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May 8, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP) (Unaudited)

Company name:	Kawasaki Kisen Kaisha, Ltd.
Listing:	Prime Market of Tokyo Stock Exchanges
Securities code:	9107
URL:	http://www.kline.co.jp/en/
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Scheduled date of annual general meeting of shareholders:	June 23, 2023
Scheduled date to commence dividend payments:	June 26, 2023
Scheduled date to file annual securities report:	June 23, 2023
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 fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (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	%
Year ended March 31, 2023	942,606	24.5	78,857	346.4	690,839	5.1	694,904	8.2
Year ended March 31, 2022	756,983	21.0	17,663	-	657,504	634.7	642,424	491.0

Note: Comprehensive income for the fiscal year ended March 31, 2023: ¥794,036 million [19.0%]
For the fiscal year ended March 31, 2022: ¥667,264 million [456.3%]

	Profit (loss) per share	Profit (loss) per share-fully diluted	Profit per share ratio in shareholders' equity	Ratio of ordinary income (loss) to total assets	Ratio of operating income (loss) to operating revenues
	Yen	Yen	%	%	%
Year ended March 31, 2023	2,571.02	-	57.9	38.1	8.4
Year ended March 31, 2022	2,295.85	-	116.5	51.6	2.3

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates:

Year ended March 31, 2023:	¥627,759 million
Year ended March 31, 2022:	¥640,992 million

*The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. 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, 2022.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2023	2,052,616	1,546,679	73.8	6,128.41
Year ended March 31, 2022	1,574,960	984,882	56.2	3,161.45

Reference: Shareholders' equity:

Year ended March 31, 2023: ¥1,515,399 million

Year ended March 31, 2022: ¥884,634 million

*The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. Accordingly, net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2022.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2023	456,049	(46,745)	(300,790)	346,831
Year ended March 31, 2022	226,460	(5,848)	(116,001)	244,316

2. Dividends

	Annual dividends per share					Total dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2022	-	0.00	-	600.00	600.00	56,244	8.7	10.1
Year ended March 31, 2023	-	300.00	-	300.00	-	74,593	15.6	8.6
Year ended March 31, 2024 (Forecast)	-	100.00	-	100.00	200.00		41.2	

1. The Company implemented a 3-for-1 stock split of common shares on October 1, 2022.
2. The year-end dividend for the fiscal year ending March 2022 which has a dividend record date of March 31, 2022, and the interim dividend for the fiscal year ending March 2023 which has a dividend record date of September 30, 2022, were paid based on the shares before the stock split.
3. The year-end dividend for the fiscal year ending March 2023 which has a dividend record date of March 31, 2023, the interim dividend for the fiscal year ending March 2024 which has a dividend record date of September 30, 2023, and the year-end dividend for the fiscal year ending March 2024 which has a dividend record date of March 31, 2024, will be paid based on the shares following the stock split.

4. The full-year dividend for the fiscal year ending March 2023 per share is not presented as simple comparisons are not possible due to the implementation of the stock split, however, the full-year dividend per share based on the pre-stock split is 1,200.00 yen.

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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
Cumulative second quarter ending September 30, 2023	434,000	(10.1)	43,000	(18.9)	66,000	(88.4)	62,000	(89.0)	250.73
Year ending March 31, 2024	870,000	(7.7)	85,000	7.8	130,000	(81.2)	120,000	(82.7)	485.29

4. Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: None

Excluded: 1 (Corporate name: K LINE OFFSHORE AS)

(2) 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: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2023	250,712,389 shares
As of March 31, 2022	281,814,687 shares

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

As of March 31, 2023	3,438,017 shares
As of March 31, 2022	1,995,630 shares

(iii) Average number of shares outstanding during the period

Year ended March 31, 2023	270,283,923 shares
Year ended March 31, 2022	279,820,339 shares

*The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. 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, 2022.

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Profit (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2023	726,266	31.7	46,199	-	396,580	59.6	407,706	80.4
Year ended March 31, 2022	551,372	38.1	(4,964)	-	248,455	-	225,959	-

	Profit (loss) per share	Profit (loss) per share-fully diluted
	Yen	Yen
Year ended March 31, 2023	1,508.09	-
Year ended March 31, 2022	807.31	-

*The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. 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, 2022.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended March 31, 2023	877,521	515,365	58.7	2,083.76
Year ended March 31, 2022	724,090	272,843	37.7	974.82

Reference: Shareholders' equity:

Year ended March 31, 2023:	¥515,365 million
Year ended March 31, 2022:	¥272,843 million

*The Company split its common share on the basis of one (1) share into three (3) shares effective October 1, 2022. Accordingly, net assets per share is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year ended March 31, 2022.

*Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

*Assumption for the forecast of consolidated financial results for the year ending March 31, 2023

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 and Financial Statement (1) Qualitative Information about the Consolidated Operating Result 2) Prospect for Fiscal year 2023" for assumptions related to the forecast.

5. Qualitative Information and Financial Statement

(1) Qualitative Information about the Consolidated Operating Result

1) Summary of Consolidated Operating Results for FY2022

(Billion yen)

	Fiscal Year 2021 (Ended March 31, 2022)	Fiscal Year 2022 (Ended March 31, 2023)	Change	% Change
Operating revenues	756.9	942.6	185.6	24.5%
Operating income (loss)	17.6	78.8	61.1	346.4%
Ordinary income (loss)	657.5	690.8	33.3	5.1%
Profit (loss) attributable to owners of the parent	642.4	694.9	52.4	8.2%

Exchange Rate (¥/US\$) (12-month average)	112.06	135.07	23.01	20.5%
Fuel oil price (US\$/MT) (12-month average)	551	769	218	39.6%

Due to significant business performance improvement of OCEAN NETWORK EXPRESS PTE. LTD. (hereinafter referred to as "ONE"), the Company recorded 627.7 billion yen of equity in earnings of unconsolidated subsidiaries and affiliates for the fiscal year 2022. Within the recorded equity in earnings of unconsolidated subsidiaries and affiliates, "ONE" accounted for 620.6 billion yen for the fiscal year 2022, and 53.6 billion yen in the fourth quarter alone.

Performance per segment was as follows.

(Billion yen)

		Fiscal Year 2021 (Ended March 31, 2022)	Fiscal Year 2022 (Ended March 31, 2023)	Change	% Change
Dry bulk	Operating revenues	276.4	312.2	35.7	12.9%
	Segment profit (loss)	23.7	21.6	(2.1)	(9.0%)
Energy resource transport	Operating revenues	89.7	100.2	10.4	11.7%
	Segment profit (loss)	4.7	9.8	5.0	106.6%
Product logistics	Operating revenues	380.1	519.7	139.5	36.7%
	Segment profit (loss)	640.8	670.0	29.2	4.6%
Other	Operating revenues	10.5	10.3	(0.2)	(2.5%)
	Segment profit (loss)	(0.1)	0.8	0.9	—
Adjustments and eliminations	Segment profit (loss)	(11.7)	(11.4)	0.2	—
Total	Operating revenues	756.9	942.6	185.6	24.5%
	Segment profit (loss)	657.5	690.8	33.3	5.1%

(i) Dry Bulk Segment

Dry Bulk Business

In the Cape-size sector, at the beginning of the year, as the vessel supply-demand balance tightened due to port congestion associated with COVID-19 control measures, market rates stayed high. From the middle of the year through the end of the year, market rates weakened due to the easing of the impact of these factors and the decrease in demand for China-bound transportation caused by the slowdown of domestic demand resulting from China's zero-COVID policy. Towards the end of the year, market rates increased due to the expectations for the recovery of demand for steel through the economic stimulus package implemented after the end of that policy.

In the medium and small vessel sector, market rates declined early in the year because of the effects of the easing of port congestions in China as well as decline in demand for the transportation of coal to India and of steel products to Europe. The market rate increased and declined due to increase in demand for the transportation of grain and decline in demand for the transportation of coal to China from the middle of the year through the end of the year. However, the market stayed generally firm as well as the Cape-size sector after January this year.

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

As a result, the overall Dry Bulk Segment recorded a year-on-year increase in revenue but decrease in 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 secure stable profit.

As a result, the overall Energy Resource Transport Segment recorded a year-on-year increase both in revenue and profit.

(iii) Product Logistics Segment

Car Carrier Business

In the global car sales market, production and shipments in some regions were affected by supply shortages of semiconductors and auto parts and the Russia-Ukraine situation, but the recovery from the impact of the COVID-19 continued. Meanwhile, the Group continued efforts to restore freight rates and improve operational efficiency.

Logistics Business

In the domestic logistics and port business, the domestic container handling volume decreased year-on-year due to the decrease in cargo for services between the west coast of North America and Japan. In the towage business and warehousing business, work volume stayed firm. As for the international logistics sector, the downtrend in ocean and

air cargo transportation demand continued in the forwarding business. In the finished vehicle transportation business, both land transportation volume and storage volume increased year-on-year along with the increase in demand for transportation of vehicles bound for Australia.

Short Sea and Coastal Business

In the short sea business, although coal transportation declined year-on-year due to the Russia-Ukraine situation, the overall market remained firm because of robust demand for the transportation of steel products and biomass fuels. In the coastal business, while the cargo transportation volume remained at the same level as the same quarter of the previous year, the recovery in the numbers of passenger cars and passengers transported continued as a result of the lifting of restrictions on activities associated with COVID-19.

Containership Business

The business performance of "ONE" stayed firm in the first half of the year due to high freight market. Although short-term freight rates declined in the second half of the year due to restoration in shipping capacity supply and decline in transportation demand as a result of normalization of supply chains, full-year results of "ONE" remained strong as in the previous year.

As a result, the overall Product Logistics Segment recorded a year-on-year increase in both revenue and profit.

(iv) Other

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

2)Prospect for Fiscal year 2023

For the fiscal year ending March 31, 2024, the Group is projecting the performance as follows.

(Billion yen / Percentages indicate year-on-year changes.)

	Operating revenues		Operating income (loss)		Ordinary income (loss)		Profit (loss) attributable to owners of the parent	
Fiscal Year 2023 (End March 2024)	870.0	(7.7%)	85.0	7.8%	130.0	(81.2%)	120.0	(82.7%)

(Exchange Rate(¥/US\$) : ¥125.29 / Fuel Oil Price(US\$/MT) : US\$679)

In the Dry Bulk Segment, despite uncertainties including concerns over inflation, high interests' rates, financial insecurity and recession mainly in Europe and the United States and the prolongation of the Russia-Ukraine situation, the market is expected to stay firm due to the tightening of the vessel supply-demand balance against the backdrop of the recovery of economic activities in China and limited building of new ships. The Group will watch out for changes in transportation demand and trade patterns and prepare to promptly respond. At the same time, amid growing need to deal with environmental problems, take advantage of its strength in high quality transportation, the Group

will strive to secure stable profit by increasing vessel operation efficiency and reducing costs as well as increasing mid- and long-term contracts.

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 (VLCCs), LPG carriers, drillship and FPSO (Floating Production, Storage and Offloading systems).

As for the Product Logistics Segment, regarding the car carrier business, while geopolitical risks and risks of global economic stagnation will remain, the year-on-year recovery trends of production and shipment are expected to continue along with the recovery of supply of semiconductors and auto parts. 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, although the ocean container transportation for services between the west coast of North America and Japan has recently declined, the handling volume at domestic terminals combined with short sea services is expected to be the same as previous year. As for the international logistics sector, market rate trends are uncertain in the forwarding business due to declining demand for ocean and air transportation. In the finished vehicle transportation business, the handling volume is expected to increase due to the continued robust demand for imported vehicles in Australia. In the Short Sea and Coastal Business, as market rates are expected to stay at a lower level than the previous year in the short sea business, the Group will strive to acquire stable cargo through mid-and long-term contracts for transportation of biomass fuels. In the coastal business, while EC cargo will decline in ferry transportation, demand for passenger transportation is expected to remain flat year-on-year. As for liner transportation, the Group will aim to improve the transportation volume by gaining demand for trailer transportation as measures for the modal shift to cope with Year 2024 Problem. In the containership business, freight rates are stabilizing as supply chains normalize. However, global economic uncertainties are expected to continue due to global inflation and energy price hikes, rising interests' rates mainly in the U.S., and geopolitical risks in Europe and Asia. "ONE" will continue to closely monitor the economic environment and strive for steady business operations while implementing flexible measures to adapt to fluctuations in supply and demand.

(2) Analysis of Financial Position

1) Assets, Liabilities and Net Assets

Consolidated assets at the end of March 2023 were ¥2,052.6 billion, an increase of ¥477.6 billion from the end of the previous fiscal year. Current assets increased by ¥103.8 billion from the end of the previous fiscal year, due mainly to an increase in Marketable securities. Non-current assets increased by ¥373.8 billion, mainly as a result of an increase in investment securities.

Consolidated liabilities decreased by ¥84.1 billion to ¥505.9 billion from the end of the previous fiscal year, mainly as a result of a decrease in short-term loans and current portion of long-term loans.

Consolidated net assets were ¥1,546.6 billion, an increase of ¥561.7 billion compared to the end of the previous fiscal year, mainly as a result of an increase in retained earnings.

2) Cash Flows

Total cash and cash equivalents at the end of fiscal year 2022 were ¥346.8 billion, an increase of ¥102.5 billion over the end of the previous fiscal year. Details of each cash flow source are as follows:

Cash flows from operating activities were a net cash inflow of ¥456.0 billion (compared to a net cash inflow of ¥226.4 billion in the previous fiscal year) due mainly to profit before income taxes.

Cash flows from investing activities resulted in a net cash outflow of ¥46.7 billion (compared to a net cash outflow of ¥5.8 billion in the previous fiscal year) due mainly to purchase of vessels, property and equipment.

Cash flows from financing activities resulted in a net cash outflow of ¥300.7 billion (compared to a net cash outflow of ¥116.0 billion in the previous fiscal year) due mainly to repayments of long-term loans, purchase of treasury stock and cash dividends paid.

Reference: Changes in cash flow-related indicators

	Fiscal Year Ended March 2019	Fiscal Year Ended March 2020	Fiscal Year Ended March 2021	Fiscal Year Ended March 2022	Fiscal Year Ended March 2023
Equity ratio (%)	10.9	11.3	22.4	56.2	73.8
Equity ratio (based on market value) (%)	11.7	8.5	24.3	47.5	36.4
Ratio of debt to cash flow (annual)	—	—	15.2	1.9	0.8
Interest coverage ratio (x)	—	—	3.3	22.0	47.1

*Equity ratio is the shareholders' equity divided by total assets.

Equity ratio (based on market value) is market capitalization divided by total assets.

Ratio of debt to cash flow is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expenses.

Notes

1. Indicators are calculated on the basis of consolidated figures.
2. Market capitalization is calculated based on the number of shares outstanding, not including treasury stock.
3. Cash flows above refer to cash flows from operating activities.
4. Interest-bearing liabilities are the total of all liabilities on the consolidated balance sheet on which interest is paid. Interest paid shown in the consolidated statement of cash flows is used as interest expenses.
5. The ratio of debt to cash flow and the interest coverage ratio for the fiscal year ended March 2019 and March 2020 were omitted since the cash flows from operating activities were negative.

(3) Basic Dividend Policy and Dividend Payments for Fiscal Year 2022 and Following Fiscal Year

Based on our medium-term management plan, our basic policy is to always be aware of the optimal capital structure, to make the investments necessary to increase corporate value and ensure financial soundness, and to actively return profits to shareholders, including share buybacks, in consideration of cash flow for the portion of capital exceeding the appropriate amount.

Based on this basic policy, for the fiscal year ended March 31, 2023, the Company resolved a year-end dividend of 300.00 yen per share based on post-stock split.

Although a simple comparison of annual dividends cannot be made due to the stock split, the annual dividend per share based on the pre-stock split will be 1,200.00 yen, including the interim dividend of 300.00 yen per share based on the pre-stock split.

Above will be implemented subject to the resolution at the Ordinary General Meeting of Shareholders scheduled in June 2023.

Taking the business performance and other factors into consideration, the Company plans to raise the basic dividend per share to 120.00 yen based on the post-stock split for the remaining period of the medium-term management plan, from the fiscal year ending March 31, 2024, to the fiscal year ending March 31, 2027. Furthermore, the Company plans to pay an additional dividend of 80.00 yen per share based on post-stock split for the fiscal year ending March 31, 2024.

As a result, for the fiscal year ending March 31, 2024, the Company plans payment of an annual dividend of 200.00 yen per share (including an interim dividend of 100.00 yen per share).

Furthermore, the Company plans to consider an additional 110 billion yen in shareholder return during the remaining period of the medium-term management plan, of which at least 50 billion yen will be paid in the fiscal year ending March 31, 2024, apart from the additional dividend.

The Company plans to consider share buybacks in addition to dividends as an additional shareholder return measure.

(Note)

Each share of common stock owned by shareholders on the recorded date of September 30, 2022 was split into 3 shares per share on October 1, 2022.

6. Basic Approach to Selection of Accounting Standards

To allow reliable year-on-year and company-to-company comparisons, the Group's policy for the time being is to prepare its consolidated financial statements according to Japanese accounting standards.

With respect to application of IFRS, our policy is to respond appropriately based on consideration of various domestic and overseas circumstances.

7. 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, 2022	As of March 31, 2023
ASSETS		
Current assets :		
Cash and deposits	247,344	247,429
Accounts and notes receivable - trade and contract assets	103,699	107,522
Marketable securities	0	102,001
Raw materials and supplies	36,572	38,356
Deferred and prepaid expenses	17,659	22,018
Short-term loans receivable	4,749	2,293
Other current assets	22,107	16,345
Allowance for doubtful accounts	(1,044)	(1,074)
Total current assets	431,089	534,894
Non-current assets :		
(Vessels, property and equipment)		
Vessels, net	339,821	319,329
Buildings and structures, net	9,817	9,709
Machinery, equipment and vehicles, net	2,904	3,129
Land	15,730	15,537
Construction in progress	9,679	18,842
Other, net	4,076	5,599
Total vessels, property and equipment	382,029	372,147
(Intangible assets)		
Other intangible assets	3,513	3,808
Total intangible assets	3,513	3,808
(Investments and other assets)		
Investment securities	691,809	1,070,227
Long-term loans receivable	23,007	24,568
Asset for retirement benefits	1,228	1,400
Deferred tax assets	2,589	6,175
Other investments and other assets	40,824	41,323
Allowance for doubtful accounts	(1,132)	(1,930)
Total investments and other assets	758,326	1,141,765
Total non-current assets	1,143,870	1,517,722
Total assets	1,574,960	2,052,616

Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
LIABILITIES		
Current liabilities :		
Accounts and notes payable - trade	62,756	62,803
Short-term loans and current portion of long-term loans	87,544	50,691
Lease obligations	26,870	13,367
Accrued income taxes	3,051	2,095
Provision for loss related to the Anti-Monopoly Act	357	1,692
Provision for loss on liquidation of subsidiaries and affiliates	2,168	-
Provision for loss on chartering contracts	13,903	9,609
Provision for bonuses	4,165	4,489
Provision for directors' bonuses	309	523
Other current liabilities	50,411	40,106
Total current liabilities	251,538	185,378
Non-current liabilities :		
Long-term loans, less current portion	277,992	267,313
Lease obligations	24,047	20,320
Deferred tax liabilities	9,129	4,044
Deferred tax liabilities on land revaluation	1,174	1,174
Provision for directors' and audit and supervisory board members' retirement benefits	167	83
Provision for directors' stock benefits	307	1,192
Provision for periodic dry docking of vessels	13,392	14,810
Liability for retirement benefits	6,147	6,441
Other non-current liabilities	6,178	5,177
Total non-current liabilities	338,538	320,558
Total liabilities	590,077	505,937
NET ASSETS		
Shareholders' equity:		
Common stock	75,457	75,457
Capital surplus	14,214	29,102
Retained earnings	777,130	1,302,769
Treasury stock	(2,378)	(6,550)
Total shareholders' equity	864,424	1,400,779
Accumulated other comprehensive income :		
Net unrealized holding gain (loss) on investment securities	5,474	6,482
Deferred gain (loss) on hedges	(893)	2,100
Revaluation reserve for land	4,630	4,682
Foreign currency translation adjustments	12,954	103,353
Retirement benefits liability adjustments	(1,956)	(2,000)
Total accumulated other comprehensive income	20,209	114,619
Non-controlling interests	100,248	31,280
Total net assets	984,882	1,546,679
Total liabilities and net assets	1,574,960	2,052,616

Consolidated Statement of Operations

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Marine transportation and other operating revenues	756,983	942,606
Marine transportation and other operating costs and expenses	681,605	799,881
Gross profit (loss)	75,377	142,724
Selling, general and administrative expenses	57,714	63,866
Operating income (loss)	17,663	78,857
Non-operating income :		
Interest income	671	2,805
Dividend income	2,226	2,517
Equity in earnings of unconsolidated subsidiaries and affiliates	640,992	627,759
Foreign exchange gains	10,742	-
Other non-operating income	1,470	2,950
Total non-operating income	656,103	636,033
Non-operating expenses :		
Interest expenses	10,305	9,996
Foreign exchange losses	-	9,723
Loss on valuation of derivatives	2,003	-
Other non-operating expenses	3,954	4,332
Total non-operating expenses	16,263	24,052
Ordinary income (loss)	657,504	690,839
Extraordinary income :		
Gain on sales of non-current assets	19,758	3,829
Other extraordinary income	10,347	919
Total extraordinary income	30,105	4,748
Extraordinary losses :		
Impairment losses	18,159	18
Loss on cancellation of chartered vessels	7,262	-
Provision for loss on liquidation of subsidiaries and affiliates	2,168	-
Loss on change in equity	-	614
Provision for loss related to the Anti-Monopoly Act	-	1,335
Other extraordinary losses	924	742
Total extraordinary losses	28,516	2,710
Profit (loss) before income taxes	659,093	692,877
Income taxes :		
Current	8,665	3,864
Deferred	3,794	(9,982)
Total income taxes	12,459	(6,117)
Profit (loss)	646,633	698,994
Profit (loss) attributable to non-controlling interests	4,209	4,090
Profit (loss) attributable to owners of the parent	642,424	694,904

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Profit (loss)	646,633	698,994
Other comprehensive income :		
Net unrealized holding gain (loss) on investment securities	1,581	894
Deferred gain (loss) on hedges	1,470	402
Foreign currency translation adjustments	10,959	12,014
Retirement benefits liability adjustments	881	(29)
Share of other comprehensive income (loss) of unconsolidated subsidiaries and affiliates accounted for using equity method	5,737	81,759
Total other comprehensive income	20,630	95,042
Comprehensive income	667,264	794,036
(Breakdown)		
Comprehensive income attributable to owners of parent	662,543	789,261
Comprehensive income attributable to non-controlling interests	4,720	4,774

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2021	75,457	14,295	130,723	(2,373)	218,103
Cumulative effects of changes in accounting policies			3,982		3,982
Restated balance	75,457	14,295	134,706	(2,373)	222,085
Change in items during the year					
Cash dividends					—
Profit (loss) attributable to owners of the parent			642,424		642,424
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock					—
Cancellation of treasury stock					—
Share exchanges					—
Change in ownership interest of parent due to transactions with non-controlling interests		(80)			(80)
Reversal of revaluation reserve for land					—
Net changes in retained earnings from changes in scope of consolidation or equity method			(0)		(0)
Net changes in items other than shareholders' equity					
Net changes during the year	—	(80)	642,424	(4)	642,338
Balance at March 31, 2022	75,457	14,214	777,130	(2,378)	864,424

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized holding gain (loss) on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2021	3,960	(3,657)	4,630	(1,963)	(2,879)	90	97,968	316,162
Cumulative effects of changes in accounting policies							88	4,070
Restated balance	3,960	(3,657)	4,630	(1,963)	(2,879)	90	98,056	320,233
Change in items during the year								
Cash dividends								—
Profit (loss) attributable to owners of the parent								642,424
Purchase of treasury stock								(4)
Disposal of treasury stock								—
Cancellation of treasury stock								—
Share exchanges								—
Change in ownership interest of parent due to transactions with non-controlling interests								(80)
Reversal of revaluation reserve for land								—
Net changes in retained earnings from changes in scope of consolidation or equity method								(0)
Net changes in items other than shareholders' equity	1,514	2,764	—	14,917	923	20,119	2,191	22,311
Net changes during the year	1,514	2,764	—	14,917	923	20,119	2,191	664,649
Balance at March 31, 2022	5,474	(893)	4,630	12,954	(1,956)	20,209	100,248	984,882

Consolidated Statement of Changes in Net Assets

Kawasaki Kisen Kaisha, Ltd. and Consolidated Subsidiaries for the year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2022	76,457	14,214	777,130	(2,378)	864,424
Cumulative effects of changes in accounting policies					—
Restated balance	76,457	14,214	777,130	(2,378)	864,424
Change in items during the year					
Cash dividends			(84,613)		(84,613)
Profit (loss) attributable to owners of the parent			694,904		694,904
Purchase of treasury stock				(89,558)	(89,558)
Disposal of treasury stock		60		30	90
Cancellation of treasury stock		(381)	(84,574)	84,955	—
Share exchanges		14,898		400	15,299
Change in ownership interest of parent due to transactions with non-controlling interests		310			310
Reversal of revaluation reserve for land			(62)		(62)
Net changes in retained earnings from changes in scope of consolidation or equity method			(26)		(26)
Net changes in items other than shareholders' equity					
Net changes during the year	—	14,888	625,639	(4,172)	536,355
Balance at March 31, 2023	76,457	29,102	1,302,769	(6,550)	1,400,779

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Net unrealized holding gain (loss) on investments in securities	Deferred gain (loss) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at April 1, 2022	5,474	(899)	4,630	12,954	(1,956)	20,209	100,248	984,882
Cumulative effects of changes in accounting policies								—
Restated balance	5,474	(899)	4,630	12,954	(1,956)	20,209	100,248	984,882
Change in items during the year								
Cash dividends								(84,613)
Profit (loss) attributable to owners of the parent								694,904
Purchase of treasury stock								(89,558)
Disposal of treasury stock								90
Cancellation of treasury stock								—
Share exchanges								15,299
Change in ownership interest of parent due to transactions with non-controlling interests								310
Reversal of revaluation reserve for land								(62)
Net changes in retained earnings from changes in scope of consolidation or equity method								(26)
Net changes in items other than shareholders' equity	1,007	2,994	52	90,398	(43)	94,409	(68,968)	25,441
Net changes during the year	1,007	2,994	52	90,398	(43)	94,409	(68,968)	561,796
Balance at March 31, 2023	6,482	2,100	4,682	103,353	(2,000)	114,619	31,280	1,546,679

Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities :		
Profit (loss) before income taxes	659,093	692,877
Depreciation and amortization	42,821	42,396
Increase (decrease) in liability for retirement benefits	(99)	439
(Increase) decrease in asset for retirement benefits	(371)	(171)
Increase (decrease) in retirement benefits liability adjustments	980	(125)
Increase (decrease) in provision for directors' and audit and supervisory board members' retirement benefits	(185)	(79)
Increase (decrease) in provision for periodic dry docking of vessels	1,463	1,389
Increase (decrease) in provision for loss related to the Anti-Monopoly Act	-	1,335
Increase (decrease) in provision for loss on chartering contracts	(1,652)	(4,294)
Interest and dividend income	(2,898)	(5,323)
Interest expenses	10,305	9,996
Foreign exchange losses (gains)	(8,291)	7,786
Impairment losses	18,159	18
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(640,992)	(627,759)
Loss on cancellation of chartered vessels	7,262	-
Provision for loss on liquidation of subsidiaries and affiliates	2,168	-
(Gain) loss on sales of vessels, property and equipment	(19,756)	(3,802)
(Gain) loss on change in equity	-	614
(Increase) decrease in accounts and notes receivable – trade and contract assets	(28,855)	(1,651)
(Increase) decrease in inventories	(14,024)	(1,642)
(Increase) decrease in other current assets	1,754	(8,586)
Increase (decrease) in accounts and notes payable – trade	2,524	(1,969)
Increase (decrease) in other current liabilities	8,097	(1,935)
Other, net	(8,026)	3,979
Subtotal	29,476	103,489
Interest and dividends income received	217,357	368,103
Interest expenses paid	(10,435)	(9,676)
Payments for cancellation of chartered vessels	(6,715)	(546)
Payments related to the Anti-Monopoly Act	(328)	(399)
Income taxes paid	(2,894)	(4,919)
Net cash provided by (used in) operating activities	226,460	456,049
Cash flows from investing activities :		
Payments into time deposits	(6,588)	(4,231)
Proceeds from withdrawal of time deposits	6,114	4,729
Purchases of marketable securities and investment securities	(4,249)	(21,669)
Proceeds from sales of marketable securities and investment securities	252	965
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	2,810	4,882
Purchase of vessels, property and equipment	(41,140)	(67,641)
Proceeds from sales of vessels, property and equipment	46,382	37,746
Purchase of intangible assets	(821)	(867)
Payments of long-term loans receivable	(6,824)	(2,264)
Collection of long-term loans receivable	1,331	3,835
Other, net	(3,115)	(2,230)
Net cash provided by (used in) investing activities	(5,848)	(46,745)
Cash flows from financing activities :		
Increase (decrease) in short-term loans, net	(244)	(635)
Proceeds from long-term loans	76,339	44,450
Repayments of long-term loans and obligations under finance leases	(190,309)	(102,294)
Redemption of bonds	-	(7,000)
Purchase of treasury stock	(4)	(89,558)
Cash dividends paid	(0)	(84,506)
Cash dividends paid to non-controlling interests	(1,124)	(4,035)
Repayments to non-controlling interests	-	(56,875)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(663)	(289)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	14	11
Other, net	(8)	(57)
Net cash provided by (used in) financing activities	(116,001)	(300,790)
Effect of exchange rate changes on cash and cash equivalents	9,705	(6,001)
Net increase (decrease) in cash and cash equivalents	114,314	102,512
Cash and cash equivalents at beginning of the year	130,001	244,316
Increase in cash and cash equivalents arising from initial consolidation of subsidiaries	1	2
Cash and cash equivalents at end of the year	244,316	346,831

8. Explanatory Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Change in Accounting Standards)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Accounting Standards Board of Japan (“ASBJ”) Guidance No. 31, June 17, 2021; hereinafter “Implementation Guidance on Fair Value Measurement Standard”) from the beginning of the fiscal year ended March 31, 2023. The company has prospectively applied the new accounting policies stipulated by the Implementation Guidance on Fair Value Measurement Standard, in accordance with the transitional treatment provided in Paragraph 27-2 of the Implementation Guidance on Fair Value Measurement Standard. There was no effect of the application of Implementation Guidance on Fair Value Measurement Standard on the consolidated financial statements for the fiscal year ended March 31, 2023.

(Additional Information)

(Application of Treatment for Accounting and Disclosure under Group Tax Sharing System)

The Company and certain domestic subsidiaries have transferred from the consolidated taxation system to the group tax sharing system from the beginning of the fiscal year ended March 31, 2023. In accordance with the change, the Company and certain domestic subsidiaries have applied the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 42, August 12, 2021; hereinafter “PITF No. 42”), which provides for accounting treatment and disclosure of corporate tax and local corporate taxes and tax effect accounting. In accordance with Paragraph 32 (1) of PITF No. 42, there is no effect on the consolidated financial statements due to the change in accounting standards resulting from the application of PITF No. 42.

Segment Information

Year ended March 31, 2022

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Revenues from contracts with customers	271,352	84,295	374,369	10,489	740,506	-	740,506
Other revenues	5,126	5,431	5,827	91	16,476	-	16,476
Operating revenues from customers	276,478	89,726	380,196	10,580	756,983	-	756,983
Inter-group revenues and transfers	17	12	13,503	50,924	64,457	(64,457)	-
Total revenues	276,496	89,738	393,699	61,505	821,440	(64,457)	756,983
Segment profit (loss)	23,744	4,766	640,814	(106)	669,219	(11,715)	657,504
Segment assets	372,585	182,867	981,765	45,514	1,582,732	(7,772)	1,574,960
Depreciation and amortization	15,559	10,338	16,232	481	42,611	210	42,821
Interest income	104	349	201	39	695	(23)	671
Interest expenses	2,181	4,005	3,968	31	10,187	118	10,305
Equity in earnings (loss) of unconsolidated subsidiaries and affiliates	48	2,445	638,344	154	640,992	-	640,992
Investments in subsidiaries and affiliates accounted for by the equity method	498	31,213	629,559	4,340	665,611	-	665,611
Increase in vessels, property and equipment, and intangible assets	15,251	4,616	22,509	526	42,905	537	43,442

Year ended March 31, 2023

(Millions of yen)

	Dry bulk	Energy resource transport	Product logistics	Other	Total	Adjustments and eliminations	Consolidated
Revenues							
Revenues from contracts with customers	307,835	96,024	513,637	10,195	927,693	-	927,693
Other revenues	4,431	4,201	6,156	123	14,912	-	14,912
Operating revenues from customers	312,267	100,225	519,794	10,318	942,606	-	942,606
Inter-group revenues and transfers	42	24	5,516	57,421	63,004	(63,004)	-
Total revenues	312,309	100,250	525,310	67,739	1,005,610	(63,004)	942,606
Segment profit (loss)	21,613	9,847	670,036	806	702,303	(11,464)	690,839
Segment assets	289,480	248,776	1,486,078	47,468	2,071,804	(19,187)	2,052,616
Depreciation and amortization	14,662	9,972	16,557	679	41,870	525	42,396
Interest income	242	719	326	128	1,417	1,388	2,805
Interest expenses	2,893	3,268	3,606	26	9,795	201	9,996
Equity in earnings (loss) of unconsolidated subsidiaries and affiliates	88	2,956	624,458	256	627,759	-	627,759
Investments in subsidiaries and affiliates accounted for by the equity method	589	38,046	974,412	5,102	1,018,150	-	1,018,150
Increase in vessels, property and equipment, and intangible assets	4,481	32,411	33,971	246	71,112	715	71,827