



Financial Highlights Brief Report for 2nd Quarter FY2021

November 4th, 2021



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| A. Financial Highlights for 2nd Quarter FY2021

A-1 : Financial Results for 2nd Quarter FY2021

■ Financial Results for 2nd Quarter FY2021

(billion yen)

Operating Revenues and Profit/loss	FY2021			FY2020		as of Aug 4, 2021	
	1Q	2Q	1H (a)	1H (b)	(a)-(b)	1H (c)	(a)-(c)
Operating Revenues	174.7	182.8	357.6	300.1	57.5	340.0	17.5
Operating Income/Loss	2.4	7.8	10.2	- 10.2	20.4	9.0	1.2
Ordinary Income/Loss	88.4	149.6	238.0	10.0	228.0	200.0	38.0
Net Income/Loss Attributable to Owners of Parent	102.0	144.0	246.0	9.6	236.4	214.0	32.1
Exchange Rate(¥/\$)	¥109.80	¥109.99	¥109.90	¥106.82	¥3.07	¥108.33	¥1.57
Bunker Price(/MT)	\$479	\$514	\$497	\$353	\$144	\$503	-\$7

■ Key Financial Indicator

(billion yen)

Indicators	FY2021-2Q (d)	FY2020 (e)	(d)-(e)
Equity Capital	469.6	218.2	251.4
Interest-bearing liability	493.1	507.0	- 13.9
Cash and Cash equivalents at the end of period	94.6	130.0	- 35.4
DER	105%	232%	-127points
NET DER	84%	172%	-88points
Equity Ratio	39%(*)	22%	16points

*42%, including the subordinated loan with 50% equity credit from a rating agency

■ Key Factors

- ▶ Operating income/loss improved in the Dry Bulk segment and the Product Logistics segment including Car Carrier Business, due to recovery from the impact of the COVID-19 pandemic.
- ▶ Containership Business operated by equity-method affiliate OCEAN NETWORK EXPRESS PTE. LTD posted higher ordinary and net income as market conditions were stable amid robust cargo demand.

A-2 : Financial Results for 2nd Quarter FY2021 by Segment

Financial Results for 2Q FY2021 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2021			FY2020		As of Aug, 2021	
	1Q	2Q	1H (f)	1H (g)	(f)-(g)	1H (h)	(f)-(h)
Dry Bulk	59.7	71.9	131.6	88.0	43.6	125.0	6.6
	0.9	4.9	5.9	- 9.3	15.1	7.0	- 1.2
Energy Resource Transport	20.4	22.4	42.8	37.8	5.1	39.5	3.3
	0.9	- 0.0	0.8	3.4	- 2.6	1.5	- 0.6
Product Logistics	91.9	86.1	178.0	161.7	16.2	170.0	7.9
	88.8	149.3	238.1	18.7	219.4	195.5	42.6
Containerships	10.7	10.2	20.9	21.3	- 0.4	20.0	0.9
	87.7	147.8	235.5	21.5	214.0	192.5	42.9
Other	2.8	2.4	5.2	12.5	- 7.4	5.5	- 0.3
	- 0.1	- 0.0	- 0.1	0.6	- 0.7	0.0	- 0.1
Adjustment	-	-	-	-	-	-	-
	- 2.1	- 4.6	- 6.7	- 3.5	- 3.2	- 4.0	- 2.7
Total	174.7	182.8	357.6	300.1	57.5	340.0	17.5
	88.4	149.6	238.0	10.0	228.0	200.0	38.0

Key Factors by Segments

▶ Dry Bulk

- Market conditions remained robust due to the recovery of transportation demand along with economic activities in leading countries.

▶ Energy Resource Transport

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

▶ Product Logistics

- In Car Carrier Business, a semiconductor shortage has reduced production volumes, however, cargo volume continued to recover due to the declining impact of the pandemic.
- Containership market conditions remained stable due to strong cargo demand.

| B. Forecasts and Initiatives for FY2021

B- 1 : Forecasts for FY2021 and Key Factors

Forecasts for FY2021

(billion yen)

Operating Revenues and Profit/loss	FY2021					FY2020		Y-o-Y		As of Aug, 2021			
	1Q	2Q	1H (i)	2H Forecast	Total (j)	1H (k)	Total (l)	1H (i)-(k)	Total (j)-(l)	1H (m)	Total (n)	1H (i)-(m)	Total (j)-(n)
Operating Revenues	174.7	182.8	357.6	332.4	690.0	300.1	625.5	57.5	64.5	340.0	630.0	17.5	60.0
Operating Income/Loss	2.4	7.8	10.2	4.8	15.0	- 10.2	- 21.3	20.4	36.3	9.0	4.0	1.2	11.0
Ordinary Income/Loss	88.4	149.6	238.0	152.0	390.0	10.0	89.5	228.0	300.5	200.0	275.0	38.0	115.0
Net Income/Loss Attributable to Owners of Parent	102.0	144.0	246.0	124.0	370.0	9.6	108.7	236.4	261.3	214.0	265.0	32.1	105.0
Exchange Rate(¥/\$)	¥109.80	¥109.99	¥109.90	¥106.15	¥108.02	¥106.82	¥105.79	¥3.07	¥2.24	¥108.33	¥106.67	¥1.57	¥1.36
Bunker Price(/MT)	\$479	\$514	\$497	\$537	\$517	\$353	\$363	\$144	\$154	\$503	\$455	-\$7	\$62

Key Factors

- ▶ Operating income/loss is rebounding due to recovery of the profitability of Dry Bulk and Car Carrier Business from the impact of the COVID-19 pandemic. It is expected to increase by 36.3 billion yen compared to FY2020 and reach 15.0 billion yen.
- ▶ Ordinary income is forecast at 390.0 billion yen, as the containership market remains robust due to ongoing strong cargo demand.
- ▶ Extraordinary income was recorded from the sale of the Company’s shares in U.S. logistics company Century Distribution Systems, Inc. in the first half of the year.
- ▶ Structural reforms for unprofitable vessels and businesses are planned for the second half of the year.

Key factor assumption

- ▶ Yen-\$ exchange rate ¥108.02/\$
- ▶ Bunker Price \$518/MT
- ▶ Market Assumption
Please refer to “Appendix”

Estimates Sensitivity (6months)

- ▶ Yen-US\$ rate : each ¥1 weaker (stronger) adds (subtracts) ± ¥ 3.9bln
- ▶ Bunker price : each \$10/mt down (up) adds (subtracts) ± ¥ 0.02bln

*Exchange rate fluctuations related to equity in earnings of subsidiaries, “ONE” is included from this time onward.

Dividend

- ▶ We have decided not to pay an interim dividend this year.
- ▶ However, we plan to pay a year-end dividend of 300 yen per share as we are on track to resume payment of the year-end dividend.

B- 2 : Forecasts for FY2021 by Segment

Forecasts for FY2021 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2021					FY2020		Y-o-Y		As of Aug, 2021			
	1Q	2Q	1H (o)	2H Forecast	Total (p)	1H (r)	Total (s)	1H (o)-(r)	Total (p)-(s)	1H (t)	Total (u)	1H (o)-(t)	Total (p)-(u)
Dry Bulk	59.7	71.9	131.6	117.4	249.0	88.0	182.0	43.6	67.0	125.0	223.0	6.6	26.0
	0.9	4.9	5.9	13.6	19.5	- 9.3	- 9.1	15.1	28.6	7.0	12.5	- 1.2	7.0
Energy Resource Transport	20.4	22.4	42.8	39.2	82.0	37.8	77.6	5.1	4.4	39.5	74.0	3.3	8.0
	0.9	- 0.0	0.8	2.7	3.5	3.4	1.1	- 2.6	2.4	1.5	4.0	- 0.6	- 0.5
Product Logistics	91.9	86.1	178.0	171.1	349.0	161.7	339.7	16.2	9.4	170.0	322.0	7.9	27.0
	88.8	149.3	238.1	140.4	378.5	18.7	104.5	219.4	274.0	195.5	266.5	42.6	112.1
Containership	10.7	10.2	20.9	20.1	41.0	21.3	42.2	- 0.4	- 1.2	20.0	39.0	0.9	2.0
	87.7	147.8	235.5	134.0	369.5	21.5	103.8	214.0	265.7	192.5	259.0	42.9	110.4
Other	2.8	2.4	5.2	4.8	10.0	12.5	26.2	- 7.4	- 16.2	5.5	11.0	- 0.3	- 1.0
	- 0.1	- 0.0	- 0.1	0.1	0.0	0.6	1.1	- 0.7	- 1.0	0.0	0.0	- 0.1	0.0
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
	- 2.1	- 4.6	- 6.7	- 4.8	- 11.5	- 3.5	- 8.1	- 3.2	- 3.5	- 4.0	- 8.0	- 2.7	- 3.5
Total	174.7	182.8	357.6	332.5	690.0	300.1	625.5	57.5	64.5	340.0	630.0	17.5	60.0
	88.4	149.6	238.0	152.0	390.0	10.0	89.5	228.0	300.5	200.0	275.0	38.0	115.0

Key Factors by Segments

▸ Dry Bulk

- The global economy is expected to continue its recovery thanks to the economic support policies of individual nations and their measures to control the COVID-19 pandemic. Demand for marine transportation of dry bulk cargo, especially raw materials, is expected to remain solid.

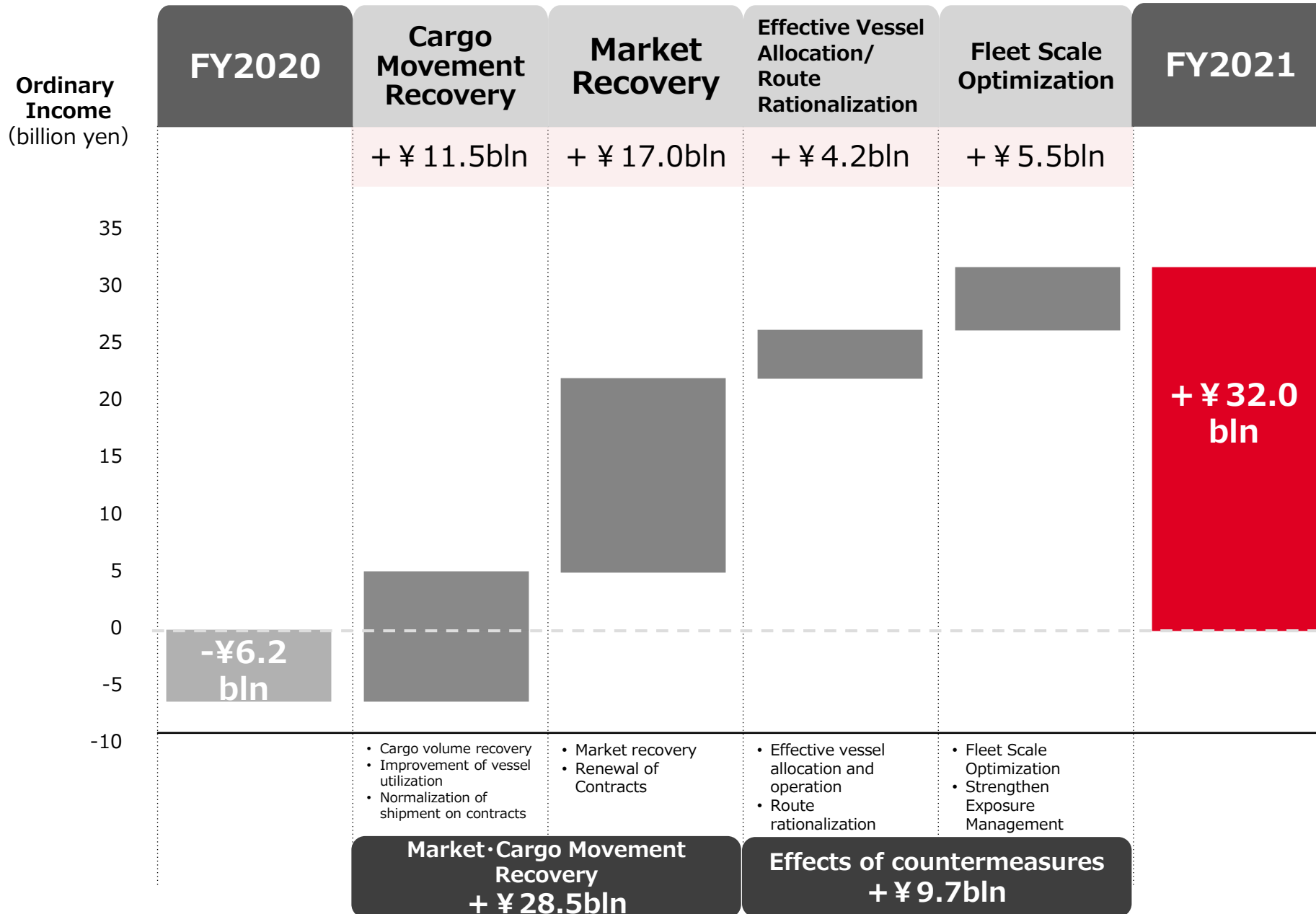
▸ Energy Resource Transport

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

▸ Product Logistics

- In Car Carrier Business, cargo volume continue to recover due to the declining impact of the pandemic. The benefits of last fiscal year's initiatives such as fleet scale optimization and route rationalization became apparent.
- In Logistics Business, cargo volume is expected to recover to the same level as FY2019 due to recovery from the impact of the COVID-19 pandemic.
- In the containership market, strong cargo demand is expected to continue. Supply chain disruption should begin to be resolved gradually in the second half.

B-3 : Key Factors of Improvement for “K”Line’s own Businesses in FY2021



C. Return to Shareholders

C- 1 : Return to Shareholders

■ Dividend forecast for the fiscal year ending March 31, 2022 (FY2021)

- ▶ Due to our improving financial position and making profit available for dividends , we also intend to revise our dividend forecast. This improvement is the result of a significant increase in profits mainly in Containership Business as well as increased revenue from “K” LINE own businesses.
 - Interim Dividend : (Previous) Not decided → (Revised) None
 - Year-end Dividend : (Previous) Not decided → (Revised) A dividend payout of 300 yen per share is planned.
 - ※We are also considering additional shareholder returns depending on future profit trends.

■ Return to Shareholders from the next fiscal year onwards

- ▶ We will continue to draft a shareholder return policy as part of our new management plan with consideration to the optimal capital structure.

■ Corporate value enhancement initiatives and the new management plan drafting schedule



| Appendix

Market Results and Assumptions / Market Exposure

■ Dry Bulk Market Results and Assumption

Dry Bulk Market	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
Capesize	\$9,950	\$20,750	\$16,950	\$17,150	\$16,300	\$31,100	\$42,400	\$43,350	\$20,000	\$34,200
Panamax	\$6,050	\$11,750	\$10,700	\$17,150	\$11,500	\$24,700	\$32,300	\$35,000	\$25,000	\$29,250
Handymax	\$5,500	\$9,950	\$10,750	\$16,650	\$10,750	\$25,550	\$34,250	\$35,000	\$25,000	\$29,950
Small Handy	\$3,250	\$7,150	\$9,200	\$14,650	\$8,600	\$22,500	\$32,200	\$30,000	\$15,000	\$24,950

■ Tanker Market Results and Assumption

* Small Handy market assumption for FY2021 have been changed to BHSI-38.

World Scale (WS)	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
VLCC	94	35	29	33	47	33	33	49	51	42
(Middle East/Japan)	\$107,850	\$19,750	\$10,900	\$5,750	\$36,050	\$4,850	\$2,750	\$18,100	\$20,000	\$11,450
AFRAMAX	119	69	54	73	79	84	91	123	138	109
(South Asia/Japan)	\$26,350	\$9,650	\$4,650	\$2,650	\$10,850	\$5,000	\$5,650	\$15,350	\$20,500	\$11,650

■ Transition of Fleet Scale

Vessel Type	FY2019	FY2020	FY2021-2Q
Capesize	93	86	92
Panamax and Smaller size	92	88	87
WoodChip Carriers	10	7	6
合計	195	181	185

Vessel Type	FY2019	FY2020	FY2021-2Q
VLCC	6	6	6
LPG Carriers	5	4	4
Other Tankers	6	6	5
Thermal Coal Carriers	29	26	34
LNG Carriers	47	44	43
Total	93	86	92

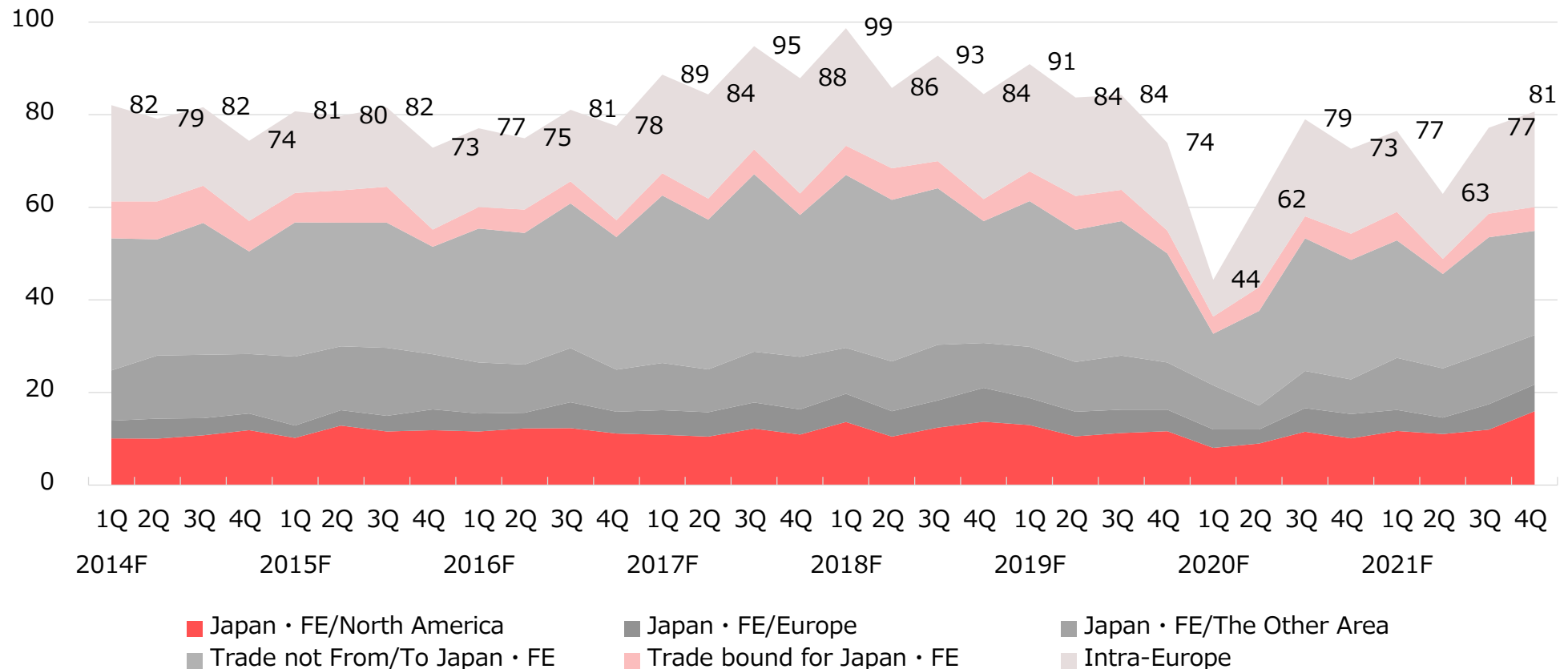
■ FY2021 : Market Exposure

Vessel Type	Market Exposure
Capesize	6%
Panamax and Smaller size	7%
WoodChip Carriers	0%
VLCC	0%
LPG Carriers	0%
Other Tankers	80%
Thermal Coal Carriers	1%

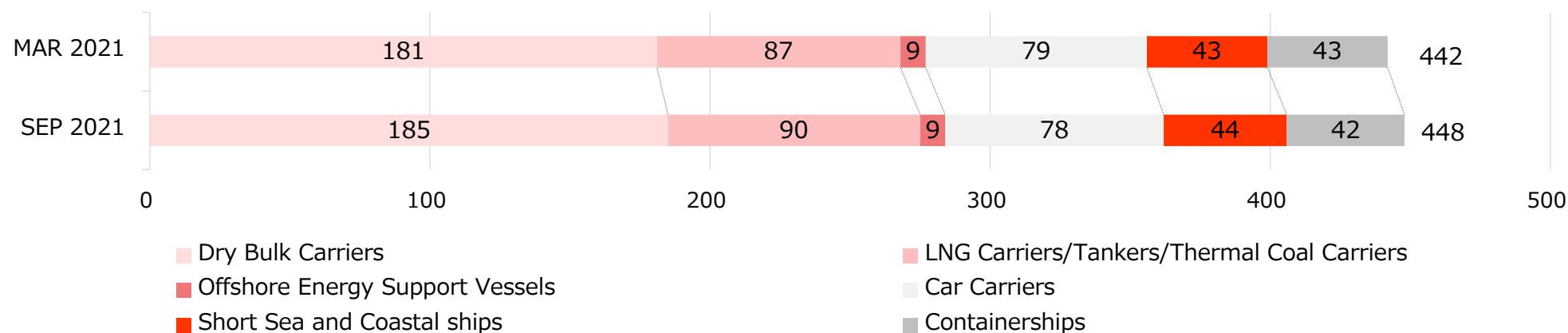
Car Carriers Total Units Carried by Service Routes

Total units carried (1000 Unit)	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q Forecast	4Q Forecast	Forecast
Outbound	215	172	247	228	862	275	252	287	324	1,138
Homebound	37	51	48	57	193	61	33	51	51	197
Others	112	204	286	258	860	254	203	248	226	931
Intra-Europe	79	187	209	183	659	175	140	186	206	707
Total units carried	443	615	790	726	2,575	765	629	772	807	2,973
Number of fleet	84	76	75	79	79	81	80	80	80	80

(10,000 Units)



"K" Line Group Fleet Composition



Type of Vessel	SEP 2021						MAR 2021	
	Owned		Chartered		Total		Total	
	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)
Dry Bulk	52	6,290,705	133	17,590,776	185	23,881,481	181	23,087,036
Thermal Coal Carriers	7	616,440	25	2,234,587	32	2,851,027	27	2,418,614
LNG Carriers	41	3,499,795	2	152,272	43	3,652,067	44	3,731,623
Tankers	10	1,604,618	5	776,679	15	2,381,297	16	2,496,362
Offshore Support Vessels	6	29,186	0	-	6	29,186	6	29,186
Drillship	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	427,444	46	857,777	78	1,285,221	79	1,296,617
Short Sea and Coastal ships	26	236,943	18	238,900	44	475,843	43	471,923
Containerships	11	850,586	31	3,041,922	42	3,892,508	43	3,963,794
Total	188	13,558,148	260	24,892,913	448	38,451,061	442	37,497,586

* 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 Types	Mar-21	Sep-21
Dry Bulk	Capesize	82	88
	Over Panamax	4	4
	Panamax	50	41
	Handymax	31	38
	Small Handy	7	8
	Woodchip Carriers	7	6
	total	181	185
Energy Resource Transport	VLCC	6	6
	Aframax	3	2
	Chemical Tankers	3	3
	LPG Carriers	4	4
	Total	16	15
	LNG Carriers	44	43
	Thermal Coal Carriers	27	32
	Offshore Support Vessels	6	6
	Drillships	1	1
	FPSO	1	1
	LNG Bunkering Vessel	1	1
	Total	96	99
Product Logistics	7,000Units	15	16
	6,000Units	37	37
	5,000Units	10	9
	4,000Units	1	1
	3,000Units	5	4
	2,000Units	4	4
	~2,000Units	7	7
	Total	79	78
	14,000TEU	12	12
	8,000TEU	13	13
	5,500TEU	6	5
	4,200TEU	7	7
	1,700TEU	5	5
	1,200TEU	0	0
	Total	43	42
Short Sea and Coastal Ships	43	44	
	Total	165	164
Grand Total		442	448

■ New Building Delivery Schedule

Number of Vessel	FY2021	FY2022	FY2023
Capesize	1	1	2
Over Panamax	2		1
Handymax		1	
Woodchip Carrier		1	
LPG Carriers			1
LNG Carriers		2	
FPSO			1
Car Carriers (7,000 Units)			1
Short Sea and Coastal Ships	1		
Total	4	5	6

[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.

