

April 28, 2020

Summary of Consolidated Earnings Report for the Fiscal Year Ended March 31, 2020 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <https://www.nipponexpress.com> (English))(URL: <https://www.nittsu.co.jp> (Japanese))

Representative: President and CEO Mitsuru Saito

Scheduled date for General Shareholders' Meeting: June 26, 2020

Scheduled date of dividend payment: June 29, 2020

Scheduled date for release of Securities Report: June 26, 2020

Availability of supplementary briefing material on annual financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for Fiscal Year Ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Consolidated Business Results

(%: compared with the previous period)

| | Revenues | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|----------------------------------|-----------|-------|------------------|--------|-----------------|--------|---|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Fiscal Year Ended March 31, 2020 | 2,080,352 | (2.7) | 59,224 | (25.6) | 57,434 | (33.1) | 17,409 | (64.7) |
| Fiscal Year Ended March 31, 2019 | 2,138,501 | 7.2 | 79,598 | 13.3 | 85,802 | 15.3 | 49,330 | 655.0 |

(Note) Comprehensive income:

Fiscal Year Ended March 31, 2020: ¥22,501 million [(43.0)%] Fiscal Year Ended March 31, 2019: ¥39,460 million [514.6%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ordinary income to asset ratio | Operating income margin |
|----------------------------------|--------------------------|----------------------------|------------------|--------------------------------|-------------------------|
| | ¥ | ¥ | % | % | % |
| Fiscal Year Ended March 31, 2020 | 185.06 | — | 3.2 | 3.8 | 2.8 |
| Fiscal Year Ended March 31, 2019 | 515.13 | — | 9.2 | 5.6 | 3.7 |

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended March 31, 2020: ¥(6,660) million Fiscal Year Ended March 31, 2019: ¥608 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------------|--------------|------------|----------------------------|----------------------|
| | ¥ million | ¥ million | % | ¥ |
| As of March 31, 2020 | 1,518,037 | 556,506 | 35.5 | 5,805.12 |
| As of March 31, 2019 | 1,536,677 | 560,444 | 35.4 | 5,749.60 |

(Reference) Equity: As of March 31, 2020: ¥539,465 million As of March 31, 2019: ¥543,616 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | ¥ million | ¥ million | ¥ million | ¥ million |
| Fiscal Year Ended March 31, 2020 | 98,206 | (91,813) | (11,720) | 96,171 |
| Fiscal Year Ended March 31, 2019 | 72,698 | (90,960) | (14,693) | 102,092 |

2. Dividends Information

| | Annual dividend per share | | | | | Total dividend (Annual) | Dividend payout ratio (Consolidated) | Dividend payout ratio on net assets (Consolidated) |
|--|---------------------------|----------------|---------------|----------|--------|-------------------------|--------------------------------------|--|
| | First Quarter | Second Quarter | Third Quarter | Year End | Yearly | | | |
| | ¥ | ¥ | ¥ | ¥ | ¥ | ¥ million | % | % |
| Fiscal Year Ended March 31, 2019 | — | 70.00 | — | 85.00 | 155.00 | 14,767 | 30.1 | 2.8 |
| Fiscal Year Ended March 31, 2020 | — | 75.00 | — | 80.00 | 155.00 | 14,540 | 83.8 | 2.7 |
| Fiscal Year Ending March 31, 2021 (Forecast) | — | — | — | — | — | | — | |

(Note) At present, we have not yet established a dividend forecast for the fiscal year ending March 2021.

3. Forecast of Consolidated Financial Results for FY2020 (April 1, 2020 to March 31, 2021)

We have not yet established consolidated financial results forecasts for the fiscal year ending March 2021 due to the difficulty at present in conducting rational calculations stemming from the impact of COVID-19. We will announce our financial results forecasts promptly when we are able provide these disclosures.

*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and corrections of errors
 1) Changes in accounting policies due to the revision of accounting standards, etc.: Available
 2) Any changes in accounting policies other than 1) above: No
 3) Changes in accounting estimates: No
 4) Corrections of errors: No

(3) Total number of issued shares (common stock)

| | | | | |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
| 1) Total number of issued shares at end of period (including treasury stock) | As of March 31, 2020 | 96,000,000 shares | As of March 31, 2019 | 98,000,000 shares |
| 2) Total number of treasury stock at end of period | As of March 31, 2020 | 3,070,738 shares | As of March 31, 2019 | 3,451,466 shares |
| 3) Average number of shares during period | Fiscal Year Ended March 31, 2020 | 94,076,087 shares | Fiscal Year Ended March 31, 2019 | 95,763,363 shares |

(Note) The Company introduced an Executive Compensation BIP (Board Incentive Plan) Trust. Company shares owned by the Trust were included in the treasury stock at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of March 31, 2020: 124,132 shares As of March 31, 2019: 65,815 shares

(These figures are included in Total number of treasury stock at end of period, above.)

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Business Results

(%: compared with the previous period)

| | Revenues | | Operating income | | Ordinary income | | Profit | |
|-------------------------------------|-----------|-------|------------------|--------|-----------------|--------|-----------|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Fiscal Year Ended March 31, 2020 | 1,119,197 | (3.1) | 26,780 | (36.8) | 36,852 | (31.3) | 21,859 | (40.1) |
| Fiscal Year Ended March 31, 2019 | 1,154,781 | 5.5 | 42,366 | 12.5 | 53,670 | 14.7 | 36,512 | — |

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|-----------------------------|----------------------------|
| | ¥ | ¥ |
| Fiscal Year Ended March 31, 2020 | 232.36 | — |
| Fiscal Year Ended March 31, 2019 | 381.28 | — |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------------|--------------|------------|----------------------------|----------------------|
| | ¥ million | ¥ million | % | ¥ |
| As of March 31, 2020 | 952,101 | 341,738 | 35.9 | 3,677.41 |
| As of March 31, 2019 | 974,398 | 354,790 | 36.4 | 3,752.47 |

(Reference) Equity: As of March 31, 2020: ¥341,738 million As of March 31, 2019: ¥354,790 million

2. Forecast of Non-Consolidated Financial Results for FY2020 (April 1, 2020 to March 31, 2021)

We have not yet established non-consolidated financial results forecasts for the fiscal year ending March 2021 due to the difficulty at present in conducting rational calculations stemming from the impact of COVID-19. We will announce our financial results forecasts promptly when we are able provide these disclosures.

*This consolidated earnings report is not subject to audit by a certified public accountant or independent financial statement auditor.

*Explanation for the appropriate use of financial forecasts and other special notes

- We have not yet established financial results forecasts for the fiscal year ending March 2021 due to the difficulty at present in conducting rational calculations stemming from the impact of COVID-19. We will announce our financial results forecasts promptly when we are able provide these disclosures. Please refer to 1. *Overview of Business Results (4) Forecasts of Future Performance* on P.7.
- Nippon Express Co., Ltd. scheduled a conference call to announce fiscal year ended March 2020 earnings results for Tuesday, April 28, 2020 (JST). Due to the request by the Tokyo Metropolitan Government for businesses to suspend operations, we have canceled this conference call. We will publish the presentation materials we intended to use during the conference call on our corporate website.

Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released April 28, 2020.

1. Overview of Business Results

(1) Overview of Business Results for Fiscal Year Ended March 31, 2020

The future direction of the global economy remained uncertain throughout the current consolidated fiscal year. The rising impact of protectionism, mainly due to U.S.-China trade friction, a slowdown in the Chinese economy, a slowdown in the European economy against the backdrop of Brexit and a sluggish auto industry, and slowing growth in India and other emerging economies have all contributed to this uncertainty. Further, we have seen an increase in geopolitical risk.

The Japanese economy experienced sluggishness, mainly during the second half of the fiscal year. This weakness was generally due to slowing exports and manufacturing affected by the global economy, the impact of Typhoon No.19 and other large-scale disasters, and the negative effects of a consumption tax increase on personal consumption, which had been robust. The spread of COVID-19 during the fourth quarter greatly affected both the world and Japanese economies, resulting in a challenging business environment.

In the midst of these economic circumstances, slowing global trade and manufacturing drove demand lower for freight forwarding. Cargo movement was weak, particularly for automobile-related and steel, production-related cargo, and construction equipment-related cargo. Demand for domestic freight in Japan remained sluggish, despite signs of growth in transportation demand related to labor savings/efficiency investments and rush demand prior to the consumption tax increase.

Given this business environment, the Nippon Express Group engaged in measures to achieve our Business Growth Strategy and Efforts to Implement our long-term Vision as our first step toward reforms for achieving our long-term vision in this first year of our five-year *Nippon Express Business Plan 2023~“Dynamic Growth”~*.

Business Growth Strategy

We have strengthened initiatives in our five priority industries, including the launch of a pharmaceuticals/medical business and coordinated group sales proposals for the semiconductor industry to address Customers (Industries) within our growth strategy for core businesses. At the same time, we have boosted our efforts to approach non-Japanese companies.

In terms of Business, we have expanded our forwarding volume of ocean and air cargo, while strengthening initiatives in logistics conducted from our warehouses. Logistics experienced strong performance, mainly through customer base growth and warehouse and distribution for a variety of industries and businesses. On the other hand, freight forwarding demand was weak in light of global economic stalling (mainly due to the Chinese economy), a decline in automobile sales, and trade sluggishness due to rising protectionism, which resulted in sluggish volume.

The following data tracks our progress for KPIs related to Customers (Industry) and Business focuses.

| Item Revenues | Domestic | | | Overseas | | |
|-----------------------------------|----------------|-----------------|----------|----------------|-----------------|----------|
| | FY2019 Results | FY2019 Forecast | Progress | FY2019 Results | FY2019 Forecast | Progress |
| Electric and Electronics Industry | ¥103.8 billion | ¥116.0 billion | 89% | ¥107.0 billion | ¥111.0 billion | 96% |
| Automotive Industry | ¥66.2 billion | ¥85.0 billion | 78% | ¥59.3 billion | ¥67.0 billion | 89% |
| Apparel Industry | ¥15.6 billion | ¥17.5 billion | 89% | ¥59.0 billion | ¥53.0 billion | 111% |

| | | | | | | |
|---------------------------------|----------------|-----------------|----------|---------------|---------------|-----|
| Pharmaceutical/Medical Industry | ¥14.7 billion | ¥18.0 billion | 82% | ¥11.6 billion | ¥12.0 billion | 97% |
| Item Revenues | FY2019 Results | FY2019 Forecast | Progress | | | |
| Non-Japanese Accounts | ¥29.9 billion | ¥29.8 billion | 100% | | | |
| Item Forwarding Volume | FY2019 Results | FY2019 Forecast | Progress | | | |
| Marine freight forwarding | 690,000 TEU | 760,000TEU | 91% | | | |
| Air freight forwarding | 800,000 t | 760,000 t | 105% | | | |

*Beginning with the fiscal year ended March 2020, results for marine and air freight forwarding volume represents figures from January through December .

*Beginning with the fiscal year ended March 2020, we have changed our measurement method for air freight forwarding volume (from Japan) For more information, please refer to the financial results presentation materials released today.

To support our Area policy, we formed an equity relationship with Future Supply Chain Solutions Limited, the largest consumer distribution company in India as part of our expanded investment in the fast-growing Indian market. We have worked to expand our reach in emerging economies. We opened new locations in Africa (Morocco) and Kazakhstan (Central Asia) and we completed construction for new warehouses throughout Southeast Asia.

To support our efforts related to strategy to enhance domestic businesses in Japan, we consolidated our branches in Japan in October 2019 through a major reorganization, streamlining from 188 branches to 114. Our objective here is to generate greater profitability in the Nippon Express Group core Japan Logistics business and solve issues related to labor shortages.

Efforts to Implement Our Long-Term Vision

Under innovation in IT strategy related to reinforcing functions to support challenges, we accelerated our progress to strengthen group governance through improved IT security, while accelerating efforts to adopt and promote RPA for greater sales office productivity.

In terms of innovation in R&D, we have conducted a variety of proof of concept experiments coordinating with customers and external organizations to put leading-edge logistics technologies into practical use. In addition, we have advanced the adoption of these technologies in warehouse floors.

Next, we addressed ESG-oriented business management to realize sustainable development and improve corporate value. In terms of environment (E), we focused on CO₂ emissions reductions, engaging in modal shifts, expansion of integrated transport products, and other initiatives toward expanding the use of central European railways. In terms of Social (S), we have aimed to transform the company that makes employees feel satisfied and fulfilled Here, we have worked to create an organization in which diverse human resources can contribute actively. At the same time, we have taken the lead to adopt a new employee system that rewards equal work with equal pay and strive to eradicate over-long work hours. Under Governance (G), which is key to improving corporate value, we have worked to improve investor relations presentations and information communications, while also implementing projects that include the launch of a research project into a group management structure.

As a result, revenues decreased by ¥58.1 billion, or 2.7% year on year, to ¥2,080.3 billion. Operating income decreased by ¥20.3 billion, or 25.6% year on year, to ¥59.2 billion. Ordinary income decreased by ¥28.3 billion, or

33.1% year on year, to ¥57.4 billion, and profit attributable to owners of parent decreased by ¥31.9 billion, or 64.7% year on year, to ¥17.4 billion.

Financial results by reportable segment are summarized below.

1. Japan (Logistics)

Due to a decrease in air freight export transactions, an increase in personnel expenses, and other factors, revenues decreased by ¥43.2 billion, or 3.4% year on year, to ¥1,213.5 billion and operating income decreased by ¥13.1 billion, or 23.4% year on year, to ¥42.8 billion.

2. The Americas (Logistics)

Due to a decrease in air freight export transactions and other factors, revenues decreased by ¥7.6 billion, or 7.7% year on year, to ¥91.0 billion. Operating income decreased by ¥1.4 billion, or 34.5% year on year, to ¥2.7 billion.

3. Europe (Logistics)

Due to firm automobile transportation transactions, warehouse transactions, and other factors, revenues increased by ¥4.5 billion, or 3.9% year on year, to ¥119.3 billion. Operating income decreased by ¥400 million, or 21.7% year on year, to ¥1.7 billion, mainly due to increased personnel expenses.

4. East Asia (Logistics)

Due to a decrease in air freight export transactions and other factors, revenues decreased by ¥10.7 billion, or 8.7% year on year, to ¥112.0 billion. Operating income amounted to ¥2.9 billion, level with the previous consolidated fiscal year.

5. South Asia & Oceania (Logistics)

Due to a decrease in air freight export transactions and other factors, revenues decreased by ¥1.7 billion, or 1.9% year on year, to ¥90.1 billion. Operating income decreased by ¥500 million, or 15.0% year on year, to ¥3.1 billion.

6. Security Transportation

Due to external sales of safety deposit equipment and other factors, revenues were level with the previous consolidated fiscal year at ¥72.5 billion. However, operating loss amounted to ¥1.0 billion, ¥2.3 billion lower than the previous fiscal year, due to increased personnel expenses, etc.

7. Heavy Haulage & Construction

Due to increased wind power-related freight transactions in Japan and other factors, revenues increased by ¥4.6 billion, or 9.6% year on year, to ¥52.3 billion. Operating income increased by ¥1.6 billion, or 37.0% year on year, to ¥6.1 billion.

8. Logistics Support

Due to a decrease in the unit selling price of oil, decreased transactions in our export packing services, and other factors, revenues decreased by ¥12.7 billion, or 2.6% year on year, to ¥471.2 billion. Operating income decreased by ¥400 million, or 3.3% year on year, to ¥12.3 billion.

(2) Overview of Financial Position for Fiscal Year Ended March 31, 2019

Total assets as of the end of the fiscal year ended March 2020 amounted to ¥1518.0 billion, a decrease of ¥18.6 billion, or 1.2%, from the end of the previous fiscal year.

Current assets amounted to ¥672.3 billion, a decrease of ¥39.9 billion, or 5.6%, from the end of the previous fiscal year. Non-current assets totaled ¥845.7 billion, an increase of ¥21.3 billion, or 2.6%, from the end of the previous fiscal year.

The decrease in current assets was mainly attributable to a decrease in cash and deposits.

The increase in non-current assets was mainly attributable to an increase in lease assets.

Current liabilities amounted to ¥465.2 billion, an increase of ¥10.8 billion, or 2.4%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥496.3 billion, a decrease of ¥25.5 billion, or 4.9%.

The increase in current liabilities was mainly attributable to an increase in commercial paper.

The decrease in non-current liabilities was mainly attributable to a decrease in long-term loans.

Net assets amounted to ¥556.5 billion at the end of the fiscal year ended March 2020, a decrease of ¥3.9 billion, or 0.7%, from the end of the previous fiscal year.

The decrease in net assets was mainly attributable to a decrease in valuation of available-for-sale securities.

(3) Overview of Cash Flows for Fiscal Year Ended March 31, 2020

Cash and cash equivalents at the end of the fiscal year ended March 2020, amounted to ¥96.1 billion, a decrease of ¥5.9 billion compared to the previous consolidated fiscal year.

Net cash provided by operating activities amounted to ¥98.2 billion, an increase of ¥25.5 billion in proceeds year on year. This result was mainly due to an increase in collections of accounts receivable-trade.

Net cash used in investing activities totaled ¥91.8 billion, an increase of ¥800 million in expenditures. This result was mainly due to cash outlays to purchase property and equipment.

Net cash used in financing activities amounted to ¥11.7 billion, a decrease of ¥2.9 billion in expenditures. This result was mainly due to proceeds from issuances of commercial paper.

(4) Forecasts of Future Performance

The uncertainties related to the global spread of COVID-19 and the expected conclusion of the pandemic, Tokyo and six other prefectures issued a declaration of emergency on April 16 that could spread nationwide across Japan and lead to other future unanticipated developments.

Given these conditions, we lack sufficient information to calculate rational forecasts in for our performance in Japan and overseas. At present, we have left future forecasts undetermined due to this difficulty in conducting rational calculations. We will make an announcement of financial results forecasts promptly when we are able to provide these forecasts.

(5) Basic Policy for Profit Sharing and Dividends for the Fiscal Year Ended March 31, 2020 and the Fiscal Year Ending March 31, 2021

The Company regards the return of profits to shareholders as one of our most important policies. We maintain capital policies that reflect a return of profit, while also expanding our business operations, improving our business structure, increasing shareholders' equity, and improving profit ratios. Earnings retained by Nippon Express will be used for investments (mainly in the establishment of distribution centers and the replacement of vehicles), to expand sales of our distribution and transportation services, and to improve our transportation efficiency. We will also utilize retained earnings to strengthen our financial position and corporate foundation.

In April 2019, we began operating under the Nippon Express Group Business Plan 2023~“Dynamic Growth”~. This plan includes our targets of at least 30% in payout ratio, at least 50% in total return ratio (cumulative from fiscal 2019 through fiscal 2023). Accordingly, we plan to provide year-end dividends for ¥80.00 per share for fiscal 2019. In conjunction with interim dividends, we plan to pay fiscal 2019 dividends of ¥155.00 per share (83.8% consolidated payout ratio and 141.1% total return ratio).

We have yet to set a target for fiscal 2020 dividends at present. We will make an announcement of projected dividends in conjunction with our announcement of financial results forecasts promptly when we are able to do so.

2. Basic View on the Adoption of Accounting Policies

In light of the trends of accounting standards in Japan, the Company is considering the adoption of IFRS.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

| | FY2018 (as of March 31, 2019) | FY2019 (as of March 31, 2020) |
|---------------------------------------|----------------------------------|----------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 173,338 | 141,319 |
| Notes receivable - trade | 27,927 | 25,745 |
| Accounts receivable - trade | 331,586 | 305,843 |
| Inventories | 8,027 | 9,105 |
| Advance payments - trade | 5,595 | 6,076 |
| Prepaid expenses | 14,168 | 16,446 |
| Lease investment assets | 119,522 | 133,018 |
| Other | 33,063 | 35,835 |
| Less: allowance for doubtful accounts | (964) | (1,077) |
| Total current assets | 712,263 | 672,312 |
| Non-current assets: | | |
| Property and equipment | | |
| Vehicles | 183,177 | 183,616 |
| Less: accumulated depreciation | (139,392) | (132,960) |
| Vehicles, net | 43,785 | 50,655 |
| Buildings | 629,116 | 626,931 |
| Less: accumulated depreciation | (374,336) | (374,864) |
| Buildings, net | 254,779 | 252,066 |
| Structures | 69,988 | 71,328 |
| Less: accumulated depreciation | (55,282) | (55,662) |
| Structures, net | 14,705 | 15,666 |
| Machinery and equipment | 85,150 | 87,478 |
| Less: accumulated depreciation | (65,535) | (66,679) |
| Machinery and equipment, net | 19,615 | 20,799 |
| Tools, furniture and fixtures | 112,239 | 114,381 |
| Less: accumulated depreciation | (89,209) | (88,471) |
| Tools, furniture and fixtures, net | 23,029 | 25,910 |
| Vessels | 21,276 | 21,100 |
| Less: accumulated depreciation | (10,848) | (11,686) |
| Vessels, net | 10,428 | 9,414 |
| Land | 193,049 | 198,667 |
| Leased assets | 9,479 | 30,552 |
| Less: accumulated depreciation | (5,170) | (12,930) |
| Leased assets, net | 4,309 | 17,622 |
| Construction in progress | 13,786 | 23,629 |
| Net property and equipment | 577,488 | 614,431 |
| Intangible assets | | |
| Leasehold rights | 7,887 | 7,966 |
| Goodwill | 12,701 | 2,644 |
| Other | 61,431 | 63,885 |
| Total intangible assets | 82,020 | 74,496 |

(Unit: Millions of yen)

| | FY2018 (as of March 31, 2019) | FY2019 (as of March 31, 2020) |
|--|----------------------------------|----------------------------------|
| Investments and other assets | | |
| Investment securities | 100,718 | 89,422 |
| Long-term loans receivable | 932 | 582 |
| Long-term loans to employees | 35 | 32 |
| Long-term prepaid expenses | 5,431 | 6,691 |
| Security deposits | 20,778 | 21,351 |
| Net retirement benefit asset | 1,422 | 1,224 |
| Deferred tax assets | 26,449 | 28,625 |
| Other | 10,107 | 9,809 |
| Less: allowance for doubtful accounts | (973) | (942) |
| Total investments and other assets | 164,903 | 156,796 |
| Total non-current assets | 824,413 | 845,724 |
| Total assets | 1,536,677 | 1,518,037 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes payable - trade | 8,175 | 5,599 |
| Accounts payable - trade | 173,323 | 162,287 |
| Short-term loans payable | 43,226 | 67,136 |
| Other payables | 35,667 | 39,767 |
| Income taxes payable | 15,845 | 14,925 |
| Consumption taxes payable | 9,430 | 9,329 |
| Unpaid expenses | 24,608 | 20,544 |
| Advances received | 12,289 | 11,098 |
| Deposits | 74,421 | 46,609 |
| Deposits from employees | 306 | 314 |
| Provision for bonuses | 22,697 | 25,918 |
| Provision for directors' bonuses | 156 | 107 |
| Other | 34,252 | 61,571 |
| Total current liabilities | 454,402 | 465,209 |
| Non-current liabilities: | | |
| Bonds payable | 110,000 | 100,000 |
| Long-term loans payable | 232,082 | 219,006 |
| Deferred tax liabilities | 7,631 | 5,572 |
| Provision for directors' retirement benefits | 478 | 312 |
| Provision for special repairs | 183 | 201 |
| Provision for loss on guarantees | 470 | 436 |
| Other provisions | 307 | 458 |
| Net retirement benefit liability | 144,624 | 133,134 |
| Other | 26,053 | 37,198 |
| Total non-current liabilities | 521,830 | 496,320 |
| Total liabilities | 976,232 | 961,530 |

(Unit: Millions of yen)

| | FY2018 (as of March 31, 2019) | FY2019 (as of March 31, 2020) |
|--|----------------------------------|----------------------------------|
| NET ASSETS | | |
| Shareholders' equity: | | |
| Common stock | 70,175 | 70,175 |
| Additional paid-in capital | 22,832 | 22,637 |
| Retained earnings | 471,176 | 461,499 |
| Less: Treasury stock | (19,854) | (18,251) |
| Total shareholders' equity | 544,329 | 536,060 |
| Accumulated other comprehensive income: | | |
| Valuation differences on available-for-sale securities | 40,704 | 29,573 |
| Deferred gains (losses) on hedges | (236) | (124) |
| Foreign currency translation adjustments | (3,110) | (5,062) |
| Remeasurements of retirement benefit plans | (38,070) | (20,981) |
| Total accumulated other comprehensive income | (712) | 3,404 |
| Non-controlling interests | 16,827 | 17,041 |
| Total net assets | 560,444 | 556,506 |
| Total liabilities and net assets | 1,536,677 | 1,518,037 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|--|--|
| Revenues | 2,138,501 | 2,080,352 |
| Operating costs | 1,949,635 | 1,911,049 |
| Gross profit | 188,866 | 169,303 |
| Selling, general and administrative expenses: | | |
| Personnel expenses | 63,139 | 61,198 |
| Depreciation and amortization | 8,072 | 8,787 |
| Advertising expenses | 4,093 | 4,157 |
| Provision of allowance for doubtful accounts | 44 | 400 |
| Other | 33,917 | 35,535 |
| Total selling, general and administrative expenses | 109,268 | 110,078 |
| Operating income | 79,598 | 59,224 |
| Non-operating income: | | |
| Interest income | 788 | 1,048 |
| Dividend income | 2,986 | 3,176 |
| Gain on sales of vehicles | 527 | 384 |
| Share of profit of entities accounted for using equity method | 608 | — |
| Gain on foreign exchange | 1,887 | 1,313 |
| Other | 5,710 | 4,291 |
| Total non-operating income | 12,507 | 10,214 |
| Non-operating expenses: | | |
| Interest expenses | 2,858 | 2,864 |
| Loss on sale and retirement of vehicles | 170 | 151 |
| Share of loss of entities accounted for using equity method | — | 6,660 |
| Compensation for damage and settlement package | 1,201 | 72 |
| Other | 2,072 | 2,256 |
| Total non-operating expenses | 6,303 | 12,004 |
| Ordinary income | 85,802 | 57,434 |
| Extraordinary income: | | |
| Gain on sales of non-current assets | 3,273 | 1,831 |
| Gain on sales of investment securities | 181 | 2,444 |
| Other | 60 | 175 |
| Total extraordinary income | 3,516 | 4,452 |
| Extraordinary loss: | | |
| Loss on disposal of non-current assets | 4,861 | 6,774 |
| Loss on sales of investment securities | 2 | 38 |
| Loss on valuation of investment securities | 507 | 911 |
| Impairment loss | 5,245 | 13,928 |
| Other | 851 | 1,841 |
| Total extraordinary loss | 11,468 | 23,493 |
| Profit (loss) before income taxes | 77,850 | 38,392 |
| Income taxes-current | 30,116 | 26,501 |
| Income taxes-deferred | (3,057) | (6,626) |
| Total Income taxes | 27,058 | 19,874 |
| Profit | 50,791 | 18,518 |
| Profit (loss) attributable to non-controlling interests | 1,461 | 1,109 |
| Profit (loss) attributable to owners of parent | 49,330 | 17,409 |

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|--|--|
| Profit | 50,791 | 18,518 |
| Other comprehensive income: | | |
| Valuation differences on available-for-sale securities | (6,365) | (11,129) |
| Deferred gains (losses) on hedges | (208) | 112 |
| Foreign currency translation adjustments | (7,074) | (2,014) |
| Remeasurements of retirement benefit plans | 2,427 | 17,050 |
| Share of other comprehensive income (loss) of entities accounted for using the equity method | (110) | (35) |
| Other comprehensive income (loss) | (11,330) | 3,982 |
| Comprehensive income: | 39,460 | 22,501 |
| (Comprehensive income attributable to) | | |
| Owners of parent | 38,149 | 21,526 |
| Non-controlling interests | 1,311 | 974 |

(3) Consolidated Statements of Changes in Net Assets

FY2018 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

| | Shareholders' equity: | | | | |
|---|-----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of the year | 70,175 | 24,707 | 444,717 | (20,191) | 519,407 |
| Changes during the year | | | | | |
| Cash dividends | | | (12,489) | | (12,489) |
| Profit attributable to owners of parent | | | 49,330 | | 49,330 |
| Changes in equity due to transactions with non-controlling shareholders | | (1,874) | | | (1,874) |
| Increase in treasury stock | | | | (10,081) | (10,081) |
| Decrease in treasury stock | | 0 | | 37 | 37 |
| Retirement of treasury stock | | (0) | (10,381) | 10,381 | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during the year | — | (1,874) | 26,458 | 337 | 24,921 |
| Balance at end of the year | 70,175 | 22,832 | 471,176 | (19,854) | 544,329 |

| | Accumulated other comprehensive income: | | | | | Non-controlling interests | Total net assets |
|---|--|-----------------------------------|--|--|---|---------------------------|------------------|
| | Valuation differences on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Remeasurements of retirement benefit plans | Total accumulated other comprehensive income (loss) | | |
| Balance at beginning of the year | 47,068 | (27) | 3,941 | (40,515) | 10,467 | 17,618 | 547,494 |
| Changes during the year | | | | | | | |
| Cash dividends | | | | | | | (12,489) |
| Profit attributable to owners of parent | | | | | | | 49,330 |
| Changes in equity due to transactions with non-controlling shareholders | | | | | | | (1,874) |
| Increase in treasury stock | | | | | | | (10,081) |
| Decrease in treasury stock | | | | | | | 37 |
| Retirement of treasury stock | | | | | | | — |
| Net changes in items other than shareholders' equity | (6,363) | (208) | (7,052) | 2,444 | (11,180) | (790) | (11,971) |
| Total changes during the year | (6,363) | (208) | (7,052) | 2,444 | (11,180) | (790) | 12,949 |
| Balance at end of the year | 40,704 | (236) | (3,110) | (38,070) | (712) | 16,827 | 560,444 |

FY2019 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

| | Shareholders' equity: | | | | |
|---|-----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of the year | 70,175 | 22,832 | 471,176 | (19,854) | 544,329 |
| Changes during the year | | | | | |
| Cash dividends | | | (15,138) | | (15,138) |
| Profit attributable to owners of parent | | | 17,409 | | 17,409 |
| Changes in equity due to transactions with non-controlling shareholders | | (195) | | | (195) |
| Increase in treasury stock | | | | (10,549) | (10,549) |
| Decrease in treasury stock | | — | (0) | 204 | 204 |
| Retirement of treasury stock | | — | (11,947) | 11,947 | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during the year | — | (195) | (9,676) | 1,602 | (8,268) |
| Balance at end of the year | 70,175 | 22,637 | 461,499 | (18,251) | 536,060 |

| | Accumulated other comprehensive income: | | | | | Non-controlling interests | Total net assets |
|---|--|-----------------------------------|--|--|---|---------------------------|------------------|
| | Valuation differences on available-for-sale securities | Deferred gains (losses) on hedges | Foreign currency translation adjustments | Remeasurements of retirement benefit plans | Total accumulated other comprehensive income (loss) | | |
| Balance at beginning of the year | 40,704 | (236) | (3,110) | (38,070) | (712) | 16,827 | 560,444 |
| Changes during the year | | | | | | | |
| Cash dividends | | | | | | | (15,138) |
| Profit attributable to owners of parent | | | | | | | 17,409 |
| Changes in equity due to transactions with non-controlling shareholders | | | | | | | (195) |
| Increase in treasury stock | | | | | | | (10,549) |
| Decrease in treasury stock | | | | | | | 204 |
| Retirement of treasury stock | | | | | | | — |
| Net changes in items other than shareholders' equity | (11,131) | 112 | (1,952) | 17,088 | 4,117 | 213 | 4,331 |
| Total changes during the year | (11,131) | 112 | (1,952) | 17,088 | 4,117 | 213 | (3,937) |
| Balance at end of the year | 29,573 | (124) | (5,062) | (20,981) | 3,404 | 17,041 | 556,506 |

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|--|--|--|
| Cash flows from operating activities: | | |
| Profit before income taxes | 77,850 | 38,392 |
| Depreciation and amortization | 52,147 | 59,649 |
| Amortization of goodwill | 1,286 | 1,217 |
| Loss (gain) on sale or write-down of securities, net | 328 | (1,495) |
| Loss (gain) on sale or disposal of property and equipment, net | 1,231 | 4,709 |
| Impairment loss | 5,245 | 13,928 |
| Increase (decrease) in provision for bonuses | 212 | 3,236 |
| Increase (decrease) in net retirement benefit liability | 8,015 | 13,154 |
| Interest and dividend income | (3,774) | (4,224) |
| Interest expense | 2,858 | 2,864 |
| Equity in (earnings) losses of unconsolidated subsidiaries and affiliates | (608) | 6,660 |
| (Gain) loss on step acquisitions | 13 | — |
| (Increase) decrease in trade receivables | (15,270) | 9,734 |
| (Increase) decrease in inventories | (1,059) | (1,076) |
| Increase (decrease) in accounts payable | 7,806 | (12,633) |
| Increase (decrease) in accrued consumption taxes | (247) | (545) |
| Other | (32,854) | (10,165) |
| Sub-total | 103,181 | 123,405 |
| Interest and dividends received | 3,960 | 4,413 |
| Interest paid | (2,898) | (3,137) |
| Income taxes paid | (31,544) | (26,475) |
| Net cash provided by operating activities | 72,698 | 98,206 |
| Cash flows from investing activities: | | |
| Payment for purchase of property and equipment | (78,739) | (92,124) |
| Proceeds from sales of property and equipment | 1,662 | 9,706 |
| Payment for purchase of investment securities | (64) | (13,275) |
| Proceeds from sales of investment securities | 2,320 | 3,504 |
| Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation | (17,931) | (78) |
| Other | 1,791 | 454 |
| Net cash used in investing activities | (90,960) | (91,813) |

(Unit: Millions of yen)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|---|--|--|
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term loans payable | 10,387 | 15,577 |
| Proceeds from long-term loans payable | 30,650 | 21,010 |
| Payment for long-term loans payable | (38,223) | (25,971) |
| Redemption of bonds | — | (15,000) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (3,639) | (464) |
| Cash dividends | (12,480) | (15,123) |
| Payment for purchase of treasury stock | (10,081) | (10,549) |
| Other | 8,694 | 18,801 |
| Net cash provided by (used in) financing activities | (14,693) | (11,720) |
| Effect of exchange rate changes on cash and cash equivalents | (2,843) | (593) |
| Net increase (decrease) in cash and cash equivalents | (35,799) | (5,920) |
| Cash and cash equivalents at beginning of year | 137,891 | 102,092 |
| Cash and cash equivalents at end of year | 102,092 | 96,171 |

(5) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

(Application of IFRS No.16, *Leases*)

At the beginning of the current consolidated fiscal year, certain consolidated overseas subsidiaries applied IFRS No.16, *Leases*, accounting for all leases in principle under lessee accounting treatment by recording assets and liabilities on the consolidated balance sheets.

In applying this accounting standard, the Company has adopted the permitted transitional measure, recognizing the cumulative effect as of the date of initial adoption.

The application of this accounting standard has had a minimal impact on the consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

Reportable segments of the Nippon Express Group are its organizational units combining area segments and business segments whose individual financial results are available separately, and serve as the basis and subject of regular review by the Board of Directors for the purpose of allocating management resources and evaluating business performance.

The Logistics business has five reportable area segments: “Japan,” “The Americas,” “Europe,” “East Asia,” and South Asia & Oceania.” Reportable segments outside of the “Logistics” business are specialized businesses of “Security Transportation,” “Heavy Haulage & Construction,” and “Logistics Support,” which conducts sales and real estate business related to each business.

As a result, the main products and services and main business of each reportable segment are as follows.

| Reportable segments | Main products and services | Main businesses |
|----------------------------------|--|--|
| Japan (Logistics) | Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine and harbor transportation, moving and relocation, warehousing and distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage and construction | Railway forwarding, motor cargo transportation, air freight forwarding, travel, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate |
| The Americas (Logistics) | Air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel | Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel |
| Europe (Logistics) | Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel | Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel |
| East Asia (Logistics) | Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services | Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation |
| South Asia & Oceania (Logistics) | Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, heavy haulage and construction, travel | Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel |
| Security Transportation | Security transportation | Security guard, motor cargo transportation |
| Heavy Haulage & Construction | Heavy haulage and construction | Heavy haulage and construction |
| Logistics Support | Lease, sale of petroleum, etc., sale of others, real estate, finance, others | Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching |

2. Method for calculating the amounts of revenues, income (loss), assets, liabilities and other items by reportable segment

Accounting treatment methods for reportable segments are the same as those stated in the most recent Securities Report (submitted June 27, 2019).

Income in each reportable segment is stated on the basis of operating income. Intersegment revenues and money transfers are based on current market prices.

3. Revenues, income (loss), assets, liabilities and other items by reportable segment

FY2018 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

| | Logistics | | | | |
|--|-----------|--------------|---------|-----------|----------------------|
| | Japan | The Americas | Europe | East Asia | South Asia & Oceania |
| Revenues | | | | | |
| Revenues from external customers | 1,244,544 | 81,130 | 107,746 | 110,641 | 84,208 |
| Intersegment | 12,258 | 17,568 | 7,065 | 12,113 | 7,666 |
| Total | 1,256,802 | 98,699 | 114,812 | 122,754 | 91,874 |
| Segment income | 55,966 | 4,264 | 2,271 | 3,007 | 3,710 |
| Segment assets | 804,328 | 52,631 | 75,691 | 54,673 | 67,523 |
| Other items | | | | | |
| Depreciation and amortization | 33,362 | 1,419 | 2,297 | 794 | 1,674 |
| Amortization of goodwill | 584 | — | 604 | 97 | — |
| Impairment loss on non-current assets | 2,271 | — | — | — | 2,790 |
| Investment in equity method affiliates | 10,786 | 62 | — | 1,462 | 174 |
| Increase in property and equipment and intangible assets | 45,620 | 1,082 | 19,662 | 800 | 9,043 |

| | Security Transportation | Heavy Haulage & Construction | Logistics Support | Total | Adjustment (Note 1) | Amount in consolidated statements of income (Note 2) |
|--|-------------------------|------------------------------|-------------------|-----------|---------------------|--|
| Revenue | | | | | | |
| Revenues from external customers | 72,598 | 47,636 | 389,996 | 2,138,501 | — | 2,138,501 |
| Intersegment | 49 | 115 | 93,969 | 150,806 | (150,806) | — |
| Total | 72,647 | 47,751 | 483,965 | 2,289,308 | (150,806) | 2,138,501 |
| Segment income | 1,240 | 4,520 | 12,778 | 87,759 | (8,161) | 79,598 |
| Segment assets | 113,536 | 23,510 | 341,158 | 1,533,053 | 3,623 | 1,536,677 |
| Other items | | | | | | |
| Depreciation and amortization | 2,328 | 717 | 5,929 | 48,524 | 3,623 | 52,147 |
| Amortization of goodwill | — | — | — | 1,286 | — | 1,286 |
| Impairment loss on non-current assets | — | — | 182 | 5,245 | — | 5,245 |
| Investment in equity method affiliates | — | 245 | — | 12,731 | — | 12,731 |
| Increase in property and equipment and intangible assets | 3,053 | 1,887 | 9,716 | 90,866 | 7,016 | 97,883 |

(Notes) 1. Details of Adjustment are as follows:

- (1) The segment income adjustment of ¥(8,161) million includes ¥(183) million for the elimination of intersegment income, and ¥(8,043) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
 - (2) The segment asset adjustment of ¥3,623 million includes ¥(200,381) million for the elimination of intersegment income, and ¥204,005 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, investment securities and non-current assets held by the Company not attributable to each reportable segment.
 - (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company not attributable to each reportable segment.
 - (4) The adjustment in increase in property and equipment and intangible assets mainly represents primarily the capital expenditures at the Company not attributable to each reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.

FY2019 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

| | Logistics | | | | |
|--|-----------|--------------|---------|-----------|----------------------|
| | Japan | The Americas | Europe | East Asia | South Asia & Oceania |
| Revenues | | | | | |
| Revenues from external customers | 1,201,554 | 77,392 | 113,319 | 102,753 | 83,059 |
| Intersegment | 12,042 | 13,675 | 6,019 | 9,295 | 7,052 |
| Total | 1,213,597 | 91,068 | 119,338 | 112,048 | 90,112 |
| Segment income | 42,852 | 2,793 | 1,777 | 2,992 | 3,155 |
| Segment assets | 800,714 | 53,269 | 64,170 | 54,000 | 77,638 |
| Other items | | | | | |
| Depreciation and amortization | 34,248 | 1,472 | 3,608 | 3,087 | 4,197 |
| Amortization of goodwill | 584 | — | 566 | 66 | — |
| Impairment loss on non-current assets | — | — | 12,748 | — | — |
| Investment in equity method affiliates | 11,556 | 64 | — | 1,493 | 2,772 |
| Increase in property and equipment and intangible assets | 65,699 | 4,781 | 2,048 | 1,256 | 5,525 |

| | Security Transportation | Heavy Haulage & Construction | Logistics Support | Total | Adjustment (Note 1) | Amount in consolidated statements of income (Note 2) |
|--|-------------------------|------------------------------|-------------------|-----------|---------------------|--|
| Revenues | | | | | | |
| Revenues from external customers | 72,537 | 52,268 | 377,466 | 2,080,352 | — | 2,080,352 |
| Intersegment | 51 | 89 | 93,735 | 141,962 | (141,962) | — |
| Total | 72,589 | 52,358 | 471,201 | 2,222,315 | (141,962) | 2,080,352 |
| Segment income | (1,073) | 6,193 | 12,357 | 71,050 | (11,826) | 59,224 |
| Segment assets | 82,544 | 26,776 | 377,097 | 1,536,211 | (18,174) | 1,518,037 |
| Other items | | | | | | |
| Depreciation and amortization | 2,401 | 949 | 6,109 | 56,075 | 3,574 | 59,649 |
| Amortization of goodwill | — | — | — | 1,217 | — | 1,217 |
| Impairment loss on non-current assets | — | 1,179 | — | 13,928 | — | 13,928 |
| Investment in equity method affiliates | — | 294 | — | 16,181 | — | 16,181 |
| Increase in property and equipment and intangible assets | 2,089 | 4,651 | 7,769 | 93,821 | 9,550 | 103,372 |

(Notes) 1. Details of Adjustment are as follows:

- (1) The segment income adjustment of ¥(11,826) million includes ¥(468) million for the elimination of intersegment income and ¥(11,409) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
 - (2) The segment assets adjustment of ¥(18,174) million includes ¥(216,338) million for the elimination of intersegment income, and ¥198,163 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent of cash and cash in banks, investment securities and non-current assets held by the Company not attributable to each reportable segment.
 - (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company not attributable to each reportable segment.
 - (4) The adjustment in increase in property and equipment and intangible assets represent primarily the capital expenditures at the Company not attributable to each reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.
 3. During the current consolidated fiscal year, the Company recorded ¥7,676 million in equity in losses of affiliates related to investments in affiliates in South Asia and Oceania.

(Per Share Information)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|--------------------------------|---|---|
| Net assets per share (yen) | 5,749.60 | 5,805.12 |
| Basic earnings per share (yen) | 515.13 | 185.06 |

(Notes) 1. Diluted earnings per share is not stated because there were no residual securities.

2. For the purpose of computing net assets per share, the Company's shares owned by the Executive Compensation BIP Trust are included in the treasury stock to be deducted from the total number of issued shares during the period. Additionally, in calculating basic earnings per share, said shares of the Company are included in the treasury stock to be deducted from the average number of shares during the period. In the previous consolidated fiscal year, the total number of shares of treasury stock held in trust at the end of the period was 65 thousand shares, and the average number of shares during the period was 67 thousand shares. In the current fiscal year, the total number of shares of treasury stock held in the trust at end of the period was 124 thousand shares, and the average number of shares during the period was 96 thousand shares.

3. The bases for the computation of the amounts of basic earnings per share are set out below.

(Unit: Millions of yen unless otherwise stated)

| | FY2018 (April 1, 2018 to March 31, 2019) | FY2019 (April 1, 2019 to March 31, 2020) |
|--|---|---|
| Basic earnings per share | | |
| Profit attributable to owners of parent | 49,330 | 17,409 |
| Amount not attributable to common shareholders | — | — |
| Profit attributable to owners of parent related to common stock | 49,330 | 17,409 |
| Weighted average number of common stock during the year (1,000 shares) | 95,763 | 94,076 |

4. The bases for the computation of the amounts of net assets per share are set out below.

(Unit: Millions of yen unless otherwise stated)

| | FY2018 (as of March 31, 2019) | FY2019 (as of March 31, 2020) |
|---|----------------------------------|----------------------------------|
| Total net assets | 560,444 | 556,506 |
| Amount to deduct from total net assets | 16,827 | 17,041 |
| [Non-controlling interests] | [16,827] | [17,041] |
| Net assets at end of year related to common stock | 543,616 | 539,465 |
| Number of common stock at end of year used to calculate net assets per share (1,000 shares) | 94,548 | 92,929 |

(Significant Subsequent Events)

Not applicable.

4. Reference Materials

(1) Consolidated Reference Materials

○ Reportable Segment Financial Results, FY2019

(Unit: Millions of yen, %)

| | | FY2019 | FY2018 | Change | | | |
|----------------|--------------------|------------------------------|----------------------|--------------|--------------|----------|--------|
| | | | | Amount | Ratio | | |
| Revenues | Reportable Segment | Logistics | Japan | 1,213,597 | 1,256,802 | (43,204) | (3.4) |
| | | | The Americas | 91,068 | 98,699 | (7,631) | (7.7) |
| | | | Europe | 119,338 | 114,812 | 4,526 | 3.9 |
| | | | East Asia | 112,048 | 122,754 | (10,705) | (8.7) |
| | | | South Asia & Oceania | 90,112 | 91,874 | (1,762) | (1.9) |
| | | Subtotal | 1,626,165 | 1,684,943 | (58,777) | (3.5) | |
| | | Security Transportation | 72,589 | 72,647 | (58) | (0.1) | |
| | | Heavy Haulage & Construction | 52,358 | 47,751 | 4,607 | 9.6 | |
| | | Logistics Support | 471,201 | 483,965 | (12,764) | (2.6) | |
| | | Subtotal | 2,222,315 | 2,289,308 | (66,993) | (2.9) | |
| | Adjustment | (141,962) | (150,806) | 8,843 | — | | |
| Total | 2,080,352 | 2,138,501 | (58,149) | (2.7) | | | |
| Segment Income | Reportable Segment | Logistics | Japan | [3.5] 42,852 | [4.5] 55,966 | (13,113) | (23.4) |
| | | | The Americas | [3.1] 2,793 | [4.3] 4,264 | (1,470) | (34.5) |
| | | | Europe | [1.5] 1,777 | [2.0] 2,271 | (494) | (21.7) |
| | | | East Asia | [2.7] 2,992 | [2.5] 3,007 | (14) | (0.5) |
| | | | South Asia & Oceania | [3.5] 3,155 | [4.0] 3,710 | (555) | (15.0) |
| | | Subtotal | [3.3] 53,572 | [4.1] 69,220 | (15,647) | (22.6) | |
| | | Security Transportation | [(1.5)] (1,073) | [1.7] 1,240 | (2,313) | — | |
| | | Heavy Haulage & Construction | [11.8] 6,193 | [9.5] 4,520 | 1,673 | 37.0 | |
| | | Logistics Support | [2.6] 12,357 | [2.6] 12,778 | (420) | (3.3) | |
| | | Subtotal | [3.2] 71,050 | [3.8] 87,759 | (16,708) | (19.0) | |
| | Adjustment | (11,826) | (8,161) | (3,665) | — | | |
| Total | [2.8] 59,224 | [3.7] 79,598 | (20,373) | (25.6) | | | |

(Notes) Figures in brackets indicate operating margin.

| | | | FY 2019 | | FY 2018 | | Change | |
|--|---|----------------------------------|-----------|------------|-----------|------------|----------|--------|
| | | | | % of Sales | | % of Sales | Amount | Ratio |
| Revenues by business | Distribution & transportation business | Motor transportation | 378,027 | 18.2 | 382,609 | 17.9 | (4,581) | (1.2) |
| | | Marine and harbor transportation | 237,794 | 11.4 | 238,749 | 11.2 | (955) | (0.4) |
| | | Air transportation | 323,196 | 15.5 | 387,023 | 18.1 | (63,826) | (16.5) |
| | | Warehousing & storage | 294,817 | 14.2 | 287,118 | 13.4 | 7,699 | 2.7 |
| | | Security transportation | 70,398 | 3.4 | 71,644 | 3.4 | (1,246) | (1.7) |
| | | Heavy haulage & construction | 73,680 | 3.5 | 69,266 | 3.2 | 4,414 | 6.4 |
| | | Other | 301,413 | 14.5 | 288,701 | 13.5 | 12,712 | 4.4 |
| | Subtotal | | 1,679,329 | 80.7 | 1,725,113 | 80.7 | (45,784) | (2.7) |
| | Goods sales business | | 336,712 | 16.2 | 354,651 | 16.6 | (17,938) | (5.1) |
| | Other | | 64,310 | 3.1 | 58,736 | 2.7 | 5,573 | 9.5 |
| Total | | 2,080,352 | 100.0 | 2,138,501 | 100.0 | (58,149) | (2.7) | |
| Operating costs | Personnel expenses | | 421,027 | 20.2 | 411,934 | 19.3 | 9,093 | 2.2 |
| | Forwarding costs | | 244,698 | 11.8 | 292,061 | 13.7 | (47,363) | (16.2) |
| | Vehicle chartering and subcontracting costs | | 470,846 | 22.6 | 464,894 | 21.7 | 5,951 | 1.3 |
| | Other | | 774,477 | 37.2 | 780,745 | 36.5 | (6,268) | (0.8) |
| Total | | 1,911,049 | 91.9 | 1,949,635 | 91.2 | (38,585) | (2.0) | |
| Gross profit | | 169,303 | 8.1 | 188,866 | 8.8 | (19,563) | (10.4) | |
| Personnel expenses | | 61,198 | 2.9 | 63,139 | 3.0 | (1,941) | (3.1) | |
| Other | | 48,880 | 2.3 | 46,128 | 2.2 | 2,752 | 6.0 | |
| Selling, general and administrative expenses | | 110,078 | 5.3 | 109,268 | 5.1 | 810 | 0.7 | |
| Operating income | | 59,224 | 2.8 | 79,598 | 3.7 | (20,373) | (25.6) | |
| Interest income | | 1,048 | 0.1 | 788 | 0.0 | 260 | 33.0 | |
| Dividend income | | 3,176 | 0.2 | 2,986 | 0.1 | 189 | 6.4 | |
| Equity in earnings of unconsolidated subsidiaries and affiliates | | — | — | 608 | 0.0 | (608) | (100.0) | |
| Other | | 5,990 | 0.3 | 8,124 | 0.4 | (2,134) | (26.3) | |
| Non-operating income | | 10,214 | 0.5 | 12,507 | 0.6 | (2,293) | (18.3) | |
| Interest expenses | | 2,864 | 0.1 | 2,858 | 0.1 | 5 | 0.2 | |
| Equity in losses of entities accounted for using equity method | | 6,660 | 0.3 | — | — | 6,660 | — | |
| Other | | 2,479 | 0.1 | 3,444 | 0.2 | (964) | (28.0) | |
| Non-operating expenses | | 12,004 | 0.6 | 6,303 | 0.3 | 5,701 | 90.4 | |
| Ordinary income | | 57,434 | 2.8 | 85,802 | 4.0 | (28,368) | (33.1) | |
| Gain on sales of non-current assets | | 1,831 | 0.1 | 3,273 | 0.2 | (1,441) | (44.0) | |
| Gain on sales of investment securities | | 2,444 | 0.1 | 181 | 0.0 | 2,263 | — | |
| Other | | 175 | 0.0 | 60 | 0.0 | 115 | 190.2 | |
| Extraordinary income | | 4,452 | 0.2 | 3,516 | 0.2 | 936 | 26.6 | |
| Loss on disposal of non-current assets | | 6,774 | 0.3 | 4,861 | 0.2 | 1,912 | 39.3 | |
| Other | | 16,719 | 0.8 | 6,606 | 0.3 | 10,113 | 153.1 | |
| Extraordinary loss | | 23,493 | 1.1 | 11,468 | 0.5 | 12,025 | 104.9 | |
| Profit before income taxes | | 38,392 | 1.8 | 77,850 | 3.6 | (39,457) | (50.7) | |
| Income taxes | | 19,874 | 1.0 | 27,058 | 1.3 | (7,184) | (26.6) | |
| Profit | | 18,518 | 0.9 | 50,791 | 2.4 | (32,273) | (63.5) | |
| Profit attributable to non-controlling interests | | 1,109 | 0.1 | 1,461 | 0.1 | (352) | (24.1) | |
| Profit attributable to owners of parent | | 17,409 | 0.8 | 49,330 | 2.3 | (31,921) | (64.7) | |

| | | | | | | | |
|--------------------------|--|---------|------|---------|------|---------|-------|
| Total personnel expenses | Operating costs | 421,027 | 20.2 | 411,934 | 19.3 | 9,093 | 2.2 |
| | Selling, general and administrative expenses | 61,198 | 2.9 | 63,139 | 3.0 | (1,941) | (3.1) |
| | Total | 482,226 | 23.2 | 475,073 | 22.2 | 7,152 | 1.5 |

○ Changes in Number of Employees as of March 31, 2018 and 2019

(Unit: Persons, %)

| | March 31, 2020 | March 31, 2019 | Change | |
|---------------------------------|-------------------|-------------------|--------|-------|
| | | | Change | Ratio |
| Logistics | 61,917 | 60,094 | 1,823 | 3.0 |
| Security Transportation | 6,674 | 6,489 | 185 | 2.9 |
| Heavy Haulage & Construction | 834 | 867 | (33) | (3.8) |
| Logistics Support | 3,963 | 3,934 | 29 | 0.7 |
| Adjustment | 161 | 141 | 20 | 14.2 |
| Total | 73,549 | 71,525 | 2,024 | 2.8 |

○ Capital Expenditures

(Unit: Millions of yen)

| | Actual amount in FY2019 |
|---------------|----------------------------|
| Vehicles | 15,826 |
| Buildings | 39,151 |
| Land | 3,269 |
| Leased assets | 13,365 |
| Other | 31,335 |
| Total | 102,948 |

Major investment

(Unit: Millions of yen)

| Company | Amount | Note |
|---------------------------|--------|--|
| Nippon Express | 64,438 | Construction of warehouse specializing in pharmaceuticals, ¥10,943 million |
| | | New international air freight core system, ¥3,994 million, etc. |
| Nippon Express USA, Inc. | 2,541 | Warehouse construction in Chicago Wood Dale |
| Nippon Express (Malaysia) | 2,328 | Warehouse construction in Shah Alam Industrial Park |

* Amount for Nippon Express does not include leased assets.

(2) Non-Consolidated Reference Materials
 ○ Revenues and Operating Expenses, FY2019

(Unit: Millions of yen, %)

| | | FY2019 | | FY2018 | | Change | | |
|---------------------------------------|---|--------------------------------|------------|---------|-------------|---------|--------------|------------|
| | | | % in Sales | | % in Sales | Amount | Ratio | |
| Revenues | Railway utilization business | 78,214 | 7.0 | 74,251 | 6.4 | 3,962 | 5.3 | |
| | Motor transportation | Small-lot shipment business | 43,995 | 3.9 | 45,715 | 4.0 | (1,720) | (3.8) |
| | | Chartered truck business | 190,649 | 17.1 | 195,329 | 16.9 | (4,679) | (2.4) |
| | | Subtotal | 234,644 | 21.0 | 241,044 | 20.9 | (6,400) | (2.7) |
| | Marine and harbor transportation | Marine transportation business | 96,678 | 8.6 | 99,150 | 8.6 | (2,471) | (2.5) |
| | | Harbor transportation business | 68,247 | 6.1 | 70,378 | 6.1 | (2,131) | (3.0) |
| | | Subtotal | 164,926 | 14.7 | 169,529 | 14.7 | (4,603) | (2.7) |
| | | [Exports] | [62,403] | — | [65,285] | — | [(2,882)] | [(4.4)] |
| | | [Imports] | [50,314] | — | [50,512] | — | [(197)] | [(0.4)] |
| | | [Domestic & other] | [52,208] | — | [53,731] | — | [(1,523)] | [(2.8)] |
| | Air transportation | Subtotal | 178,463 | 15.9 | 219,858 | 19.0 | (41,395) | (18.8) |
| | | [Exports] | [80,228] | — | [120,128] | — | [(39,899)] | [(33.2)] |
| | | [Imports] | [25,287] | — | [27,958] | — | [(2,671)] | [(9.6)] |
| | | [Domestic & other] | [72,947] | — | [71,771] | — | [1,176] | [1.6] |
| | Warehousing & storage business | 139,206 | 12.4 | 130,719 | 11.3 | 8,487 | 6.5 | |
| | In-factory business | 50,724 | 4.5 | 51,444 | 4.5 | (719) | (1.4) | |
| | Moving & relocation business | 60,355 | 5.4 | 59,514 | 5.2 | 840 | 1.4 | |
| Security transportation business | 70,420 | 6.3 | 71,664 | 6.2 | (1,243) | (1.7) | | |
| Heavy haulage & construction business | 68,889 | 6.2 | 64,666 | 5.6 | 4,222 | 6.5 | | |
| Other businesses | 73,352 | 6.6 | 72,089 | 6.2 | 1,263 | 1.8 | | |
| Total | 1,119,197 | 100.0 | 1,154,781 | 100.0 | (35,584) | (3.1) | | |
| Operating expenses | Total personnel expenses | 258,873 | 23.1 | 253,202 | 21.9 | 5,670 | 2.2 | |
| | Forwarding costs | Railway | 42,903 | 3.8 | 39,760 | 3.5 | 3,142 | 7.9 |
| | | Marine | 32,761 | 2.9 | 32,264 | 2.8 | 496 | 1.5 |
| | | Air | 45,359 | 4.1 | 76,597 | 6.6 | (31,237) | (40.8) |
| | | Subtotal | 121,024 | 10.8 | 148,623 | 12.9 | (27,598) | (18.6) |
| | Vehicle chartering and subcontracting costs | 471,244 | 42.1 | 478,247 | 41.4 | (7,003) | (1.5) | |
| | Depreciation and amortization | 28,509 | 2.6 | 27,361 | 2.4 | 1,147 | 4.2 | |
| | Facility usage charges | 79,277 | 7.1 | 74,524 | 6.4 | 4,752 | 6.4 | |
| Other | 133,488 | 11.9 | 130,456 | 11.3 | 3,032 | 2.3 | | |
| Total | 1,092,417 | 97.6 | 1,112,415 | 96.3 | (19,998) | (1.8) | | |
| Operating income | 26,780 | 2.4 | 42,366 | 3.7 | (15,585) | (36.8) | | |

(Notes) As of FY2019, revenues are managed per business rather than mode of transportation, overseas sales are used as a target in the business plan instead of overseas-related revenues, and employees are no longer categorized into drivers/workers and office personnel. Accordingly, we have changed the presentation for revenues and personnel expenses.

○ Revenues, First and Second Half FY2019

(Unit: Millions of yen, %)

| | | FY2019 | | FY2018 | | Change | | |
|----------|---------------------------------------|--------------------------------|------------|---------|------------|----------|--------------|------------|
| | | | % in Sales | | % in Sales | Amount | Ratio | |
| Revenues | Railway utilization business | 38,733 | 6.9 | 33,843 | 6.0 | 4,889 | 14.4 | |
| | Motor transportation | Small-lot shipment business | 22,270 | 4.0 | 22,345 | 3.9 | (75) | (0.3) |
| | | Chartered truck business | 95,367 | 16.9 | 96,381 | 17.0 | (1,014) | (1.1) |
| | | Subtotal | 117,637 | 20.9 | 118,727 | 20.9 | (1,089) | (0.9) |
| | Marine and harbor transportation | Marine transportation business | 48,841 | 8.7 | 48,947 | 8.7 | (105) | (0.2) |
| | | Harbor transportation business | 35,075 | 6.2 | 34,750 | 6.1 | 325 | 0.9 |
| | | Subtotal | 83,917 | 14.9 | 83,697 | 14.8 | 219 | 0.3 |
| | | [Exports] | [31,801] | — | [32,677] | — | [(875)] | [(2.7)] |
| | | [Imports] | [25,752] | — | [24,515] | — | [1,236] | [5.0] |
| | | [Domestic & other] | [26,363] | — | [26,504] | — | [(140)] | [(0.5)] |
| | Air transportation | Subtotal | 89,396 | 15.9 | 108,181 | 19.1 | (18,784) | (17.4) |
| | | [Exports] | [40,832] | — | [59,953] | — | [(19,120)] | [(31.9)] |
| | | [Imports] | [12,597] | — | [12,908] | — | [(311)] | [(2.4)] |
| | | [Domestic & other] | [35,966] | — | [35,319] | — | [647] | [1.8] |
| | Warehousing & storage business | 69,325 | 12.3 | 64,297 | 11.3 | 5,027 | 7.8 | |
| | In-factory business | 24,364 | 4.4 | 25,462 | 4.5 | (1,097) | (4.3) | |
| | Moving & relocation business | 31,616 | 5.6 | 29,217 | 5.2 | 2,398 | 8.2 | |
| | Security transportation business | 35,363 | 6.3 | 35,865 | 6.3 | (502) | (1.4) | |
| | Heavy haulage & construction business | 35,377 | 6.3 | 33,150 | 5.8 | 2,227 | 6.7 | |
| | Other businesses | 36,556 | 6.5 | 34,769 | 6.1 | 1,787 | 5.1 | |
| Total | | 562,288 | 100.0 | 567,212 | 100.0 | (4,923) | (0.9) | |
| Revenues | Railway utilization business | 39,481 | 7.1 | 40,408 | 6.9 | (927) | (2.3) | |
| | Motor transportation | Small-lot shipment business | 21,725 | 3.9 | 23,370 | 4.0 | (1,644) | (7.0) |
| | | Chartered truck business | 95,282 | 17.1 | 98,947 | 16.8 | (3,665) | (3.7) |
| | | Subtotal | 117,007 | 21.0 | 122,317 | 20.8 | (5,310) | (4.3) |
| | Marine and harbor transportation | Marine transportation business | 47,836 | 8.6 | 50,203 | 8.5 | (2,366) | (4.7) |
| | | Harbor transportation business | 33,172 | 5.9 | 35,628 | 6.1 | (2,456) | (6.9) |
| | | Subtotal | 81,008 | 14.5 | 85,831 | 14.6 | (4,822) | (5.6) |
| | | [Exports] | [30,601] | — | [32,608] | — | [(2,006)] | [(6.2)] |
| | | [Imports] | [24,562] | — | [25,996] | — | [(1,433)] | [(5.5)] |
| | | [Domestic & other] | [25,844] | — | [27,226] | — | [(1,382)] | [(5.1)] |
| | Air transportation | Subtotal | 89,066 | 16.0 | 111,676 | 19.0 | (22,610) | (20.2) |
| | | [Exports] | [39,395] | — | [60,174] | — | [(20,778)] | [(34.5)] |
| | | [Imports] | [12,689] | — | [15,049] | — | [(2,360)] | [(15.7)] |
| | | [Domestic & other] | [36,980] | — | [36,452] | — | [528] | [1.5] |
| | Warehousing & storage business | 69,881 | 12.6 | 66,421 | 11.3 | 3,459 | 5.2 | |
| | In-factory business | 26,359 | 4.7 | 25,982 | 4.4 | 377 | 1.5 | |
| | Moving & relocation business | 28,739 | 5.2 | 30,296 | 5.2 | (1,557) | (5.1) | |
| | Security transportation business | 35,057 | 6.3 | 35,798 | 6.1 | (741) | (2.1) | |
| | Heavy haulage & construction business | 33,511 | 6.0 | 31,516 | 5.4 | 1,995 | 6.3 | |
| | Other businesses | 36,796 | 6.6 | 37,319 | 6.3 | (523) | (1.4) | |
| Total | | 556,908 | 100.0 | 587,569 | 100.0 | (30,661) | (5.2) | |

(Notes) As of FY2019, revenues are managed per business rather than mode of transportation, overseas sales are used as a target in the business plan instead of overseas-related revenues. Accordingly, we have changed the presentation for revenues and personnel expenses.