

May 11, 2020

Notice on Differences between Consolidated Financial Forecasts and Results
for the Full Year ending March 31, 2020, Record of Provision for Loss (Operating Expenses),
and Dividend from Retained Earnings (No Year-End Dividend)

Kawasaki Kisen Kaisha, Ltd. (hereinafter "K" LINE) announces that differences arose between the consolidated financial results for the full year ending March 31, 2020 announced today and the previous forecasts announced on January 31, 2020, record of provision for loss related to chartering, and payment of no dividend for the current fiscal year based on March 31, 2020 as record date by conducting the resolution for the financial results ending on March 31, 2020 at the Board of Directors on May 11, 2020.

1. Differences from Financial Forecasts

1) Content of the Differences

Differences from Consolidated Financial Forecasts for the Full Year FY2019 (April 1, 2019 – March 31, 2020)

	Operating revenue (million yen)	Operating income(loss) (million yen)	Ordinary income(loss) (million yen)	Profit(loss) attributable to owners of the parent (million yen)	Profit(loss) attributable to owners of the parent per share (yen)
Previous forecast announced on January 31st 2020 (A)	740,000	5,000	5,000	11,000	117.93
Results (B)	735,284	6,840	7,407	5,269	56.50
Change (B - A)	△ 4,716	1,840	2,407	△ 5,731	
Change (%)	△ 0.6%	36.8%	48.1%	△ 52.1%	
Reference: Consolidated results for prior fiscal year ended March 31st, 2019	836,731	△ 24,736	△ 48,933	△ 111,188	△ 1,192.08

2) Reason for the Differences

The operating income and ordinary income far exceeded the forecasts previously announced, mainly because of the effect of disposal of uneconomical fleets in containerships and small and medium sized dry bulkers by structural reforms carried out in the end of the last fiscal year, the success by the realignment of trades with the robust cargo movements in the car carrier business, as well as a profit recorded as initially forecasted by Ocean Network Express Pte. Ltd. (hereinafter ONE) which business operations became stable. However, the profit attributable to owners of the parent for the full year ending March 31, 2020 recorded

5,269 Million Yen, being far below from the previous forecasts as 11,000 Million Yen, announced on January 31, 2020, due to the record of the extraordinary loss on evaluation of investment securities in the fourth quarter of the current fiscal year, ending March 31, 2020. Also, the provision for loss related to containerships chartering is not the factor of the financial results' differences as it was included into the financial forecasts initially announced.

2. Record of Provision for Loss related to Chartering (Operating Expenses)

1) Content of the Decision

“K” Line is chartering containerships to ONE and it has been decided to record approximately 16,500 Million Yen as provision for loss as rationally estimable amount at this moment, which amount is included into the consolidated financial results ending March 31, 2020 announced today.

3. Decision of Dividend from Retained Earnings (Year-End Dividend)

1) Content of the Decision

	Amount determined	Most recent dividend forecast (announced on January 31, 2020)	Actual dividend in the previous fiscal year
Record date	March 31, 2020	March 31, 2020	March 31, 2019
Dividend per share	0.00 yen	Undetermined	0.00 yen
Total amount of dividends	—	—	—
Effective date	—	—	—
Source of funds for dividends	—	—	—

2) Reason

The consolidated ordinary income was far exceeded from the initial forecasts, at today's announcement for FY2019. The Company's financial condition was significantly improved year-on-year and the profit attributable to owners of the parent for the full year ending March 31, 2020 recorded 5,269 Million Yen, even though it went down from the previous forecasts because the extraordinary loss on evaluation of investment securities was recoded at the full year ending March 31, 2020.

“K” LINE's important management task is to maximize returns to our shareholders by implementing stable dividend. However, the Company's basic dividend policy is to comprehensively take all into consideration such as current and future financial conditions, necessary internal reserves to fund investment for sustainable growth, and strength of capital base, and to tackle the improvement of mid termed Shareholders' interests. Based on this policy, it is with sincere regret that the Company announces it has decided to pay no dividend for the current fiscal year ending March 31, 2020. With sincerest apologies to all shareholders, the Company further strives to improve the financial positions as well as to strengthen the capital base with a view to early resuming dividend payment.

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Note: The forecasts of financial results set forth in this document were calculated based on available information at the time of announcement. Actual results may differ from the forecast depending on various factors such as future developments in the business environment.