



FY2022

(Ending March 31, 2023)

Financial Highlights

Translation only

NS United Kaiun Kaisha, Ltd.

April 28, 2023

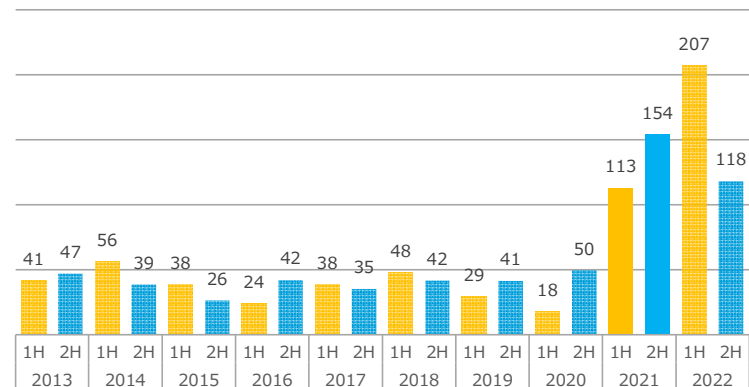
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1. Highlights of Results in FY2022

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of parent
1H	1,308	207	241	194
2H	1,200	118	93	82
Full year (ROE)	2,508	325	334	276 (21.59%)
Result of previous fiscal year (FY2022) (ROE)	1,959	267	266	236 (21.98%)

Operating income (Units: 100 million yen)



Review of Full-Year Performance

First Half Results Favorable conditions in the small - and medium-sized vessel market and a greater-than-expected depreciation of the yen provided a boost to earnings.

- While the dry bulk market was largely volatile for large ships (capesize), the market for small and medium-sized vessels remained firm due to the longer shipping distances, which contributed to the stability of supply and demand. In addition, the dollar-yen exchange rate experienced a significant depreciation of the yen, which significantly boosted earnings.

Second Half Results Stable earnings were secured based on medium- to long-term transportation contracts in preparation for the market softening phase.

- The dry bulk market conditions were soft due to seasonal factors and the reduction of demurrage following the easing of quarantine systems at ports, but the transportation contracts concluded under high market conditions supported earnings.
- While there were concerns about an economic slowdown against the backdrop of the US-China trade conflict and inflation caused by high resource prices, China's lifting of the zero corona policy resulted in a recovery trend from February.

► **We achieved the highest profit for the second consecutive period, and ROE exceeded 20% for the second consecutive period.**

Dividend distribution for the full year is estimated at 365 yen per share. (285 yen for the previous full year)

2. Overview of Results in FY2022

International shipping Although the dry bulk market has been on a downward trend since the summer due to concerns over inflation associated with a soaring global resource prices and an increase in the supply of ships due to the relaxation of the port quarantine system, it has remained firm compared to previous years. Operating income increased year on year to 30.1 billion yen due to stable earnings under medium- and long-term contracts and the depreciation of the yen that progressed during the period.

Coastal shipping Although the transportation volume of electricity-related cargo declined from the previous fiscal year due to a decline in the operating rate of thermal power plants, the transportation volume of steel raw materials and cement-related cargo remained strong. Operating income increased year on year to 2.4 billion yen, supported by demand for spot transportation.

As a result, operating income increased by approximately 5.8 billion yen, ordinary income increased by approximately 6.8 billion yen, and net income increased by approximately 4 billion yen over the same period of the previous fiscal year.

(Consolidated) [100 mil. yen]	FY2021							FY2022							Changes Y-o-Y
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
Revenues	428	469	897	547	515	1,062	1,959	623	685	1,308	660	540	1,200	2,508	+ 549
Operating Income	47	66	113	88	66	154	267	112	95	207	93	25	118	325	+ 58
International Shipping	45	62	107	83	59	142	249	113	91	204	83	14	97	301	+ 51
Coastal Shipping	2	4	6	5	7	12	18	▲ 1	4	3	10	11	22	24	+ 7
Ordinary Income	41	63	105	91	70	161	266	131	110	241	73	21	93	334	+ 68
Profit Attributable to Owners of Parent	36	52	87	71	78	149	236	105	89	194	59	22	82	276	+ 40

3. Forecasts for FY2023

Business Environment While the recovery of the Chinese economy is expected to lead to an increase in maritime cargo movements, the easing of the port quarantine system and the consequent reduction in the number of demurrage vessels are expected to continue to depress the shipping market. And solid demand for marine transportation, particularly for steel raw materials, is expected, but it is necessary to keep a close eye on the impact on the supply-demand balance of the expansion of further deceleration voyages in consideration of environmental measures in addition to the reduction of demurrage. (Please refer to Section 4. Market Forecast for FY2023). With regard to exchange rates, changes in monetary policy are cited as a risk factor in both Japan and the United States, but we assume that the dollar-yen exchange rate will average 130 yen during the period.

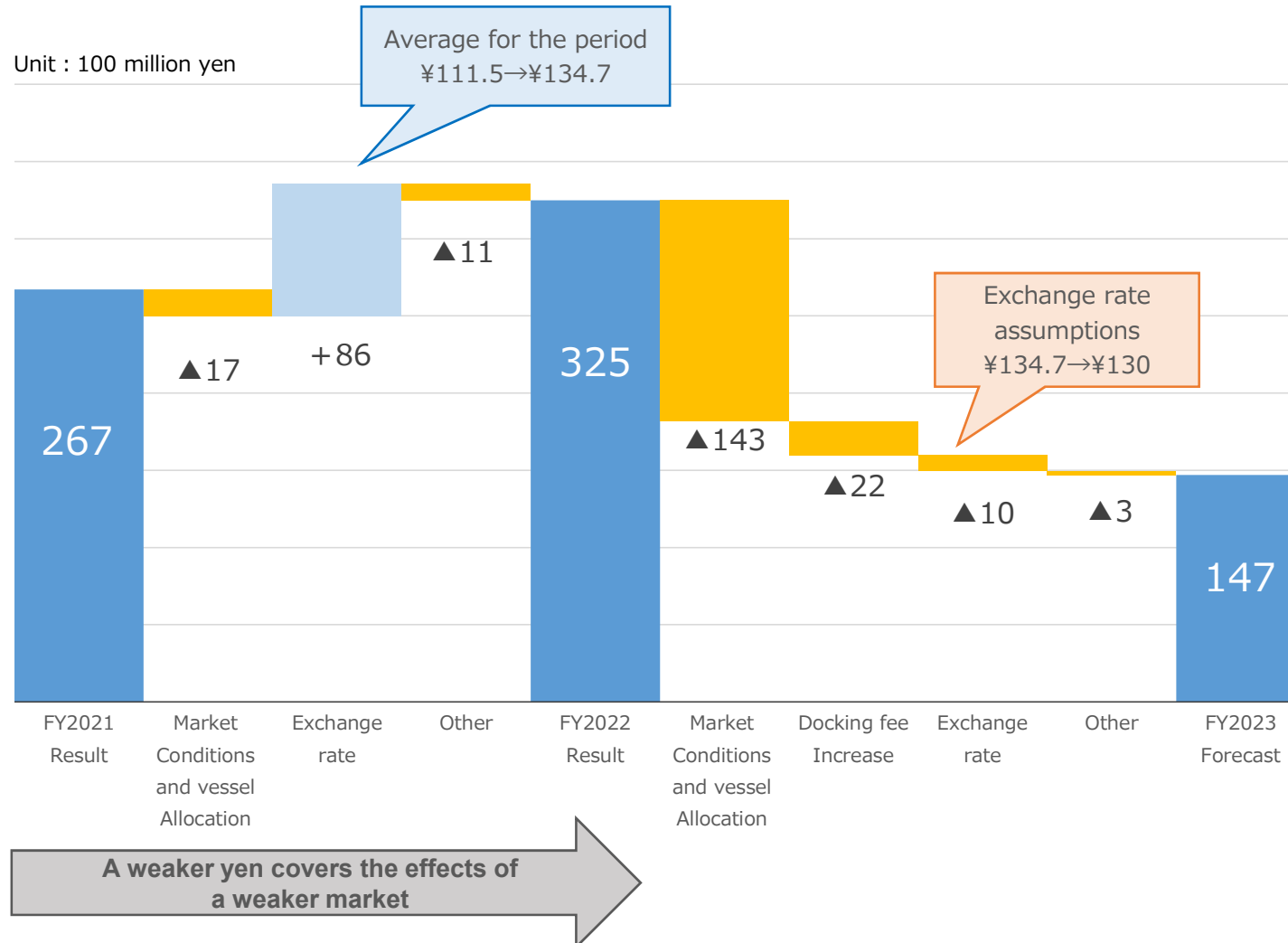
Dividend forecast The interim dividend for FY2023 will be 65 yen. The year-end dividend is yet to be determined, but the total annual dividend, including the interim dividend, is expected to be approximately 30% of the consolidated full-year results based on our company's dividend policy. We will promptly announce as soon as we are able to disclose the year-end dividend forecast after assessing future risk factors.

(Consolidated) [100 mil. yen]	FY2022			FY2023			Changes Y-o-Y
	1H (Result)	2H (Result)	Full Year (Result)	1H (Forecast)	2H (Forecast)	Full Year (Forecast)	
Revenues	1,308	1,200	2,508	890	900	1,790	▲ 718
Operating Income	207	118	325	74	73	147	▲ 178
Ordinary Income	241	93	334	65	67	132	▲ 202
Profit Attributable to Owners of Parent	194	82	276	49	61	110	▲ 166

	FY2022			FY2023		
	1H	2H	Full Year	1H (Forecast)	2H (Forecast)	Full Year (Forecast)
Ex. Rate	¥130.83	¥138.50	¥134.67	¥130.00	¥130.00	¥130.00
Bunker Price (Average of all oil types)	\$705	\$605	\$655	\$587	\$587	\$587
Marke Capesize	\$17,520	\$11,932	\$14,726	\$18,000	\$18,000	\$18,000
Panamax	\$21,743	\$13,612	\$17,677	\$15,000	\$14,250	\$14,625
Small Handy	\$22,995	\$12,279	\$17,637	\$13,000	\$12,000	\$12,500

3. Forecasts for FY2023

◆ Change in operating income (FY 2021 results to FY 2023 Forecast)



4 . Market Forecast for FY2023

Some signs of easing inflationary pressures are seen in the U.S. and EU countries, while crude steel production is expected to recover in China as the zero-corona policy is lifted. From the second half of the year to 2024, we forecast solid transportation demand, mainly for steel raw materials. On the supply side, we are concerned that demurrage will shrink as port quarantine is eased, which will have a negative impact on the shipping market.

Marine Transportation Demand Forecast

Iron ore: A recovery in crude steel production is expected as the zero-corona policy is lifted in China.

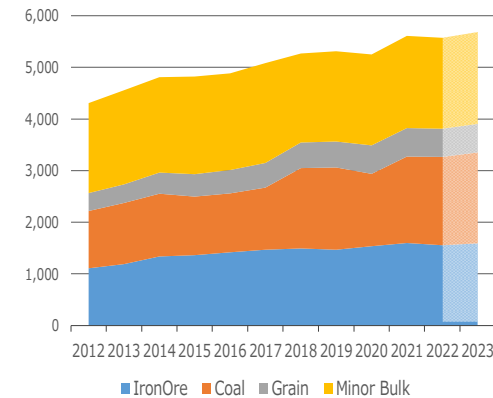
Demand for raw materials is expected to increase, particularly in the construction sector, and demand for transportation of iron ore is expected to remain strong.

Coal: While domestic production in China and India is increasing and demand for transportation is expected to decline, imports of coal to replace Russian natural gas are expected to increase in Europe due to continued economic sanctions against Russia, resulting in longer transportation distances. Overall transportation demand is expected to remain flat or slightly increase. Also, attention is focused on whether China will resume importing Australian coal in earnest.

Grain: China's demand for sea transportation is expected to remain flat from recent trends, but other Asian countries including India are expected to experience significant growth in demand for transportation. In Europe, like coal, transportation distances continue to increase, which is expected to tighten supply and demand.

Minor Bulk: Amid concerns of stagnant economic activity in the U.S. and EU countries, China is expected to increase imports of bauxite, which is expected to lead to solid transportation demand for minor bulks as a whole.

Trends in marine transportation demand (million tons)

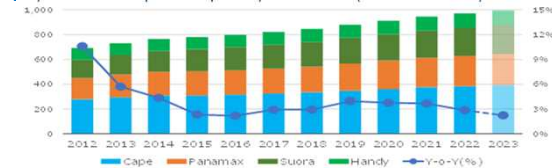


Source: Company research based on data from various companies

Dry Bulk Transport Capacity Forecasts

As port quarantine measures against the novel coronavirus move toward easing, the number of demurrage vessels is shrinking, and scrapping is slow, delaying the exit of aged vessels, which is a cause of concern for increasing supply. On the other hand, shipowners are expected to be cautious about placing orders for new vessels in order to identify next-generation fuels, which will be their main source, and to proceed with slow voyages in order to reduce CO2 emissions, so that the increase in shipboard supply is expected to be limited.

Dry bulk transport capacity forecast (million DWT)



Source: Company research based on data from various companies

FY2022 Futures Indicators at Present

Vessel type	FY2022 average
Capesize	\$18,000
Panamax	\$16,300
Small Handy	\$13,600

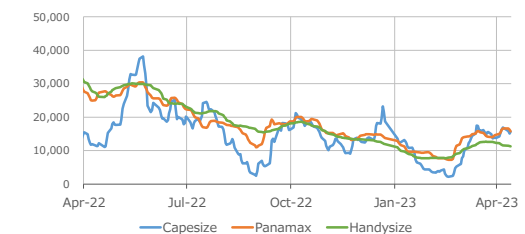
Calculated from futures index values dated 4/19

The Cape market is expected to remain relatively firm as the recovery of crude steel production in China increases demand for transportation of steel raw materials. If the economic slowdown in the United States and European countries becomes apparent, the volume of trade in Panamax and lower hull types could decline, resulting in lower transportation demand.

At present, the FY 2023 futures index is running at a level slightly above the market assumptions in our company's earnings forecasts.

Market trends by vessel type (\$/day)

Source: Baltic Exchange



5. Activities

● Participation in the United Nations Global Compact

On March 26, 2023, we participated in the United Nations Global Compact, which sets 10 principles in the four areas of human rights, labor, environment and anti-corruption advocated by the United Nations. Through the Global Compact Network Japan, a local network in Japan, we will deepen our knowledge in related fields and use it for sustainability activities in our company.



Certificate of Joining the UN Global Compact

● NS United Shipping Group Human Rights Policy established















The NS United Shipping Group has established its Group Corporate Philosophy and set forth "Standards of Conduct" to realize it. In January 2023, we formulated the NS United Shipping Group Human Rights Policy to clarify that respecting the human rights enshrined in the policy is a social responsibility that we must fulfill as a global corporate group.

[Respect for Human Rights](#) | [Initiatives for Human Rights and Human Resources](#) | [Sustainability](#) | [NS United Kaiun Kaisha, Ltd. \(nsuship.co.jp\)](#)

● Environmental Preservation Initiatives

The entire company is working together to achieve the goals of reducing CO2 emissions per tonne-mile by 20% from 2019 levels by 2030 and achieving carbon neutrality by 2050. Specifically, the company is pursuing (1) the adoption of slow-speed navigation with even lower engine power, (2) research on next-generation fuels such as ammonia and biodiesel, and (3) research on wind propulsion systems such as hard sails and rotor sails.

The Ten Principles of the UN Global Compact

-  Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
-  Principle 2: make sure that they are not complicit in human rights abuses.
-  **HUMAN RIGHTS**
-  Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
-  Principle 4: the elimination of all forms of forced and compulsory labour;
-  **LABOUR**
-  Principle 5: the effective abolition of child labour; and
-  Principle 6: the elimination of discrimination in respect of employment and occupation.
-  **ENVIRONMENT**
-  Principle 7: Businesses should support a precautionary approach to environmental challenges;
-  Principle 8: undertake initiatives to promote greater environmental responsibility; and
-  Principle 9: encourage the development and diffusion of environmentally friendly technologies.
-  **ANTI-CORRUPTION**
-  Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

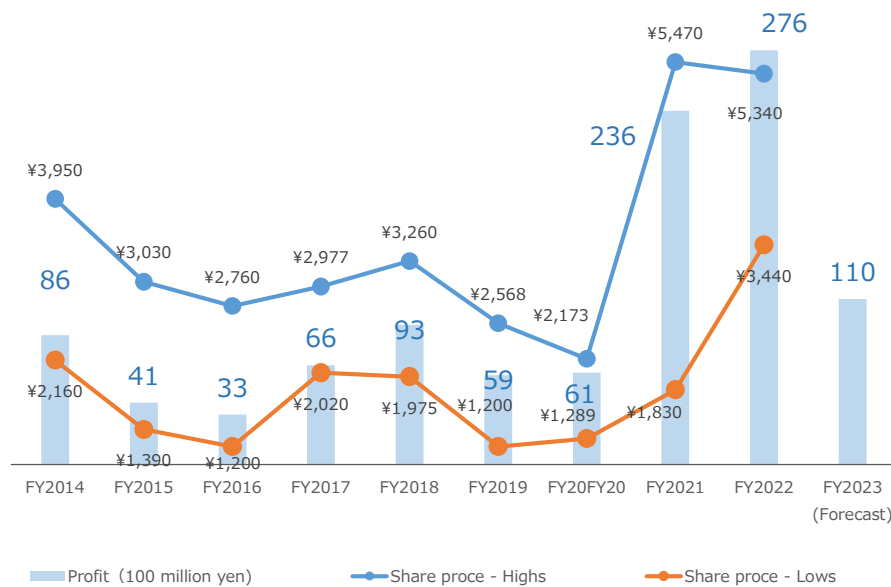
(Reference) Composition of fleet

Vessel Type	End of 2022 (Mar.)	End of 2023 (Mar.)			YoY Change (Mar.2022)
		Owned	Chartered	Total	
Vessels for raw material for steel	51	28	22	50	-1
Medium-/Small Sized Bulkers	73	11	67	78	5
LPG	3	3	0	3	0
International Shipping Subtotal	127	42	89	131	4
Coastal Shipping	71	22	55	77	6
Total	198	64	144	208	10

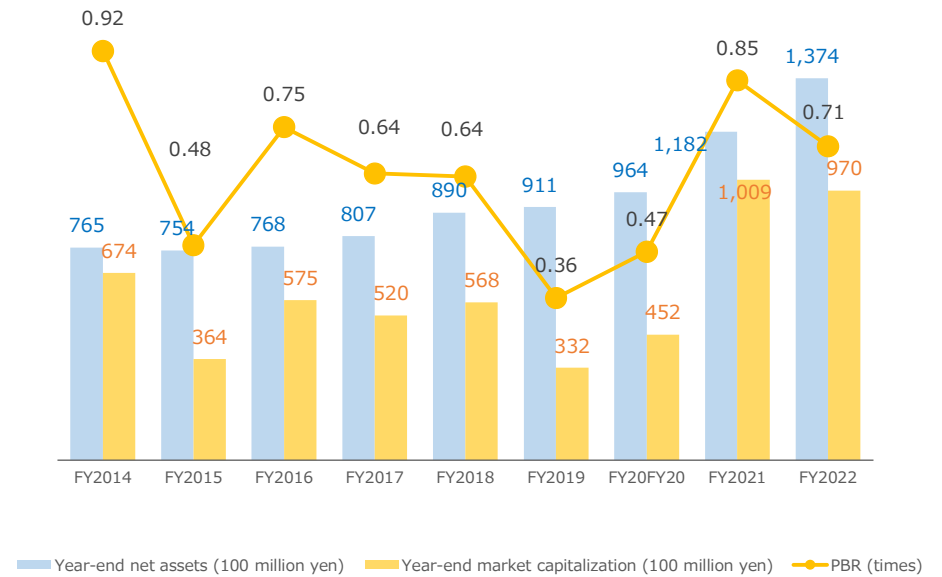
* Number of operating vessels includes short term spot voyage vessels.

(Reference) Financial Outlook

Trends in Profit and Share Price



Year-end Net Assets and Market Capitalization

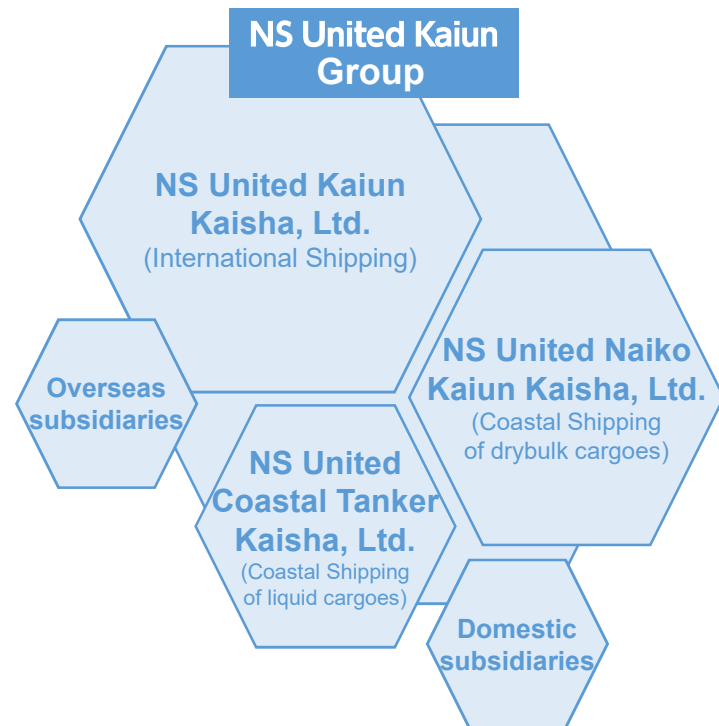


NS United Kaiun Kaisha, Ltd.

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