Northern Lights, the world's first commercial CCS project

Maritime vessel



Pipeline



On-site injection



Overview

- Liquified CO₂ marine transport using vessels

- CO₂ transport using pipelines

- Direct storage of CO₂ under recovery site without using CO₂ transport

Conditions suitable for CO₂ transport

- Long distances (150 miles or more between recovery site and storage site)

- Short to medium distances (less than 150 miles between recovery site and storage site)

- In cases where CO₂ can be recovered at the storage site

← Make determination based on amount of transport costs →

Representative projects



- Quest (Shell, etc. participating)

- Gorgon Carbon Dioxide Injection (Chevron, etc. participating)

Demand Outlook

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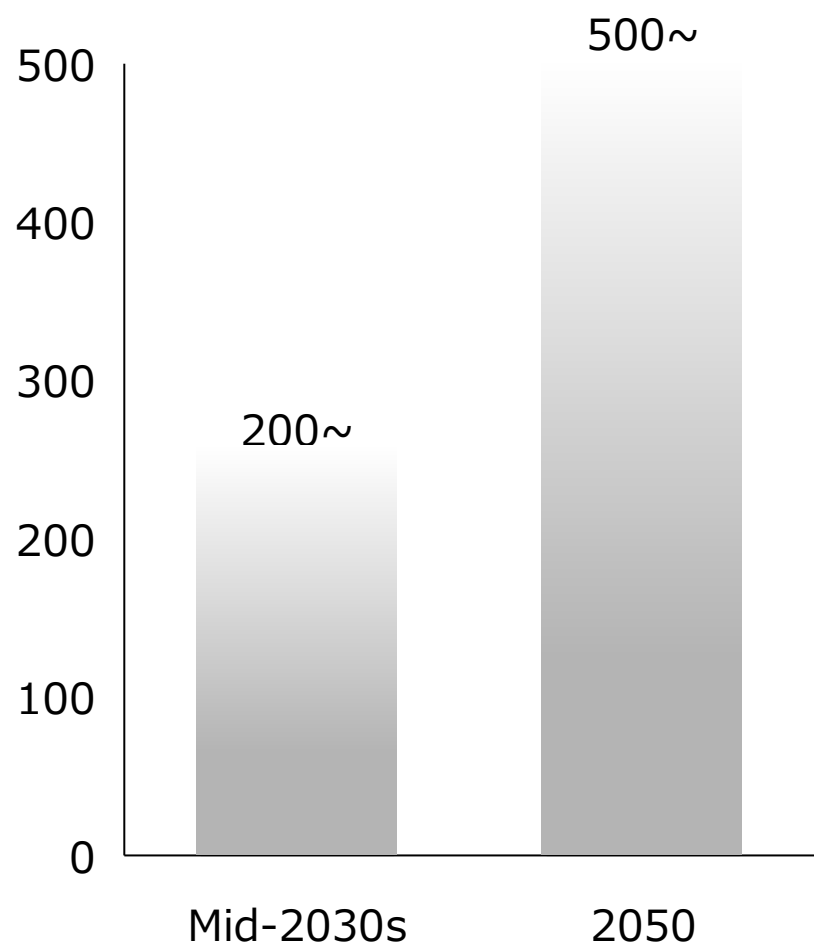
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By the mid-2030s, annual CO₂ storage demand is forecast to be 2.0 billion metric tons, with approx. 10% of the total liquified CO₂ requiring maritime transport, generating demand for approx. 200 vessels

Liquified CO₂ transport vessel demand (vessels)



Forecast (Mid-2030s)

Liquified CO₂ transport vessels

Approx. 200 vessels



CCS storage in metric tons

2.0 billion metric tons annually



Vessel transport ratio

10%



Transport capacity per vessel

1 million metric tons per year

Assumptions

- Based on IEA* sustainable development scenario (achieve net zero by 2050 in developed nations, 2060 in China, and 2070 in other countries)
- For long-distance transport, vessel cost-competitiveness is high, and the current level of around 10% is expected to be maintained
- In Europe, 20,000 metric tons per lot, with 50 voyages annually. In Asia, 40,000~50,000 metric tons per lot, with 25 voyages annually

Customer Strategy

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Many industries require liquified CO₂ transport, from petroleum and steel to gas, electric power, paper and cement, and since many of our customers are in these industries, it will contribute to solve decarbonization issues for existing customers

Customers storing CO₂

Customers emitting CO₂

Customer industries

Energy

Gas

Steel

Electric power

Storage site

Europe・Southeast Asia

Japan/Asia region

Australia・Southeast Asia

In and outside Japan

Collaborative items

Social implementation of liquified CO₂ transport

Specifications, costs, and schemes of necessary facilities

Economic aspects of liquified CO₂ transport vessels

Facilities and costs necessary to build a value chain for liquified CO₂ transport vessels

Optimal transport and storage schemes

Start commercial transport in FY24 ("K" Line will be involved as liquified CO₂ transport vessels operating company)

Liquified CO₂ transport vessel operation

Liquified CO₂ transport vessel design

Regional Strategy

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By 2030, we will participate in promising projects in Europe, a forerunner in introducing carbon emissions fees and implementation of subsidy policies for CCS, and thereafter expand our business to Asia-Pacific

Start of world's first project, made possible with the support of the Norwegian government

Operation of carbon levies under Japan's growth-oriented carbon pricing concept

Goals for launching advanced CCS project

2024

2026

2028

2030

□ : key projects

European projects



Other projects

Asia-Pacific projects

Vessel construction

Operation

R&D

Vessel construction

Operation

R&D

Vessel construction

Operation

Business Strategy

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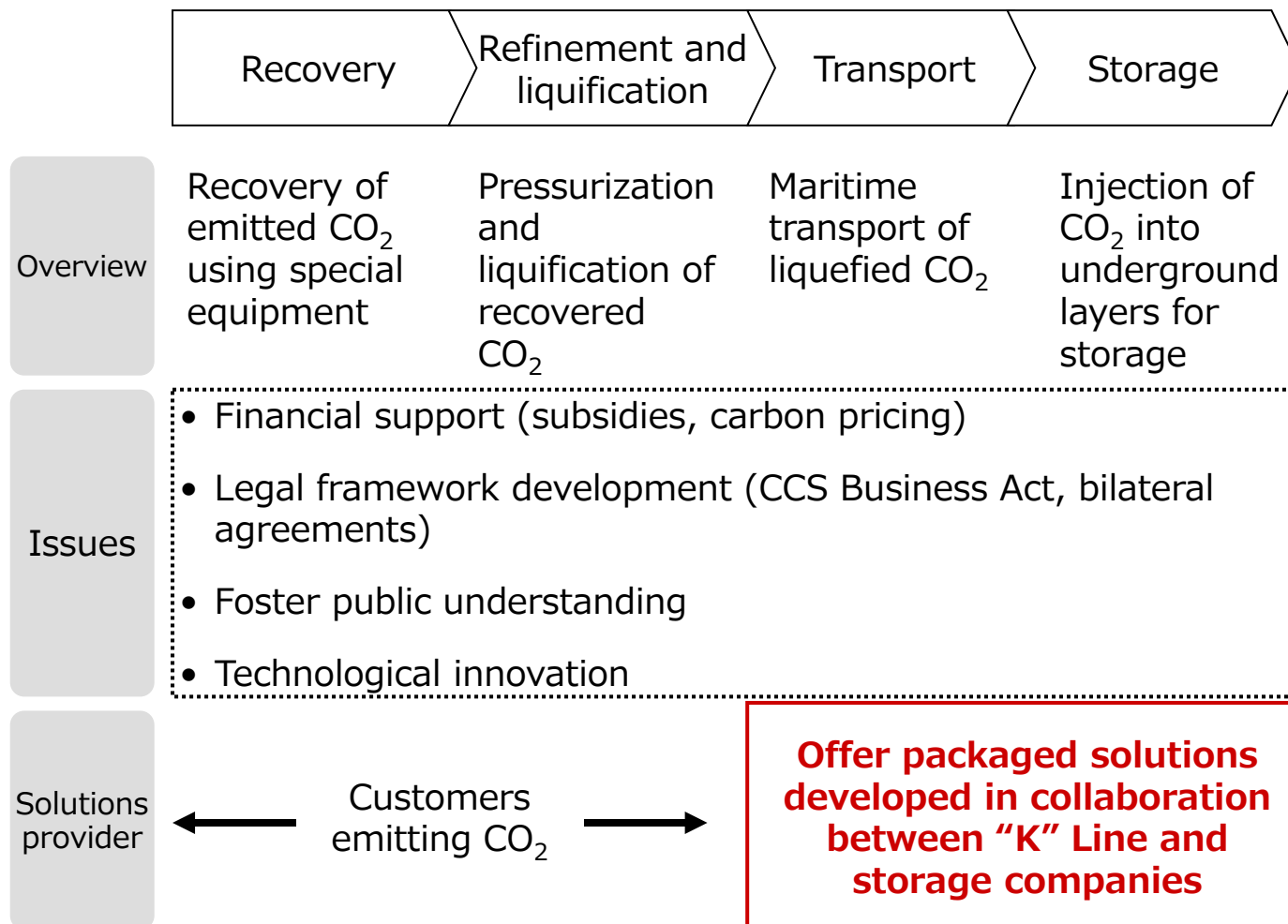
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"K" Line aims to be recognized as the best partner for CCS projects, collaborating with customers from the project inception stage to go beyond liquified CO₂ transport and offer packaged solutions, including storage

"K" Line value proposition



Measures for delivering value proposition

Transport

- Build operational track record through Northern Lights project
- Systemize transport know-how for both Northern Lights's medium-temperature, medium-pressure CO₂ transport as well as for low-temperature, low-pressure transport developed through NEDO's experimental feasibility tests

Storage

- Systemize and laterally share know-how on connecting emission source and storage site, ship-shore compatibility at loading/discharging ports and cargo handling operation.
- Strengthen partnerships with storage companies

Alliance Strategy

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In March 2024, "K" Line and Nippon Gas Line announced joint-venture agreement. Aim to provide efficient maritime transport service for liquified CO₂ integrating ocean-going transport and coastal transport seamlessly

Lead in ocean-going transport



Provide ocean-going transport operational know-how and operation quality

- Take the lead in conducting risk assessment and making operational manuals for liquified CO₂ transport vessels using operational know-how accumulated in Northern Lights project
- Continue to develop safe operations technology for liquified CO₂ transport vessels by utilizing the knowledge gained from domestic and overseas projects.



Lead in coastal transport



Develop operational and loading/unloading technology for coastal transport ships

- Leverage more than 60 years of experience in construction, owning and operation of pressurized gas carriers, as Japan's only operator specializing in domestic LPG carriers
- Utilize this experience to develop optimal transport methods for liquified CO₂ and loading/discharging techniques

Established Nippon LCO₂ Shipping, Ltd. in May 2024
Plan to provide seamless and efficient liquified CO₂ transport services integrating ocean-going transport and coastal transport

Earnings Plan

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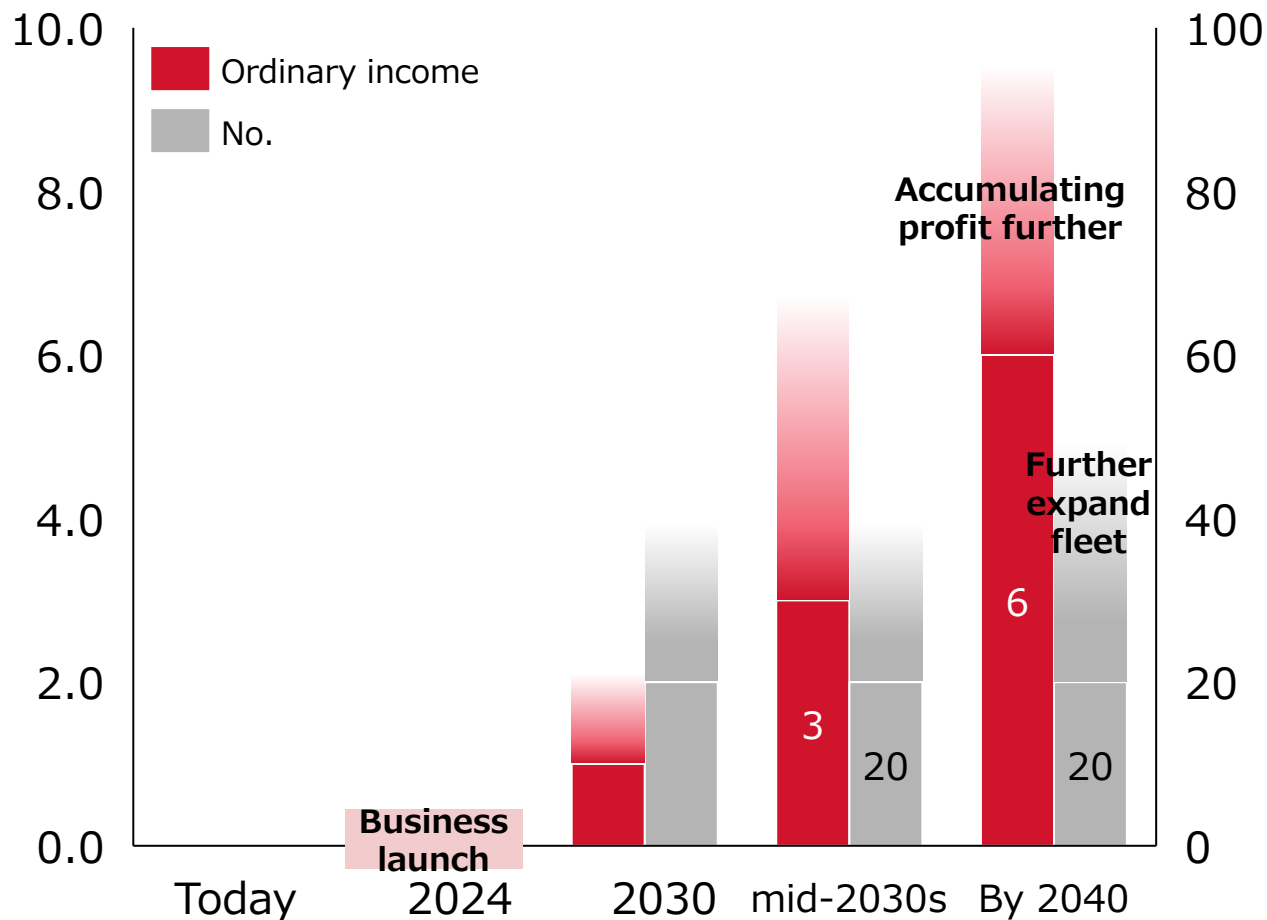
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Ordinary income target of 3.0~6.0 billion yen in mid-2030s. To meet ordinary income target, "K" Line will aim at a fleet of 20 or more vessels

Ordinary income target for
liquified CO₂ transport
business (billion yen)

Number of liquified CO₂
transport vessels (vessels)



Mid-2030
target

Number of liquified
CO₂ transport vessels
20 or more

Investment Plan and Policies

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By 2026, a total investment of approx. 90.0 billion yen into projects for emission reduction and decarbonization, with a policy of focusing on long-term, stable projects and without relaxing investment discipline

Investment approach



Long-term stable strategy

Focus on low-risk, long-term stable projects due to the positioning of liquified CO₂ transport business

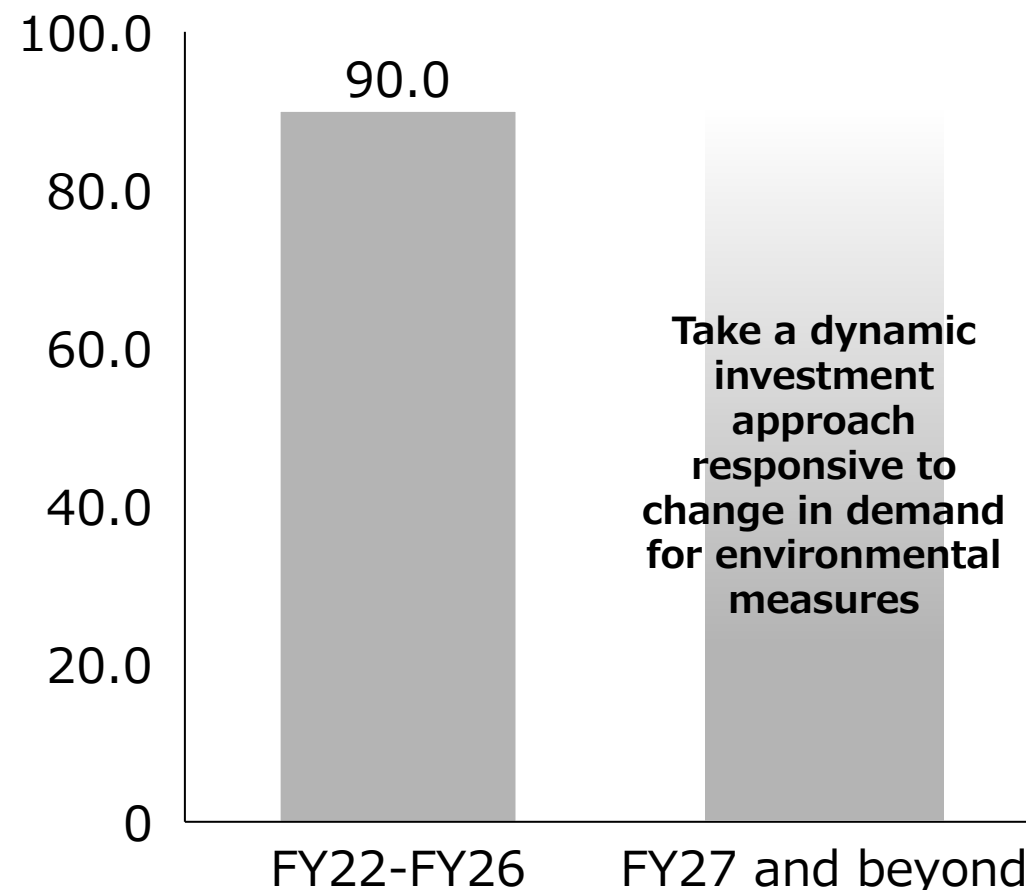


Investment at time of securing project

Avoid risk of free vessels by placing shipbuilding orders when long-term contract project is secured instead of speculative advanced orders

Cumulative investment

Cumulative investment in for emission reduction and decarbonization (billion yen)



Key Points of Briefing

In order to contribute to society's emission reduction and decarbonization, establish a business structure to achieve earnings of **5.0-10.0 billion yen by mid-2030s by working on four businesses for emission reduction and decarbonization**

LNG and CCS are essential to achieving net zero. Liquefied CO₂ transport business in support of CCS is **a particularly appealing business from the viewpoints of its importance to society and to "K" Line**

In mid-2030s, the market size of the liquefied CO₂ transport vessel business is forecast to increase to a size equivalent to 200 vessels. **We aim at a fleet of 20 or more vessels by building track record and systemizing know-how etc. through Northern Lights project, the world's first project of its kind.**

We have set an earnings target of 3.0~6.0 billion yen in mid-2030s for the liquefied CO₂ transport business. We will aim to further expansion of business scale by dynamically grasping changes in demand for environmental measures, while maintaining our investment discipline

At the same time, rather than focusing solely on the liquefied CO₂ transportation business, **we aim to form a well-balanced business portfolio** that includes hydrogen/ammonia transport business, offshore wind turbine support vessel business, etc.

AGENDA

Opening Remarks

Car Carrier Business

Coal & Iron Ore Carrier Business

LNG Carrier Business

Projects for emission reduction and decarbonization

Closing Remarks

Key Points of Briefing

1

We aim to generate ordinary income of 110.0 billion yen + α by 2030, the earnings target announced with the FY2023 financial report

2

To achieve 110.0 billion yen in ordinary income, we will **steadily promote our growth strategy for three core businesses driving our growth** by viewing emissions reduction and decarbonized society, both internally and externally, as business opportunities

3

Further, in business areas where we can leverage "K" Line's core strengths, we will **promote discontinuous growth** to boost profits even beyond the stated target

【Disclaimer】

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

You are requested to make investment decisions using your own judgment.

【Forward-looking statements】

This material contains forward-looking statements concerning future plans and forecast, these statements are based on information currently available.

Furthermore, “K” LINE therefore cautions readers that actual results may differ materially from economic conditions, supply and demand in the shipping industry, price of bunker, foreign currency exchange rates.

