



FY2023

(Ending March 31, 2024)

Financial Highlights  
For Second Quarter

Translation Only

**NS United Kaiun Kaisha, Ltd.**

October 31, 2023

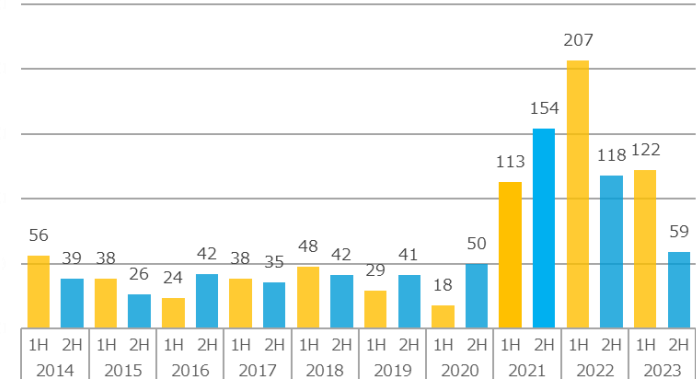
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# 1. Highlights of Results in FY2023

Operating income  
(Units:100million yen)

[100 mil. yen] (Consolidated)	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
1H	1,124	122	138	110
Full year forecast (ROE)	2,042	181	173	139 (9.86%)



## First half results: Operating income exceeded 10 billion yen for the 5th consecutive semiannual period

- Dry bulk market declined from the previous FY due to the normalization of port quarantine policy and cargo handling, easing prolonged vessel's waiting time.
- Together with stable earnings from long-term freight contracts, contract-free fleet contributed to earnings through efforts to minimize non cargo carrying time and efficient vessel allocation.
- Although market conditions were softer compared to the previous FY, secured higher revenues than previous forecast, partly due to weakening of the yen.

## Full-year earnings forecast: Earnings will be lower than last year's record-high earnings, but will exceed the previous forecast

- Secured medium and long-term freight contracts at an early stage of the beginning of this year to strengthen market resilience in the face of expected market decline due to seasonal factors.
- Securing higher earnings than previous forecast through a stable earnings based mainly on dedicated vessels.

## Dividend forecast: Dividend payout ratio is expected to be approximately 30% for the year, and year-end dividend is expected to be increased by 20 yen per share.

- Interim dividend: 80 yen per share as previously announced.
- The year-end dividend is expected to be 180 yen per share, including the interim dividend.

## 2. Overview of Second Quarter Financial Results

### International Shipping

•The shipping market was on a downtrend until July due to concerns over the slowdown of the Chinese economy, but recovered from September onward due to a recovery in demand of iron ore and grains from Brazil, and a decrease in the number of vessels due to restrictions on passage through the Panama Canal, which tightened the supply-demand balance and led to a reversal of the uptrend. VLGC (Very Large Gas Carrier) market maintained a high level.

•Although profits declined compared to the previous fiscal year, profits reached a record high, due in part to the impact of falling market conditions. The Company secured profits above the previous forecast due to stable revenues based on long-term freight contracts, an accumulation of revenues from spot-base contracts, and the progression of the yen's depreciation.

### Coastal Shipping

•In the coastal shipping business, steel products and cement transportation were down year-on-year due to stagnant transportation demand in the construction sector, but steel-making raw materials transportation remained strong. Operating income increased by 700 million yen year-on-year by capturing spot transportation demand as well as long-term transportation contracts.

【Consolidated】 [100 mil. yen]	FY2023			FY2022		Previous July Forecast	
	1Q	2Q	1H	1H	Changes	1H (forecast)	Changes
<b>Revenues</b>	<b>554</b>	<b>570</b>	<b>1,124</b>	<b>1,308</b>	<b>▲ 185</b>	<b>1,047</b>	<b>+ 77</b>
<b>Operating Income</b>	<b>58</b>	<b>64</b>	<b>122</b>	<b>207</b>	<b>▲ 85</b>	<b>99</b>	<b>+ 23</b>
International Shipping	55	57	112	204	▲ 92	91	+ 21
Coastal Shipping	3	7	10	3	+ 7	8	+ 2
<b>Ordinary Income</b>	<b>79</b>	<b>60</b>	<b>138</b>	<b>241</b>	<b>▲ 103</b>	<b>102</b>	<b>+ 36</b>
<b>Profit Attributable to Owners of Parent</b>	<b>62</b>	<b>48</b>	<b>110</b>	<b>194</b>	<b>▲ 84</b>	<b>82</b>	<b>+ 28</b>
Rate (Yen/US\$)	+ ¥135.33	+ ¥142.67	+ ¥139.00	+ ¥130.83	+ ¥8.17	+ ¥136.33	+ ¥2.67
Bunker Price※ (US\$/MT)	+ \$538	+ \$544	+ \$541	+ \$705	▲ \$164	+ \$543	▲ \$2

※Bunker oil price is the average price of all oil types including high sulfur C fuel oil consumed by vessels equipped with FGD equipment.

### 3. Forecasts for FY2023

**Outlook for full-year results: Secure earnings that exceed previous forecasts at each stage of profit by piling up stable earnings.**

- Shipping market is expected to decline from the beginning of next year due to seasonal factors, but will enhance market resilience with a more flexible fleet portfolio.
- While sharp correction in the yen's depreciation phase is expected, we forecast higher revenues and profits compared to our previous forecast on a full-year basis.

【Consolidated】 [100 mil. yen]	FY2023 (Forecast)			FY2022		Previous July Forecast	
	1H (Result)	2H (Forecast)	Full year (Forecast)	Full year (Result)	Changes	Full year (Forecast)	Changes
<b>Revenues</b>	<b>1,124</b>	<b>918</b>	<b>2,042</b>	<b>2,508</b>	<b>▲ 466</b>	<b>1,941</b>	<b>+ 101</b>
<b>Operating Income</b>	<b>122</b>	<b>59</b>	<b>181</b>	<b>325</b>	<b>▲ 144</b>	<b>156</b>	<b>+ 25</b>
International Shipping	112	49	161	301	▲ 140	134	+ 27
Coastal Shipping	10	10	20	24	▲ 4	22	▲ 2
<b>Ordinary Income</b>	<b>138</b>	<b>35</b>	<b>173</b>	<b>334</b>	<b>▲ 161</b>	<b>146</b>	<b>+ 27</b>
<b>Profit Attributable to Owners of Parent</b>	<b>110</b>	<b>29</b>	<b>139</b>	<b>276</b>	<b>▲ 137</b>	<b>123</b>	<b>+ 16</b>
Rate (Yen/US\$)	¥139.00	¥135.00	¥137.00	¥134.67	+ ¥2.33	¥133.17	+ ¥3.83
Bunker Price※ (US\$/MT)	\$541	\$587	\$564	\$655	▲ \$91	\$546	+ \$18
Market							
Capesize	\$14,449	\$13,000	\$13,725	\$14,726	▲ \$1,002	\$14,000	▲ \$276
Panamax	\$12,063	\$10,500	\$11,282	\$17,677	▲ \$6,396	\$10,750	+ \$532
Small Handy	\$9,614	\$10,250	\$9,932	\$17,637	▲ \$7,705	\$9,500	+ \$432

※ Exchange rate depreciation of 1 yen against US\$ will increase recurring profit by approx. 200 million yen for 2H

Bunker oil price is the average price of all oil types including high sulfur C fuel oil consumed by vessels equipped with FGD equipment

# 4. Market Forecast for FY2023

In the second half of FY2023, the market is expected to be supported by the recovery trend in China's steel-making raw materials and grain transportation, and an increase in transport ton-miles. However, attention should be paid to concerns about a decline due to seasonal factors after the new year and the slowdown of the global economy as a whole.

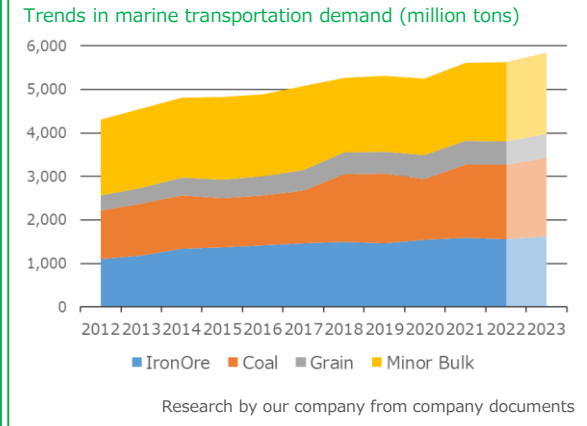
## Marine Transportation Demand Forecast

**Iron ore:** The market for large vessels has recently been strengthening, and demand for steel-making raw materials is expected to remain firm as Chinese steel demand will shift from the real estate sector to the infrastructure and manufacturing sectors. It is expected the Brazilian shipment base remain firm, transport ton-miles will increase and supply-demand balance will tighten.

**Coal:** In China, imports of coal are expected to increase due to replacement demand for thermal power generation as hydroelectric power generation is significantly reduced due to the drought.

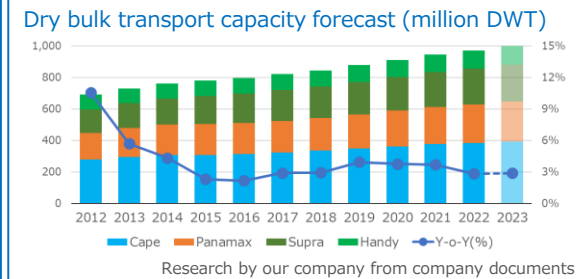
**Grains:** Corn production and shipments in Brazil are expected to increase significantly due to favorable weather. Other cargoes are also generally increase, mainly grain transport from South America to China, supporting the market for small and mid-sized bulk carriers.

**Minor Bulk:** China's bauxite imports will increase, and imports will shift from Indonesia to Guinea. Longer transport distances are expected as the country enters the dry season from November.



## Forecast for dry bulk vessel supply

Although new-building dry bulk vessel deliveries are gradually recovering, they remain at historically low levels due to the impact of environmental regulations and the search for next-generation fuels, in addition to high ship prices associated with surging raw material prices. The pace of scrapping has picked up slightly, and if older vessels are scrapped, this will have a positive impact on the supply-demand condition. The impact on the market will be closely monitored, as delays in the Panama Canal passage due to drought conditions have increased.



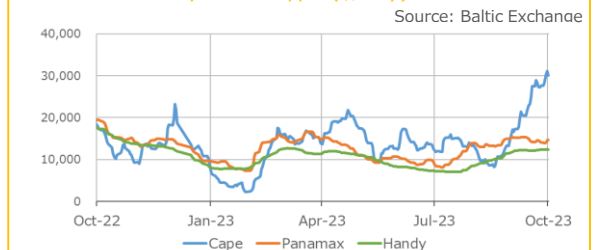
## FY2023 2H Future Indicators at Present

Vessel Type	FY2023 2H average
Cape	\$15,300
Panamax	\$12,200
Handy	\$10,300

Calculated from the futures index value as of 10/19

Futures indicators remained steady as demand for freight transportation, the main component of each type of Vessels, increased. The forecast for the second half of fiscal 2023 is slightly higher than our company earnings forecast.

## Market trends by vessel type (\$/day)



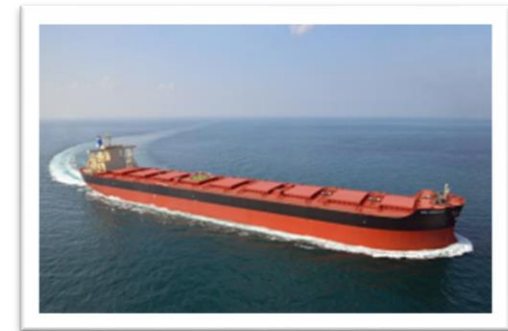
# 5 .Activities: Environmental Conservation and Safe Navigation

## Environmental protection:

### The Company conducted the Biofuel Trial

In March 2023, the Capesize bulk carrier NSU NEWSTAR, supplied with biodiesel fuel at the Port of Rotterdam by the supplier (Oilchart International NV), conducted a test run on the high seas. This is the fourth vessel to test run on bio-diesel fuel.

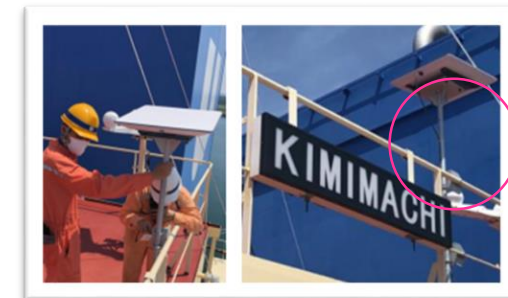
The bio-diesel fuel tested is refined from palm oil mill waste. This fuel has acquired the International Sustainability and Carbon Certification (ISCC), which is widely adopted in Europe as a certification system for biomass and bio-energy, ensuring the traceability of the raw materials.



M.V.NSU NEWSTAR

## Safe Navigation:Onboard Trial of “Starlink Maritime” Satellite Communication Service

In July 2023, we introduced on a trial basis the "Starlink Maritime" satellite communication service provided by the U.S.-based Space Exploration Technologies Corp. The vessels will be able to use a large number of low earth orbit satellites to provide high-speed Internet access. This will improve the communication environment between land and sea, which will lead to enhanced safe navigation, improve the living environment for seafarers, and contribute to the promotion of DX in ship management.



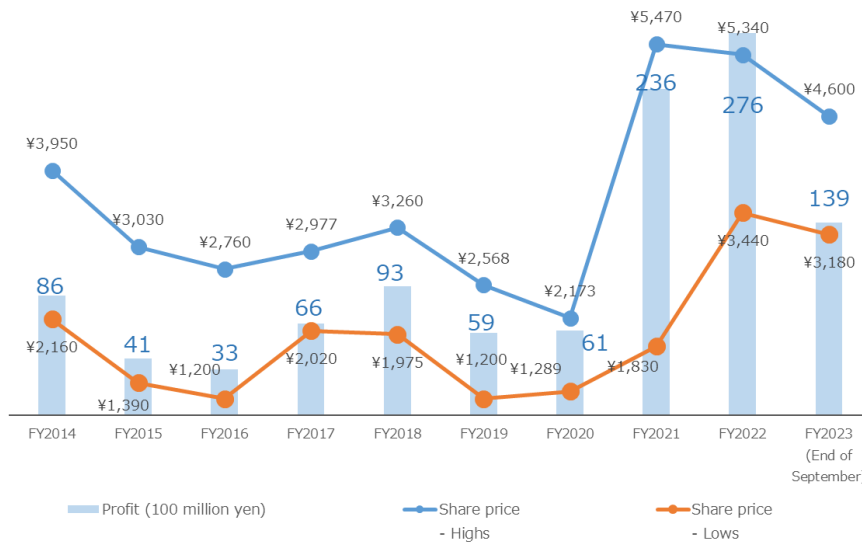
Antenna installed at M.V. KIMIMACHI

## The company has been selected as a component of the "JPX-Nikkei Index 400".

The company has been selected for the first time as a component of the "JPX-Nikkei Index 400" for fiscal 2023 (August 31, 2023 - August 29, 2024), which is calculated by the Japan Exchange Group, Tokyo Stock Exchange, Inc. and Nikkei Inc. The JPX-Nikkei Index 400 is composed of companies with high appeal for investors, which meet requirements of global investment standards, such as efficient use of capital and investor-focused management perspectives. We will continue to strive to further enhance our corporate value to meet the expectations of our stakeholders.

# (For Reference) Financial Outlook

## 2023 net earnings and stock price fluctuations during the year



## End of year net assets and aggregate market value

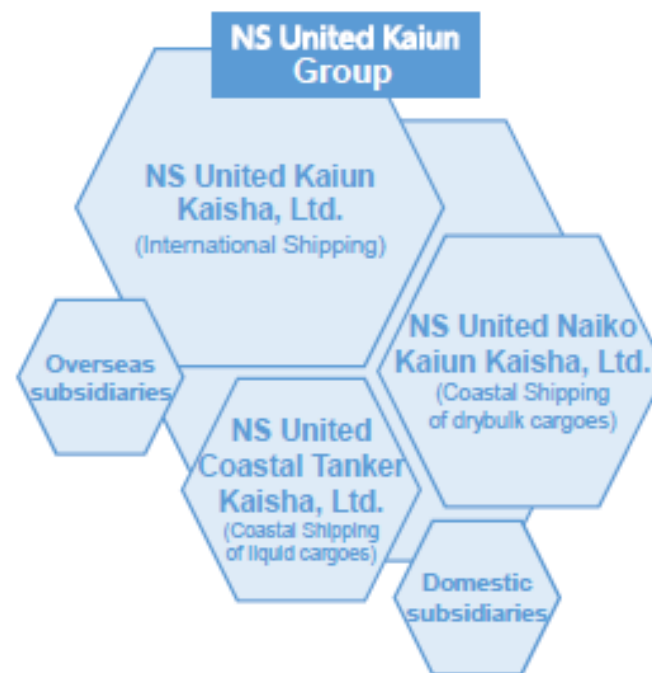


Note: Net income is projected, Stock prices are April-September results



# 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.

(Note)

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