



FY2022

(Ending March 31, 2023)

Interim Financial
Highlights

NS United Kaiun Kaisha, Ltd.

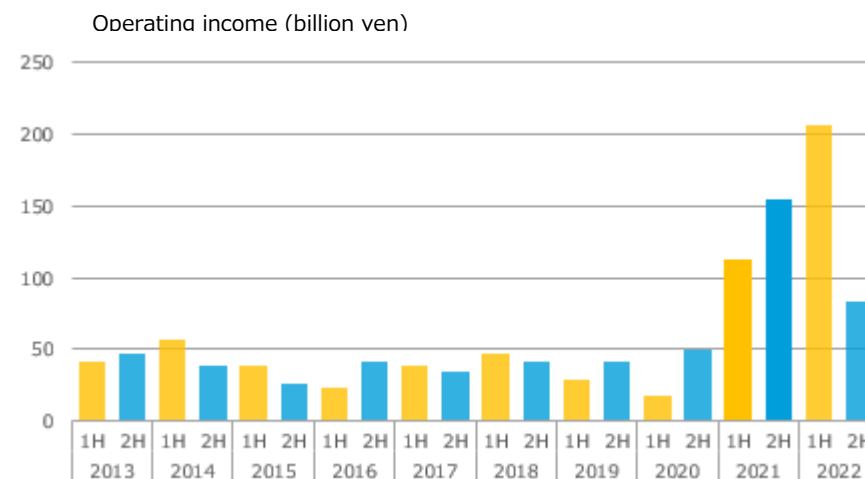
October 31, 2022

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1. Highlights of Results in FY2022

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
1H	1,308	207	241	194
Full year (ROE)	2,170	290	300	260 (20.5%)



First half results: Strong earnings thanks to yen depreciation exceeding expectations

- The dry bulk market temporarily experienced a sharp decline in the large vessel (cape-size) market, but the effect of market fluctuations remained minor as the majority of our company cape-size bulkers are engaged in medium- to long-term contracts. On the other hand, in addition to the solid market for small and medium-sized vessels, the stronger-than-expected depreciation of the yen resulted in a significant increase in profit in each stage compared to the same period of the previous fiscal year.

Full-year earnings forecast: Record highest profit expected for full year despite market softening

- At the beginning of next year, we expect lower sales and profits in the second half of the year due to concerns about softening market conditions due to the downward pressure on demand for sea transport caused by the global economic slowdown in addition to seasonal factors. However, we expect a record net income of 26 billion yen (ROE 20.5%) for the full year, which is higher than the previous year, supported by our fleet portfolio that is more resilient to medium- to long-term contracts and market fluctuations.

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

Interim dividend: As previously announced, the dividend will be 170 yen per share.

Year-end dividend: 170 yen per share and annual dividend of 340 yen per share, including interim dividend.

2. Overview of Second Quarter Financial Results

(Consolidated) [100 mil. yen]	FY2021							FY2022			Changes Y-o-Y
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	
Revenues	428	469	897	547	515	1,062	1,959	623	685	1,308	+ 411
Operating Income	47	66	113	88	66	154	267	112	95	207	+ 94
International Shipping	45	62	107	83	59	142	249	113	91	204	+ 97
Coastal Shipping	2	4	6	5	7	12	18	▲ 1	4	3	▲ 3
Ordinary Income	41	63	105	91	70	161	266	131	110	241	+ 137
Profit Attributable to Owners of	36	52	87	71	78	149	236	105	89	194	+ 107

International Shipping Longer distance transportation of coal and grain due to the economic sanctions against Russia, and the rise in container shipping rates led to the replacement of bulk carriers, which helped to strengthen the shipping market, especially for small and medium-sized vessels. In addition, large LPG tankers generally performed well under sound supply and demand conditions. In addition, the accelerated depreciation of the yen helped boost operating income by approximately 9.7 billion yen compared to the same period last year.

Coastal Shipping In domestic steel-related transportation, the transportation of steel raw materials was sluggish due to production stagnation in the manufacturing industry, mainly automobiles. Operating profit in the coastal shipping division decreased by 300 million yen compared to the same period of the previous fiscal year due to the slow transportation volume of tankers due to the seasonal decline in demand.

As a result of the foregoing, our consolidated results for the second quarter of the current fiscal year increased operating income by approximately 9.4 billion yen compared to the same period of the previous fiscal year. Ordinary income, including foreign exchange gains, increased by approximately 13.7 billion yen and net income increased by approximately 10.7 billion yen.

3. Forecasts for FY2022

(Consolidated) [100 mil. yen]	FY2021			FY2022			Changes Y-o-Y
	1H (Result)	2H (Result)	Full year (Result)	1H (Forecast)	2H (Forecast)	Full year (Forecast)	
Revenues	897	1,062	1,959	1,308	862	2,170	+211
Operating Income	113	154	267	207	83	290	+23
Ordinary Income	105	161	266	241	59	300	+34
Profit Attributable to Owners of Parent	87	149	236	194	66	260	+24

	FY2021			FY2022		
	1H	2H	Full year	1H	2H	Full year
Ex. Rate	¥109.33	¥113.67	¥111.50	¥130.83	¥135.00	¥132.92
Fuel Price (Average of all oil types)	\$461	\$539	\$500	\$705	\$660	\$683
Marke Capesize	\$36,928	\$28,471	\$32,733	\$17,520	\$15,000	\$16,260
Panamax	\$29,961	\$26,186	\$28,089	\$21,743	\$16,000	\$18,872
Small Handy	\$27,504	\$27,668	\$27,585	\$22,995	\$15,500	\$19,248

*The exchange rate is about 300 million yen per 1 yen depreciation, and ordinary profit increases in the second half.

Fuel oil prices are the average prices of all oil types, including high-sulfur C heavy oil, consumed by ships equipped with desulfurization equipment.

4. Market Forecast for FY2022

In the second half of fiscal 2022, demand for dry bulk transportation is expected to be softer than in the past, amid concerns about a slowdown in the global economy. Although the volume of completed vessels is expected to remain low, there are concerns that the supply and demand of vessels will ease due to the elimination of long-term demurrage.

Marine Transportation Demand Forecast

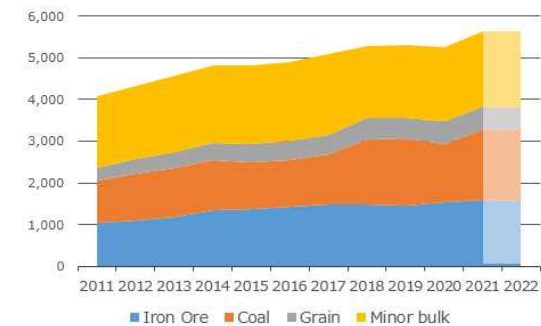
Iron ore: With attention focused on the authorities' infrastructure investment and real estate sector trends affecting steel production in China, if the emphasis is placed on economic policy from the start of the new year, the recovery in demand for transporting steel raw materials and the increase in the base of shipments to Brazil are expected to boost tonnage of shipments.

Coal: In the face of economic sanctions against Russia, EU countries have shifted from natural gas from Russia to coal imports, and the routes of imports are becoming longer, from North America to South Africa to Asia. On the other hand, coal imports from China are on the decline, and overall coal transportation volume is expected to remain largely flat.

Grain: Strong transportation demand is expected due to the increasing distance of transportation due to the situation in Russia and Ukraine, as well as China's tendency to increase imports for feed.

Minor bulk: Minor bulk transportation demand is expected to remain largely flat.

Trends in marine transportation demand (million tons)

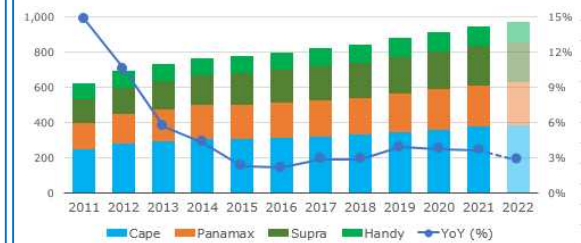


Research by our company from company documents

Forecast for dry bulk vessel supply

The volume of completed dry bulk vessels has remained low due to the uncertainty of environmental regulations as well as high ship prices, which has led to a tightening of the fundamental supply and demand of ships. On the other hand, it is necessary to pay close attention to market trends in the future, as the normalization of port cargo handling, which has been stagnant due to the COVID-19, will be a factor in increasing the supply of ships.

Dry bulk transport capacity forecast (million DWT)



Research by our company from company documents

FY2022 2H Future Indicators at Present

Vessel Type	FY2022 2H Average
Capesize	\$10,900
Panamax	\$15,400
Handy	\$14,500

Oct. 20: Calculated from futures index value

Uncertainty over the future, including continued interest rate hikes in the United States and the zero COVID policy in China, has had an impact on futures indicators, and the market's outlook for the second half of fiscal 2022 is slightly below the level assumed in our company's earnings forecasts.

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



5. Activities: Environmental Conservation and Safe Navigation

Environmental protection:

First in Japan to supply biodiesel fuel to international shipping vessel

In September this year, with the cooperation of Sumitomo Corporation and Toyota Tsusho Petroleum Corporation, a fuel supplier, we supplied biodiesel fuel to the rail carrier PACIFIC SPIKE of Nippon Steel Corporation at the Nagota Port. This is the first case of oil supply for ocean-going vessels in Japan. The vessel is scheduled to conduct a test voyage on the biodiesel fuel over the Pacific Ocean en route to North America, and this will be the second our company operated vessel after the NSU BRILLIANCE, which conducted a test voyage in March 2022.

The biodiesel fuel used this time is refined from waste cooking oil collected in Japan, and has obtained International Sustainability and Carbon Certification (ISCC), which is widely adopted in Europe as a certification system for biomass and bioenergy, to ensure the traceability of the raw materials.



M.V. PACIFIC SPIKE

Safe Navigation:

Selected as a Liberian-registered PSC vessel of outstanding performance

A vessel owned and managed by our group was selected as a PSC Outstanding Performance Vessel by LISCAR, LLC (LISCR), which operates the Liberian Register Program. The award was initiated by LISCR in 2021 and is given to ships with a PSC detention rate of 0% in the past 2 years. Our company has continued to implement PSC measures in various countries as part of its efforts to maintain safe operations, and this recognition has been given to our efforts. All of us at our group will continue to work together to ensure safe operations, and we will continue to improve our operational skills every day.

Credit rating (A-) obtained from Japan Credit Rating Agency, Ltd.

In October 2022, our company received a new credit rating from Japan Credit Rating Agency, Ltd. (JCR). The long-term issuer rating is Single A-minus with a stable outlook. By being evaluated by a third-party organization, we believe we can provide more transparent information to our stakeholders, including our business partners. (Japan Credit Rating Agency, Ltd. H/P: <https://www.jcr.co.jp/ratinglist/corp/9110>)

(Reference) Financial Outlook

2022 net earnings and stock price fluctuations during the year



End of year net assets and aggregate market value



Note: Net income is forecast, stock prices are April-September results.

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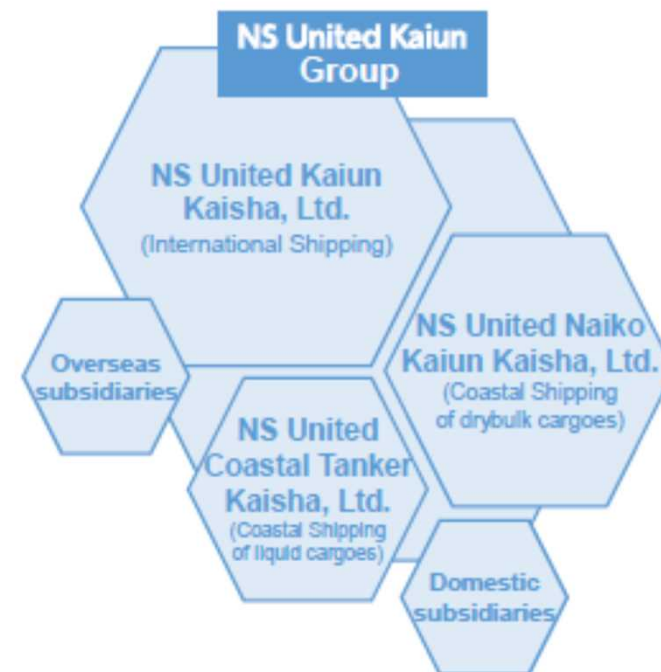
The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation service.

(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.

(Note)

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.



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

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