

January 4, 2023

Kawasaki Kisen Kaisha, Ltd.

2023 New Year Message from the President

“As we enter a new stage, we shall each blaze new trails and build great momentum together”

The New Year Message delivered by Yukikazu Myochin, President & CEO at “K” LINE Tokyo Head Office on January 4 is posted below.

To everyone throughout the entire “K” LINE Group, I extend my very sincerest Happy New Year wishes. I hope that you were able to enjoy the year-end and New Year holidays and are returning with renewed energy and a fresh outlook.

Financial results for the current fiscal year are expected to be the best ever. In the Dry Bulk segment, Energy Resource Transportation segment, and Product Logistics segment, including Car Carrier Business, the efforts made in the previous fiscal year to restore cost competitiveness through structural reforms are bearing fruit, including fleet downsizing and the disposal of under-performing business, as well as the unrelenting efforts of each business unit to improve profitability. In the containership segment, where market conditions were particularly robust in the first half of the year, the best practices of the three companies became apparent and the effects of the integration were greatly demonstrated. I would like to express my gratitude once again for the extraordinary efforts of each and every one of our executive officers and employees who have implemented initiatives in each of our businesses and group companies.

Last May, we announced a new five-year Medium-term Management Plan. This Medium-term Management Plan was developed based on the “K” LINE Future Project, in which all executive officers and employees thoroughly discussed the future form “K” LINE should take. We reaffirmed that we will maintain our investment discipline to avoid repeating the mistakes of the past, and that shipping will be our mainstay business domain. In order to achieve both contribution to the realization of a low-carbon and carbon-free society, and growth in earnings, we plan to further refine business areas where we can best leverage our strengths as a group and concentrate our management resources on three businesses that will play a leading role in driving growth, namely the coal and iron ore carrier, car carrier, and LNG carrier businesses.

Regarding the coal and iron ore carrier business, we signed a memorandum with Emirates Global Aluminium and JSW Steel for joint research and comprehensive discussions for carbon-free operation, and signed a long-term Consecutive Voyage Contracts for Indian coastal shipping with JSW Steel. The first Seawing, an automated kite system that harnesses wind power, was installed on a Cape-size carrier at the end of last year, and the second unit is scheduled to be installed on an LNG-fueled Cape-size carrier to be completed in 2024. In light of the growing need for environmental responsiveness, we will conduct aggressive sales activities that leverage our high quality transportation in the growing Asian and Middle Eastern markets, in addition to

the Japanese, Chinese, and Korean markets where we already perform strongly, in order to produce stable earnings by accumulating medium- to long-term contracts. In the LNG carrier business, we are steadily capturing demand in the expanding Asian market, having signed a long-term time charter contract and a shipbuilding contract for 12 LNG carriers for the state-owned QatarEnergy, and completed two LNG carriers for the Malaysian state-owned oil and gas company the Petronas Group. In the car carrier business, in addition to expanding transport capacity by increasing the size of vessels, we will proactively ascertain fuel conversion needs, including the introduction of zero-emission vessels that use LNG fuel and alternative fuels, by strengthening customer-oriented marketing, and promote environmental responsiveness in the vessels we operate in order to expand our transport base for existing finished car manufacturers. At the same time, we are also working to capture demand in the new and expanding Asian market, including from emerging battery electric vehicle (BEV) manufacturers, and steadily increasing the volume of high and heavy cargo. In the containership business, we will continue to provide human resources to support both management and operations and strengthen our involvement in governance as a shareholder to support the formulation and execution of business plans that enhance corporate value over the medium to long term.

We will maximize synergies with Kawasaki Kinkai Kisen Kaisha, which became our wholly-owned subsidiary in June last year, by accelerating cooperation among all group companies, and thereby further strengthen the short-sea and coastal business of the group. The offshore wind power generation support vessel segment is operated by “K” Line Wind Service (KWS), which was jointly established with Kawasaki Kinkai Kisen Kaisha. Here, we will also work to provide a wide range of services that respond to demand in Japan and Asia through collaboration with domestic and overseas partners, as illustrated by the previously announced memorandum with Penta-Ocean Construction, and that utilize our expertise as a shipping company. We will advance research and preparations for transportation demand resulting from new energy sources such as hydrogen and ammonia, as well as for the transportation of liquefied CO<sub>2</sub>, which have signed long time charter contract of two ships for Northern Lights, the world’s first full scale CCS project announced at the end of last year and the like, a field in which the “K” LINE Group can make maximum use of its experience and knowledge.

In order to improve the environment, technology, safety, ship management, and service quality necessary to achieve these mid-term plans, it is of utmost importance to secure and train human resources and strengthen our functions, such as our response to a digital society. We have newly established K Marine Ship Management (KMSM) in Singapore as a functional strategy base in Asia, which is positioned as a future growth market. In addition to providing high-quality, safe, and secure ship management services, we will strengthen our customer-oriented support system rooted in the region, including proposals on environmental technologies, and will expand our operations to the United States and Europe in the future. The restructuring of the core system K-IMS is supporting safe and optimally-economical vessel operations and is improving customer convenience, and the development of an integrated navigation support system and an engine plant operation support system through the K-Assist Project is also progressing as planned. In

the area of human resource utilization and from the perspective of diversity and inclusion, we will promote the active participation of women, proactively recruit personnel skilled in the sciences, and make mid-career recruitment a year-round process, while actively enhancing and promoting various skill training programs, including the DX training program that we have already introduced. Through these measures, we will advance low carbon and carbon-free operation of our company and society, and put in place a system to capture opportunities for growth.

Our capital policy is to return 400 to 500 billion yen to shareholders over the five-year period of the Medium-term Management Plan. In addition to the dividend increase in fiscal 2022, we have announced and implemented a total of 100 billion yen in share repurchases as an additional measure to return profits to shareholders. Moving forward, we will continue to maintain an awareness of our optimal capital structure, ensure capital efficiency and financial soundness, make the investments necessary to increase corporate value based on cash flow, and actively pursue shareholder returns, including share repurchases.

Looking at the immediate business environment, a variety of unclear and uncertain situations have emerged that could have a significant impact on economic activities, including the protracted crisis in Ukraine triggered by Russia and the resulting surge in energy resource prices; the review of monetary easing measures in response to strong inflation and rapid interest rate hikes; and the direction of China's zero-covid policy. This continues to make future demand very difficult to ascertain. While there is no need to be overly pessimistic about the current uncertainties, in order for us to make further progress, each and every one of our executive officers and employees must be keenly aware of changes in the social situation, always keep in mind our strengths and what is required of us as a shipping company, and be determined to create new value by improving the services and technologies unique to our group in order that we will be chosen by our customers. We shall not forget our important role as a supply chain that supports the infrastructure of society, nor be complacent, but rather, firmly establish a firm footing for our management foundation so that we can respond with speed and conviction no matter what happens, and work together to enhance our corporate value with an eye to future growth.

This year's Chinese zodiac sign, the water rabbit, signifies both an end and a beginning, and is said to represent the time just before the buds begin to blossom in the approaching spring. I hope that the new year will herald new beginnings and great progress for our company, executive officers, and all of our employees, and would like to conclude my New Year's message by wishing good health for all of you and your families, and for the safe operation of all our vessels.

