English Translation

March 30, 2018

To whom it may concern

Name of the company	NIPPON EXPRESS CO., LTD.
Name of representative	Mitsuru Saito President and CEO (Code No. 9062 First Section of the Tokyo Stock Exchange)

Announcement of an Extraordinary Loss and Revision to the Financial Results Forecast

NIPPON EXPRESS CO., LTD. (the “Company”) hereby announces the recording of impairment losses regarding goodwill and non-current assets on a consolidated basis as well as loss on valuation of shares of subsidiaries and affiliates on a non-consolidated basis for the fiscal year ending March 31, 2018. In addition, cross-shareholdings were partially sold and contributed to a retirement benefit trust. Accordingly, the Company will revise the forecast of financial results for the fiscal year ending March 31, 2018 announced on January 31, 2018 as described below.

Notes

1. Recording of an extraordinary loss

(1) Wanbishi Archives Co., Ltd.

[Impairment losses regarding goodwill and non-current assets on a consolidated basis]

Although in the business plan at the stage of acquisition of the said company, synergistic effects were intended in areas such as overseas business development from FY2017 onward, as such effects cannot be expected at present, and due to other reasons, the Company reviewed its future business plan and verified the recoverable amount. As a result, the Company expects to record impairment losses regarding goodwill and non-current assets of approximately ¥50.0 billion in the fourth quarter of the fiscal year ending March 31, 2018.

[Loss on valuation of shares of subsidiaries and affiliates on a non-consolidated basis]

Due to the same reasons as above, the Company expects to record loss on valuation of shares of subsidiaries and affiliates of approximately ¥47.0 billion relating to shares of Wanbishi Archives Co., Ltd. held by the Company in the fourth quarter of the fiscal year ending March 31, 2018.

The loss on valuation of shares of subsidiaries and affiliates will be recorded on a non-consolidated basis, and therefore will have no impact on consolidated financial results.

(2) Nittsu Logistics (Thailand) Co., Ltd.

[Impairment losses regarding goodwill and non-current assets on a consolidated basis]

The Company is striving to reconstruct the Nippon Express Group's organization and function as well as expand sales through enhanced one-stop sales and account sales operations in Thailand. However, as both revenues and profits are falling below the targets in the business plan at the time of equity purchase from the joint venture counterparty, the Company reviewed its future business plan and verified the recoverable amount. As a result, the Company expects to record impairment losses regarding goodwill and non-current assets of approximately ¥7.0 billion in the fourth quarter of the fiscal year ending March 31, 2018.

2. Recording of an extraordinary income

The Company has appropriated part of its cross-shareholdings to sale and contribution to a retirement benefit trust with a view to improving asset efficiency and enhancing financial standing by reviewing cross-shareholdings.

Through the sale and contribution, the Company will record gain on sales of investment securities of ¥5.7 billion and gain on contribution of securities to retirement benefit trust of ¥15.6 billion in the fourth quarter of the fiscal year ending March 31, 2018 both on a consolidated and non-consolidated basis.

3. Revision to the financial results forecast

(1) Revision to the forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen, rounded down)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (January 31, 2018)	¥ million 1,980,000	¥ million 70,000	¥ million 73,000	¥ million 43,000	¥ 447.87
Revised forecast (B)	1,980,000	70,000	73,000	1,000	10.42
Difference (B-A)	—	—	—	(42,000)	
Percentage change (%)	—	—	—	(97.7)	
(Reference) Results from the previous fiscal year ended March 31, 2017	1,864,301	57,431	63,806	36,454	371.32

*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

(2) Revision to the forecast of non-consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen, rounded down)

	Revenues	Operating income	Ordinary income	Profit	Basic earnings per share
Previously announced forecast (A) (January 31, 2018)	¥ million 1,083,000	¥ million 37,500	¥ million 43,000	¥ million 28,000	¥ 291.64
Revised forecast (B)	1,083,000	37,500	43,000	(5,000)	(52.08)
Difference (B-A)	—	—	—	(33,000)	
Percentage change (%)	—	—	—	—	
(Reference) Results from the previous fiscal year ended March 31, 2017	1,043,756	30,116	37,731	28,629	291.62

*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share were calculated assuming that the said share consolidation was implemented at the beginning of the previous fiscal year.

4. Reasons for the revision to the financial results forecast

   As profit attributable to owners of parent is expected to fall below the previously announced forecast on a consolidated basis due to the recording of the impairment losses mentioned above, the figures for the financial results forecast have been revised.

   In addition, profit is expected to fall below the previously announced forecast on a non-consolidated basis due to the recording of loss on valuation of shares of subsidiaries and affiliates mentioned above in spite of the appropriation of cross-shareholdings to sale and contribution to a retirement benefit trust. Therefore, the figures for the financial results forecast have been revised.

   Meantime, as revenues, operating income and ordinary income are expected to turn out as per previously announced forecast both on a consolidated and non-consolidated basis, forecast figures have not been changed.

5. Dividend forecast

   The forecast for year-end dividend for the fiscal year ending March 31, 2018 is unchanged from previous projection at ¥60 per share.

(Notes regarding the financial results forecast)

The above financial prospect is based on data available at the time. It should be noted that such information contains elements of uncertainty and risk. Please note that our actual business performance may differ from these prospects.

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