



FY2023

Financial Highlights

(Ending March 31, 2024)

Translation Only

NS United Kaiun Kaisha, Ltd.

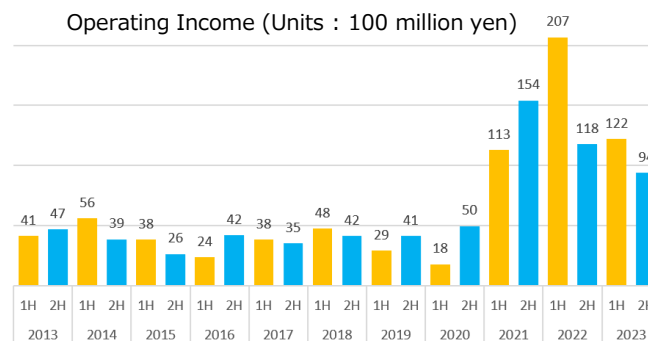
April 30, 2024

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1. Highlights of Results in FY2023

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
1H	1,124	122	138	110
2H	1,207	94	84	70
Full Year [ROE]	2,331	216	222	180 [12.5%]



Review of Full Year Performance

First Half Results

Although market conditions remained on a downward trend, we made efforts to increase efficiency in vessel allocation, and secured profits for both dedicated vessels and free tonnages.

- While the dry bulk market conditions were somewhat weak due to concerns about the increase in shipping tonnage supply following the lifting of port regulations and the stagnation of the Chinese economy, free tonnages contributed to profits by working on efficient distribution of vessels and by taking advantage of the demand for spot cargoes.
- Through medium- to long-term voyage contracts with our customers under the collaborative relationships, dedicated vessels continued to secure stable profits.

Second Half Results

The market for Capesize and accelerating yen depreciation supported ordinary income.

- Due to strong shipments of iron ore from Brazil and bauxite from South Africa, Market for Capesize increased from 3Q 2023, and remained steady until 1Q 2024.
- Diversion and transit costs arising from the restricted access to the Panama Canal have pushed up operating costs for Panamax or smaller sized vessels.
- Since the start of the new year, the weaker yen has boosted profits, which exceeded previous forecast in January. Full-year ROE was 12.5%, which exceeded the financial target of the previous Medium-Term Business Plan of ROE 10%.

▶ **ROE exceeded 10% for the third consecutive period.**

The year-end dividend per share is expected to be increased to 150 yen (increased by 10 yen).

- The year-end dividend expectation is revised from 140 yen to 150 yen, and the full-year dividend is expected to be 230 yen per share.

2. Overview of Results in FY2023

International Shipping

● Due to the easing of the port quarantine controls, the stagnation of vessels has been resolved and the shipping tonnage supply has increased, and the markets for panamax or smaller sized vessels have fallen compared to last year.

In addition, the restriction on the passage of the Panama Canal due to the drought has led to a stagnation of vessels and an increase in the cost of detour, which have depressed the profits of for panamax or smaller sized vessels.

● Capesize vessels have secured stable profits through medium- to long-term freight contracts. In the dry bulk sector as a whole, profits for each type of vessel were down from FY2022.

● As for VLGC (Very Large Gas Carrier), profits increased from FY2022 due to solid LPG shipments from the U.S. and the Middle East.

Coastal Shipping

● As for steel-making raw material transportation, we built up profits by increasing the size of fleet and taking in spot cargo demand especially for secondary raw materials, which compensated for the declining demand for power-related cargoes and cement-related cargoes. As a result, earnings and profits of the sector increased year-on-year.

[Consolidated] [100 million yen]	FY2022					FY2023					Y-o-Y Changes	Previous Forecast in January	
	1Q (Result)	2Q (Result)	3Q (Result)	4Q (Result)	Full Year (Result)	1Q (Result)	2Q (Result)	3Q (Result)	4Q (Result)	Full Year (Result)		Full Year (Forecast)	Changes
Revenues	623	685	660	540	2,508	554	570	602	606	2,331	▲ 177	2,253	+ 78
Operating Income	112	95	93	25	325	58	64	50	44	216	▲ 109	204	+ 12
International Shipping	113	91	83	14	301	55	57	40	34	187	▲ 114	177	+ 10
Coastal Shipping	▲ 1	4	10	11	24	3	7	10	10	29	+ 5	27	+ 2
Ordinary Income	131	110	73	21	334	79	60	36	47	222	▲ 113	203	+ 19
Profit Attributable to Owners of Parent	105	89	59	22	276	62	48	31	39	180	▲ 96	169	+ 11
Rate (Yen/US\$)	¥125.33	¥136.33	¥144.33	¥132.67	¥134.67	¥135.33	¥142.67	¥149.33	¥147.33	¥143.67	+¥9.00	¥142.84	+¥0.84
Bunker Price※ (US\$/MT)	\$663	\$747	\$605	\$605	\$655	\$538	\$545	\$555	\$584	\$555	▲\$99	\$542	+\$14
Market													
Capesize	\$21,599	\$13,695	\$14,906	\$9,144	\$14,726	\$15,561	\$13,407	\$28,128	\$24,286	\$20,281	+\$5,555	\$18,207	+\$2,075
Panamax	\$26,618	\$17,172	\$16,050	\$11,326	\$17,677	\$12,248	\$11,890	\$16,117	\$15,447	\$13,911	▲\$3,766	\$13,061	+\$850
Small Handy	\$27,566	\$18,710	\$15,028	\$9,702	\$17,637	\$10,414	\$8,863	\$12,851	\$11,998	\$11,008	▲\$6,629	\$10,920	+\$88

※Bunker Oil Price is the average price of all oil types including high sulfur C fuel oil consumed by vessels equipped with FGD equipment

3. Forecasts for FY2024

Earnings Forecast

Despite concerns about the pace of recovery in Chinese economy, shipping market conditions are expected to remain roughly the same as FY2023 against the backdrop of tight supply-demand conditions(See Section 4. Market Forecast for FY2024). The exchange rate is expected to gradually shift toward the appreciation of the yen, rather than sharply appreciating, based on the view that U.S. monetary policy will delay the start of the rate cut. Profits are expected to decline due to rising costs and loss of profit opportunities associated with increase in the number of dry dock operation.

【Consolidated】 [100 million yen]	FY2023			FY2024			Y-o-Y Changes
	1H (Result)	2H (Result)	Full Year (Result)	1H (Forecast)	2H (Forecast)	Full Year (Forecast)	
Revenues	1,124	1,207	2,331	1,000	1,010	2,010	▲ 321
Operating Income	122	94	216	80	100	180	▲ 36
International Shipping	112	75	187	73	80	153	▲ 34
Coastal Shipping	10	20	29	7	20	27	▲ 2
Ordinary Income	138	84	222	60	90	150	▲ 72
Profit Attributable to Owners of Parent	110	70	180	50	90	140	▲ 40
Rate※ (Yen/US\$)	¥139.00	¥148.33	¥143.67	¥140.00	¥140.00	¥140.00	▲¥3.67
Bunker Price※ (US\$/MT)	\$541	\$569	\$555	\$555	\$555	\$555	▲\$0
Market Capesize	\$14,449	\$26,160	\$20,281	\$20,000	\$20,000	\$20,000	▲ \$281
Panamax	\$12,063	\$15,774	\$13,911	\$15,500	\$14,000	\$14,750	+ \$839
Small Handy	\$9,614	\$12,414	\$11,008	\$12,000	\$12,500	\$12,250	+ \$1,242

※ Exchange rate depreciation of 1 yen against US \$ will increase ordinary income by approx. 400 million yen for FY2024

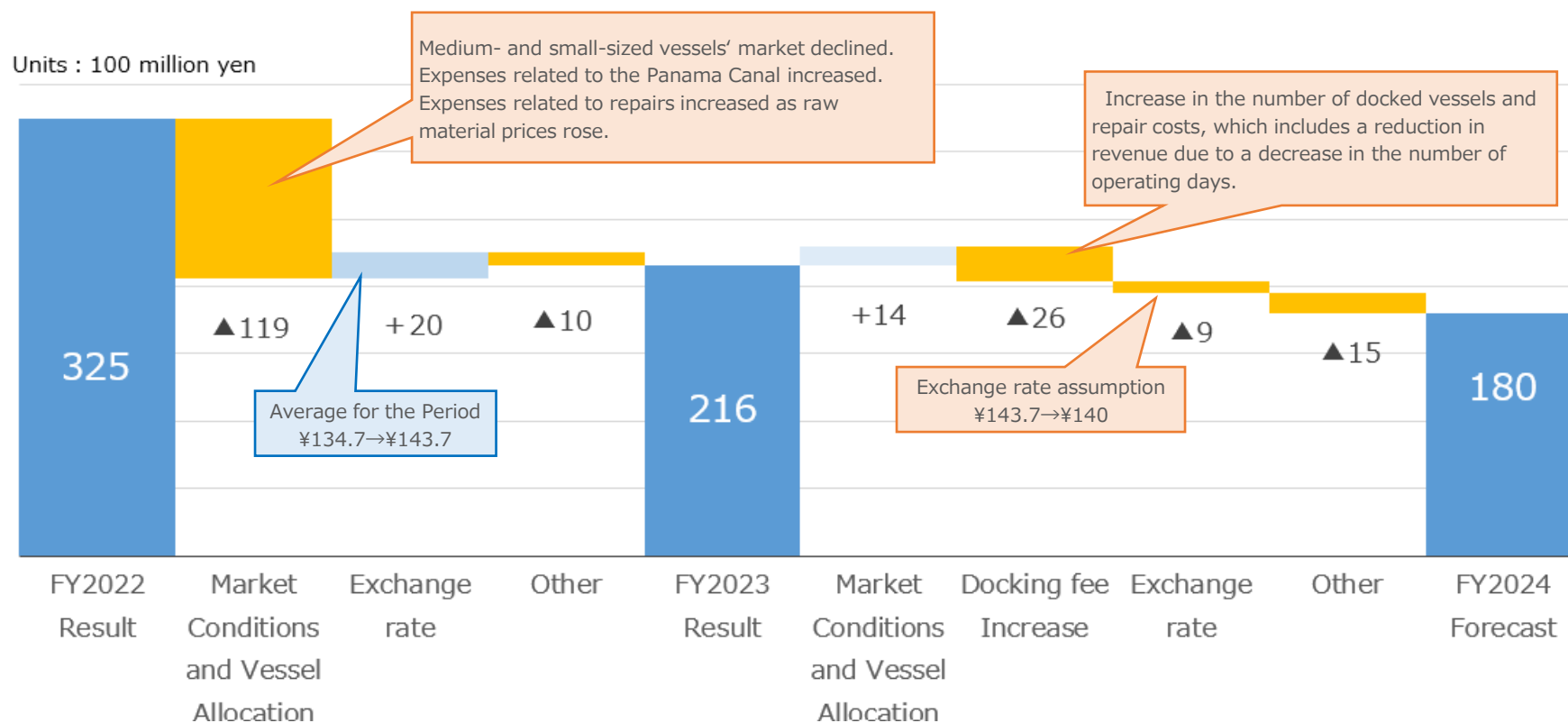
Bunker Oil Price is the average price of all oil types including high sulfur C fuel oil consumed by vessels equipped with FGD equipment

Dividend forecast

The interim dividend for FY2024 is expected to be 65 yen. Although the year-end dividend has not yet been determined, the full-year dividend combined with the interim dividend will be conducted based on benchmark payout ratio of 30% of the consolidated full-year results. We will disclose the year-end dividend forecast as soon as it becomes possible to disclose after assessing future risk factors.

3. Forecasts for FY2024

◆ Change in Operating Income (FY 2022 to FY 2024)



4. Market Forecast for FY2024

Although the delay in Chinese economic recovery has been pointed out, in other Asian regions, Europe and the United States, economic activity is expected to increase, and we predict robust demand in transportation particularly of steel-making raw materials and grain. On the supply side, attention is needed regarding restrictions on passage through the Panama Canal due to drought and concerns about passage through the Red Sea and Suez Canal against the backdrop of heightened tensions in the Middle East.

Marine Transportation Demand Forecast

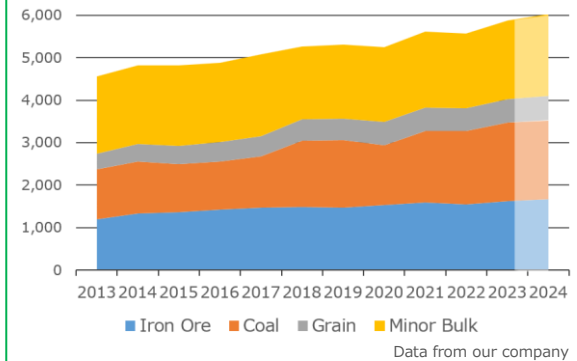
Iron Ore: Although there are concerns that crude steel production in China may decline due to the real estate recession, demand in steel-making raw materials is expected to expand globally as crude steel production recovers, and demand in transportation for iron ore is expected to remain strong.

Coal: While a decline in thermal coal imports is expected in China due to an increase in hydroelectric power generation due to a recovery in rainfall, steel production is expected to recover in Europe and Asia, and demand for coal is expected to increase globally.

Grain: In China, demand for maritime transportation is expected to rise moderately, and in other Asian countries including India, demand is expected to grow substantially. In addition, an increase in the shipping distances due to the restrictions imposed by the Panama Canal is also expected to tighten supply.

Minor bulk: Solid demand for bauxite is expected, particularly in China, and solid demand in transportation is expected for minor bulk as a whole.

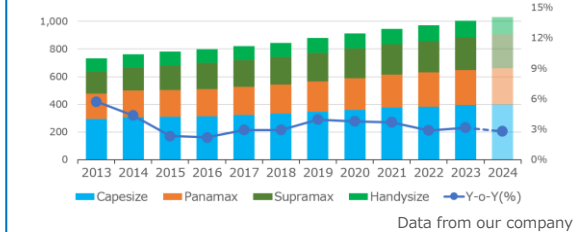
Demand for Maritime transportation (1 million tons)



Dry Bulk Transport Capacity Forecast

Orders for new vessels have remained low because shipowners are carefully assessing which next-generation marine fuels will be mainstream and because vessel prices are persistently high. In addition, against the background of environmental regulations such as the CII and the EU-ETS, it is assumed that slow-steaming voyages to reduce GHG emissions will spread, and the increase in the supply of vessels is expected to be limited. On the other hand, the increase in the price of used vessels will make it difficult for the old vessels to be dismantled, and some other factors are expected to support the supply of vessels.

Dry bulk volume forecast (1 million DWT)



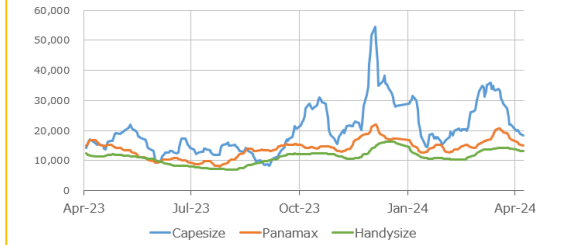
FY 2024 Futures Indicators at Present

Ship Type	FY 2024 Average
Cape Size	\$23,900
Panamax	\$16,300
Small Handy	\$13,200

Calculated from future index values dated April 18

Due to strong shipments of iron ore and bauxite, the Capesize market is expected to remain relatively strong. The increase in transportation tonne miles due to the avoidance of the Panama Canal and the Suez Canal is expected to be a factor in the increase in market conditions for the Panamax and smaller types of vessels. As of now, the FY2024 futures index are running at a level slightly above the market assumptions of our earnings forecasts.

Market trends by type (\$/day)



Source: Baltic Exchange

5. Activities: Medium-Term Business Plan "FORWARD 2030 II"

We have formulated a Medium-Term Business Plan "FORWARD 2030 II Challenge for innovation and further growth with U" starting in FY2024. We will execute our management strategies for sustainable growth and maximization of corporate value based on the solid financial foundation built by implementing the previous Medium-Term Business Plan. ([Announcement of Medium-Term Business Plan\(FY2024-FY2027\)](#))

Business Strategies and Growth Strategies

① Extending the Domains of New Growing Businesses

We will expand our business domain through the development of new cargo shipping fleets by accurately analyzing changes in demand for both coastal and international maritime transportation, including future increases in transportation demand for direct reduced iron, scrap, and liquefied CO₂ due to the decarbonization of the steel manufacturing process, and the expansion of new demand for liquid bulk transportation, such as ammonia and hydrogen, which are expected to be next-generation energy sources.

② Deepening the Domains of Existing Core Businesses

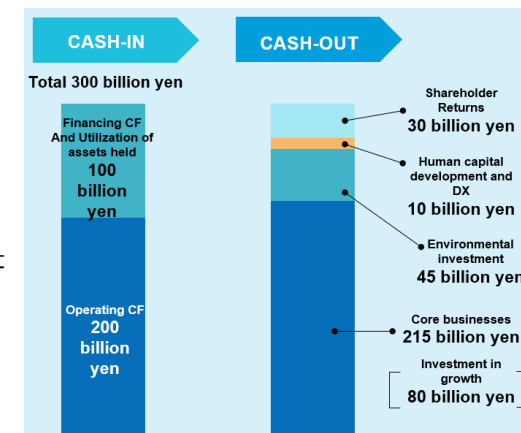
Through the deployment of Methanol dual-fuel(DF) vessels to reduce GHG emissions, we will collaborate with our customers to secure stable revenue through long-term contracts. In addition, we will further approach in India and Southeast Asia where economic growth is expected.

To support the business strategies above, we will strengthen initiatives for sustainability such as human capital strategy and governance enhancement.



Investment Plan

By 2030, we aim to enhance profit stability and achieve medium- to long-term profit growth by investing up to 300 billion yen with financial leverage while maintaining Net DER of 1.0 times or less.



Financial Objectives

We aim to achieve operating income of 20 billion yen and ROE of 10% in FY2027 by accumulating profit from growth strategies as well as from stable return businesses.

We will consider further strengthening shareholder returns with a benchmark payout ratio of 30%.

Financial Targets	FY 2027 Targets
Operating income (billion yen)	20.0
Net Income (billion yen)	18.0
ROE (%)	10.0
Net assets (billion yen)	192.0
Interest-bearing debt (billion yen)	140.0 *
Net DER	0.29 *

* Due to the scheduled application of the new accounting standards for lease transactions, charter fee liabilities, approximately 80 billion yen in debt expected after fiscal year 2027 is not included in the numerical figures above.

5. Activities

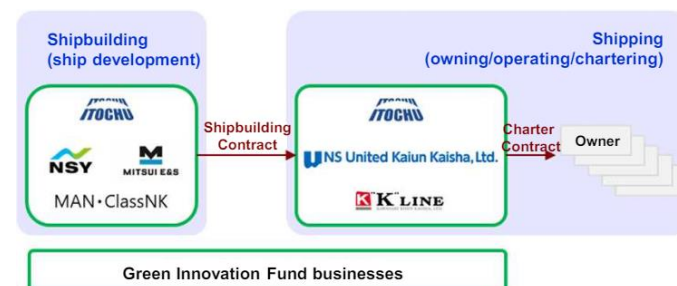
Execution of Memorandum of Understanding for Joint Development of Ammonia-Fueled Bulk Carriers among 6 Parties

On April 11, 2024, we announced together with Nihon Shipyard Co., Ltd., Mitsui E & S Co., Ltd., Itochu Corporation, and Kawasaki Kisen Kaisha, Ltd., that we have executed a Memorandum of Understanding with MAN Energy Solutions for joint development in order to commercialize ammonia-fueled vessels.

Ammonia is expected to be a zero-emission fuel that contributes to the reduction of GHG emissions from vessels. Ensuring safety against toxic ammonia and ensuring stable operation at sea are important milestones for the social implementation of ammonia-fueled vessels.

This MOU confirms that the necessary operation data for commercialization will be collected after the delivery of the ammonia-fueled vessels, and that efforts to commercialize the ammonia-fueled vessels will be carried out jointly with other parties involved.

This project has been jointly adopted for the "Green Innovation Fund Project / Development Project for Next Generation Ships / Development of Ammonia-Fueled Ships," a project publicly announced by the New Energy and Industrial Technology Development Organization (NEDO).



Opening of Representative Office in Bangkok, Thailand

We have opened a representative office in Bangkok, Thailand on April 1, 2024. By expanding our transportation-related operations to the Southeast Asia region, we aim to improve transportation service quality. In addition, we aim to enhance information collection on cargoes arriving at and departing from Southeast Asia, where cargo movements are expected to increase in the future.

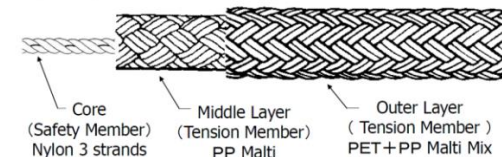
Introduction of Anti-Snap Back mooring ropes to Managed vessels

We have been introducing anti-snap back mooring ropes to our managed vessels since January 2024. This mooring rope was developed by Tokyo Seiko Rope MFG Co., Ltd. and has a highly elastic nylon core inside the triple layer braided rope. This will help prevent accidents for crew members when the mooring rope breaks.

We will continue to make efforts to ensure the safety of crew members and the prevention of disasters by installing this technology on managed and owned vessels.

TOUGHLAY FXL-R Construction

【Triple Layer Braided Rope】



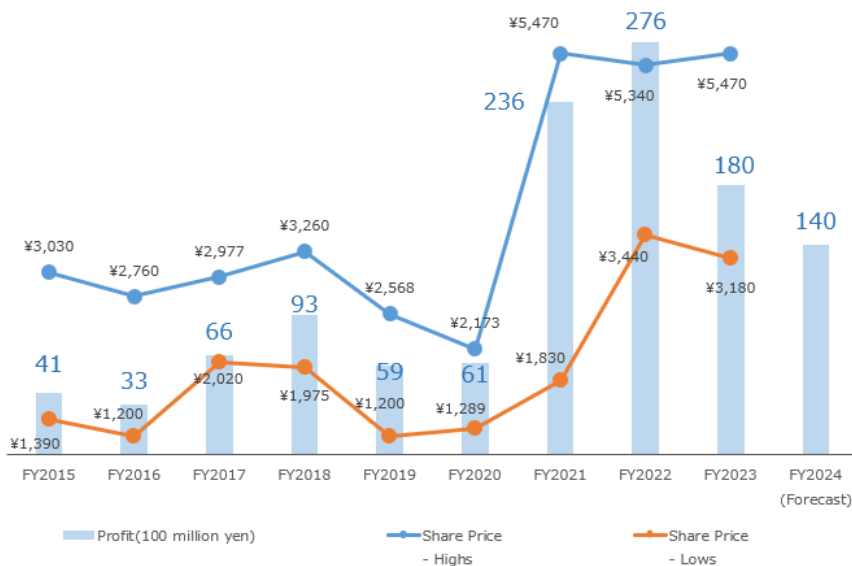
(Reference) Operating Fleet Composition

Vessel Type	End of FY2022 (March, 2023)	End of FY 2023(March, 2024)			YoY Change
		Owned	Chartered	Total	
Vessels for steel raw material	50	28	19	47	-3
Medium-/Small sized Bulkers	78	13	70	83	+5
LPG	3	3	0	3	+0
International Shipping Subtotal	131	44	89	133	+2
Coastal Shipping	77	23	60	83	+6
Total	208	67	149	216	+8

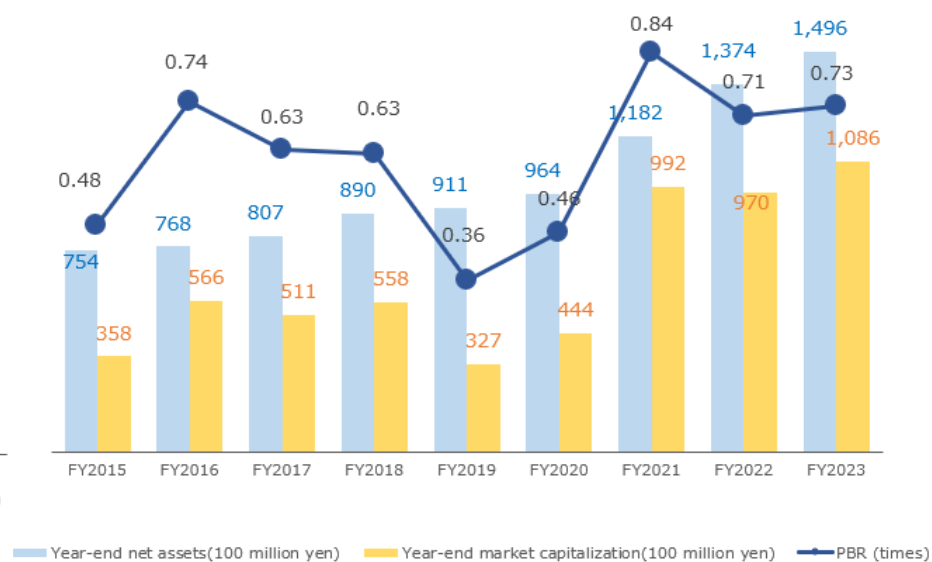
*Number of operating vessels includes short term spot voyage vessels.

(Reference) Financial Outlook

Changes in Net Income and Stock prices during the year



End of year net assets and aggregate market value



NS United Kaiun Kaisha, Ltd.

Why

Existence value to society

Purpose:
Through marine transportation, we will work together to shape the world today and create a sustainable future.

What

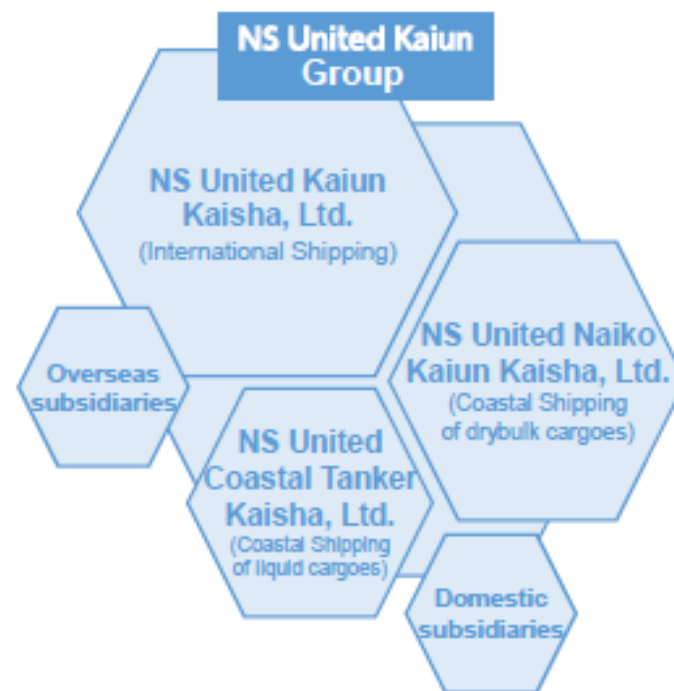
What must be done to accomplish the purpose?

Mission : Basic philosophy
The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation services.

Where

Corporate vision to be realized in 2030 through the process toward accomplishing the purpose

Vision:
Aiming to become an indispensable presence for clean and sustainable marine transportation services, we will continue to transform ourselves in cooperation with stakeholders and further enhance our corporate value.



(Note)

The forward-looking statements, including results forecasts, in this material are based on information available on the date of publication of this material. The actual results may differ depending on a variety of factors.

(Note)

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The company's website: [NS United Shipping Co., Ltd. \(nsuship.co.jp\)](http://nsuship.co.jp)

Inquiries about this material: +81-3-6895-6411