



**FY2021**

(Ending March 31, 2022)

**Financial Highlights**

Translation only

**NS United Kaiun Kaisha, Ltd.**

April 28, 2022

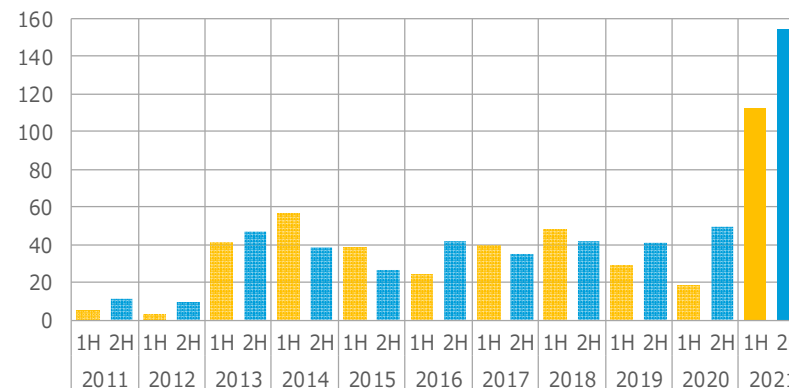
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# 1. Highlights of Results in FY2021

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
1H	897	113	105	87
2H	1,062	154	161	149
Full year	1,959	267	266	236

Semi-annual operating income (Units: 100 million yen)



## Review of Full-Year Performance

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

- Thanks to a recovering global economy, the demand for marine transportation of iron ore, grains, etc., is also recovering. The dry bulk market has risen among all vessel types, and the BDI (Baltic Dry Index) exceeded 5,000 points for the first time in 13 years, resulting in significant free fleet income growth.

**Second Half Results** : Medium- to long-term transport contracts signed under high market conditions have contributed to revenue that exceeds first half results

- Since the beginning of the year, market conditions have weakened due to seasonal factors and decreasing demand for marine transportation in line with steel production cutbacks in China, however, contracts signed under high market conditions have contributed to increased revenue.
- Fuel costs have increased due to rising crude oil prices, however, the impact has been limited by shifting to fares and hedge handling. Additionally, the increasing yen depreciation has been a tail wind.

► We achieved record high profits on a net income basis.

**Dividend distribution for the full year is estimated at 285 yen per share. (Results for full year in the previous year were 80 yen)**

## 2. Overview of Results in FY2021

**International shipping** Despite solid demand for marine transportation thanks to improving economic activity, transport capacity was tight because of an increase in demurrage due to the spread of COVID-19 and difficulty in replacing crew members. The marine transportation market rose significantly due to tight supply and demand, resulting in a significant increase in operating profit compared to the previous year, amounting to 24.9 billion yen.

**Coastal shipping** Although steel and electricity-related transportation volume rose due to a recovering manufacturing and construction sector and increasing demand for electricity, operating income remained flat compared to the previous year at 1.8 billion yen because of increasing costs due to rising fuel prices.

**From the above information, the full year consolidated results increased to approximately 20 billion yen in operating income year on year, with ordinary income of approximately 21 billion yen, showing that net income increased approximately 17.5 billion yen.**

(Consolidated) [100 mil. yen]	FY2020							FY2021							YoY Full year
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
Revenues	316	342	657	359	368	727	1,385	428	469	897	547	515	1,062	<b>1,959</b>	+ 575
Operating Income	1	17	18	25	24	50	67	47	66	113	88	66	154	<b>267</b>	+ 200
International Shipping	0	12	12	19	19	38	49	45	62	107	83	59	142	<b>249</b>	+ 200
Coastal Shipping	1	5	6	7	5	12	18	2	4	6	5	7	12	<b>18</b>	+ 0
Ordinary Income	▲ 3	10	8	22	26	48	55	41	63	105	91	70	161	<b>266</b>	+ 211
Profit Attributable to Owners of Parent	21	8	29	26	6	32	61	36	52	87	71	78	149	<b>236</b>	+ 175

### 3. Forecasts for FY2022

**Business environment** Continued firm transport demand is predicted for 2022 including the three major bulk cargoes and minor bulk cargoes. A low standard for transport capacity is expected among all vessel types. The influence of the situation in Russia and Ukraine requires attention, however, the market outlook for FY2022 is expected to remain firm (See next item 4. Forecasts for FY2022). Regarding exchange, the continued depreciation of the yen is expected.

**Risk factors** Prolonged due to restrictions on movement because of COVID-19, inflation due to the situation in Russia and Ukraine, as well as rising resource prices could slow down the global economy and cause a drop in marine transport demand. Regarding vessel allocation areas, we will continue to pay close attention to the safety of the crew and vessels.

**Dividend forecast** The interim dividend for FY2022 will be 125 yen, an increase of 30 yen from the previous interim dividend of 95 yen. We plan to pay a full-year dividend that includes the interim dividend and year end dividend at approximately 30% of the consolidated full-year results based on our conventional policy, and a report will be made after careful consideration of future risk factors.

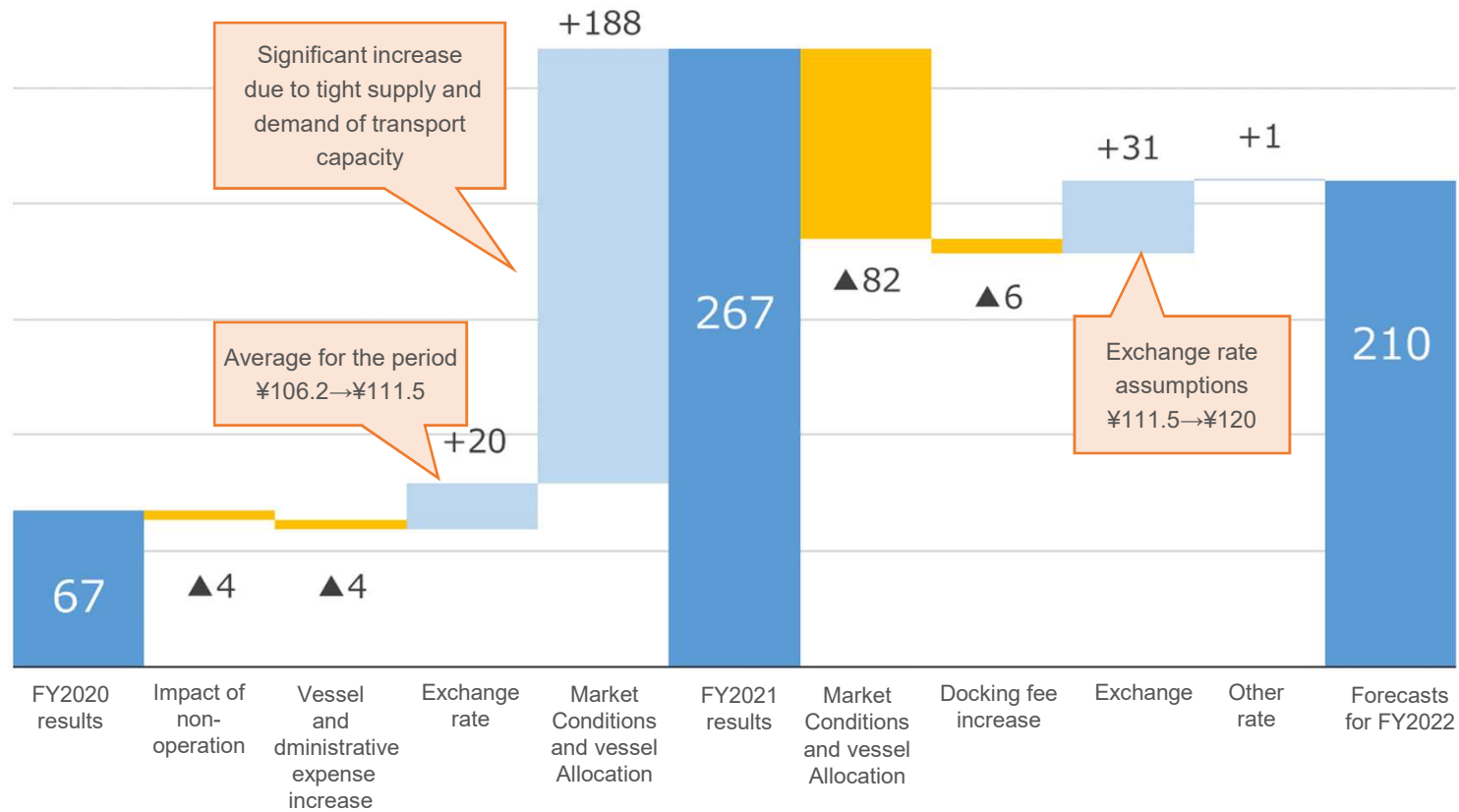
(Consolidated) (100 mil. yen)	FY2021			FY2022			YoY Increase/ decrease
	1H (Result)	2H (Result)	Full year (Result)	1H (Forecast)	2H (Forecast)	Full year (Forecast)	
Revenues	897	1,062	<b>1,959</b>	970	930	<b>1,900</b>	▲ 59
Operating Income	113	154	<b>267</b>	120	90	<b>210</b>	▲ 57
Ordinary Income	105	161	<b>266</b>	110	90	<b>200</b>	▲ 66
Profit Attributable to Owners of Parent	87	149	<b>236</b>	93	85	<b>178</b>	▲ 58

Ex. Rate	FY2021			FY2022		
	1H	2H	Full year	1H	2H	Full year
Ex. Rate	¥109.33	¥113.67	¥111.50	¥120.00	¥120.00	¥120.00
Marke Capesize	\$36,928	\$28,471	\$32,733	\$26,000	\$20,000	\$23,000
Panamax	\$29,961	\$26,186	\$28,089	\$22,500	\$20,000	\$21,250
Small Handy	\$27,504	\$27,668	\$27,585	\$21,000	\$16,000	\$18,500

### 3. Forecasts for FY2022

◆ Change in operating income (FY2021 results to FY2022 forecast)



Increased revenue due to improving market conditions

Maintain high revenue thanks to the opportunities

# 4 . Market Forecast for FY2022

Continued firm transport demand is predicted for 2022 including the three major and minor bulk cargoes. A low standard for freight space supply is expected in among all vessel types. The influence of the situation in Russia and Ukraine requires attention, however, the market outlook for FY2022 is expected to remain firm.

## Marine Transportation Demand Forecast

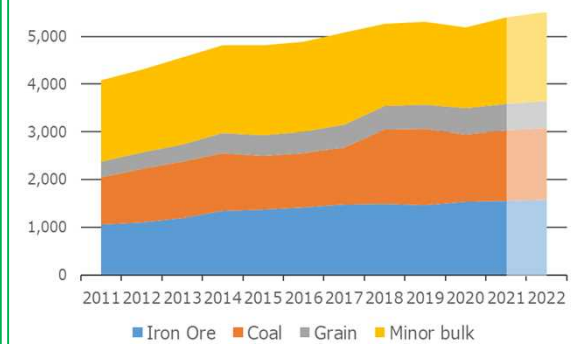
**Iron ore:** Global steel production is predicted transport demand in China to be slow but sustainable, in certain production increases are expected in other countries such as India, and iron ore transportation demand is expected to remain firm.

**Coal:** The consumption ratio of fuel coal is expected to decrease in developed nations due to decarbonization efforts, and because domestic production volume is recovering in China and India, shipping volume is expected to fall. A certain level of transportation demand for coking coal can be expected in line with the recovery of steel and iron production. Additionally, it is necessary to assess the impact on alternative transportation in the future in regard to the EU trade embargo on Russia.

**Grains:** The growing global population is expected to result in increased demand for transportation mainly in developing nations in the Middle East, Africa, and Asia in addition to China. However, there is a strong possibility that it will affect Ukrainian grain exports, and attention is needed on future decreases in export volume and alternative transportation demand.

**Minor bulk:** With expectations for the recovery of global industry, growth in demand for stable transport of mainly non-ferrous metals and steel products is expected.

Trends in marine transportation demand (million tons)



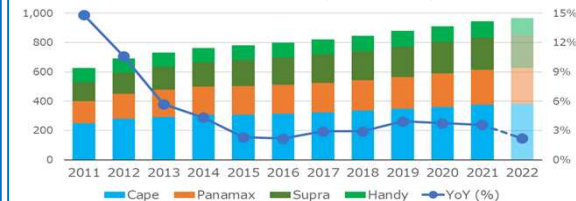
Source: Company research based on data from various companies

## Dry Bulk Transport Capacity Forecasts

The price of new ships, which has continued to rise since last year, is uncertain due to increasing steel products, materials and equipment prices. Additionally, due to concerns over the risk of vessel obsolescence due to a reduction of greenhouse gases and tightening environmental regulations, a certain level of caution continues to be seen among ship owners in ordering new dry bulk vessels. With this in mind, a low standard of vessel supply for all vessel types scheduled to be completed in 2022 is expected, relieving the pressure of vessel supply in the market.

Also, the impact of COVID-19 remains strong including severe restrictions in parts of China, which is likely to have a certain impact on the latest regulations in ports around the world, the resulting freight space availability, and demurrage.

Dry bulk transport capacity forecast (million DWT)



Source: Company research based on data from various companies

## FY2021 Futures Indicators at Present

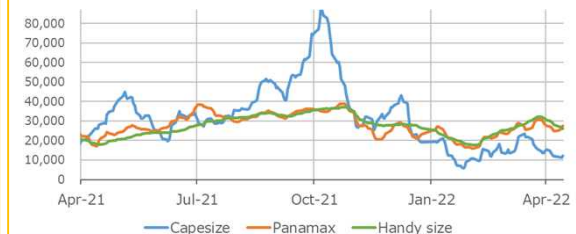
Vessel type	FY2022 average
Capesize	\$26,100
Panamax	\$25,700
Small Handy	\$24,600

Calculated from futures index values dated 4/19

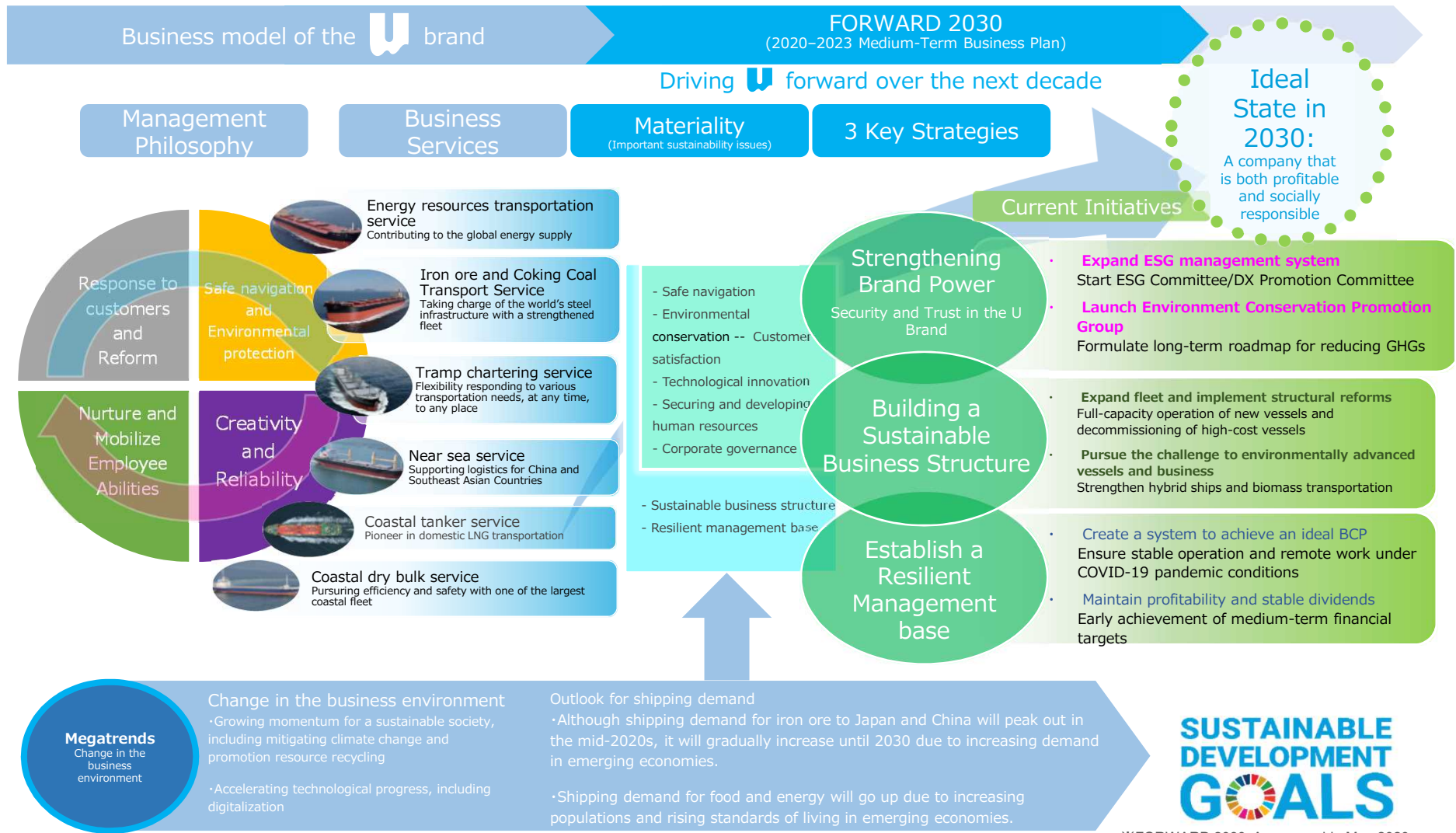
Currently, the cape market is expected to remain at a high standard thanks to a stable demand for transportation despite the lingering impact of unfavorable conditions in shipping iron ore out of Brazil. For vessels at and below Panamax size, strong transportation demand is supporting the market despite hearing about the impact of the situation in Russia and Ukraine on marine areas and vessel allocation destinations. As a result, the current futures for FY2022 exceed the market assumptions of the company's results forecast.

Market trends by vessel type (\$/day)

Source: Baltic Exchange



# 5. Progress of Medium-term Business Plan "FORWARD 2030"





# 5. Progress of Medium-term Business Plan "FORWARD 2030"

## Building a Sustainable Business Structure

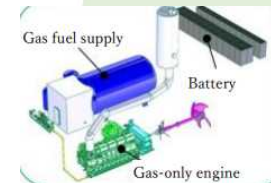
## Strengthening Brand Power

## Establish a Resilient Management base



Sep. 2020: *Ibuki*, a biomass fuel carrier was delivered (coastal shipping)

*Ibuki*



Hybrid propulsion system

Jan. 2021: *Mirai* (15,000 MT), energy-efficient electronic control engine vessel was delivered for Hirono IGCC Power (coastal shipping)

May 2021: Announced joint research on fuel-efficient technology using wind power from sails

Jul. 2021: Obtained a third-party verification for our calculated greenhouse gas emissions.

Sep. 2021: Agreement for construction of a carrier with a Hybrid Propulsion System using a Gas-Only Engine and a Battery (coastal shipping)

Jun. 2021: Launched Joint Project on Ammonia-Fueled Ship with 23 other companies

Oct. 2021: Joint Project on "Development of Ammonia-Fueled Ship" was Adopted as Green Innovation Fund

Mar. 2022: NSU Conducted a Biofuel Trial on VLOC a Very Large Ore Carrier for Nippon Steel Corporation

**FY2022: Studying stronger targets for further CO<sub>2</sub> reduction**

- ▶ Researching operational support systems for introduction of energy-saving devices and fuel consumption cuts
- ▶ Contributing to owner decarbonization needs



*NSU BRILLIANCE*

### <FY2020>

Jun. 2020: NSU QUEST received the Best Quality Ship 2019 award from Japan Federation of Pilots' Associations

Aug. 2020: *Utashima*, a coastal cargo carrier equipped with a hybrid propulsion system powered by lithium-ion batteries received the Ship of the Year 2019 award

Oct. 2020: ESG General Committee launched / Environmental Conservation Promotion Group established

Oct. 2020: BCP strengthened, established working from home system to prevent the spread of COVID-19

### <FY2021>

May 2021: *NSU TUBARAO* received the Best Quality Ship 2020 award from Japan Federation of Pilots' Associations

Sep. 2021: Trial introduction of ICP (Internal Carbon Pricing) in investment evaluation

Oct. 2021: Basic Sustainability Policy formulated, purpose established

Mar. 2022: Financial target reached (operating profit of 10 billion yen, net DER 1.0 or below)

### <FY2022 and onward>

**Through Marine Transportation, We Will Work Together to Shape the World Today and Create a Sustainable Future**  
(NS United Kaiun Purpose)

Apr. 2022: Transition to Tokyo Stock Exchange Prime Market

- ▶ Strengthen risk management in regard to external environmental changes



*Utashima*



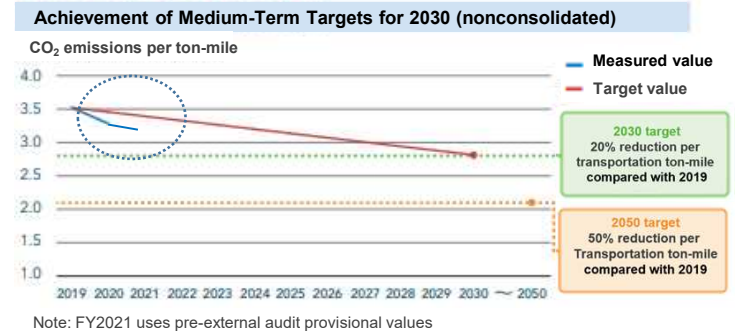
*NSU TUBARAO*

**FORWARD  
2030**

# 5. Progress of Medium-term Business Plan "FORWARD 2030"

## ● Results of CO<sub>2</sub> emission reduction

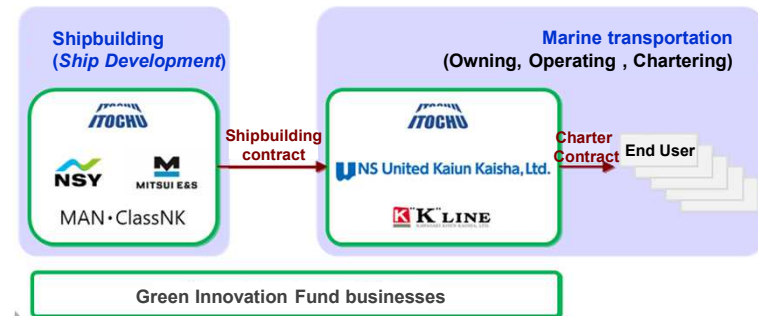
We have exceeded the plan of the 2030 target of a "20% reduction of CO<sub>2</sub> emissions per ton-mile, compared with FY2019". Going forward, introduction of alternative fuels, innovative new technologies and R&D for saving fuel will be needed in particular in order to achieve the 2050 goals.



## ● R&D example

### <Joint project on Ammonia-Fueled Ship>

The joint research project on the use of ammonia as an anticipated fuel for next-generation vessels which is currently under way with various parties was selected for the New Energy and Industrial Technology Development Organization (NEDO) Green Innovation Fund. This project aims to have Japan take the lead in implementing ammonia-fueled vessels as early as possible by 2028, with the goal of developing, owning, and operating propulsion systems and fleets ahead of other countries.



### <Using natural energy by installing wind propulsion equipment>

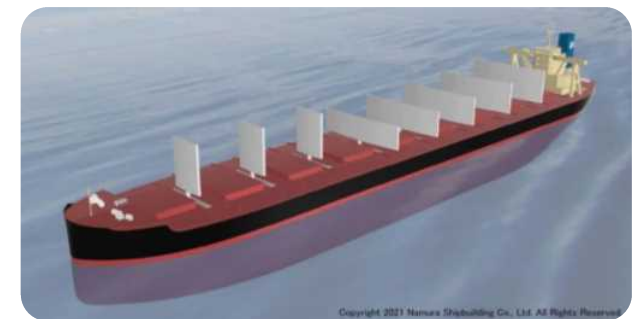
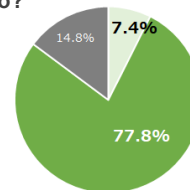
We are currently verifying and researching hard sail ships and rotor sails in order to reduce fuel consumption by utilizing wind power.

## ● In-house education and improvement

Were you more interested in SDGs after viewing the video?

We regularly share information and videos on environmental conservation in-house with the goal of achieving environmental goals as a team.

- I'm much more interested
- I'm more interested
- Other



(Image of the ship sailing)

## (Reference) Operating Fleet Composition

Vessel Type	End of 2021 (Mar.)	End of 2022 (Mar.)			YoY Change (Mar.2021) Change
		Owned	Chartered	Total	
Vessels for raw material for steel products	52	28	23	51	-1
Medium-/Small-Sized Bulkers	72	10	63	73	1
LPG/Crude Oil Tanker	3	3	0	3	0
International ShippingSubtotal	127	41	86	127	0
Coastal Shipping	71	22	49	71	0
Total	198	63	135	198	0

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

## (Reference) Financial Outlook

Trends in Profit and Share Price



Year-end Net Assets and Market Capitalization

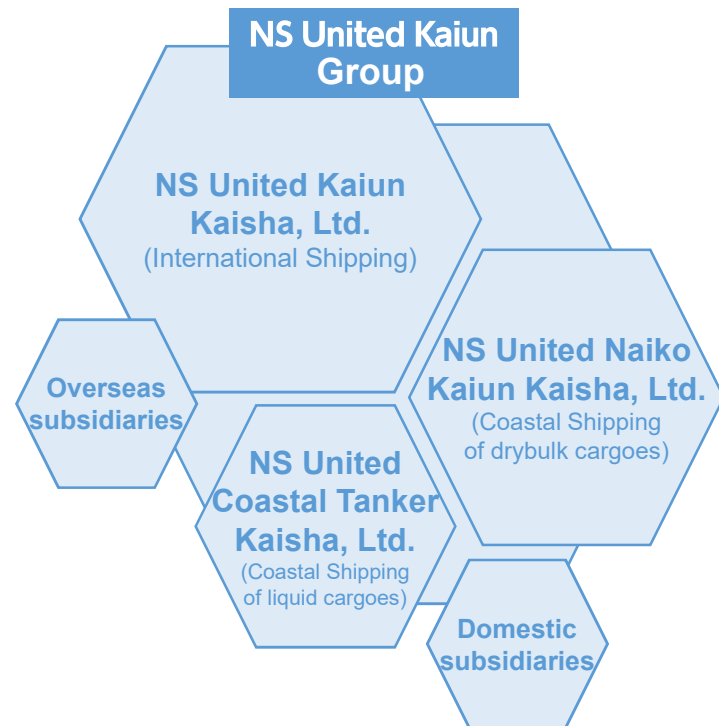


## NS United Kaiun Kaisha, Ltd.

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