Financial Highlights Brief Report for 2nd Quarter FY2023

November 2nd, 2023

"K" LINE
KAWASAKI KISEN KAISHA, LTD.

Index

A. Financial Highlights for 2nd Quarter FY2023

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A-１： Financial Results for 2nd Quarter FY2023

Financial Results for 2nd Quarter FY2023

(billion yen)

Operating Revenues and Profit	FY2023			FY2022		As of Aug 2, 2023	
	1Q	2Q	1H (a)	1H (b)	(a)-(b)	1H (c)	(a)-(c)
Operating Revenues	222.2	236.7	458.9	482.8	-23.9	451.0	7.9
Operating Income/loss	19.6	25.0	44.6	52.9	-8.3	43.5	1.1
Ordinary Income/loss	49.1	36.1	85.2	567.5	-482.2	70.0	15.2
Net Income/loss Attributable to Owners of Parent	38.5	24.6	63.1	565.4	-502.2	55.0	8.1
Eachange Rate(¥/$)	¥135.81	¥144.05	¥139.93	¥131.56	¥8.37	¥137.07	¥2.86
Bunker Price(/MT)	$609	$602	$605	$850	-$245	$605	-$0

Key Financial Indicators

(billion yen)

Indicators	FY2023-2Q (c)	FY2022 (d)	(c) - (d)
Equity Capital	1,583.7	1,515.3	68.3
Interest Bearing Liability	357.0	351.6	5.3
DER	23%	23%	-1point
Equity Ratio	74%	74%	-

Key Factors (year-on-year comparison)

- Operating income/loss decreased due to Dry Bulk market conditions softening because of the dissipated impact of COVID-19 pandemic such as easing of port congestion, despite improvements in Car Carrier Business due to an increase in the number of vehicles handled.
- For Containership Business operated by equity-method affiliate OCEAN NETWORK EXPRESS PTE. LTD. (ONE), cargo movements have not been seen to be strong, in addition to market conditions being in the process of normalization, and ordinary and net income/loss declined as a result.

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A-2 : Financial Results for 2nd Quarter FY2023 by Segment

Financial Results for 2nd Quarter FY2023 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/loss)	FY2023 1Q	FY2023 2Q	FY2023 1H (f)	FY2022 1H (g)	FY2022 (f)-(g)	As of Aug 2, 2023 1H (h)	As of Aug 2, 2023 (f)-(h)
Dry Bulk	72.5	65.0	137.5	171.5	-33.9	143.0	-5.5
	1.5	1.3	2.8	24.8	-21.9	3.0	-0.2
Energy Resource Transport	23.6	27.8	51.4	50.7	0.6	47.0	4.4
	2.4	2.7	5.2	8.9	-3.6	3.5	1.7
Product Logistics	123.1	141.4	264.6	254.6	9.9	256.0	8.6
	45.9	33.9	79.8	536.9	-457.0	66.5	13.3
Containership	10.2	19.0	29.2	24.4	4.8	24.5	4.7
	25.5	10.7	36.2	504.7	-468.4	28.5	7.7
Other	2.8	2.4	5.3	5.9	-0.5	5.0	0.3
	0.7	0.3	1.1	0.5	0.6	1.0	0.1
Adjustment	-	-	-	-	-	-	-
	-1.6	-2.2	-3.8	-3.6	-0.1	-4.0	0.2
Total	222.2	236.7	458.9	482.8	-23.9	451.0	7.9
	49.1	36.1	85.2	567.5	-482.2	70.0	15.2

Key Factors by Segment (year-on-year comparison)

Dry Bulk

- The Cape market softened as a result of the vessel supply-demand balance deteriorating due to further easing of port congestion in addition to a delay in actual demand recovery in China. However, the market has recently improved due to expectations for the recovery of domestic steel demand in China and seasonal factors.
- Market conditions for Panamax and smaller sizes deteriorated due to factors such as a decrease in coal and steel transport to remote locations such as Europe. However, they have recently improved due to port congestion caused by increased demand for grain transport and utilization rates being lowered by seasonal factors such as the Panama Canal drought.

Energy Resource Transport

- LNG Carrier, Thermal Coal Carrier, VLCC (Very Large Crude Carrier) and LPG Carrier Businesses secured stable profits backed by medium- to long-term charter contracts.
- Meanwhile, income decreased year on year due to factors such as the reorganization of vessels in operation conducted in the previous fiscal year.

Product Logistics

- In Car Carrier Business, the recovery trend continued as supply shortages for semiconductors and auto parts eased, along with a gradual decrease in their impact on vehicle production and shipments.
- We continue efforts to restore freight rates and improve operational efficiency.
- In Containership Business, the rising trend in market conditions did not continue due to the lack of strength in the recovery of cargo movements even in peak season, and the delivery of new vessels.
- Although ONE secured a profit through blank sailings and streamlining of service, income decreased significantly year on year.

*The allocation method for SG&A expenses has been partially changed from FY2023. FY2022 actual figures for comparison were also created using the method after the change.

B. Forecasts and Initiatives for Fiscal Year 2023

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B-１：Forecasts for FY2023 and Key Factors

Forecasts for FY2023

(billion yen)

Operating Revenues and Profit/Loss	FY2023					FY2022		vs. the announced on Aug 2, 2023	
	1Q	2Q	1H	2H Forecast	Total (i)	Total (j)	Y-o-Y (i)-(j)	Total (k)	(i)-(k)
Operating Revenues	222.2	236.7	458.9	471.1	930.0	942.6	-12.6	900.0	30.0
Operating Income/Loss	19.6	25.0	44.6	47.4	92.0	78.8	13.2	89.0	3.0
Ordinary Income/Loss	49.1	36.1	85.2	49.8	135.0	690.8	-555.8	135.0	-
Net Income/Loss Attributable to Owners of Parent	38.5	24.6	63.1	41.9	105.0	694.9	-589.9	120.0	-15.0
Exchange Rate(/$)	¥135.81	¥144.05	¥139.93	¥141.60	¥140.76	¥135.07	¥5.70	¥136.04	¥4.73
Bunker Price(/MT)	$609	$602	$605	$644	$624	$769	-$145	$613	$11

Key Factors (year-on-year comparison)

- Operating income is expected to increase by 13.2 billion yen compared to FY2022. This is based on steady performance anticipated for Car Carrier Business, despite the softening of the dry bulk market.
- Although market conditions deteriorated more than anticipated in Containership Business, the forecast for ordinary income/loss was maintained at 135.0 billion yen due to solid performance of Car Carrier Business.
- Net income is forecast to be 105.0 billion yen due to the impact of temporary factors.

Key factor assumption

- Yen-US$ exchange rate ¥140.76/$
  (average for FY2023)
- Bunker Price $624/MT
- Market Assumption
  Please refer to Appendix

Estimates Sensitivity (3Q~4Q 6 months)

- Yen-US$ rate: each ¥1 weaker (stronger) adds (subtracts) ± ¥0.9 bln
- Bunker price: each $10/mt down (up) adds (subtracts) ± ¥0.02 bln

*Exchange rate fluctuations related to equity in earnings of subsidiaries, "ONE" is included.

Shareholder's return

Dividend : The interim dividend is expected to be 100 yen per share, and the year-end dividend of 100 yen per share continues to be planned. The annual dividend of 200 yen per share is planned.

Additional return :

With regard to the buy-back announced on August 3, 2023, we have implemented a buy-back of 11,676,000 shares with a total value of 56.2 billion yen as announced on October 18. In principle, the shares repurchased will be cancelled.

➡ details : C-6

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B-２：Forecasts for FY2023 by Segment

Forecasts for FY2023 by Segment

(billion yen)

Business Segment (Upper row:Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2023 1Q	FY2023 2Q	FY2023 1H (m)	FY2023 2H Forecast	FY2023 Total (n)	FY2022 Total (o)	FY2022 (n)-(o)	vs. the announced on Aug 2, 2023 Total (p)	vs. the announced on Aug 2, 2023 (n)-(p)
Dry Bulk	72.5	65.0	137.5	136.5	274.0	312.2	-38.2	265.0	9.0
	1.5	1.3	2.8	5.7	8.5	19.1	-10.6	9.0	-0.5
Energy Resource Transport	23.6	27.8	51.4	49.6	101.0	100.2	0.8	95.0	6.0
	2.4	2.7	5.2	2.8	8.0	9.0	-1.0	8.0	-
Product Logistics	123.1	141.4	264.6	280.4	545.0	519.7	25.3	530.0	15.0
	45.9	33.9	79.8	45.2	125.0	669.9	-544.9	125.0	-
Containership	10.2	19.0	29.2	26.8	56.0	49.3	6.7	52.0	4.0
	25.5	10.7	36.2	6.8	43.0	608.8	-565.8	49.0	-6.0
Other	2.8	2.4	5.3	4.7	10.0	10.3	-0.3	10.0	-
	0.7	0.3	1.1	-0.1	1.0	0.8	0.2	1.0	-
Adjustment	-	-	-	-	-	-	-	-	-
	-1.6	-2.2	-3.8	-3.7	-7.5	-8.0	0.5	-8.0	0.5
Total	222.2	236.7	458.9	471.1	930.0	942.6	-12.6	900.0	30.0
	49.1	36.1	85.2	49.8	135.0	690.8	-555.8	135.0	-

Key Factors by Segment (year-on-year comparison)

Dry Bulk

- Although there are causes for concern such as the uncertain outlook for the Chinese economy and economic stagnation caused by inflation and high interest rates centered on Europe and the United States, market conditions are expected to remain firm due to tighter vessel supply and demand against the backdrop of limited delivery of new vessels.

Energy Resource Transport

- LNG Carrier, Thermal Coal Carrier, VLCC (Very Large Crude Carrier), and LPG Carrier Businesses are expected to secure stable profits backed by medium- to long-term charter contracts.

Product Logistics

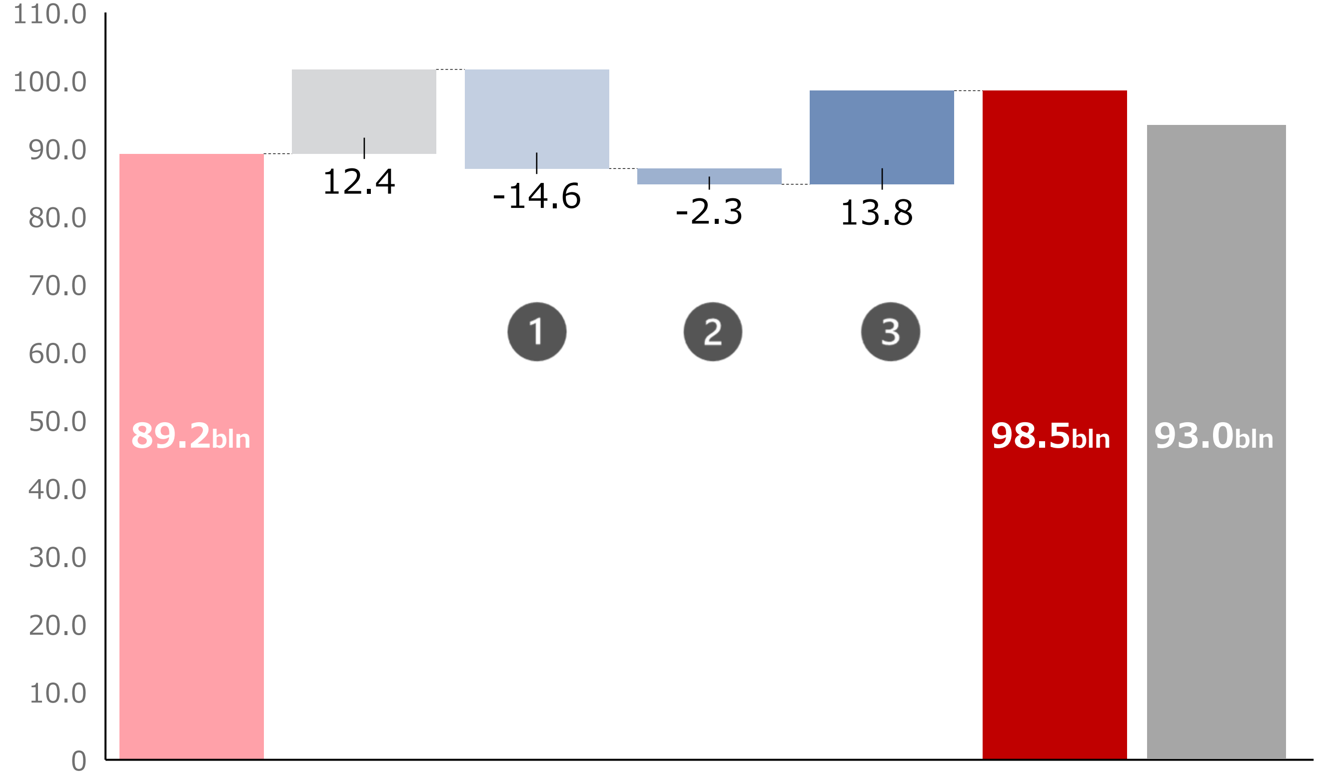
- As global economic activity returns to normal, the supply-demand balance is expected to remain tight in Car Carrier Business due to the recovery in vehicle production and shipments associated with improvements in the supply of semiconductors and auto parts.
- We will continue to promote fleet optimization and improve vessel operation and deployment efficiency.
- In Containership Business, cargo volumes are expected to gradually recover toward the second half of the fiscal year. However, the business environment is expected to remain harsh in the second half due to seasonal factors in addition to inventory remaining high in European and American consumer countries and the increase in vessel supply resulting from new vessels.
- ONE will continue to implement flexible responses to fluctuations in demand.

*The allocation method for SG&A expenses has been partially changed from FY2023. FY2022 actual figures for comparison were also created using the method after the change.

B. Forecasts and Initiatives for Fiscal Year 2023

B-３：Key Factors for “K” Line’s Own Businesses in FY2023 (Full-year results comparison with the previous year)

Ordinary Income/Loss (billion yen)	FY2022	Temporary Factors*	Dry Bulk	Energy Resource Transport	Product Logistics (excl. Containerships)	FY2023 Forecast	FY2023 Forecast (announced on Aug 2, 2023)
		12.4bln	-14.6bln	-2.3bln	13.8bln		



Market conditions, cargo demand and other business measures etc.

Total -3.1bln

- Dry Bulk : -14.6bln
- Energy Resource Transport : -2.3bln
- Product Logistics : 13.8bln

① Dry Bulk

- Although softening of market conditions compared to fiscal 2022 has some impact, we will work on profitability improvement measures, such as enhancing vessel operation efficiency and reducing costs.
- We will secure stable earnings by continuing and increasing the number of medium- to long-term contracts.
- Given the growing need for environmental measures, we will actively promote sales activities that make the most of our strong business foundation and high transport service quality. We will expand stable earnings by adding more medium- to long-term contracts and implement appropriate risk control.

② Energy Resource Transport

- We will ensure stable earnings in line with expectations through medium- to long-term contracts.

③ Product Logistics (excl. Containership)

Car Carriers

- Improving profitability through rate restorations
- We will continue efforts to optimize our fleet and enhance vessel operation and deployment efficiency
- While geopolitical risks and the possibility of global economic recession remain for the automobile sales market worldwide, vehicle production and shipments are expected to continue recovering from the previous year. This is due to a greater supply of semiconductors and auto parts, as economic activities return to normal.

Short sea and coastal/Port /Logistics

- In the short sea and coastal transport business, market conditions are expected to remain sluggish. Accordingly, we will continue to appropriately manage market exposure and work to improve vessel operation efficiency, while reducing costs.

*Temporary factors: Mainly the impact of foreign exchange factors
*The allocation method for SG&A expenses has been partially changed from FY2023. FY2022 actual figures for comparison were also created using the method after the change.

C. Status and Progress of Medium-term Management Plan

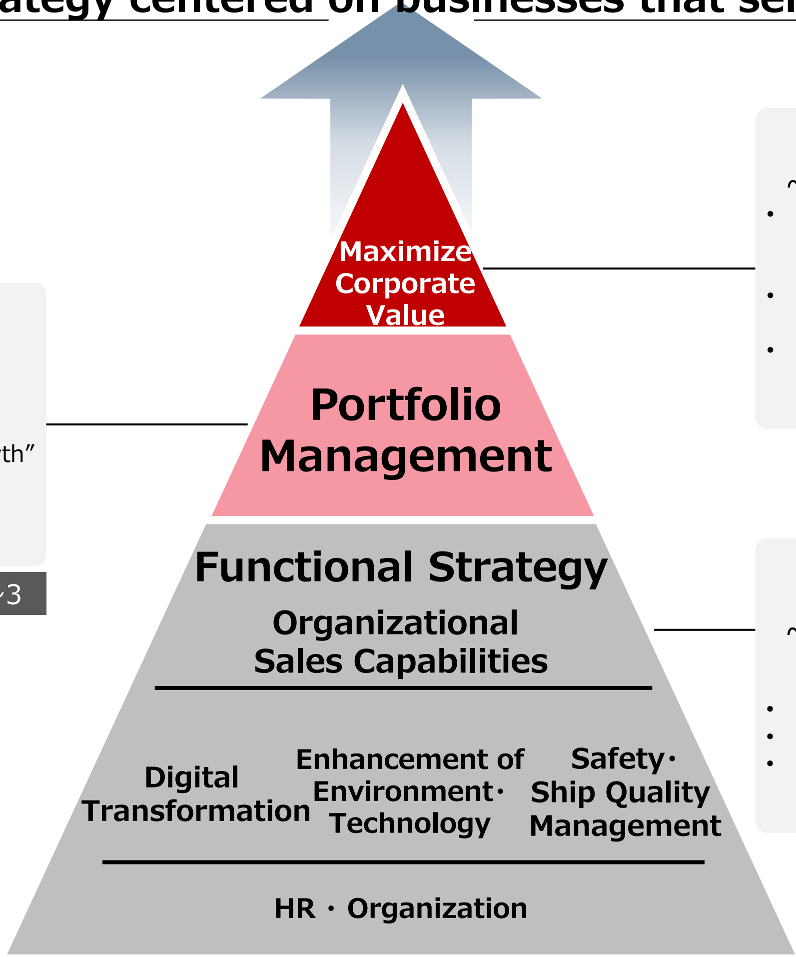
"K" LINE KAWASAKI KISEN KAISHA, LTD.

C-1 : Key Points of the Medium-term Management Plan

We will steadily implement the business strategy, capital policy, and functional strategy outlined in the Medium-term Management Plan to achieve further growth and improvement of corporate value

Further growth and improvement of corporate value

We will raise the target of 140.0 billion yen for ordinary income set in the Medium-term Management Plan and consider growth strategy centered on businesses that serve a "role of driving growth*



Business Strategy

~Enhancing profitability~

- Growth strategy using emissions reduction and decarbonization as opportunities
- Investment concentrated on the "role of driving growth" and "environment"
- Initiatives for improvement on business portfolio

➡ details : C-2～3

Capital Policy

~Realizing maximization of corporate value~

- Optimal capital structure (Aiming for both financial soundness with an awareness of business risks and capital efficiency)
- Cash allocation (optimizing growth investment and shareholder's return)
- Further enhancement of business management (executive management, investment management, and business value management for each business)

➡ details : C-4～6

Functional Strategy

~Strengthening of business strategy through synergies between businesses~

- Polishing up technology and expertise
- Organizational sales capabilities
- Securing and developing quantity and quality of human resources

*Role of driving growth: Coal/Iron Ore, Car Carriers and LNG Carriers

C-2 :【Business Strategy】Coal & Iron Ore Carriers and Car Carriers Growth Strategy Progress

Coal/Iron Ore

With the aim of sustained earnings growth, we have secured long-term contracts with steel mills in India and the Middle East expected to experience growth in future along with major resource companies, while leveraging customer-oriented and environmental sales to maintain and strengthen relationships with Japanese and Korean steel mills.

Demand and Supply

- Uncertainties such as the unclear outlook for the Chinese economy and economic stagnation caused by inflation and high interest rates centered on Europe and the United States.
- The industry as a whole is determining the direction of fuel conversion, and delivery of new vessels will be limited for some time. The supply of vessels will remain flat or slightly decrease partially due to the decommissioning of aging vessels (large volume of delivery in 2010-12).
- It is anticipated that there will be around 100–110 vessels in FY30, and we will aim for sustained earnings growth from FY26 onwards.

Recent responses and progress

- As a result of strengthening of environmental sales, decarbonization meetings have been periodically held since the conclusion of MoU on joint research and comprehensive discussions on decarbonization measures (JSW Steel (India), EGA (UAE), Anglo American (UK)) in FY2022. We are accelerating efforts aimed at specific implementation.
- Against the backdrop of continually high ship prices, shippers have postponed fuel conversion and are determining the timing to order our new environmentally friendly vessels.
- We have developed and applied for a patent for an AI-based application for automatically calculating draft and the CHRONUS system for automatic creation of laytime statements on dry bulk carriers. This will lead to strengthening of customer service through a DX approach.

Car Carriers

Against a backdrop of robust demand, we have perceived environmental measures and pursuing high-and-heavy*2 cargo to be opportunities and realized sustained business management.

Demand and Supply

- Marine transport demand is expected to continue to grow steadily due to the recovery in the number of units sold worldwide and the rapid increase in Chinese exports.
- We will monitor future cargo movements with regard to the investigation of subsidies for Chinese EVs by EU authorities.
- The number of new vessel deliveries will increase from 2024, but the supply shortage will continue into 2026 due to factors such as slow steaming due to environmental regulations, decommissioning of aging vessels, and port congestion, in addition to an increase in cargo movements.

Recent responses and progress

- Securing transport capacity and responding to increased demand for existing finished vehicle OEMs*3
- Establishment of a competitive fleet by improving vessel deployment efficiency and increasing size through vessel replacement
- Further strengthen attraction of high-and-heavy cargo to match increase in high-and-heavy cargo capacity
- Strengthening of fleet of LNG-fueled vessels aimed at the expansion of transport capacity and the achievement of emissions reduction and decarbonization targets (decisions made for procurement and delivery of one vessel in FY23, four vessels in FY24, and five vessels in FY25)
- The number of "K" LINE's vessels was 79 at the end of September 2023. We will establish a fleet according to forecast transport demand centered on existing finished vehicle OEMs. Strengthening fleet of environmentally friendly vessels aimed at achievement of emissions reduction and decarbonization targets
- Start of consideration of introduction of next-generation zero-emission vessels and new technologies
- Start of discussions with customers about environmental measures including the response to EU-ETS*3

*1 laytime statements : statements recording laytime and actual duration of loading/discharging to calculate demurrage and dispatch *2 High＆Heavy： Oversized cargo such as construction and agricultural machinery, and rail vehicles
*3 OEM(Original Equipment Manufacturing)： meaning auto manufacturers in this document *4 EU-ETS： EU Emission Trading System

C. Status and Progress of Medium-term Management Plan

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C-3 :【Business Strategy】LNG Carriers and New Business Areas Growth Strategy Progress

LNG Carrier

To achieve growth through expansion of stable earnings, we will team up with reliable partners and expand long-term contracts to meet customers' needs through "K" LINE's strength of customer support combining maritime technology and sales.

Demand and Supply

- LNG demand is forecast to steadily increase by toward 2030 and 2040.
- In terms of the supply of vessels, new orders are increasing in anticipation of steady growth in LNG transport demand, and shipbuilding capacity is tight.
- Tight supply-demand balance will continue due to market growth.
- The number of vessels is increasing steadily from 44 in FY22 (actual) to 67 in FY26 (target), with a view to having a fleet of 75 or more vessels in FY30. Aiming for growth from the medium-term management plan period onward

Recent responses and progress

- Steadily secured contracts to secure stable earnings. Concluded a long-term contract with DGI (May). Negotiations are also progressing steadily with other customers in Japan and overseas.
- All three vessels of the mid-sized LNG series to operate on the routes between Malaysia and China for PETRONAS Group were delivered by Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. by September.
- Established KME (K LINE MARINE & ENERGY PTE. LTD.) in Singapore this June. Also started assigning marine superintendents in China. Implementation of sales activities combining marine and land in proximity to the market

New Business Areas

We plan to enter new business areas contributing to reducing emissions and decarbonization of society by utilizing the abundant experience and expertise developed in the maritime shipping industry based on the Medium-term Management Plan.

Participating in liquefied CO2 transport business

- From the second half of 2023, we will work to contribute to the realization of decarbonization of society by obtaining expertise on ship management in Northern Lights, which is the world's first full-scale CCS*1 project, and the low-temperature, low-pressure CO2 carrier in the NEDO*2 demonstration test.
- In Japan, many consortiums have begun considerations aimed at acquiring the advanced CCS project by METI*3 and JOGMEC*4. "K" LINE is also considering the creation of a variety of transportation networks and supply chains.

Offshore support vessel business for offshore wind power installations

- In 2022, we signed an MOU for collaboration with Penta-Ocean Construction in the area of offshore wind power construction and maintenance and are continuing to consider.
- We were chosen for NEDO's demonstration project aimed at lowering costs of offshore wind power and aim to formulate construction guidelines for floating offshore wind power in Japan.

Participating in hydrogen and ammonia transport business

- Agreed to collaborate with the aim of establishing marine transport of liquefied hydrogen through investment in JSE Ocean to build an international hydrogen supply chain mainly using marine transport (September 2023).

*1 CCS: Carbon Capture and Storage
*2 NEDO: New Energy and Industrial Technology Development Organization
*3 METI: Ministry of Economy, Trade and Industry
*4 JOGMEC: Japan Organization for Metals and Energy Security

C-4【Capital Policy】: Relationship between initiatives aimed at corporate value improvement and PBR

Aim for a PBR of 1.0 or more through initiatives aimed at corporate value improvement

Cultivate market expectation for improving corporate value based on improving profitability and medium- to long-term value creation

Breakdown of PBR components

Price Book-value Ratio

$$PBR = \frac{\text{Stock Market Capitalization}}{\text{Net Asset Amount}}$$

Expectation for Corporate growth expectations

$$PER = \frac{\text{Stock Price}}{\text{Net income per share}}$$

×

Profitability and efficiency of management

$$ROE = \frac{\text{Net Income}}{\text{Shareholders' Equity}}$$

Enhancing earning power

- Growth strategy using emissions reduction and decarbonization as opportunities
- Investment to the "role of driving growth" and "environment"
- Initiatives aimed at business portfolio improvement

Optimal capital structure

- Optimal capital structure (Aiming for both financial soundness with an awareness of business risks and capital efficiency)
- Cash allocation (optimizing growth investment and shareholder's return)

Enhance Corporate Governance

Further Advancement of Business Management

- Strengthen business-specific executive management with awareness of capital costs and cash flow
- As an enhancement of investment management, maintaining and enhancing investment discipline by introducing business investment management
- Promote portfolio management by business value management with focus on future cash flow

Strengthening IR Strategy

- Strengthening IR strategy to improve corporate value
- Promotion of dialogue with stakeholders, including continuing to hold business briefing
- Enhancement of information disclosed

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C-5【Capital Policy】: Capital Policy Progress and Corporate Value Improvement

Promoting further enhancement of corporate value by steadily implementing key items listed in the Capital Policy section of the Medium-Term Management Plan

Enhancing earning power

- Profit growth that satisfies the cost of capital based on the business strategy defined in the medium-term management plan
- **Progress made with a view to early achievement of the Medium-term Management Plan target of 140.0 billion yen in ordinary income**
- **Steady progress toward 1.2 trillion yen in operating CF**
- **To further enhance earning power, we will raise the target of 140.0 billion yen for ordinary income and consider growth strategy centered on businesses that serve a "role of driving growth"**

Operating CF 1,200 billion yen*

Investment plan (promotion of investment for growth)

- Making investments necessary to improve corporate value without relaxing investment discipline
- **We will achieve growth by enhancing investment in businesses serving the role of driving growth and environmental investment taking advantage of emissions reduction and decarbonization opportunities based on business and functional strategies.**

Investing CF 630.0 billion yen*

Shareholder return policy

- In addition to planning the previously announced annual dividend of 200 yen per share, **we have implemented a share buy-back of 56.2 billion yen** in FY23
- For the remainder of the period of the medium-term management plan (now until FY26), in addition to the basic dividends, we will flexibly provide additional returns of 53.8 billion yen or more, and plan to provide returns of 500.0 billion yen or more in total throughout the cumulative period of the medium-term management plan (FY21–FY26)(as originally planned).
- With the improvement of capital efficiency in mind, we plan to continue a proactive and flexible shareholder return policy.

Shareholder return 500.0 billion yen～*

Corporate value improvement

- Maintaining **ROE of 10% or more** by improving capital efficiency and enhancing earning power
- By **strengthening IR activities**, we will promote dialogue with stakeholders and further raise awareness of our business growth strategy among investors. (Business briefings are scheduled to be held next year).

PBR aim for 1.0 or more

Promoting Further Advancement of Business Management

- Enhancing measures to improve business value by introducing new business-specific KPIs based on business-specific responsibility accounting, as part of business management with an awareness of capital costs and cash flows (WACC, ROIC, EVA, etc.)
- Strengthening business portfolio management and management with emphasis on cash flow.

FY26 Target ROIC 6.0～7.0%

Based on the Medium-Term Management Plan, we will promote the enhancement of "earning power" and strive to further improve corporate value by maintaining capital efficiency and financial soundness with an awareness of optimal capital structure and cash allocation.

*Planned cash allocation amount of Operating CF, Investing CF and total shareholder return during the medium-term management plan period (up to FY2026) announced in May 2023

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C-6【Capital Policy】: Shareholder's Return Policy

Regarding the total return amount of 500.0 billion yen or more during the period of the Medium-Term Management Plan, based on the shareholder return policy announced in May 2023, we will actively carry out appropriate dividends and flexible/responsive share buy-backs to increase shareholder value.

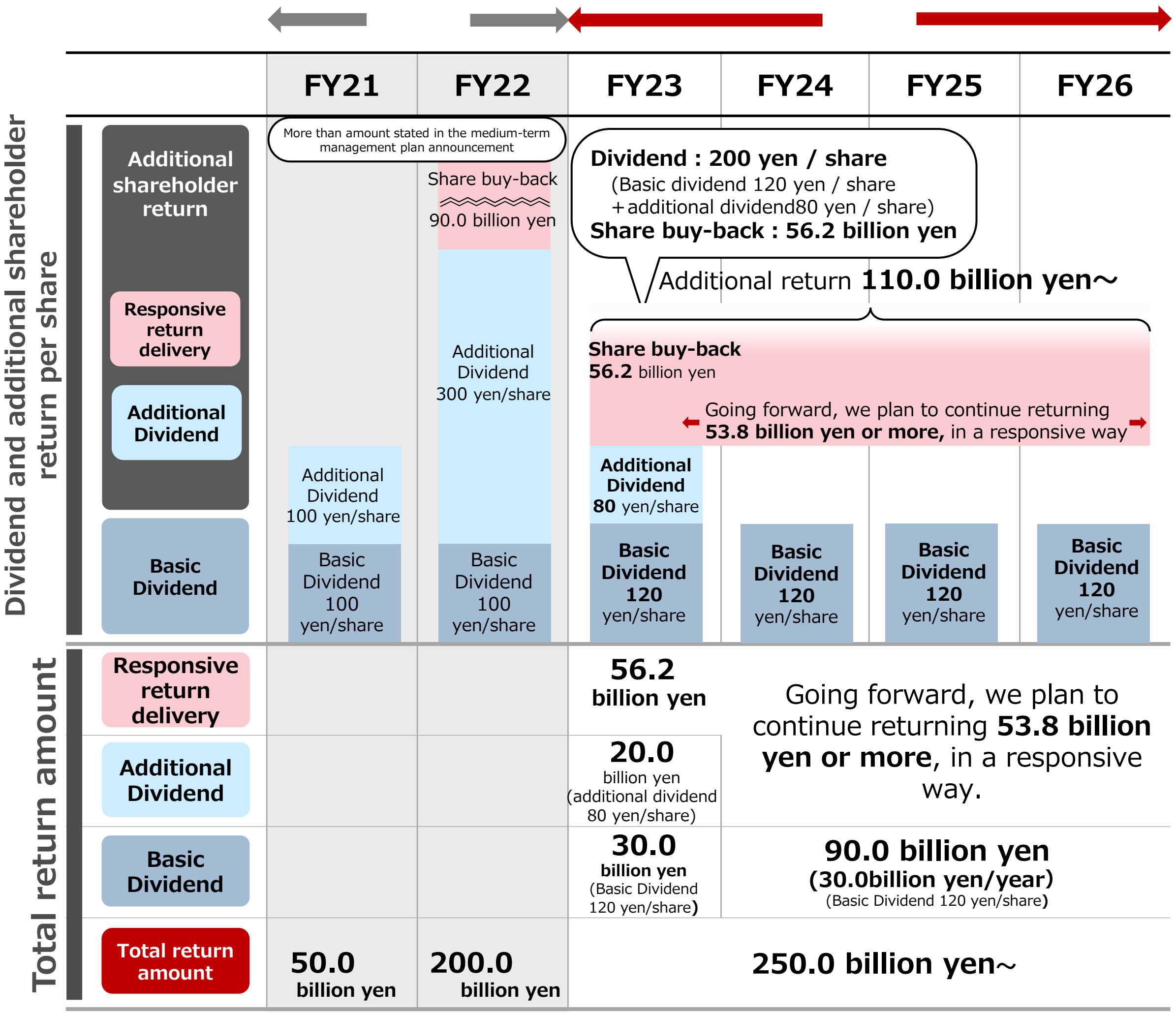
▮ Dividend **Actual**

Interim dividend of 100 yen per share paid in fiscal 2023
(Progressing as announced, with continued plans for an annual dividend of 200 yen per share)

▮ Share buy-back **Actual**

Buy-back of 11,676,000 shares with a total value of 56.2 billion yen completed (as originally planned).

- In principle, the shares repurchased will be cancelled.



During the period of the medium-term plan, we will continue to monitor performance trends, always be aware of the optimal capital structure, ensure the investments necessary to improve corporate value, and maintain financial soundness. Moreover, regarding the portion exceeding the appropriate capital, we will actively consider shareholder returns, including share buy-back, based on cash flow.

*For the details of share buy-back, please refer to "Notice Regarding the Status and Completion of Own Share Repurchase" announced on October 18, 2023.
*Dividend amounts are after taking the effect of stock split implemented on October 1, 2022 into consideration.

C-7 : Changes in the business environment

The global business environment will remain uncertain due to factors such as economic decoupling, continued concerns about downward pressure on the global economy, and energy policy developments in various countries

	Economic decoupling	Global economy	Energy policies
External Environment	• **Economic separation due to conflict between the United States and China, Russia's war in Ukraine, conditions in East Asia, and Israel and Palestine** • Continued **geopolitical risk**	• Stagnation of the global economy due to the continuation of national high interest rate policies • Business confidence in Europe and the United States, and trend in purchasing power • Slowdown of the Chinese economy	• **Fluidity in national energy policies** concerning target energy mixes, including renewable energy, nuclear power, and fossil fuels, etc. • Application of treaty on new CO_2 emission regulations to large ocean-going vessels
Anticipated Risks and Opportunities	• Concern about impacts on trade • Concern about impacts on resource supply	• Slowdown of the real economy due to rising procurement costs and other factors, and the negative impact on purchasing power • Continuation of global inflationary pressure	• Soaring energy prices • Future demand for transporting new fuels • Increase in benefits of environmentally friendly vessels due to restrictions on output of existing vessels and the necessity to make modifications to improve fuel efficiency • Impact of the expansion of industries covered by the EU-ETS*

Action Based on the Medium-term Management Plan

- Realizing growth by considering the emissions reduction and decarbonization of the Company and society as a business opportunity based on the long-term management vision
- Strengthening earning power through resource allocation according to the characteristics of each business based on the portfolio strategy
- Working with customers to respond to “changes in the business environment” and the “energy mix transition phase”
- Strengthening of safety and quality management systems as a shipping company supporting global social infrastructure

Appendix

Market Results and Assumption/ Market Exposure

Dry Bulk Market Results and Assumption

Dry Bulk Market	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
CAPE	$21,600	$13,700	$14,900	$9,150	$14,750	$15,550	$13,400	$20,000	$10,000	$14,750
PANAMAX	$25,300	$15,850	$14,700	$10,000	$16,350	$10,900	$10,550	$13,500	$12,000	$11,750
HANDYMAX	$28,900	$19,750	$14,850	$10,150	$18,300	$10,750	$10,050	$13,000	$11,000	$11,200
SMALL HANDY	$27,550	$18,700	$15,050	$9,700	$17,650	$10,400	$8,850	$11,500	$9,500	$10,050

Tanker Market Results and Assumption

World Scale (WS)	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
VLCC	46	71	95	65	69	59	50	55	55	55
(Middle East/Japan)	-$3,250	$32,250	$66,200	$50,350	$36,400	$43,450	$30,150	$32,000	$32,000	$34,400
AFRAMAX	167	214	254	206	210	159	124	153	166	151
(South Asia/Japan)	$18,000	$35,500	$55,000	$57,650	$41,550	$42,650	$25,150	$36,150	$40,000	$36,000

Transition of Fleet Scale

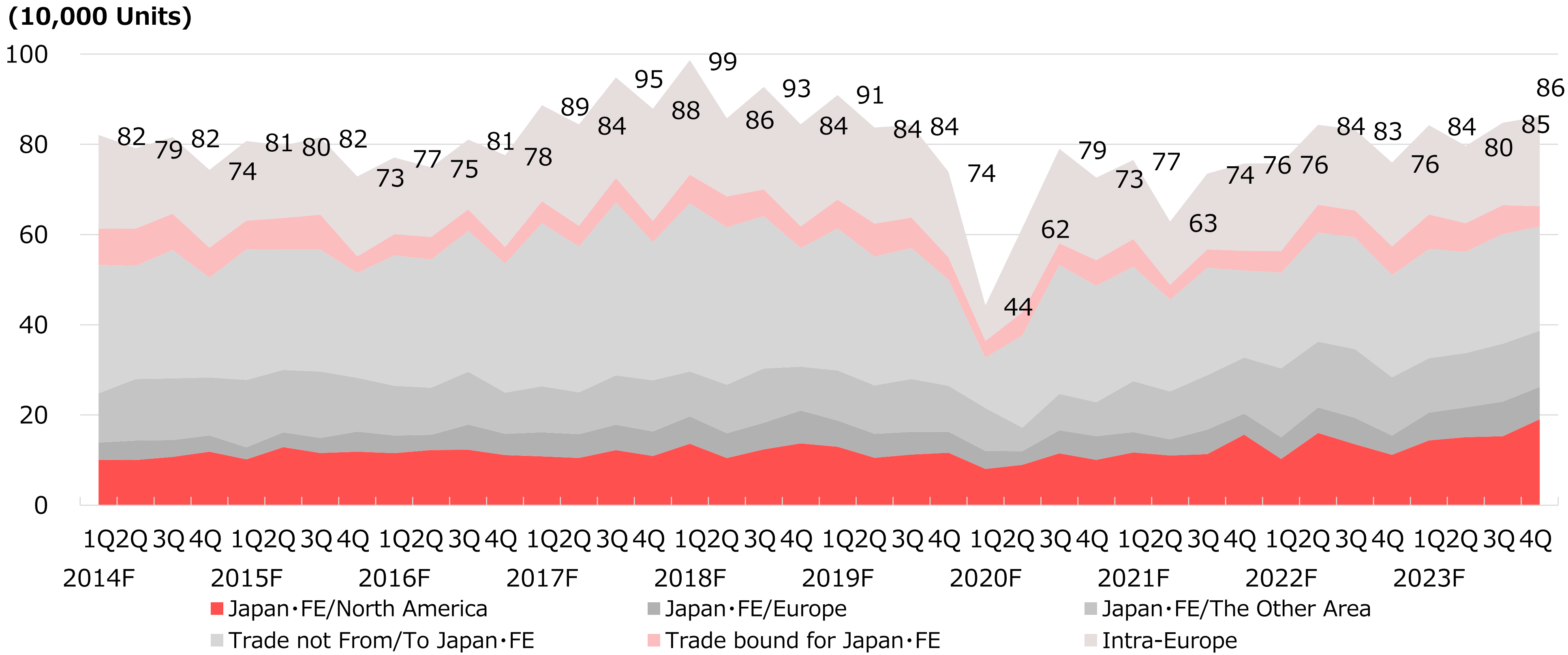
Vessel Type	FY2021	FY2022	FY2023-2Q
CAPE	88	85	86
Panamax and smaller size	80	87	80
Wood Chip Carriers	6	7	7
Total	**174**	**179**	**173**
VLCC	6	6	6
LPG Carriers	4	4	5
Other Tankers	5	2	2
Thermal Coal Carriers	31	28	26
LNG Carriers	43	44	45
Total	**89**	**84**	**84**

FY2023 : Market Exposure

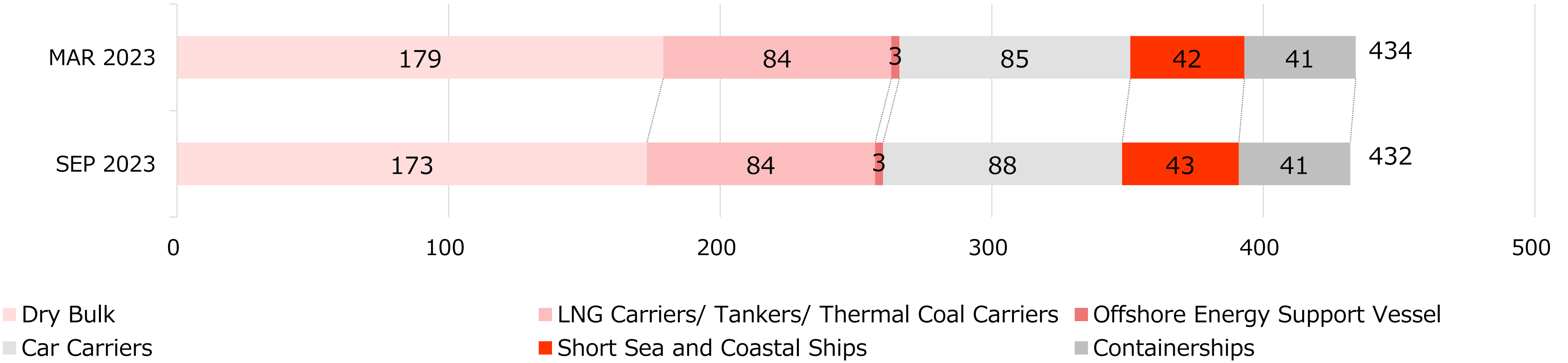
Vessel Type	Market Exposure
CAPE	17%
Panamax and smaller size	16%
Wood Chip Carriers	0%
VLCC	0%
LPG Carriers	0%
Thermal Coal Carriers	0%

Car Carriers Total Units Carried by Service Routes

Total Units Carried (1,000 units)	FY2022					FY2023				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
Outbound	303	362	346	283	1,295	326	337	358	387	1,408
Homebound	48	62	60	63	232	76	63	64	45	249
Others	212	242	248	227	929	242	225	243	231	941
Intra-Europe	195	177	179	186	737	198	171	183	199	751
Total Units Carried	758	843	832	760	3,193	842	796	848	862	3,348
Number of Fleet	87	87	86	86	86	87	88	89	91	91



"K" Line Group Fleet Composition



	SEP 2023						MAR 2023	
	Owned		Chartered		Total		Total	
Type of Vessel	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)
Dry Bulk	49	5,939,038	124	16,389,510	173	22,328,548	179	22,629,402
Thermal Coal Carriers	9	791,501	17	1,538,771	26	2,330,272	28	2,508,293
LNG Carriers	43	3,590,640	2	153,909	45	3,744,549	44	3,667,803
Tankers	10	1,926,320	3	410,808	13	2,337,128	12	2,280,625
Drilship	1	-	0	-	1	-	1	-
FPSO	1	-	0	-	1	-	1	-
LNG Bunkering Vessel	1	2,431	0	-	1	2,431	1	2,431
Car Carriers	32	456,088	56	1,007,567	88	1,463,655	85	1,413,796
Short Sea and Coastal Ships	24	206,881	19	166,639	43	373,520	42	405,678
Containerships	11	849,856	30	2,970,195	41	3,820,051	41	3,820,051
Total	181	13,762,755	251	22,637,399	432	36,400,154	434	36,728,079

* The number of owned vessels includes co-owned vessels, and deadweight tonnage includes share of other companies' ownership in co-owned vessels.
* Includes flagships and spot and/or short-term activities at the end of term.

"K" Line Group Vessels in Operation/New Building Delivery Schedule

"K" Line Group Vessels in Operation

Segment	Business/ Vessel Type		23-Mar	23-Sep
Dry Bulk		CAPE	80	80
		OVER PANAMAX	5	6
		PANAMAX	43	43
		HANDYMAX	39	35
		SMALL HANDY	5	2
		CHIP	7	7
	Total		**179**	**173**
Energy Resource Transport	Tankers	VLCC	6	6
		AFRAMAX	2	2
		Chemical Tnakers	0	0
		LPG Carriers	4	5
		Total	12	13
	LNG Carriers		44	45
	Thermal Coal Carriers		28	26
	Drillship		1	1
	FPSO		1	1
	LNG Bunkering Vessels		1	1
	Total		**87**	**87**
Product Logistics	Car Carriers	7,000 Units	17	17
		6,000 Units	39	41
		5,000 Units	10	11
		4,000 Units	4	4
		3,000 Units	6	6
		2,000 Units	4	4
		~2,000 Units	5	5
		Total	85	88
	Containerships	14,000TEU	12	12
		8,000TEU	13	13
		5,500TEU	4	4
		4,200TEU	7	7
		1,700TEU	5	5
		1,200TEU	0	0
		Total	41	41
	Short Sea and Coastal Ships		42	43
	Total		**168**	**172**
Grand Total			**434**	**432**

New Building Delivery Schedule

Number of Vessel	2023	2024	2025
CAPE	1	2	
OVER PANAMAX	1		
PANAMAX		1	
HANDYMAX		1	
LPG Carriers			
LNG Carriers	1		6
FPSO	1		
Liquefied CO2 Vessel		2	
Car Carriers (7,000 Units)	1	4	5
Short Sea and Coastal Ships	1	3	
Total	6	13	11

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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.

"K" LINE
KAWASAKI KISEN KAISHA, LTD.