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July 31, 2023

FINANCIAL HIGHLIGHTS for the 1st quarter of the Fiscal Year Ending March 2024 (Under Japanese GAAP)

Company name: NS UNITED KAIUN KAISHA, LTD.
Listing: Tokyo Stock Exchange (TSE) Prime Market
Securities code: 9110 URL: <https://www.nsuship.co.jp>
Representative: Kazuma Yamanaka, President and Representative Director
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Schedule date to submit the financial statement report: August 7, 2023
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Financial Results Presentation Held: No

(Amounts are rounded to the nearest million yen.)

1. Consolidated Operating Performance for the 1st quarter of the Fiscal Year Ending March 2024 (from April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results (Cumulative)

(Million yen)

(Percentages indicate year-on-year changes.)

	Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
For the 1st quarter of the fiscal year ending March 2024	55,404	(11.1)%	5,831	(47.9)%	7,856	(40.1)%	6,234	(40.6)%
For the 1st quarter of the fiscal year ended March 2023	62,312	45.6%	11,195	138.7%	13,116	217.8%	10,498	195.7%

(Reference) Comprehensive Income

For the 1st quarter of the fiscal year ending March, 2024: 6,155 million yen (40.4) %

For the 1st quarter of the fiscal year ended March, 2023: 10,328 million yen 181.9%

(Yen)

	Net Income per Share	Diluted Net Income per Share
For the 1st quarter of the fiscal year ending March 2024	264.55	-
For the 1st quarter of the fiscal year ended March 2023	445.45	-

(2) Consolidated Financial Position

(Million yen)

	Total Assets	Net Assets	Equity Ratio
For the 1st quarter of the fiscal year ending March 2024	276,830	138,965	50.2%
For the fiscal year ended March 2023	275,784	137,405	49.8%

(Reference) Equity Capital

For the 1st quarter of the fiscal year ending March 2024 : 138,965 million yen

For the fiscal year ended March 2023: 137,405 million yen

2. Cash Dividends

(Yen)

	Annual Dividends per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-end	For Full Year
For the fiscal year ended March, 2023	-	170.00	-	195.00	365.00
For the fiscal year ending March, 2024	-				
For the Fiscal year ending March, 2024 (Forecast)		80.00	-	80.00	160.00

(Note) Revision to quarterly dividend distribution forecast : Yes

3. Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

(Percentages indicate year-on-year changes.)

	Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per Share
		(%)		(%)		(%)		(%)	
For six months (cumulative)	104,700	(20.0)%	9,900	(52.1)%	10,200	(57.7)%	8,200	(57.8)%	347.96
For full year	194,100	(22.6)%	15,600	(52.0)%	14,600	(56.3)%	12,300	(55.4)%	521.94

(Note) Revision to quarterly operating performance forecast: Yes

Notes:

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Particular accounting methods used for preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - i. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - ii. Changes in accounting policies due to other reasons: None
 - iii. Changes in accounting estimates: None
 - iv. Restatement: None
- (4) Number of issued shares (common shares)
 - i. Total number of issued shares at the end of the period (including treasury shares)

For the 1st quarter of the fiscal year ending March 2024:	23,970,679 shares
For the fiscal year ended March 2023:	23,970,679 shares
 - ii. Number of treasury shares at the end of the period

For the 1st quarter of the fiscal year ending March 2024:	404,693 shares
For the fiscal year ended March 2023:	404,688 shares
 - iii. Average number of shares outstanding during the period (cumulative for the quarter)

For the 1st quarter of the fiscal year ending March 2024:	23,565,990 shares
For the 1st quarter of the fiscal year ended March 2023:	23,566,294 shares

* This document of financial highlights are outside the scope of audit by certified public accountants or an audit corporation.

* Proper use of financial results forecast and other special matters

The forward-looking statements including the financial results forecast contained herein are based on information currently available to the Company, as well as certain assumptions deemed reasonable by the Company. As such, the Company does not intend to guarantee the achievement of the forecast. In addition, actual results may differ significantly from the forecast due to various factors. For preconditions for the financial results forecast and precautions when using the financial results forecast,

please see “1. Qualitative Information on Quarterly Results (3) Explanation of Consolidated Earnings Forecast and Future Outlook” on page 3 of the attachments. Please also refer to the “Revision of Operating Performance Forecasts and Dividend Distribution Forecast” separately disclosed on July 31.

(Supplementary material on financial results)

Supplementary material for quarterly financial results will be posted on the Company’s website on Monday, July 31, 2023.

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1. Information on Quarterly Results

(1) Explanation of Operating Results

	Previous consolidated Three months ended (from April 1, 2022 to June 30, 2022)	Consolidated Three months ended (from April 1, 2023 to June 30, 2023)	Amount Change (Percentage change)
Revenues	62,312	55,404	(6,909) (11.1)%
Operating Income	11,195	5,831	(5,365) (47.9)%
Ordinary Income	13,116	7,856	(5,260) (40.1)%
Profit Attributable to Owners of Parent	10,498	6,234	(4,263) (40.6)%

Exchange rate (¥/US\$) (3 month average)	125.33	135.33	10.00 8.0 %
Bunker price* (US\$/MT) (3 month average)	663	538	(126) (19.0)%

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

For the three-month period from April 1, 2023 to June 30, 2023, net sales were 55,404 million yen (down 6,909 million yen year-on-year), operating income was 5,831 million yen (down 5,365 million yen year-on-year), ordinary income was 7,856 million yen (down 5,260 million yen year-on-year) Net income attributable to owners of the parent was 6,234 million yen (down 4,263 million yen year-on-year).

In the International Shipping business during the three months ended June 30, 2023, in the dry bulk carrier, average charter rates for all vessel types were lower than in the same period of the previous year due to the slow recovery of the Chinese economy and concerns of an economic slowdown caused by monetary tightening in various countries.

The market for capesize bulk carriers (180,000 DWT type) was firm from April to early May on the back of a recovery in iron ore shipments from Brazil and Australia to China and increased cargo movements of thermal coal in preparation for electricity demand in the summer. From mid-May to June, however, the market softened against the backdrop of uncertainty over the Chinese economy, and average charter rates for the five main routes temporarily fell below \$10,000.

The market recovery was limited thereafter, with the April-June average falling below the year-ago level to about \$16,000. For Panamax and medium and small bulk carriers (20,000-80,000 DWT type), the market was on a downward trend from April to June due to sluggish grain and minor bulk cargo movements.

On the other hand, the market for VLGCs (Very Large Gas Carriers) remained at a high level due to steady cargo movements both out of the U.S. and the Middle East.

Under these circumstances, although the yen's depreciation, which progressed during the period, boosted earnings, both revenues and profits declined compared with the same period of the previous year.

In the coastal shipping business, with respect to dry bulk, steel-related cargo volumes of steel raw materials increased slightly year-on-year, but steel products decreased year-on-year. In cement-related cargo, although affected by unseasonable weather such as torrential rains, transport volumes were at the same level as the same period of the previous year. On the other hand, electric power-related cargo transport volumes declined year on year due to restrained operations at coal-fired thermal power plants and other factors. Transport volume for tanker was sluggish due to declining domestic demand for LPG, despite efforts to operate tankers more efficiently.

Under these circumstances, the coastal shipping business posted higher revenues and profits compared to the same period of the previous year.

Marine transportation services comprise almost the entire business of the Company's group, with the international shipping business accounting for approximately 90% of consolidated revenues and the coastal shipping business accounting for approximately 10%.

(2) Explanation about Financial Position

Total assets amounted to 276,830 million yen at the end of the first quarter of the current fiscal year, up 1,046 million yen from the end of the previous fiscal year. Of this amount, current assets decreased by 594 million yen due to a decrease in marketable securities and other factors. Noncurrent assets increased 1,639 million yen mainly due to an increase in vessels.

Total liabilities decreased 514 million yen to 137,865 million yen. Current liabilities increased 2,715 million yen mainly due to an increase in short-term loans payable. Long-term liabilities decreased 3,229 million yen mainly due to a decrease in long-term loans payable.

Total net assets increased 1,560 million yen from the end of the previous consolidated fiscal year to 138,965 million yen, mainly due to an increase in retained earnings resulting from net income attributable to parent company shareholders for the quarter, net of dividends paid.

(3) Explanation of Consolidated Earnings Forecast and Future Outlook

Forecast of Consolidated Operating Performance for Fiscal Year Ending March 2024

(Million yen)

	Second Quarter Consolidated Cumulative Period				Full Fiscal Year			
	Initial Forecast	Current forecast	Amount Change	Percentage change	Initial Forecast	Current forecast	Amount Change	Percentage change
Revenues	89,000	104,700	15,700	17.6%	179,000	194,100	15,100	8.4%
Operating Income	7,400	9,900	2,500	33.8%	14,700	15,600	900	6.1%
Ordinary Income	6,500	10,200	3,700	56.9%	13,200	14,600	1,400	10.6%
Profit Attributable to Owners of Parent	4,900	8,200	3,300	67.3%	11,000	12,300	1,300	11.8%

The assumptions used in this forecast are as follows:

	First Half	Second Half
Exchange rate	¥136.33/ US\$	¥130.00/ US\$
Bunker price*	US\$543/MT	US\$549/MT

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

In the dry bulk market in the second quarter and beyond, shipping capacity supply is expected to be restrained due to the low level of newbuilding tonnage and slow steaming against a backdrop of efforts to decarbonize the industry, while growth in marine transportation demand is expected to be limited in the short term due to the slow recovery of the Chinese economy. There are also concerns about the impact of geopolitical risks such as U.S.-China trade friction and the Russo-Ukrainian conflict on transportation patterns.

In light of our first quarter consolidated operating results and the business environment surrounding us from the second quarter onward, we have revised our consolidated earnings forecasts for the first half and full year of the fiscal year ending March, 2024, which we announced on April 28, 2023, as described above. The Company's assumptions for the yen-yen exchange rate against the U.S. dollar are expected to average 136.33 yen for the first half and 130.00 yen for the second half of the fiscal year. The Company also expects average fuel oil prices (all grades) to be \$543 per metric ton in the first half and \$549 per metric ton in the second half.

The Company has positioned returning of profits to shareholders as one of its important management policies. The Company's basic policy is to maintain sustainable dividend distribution in accordance with the Company's performance while securing internal reserves necessary to achieve stable corporate growth and to respond to changes in the business environment in the future. The Company aims at a payout ratio of approximately 30% on a consolidated basis.

For the fiscal year ending March, 2024, we forecast an annual dividend of 160 yen per share, consisting of an interim dividend of 80 yen per share and a year-end dividend of 80 yen per share, based on the above revised earnings forecast.

Please also refer to the "Notice Concerning Revision of Earnings Forecast and Dividend Forecast" separately disclosed on July 31.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Million yen)

	Previous fiscal year (March 31, 2023)	First quarter consolidated accounting period (June 30, 2023)
Assets		
Current assets		
Cash and deposits	30,314	38,343
Trade notes, accounts receivable, and contract assets	32,297	33,737
Securities	10,000	—
Inventories	13,382	12,581
Prepaid expenses	5,220	5,487
Derivatives	144	503
Other current assets	3,375	3,488
Allowance for doubtful accounts	(14)	(15)
Total current assets	94,718	94,125
Fixed assets		
Tangible fixed assets		
Vessels, net	165,140	166,322
Buildings, net	278	273
Land	397	397
Construction in progress	3,689	4,411
Other tangible fixed assets, net	215	253
Total tangible fixed assets	169,718	171,656
Intangible fixed assets	1,609	1,535
Investments and other assets		
Investment securities	4,420	4,336
Long-term loans receivable	10	9
Deferred tax assets	3,124	3,019
Retirement benefit asset	1,640	1,600
Other long-term assets	545	551
Total investments and other assets	9,739	9,515
Total fixed assets	181,066	182,705
Total assets	275,784	276,830

(Million yen)

	Previous fiscal year (March 31, 2023)	First quarter consolidated accounting period (June 30, 2023)
Liabilities		
Current liabilities		
Trade notes and accounts payable	13,755	13,406
Short-term borrowings	19,685	23,486
Accounts payable – other	245	605
Accrued expenses	248	350
Income taxes payable	4,110	1,520
Contract liabilities	4,797	5,626
Provision for bonuses	758	195
Provision for bonuses for directors (and other officers)	59	5
Derivatives liabilities	785	1,317
Other current liabilities	5,587	6,235
Total current liabilities	50,031	52,746
Non-current liabilities		
Long-term borrowings	81,102	78,022
Deferred tax liabilities	631	713
Provision for special repairs	6,469	6,230
Retirement benefit liability	147	155
Other non-current liabilities	0	0
Total non-current liabilities	88,349	85,120
Total liabilities	138,379	137,865
Net assets		
Shareholders' equity		
Common stock	10,300	10,300
Capital surplus	17,181	17,181
Retained earnings	109,646	111,285
Treasury stock, at cost	(997)	(997)
Total shareholders' equity	136,129	137,768
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	1,770	1,742
Deferred gains (losses) on hedges	(401)	(289)
Foreign currency translation adjustment	(32)	(158)
Accumulated remeasurements of defined benefit plans	(62)	(98)
Total accumulated other comprehensive income	1,276	1,196
Total net assets	137,405	138,965
Total liabilities and net assets	275,784	276,830

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statements of Income (Consolidated Three months ended)

(Million yen)

	Previous consolidated Three months ended (April 1, 2022 to June 30, 2022)	Consolidated Three months ended (April 1, 2023 to June 30, 2023)
Revenues		
Shipping business revenue and other operating revenue	62,312	55,404
Operating expenses		
Shipping business expenses and other operating expenses	49,439	47,697
Gross profit	12,873	7,706
General and administrative expenses	1,678	1,876
Operating income	11,195	5,831
Non-operating income		
Interest income	1	5
Dividend income	124	123
Share of profit of entities accounted for using equity method	—	11
Foreign exchange gains	1,919	2,032
Other	148	170
Total non-operating income	2,193	2,342
Non-operating expenses		
Interest expenses	267	312
Equity in losses of affiliates	1	—
Other	4	5
Total non-operating expenses	272	316
Ordinary income	13,116	7,856
Extraordinary income		
Gain on sales of fixed assets	—	12
Gain on sales of investment securities	72	59
Total extraordinary income	72	71
Profit before income taxes	13,188	7,927
Income taxes	2,690	1,693
Profit	10,498	6,234
Profit attributable to owners of parent	10,498	6,234

Consolidated Comprehensive Income (Consolidated Three months ended)

(Million yen)

	Previous consolidated Three months ended (April 1, 2022 to June 30, 2022)	Consolidated Three months ended (April 1, 2023 to June 30, 2023)
Profit	10,498	6,234
Other comprehensive income		
Unrealized gains (losses) on securities	(370)	(29)
Deferred gains (losses) on hedges	195	112
Foreign currency translation adjustment	(25)	(133)
Remeasurements of defined benefit plans, net of tax	6	(36)
Share of other comprehensive income (loss) of entities accounted for using equity method	24	7
Total other comprehensive income (loss)	(170)	(79)
Comprehensive income:	10,328	6,155
Comprehensive income attributable to owners of parent	10,328	6,155

(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 Three months ended (April 1, 2022 – June 30, 2022)

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

(Million yen)

	Reportable segment			Others (Note 1)	Total	Adjustments (Note 2)	Carrying amounts on the quarterly consolidated financial statements (Note 3)
	International shipping business	Coastal shipping business	Total				
Revenues							
Revenues from contacts with customers	56,259	6,054	62,312	–	62,312	–	62,312
Sales to external customers	56,259	6,054	62,312	–	62,312	–	62,312
Intersegment sales or transfers	–	5	5	90	95	(95)	–
Total	56,259	6,059	62,317	90	62,408	(95)	62,312
Segment profit or loss	11,276	(76)	11,200	(6)	11,194	1	11,195

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

2. The adjustment of 1million yen for segment profit or loss is elimination of intersegment transactions.

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

II Consolidated Three months ended (April 1, 2022 – June 30, 2022)

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

(Million 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	48,674	6,730	55,404	–	55,404	–	55,404
Sales to external customers	48,674	6,730	55,404	–	55,404	–	55,404
Intersegment sales or transfers	–	2	2	93	95	(95)	–
Total	48,674	6,732	55,406	93	55,499	(95)	55,404
Segment profit or loss	5,546	298	5,844	(14)	5,830	1	5,831

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

2. The adjustment of 1 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.