



Financial Highlights Brief Report for 1st Quarter FY2021

August 4th, 2021



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| A. Financial Highlights for 1st Quarter FY2021

A- 1 : Financial Results for 1st Quarter FY2021

■ Financial Results for 1st Quarter FY2021

(billion yen)

Operating Revenues and Profit/loss	FY2021	FY2020	
	1Q (a)	1Q (b)	(a)-(b)
Operating Revenues	174.7	152.2	22.6
Operating Income/Loss	2.4	- 6.6	9.0
Ordinary Income/Loss	88.4	- 1.0	89.5
Net Income/Loss Attributable to Owners of Parent	102.0	- 1.0	102.9
Exchange Rate(¥/\$)	¥109.80	¥107.74	¥2.06
Bunker Price(/MT)	\$479	\$377	\$102

■ Key Factors

- ▶ Operating income/loss improved due to recovery from the impact of the COVID-19 pandemic, mainly in Dry Bulk and Product Logistics including Car Carrier Business.
- ▶ 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.

■ Key Financial Indicator

(billion yen)

Indicators	FY2021-1Q (c)	FY2020 (d)	(c) - (d)
Equity Capital	321.4	218.2	103.2
Interest-bearing liability	522.1	507.0	15.1
Cash and Cash equivalents at the end of period	139.0	130.0	9.0
DER	162%	232%	- 70points
NET DER	118%	172%	- 54points
Equity Ratio	30%(*)	22%	7 points

*33%, including the subordinated loan with 50% equity credit from a rating agency

- ▶ Extraordinary income was recorded from the sale of the Company's shares in U.S. logistics company CENTURY DISTRIBUTION SYSTEMS, INC. , therefore raising net income attributable to owners of parent.

A-2 : Financial Results for 1st Quarter FY2021 by Segment

■ Financial Results for 1Q FY2021 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2021	FY2020	
	1Q (e)	1Q (f)	(e)-(f)
Dry Bulk	59.7	45.2	14.5
	0.9	- 4.4	5.3
Energy Resource Transport	20.4	19.2	1.2
	0.9	1.6	- 0.8
Product Logistics	91.9	81.4	10.5
	88.8	3.0	85.8
Containerships	10.7	10.8	- 0.1
	87.7	5.1	82.7
Other	2.8	6.3	- 3.5
	- 0.1	0.2	- 0.3
Adjustment	-	-	-
	- 2.1	- 1.4	- 0.7
Total	174.7	152.2	22.6
	88.4	- 1.0	89.5

■ Key Factors by Segments

▶ Dry Bulk

- Market conditions remained robust due to the recovery of transportation demand along with economic activities in leading countries. The effect of fleet scale optimization implemented in the previous fiscal year became apparent.

▶ 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, global sales recovered and transport demand was on the rise. The effect of fleet scale optimization implemented in the previous fiscal year became apparent and vessel utilization was improved.
- 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 June 22, 2021			
	1Q	2Q Forecast	1H (g)	2H Forecast	Total (h)	1H (i)	Total (j)	(g)-(i)	(h)-(j)	1H (k)	Total (l)	(g)-(k)	(h)-(l)
Operating Revenues	174.7	165.3	340.0	290.0	630.0	300.1	625.5	39.9	4.5	297.5	570.0	42.5	60.0
Operating Income/Loss	2.4	6.6	9.0	- 5.0	4.0	- 10.2	- 21.3	19.2	25.3	7.0	0.0	2.0	4.0
Ordinary Income/Loss	88.4	111.6	200.0	75.0	275.0	10.0	89.5	190.0	185.5	159.0	200.0	41.0	75.0
Net Income/Loss Attributable to Owners of Parent	102.0	112.0	214.0	51.0	265.0	9.6	108.7	204.3	156.3	170.0	190.0	44.0	75.0
Exchange Rate(¥/\$)	¥109.80	¥106.86	¥108.33	¥105.00	¥106.67	¥106.82	¥105.79	¥1.51	¥0.88	-	-	-	-
Bunker Price(/MT)	\$479	\$528	\$503	\$406	\$455	\$353	\$363	\$151	\$92	-	-	-	-

■ 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 25.3 billion yen compared to FY2020 and reach 4.0 billion yen.
- ▶ Ordinary income is forecast at 275.0 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 ¥106.67/\$
- ▶ Bunker Price \$455/MT
- ▶ Market Assumption
Please refer to “Appendix”

■ Estimates Sensitivity(9months)

- ▶ Yen-US\$ rate : each ¥1 weaker (stronger) adds (subtracts) ± ¥ 0.4bln
- ▶ Bunker price : each \$10/mt down (up) adds (subtracts) ± ¥ 0.01bln

■ Dividends

While our priority is also to stabilize our financial strength and keep improving our financial results, we have not decided to pay both interim and year-end dividends.

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	
	1Q	2Q Forecast	1H (m)	2H Forecast	Total (n)	1H (o)	Total (p)	(m)-(o)	(n)-(p)
Dry Bulk	59.7	65.3	125.0	98.0	223.0	88.0	182.0	37.0	41.0
	0.9	6.1	7.0	5.5	12.5	- 9.3	- 9.1	16.3	21.6
Energy Resource Transport	20.4	19.1	39.5	34.5	74.0	37.8	77.6	1.7	- 3.6
	0.9	0.6	1.5	2.5	4.0	3.4	1.1	- 1.9	2.9
Product Logistics	91.9	78.2	170.0	152.0	322.0	161.7	339.7	8.3	- 17.6
	88.8	106.7	195.5	71.0	266.5	18.7	104.5	176.8	161.9
Containership	10.7	9.3	20.0	19.0	39.0	21.3	42.2	- 1.3	- 3.2
	87.7	104.8	192.5	66.5	259.0	21.5	103.8	171.0	155.2
Other	2.8	2.7	5.5	5.5	11.0	12.5	26.2	- 7.1	- 15.2
	- 0.1	0.1	0.0	0.0	0.0	0.6	1.1	- 0.6	- 1.0
Adjustment	-	-	-	-	-	-	-	-	-
	- 2.1	- 1.9	- 4.0	- 4.0	- 8.0	- 3.5	- 8.1	- 0.5	0.1
Total	174.7	165.3	340.0	290.0	630.0	300.1	625.5	39.9	4.5
	88.4	111.6	200.0	75.0	275.0	10.0	89.5	190.0	185.5

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.

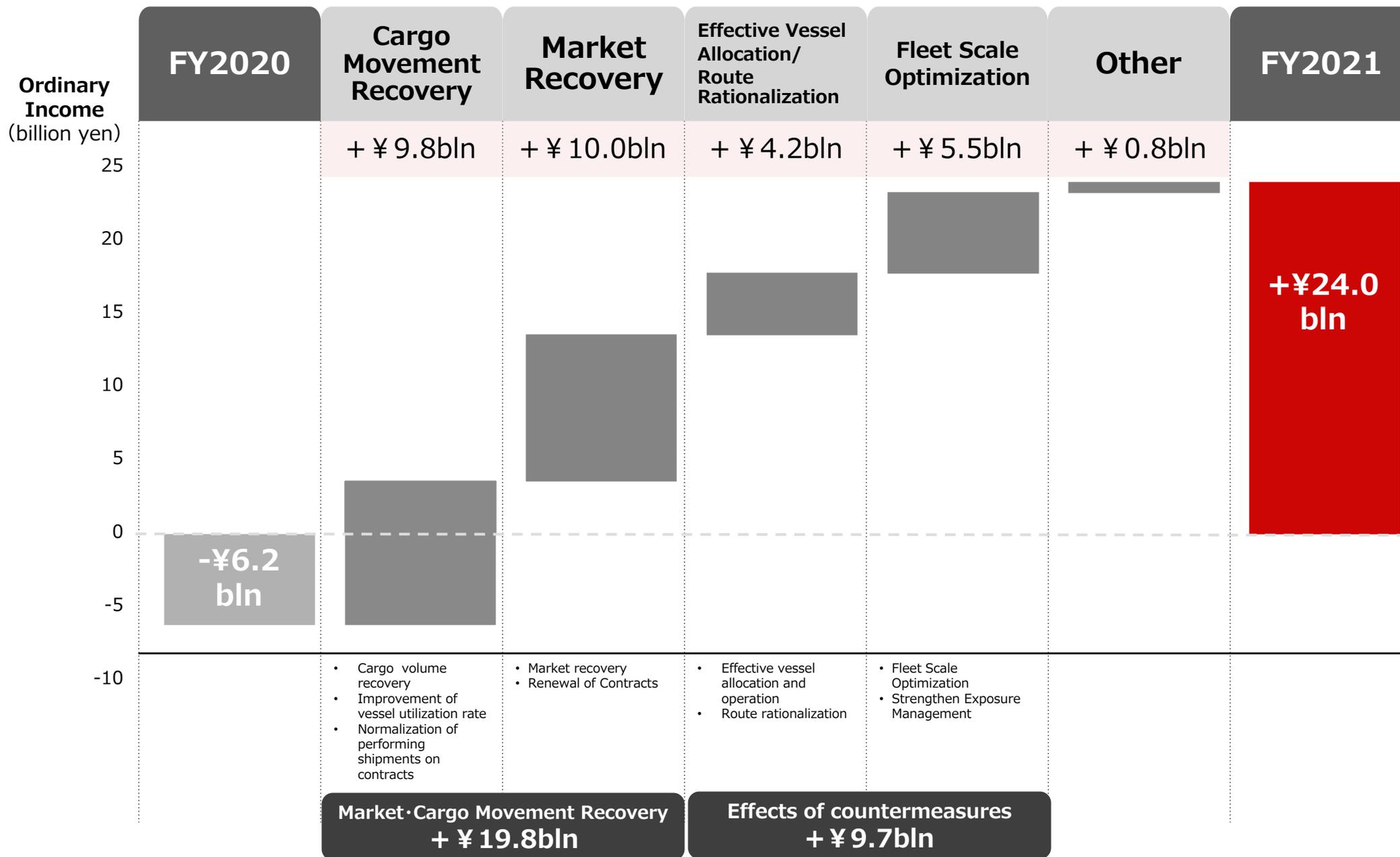
▶ Energy Resource Transport

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

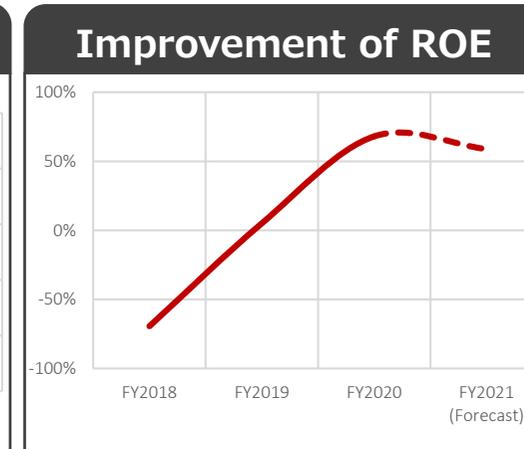
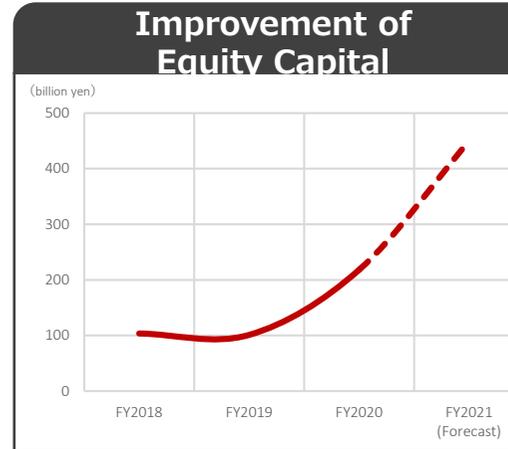
B-3 : Key Factors of Improvement for "K"Line's own Businesses in FY2021



B-4 : Initiatives for Growth in Corporate Value

Completed Containership Business structural reform by establishing Ocean Network Express (ONE)

- Oct, 2016 Announced business integration
- FY2018 ONE began operations
- FY2019 Generated a 110 billion yen synergy; Achieved profitability
- FY2020 Achieved industry-leading profitability (Please refer to next page.)
- FY2021 Further improvement of profitability due to stay-at-home demand etc.



Further improvement of profitability

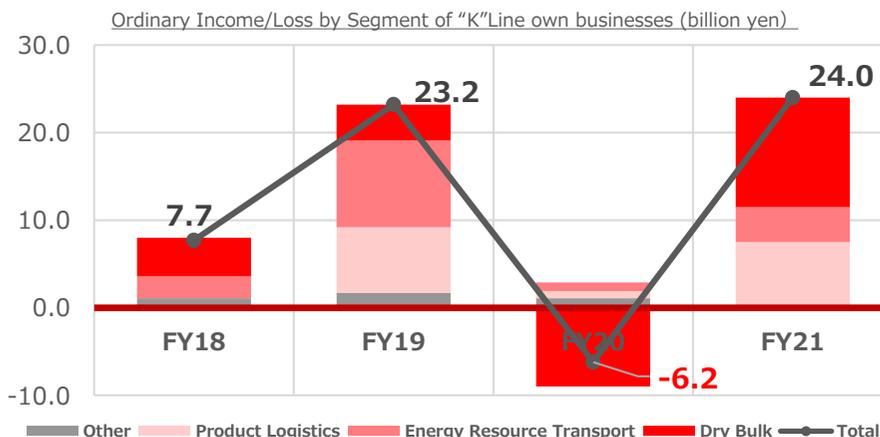
Profitability of ONE

- Now drafting a Capital policy that incorporates business plan, investment plan and dividend policy for further strengthening their competitiveness and growth in corporate value.



Profitability of "K"Line's own Businesses

- Strengthening of the profitability of "K" Line's own businesses through measures including fleet scale optimization and service quality.



Management issues for Growth in corporate value

Growth strategy

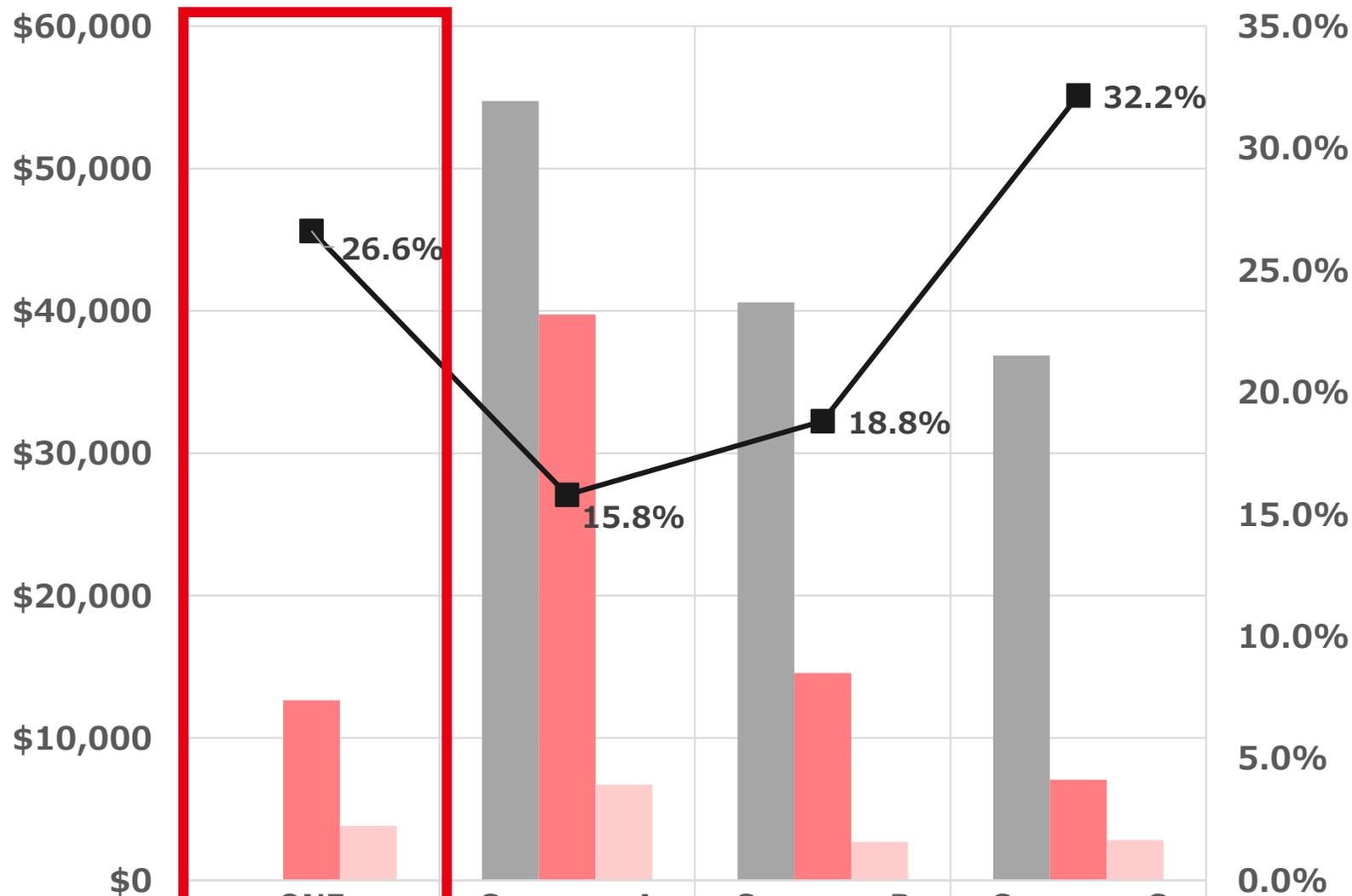
~Planning growth strategy by redefinition of Core Value and strengthening of disciplined investment ~

Further enhancing financial strength

Return to shareholders

- Now drafting a new management plan that incorporates growth strategies based on the financial base strengthened earlier than expected
- Considering shareholder dividends while maintaining an appropriate capital level

B-5 : Major Containerships companies CY2020 Full-year Results Comparison



※Own-editing based on companies' published data
 ※Market Capitalization : As of the end of Jun 2021
 ※Fleet Scale : As of the end of Mar 2021

Market Capitalization (Mil US\$)	N/A	\$54,739	\$40,598	\$36,861
Revenue (Mil US\$)	\$12,640	\$39,740	\$14,561	\$7,054
EBIT (Mil US\$)	\$3,831	\$6,731	\$2,700	\$2,828
EBIT margin (%)	26.6%	15.8%	18.8%	32.2%

| 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 Forecast	3Q Forecast	4Q Forecast	Forecast
Capesize	\$9,950	\$20,750	\$16,950	\$17,150	\$16,300	\$31,100	\$35,000	\$28,000	\$16,000	\$27,550
Panamax	\$6,050	\$11,750	\$10,700	\$17,150	\$11,500	\$24,700	\$30,000	\$25,000	\$15,000	\$23,700
Handymax	\$5,500	\$9,950	\$10,750	\$16,650	\$10,750	\$25,550	\$30,000	\$25,000	\$15,000	\$23,900
Small Handy	\$3,250	\$7,150	\$9,200	\$14,650	\$8,600	\$20,550	\$24,000	\$21,000	\$15,000	\$20,150

■ Tanker Market Results and Assumption

World Scale (WS)	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q Forecast	3Q Forecast	4Q Forecast	Forecast
VLCC	94	35	29	33	47	33	41	50	50	44
(Middle East/Japan)	\$107,850	\$19,750	\$10,900	\$5,750	\$36,050	\$4,850	\$10,800	\$30,000	\$30,000	\$18,900
AFRAMAX	119	69	54	73	79	84	121	126	126	114
(South Asia/Japan)	\$26,350	\$9,650	\$4,650	\$2,650	\$10,850	\$5,000	\$14,350	\$21,000	\$21,000	\$15,350

■ Transition of Fleet Scale

Vessel Type	FY2019	FY2020	FY2021-1Q
Capesize	93	86	90
Panamax and Smaller size	92	88	88
WoodChip Carriers	10	7	6
合計	195	181	184

Vessel Type	FY2019	FY2020	FY2021-1Q
VLCC	6	6	6
LPG Carriers	5	4	4
Other Tankers	6	6	6
Thermal Coal Carriers	29	26	26
LNG Carriers	47	44	43
Total	93	86	85

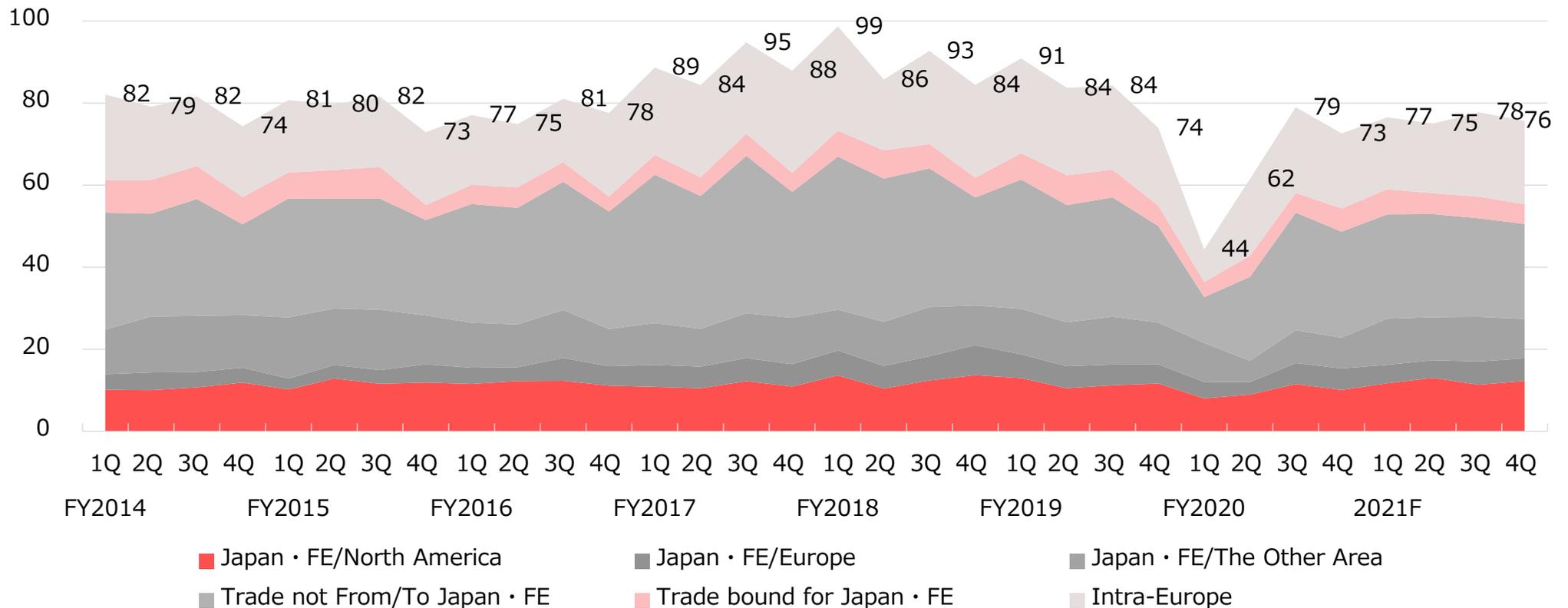
■ FY2021 : Market Exposure

Vessel Type	Market Exposure
Capesize	14%
Panamax and Smaller size	15%
WoodChip Carriers	0%
VLCC	0%
LPG Carriers	0%
Other Tankers	67%
Thermal Coal Carriers	7%

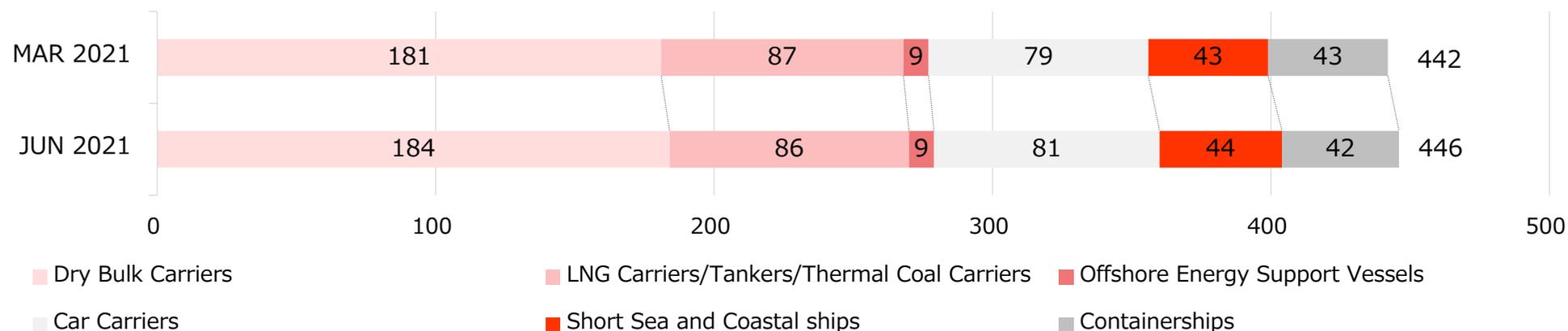
Car Carriers Total Units Carried by Service Routes

Total units carried (1,000 units)	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q	2Q Forecast	3Q Forecast	4Q Forecast	Forecast
Outbound	215	172	247	228	862	275	278	279	274	1,107
Homebound	37	51	48	57	193	61	51	53	48	213
Others	112	204	286	258	860	254	251	240	231	976
Intra-Europe	79	187	209	183	659	175	170	206	203	754
Total units carried	443	615	790	726	2,575	765	750	777	757	3,049
Number of Fleet	84	76	75	79	79	81	79	79	78	78

(10,000 Units)



"K" Line Group Fleet Composition



"K"LINE Group Vessels in Operation

Type of Vessel	Owned		Chartered		Total		MAR 2021	
	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)
Dry Bulk	52	6,290,705	132	17,594,423	184	23,885,128	181	23,087,036
Thermal Coal Carriers	7	616,440	20	1,802,174	27	2,418,614	27	2,418,614
LNG Carriers	42	3,579,351	1	77,163	43	3,656,514	44	3,731,623
Tankers	11	1,719,494	5	776,679	16	2,496,173	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	33	442,571	48	894,552	81	1,337,123	79	1,296,617
Short Sea and Coastal ships	26	236,943	18	238,900	44	475,843	43	471,923
Containerships	9	656,626	33	3,235,882	42	3,892,508	43	3,963,794
Total	189	13,573,747	257	24,619,773	446	38,193,520	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	Jun-21
Dry Bulk	Capesize	82	86
	Over Panamax	4	4
	Panamax	50	50
	Handymax	31	34
	Small Handy	7	4
	Woodchip Carriers	7	6
Total		181	184
Energy Resource Transport	VLCC	6	6
	Aframax	3	3
	Chemical Tankers	3	3
	LPG Carriers	4	4
	Total	16	16
	LNG Carriers	44	43
	Thermal Coal Carriers	27	27
	Offshore Support Vessels	6	6
	Drillships	1	1
	FPSO	1	1
LNG Bunkering Vessel	1	1	
Total		96	95
Product Logistics	7,000Units	15	16
	6,000Units	37	39
	5,000Units	10	10
	4,000Units	1	1
	3,000Units	5	4
	2,000Units	4	4
	~2,000Units	7	7
	Total	79	81
	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	167
Grand Total		442	446

New Building Delivery Schedule

Number of Vessel	2021	2022	2023
CAPE SIZE	1	1	2
Over Panamax	2		1
Handymax		1	
Woodchip Carriers		1	
LNG Carriers		2	
FPSO			1
Short Sea and Coastal Ships	1		
Total	4	5	4

[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.

