

Summary of Consolidated Earnings Report for the Second Quarter of the Fiscal Year Ending March 31, 2021 (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 release of Quarterly Financial Report: November 13, 2020

Scheduled date of dividend payment: December 2, 2020

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 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	%
Six Months Ended September 30, 2020	964,464	(7.2)	20,875	(28.3)	24,080	(26.7)	23,077	21.4
Six Months Ended September 30, 2019	1,038,952	(0.1)	29,128	(14.4)	32,830	(13.1)	19,010	(18.9)

(Note) Comprehensive income:

Six Months Ended September 30, 2020: ¥21,733 million [(35.6%)] Six Months Ended September 30, 2019: ¥33,724 million [52.1%]

	Basic earnings per share	Diluted earnings per share
Six Months Ended September 30, 2020	¥ 248.34	—
Six Months Ended September 30, 2019	201.07	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2020	1,541,267	570,172	35.9
As of March 31, 2020	1,518,037	556,506	35.5

(Reference) Equity: As of September 30, 2020: ¥553,212 million As of March 31, 2020: ¥539,465 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended March 31, 2020	—	75.00	—	80.00	155.00
Fiscal Year Ending March 31, 2021	—	75.00			
Fiscal Year Ending March 31, 2021 (Forecast)			—	80.00	155.00

(Note) Revision of dividend projection from recently announced figures: No

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

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,000,000	(3.9)	55,000	(7.1)	59,000	2.7	40,000	129.8	430.44

(Note) Revision of consolidated results forecast from recently announced figures: Yes

*Notes

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

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) 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.: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

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

1) Total number of issued shares at end of period (including treasury stock)	As of September 30, 2020	96,000,000 shares	As of March 31, 2020	96,000,000 shares
2) Total number of treasury stocks at end of period	As of September 30, 2020	3,072,246 shares	As of March 31, 2020	3,070,738 shares
3) Average number of shares during period	Six Months Ended September 30, 2020	92,928,365 shares	Six Months Ended September 30, 2019	94,545,881 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 September 30, 2020: 123,009 shares As of March 31, 2020: 124,132 shares

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

* 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

This earnings report revises the forecast of consolidated financial results announced on July 31, 2020.

The forward-looking statements and other results forecasts stated herein are based on information available at the time this report was prepared, as well as certain assumptions considered reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to 1. *Qualitative Information on Quarterly Financial Results*, (3) *Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information* on page 4 for financial forecast assumptions and the use of the forecasts.

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 October 30, 2020.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

The global economy during the second quarter of the current fiscal year showed signs of reaching a low point and recovering. Economic activities resumed in stages following COVID-19 and the restrictions taken to control the spread of disease, and we saw the positive impact of stimulus measures taken by various governments. The U.S., China, and other major economies led the way in driving progress. However, both the manufacturing and service industries have yet to make a full recovery, as production and sales struggled due to restrictions imposed to prevent the spread of disease. The impact of another wave of infections in Europe and other major regions was another factor that caused ongoing restraint in consumer spending. The business environment remained very challenging, and the pace of economic recovery in Japan and other countries around the world was slow, with companies curbing employment and investment amid worsening business performance.

Under these economic conditions, the logistics industry also began to recover in response to the gradual resumption of production activities in Japan and around the world. Demand for e-commerce and digital-related products continued to grow in line with the growing acceptance of the new normal. The transition to 5G and other developments has resulted in a rapid recovery for semiconductor demand. In this way, certain products have shown particularly firm cargo movement, while international trade in the U.S., China, and other countries are showing signs of recovery. However, the impact of COVID-19 remained strong on individuals and companies. Amid an uncertain outlook, personal consumption and corporate capital investment have been limited, while cargo movement for daily goods and production-related cargo, etc., remained sluggish. The automotive industry and certain other industries are trending toward a recovery in cargo movement; however, activity is still far from pre-COVID-19 levels and cargo movement in general has been weak.

Under this economic environment, the Nippon Express Group recorded higher year-on-year revenues in the East Asia and South Asia and Oceania segments for the six months ended September 30, 2020, driving by an increase in air freight export transactions and other factors. However, the negative impact of the spread of COVID-19, etc., resulted in lower revenues for Japan, the Americas, and Europe, as well as for Security Transportation, Heavy Haulage & Construction, and Logistics Support. Segment income increased in the East Asia, South Asia and Oceania, Security and Transportation, and Heavy Haulage & Construction segments, while income decreased in Japan, the Americas, Europe, and Logistics Support.

As a result, revenues decreased by ¥74.4 billion, or 7.2% year on year, to ¥964.4 billion. Operating income decreased by ¥8.2 billion, or 28.3%, to ¥20.8 billion. Ordinary income decreased by ¥8.7 billion, or 26.7%, to ¥24.0 billion, and profit attributable to owners of parent increased by ¥4.0 billion, or 21.4% year on year, to ¥23.0 billion due to an increase in gain on sales of non-current assets.

(2) Explanation of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets as of the end of the consolidated second quarter amounted to ¥1,541.2 billion, an increase of ¥23.2 billion, or 1.5%, compared to the end of the previous consolidated fiscal year.

Current assets amounted to ¥671.7 billion, a decrease of ¥0.5 billion, or 0.1%, from the end of the previous fiscal year. Non-current assets totaled ¥869.5 billion, an increase of ¥23.7 billion, or 2.8%, from the end of the previous fiscal year. The decrease in current assets was mainly attributable to a decrease in accounts receivable-trade. The increase in non-current assets was mainly attributable to an increase in construction in progress.

Current liabilities amounted to ¥410.7 billion, a decrease of ¥54.4 billion, or 11.7%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥560.3 billion, an increase of ¥63.9 billion, or 12.9%.

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

The increase in non-current liabilities was mainly attributable to an increase in bonds payable.

Net assets as of the end of the consolidated second quarter amounted to ¥570.1 billion, an increase of ¥13.6 billion, or 2.5%, compared to the end of the previous consolidated fiscal year.

2) Cash Flows

Cash and cash equivalents at the end of the consolidated second quarter amounted to ¥93.5 billion, a decrease of ¥2.5 billion year on year.

Net cash provided by operating activities amounted to ¥32.2 billion, a year-on-year decrease of ¥8.5 billion in proceeds. This result was mainly due to a decrease in collections of accounts receivable-trade.

Net cash used in investing activities amounted to ¥32.3 billion, a year-on-year decrease of ¥9.4 billion in expenditures. This result was mainly due to proceeds from the sale of purchase property and equipment.

Net cash used in financing activities amounted to ¥0.5 billion, a year-on-year increase of ¥7.8 billion in expenditures. This result was mainly due to an increase in cash outlays to repay long-term loans payable.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

Based on recent trends in financial results, the Nippon Express Group has made the following revisions to consolidated and non-consolidated financial results forecasts for the fiscal year ending March 2021, published originally on July 31, 2020.

For consolidated earnings forecasts, see 3. *Reference Materials (1) Consolidated Reference Materials, Financial Results Forecast, FY2020 (Full Year)* and 3. *Reference Materials (2) Non-Consolidated Reference Materials, Financial Results Forecast, FY2020 (Full Year)* for more about consolidated and non-consolidated fiscal results forecasts, respectively.

1) Revisions to Financial Results Forecasts

A. Revisions to Forecast of Consolidated Financial Results for FY2020 (Full Year)

(April 1, 2020 to March 31, 2021)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (July 31, 2020)	¥ million 2,000,000	¥ million 45,000	¥ million 49,000	¥ million 33,000	¥ 355.11
Revised forecast (B)	2,000,000	55,000	59,000	40,000	430.44
Difference (B-A)	—	10,000	10,000	7,000	
Difference (%)	—	22.2	20.4	21.2	
(Reference) Prior-year results (FYE March 2020)	2,080,352	59,224	57,434	17,409	185.06

B. Revisions to Forecasts of Non-Consolidated Financial Results for FY2020 (Full Year)

(April 1, 2020 to March 31, 2021)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
Previously announced forecast (A) (July 31, 2020)	¥ million 1,080,000	¥ million 23,000	¥ million 38,000	¥ million 29,000	¥ 312.07
Revised forecast (B)	1,070,000	25,000	41,000	32,000	344.35
Difference (B-A)	(10,000)	2,000	3,000	3,000	
Difference (%)	(0.9)	8.7	7.9	10.3	
(Reference) Prior-year results (FYE March 2020)	1,119,197	26,780	36,852	21,859	232.36

2) Reasons for Revision of Financial Results Forecasts

Although we have left our previous forecast for consolidated revenues unchanged, we have made a downward revision to our non-consolidated earnings forecast for the fiscal year ending March 2021. While demand for air freight forward and other international freight volume has grown, cargo movement for domestic freight has been weaker than anticipated.

We expect consolidated and non-consolidated operating income, ordinary income, consolidated profit attributable to owners of parent, and non-consolidated net income to exceed the previous forecast due to higher-than-expected growth in demand for international freight volume and the higher-than-expected impact of various cost reductions.

We expect the spread of COVID-19 to have an ongoing impact on the Nippon Express Group businesses throughout fiscal 2020 as in the previous fiscal year, although the degree of impact may decline over time. We have incorporated these assumptions into our forecasts. We do not anticipate other large-scale social restrictions, such as a declaration of a state of emergency, in response to another wave of COVID-19 infections. Therefore, we have not reflected such in our forecasts.

***Note Regarding Financial Results Forecasts**

Results forecasts and other forward-looking statements in this document have been prepared according to judgments based on information available at the time. These statements contain elements of risk and uncertainties. Accordingly, results may differ from forecasts.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2019 (as of March 31, 2020)	Second Quarter of FY2020 (as of September 30, 2020)
ASSETS		
Current assets		
Cash and deposits	141,319	145,697
Notes receivable - trade	25,745	26,266
Accounts receivable - trade	305,843	299,619
Inventories	9,105	8,600
Other	191,376	192,981
Less: allowance for doubtful accounts	(1,077)	(1,414)
Total current assets	672,312	671,749
Non-current assets:		
Property and equipment		
Vehicles, net	50,655	51,935
Buildings, net	252,066	252,285
Land	198,667	196,976
Other, net	113,041	135,323
Net property and equipment	614,431	636,521
Intangible assets		
Goodwill	2,644	2,269
Other	71,852	74,454
Total intangible assets	74,496	76,723
Investments and other assets		
Investment securities	89,422	88,392
Other	68,316	68,906
Less: allowance for doubtful accounts	(942)	(1,025)
Total investments and other assets	156,796	156,273
Total non-current assets	845,724	869,517
Total assets	1,518,037	1,541,267
LIABILITIES		
Current liabilities:		
Notes payable - trade	5,599	5,773
Accounts payable - trade	162,287	140,269
Short-term loans payable	67,136	20,968
Income taxes payable	14,925	14,525
Provision for bonuses	25,918	28,316
Other provisions	107	27
Other	189,235	200,899
Total current liabilities	465,209	410,780
Non-current liabilities:		
Bonds payable	100,000	150,000
Long-term loans payable	219,006	228,082
Other provisions	1,409	1,367
Net retirement benefit liability	133,134	131,599
Other	42,770	49,265
Total non-current liabilities	496,320	560,314
Total liabilities	961,530	971,094

(Unit: Millions of yen)

	FY2019 (as of March 31, 2020)	Second Quarter of FY2020 (as of September 30, 2020)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,637	22,637
Retained earnings	461,499	477,132
Treasury stock	(18,251)	(18,260)
Total shareholders' equity	536,060	551,685
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	29,573	29,842
Deferred gains (losses) on hedges	(124)	(109)
Foreign currency translation adjustments	(5,062)	(9,997)
Remeasurements of retirement benefit plans	(20,981)	(18,208)
Total accumulated other comprehensive income	3,404	1,527
Non-controlling interests	17,041	16,960
Total net assets	556,506	570,172
Total liabilities and net assets	1,518,037	1,541,267

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Unit: Millions of yen)

	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Revenue	1,038,952	964,464
Operating costs	955,400	888,848
Gross profit	83,552	75,616
Selling, general and administrative expenses:	54,423	54,741
Operating income	29,128	20,875
Non-operating income:		
Interest income	407	281
Dividend income	1,948	1,900
Equity in earnings of unconsolidated subsidiaries and affiliates	573	—
Other	2,986	3,787
Total non-operating income	5,916	5,969
Non-operating expenses:		
Interest expenses	1,430	1,353
Equity in losses of unconsolidated subsidiaries and affiliates	—	199
Other	783	1,211
Total non-operating expenses	2,214	2,764
Ordinary income	32,830	24,080
Extraordinary income:		
Gain on sales of non-current assets	1,235	12,119
Gain on sales of investment securities	266	4,222
Other	10	32
Total extraordinary income	1,512	16,373
Extraordinary loss:		
Loss on disposal of non-current assets	3,718	2,317
Other	521	186
Total extraordinary loss	4,240	2,503
Profit before income taxes	30,103	37,949
Income taxes	10,353	14,448
Profit	19,749	23,501
Profit (loss) attributable to non-controlling interests	738	423
Profit attributable to owners of parent	19,010	23,077

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Profit	19,749	23,501
Other comprehensive income:		
Valuation differences on available-for-sale securities	(125)	269
Deferred gains (losses) on hedges	(61)	14
Foreign currency translation adjustments	(4,125)	(4,816)
Remeasurements of retirement benefit plans	18,327	2,965
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(40)	(201)
Other comprehensive income (loss)	13,975	(1,767)
Comprehensive income:	33,724	21,733
(Comprehensive income attributable to)		
Owners of parent	33,085	21,200
Non-controlling interests	639	533

(3) Consolidated Statements of Cash Flows

	(Unit: Millions of yen)	
	Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Cash flows from operating activities:		
Profit (loss) before income taxes	30,103	37,949
Depreciation and amortization	29,145	30,229
Interest and dividend income	(2,356)	(2,182)
Interest expenses	1,430	1,353
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(573)	199
(Increase) decrease in trade receivables	17,588	5,014
(Increase) decrease in inventories	(793)	486
Increase (decrease) in accounts payable	(16,159)	(22,299)
Other	(3,166)	(4,037)
Sub-total	55,218	46,714
Interest and dividends received	2,568	2,352
Interest paid	(1,629)	(1,294)
Income taxes paid	(15,422)	(15,544)
Net cash provided by operating activities	40,735	32,227
Cash flows from investing activities:		
Payment for purchase of property and equipment	(39,452)	(54,219)
Proceeds from sales of property and equipment	297	16,850
Payment for purchase of investment securities	(2,881)	(779)
Proceeds from sales of investment securities	498	5,332
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(78)	—
Other	(136)	507
Net cash used in investing activities	(41,753)	(32,309)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	6,633	(15,378)
Proceeds from long-term loans payable	20,713	10,809
Payment for long-term loans payable	(12,375)	(31,371)
Proceeds from issuances of bonds	—	50,000
Cash dividends	(8,036)	(7,434)
Payment for purchase of treasury stock	(530)	(14)
Other	840	(7,205)
Net cash provided by (used in) financing activities	7,244	(594)
Effect of exchange rate changes on cash and cash equivalents	(1,554)	(1,922)
Net increase (decrease) in cash and cash equivalents	4,670	(2,598)
Cash and cash equivalents at beginning of year	102,092	96,171
Cash and cash equivalents at end of period	106,763	93,572

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Special Accounting Treatments for Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the second quarter ended September 30, 2020, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	604,142	40,248	55,669	51,063	40,429
Intersegment	6,175	7,517	3,214	4,867	3,705
Total	610,317	47,766	58,883	55,930	44,135
Segment Income (loss)	20,581	1,927	1,226	1,562	1,581

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenue						
Revenues from external customers	36,388	27,219	183,792	1,038,952	—	1,038,952
Intersegment	25	28	44,554	70,089	(70,089)	—
Total	36,414	27,247	228,347	1,109,042	(70,089)	1,038,952
Segment Income (loss)	(1,277)	2,666	5,779	34,048	(4,920)	29,128

(Notes)1. Segment income adjustment of ¥(4,920) million includes ¥(94) million for the elimination of intersegment income and ¥(4,855) 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. Segment income (loss) has been reconciled with operating income in the quarterly consolidated statements of income.

Six Months Ended September 30, 2020 (April 1, 2020 to September 30, 2020)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	555,542	32,015	49,641	55,172	45,825
Intersegment	5,529	5,297	2,579	4,121	3,377
Total	561,072	37,312	52,221	59,294	49,203
Segment Income (loss)	13,815	(45)	484	2,817	3,197

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenue						
Revenues from external customers	34,263	25,035	166,967	964,464	—	964,464
Intersegment	40	18	40,638	61,604	(61,604)	—
Total	34,304	25,053	207,606	1,026,069	(61,604)	964,464
Segment Income (loss)	(929)	2,817	5,387	27,546	(6,670)	20,875

(Notes)1. The segment income adjustment of ¥(6,670) million includes ¥(107) million for the elimination of intersegment income, and ¥(6,582) million of corporate expenses that are not attributable to any individual reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

2. Segment income (loss) has been reconciled with operating income in the quarterly consolidated statements of income.

3. Reference Materials

(1) Consolidated Reference Materials

○ Reportable Segment Financial Results

(Unit: Millions of yen, %)

				Six Months Ended September 30, 2020		Six Months Ended September 30, 2019		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	561,072	610,317	(49,245)	(8.1)		
			The Americas	37,312	47,766	(10,453)	(21.9)		
			Europe	52,221	58,883	(6,662)	(11.3)		
			East Asia	59,294	55,930	3,363	6.0		
			South Asia & Oceania	49,203	44,135	5,068	11.5		
			Subtotal	759,104	817,033	(57,928)	(7.1)		
		Security Transportation	34,304	36,414	(2,110)	(5.8)			
		Heavy Haulage & Construction	25,053	27,247	(2,193)	(8.0)			
		Logistics Support	207,606	228,347	(20,740)	(9.1)			
		Subtotal	1,026,069	1,109,042	(82,972)	(7.5)			
	Adjustment	(61,604)	(70,089)	8,484	—				
	Total	964,464	1,038,952	(74,487)	(7.2)				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.5] 13,815	[3.4] 20,581	(6,765)	(32.9)		
			The Americas	[(0.1)] (45)	[4.0] 1,927	(1,973)	—		
			Europe	[0.9] 484	[2.1] 1,226	(741)	(60.5)		
			East Asia	[4.8] 2,817	[2.8] 1,562	1,255	80.4		
			South Asia & Oceania	[6.5] 3,197	[3.6] 1,581	1,616	102.2		
			Subtotal	[2.7] 20,270	[3.3] 26,880	(6,609)	(24.6)		
		Security Transportation	[(2.7)] (929)	[(3.5)] (1,277)	348	—			
		Heavy Haulage & Construction	[11.2] 2,817	[9.8] 2,666	151	5.7			
		Logistics Support	[2.6] 5,387	[2.5] 5,779	(392)	(6.8)			
		Subtotal	[2.7] 27,546	[3.1] 34,048	(6,502)	(19.1)			
	Adjustment	(6,670)	(4,920)	(1,750)	—				
	Total	[2.2] 20,875	[2.8] 29,128	(8,253)	(28.3)				

(Notes) Figures in brackets indicate operating margin.

o Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			Six Months Ended		Six Months Ended		Change	
			September 30, 2020	% of Sales	September 30, 2019	% of Sales	Amount	Ratio
Revenues by business	Distribution & transportation business	Motor transportation	167,800	17.4	189,403	18.2	(21,603)	(11.4)
		Marine and harbor transportation	105,099	10.9	120,458	11.6	(15,358)	(12.8)
		Air transportation	171,324	17.8	161,989	15.6	9,334	5.8
		Warehousing & storage	138,317	14.3	148,306	14.3	(9,988)	(6.7)
		Security transportation	33,433	3.5	35,352	3.4	(1,919)	(5.4)
		Heavy haulage & construction	35,759	3.7	37,751	3.6	(1,991)	(5.3)
		Other	134,344	13.9	150,235	14.5	(15,890)	(10.6)
	Subtotal		786,078	81.5	843,496	81.2	(57,417)	(6.8)
	Goods sales business		148,190	15.4	164,266	15.8	(16,075)	(9.8)
	Other		30,195	3.1	31,189	3.0	(994)	(3.2)
Total		964,464	100.0	1,038,952	100.0	(74,487)	(7.2)	
Operating costs	Personnel expenses		205,696	21.3	214,269	20.6	(8,573)	(4.0)
	Forwarding costs		127,412	13.2	124,369	12.0	3,042	2.4
	Vehicle chartering and subcontracting costs		206,907	21.5	237,993	22.9	(31,086)	(13.1)
	Other		348,832	36.2	378,767	36.5	(29,935)	(7.9)
Total		888,848	92.2	955,400	92.0	(66,552)	(7.0)	
Gross profit		75,616	7.8	83,552	8.0	(7,935)	(9.5)	
Personnel expenses		31,061	3.2	31,467	3.0	(406)	(1.3)	
Other		23,680	2.5	22,955	2.2	724	3.2	
Selling, general and administrative expenses		54,741	5.7	54,423	5.2	317	0.6	
Operating income		20,875	2.2	29,128	2.8	(8,253)	(28.3)	
Interest income		281	0.0	407	0.0	(126)	(31.0)	
Dividend income		1,900	0.2	1,948	0.2	(48)	(2.5)	
Equity in earnings of unconsolidated subsidiaries and affiliates		—	—	573	0.1	(573)	(100.0)	
Other		3,787	0.4	2,986	0.3	801	26.8	
Non-operating income		5,969	0.6	5,916	0.6	53	0.9	
Interest expenses		1,353	0.1	1,430	0.1	(77)	(5.4)	
Equity in losses of unconsolidated subsidiaries and affiliates		199	0.0	—	—	199	—	
Other		1,211	0.1	783	0.1	427	54.6	
Non-operating expenses		2,764	0.3	2,214	0.2	550	24.9	
Ordinary income		24,080	2.5	32,830	3.2	(8,750)	(26.7)	
Gain on sales of non-current assets		12,119	1.3	1,235	0.1	10,883	880.6	
Gain on sales of investment securities		4,222	0.4	266	0.0	3,955	—	
Other		32	0.0	10	0.0	21	202.4	
Extraordinary income		16,373	1.7	1,512	0.1	14,861	982.5	
Loss on disposal of non-current assets		2,317	0.2	3,718	0.4	(1,401)	(37.7)	
Other		186	0.0	521	0.1	(334)	(64.2)	
Extraordinary loss		2,503	0.3	4,240	0.4	(1,736)	(40.9)	
Profit before income taxes		37,949	3.9	30,103	2.9	7,846	26.1	
Income taxes		14,448	1.5	10,353	1.0	4,094	39.5	
Profit		23,501	2.4	19,749	1.9	3,752	19.0	
Profit attributable to non-controlling interests		423	0.0	738	0.1	(314)	(42.6)	
Profit attributable to owners of parent		23,077	2.4	19,010	1.8	4,066	21.4	
Total personnel expenses	Operating costs		205,696	21.3	214,269	20.6	(8,573)	(4.0)
	Selling, general and administrative expenses		31,061	3.2	31,467	3.0	(406)	(1.3)
	Total		236,757	24.5	245,737	23.7	(8,979)	(3.7)

○Financial Results Forecast, FY2020 (Full Year)

(Unit: Millions of yen, %)

		FY2020	FY2019	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,157,000	1,213,597	(56,597)	(4.7)
			The Americas	81,800	91,068	(9,268)	(10.2)
			Europe	114,000	119,338	(5,338)	(4.5)
			East Asia	130,600	112,048	18,551	16.6
			South Asia & Oceania	101,700	90,112	11,587	12.9
		Subtotal	1,585,100	1,626,165	(41,065)	(2.5)	
		Security Transportation	69,100	72,589	(3,489)	(4.8)	
		Heavy Haulage & Construction	46,600	52,358	(5,758)	(11.0)	
		Logistics Support	432,500	471,201	(38,701)	(8.2)	
		Subtotal	2,133,300	2,222,315	(89,015)	(4.0)	
	Adjustment	(133,300)	(141,962)	8,662	—		
Total	2,000,000	2,080,352	(80,352)	(3.9)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.3] 38,000	[3.5] 42,852	(4,852)	(11.3)
			The Americas	[0.7] 600	[3.1] 2,793	(2,193)	(78.5)
			Europe	[1.2] 1,400	[1.5] 1,777	(377)	(21.2)
			East Asia	[5.6] 7,300	[2.7] 2,992	4,307	143.9
			South Asia & Oceania	[6.6] 6,700	[3.5] 3,155	3,544	112.3
		Subtotal	[3.4] 54,000	[3.3] 53,572	427	0.8	
		Security Transportation	[(1.2)] (800)	[(1.5)] (1,073)	273	—	
		Heavy Haulage & Construction	[11.2] 5,200	[11.8] 6,193	(993)	(16.0)	
		Logistics Support	[2.5] 10,900	[2.6] 12,357	(1,457)	(11.8)	
		Subtotal	[3.2] 69,300	[3.2] 71,050	(1,750)	(2.5)	
	Adjustment	(14,300)	(11,826)	(2,473)	—		
Total	[2.8] 55,000	[2.8] 59,224	(4,224)	(7.1)			

(Notes) 1. The forecast of financial results for FY2020 above is a revision of the forecast of consolidated financial results for FY2020 announced on July 31, 2020.

2. Figures in brackets indicate operating margin.

(2) Non-Consolidated Reference Materials

○ Revenues and Operating Expenses

(Unit: Millions of yen, %)

		Six Months Ended		Six Months Ended		Change			
		September 30, 2020	% of Sales	September 30, 2019	% of Sales	Amount	Ratio		
Revenues	Railway utilization business		33,426	6.4	38,733	6.9	(5,306)	(13.7)	
	Motor transportation	Small-lot shipment business	20,173	3.9	22,270	4.0	(2,096)	(9.4)	
		Chartered truck business	88,474	17.0	95,367	16.9	(6,892)	(7.2)	
		Subtotal	108,648	20.9	117,637	20.9	(8,989)	(7.6)	
	Marine and harbor transportation	Marine transportation business		42,822	8.2	48,841	8.7	(6,019)	(12.3)
		Harbor transportation business		29,907	5.8	35,075	6.2	(5,168)	(14.7)
		Subtotal		72,729	14.0	83,917	14.9	(11,187)	(13.3)
		(Exports)		[25,172]	—	[31,801]	—	[(6,628)]	(20.8)
		(Imports)		[23,704]	—	[25,752]	—	[(2,047)]	(8.0)
	Air transportation	(Domestic & other)		[23,852]	—	[26,363]	—	[(2,511)]	(9.5)
		Subtotal		85,938	16.5	89,396	15.9	(3,458)	(3.9)
		(Exports)		[41,655]	—	[40,832]	—	[822]	2.0
		(Imports)		[12,262]	—	[12,597]	—	[(335)]	(2.7)
	Warehousing & storage business	(Domestic & other)		[32,020]	—	[35,966]	—	[(3,945)]	(11.0)
		Subtotal		69,503	13.4	69,325	12.3	178	0.3
		In-factory business		25,066	4.8	24,364	4.4	701	2.9
		Moving & relocation business		21,980	4.2	31,616	5.6	(9,635)	(30.5)
		Security transportation business		33,446	6.4	35,363	6.3	(1,917)	(5.4)
		Heavy haulage & construction business		33,854	6.5	35,377	6.3	(1,522)	(4.3)
		Other businesses		35,948	6.9	36,556	6.5	(608)	(1.7)
Total		520,543	100.0	562,288	100.0	(41,745)	(7.4)		
Operating expenses		Total personnel expenses		128,476	24.7	133,288	23.7	(4,811)	(3.6)
		Forwarding costs	Railway	18,082	3.5	21,322	3.8	(3,239)	(15.2)
	Marine		13,796	2.7	16,471	2.9	(2,674)	(16.2)	
	Air		22,628	4.3	23,880	4.3	(1,251)	(5.2)	
	Subtotal		54,507	10.5	61,673	11.0	(7,165)	(11.6)	
	Vehicle chartering and subcontracting costs		212,212	40.7	238,064	42.3	(25,852)	(10.9)	
	Depreciation and amortization		14,822	2.8	13,993	2.5	828	5.9	
	Facility usage charges		41,634	8.0	38,936	6.9	2,697	6.9	
Other		60,240	11.6	65,222	11.6	(4,982)	(7.6)		
Total		511,893	98.3	551,179	98.0	(39,285)	(7.1)		
Operating income		8,649	1.7	11,109	2.0	(2,460)	(22.1)		
Non-operating income		14,267	2.7	8,668	1.5	5,598	64.6		
Non-operating expenses		1,718	0.3	1,522	0.3	195	12.9		
Ordinary income		21,198	4.1	18,255	3.2	2,943	16.1		
Extraordinary income		14,814	2.8	1,338	0.3	13,475	—		
Extraordinary loss		2,257	0.4	4,032	0.7	(1,775)	(44.0)		
Profit before income taxes		33,756	6.5	15,562	2.8	18,193	116.9		
Income taxes		9,270	1.8	4,315	0.8	4,954	114.8		
Profit		24,485	4.7	11,246	2.0	13,238	117.7		

○ Financial Results Forecast, FY2020 (Full Year)

(Unit: Millions of yen, %)

		FY2020 Forecast	% in Sales	FY2019 Actual	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization business	71,500	6.7	78,214	7.0	(6,714)	(8.6)	
	Motor transportation	Small-lot shipment business	41,500	3.9	43,995	3.9	(2,495)	(5.7)
		Chartered truck business	184,000	17.2	190,649	17.1	(6,649)	(3.5)
		Subtotal	225,500	21.1	234,644	21.0	(9,144)	(3.9)
	Marine and harbor transportation	Marine transportation business	87,800	8.2	96,678	8.6	(8,878)	(9.2)
		Harbor transportation business	62,400	5.8	68,247	6.1	(5,847)	(8.6)
		Subtotal	150,200	14.0	164,926	14.7	(14,726)	(8.9)
		(Exports)	[53,500]	—	[62,403]	—	[(8,903)]	(14.3)
		(Imports)	[48,200]	—	[50,314]	—	[(2,114)]	(4.2)
		(Domestic & other)	[48,500]	—	[52,208]	—	[(3,708)]	(7.1)
	Air transportation	Subtotal	178,800	16.7	178,463	15.9	336	0.2
		(Exports)	[84,500]	—	[80,228]	—	[4,271]	5.3
		(Imports)	[26,300]	—	[25,287]	—	[1,012]	4.0
		(Domestic & other)	[68,000]	—	[72,947]	—	[(4,947)]	(6.8)
	Warehousing & storage business	139,500	13.0	139,206	12.4	293	0.2	
	In-factory business	53,500	5.0	50,724	4.5	2,775	5.5	
	Moving & relocation business	45,000	4.2	60,355	5.4	(15,355)	(25.4)	
	Security transportation business	66,500	6.2	70,420	6.3	(3,920)	(5.6)	
	Heavy haulage & construction business	66,000	6.2	68,889	6.2	(2,889)	(4.2)	
	Other businesses	73,500	6.9	73,352	6.6	147	0.2	
Total		1,070,000	100.0	1,119,197	100.0	(49,197)	(4.4)	
Operating expenses	Total personnel expenses	252,800	23.6	258,873	23.1	(6,073)	(2.3)	
	Forwarding costs	Railway	38,600	3.6	42,903	3.8	(4,303)	(10.0)
		Marine	28,500	2.7	32,761	2.9	(4,261)	(13.0)
		Air	46,500	4.3	45,359	4.1	1,140	2.5
		Subtotal	113,600	10.6	121,024	10.8	(7,424)	(6.1)
	Vehicle chartering and subcontracting costs	439,200	41.1	471,244	42.1	(32,044)	(6.8)	
	Depreciation and amortization	31,500	2.9	28,509	2.6	2,990	10.5	
	Facility usage charges	84,000	7.9	79,277	7.1	4,722	6.0	
Other	123,900	11.6	133,488	11.9	(9,588)	(7.2)		
Total		1,045,000	97.7	1,092,417	97.6	(47,417)	(4.3)	
Operating income		25,000	2.3	26,780	2.4	(1,780)	(6.6)	
Non-operating income		19,200	1.8	13,384	1.2	5,815	43.4	
Non-operating expenses		3,200	0.3	3,312	0.3	(112)	(3.4)	
Ordinary income		41,000	3.8	36,852	3.3	4,147	11.3	
Extraordinary income		17,500	1.6	1,978	0.2	15,521	784.7	
Extraordinary loss		14,500	1.3	8,599	0.8	5,900	68.6	
Profit before income taxes		44,000	4.1	30,231	2.7	13,768	45.5	
Income taxes		12,000	1.1	8,372	0.7	3,627	43.3	
Profit		32,000	3.0	21,859	2.0	10,140	46.4	

(Note) The forecast of financial results for FY2020 above is a revision of the forecast of non-consolidated financial results for FY2020 announced on July 31, 2020.