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November 5, 2024

## Financial Highlights for 2nd Quarter FY2024

(Under Japanese GAAP) (Unaudited)

Company name:	Kawasaki Kisen Kaisha, Ltd.
Listing:	Prime Market of Tokyo Stock Exchange
Securities code:	9107
URL:	<a href="https://www.kline.co.jp/en/">https://www.kline.co.jp/en/</a>
Representative:	Yukikazu Myochin, Representative Director, President & CEO
Inquiries:	Goro Kitamura, General Manager, Corporate Sustainability, Environment Management, IR and Communication Group
Telephone:	+81-3-3595-5189
Scheduled date to file semi-annual securities report:	November 11, 2024
Scheduled date to commence dividend payments:	December 3, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	Yes (for Analysts)

(Amounts rounded down to the nearest million yen)

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	538,015	17.9	61,140	38.3	187,325	126.8	183,218	201.3
Six months ended September 30, 2023	456,332	(5.5)	44,210	(16.6)	82,596	(85.4)	60,803	(89.2)

Note: Comprehensive income for the six months ended September 30, 2024: ¥ 116,360million[(39.6)%]

For the six months ended September 30, 2023: ¥ 192,650million[(72.0)%]

	Profit (loss) per share	Profit (loss) per share-fully diluted
	Yen	Yen
Six months ended September 30, 2024	268.58	-
Six months ended September 30, 2023	82.86	-

- The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2024. Accordingly, profit (loss) per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.
- Due to a change in accounting policy, results for the six-months ended September 30, 2023, have been re-presented retrospectively.

## (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2024	2,080,802	1,614,064	76.0
As of March 31, 2024	2,109,432	1,624,600	75.5

Reference: Shareholders' equity:

As of September 30, 2024: ¥ 1,580,829 million

As of March 31, 2024: ¥ 1,591,925 million

\*Due to a change in accounting policy, figures as of March 31, 2024, have been re-presented retrospectively.

## 2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	-	100.00	-	150.00	250.00
Year ending March 31, 2025	-	50.00			
Year ending March 31, 2025 (Forecast)			-	50.00	100.00

\*Revision to the forecast of dividends most recently announced: Yes

The Company implemented a 3-for-1 stock split of common shares on April 1, 2024.

The dividends per share for the fiscal year ended March 2024 represent the actual amount of dividend before the stock split.

For details of revision to dividend forecast, please refer to "Notice on Revision to Dividend and Dividend Forecast for the Fiscal Year Ending March 2025" which was announced today.

## 3. Consolidated Financial Results Forecast for the Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of the parent		Profit (loss) per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Year ending March 31, 2025	1,030,000	7.5	106,000	26.0	240,000	80.8	235,000	130.4	347.90

\*Revision to Consolidated Financial Forecasts most recently announced: Yes

Percentage change year-on-year is shown in comparison with the retroactively adjusted figures for the previous year due to a change in accounting policy.

#### 4. Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included: None

Excluded: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements:  
None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	675,172,067 shares
As of March 31, 2024	714,728,067 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	7,512,233 shares
As of March 31, 2024	7,773,052 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	682,175,938 shares
Six months ended September 30, 2023	733,853,403 shares

\*The Company split its common share on the basis of one (1) share into three (3) shares effective April 1, 2024. Accordingly, total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2024.

\*Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\*Assumption for the forecast of consolidated financial results for the year ending March 31, 2025

The forecast is based on currently available information that KLINE deems to be reasonable. Actual results may differ from the forecast as a result of various factors.

Refer to “5. Qualitative Information on Financial Results (3) Description of Information on Future Outlook, Including Forecast of Consolidated Financial Results” for assumptions related to the forecast.

## 5. Qualitative Information on Financial Results

### (1) Description of Operating Results

(Billion yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% Change
Operating revenues	456.3	<b>538.0</b>	81.6	17.9%
Operating income (loss)	44.2	<b>61.1</b>	16.9	38.3%
Ordinary income (loss)	82.5	<b>187.3</b>	104.7	126.8%
Profit (loss) attributable to owners of the parent	60.8	<b>183.2</b>	122.4	201.3%

Exchange Rate (¥/US\$) (6-month average)	139.93	<b>153.89</b>	13.96	10.0%
Fuel oil price (US\$/MT) (6-month average)	605	<b>627</b>	21	3.5%

The company recorded 133.8 billion yen of equity in earnings of unconsolidated subsidiaries and affiliates for the first half of this fiscal year and OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as "ONE") accounted for 132.8 billion yen of this amount.

The Company has changed the currency conversion method into Japanese yen in income and expenses of foreign consolidated subsidiaries from using spot rate on the financial closing date to average rate of during the term from the beginning of the first half of the fiscal year ending March 31, 2025. Due to this change, the Company has compared the results for the six-months ended September 30, 2024, and the results for the six-months ended September 30, 2023, that have been re-presented retrospectively.

Performance per segment was as follows.

(Billion yen)

		Six months ended September 30, 2023	Six months ended September 30, 2024	Change	% Change
Dry bulk	Operating revenues	136.6	<b>171.5</b>	34.8	25.5%
	Segment profit (loss)	2.8	<b>6.2</b>	3.4	122.0%
Energy resource transport	Operating revenues	50.5	<b>50.7</b>	0.1	0.4%
	Segment profit (loss)	4.8	<b>0.6</b>	(4.2)	(87.3%)
Product logistics	Operating revenues	263.8	<b>309.7</b>	45.8	17.4%
	Segment profit (loss)	77.5	<b>183.0</b>	105.4	135.9%
Other	Operating revenues	5.3	<b>6.0</b>	0.7	13.7%
	Segment profit (loss)	1.1	<b>(0.4)</b>	(1.5)	-%
Adjustments and eliminations	Segment profit (loss)	(3.9)	<b>(2.2)</b>	1.7	-%
Total	Operating revenues	456.3	<b>538.0</b>	81.6	17.9%
	Segment profit (loss)	82.5	<b>187.3</b>	104.7	126.8%

### **(i) Dry Bulk Segment**

#### Dry Bulk Business

In the Cape-size sector, with steady demand for transportation of iron ore and bauxite from the Atlantic to East Asia since the beginning of the fiscal year, market rates temporarily declined due to factors such as decrease in volume of iron ore shipment from Australia, but generally stayed firm as the vessel supply-demand balance became tight due to subsequent recovery of shipment and stormy weathers in the Far East.

In the medium-small vessel sector, while the vessel supply-demand balance became loose due to decrease in shipment of grain from South America in the off-season and recovery of the water level in Panama Canal, market rates stayed firm overall, supported by demand for grain transportation from North America in the harvest season and demand for coal and steel transportation to China and India. However, since the cargo volume from South America fell below the initial projection due to rich harvest in China, Panamax market declined in the second quarter.

Under these circumstances, the Group strived to manage the market exposures appropriately and reduce operation costs and improve vessel operation efficiency.

The overall Dry Bulk Segment recorded a year-on-year increase both in revenue and profit.

### **(ii) Energy Resource Transport Segment**

#### LNG Carrier, Electricity Business, Tanker Carrier and Offshore Business

Concerning LNG carriers, thermal coal carriers, large crude oil tankers (VLCCs), LPG carriers, drillship and FPSO (Floating Production, Storage and Offloading system), the business stayed firm for mid- and long-term charter contracts and contributed to securing stable profit.

On the other hand, the overall Energy Resource Transport Segment recorded a year-on-year increase in revenue but decrease in profit due to one-time factors.

### **(iii) Product Logistics Segment**

#### Car Carrier Business

Despite ongoing impact of the Middle East situation and port congestion in some areas, the marine transportation volume remained firm as a result of efficient vessel operation and allocation against the backdrop of stable demand for finished vehicle transportation.

#### Logistics Business

In the domestic logistics and port business, the container handling volume stayed firm. In the towage business and warehouse business, work volume stayed firm. As for the international logistics business, air cargo transportation demand in forwarding business, including demand relating to semiconductors, has been on a gradual recovery trend. In the finished car transportation business, demand was still high, the port congestion in Australia improved, and both land transportation and storage volume stayed firm.

#### Short Sea and Coastal Business

In the short sea business, while the transportation volume in steel products and wood pellets increased year-on-year, bulk transportation volume for slag decreased. As a result, the total transportation volume remained almost flat year-on-year. In the coastal business, the cargo movement of agricultural products and construction materials by liner transportation increased, but the total transportation volume decreased year-on-year due to a decrease in vessel operation for ferry transportation and reductions in some routes. The transportation volume of dedicated vessels for tramp services increased year-on-year due to stable operations.

#### Containership Business

The steady personal consumption in North America, the advanced shipping demand due to concerns about potential strikes resulting from breakdown of labor negotiations on the North American East Coast, and the early start of year-end demand in Europe led by the impact of the Middle East situation have resulted in strong cargo movements and a rise in short-term freight rates. Although the overall supply-demand environment softened towards the end of the second quarter, both revenue and profit increased year-on-year.

The overall Product Logistics Segment recorded a year-on-year increase both in revenue and profit.

**(iv) Other**

Other includes but not limited to the Group's ship management service, travel agency service, and real estate rental and administration service. The segment recorded a year-on-year increase in revenue but decrease in profit and a loss was recorded.

**(2) Description of Financial Position**

Total assets at the end of the first half of this fiscal year were ¥2,080.8 billion, a decrease of ¥28.6 billion from the end of the previous fiscal year as a result of a decrease in cash and deposits and other factors.

Total liabilities decreased by ¥18.0 billion to ¥466.7 billion as a result of a decrease in accounts and notes payable - trade and other factors compared to the end of the previous fiscal year.

Total net assets were ¥1,614.0 billion, a decrease of ¥10.5 billion compared to the end of the previous fiscal year as a result of a decrease in foreign currency translation adjustments and other factors.

**(3) Description of Information on Future Outlook, Including Forecast of Consolidated Financial Results**

	(Billion yen)			
	Prior Forecast (at the time of announcement of the 1st Quarter result)	Current Forecast (at the time of announcement of the 2nd Quarter result)	Change	% Change
Operating revenues	1,020.0	1,030.0	10.0	1.0%
Operating income (loss)	102.0	106.0	4.0	3.9%
Ordinary income (loss)	220.0	240.0	20.0	9.1%
Profit (loss) attributable to owners of the parent	210.0	235.0	25.0	11.9%
Profit (loss) per share (Yen)	308.53	347.90	39.37	
Exchange Rate (¥/US\$)	147.18	147.17	(0.00)	(0.0%)
Fuel Oil Price (US\$/MT)	637	624	(13)	(2.0%)

The Company revised estimation for Operating revenues, Operating income (loss), Ordinary income (loss), Profit (loss) attributable to owners of the parent and Profit (loss) per share in the consolidated financial forecast for the fiscal year ending March 31, 2025, from the previous forecast announced on August 2, 2024. This revision is mainly due to the improvement in the consolidated financial results forecast of the Product Logistics segment.

In the Dry Bulk Segment, despite some factors of concern, such as unclear outlook for the Chinese economy, and the continuing impact of the Middle East situation, the mid-term vessel supply-demand balance is expected to be tight against the backdrop of limited newbuilt deliveries. In the short term, market rates are expected to decline temporarily due to seasonal factors and the slow movement of grain, but are expected to stay firm overall with some fluctuations. The Group will closely monitor changes in transportation demand, trade patterns, and port congestion situations and respond promptly. At the same time, amid growing need to deal with environmental issues, taking advantage of its business foundation and high-quality transportation, the Group will strive to maximize profit by increasing vessel operation efficiency and reducing costs as well as increasing mid- and long-term contracts while maintaining appropriate risk control.

In the Energy Resource Transport Segment, the Group will continue efforts to secure stable profit as it expects to ensure smooth business operations, supported by mid- and long-term contracts, with respect to LNG carriers, thermal coal carriers, large crude oil tankers, LPG carriers, drillship and FPSO.

As for the Product Logistics Segment, in the car carrier business, despite concern in the global auto market over the global economic recession risk and geopolitical risks, production and shipment are expected to stay firm. The Group will continue to strive to optimize our fleet and improve the efficiency of vessel operation and allocation.

In the logistics business, regarding the domestic logistics and port business, the current trends in the container handling volume are expected to continue, and the cargo volume for this fiscal year is expected to be in line with the previous fiscal year. In the towage business and the warehouse business, the Group also expects the same level of profits as in the previous fiscal year. As for the international logistics business, in the forwarding business, the Group expects that demand for ocean and air transportation will recover slowly but anticipates market fluctuations due to the situation in the Middle East. In the finished vehicle transportation business operated overseas, both land transportation and storage volumes are expected to remain firm.

In the short sea business, while expecting an increase in the transportation volume of biomass fuel, with the growing market rates, the Group will strive to improve profitability by improving vessel operation efficiency and reducing operation costs. In the coastal business, while the volume of ferry transportation is expected to decrease year-on-year due to reduced operation, the volume of liner transportation is expected to remain almost flat year-on-year due to the steady transportation of construction materials. In tramp services, the Group expects smooth operation of dedicated ships.

In the container ship business, although uncertainties in the business environment, such as the impact of the Middle East situation still remain, the tightness of vessel supply-demand balance is gradually easing due to the continuous newbuild deliveries. Beyond the third quarter, in addition to the Middle East situation, uncertainties such as labor negotiations at the North American East Coast ports will continue to exist. "ONE" will keep watching changes in the situation, continue to provide flexible vessel allocation and efficient operations in line with demand, and strive for steady business operations.

Our basic policy is to improve shareholder profits over the medium and long terms by proactively promoting shareholder returns, including share buyback. This is done by taking cash flow into consideration and ensuring the investment level and financial stability necessary to improve our corporate value while being conscious of optimal capital structure and cash allocation.

Based on this basic policy, regarding dividend for the current consolidated fiscal year ending March 31, 2025, the Company plans for the annual dividend per share to be 100.00 yen, adding an additional dividend of 15.00 yen per share to the annual dividend of 85.00 yen per share (basic dividend of 40.00 yen per share, additional dividend of 45.00 yen per share) announced on May 7, 2024. Of this, the interim dividend was decided to be 50.00 yen per share, and the year-end dividend is planned to be 50.00 yen per share.

The company resolved to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan, at the meeting of the Board of Directors held on November 5, 2024. Please refer to (Stock Repurchase) in the section of (Significant Subsequent Event) for details.

## 6. Consolidated Financial Statements

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

### Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>ASSETS</b>		
Current assets :		
Cash and deposits	272,616	214,354
Accounts and notes receivable - trade and contract assets	129,632	121,498
Raw materials and supplies	42,513	41,624
Deferred and prepaid expenses	25,629	23,365
Other current assets	19,297	21,132
Allowance for doubtful accounts	(1,411)	(1,191)
Total current assets	488,278	420,782
Non-current assets :		
(Vessels, property and equipment)		
Vessels, net	324,106	328,296
Buildings and structures, net	9,600	9,583
Machinery, equipment and vehicles, net	3,245	3,443
Land	15,548	15,573
Construction in progress	51,364	59,753
Other, net	6,452	6,214
Total vessels, property and equipment	410,318	422,865
(Intangible assets)		
Other intangible assets	6,036	6,177
Total intangible assets	6,036	6,177
(Investments and other assets)		
Investment securities	1,139,971	1,165,170
Long-term loans receivable	20,479	20,902
Asset for retirement benefits	2,387	2,479
Other investments and other assets	43,684	44,078
Allowance for doubtful accounts	(1,723)	(1,654)
Total investments and other assets	1,204,799	1,230,976
Total non-current assets	1,621,154	1,660,019
Total assets	2,109,432	2,080,802



## Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>LIABILITIES</b>		
Current liabilities :		
Accounts and notes payable - trade	77,596	65,581
Short-term loans and current portion of long-term loans	49,135	44,922
Accrued income taxes	3,399	5,281
Provision for loss related to the Anti-Monopoly Act	3,821	3,821
Provision for loss on chartering contracts	5,442	2,714
Other provisions	3,811	3,509
Other current liabilities	66,701	56,986
Total current liabilities	209,908	182,817
Non-current liabilities :		
Bonds	8,000	14,000
Long-term loans, less current portion	206,107	212,816
Provision for directors' and audit and supervisory board members' retirement benefits	38	35
Provision for directors' stock benefits	2,300	1,823
Provision for periodic dry docking of vessels	16,542	16,361
Liability for retirement benefits	4,855	4,941
Other non-current liabilities	37,079	33,941
Total non-current liabilities	274,924	283,920
Total liabilities	484,832	466,737
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	75,457	75,457
Capital surplus	29,102	29,102
Retained earnings	1,178,723	1,236,255
Treasury stock	(7,648)	(8,284)
Total shareholders' equity	1,275,636	1,332,531
Accumulated other comprehensive income :		
Net unrealized holding gain (loss) on investment securities	13,030	10,671
Deferred gain (loss) on hedges	3,076	2,715
Revaluation reserve for land	4,677	4,658
Foreign currency translation adjustments	294,822	229,429
Retirement benefits liability adjustments	681	823
Total accumulated other comprehensive income	316,289	248,297
Non-controlling interests	32,674	33,235
Total net assets	1,624,600	1,614,064
Total liabilities and net assets	2,109,432	2,080,802

## Consolidated Statement of Operations

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Marine transportation and other operating revenues	456,332	<b>538,015</b>
Marine transportation and other operating costs and expenses	377,377	<b>438,228</b>
Gross profit (loss)	78,954	<b>99,786</b>
Selling, general and administrative expenses	34,743	<b>38,646</b>
Operating income (loss)	44,210	<b>61,140</b>
Non-operating income :		
Interest income	1,712	<b>2,586</b>
Dividend income	1,869	<b>1,567</b>
Equity in earnings of unconsolidated subsidiaries and affiliates	32,668	<b>133,828</b>
Foreign exchange gains	6,606	—
Other non-operating income	1,182	<b>1,352</b>
Total non-operating income	44,038	<b>139,334</b>
Non-operating expenses :		
Interest expenses	4,911	<b>3,548</b>
Foreign exchange losses	—	<b>8,624</b>
Other non-operating expenses	742	<b>977</b>
Total non-operating expenses	5,653	<b>13,150</b>
Ordinary income (loss)	82,596	<b>187,325</b>
Extraordinary income :		
Gain on sales of non-current assets	1,744	<b>2,219</b>
Other extraordinary income	1,204	<b>39</b>
Total extraordinary income	2,949	<b>2,258</b>
Extraordinary losses :		
Loss on retirement of non-current assets	30	<b>5</b>
Loss on valuation of shares of subsidiaries and affiliates	179	—
Loss on liquidation of subsidiaries and affiliates	280	—
Other extraordinary losses	43	<b>1</b>
Total extraordinary losses	534	<b>7</b>
Profit (loss) before income taxes	85,011	<b>189,577</b>
Income taxes :		
Current	12,344	<b>4,716</b>
Deferred	10,882	<b>743</b>
Total income taxes	23,226	<b>5,459</b>
Profit (loss)	61,784	<b>184,117</b>
Profit (loss) attributable to non-controlling interests	980	<b>898</b>
Profit (loss) attributable to owners of the parent	60,803	<b>183,218</b>

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	61,784	<b>184,117</b>
Other Comprehensive income :		
Net unrealized holding gain (loss) on investment securities	3,539	<b>(2,346)</b>
Deferred gain (loss) on hedges	(800)	<b>(230)</b>
Foreign currency translation adjustments	14,295	<b>(4,552)</b>
Retirement benefits liability adjustments	347	<b>120</b>
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	113,483	<b>(60,747)</b>
Total other comprehensive income	130,866	<b>(67,757)</b>
Comprehensive income	192,650	<b>116,360</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	191,096	<b>115,246</b>
Comprehensive income attributable to non-controlling interests	1,553	<b>1,113</b>

## Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities :		
Profit (loss) before income taxes	85,011	189,577
Depreciation and amortization	21,624	23,628
Increase (decrease) in liability for retirement benefits	72	89
(Increase) decrease in asset for retirement benefits	(15)	(91)
Increase (decrease) in retirement benefits liability adjustments	308	183
Increase (decrease) in provision for directors' and audit and supervisory board members' retirement benefits	(45)	(3)
Increase (decrease) in provision for periodic dry docking of vessels	731	(34)
Increase (decrease) in provision for loss on chartering contracts	(4,804)	(2,728)
Increase (decrease) in provision for directors' stock benefits	(144)	(477)
Interest and dividend income	(3,581)	(4,153)
Interest expenses	4,911	3,548
Foreign exchange losses (gains)	(5,576)	5,380
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(32,668)	(133,828)
(Gain) loss on sales of vessels, property and equipment	(1,741)	(2,218)
Loss on valuation of shares of subsidiaries and affiliates	179	—
Loss on retirement of non-current assets	30	5
(Gain) loss on liquidation of subsidiaries and affiliates	(329)	(15)
(Increase) decrease in accounts and notes receivable - trade and contract assets	(2,734)	7,048
(Increase) decrease in inventories	(1,286)	559
(Increase) decrease in other current assets	(12,199)	1,532
Increase (decrease) in accounts and notes payable - trade	5,092	(10,690)
Increase (decrease) in other current liabilities	3,563	(792)
Other, net	(994)	(695)
Subtotal	55,402	75,823
Interest and dividends income received	91,893	57,803
Interest expenses paid	(4,759)	(3,504)
Payments related to the Anti-Monopoly Act	(48)	—
Income taxes paid	(9,808)	(2,847)
Net cash provided by (used in) operating activities	132,679	127,274
Cash flows from investing activities :		
Payments into time deposits	(2,771)	(3,371)
Proceeds from withdrawal of time deposits	1,464	3,258
Purchases of marketable securities and investment securities	(2,844)	(11,952)
Proceeds from sales of marketable securities and investment securities	479	151
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	33	—
Purchases of vessels, property and equipment	(37,620)	(52,526)
Proceeds from sales of vessels, property and equipment	11,147	7,618
Purchases of intangible assets	(727)	(433)
Payments of long-term loans receivable	(171)	(1,148)
Collection of long-term loans receivable	3,425	565
Other, net	(1,038)	(3,769)
Net cash provided by (used in) investing activities	(28,623)	(61,606)

## Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities :		
Increase (decrease) in short-term loans, net	192	159
Proceeds from long-term loans	24,105	34,328
Repayments of long-term loans and obligations under finance leases	(27,448)	(32,837)
Proceeds from issuance of bonds	8,000	6,000
Purchase of treasury stock	(48,212)	(91,083)
Cash dividends paid	(74,439)	(35,632)
Cash dividends paid to non-controlling interests	(739)	(564)
Other, net	(49)	199
Net cash provided by (used in) financing activities	(118,590)	(119,430)
Effect of exchange rate changes on cash and cash equivalents	8,642	(6,215)
Net increase (decrease) in cash and cash equivalents	(5,892)	(59,977)
Cash and cash equivalents at beginning of the period	346,831	269,474
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	0	1,776
Cash and cash equivalents at end of the period	340,939	211,273

## 7. Explanatory Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not Applicable.

(Notes on Significant Changes in Amount of Shareholders' Equity)

(Stock Repurchase)

In the first half of the fiscal year ending March 31, 2025, Treasury stock increased by ¥90,874 million following the Company's repurchase of 39,556,000 shares of common stock in accordance with a resolution of the Board of Directors at its meeting held on May 7, 2024.

(Cancellation of Treasury Stock)

In the first half of the fiscal year ending March 31, 2025, Capital surplus, Retained earnings and Treasury stock decreased by ¥0 million, ¥90,003 million and ¥90,003 million respectively, following the Company's cancellation of 39,556,000 shares of common stock on August 7, 2024 in accordance with a resolution of the Board of Directors at its meeting held on July 26, 2024.

(Change in Accounting Standards)

(Application of the Accounting Standard for Current Income Taxes)

Accounting Standard for Current Income Taxes (ASBJ Statement No.27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022"), etc. have been adopted from the beginning of the first half of the fiscal year ending March 31, 2025.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting standards has no impact on the semi-annual consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for the tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first half of the fiscal year ending March 31, 2025. This change in accounting standards was applied retrospectively. Hence, the semi-annual consolidated financial statements for the same period of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting standards has no impact on the semi-annual consolidated financial statements for the same period of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

(Changes of currency conversion method into Japanese yen in income and expenses of foreign consolidated subsidiaries)

Income and expenses of foreign affiliate companies had used to be converted into Japanese yen by using spot rate on the financial closing date. Considering the increased importance of foreign consolidated subsidiaries, and these days aggressive movement of currency exchange rate, the method of using the average conversion rate of during the term may reflect the business results of foreign subsidiaries to the consolidated financial statements much clearer than using the spot rate on the financial closing date, therefore we have changed the conversion rate to average rate of during the term from the beginning of the first half of the fiscal year ending March 31, 2025.

Regarding figures on the previous corresponding period and the previous financial year end, we use the new changed conversion method.

By this currency conversion method change, operating revenues of the previous corresponding period is decreased by ¥2,641 million, operating income (loss) is decreased by ¥444 million, ordinary income (loss) is decreased by ¥2,683 million, and profit (loss) before income taxes is decreased by ¥2,413 million comparing to the figures by using the previous method. Moreover, accumulated affecting amount reflects the outstanding balance of net assets as of April 1, 2023 and therefore outstanding balance of retained earnings as of April 1, 2023 is decreased by ¥51,763 million and outstanding balance of foreign currency translation adjustments is increased by the same amount.

## Segment information

Six months ended September 30, 2023

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Revenues from contracts with customers	135,390	49,184	261,532	5,242	451,350	-	451,350
Other revenues	1,212	1,370	2,314	84	4,981	-	4,981
Operating revenues from customers	136,602	50,555	263,846	5,327	456,332	-	456,332
Inter-group revenues and transfers	60	7	2,145	34,630	36,844	(36,844)	-
Total revenues	136,663	50,562	265,992	39,958	493,176	(36,844)	456,332
Segment profit (loss)	2,835	4,899	77,597	1,183	86,516	(3,920)	82,596

Six months ended September 30, 2024

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Revenues from contracts with customers	167,741	48,830	308,356	5,996	530,925	-	530,925
Other revenues	3,759	1,909	1,359	61	7,089	-	7,089
Operating revenues from customers	171,501	50,740	309,716	6,057	538,015	-	538,015
Inter-group revenues and transfers	44	8	2,643	37,596	40,292	(40,292)	-
Total revenues	171,546	50,748	312,359	43,654	578,307	(40,292)	538,015
Segment profit (loss)	6,294	624	183,027	(409)	189,536	(2,211)	187,325

The Company has changed the currency conversion method into Japanese yen in income and expenses of foreign consolidated subsidiaries from using spot rate on the financial closing date to average rate of during the term from the beginning of the first half of the fiscal year ending March 31, 2025. Due to this change, Segment information in the first half of the fiscal year ended March 31, 2024, is presented based on the changed policy.

(Significant Subsequent Event)  
(Stock Repurchase)

At the meeting of the Board of Directors held on November 5, 2024, the Company resolved to repurchase its stock in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to paragraph 3 of Article 165 of the Companies Act of Japan. Details of the repurchase are as follows.

1. Purpose of the stock repurchase

Our basic policy is to improve shareholder profits over the medium and long terms by proactively promoting shareholder returns, including share buyback. This is done by taking cash flow into consideration and ensuring the investment level and financial stability necessary to improve our corporate value while being conscious of optimal capital structure and cash allocation. Furthermore, in five-year medium-term management plan for the fiscal year 2022 to the fiscal year 2026, we have raised the lower limit of the total amount of shareholder returns from at least 700 billion yen to at least 730 billion yen. For fiscal year 2024 and beyond, we plan to implement an additional return of 180 billion yen (including 90.8 billion yen worth share buyback completed) in addition to the basic dividend and additional dividend. Considering the scale of this additional shareholder's return, the Company has determined that the best way to do this will be to perform a share buyback capped at 90 billion yen. The buyback will be implemented based on these policies.

2. Details of repurchase

(1) Class of share: Common stock of the company

(2) Total number of shares of common stock to be repurchased: Up to 36,000,000 shares  
(5.34% of the total number of shares of common stock outstanding excluding treasury stock)

(3) Total amount: Up to 90,000,000,000 yen

(4) Period: From November 6, 2024 to February 28, 2025

(5) Repurchase method: Purchase on the Tokyo Stock Exchange through off-auction own share repurchase trading (ToSTNeT-3) and Auction market on Tokyo Stock Exchange

3. Others

In principle, the shares to be repurchased will be cancelled.