

December 17, 2021

Kawasaki Kisen Kaisha, Ltd.

Notice Concerning Dissolution of Subsidiary Company and Transfer of Fixed Assets

Kawasaki Kisen Kaisha, Ltd. (“K” LINE) hereby announces that it was approved by its board of directors to sell the offshore supports vessels owned by K LINE OFFSHORE AS (KOAS), its subsidiary company, and dissolve KOAS as described below.

1. Reason for the dissolution

In 2007 “K” LINE had established KOAS in Norway, as a consolidated subsidiary, to enter offshore support vessel (OSV) business, expecting stable demand in the oil and gas fields of the North Sea. However, KOAS has long struggled after energy price decline, heavily affected by dropped market since then. It was decided after careful consideration that the best solution should be to sell all the vessels and dissolve KOAS taking expected profitability of OSV business into consideration.

2. Outline of the company to be dissolved

(1) Company Name	K LINE OFFSHORE AS	
(2) Head Office	Kystveien 14, 4841 Arendal, Norway	
(3) Representative	Chief Executive Officer: Tomoyuki Okawa	
(4) Main Business	Owning and Operating of Offshore Support Vessels	
(5) Capital	NOK 2,716,919,000 (as of December 17, 2021)	
(6) Date Established	2007	
(7) Main Shareholder and Share Ownership Ratio	“K” LINE 100%	
(8) Relationship with Subsidiary	Capital Relationship	Whole voting rights are held by “K” LINE.
	Personnel Relationship	One executive officer and one employee are engaged.
	Business Relationship	N/A
(9) Subsidiary’s consolidated business performance and consolidated financial status for the three most recent years (Unit: NOK 1,000)		

Reporting period for Year Ended	March 2019	March 2020	March 2021
Net Assets	768,723	915,116	873,358
Total Assets	2,182,777	2,351,277	1,956,960
Net Assets per Share (NOK)	365	398	348
Sales	318,017	421,570	300,715
Operating Profit	▲84,814	11,011	▲89,303
Ordinary Profit	▲203,629	▲43,606	▲134,058
Net Income attributable to owners of parent	▲346,014	▲43,606	▲256,758
Net Income per Share (NOK)	▲164	▲19	▲102

For reference:

As of March 31, 2019, NOK 1 = JPY 12.85

As of March 31, 2020, NOK 1 = JPY 10.26

As of March 31, 2021, NOK 1 = JPY 12.96

3. Details of fixed assets (vessels) to be transferred

4 PSV's (Platform Supply Vessel)

2 AHTS's (Anchor Handling Tug Supply Vessel)

*The primary function for PSV is transportation of materials and fuels to and from offshore oil and gas rigs, and AHTS specializes in towing and relocating oil rigs, and handling anchors for oil rigs.

**K" LINE refrains from disclosing the name of transferee, transfer value and book value of the subject assets at the request of the transferee. There is no capital relationship nor business relationship with the transferee to be noted, and "K" LINE and its group companies are not considered to be the related parties of the transferee.

4. Overview of ownership of the share

(1) Ownership of the share before dissolution	NOK 2,716,919,000 (as of December 17, 2021) (Number of voting rights : 2,716,919) (Proportion of voting rights held : 100%)
(2) Ownership of the share after dissolution	NOK - (Number of voting rights : -) (Proportion of voting rights held : -%)

5. Timetable

(1) Date of resolution at the meeting of the Board of Directors	December 17, 2021
(2) Date of vessel delivery	4 th Quarter of the fiscal year ending March 31, 2022 (scheduled)
(3) Date of dissolution	1 st half of the fiscal year ending March 31, 2023 (scheduled)

6. Extraordinary Loss to be recognized

“K” LINE expects recording an impairment loss of approximately JPY 13 billion as a result of transfer of fixed assets, and an extraordinary loss of approximately JPY 4 billion as a provision of allowance for loss on liquidation of subsidiaries and affiliates. In total an extraordinary loss of approximately JPY 17 billion will be recorded in its consolidated financial statements for the fiscal year ending March 31, 2022. This dissolution is a part of structural reform planned to be conducted in the 2nd half of FY2021, which was released on May 10, 2021 in the consolidated financial results forecasts for the fiscal year ending March 31, 2022. It is estimated that there will be no change in the consolidated financial results forecasts for the fiscal year ending March 31, 2022.

The actual results may differ from the forecasts depending on various factors such as foreign exchange rates.

For further information, please contact:

Kei Onishi

General Manager, Electricity and Offshore Business Group

Tel: +81-3-3595-5632

Kawasaki Kisen Kaisha, Ltd. (“K” LINE)

“K” LINE’s website URL: <https://www.kline.co.jp/en/index.html>

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.

[Reference purpose only] This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.