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October 31, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: NS UNITED KAIUN KAISHA, LTD.
 Listing: Tokyo Stock Exchange (TSE) Prime Market
 Securities code: 9110 URL: <https://www.nsuship.co.jp>
 Representative: Kazuma Yamanaka, President and Representative Director
 Inquiries: Hirokazu Sone, Group Manager, Finance and Accounting Group Phone: 81-3-6895-6407
 Scheduled date to file semi-annual securities report: November 12, 2024
 Scheduled date to commence dividend payments: December 2, 2024
 Preparation of supplementary material on financial results: Yes
 Financial Results Presentation Held: No

(Amounts are rounded 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)

(Million yen)

(Percentages indicate year-on-year changes.)

	Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Six months ended September 30, 2024	128,723	14.6%	11,706	(4.0)%	10,105	(26.9)%	9,153	(16.7)%
Six months ended September 30, 2023	112,354	(14.1)%	12,194	(41.0)%	13,827	(42.7)%	10,989	(43.4)%

(Note) Comprehensive Income

For the six months ended September 30, 2024: 8,616 million yen (23.8)%

For the six months ended September 30, 2023: 11,313 million yen (39.5)%

(Yen)

	Profit per Share		Diluted Net Income per Share	
	Amount	% Change	Amount	% Change
Six months ended September 30, 2024	388.39	—	—	—
Six months ended September 30, 2023	466.30	—	—	—

(2) Consolidated Financial Position

(Million yen)

	Total Assets		Net Assets		Equity Ratio	
	Amount	% Change	Amount	% Change	Amount	% Change
As of September 30, 2024	281,739	—	154,665	—	54.9%	—
As of March 31, 2024	286,344	—	149,584	—	52.2%	—

(Reference) Equity Capital

As of September 30, 2024: 154,665 million yen

As of March 31, 2024: 149,584 million yen

2. Cash Dividends

	Annual Dividends per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	For Full Year
Fiscal year ended March, 2024	-	80.00	-	150.00	230.00
Fiscal year ending March, 2025	-	115.00			
Fiscal year ending March, 2025 (Forecast)			-	115.00	230.00

(Note) Revision to the dividend distribution forecast from the last announcement: No

3. Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2025 (from April 1, 2024 to March 31, 2025)

(Million yen)

(Percentages indicate year-on-year changes.)

	Revenues		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
For full year	234,000	0.4%	21,100	(2.3)%	19,300	(13.0)%	18,000	0.1%	763.82

(Note) Revision to annual operating performance forecast from the last announcement: Yes

Notes:

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Particular accounting methods used for 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: None
 - 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:	23,970,679 shares
As of March 31, 2024:	23,970,679 shares
 - ii. Number of treasury shares at the end of the period

As of September 30, 2024:	404,964 shares
As of March 31, 2024:	404,939 shares
 - iii. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024:	23,565,726 shares
Six months ended September 30, 2023:	23,565,951 shares

* This document of financial highlights is outside the scope of audit by certified public accountants or an audit corporation.

* Proper use of financial results forecast and other special matters

The forward-looking statements including the financial results forecast contained herein are based on information currently available to the Company, as well as certain assumptions deemed reasonable by the Company. As such, the Company does not intend to guarantee the achievement of the forecast. In addition, actual results may differ significantly from the forecast due to various factors. For preconditions for the financial results forecast and precautions when using the financial results forecast, please see "1. Information on Financial Results (3) Explanation of Consolidated Earnings Forecast and Future Outlook" on page 4 of the attachments.

(Supplementary material on financial results)

Supplementary material for financial results will be posted on the Company's website, October 31, 2024.

1. Information on Financial Results

(1) Explanation of Operating Results

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024	Amount Change (Percentage change)	
Revenues	112,354	128,723	16,369	14.6%
Operating Profit	12,194	11,706	(488)	(4.0)%
Ordinary Profit	13,827	10,105	(3,722)	(26.9)%
Profit Attributable to Owners of Parent	10,989	9,153	(1,836)	(16.7)%

Exchange rate (¥/US\$) (6 month average)	139.00	153.50	14.50	10.4%
Bunker price* (US\$/MT) (6 month average)	541	587	46	8.4%

*Average price for all the major fuel grades including Very Low Sulfur Fuel Oil

For the six months ended September 30, 2024, revenues was 128,723 million yen (up 16,369 million yen year-on-year), operating profit was 11,706 million yen (down 488 million yen year-on-year), ordinary profit was 10,105 million yen (down 3,722 million yen year-on-year). Profit attributable to owners of parent was 9,153 million yen (down 1,836 million yen year-on-year).

In the international shipping business during the six months ended September 30, 2024, in the dry bulk sector, while there was an uncertainty in the Chinese economy, bulk cargo shipments remained firm, especially in steel-making raw material cargoes.

For Capesize bulk carriers (180,000 DWT type), although Chinese steel production temporarily dropped against the background of domestic real estate recession, demand for iron ore shipments remained steady. Strong shipments of bauxite from West Africa also supported the Capesize market during the period. For Panamax or smaller-sized vessels (20,000-80,000 DWT type), disruptions in passage through Suez Canal continued to tighten tonnage supply and demand, while restriction on passage through Panama Canal was eased as the rainfall returned to normal. As for VLGCs (Very Large Gas Carriers), cargo movements remained steady, but the market turned to the downward trend during the second quarter because of the easing of restriction on passage through Panama Canal.

Under these circumstances, although the yen's depreciation which progressed during the period boosted revenues, profits declined compared with the same period of the previous year due to an increase of burden from foreign-currency-based costs such as docking, repair and hire for vessels arranged from the market.

In the coastal shipping business, with respect to dry bulk, in steel products, although a moderate recovery in production volume was temporarily observed in the automobile sector, transportation volume declined year-on-year due to sluggish sales in the construction sector. Cement transportation dropped year-on-year due to adverse weather conditions such as typhoons. As for electric utility-related cargo, transportation volume increased year-on-year on the back of strong electric power demand in summer. As for the tankers, LNG transportation was sluggish due to declining domestic demand for LNG, while LPG transportation increased year-on-year.

Under these circumstances, the coastal shipping business posted higher revenues and profits compared to the same period of the previous year.

Marine transportation services comprise almost the entire business of the Company's group, with the international shipping business accounting for approximately 90% of consolidated revenues and the coastal shipping business accounting for approximately 10%.

(2) Explanation about Financial Position

Total assets as of September 30, 2024 amounted to 281,739 million yen, down 4,605 million yen from the end of the previous fiscal year. Of this amount, current assets decreased by 2,845 million yen mainly due to a decrease in trade receivables and contract assets. Non-current assets decreased 1,760 million yen mainly due to a decrease in vessels.

Total liabilities decreased 9,686 million yen to 127,074 million yen. Current liabilities decreased 5,329 million yen mainly due to a decrease in short-term borrowings. Long-term liabilities decreased 4,357 million yen mainly due to an increase in long-term borrowings.

Total net assets increased 5,081 million yen from the end of the previous consolidated fiscal year to 154,665 million yen, mainly due to an increase in retained earnings resulting from net profit attributable to owners of parent, net of dividends paid.

(3) Explanation of Consolidated Earnings Forecast and Future Outlook

Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2025

(Million yen)

	Full Fiscal Year			
	Previous Forecast	Current forecast	Amount Change	Percentage change
Revenues	228,000	234,000	6,000	2.6%
Operating Profit	22,000	21,100	(900)	(4.1)%
Ordinary Profit	20,000	19,300	(700)	(3.5)%
Profit Attributable to Owners of Parent	18,000	18,000	0	0.0%

The assumptions for the third and fourth quarter used in this forecast are as follows:

	Previous forecast	Current forecast
Exchange rate	¥150.00/ US\$	¥145.00/ US\$
Bunker price*	US\$612/MT	US\$563/MT

*Average price for all the major fuel grades including Very Low Sulfur Fuel Oil

With respect to the dry bulk market in the second half, worldwide steel production seems to remain firm, and we expect demand for transportation of steel-making raw material will remain steady. On the other hand, there is concern about the impact of the decline in crude steel production due to the economic stagnation in China on transportation demand for steel-related cargo including steel products. Also, from the fourth quarter onwards, seasonal factors such as delays in cargo shipments due to the rainy season in South America exert downward pressure on the market.

In light of our first half consolidated operating results and the business environment surrounding us in the second half, we hereby revise our consolidated earnings forecasts for the full fiscal year ending March, 2025, which we announced on July 31, 2024, as described above. The Company's assumptions for the exchange rate of the yen against the U.S. dollar is expected to average 145.00 yen for the second half of the fiscal year. The Company also expects average fuel oil prices (all grades) to be \$563 per metric ton in the second half.

The Company has positioned returning of profits to shareholders as one of its important management policies. The Company's basic policy is to maintain sustainable dividend distribution in accordance with the Company's performance based on a dividend payout ratio of 30% of consolidated business results, while securing internal reserves necessary to achieve stable corporate growth and to respond to changes in the business environment in the future.

The Board of Directors today approved an interim dividend of 115 yen per share for the fiscal year ending March 31, 2025, in line with the previous forecast. And we keep the last forecast for the year-end dividend forecast with 115 yen per share, and an annual dividend forecast with 230 yen per share, as previously announced.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	37,069	38,424
Trade receivables and contract assets	35,648	31,153
Securities	10,000	9,996
Inventories	13,929	14,381
Prepaid expenses	5,840	6,208
Other current assets	4,450	3,927
Allowance for doubtful accounts	△6	△6
Total current assets	106,930	104,085
Non-current assets		
Property, plant and equipment		
Vessels, net	164,057	154,630
Buildings, net	259	168
Land	397	2
Construction in progress	1,912	9,929
Other tangible fixed assets, net	304	306
Total property, plant and equipment	166,929	165,036
Intangible assets	1,351	1,318
Investments and other assets		
Investment securities	5,642	5,226
Long-term loans receivable	9	8
Deferred tax assets	3,255	3,374
Retirement benefit asset	1,673	1,693
Other long-term assets	555	999
Total investments and other assets	11,134	11,300
Total non-current assets	179,414	177,654
Total assets	286,344	281,739

(Millions of yen)

As of March 31, 2024

As of September 30, 2024

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	14,538	12,875
Short-term borrowings	21,278	18,317
Accounts payable - other	881	108
Accrued expenses	309	237
Income taxes payable	1,850	2,037
Contract liabilities	6,075	4,955
Provision for bonuses	699	688
Provision for bonuses for directors (and other officers)	80	12
Other current liabilities	6,719	7,871
Total current liabilities	52,430	47,100
Non-current liabilities		
Long-term borrowings	75,817	71,554
Deferred tax liabilities	971	572
Provision for special repairs	7,379	7,534
Retirement benefit liability	163	198
Other non-current liabilities	—	116
Total non-current liabilities	84,330	79,973
Total liabilities	136,759	127,074
Net assets		
Shareholders' equity		
Share capital	10,300	10,300
Capital surplus	17,181	17,181
Retained earnings	121,150	126,768
Treasury shares	△998	△998
Total shareholders' equity	147,633	153,251
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,445	2,028
Deferred gains or losses on hedges	△194	△521
Foreign currency translation adjustment	△226	△14
Remeasurements of defined benefit plans	△75	△78
Total accumulated other comprehensive income	1,951	1,414
Total net assets	149,584	154,665
Total liabilities and net assets	286,344	281,739

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenues		
Shipping business revenue and other operating revenue	112,354	128,723
Cost and expenses		
Shipping business expenses and other operating expenses	96,430	113,219
Gross profit	15,924	15,504
General and administrative expenses	3,730	3,798
Operating profit	12,194	11,706
Non-operating income		
Interest income	7	9
Dividend income	155	138
Share of profit of entities accounted for using equity method	17	6
Foreign exchange gains	1,988	—
Derivative gains	135	58
Other	23	16
Total non-operating income	2,325	228
Non-operating expenses		
Interest expenses	684	891
Foreign exchange losses	—	735
Other	8	204
Total non-operating expenses	692	1,829
Ordinary profit	13,827	10,105
Extraordinary income		
Gain on sales of non-current assets	12	640
Gain on sales of investment securities	59	187
Total extraordinary income	71	827
Profit before income taxes	13,898	10,932
Income taxes	2,909	1,779
Profit	10,989	9,153
Profit attributable to owners of parent	10,989	9,153

(Consolidated Comprehensive Income)

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	10,989	9,153
Other comprehensive income		
Valuation difference on available-for-sale securities	361	△418
Deferred gains or losses on hedges	139	△328
Foreign currency translation adjustment	△193	136
Remeasurements of defined benefit plans, net of tax	△38	△3
Share of other comprehensive income of entities accounted for using equity method	55	76
Total other comprehensive income	324	△537
Comprehensive income	11,313	8,616
Comprehensive income attributable to owners of parent	11,313	8,616

(3) Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	13,898	10,932
Depreciation	8,906	9,156
Increase (decrease) in allowance for doubtful accounts	△1	—
Increase (decrease) in provision for bonuses	△0	△11
Increase (decrease) in provision for bonuses for directors (and other officers)	△50	△68
Increase (decrease) in provision for special repairs	139	203
Increase(decrease) in net defined benefit liability and decrease(increase) in net defined benefit asset	△12	11
Interest and dividend income	△162	△148
Interest expenses	684	891
Foreign exchange losses (gains)	△923	383
Share of loss (profit) of entities accounted for using equity method	△17	△6
Loss (gain) on sale of property, plant and equipment and intangible assets	△12	△640
Loss (gain) on sale of investment securities	△59	△187
Decrease (increase) in trade receivables	211	4,495
Decrease (increase) in inventories	△377	△455
Increase (decrease) in trade payables	△401	△1,646
Increase (decrease) in accounts payable - other	△5	△107
Other, net	961	△667
Subtotal	22,779	22,135
Interest and dividends received	162	148
Interest paid	△677	△905
Income taxes paid	△4,091	△1,816
Net cash provided by (used in) operating activities	18,172	19,561
Cash flows from investing activities		
Purchase of vessels	△8,247	△13,528
Proceeds from sales of vessels	—	4,739
Purchase of other fixed assets	△127	△56
Proceeds from sales of other fixed assets	16	1,051
Purchase of investment securities	△4	△171
Proceeds from sales and redemption of investment securities	139	268
Other, net	49	△452
Net cash provided by (used in) investing activities	△8,175	△8,149
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△70	△230
Proceeds from long-term borrowings	8,607	4,774
Repayments of long-term borrowings	△10,488	△10,722
Purchase of treasury shares	△1	△0
Dividends paid	△4,583	△3,532
Net cash provided by (used in) financing activities	△6,535	△9,710
Effect of exchange rate change on cash and cash equivalents	754	△350
Net increase (decrease) in cash and cash equivalents	4,216	1,352
Cash and cash equivalents at beginning of period	40,264	47,069
Cash and cash equivalents at end of period	44,480	48,421

(4) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

(Notes in the Event of Significant Changes in Shareholders' Capital)

Not applicable

(Notes to Changes of Accounting Policies)

(Application of the Accounting Standard for Current Income Taxes)

The 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 six months ended September 30, 2024.

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 policies 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 tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the six months ended September 30, 2024. This change in accounting policies was applied retrospectively. Hence, the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the prior fiscal year have been modified retrospectively. This change in accounting policies has no impact on the semi-annual consolidated financial statements for the six months ended September 30, 2023 and the consolidated financial statements for the prior fiscal year.

(Segment Information)

I Six months ended September 30, 2023 (April 1, 2023 – September 30, 2023)

Information on the amounts of revenues, profit or loss, assets and other items by reportable segment, and information on disaggregation of revenue

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	International shipping business	Coastal shipping business	Total				
Revenues							
Revenues from contacts with customers	98,631	13,723	112,354	–	112,354	–	112,354
Revenues from external customers	98,631	13,723	112,354	–	112,354	–	112,354
Transactions with other segments	–	4	4	205	208	△208	–
Total	98,631	13,727	112,358	205	112,562	△208	112,354
Segment profit or loss	11,221	983	12,204	△12	12,192	2	12,194

(Notes)1. The "Others" segment includes information services and other services.

2. The adjustment of 2 million yen for segment profit is elimination of intersegment transactions.

3. Segment profit is reconciled to operating profit recorded in the consolidated statement of income.

II Six months ended September 30, 2024 (April 1, 2024 – September 30, 2024)

Information on the amounts of revenues, profit or loss, assets and other items by reportable segment, and information on disaggregation of revenue

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Consolidated Total (Note 3)
	International shipping business	Coastal shipping business	Total				
Revenues							
Revenues from contacts with customers	113,344	15,379	128,723	–	128,723	–	128,723
Revenues from external customers	113,344	15,379	128,723	–	128,723	–	128,723
Transactions with other segments	–	3	3	196	199	△199	–
Total	113,344	15,382	128,726	196	128,922	△199	128,723
Segment profit	10,135	1,588	11,723	△20	11,703	3	11,706

(Notes)1. The "Others" segment includes information services and other services.

2. The adjustment of 3 million yen for segment profit is elimination of intersegment transactions.

3. Segment profit is reconciled to operating profit recorded in the consolidated statement of income.