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January 31, 2023

FINANCIAL HIGHLIGHTS for the 3rd quarter of the Fiscal Year Ended March 2023

Listed Company Name : NS UNITED KAIUN KAISHA, LTD.
Listing Stock Exchange : Tokyo Stock Exchange (TSE) Prime Market
Code Number : 9110 URL: <https://www.nsuship.co.jp>
Company Representative : (Title) President (Name) Kazuo Tanimizu
Contact for Inquiry : (Title) Group Leader, Finance and Accounting Group
(Name) Katsutoshi Kobayashi (Phone) 81-3-6895-6407
Schedule date to submit the financial statement report : February 9, 2023
Schedule date to start paying dividends : -
Preparation of Supplementary Material : Yes
Financial Results Presentation Held No

(Amounts are rounded to the nearest million yen)

1. Consolidated Operating Performance for the 3rd quarter of the Fiscal Year Ended March 2023 (April 1, 2022 through December 31, 2022)

(1) Consolidated Operating Results

(Million yen)

(% represents the rate of change on year-on-year basis)

	Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
For the 3rd quarter of the fiscal year ended March 2023	196,863	36.3%	29,957	49.1%	31,394	60.1%	25,358	60.2%
For the 3rd quarter of the fiscal year ended March 2022	144,416	42.1%	20,089	363.7%	19,608	565.5%	15,824	187.0%

(Reference) Comprehensive Income

For the 3rd quarter of the fiscal year ended March 2023: 25,493 mil. yen (54.7%)

For the 3rd quarter of the fiscal year ended March 2022: 16,475 mil. yen (217.3%)

(yen)

	Net Income per Share	Net Income per Share after Adjustment for Residual Securities
For the 3rd quarter of the fiscal year ended March 2023	1,076.02	-
For the 3rd quarter of the fiscal year ended March 2022	671.45	-

(2) Consolidated Financial State

(Million yen)

	Total Assets	Net Assets	Equity Ratio
For the 3rd quarter of the fiscal year ended March 2023	282,477	135,196	47.9%
For the fiscal year ended March 2022	274,871	118,189	43.0%

(Reference) Equity Capital

For the 3rd quarter of the fiscal year ended March 2023: 135,196 mil. yen

For the fiscal year ended March 2022: 118,189 mil. yen

2. Dividend Distribution

(yen)

	Dividend per share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	For full year
For the fiscal year ended March 2022	-	95.00	-	190.00	285.00
For the fiscal year ended March 2023	-	170.00			
For the fiscal year ending March 2023 (Forecast)				185.00	355.00

(Note) Revision to quarterly dividend distribution forecast: Yes

3. Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2023 (April 1, 2022 through March 31, 2023)

(Million yen)

(% represents changes from the previous fiscal year for the full year)

	Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
For full year	245,000	25.0%	32,000	19.8%	32,000	20.3%	27,000	14.5%	1,145.71

(Note) Revision to quarterly operating performance forecast: Yes

Notes:

- (1) Changes of important subsidiaries during the period : No
(Changes in specific subsidiaries with changes in the scope of consolidation)
- (2) Application of specific accounting procedures in creating the quarterly consolidated financial statement : No
- (3) Changes in accounting principles and estimates, and retrospective restatement : No
 - i. Changes in accounting policies due to amendment of accounting standard : No
 - ii. Changes in accounting policies other than (i) above : No
 - iii. Changes in accounting estimates : No
 - iv. Retrospective restatement :
- (4) Number of outstanding shares (common stock)
 - i. Number of outstanding shares (including treasury shares)

For the 3rd quarter of the fiscal year ended March 2023 :	23,970,679 shares
For the fiscal year ended March 2022 :	23,970,679 shares
 - ii. Number of treasury shares

For the 3rd quarter of the fiscal year ended March 2023 :	404,567 shares
For the fiscal year ended March 2022 :	404,351 shares
 - iii. Average number of shares throughout the period :

For the 3rd quarter of the fiscal year ended March 2023 :	23,566,225 shares
For the 3rd quarter of the fiscal year ended March 2022 :	23,566,519 shares

(Note) This document of financial highlights is not audited by a certified accountant or any other auditing organization.

(Note) Above forecast is based on available information as of the release date of this report.

The actual operating performance may be different from this forecast statement, due to various unforeseen factors.

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1. Qualitative Information on Quarterly Results

(1) Review of Operating Results

(Million yen)

	Previous consolidated Nine months ended (April 1, 2021 – December 31, 2021)	Consolidated Nine months ended (April 1, 2022 – December 31, 2022)	Amount Change (Percentage change)
Revenues	144,416	196,863	52,447 (36.3%)
Operating Income	20,089	29,957	9,868 (49.1%)
Ordinary Income	19,608	31,394	11,786 (60.1%)
Profit Attributable to Owners of Parent	15,824	25,358	9,534 (60.2%)

Exchange rate (¥/US\$) (9 month average)	110.56	135.33	24.77 (22.4%)
Bunker price* (US\$/MT) (9 month average)	471	670	199 (42.2%)

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

For the nine-month period from April 1, 2022 to December 31, 2022, net sales were 196,863 million yen (up 36.3% year-on-year), operating income was 29,957 million yen (20,089 million yen in the same period last year), ordinary income was 31,394 million yen (19,608 million yen in the same period last year), and profit attributable to owners of the parent was 25,358 million yen (15,824 million yen in the same period last year).

In the international shipping business for the consolidated Nine months ended, in the dry bulk market, average chartering rates for all types of vessels were lower than the same period of the previous fiscal year due to factors such as zero-corona policy and the elimination of demurrage following the easing of quarantine systems at ports in response to the novel coronavirus.

The market for Cape bulk carriers (180,000 dwt) remained firm until July, but softened after August, charter rates for five major routes falling temporarily below \$3,000. The market recovery continued to be limited, and the average charter rate for the April-December period was approximately \$17,000, significantly lower than the same period of the previous year.

The market for Panamax and medium and small bulk carriers (20,000-80,000 dwt) remained stable, supported by an increase in ton-miles due to a shift in coal procurement from Russia against the backdrop of the situation in Russia and Ukraine, as well as steady cargo movements of grain and minor bulk.

In addition, the market for VLGCs (large LPG carriers) remained at a high level, as an increase in LPG exports from the United States tightened shipping tonnage supply and demand.

Under these circumstances, in addition to stable earnings from long-term contracts, the depreciation of the yen during the period significantly boosted earnings, resulting in higher sales and profits compared to the same period last year.

As for dry bulk in the coastal shipping business, in the steel business, the transportation volume of steel related cargo was almost flat year-on-year, but the transportation volume of steel raw materials decreased year on year due to semiconductor supply constraints in automobile production.

In the cement-related cargo, the transportation volume increased year on year due to growth in construction demand, while in the power business, the transportation volume decreased year on year against the backdrop of lower operating rates at thermal power plants.

In the tanker business, the LNG transportation volume increased year-on-year due to full-scale transportation on new routes, and the transportation volume of LPG increased year on year due to efforts to ensure efficient navigation.

Under these circumstances, the coastal shipping business posted a year-on-year increase in revenue and in profit.

Marine transportation comprises almost the entire business in our group, with the international shipping segment accounting for approximately 90% and the coastal shipping segment for approximately 10% of consolidated net sales.

(2) Explanation about Financial Position

Total assets at the end of the third quarter were 282,477 million yen, up 7,660 million yen from the end of the previous fiscal year. Current assets increased by 18,598 million yen primarily due to an increase in cash and deposits. Fixed assets decreased by 10,992 million yen, mainly due to a decrease in vessels.

Total liabilities decreased by 9,401 million yen from the end of the previous fiscal year to 147,281 million yen. Current liabilities increased by 10,153 million yen mainly due to an increase in short-term borrowings. Non-current liabilities decreased by 19,554 million yen mainly due to a decrease in long-term debt.

Total net assets increased by 17,007 million yen from the end of the previous fiscal year to 135,196 million yen, mainly due to an increase in retained earnings resulting from the posting of net income attributable to owners of the parent and the payment of dividends.

(3) Explanation of Consolidated Earnings Forecast and Future Outlook

Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2023

(Million yen)

	For full year			
	Previous Forecast	Revised Forecast	Change from previous forecast	
			Amount Change	Percentage change
Revenues	217,000	245,000	28,000	12.9%
Operating Income	29,000	32,000	3,000	10.3%
Ordinary Income	30,000	32,000	2,000	6.7%
Profit Attributable to Owners of Parent	26,000	27,000	1,000	3.8%

*The assumptions used in the previous forecast (October 31, 2022) and the current forecast for the average exchange rate of yen to the U.S. dollar for the fourth quarter and bunker prices are as follows:

Assumption for 4th quarter	Previous Forecast	Revised Forecast
Exchange rate	¥135.00/ US\$	¥128.33/ US\$
Bunker price*	US\$660/MT	US\$520/MT

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

In light of the financial results for the third quarters of the fiscal year and the business environment surrounding our company from the fourth quarter onward, we have revised the consolidated financial results forecast for the fiscal year ending March 2023 announced on July 29, 2022 as described above. As for our assumptions for the fourth quarter and beyond, we forecast yen exchange rate against the U.S. dollar at 128.33 yen and an average bunker price at \$520 per ton (for all types of oil).

The Company has positioned the shareholder returns as an essential management policy and has a policy of maintaining an annual payout ratio of approximately 30% on a consolidated performance basis.

For the fiscal year ending March 2023, we expect a year-end dividend of 185 yen per share and an annual dividend of 355 yen per share, including the interim dividend.

Please refer to "Revision of Operating Performance Forecasts and Dividend Distribution Forecast" separately announced today.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	Previous fiscal year (March 31, 2022)	Third quarter consolidated accounting period (December 31, 2022)
Assets		
Current assets		
Cash and deposits	22,265	46,099
Trade notes, accounts receivable, and contract assets	29,084	29,862
Securities	9,000	—
Inventories	12,148	13,736
Prepaid expenses	4,110	5,560
Derivatives	839	453
Other current assets	3,145	3,483
Allowance for doubtful accounts	△31	△32
Total current assets	80,561	99,160
Fixed assets		
Tangible fixed assets		
Vessels, net	181,526	169,169
Buildings, net	297	283
Land	397	397
Construction in progress	2,218	2,857
Other tangible fixed assets, net	110	159
Total tangible fixed assets	184,548	172,865
Intangible fixed assets	1,909	1,676
Investments and other assets		
Investment securities	3,945	3,845
Long-term loans receivable	24	11
Deferred tax assets	1,579	2,549
Retirement benefit asset	1,743	1,810
Other long-term assets	562	561
Total investments and other assets	7,853	8,776
Total fixed assets	194,310	183,317
Total assets	274,871	282,477

(Millions of yen)

	Previous fiscal year (March 31, 2022)	Third quarter consolidated accounting period (December 31, 2022)
Liabilities		
Current liabilities		
Trade notes and accounts payable	12,315	12,674
Short-term borrowings	15,323	25,099
Lease obligations	4,380	4,120
Accounts payable – other	91	305
Accrued expenses	190	321
Income taxes payable	4,991	3,599
Contract liabilities	3,288	5,104
Provision for bonuses	627	115
Provision for bonuses for directors (and other officers)	68	19
Derivatives liabilities	1,167	554
Other current liabilities	5,715	6,397
Total current liabilities	48,155	58,308
Long-term liabilities		
Long-term borrowings	103,991	83,487
Deferred tax liabilities	643	808
Provision for special repairs	3,761	4,533
Retirement benefit liability	131	145
Other non-current liabilities	0	0
Total non-current liabilities	108,527	88,973
Total liabilities	156,682	147,281
Net assets		
Shareholders' equity		
Common stock	10,300	10,300
Capital surplus	17,181	17,181
Retained earnings	90,527	107,400
Treasury stock, at cost	△996	△997
Total shareholders' equity	117,013	133,885
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	1,373	1,299
Deferred gains (losses) on hedges	△240	△79
Foreign currency translation adjustment	△61	5
Accumulated Remeasurements of defined benefit plans	105	87
Total accumulated other comprehensive income	1,177	1,312
Total net assets	118,189	135,196
Total liabilities and net assets	274,871	282,477

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income (Consolidated Nine months ended)

(Millions of yen)

	Previous consolidated Nine months ended (April 1, 2021 – December 31, 2021)	Consolidated Nine months ended (April 1, 2022 – December 31, 2022)
Revenues		
Shipping business revenue and other operating revenue	144,416	196,863
Operating expenses		
Shipping business expenses and other operating expenses	120,124	161,926
Gross profit	24,292	34,937
General and administrative expenses	4,203	4,980
Operating income	20,089	29,957
Non-operating income		
Interest income	3	10
Dividend income	117	220
Share of profit of entities accounted for using equity method	–	2
Foreign exchange gains	872	1,465
Gain on derivatives	80	572
Other	181	81
Total non-operating income	1,253	2,350
Non-operating expenses		
Interest expenses	1,025	888
Share of loss of entities accounted for using equity method	5	–
Loss on derivatives	687	4
Other	16	20
Total non-operating expenses	1,734	913
Ordinary income	19,608	31,394
Extraordinary income		
Gain on sales of fixed assets	363	332
Gain on sales of investment securities	–	77
Total extraordinary income	363	410
Extraordinary losses		
Impairment losses	–	994
Total extraordinary losses	–	994
Profit before income taxes	19,971	30,810
Income taxes	4,147	5,453
Profit	15,824	25,358
Profit attributable to owners of parent	15,824	25,358

Consolidated Statement of Comprehensive Income (Consolidated Nine months ended)

(Millions of yen)

	Previous consolidated Nine months ended (April 1, 2021 – December 31, 2021)	Consolidated Nine months ended (April 1, 2022 – December 31, 2022)
Profit	15,824	25,358
Other comprehensive income		
Unrealized gains (losses) on securities	21	△74
Deferred gains (losses) on hedges	682	161
Foreign currency translation adjustment	△12	△16
Remeasurements of defined benefit plans, net of tax	△73	△18
Share of other comprehensive income (loss) of entities accounted for using equity method	34	82
Total other comprehensive income (loss)	651	135
Comprehensive income	16,475	25,493
Comprehensive income attributable to owners of parent	16,475	25,493

(3) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable

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

Not applicable

(Segment Information)

I Previous consolidated Nine months ended (April 1, 2021 – December 31, 2021)

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

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Carrying amounts on the consolidated financial statements (Note 3)
	International shipping business	Coastal shipping business	Total				
Revenues							
Revenues from contacts with customers	126,512	17,905	144,416	–	144,416	–	144,416
Sales to external customers	126,512	17,905	144,416	–	144,416	–	144,416
Intersegment sales or transfers	–	6	6	275	282	△282	–
Total	126,512	17,911	144,422	275	144,698	△282	144,416
Segment profit	19,005	1,070	20,076	11	20,086	3	20,089

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

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

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

II Consolidated Nine months ended (April 1, 2022 – December 31, 2022)

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

(Millions of yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Carrying amounts on the consolidated financial statements (Note 3)
	International shipping business	Coastal shipping business	Total				
Revenues							
Revenues from contacts with customers	177,119	19,744	196,863	–	196,863	–	196,863
Sales to external customers	177,119	19,744	196,863	–	196,863	–	196,863
Intersegment sales or transfers	–	9	9	278	287	△287	–
Total	177,119	19,753	196,872	278	197,150	△287	196,863
Segment profit	28,673	1,282	29,955	△0	29,955	2	29,957

(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 income recorded in the consolidated statement of income.

2. Information related to impairment losses on fixed assets or goodwill, etc. by the reportable segments:

(Significant impairment loss relating to fixed assets)

In the coastal shipping segment, the book value of vessels is reduced to the amount recoverable and is recorded as impairment losses.

The impairment losses for consolidated nine months ended stood at 994 million yen.