



FY2021

(Ending March 31, 2022)

Interim Financial
Highlights

NS United Kaiun Kaisha, Ltd.

October 29, 2021

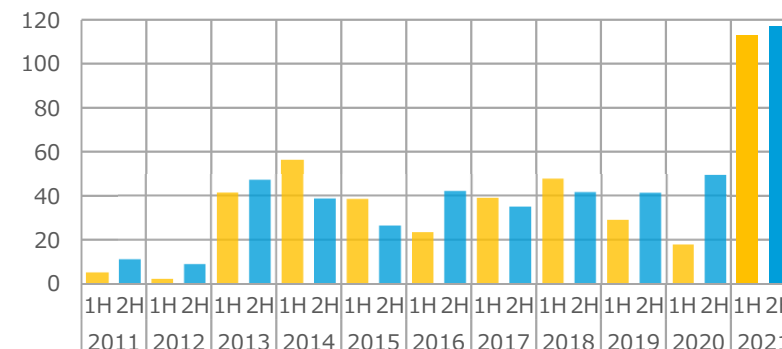
Contents

1. Highlights of Results in FY2021p. 2
2. Overview of Second Quarter Financial Resultsp. 3
3. Forecasts for FY2021p. 4
4. Market Forecasts for FY2021p. 5
5. Activities: Environmental Conservationp. 6
(For Reference) Financial Outlookp. 7

1. Highlights of Results in FY2021

Semi-annual operating profit (Unit: 100 million yen)

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
1H	897	113	105	87
2H	963	117	115	108
Full year	1,860	230	220	195



First Half Results: Stable income through long-term transport contracts + high income secured by free vessels with a view toward rising commodity prices

- Thanks to a recovering global economy, the demand for marine transportation of steel raw materials, grains, etc., is also recovering. The dry bulk market has risen among all types of vessel, and the BDI (Baltic Dry Index) exceeded 5,000 points at the end of September for the first time in 13 years, resulting in significant growth of income from free vessels that operate on spot contracts.

Second Half Results Forecast: The highest profits for the full year ever since the 2010 merger are expected as a backdrop of market conditions maintained at a high standard

- A drop in demand due to reduced iron and steel production in China and seasonal factors at the start of the year resulted in concerns about temporary weakening in the shipping market, however, due to the limited volume of delivery of new vessels, vessel supply is expected to lead to continued tight conditions.
- The long-term earnings base that was expanded in the previous fiscal year, and accumulated earnings from market businesses, which is expected to remain strong overall, are projected to achieve annual results in line with those obtained during the marine transportation boom.

Dividend Forecast: The dividend payout ratio is expected to be around 30%

Interim dividends: 95 yen per share as per the previous announcement.

Year-end dividends: Unconfirmed at this moment, however, the policy is to maintain the 30% annual dividend payout ratio.

2. Overview of Second Quarter Financial Results

(Consolidated) [100 mil. yen]	FY2020							FY2021			Changes Y-o-Y
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	
Revenues	316	342	657	359	368	727	1,385	428	469	897	+ 240
Operating Income	1	17	18	25	24	50	67	47	66	113	+ 95
International Shipping	0	12	12	19	19	38	49	45	62	107	+ 95
Coastal Shipping	1	5	6	7	5	12	18	2	4	6	▲ 0
Ordinary Income	▲ 3	10	8	22	26	48	55	41	63	105	+ 97
Profit Attributable to Owners of Parent	21	8	29	26	6	32	61	36	52	87	+ 58

International Shipping An increase in transportation ton-mile due to diversification of Chinese iron ore procurement, and the effects of port congestion have resulted in tight vessel supply and a rising dry bulk market. Large LPG tankers were generally weak throughout FY2021, however, the impact on our earnings was limited, which resulted in a significant operating income increase of approximately 9.5 billion yen year on year.

Coastal Shipping Although freight movement remained strong driven by recovering domestic manufacturing and construction, tanker downtime resulted in decreased sales, with the same level of operating income year on year.

As a result of the above, on a year-on-year basis, the consolidated results for the second quarter for FY2021 increased approximately 9.5 billion yen in operating income, approximately 9.7 billion yen in ordinary income, and approximately 5.8 billion yen in net earnings.

3. Forecasts for FY2021

(Consolidated) (100 mil. yen)	FY2020			FY2021 (Current forecasts)			前期比 増減
	1H	2H	Full year (Result)	1H	2H	Full year	
Revenues	657	727	1,385	897	963	1,860	+475
Operating Income	18	50	67	113	117	230	+163
Ordinary Income	8	48	55	105	115	220	+165
Profit Attributable to Owners of Parent	29	32	61	87	108	195	+134

	FY2020			FY2021		
	1H	2H	Full year	1H (Forecast)	2H (Forecast)	Full year
Ex. Rate	¥107.67	¥104.67	¥106.17	¥109.33	¥110.00	¥109.67
Market Capsize	\$15,517	\$16,897	\$16,207	\$36,928	\$33,000	\$34,964
Panamax	\$9,697	\$14,841	\$12,269	\$29,961	\$27,500	\$28,730
Small Handy	\$6,500	\$11,125	\$8,813	\$27,504	\$20,000	\$23,752

Highest profits expected since the merger in 2010

Forecast for second half results: As market conditions are expected to remain high, we raised our previous forecast.

- Although the market was temporarily weakened due to seasonal factors at the start of the year, it is expected to remain strong overall for the second half.
- The FY2021 full-year consolidated results forecast (FY2021 net earnings) is expected to be 19.5 billion

4. Market Forecast for FY2021

Transportation demand for dry bulk, including iron ore, coal, grains, and minor bulk, is expected to remain strong overall in the second half of FY2021 as well. Regarding vessel supply, delivery volume for all types of vessels is expected to be limited, which results in strong market conditions maintained overall.

Marine Transportation Demand Forecast

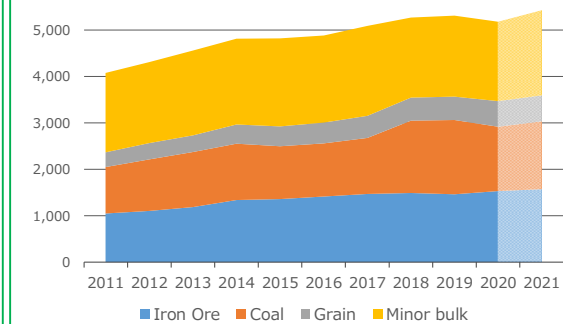
Iron ore: It is necessary to keep our eye on China's policy that reduced production of iron and steel which is expected to continue for the time being, however, expanded production of iron and steel in other countries is anticipated, and in line with this, the demand for transportation of iron ore is expected to remain strong.

Coal: The Chinese trade embargo on Australian coal has led to an increase in transportation ton-mile currently. However, the world is watching to see if China will change its policies in the future due to their electrical power shortage. Additionally, with the Northern Hemisphere entering the winter demand season, it has been pointed out that additional demand for transport could arise for alternative fuels due to the shortage of natural gas supply.

Grains: American grains, which suffered under the effects of Hurricane Ida during the harvest season, have currently recovered, and with favorable shipping forecasts for the 2021/2022 season, a firm demand for transportation is expected.

Minor bulk: With global industry expected to recover in the short to medium term, stable growth for transportation demand is expected, particularly for steel transportation and American and Chinese bauxite and aluminum demand.

Trends in marine transportation demand (million tons)



According to our research of various company documents

Forecast for dry bulk vessel supply

New dry bulk vessel orders have become more active than previously due to the current market rise, however, as the vessel's delivery is still several years ahead, the delivery volume for all types of vessels in the second half of FY2021 is expected to be lower than the first half. And although there is some restraint with regard to ship scrap, it is expected that an increase in supply volume of vessels will remain curbed.

On the other hand, the COVID-19 situation is expected to result in future changes to port quarantine systems and crew change regulations, further impact on port congestion, and reduced volume of operating vessels, which could result in tighter vessel supply.

Dry bulk transport capacity forecast (million DWT)



According to our research of various company documents

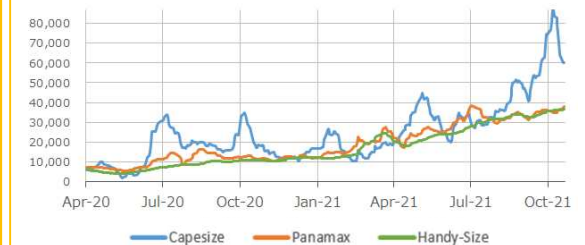
FY2021 2H Future Indicators at Present

Vessel Type	FY2021 2H Average
Capesize	\$40,600
Panamax	\$35,200
Small Handy	\$32,700

Oct. 20: Calculated from futures index value

With the demand for transportation increasing mainly in steel raw materials and coal on all types of vessels, strengthened quarantine conditions at ports resulting in congestion and measures to replace crew members have helped to further boost market conditions. As a result, the market condition forecasts for the second half of FY2021 exceed the assumptions of the company's results forecast.

Market trends by vessel type (\$/day) Source: Baltic Exchange

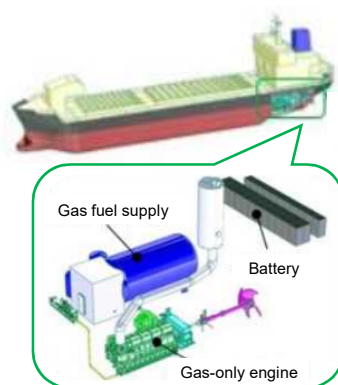


5. Activities: Environmental Conservation

[Coastal Shipping] LNG fuel vessel construction agreement

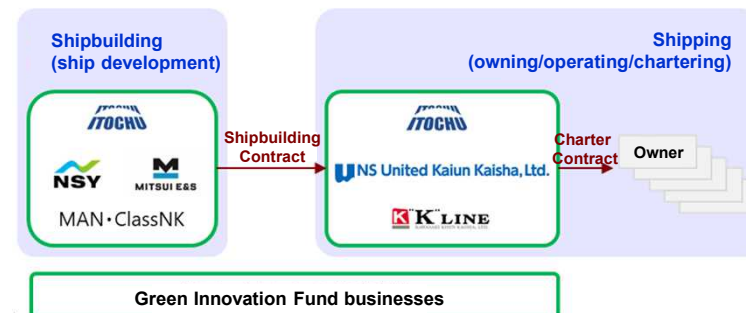
This vessel, scheduled to start operations in February 2024, will be equipped with Japan's first LNG-only engine. It is planned for the LNG fuel tank to use 7% nickel steel plates developed by Nippon Steel Corporation for the first time as a marine tank. The CO₂ emission reduction effect of introducing the propulsion system of this vessel is 23.56% (about 30% at normal load operation) compared to the conventional vessels of the same type, achieving zero emission operation in port via a hybrid propulsion system that uses a lithium-ion battery.

Additionally, the construction of this Vessel was adopted by the Global Environment Bureau of the Japanese Ministry of the Environment and the Maritime Bureau of the Japanese Ministry of Land, Infrastructure, Transport and Tourism for the "Projects to promote the introduction of advanced technologies that will simultaneously achieve social innovation and the decarbonization of logistics (Projects to promote the introduction of LNG fuel systems, etc.)" FY2021 Subsidy for the expenses in projects for measures to suppress carbon dioxide emissions.



[International Shipping] Adopted for GI Fund business

The joint research reported in June 2020 regarding the use of ammonia as a candidate for alternative fuel for next-generation vessels, five related companies applied and were selected for the New Energy and Industrial Technology Development Organization (NEDO) "Green Innovation Fund/Next Generation Ship Development Project/Ammonia-Fueled Vessel Development." This project aims to implement ammonia-fueled ships in society under Japan's leadership as early as possible by 2028, and develop, own and operate propulsion systems and hulls using ammonia-fuel ahead of other countries.



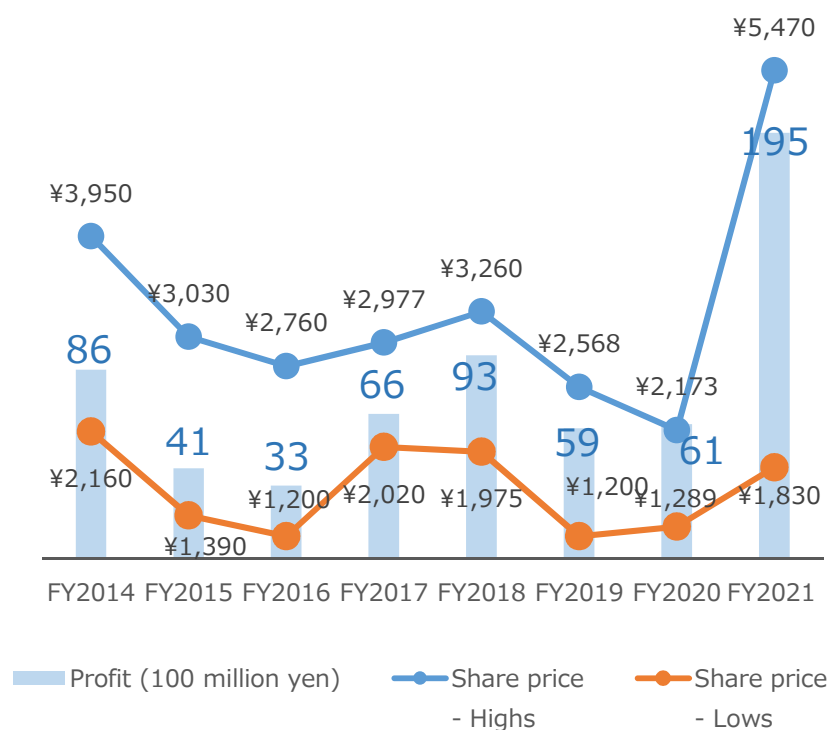
Verification statement obtained through third-party verification of greenhouse effect gas emissions

The company has obtained a third-party verification from the Nippon Kaiji Kyokai (ClassNK) for our calculated greenhouse gas (GHG) emissions in June 2021 and have received a verification statement (the calculated period runs from January 1, 2019, to December 31, 2020). By accurately calculating, assessing and verifying emissions in accordance with international standards, we will seek further improvement based on highly reliable data and continue to work to reduce GHG emissions to achieve our targets.



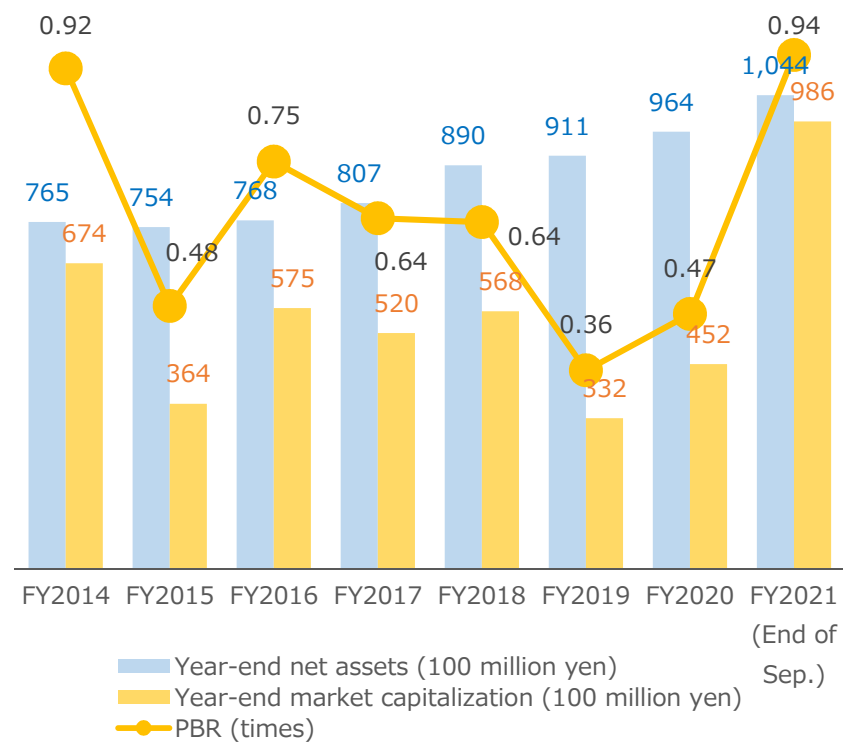
(For Reference) Financial Outlook

2021 net earnings and stock price fluctuations during the year



(See the notes below)

End of year net assets and aggregate market value

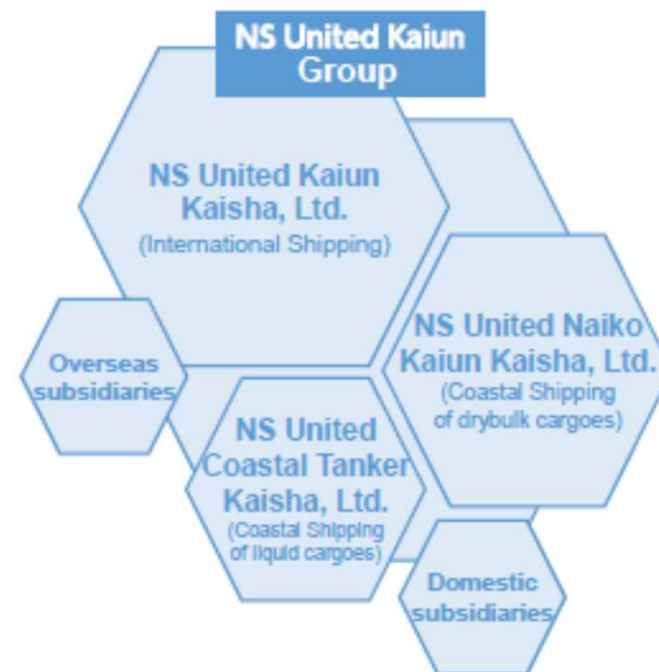


NS United Kaiun Kaisha, Ltd.

The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation service.

(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.



The Company's website: <http://www.nsuship.co.jp>

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