

April 28, 2021

Summary of Consolidated Earnings Report for the Fiscal Year Ended 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 General Shareholders' Meeting: June 29, 2021

Scheduled date of dividend payment: June 30, 2021

Scheduled date for release of Securities Report: June 29, 2021

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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	2,079,195	(0.1)	78,100	31.9	81,276	41.5	56,102	222.3
Fiscal Year Ended March 31, 2020	2,080,352	(2.7)	59,224	(25.6)	57,434	(33.1)	17,409	(64.7)

(Note) Comprehensive income:

Fiscal Year Ended March 31, 2021: ¥69,369 million [208.3%] Fiscal Year Ended March 31, 2020: ¥22,501 million [(43.0)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to asset ratio	Operating income margin
	¥	¥	%	%	%
Fiscal Year Ended March 31, 2021	604.79	—	10.0	5.2	3.8
Fiscal Year Ended March 31, 2020	185.06	—	3.2	3.8	2.8

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended March 31, 2021: ¥(38) million Fiscal Year Ended March 31, 2020: ¥(6,660) million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2021	1,631,855	600,707	35.7	6,354.98
As of March 31, 2020	1,518,037	556,506	35.5	5,805.12

(Reference) Equity: As of March 31, 2021: ¥582,512 million As of March 31, 2020: ¥539,465 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, 2021	146,605	(49,325)	(23,597)	168,362
Fiscal Year Ended March 31, 2020	98,206	(91,813)	(11,720)	96,171

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, 2020	—	75.00	—	80.00	155.00	14,540	83.8	2.7
Fiscal Year Ended March 31, 2021	—	75.00	—	110.00	185.00	17,075	30.6	3.0
Fiscal Year Ending December 31, 2021 (Forecast)	—	90.00	—	95.00	185.00		43.5	

3. Forecast of Consolidated Financial Results for the Fiscal Year ending December 31, 2021

(April 1, 2021 to December 31, 2021)

(%: compared with the previous period or year-ago quarter)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	1,000,000	—	36,000	—	38,000	—	25,000	—	272.74
Full year	1,560,000	—	56,000	—	58,000	—	39,000	—	425.47

Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the consolidated financial forecast for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, percentage changes compared to the previous fiscal year and the same period of the previous year are not stated herein.

*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.: No

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, 2021	96,000,000 shares	As of March 31, 2020	96,000,000 shares
2) Total number of treasury stock at end of period	As of March 31, 2021	4,337,612 shares	As of March 31, 2020	3,070,738 shares
3) Average number of shares during period	Fiscal Year Ended March 31, 2021	92,762,928 shares	Fiscal Year Ended March 31, 2020	94,076,087 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, 2021: 122,354 shares As of March 31, 2020: 124,132 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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	1,120,712	0.1	34,293	28.1	49,339	33.9	54,792	150.7
Fiscal Year Ended March 31, 2020	1,119,197	(3.1)	26,780	(36.8)	36,852	(31.3)	21,859	(40.1)

	Basic earnings per share	Diluted earnings per share
	¥	¥
Fiscal Year Ended March 31, 2021	590.68	—
Fiscal Year Ended March 31, 2020	232.36	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of March 31, 2021	1,023,088	374,444	36.6	4,085.04
As of March 31, 2020	952,101	341,738	35.9	3,677.41

(Reference) Equity: As of March 31, 2021: ¥374,444 million As of March 31, 2020: ¥341,738 million

2. Forecast of Non-Consolidated Financial Results for the Fiscal Year ending December 31, 2021

(April 1, 2021 to December 31, 2021)

(%: compared with the previous period or year-ago quarter)

	Revenues		Ordinary income		Profit		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥
Interim	590,000	13.3	25,000	17.9	17,000	(30.6)	185.46
Full year	895,000	—	33,500	—	23,000	—	250.92

Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the consolidated financial forecast for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, percentage changes compared to the previous fiscal year and the same period of the previous year are not stated herein.

*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

- 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. *Overview of Business Results*, (4) *Forecasts of Future Performance* on page 8 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 April 28, 2021.

1. Overview of Business Results

(1) Overview of Business Results for Fiscal Year Ended March 31, 2021

During the consolidated fiscal year under review, the global economy experienced historical declines due to the spread of COVID-19 and measures taken to control the spread. However, with the gradual resumption of economic activities and the impact of economic stimulus measures adopted by countries around the world, the economy began to pick up beginning in the second quarter. Even in the midst of a second and third wave of infections, the economy continued to recover gradually, driven by the major world economies, including the U.S. and China. On the other hand, personal consumption, as well as corporate production and investment, declined amid an uncertain future, despite the emergence of demand related to new normal lifestyles and in-home consumption. Overall, we experienced a challenging business environment.

Under these economic conditions, the logistic industry saw a shift toward recovery in production and sales activities among all countries, including Japan, having a positive impact on cargo movement, which had fallen sharply due to supply chain disruptions and other factors. As well, demand for semiconductors experienced a rapid recovery due to the transition to 5G, among other factors, while the U.S. and China drove a recovery in international trade. Demand for electronic commerce and digital-related products associated with the new normal remained strong throughout the fiscal year. However, the impact of COVID-19 remained strong, and cargo movement for daily necessities and production-related cargo was slow. Even the automotive industry and certain others on the way toward recovery did not reach pre-COVID-19 levels, and cargo movement was sluggish overall.

Even in the midst of the COVID-19 pandemic, Japanese domestic warehouse demand has been strong due to supply chain revisions and e-commerce demand. Truck driver shortages have become chronic. During the summer, fewer container ships were scheduled for international transport. Although global cargo movement recovered, leading to more opportunities for return trips, lack of vessel space and empty containers caused a tightening in the balance of supply and demand. Further, the air cargo business experienced chronic shortages of space due to the continued cancellation of international passenger flights.

Given this business environment, the Nippon Express Group engaged in measures to achieve our Business Growth Strategy and Long-Term Vision as our first step toward reforms for achieving our long-term vision in this second year of our five-year *Nippon Express Business Plan 2023~“Dynamic Growth”~*, which began in April 2019.

Business Growth Strategy

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

In the context of our Business focus, we have endeavored to contribute to the maintenance of our customer supply chains through expanded air cargo transportation charters amid the COVID-19 pandemic. In addition, we established the Global NVOC Center to upgrade the foundation of our ocean transportation business related to purchasing and other factors. We have also strengthened our efforts in warehousing and other logistics functions. Logistics services, mainly warehousing and distribution for various industries and sectors, performed well against the backdrop of supply chain revisions and e-commerce demand amid the COVID-19 pandemic. However, the impact of production and international trade during the pandemic resulted in weak overall cargo volume, despite a gradual recovery in demand for freight forwarding beginning in the second half of the fiscal year.

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

Item Revenues	Domestic			Overseas		
	FY2020 Results	FY2020 Forecast	Vs. Forecast, %	FY2020 Results	FY2020 Forecast	Vs. Forecast, %
Electric and Electronics Industry	¥108.7 billion	¥99.0 billion	9.8%	¥144.5 billion	¥109.5 billion	32.0%
Automotive Industry	¥67.9 billion	¥53.5 billion	26.9%	¥69.7 billion	¥61.5 billion	13.3%
Apparel Industry	¥17.2 billion	¥17.0 billion	1.2%	¥53.1 billion	¥43.0 billion	23.5%
Pharmaceutical/Medical Industry	¥14.5 billion	¥15.0 billion	(3.3%)	¥13.3 billion	¥11.0 billion	20.9%

Item (Forwarding Volume)	FY2020 Results	FY2019 Results	Vs. PY, %
Marine freight forwarding	660,000 TEU	700,000 TEU	(5%)
Air forwarding business	720,000 t	800,000 t	(10%)
Item Revenues	FY2020 Results	FY2019 Results	(Vs. PY, %)
Non-Japanese Customer Accounts	¥40.6 billion	¥29.9 billion	36%

*Results for marine and air freight forwarding volume and non-Japanese customer accounts represent figures from January through December.

In terms of our area approach, the group made MD Logistics, Inc. and MD Express, Inc., which have strengths in U.S.-based pharmaceutical logistics networks, part of the group company family. At the same time, we worked to build a global pharmaceutical logistics network by pursuing GDP certification at logistics centers in each country. In addition, we strengthened our domestic logistics operations by opening new bases in China. We also endeavored to maintain and contribute to the global supply chains of our customers by expanding services using China-European railways.

Our strategy to enhance domestic businesses in Japan includes generating greater efficiencies in our office operations and warehousing business, as well as reducing outsourcing costs by leveraging our own group strengths. Through these efforts, we will move toward greater improvements in profitability for our domestic logistics businesses and a stronger foundation for management in this time of the COVID-19 pandemic. We have also pursued selection and concentration in our businesses, including the transfer of our ferry business and withdrawal from our travel and driving school businesses.

The following are the KPIs related to our strategy to enhance domestic businesses in Japan.

Strategy to Enhance Domestic Businesses in Japan	Item	FY2019 Results	FY2020 Results	Cumulative (FY2018 to FY2020)	Business Plan 2023 Targets (Five-Year Cumulative)
Further reorganization of organizations/ streamlining of administrative departments	Further branch back office personnel reassignments	¥(1.10) billion	¥(1.40) billion	¥(3.32) billion	¥(4.5) billion
	Reassign HQ employees	-	¥(8.2) billion		
Reform back office processes	Overtime (back office personnel)	¥(1.10) billion	¥(1.32) billion	¥(3.31) billion	¥(5.0) billion
	Personnel dispatching cost (back office)	¥0.15 billion	¥(1.04) billion		

Efforts to Implement Our Long-Term Vision

In terms of *innovation in IT strategy* toward *reinforcing functions to support initiatives*, we have been striving to strengthen information security and adopt RPA more widely, which will contribute to improved office productivity. We also reviewed our communications infrastructure to respond to the new normal during this time of the COVID-19 pandemic.

We have addressed ESG-oriented business management to realize sustainable development and improve corporate value. In terms of environment (E), we focused on CO₂ emissions reductions, pursuing the use of renewable energy in our own facilities, greater adoption of modal shifts, and the creation of integrated transport products through railway and ocean cargo transportation products. In terms of society (S), we aim to transform into a company in which employees feel happy. Here, we are building an organization in which a diverse base of human resources can play an active role. In addition, we are revising human resources and other systems, striving to eliminate long working hours, and focusing on ensuring the health and safety of employees during the COVID-19 pandemic. The area of governance (G) supports the sustainable improvement of corporate value. In this area, we have been striving to improve capital efficiency by reducing assets, including the liquidation of real estate assets. We have reviewed our business portfolio and are conducting various studies to strengthen group management structure.

As a result of our efforts, revenues decreased by ¥1.1 billion, or only 0.1% compared to the previous fiscal year, amounting to ¥2,079.1 billion. Operating income increased by ¥18.8 billion, or 31.9% year on year, to ¥78.1 billion. Ordinary income increased by ¥23.8 billion, or 41.5%, to ¥81.2 billion, and profit attributable to owners of parent increased by ¥38.6 billion, or 222.3%, to ¥56.1 billion.

Financial results by reportable segment are summarized below.

1. Japan (Logistics)

Despite an increase in air freight volume, revenues amounted to ¥1,212.8 billion, a decrease of ¥0.7 billion, or 0.1%, from the previous fiscal year. This result was mainly due to a decrease in automobile transportation volume. In contrast, operating income rose ¥9.1 billion, or 21.3% compared to the previous fiscal year, reaching ¥51.9 billion. This increase was mainly due to an increase in air freight volume and a decrease in the unit selling price of oil.

2. The Americas (Logistics)

Due to a decrease in air freight export transactions and other factors, revenues decreased by ¥12.9 billion, or

14.2% compared to the previous fiscal year, amounting to ¥78.1 billion. Operating income decreased by ¥2.3 billion, or 82.6%, to ¥0.4 billion.

3. Europe (Logistics)

Revenues decreased by ¥2.2 billion, or 1.8% compared to the previous fiscal year, amounting to ¥117.1 billion. This result was mainly due to a decrease in warehousing and distribution processing and automobile transportation.

However, our efforts to reduce various costs resulted in an operating income increase of ¥1.6 billion, or 91.5%, to ¥3.4 billion.

4. East Asia (Logistics)

Increased charter transports for air freight were a major factor resulting in a revenue increase of ¥31.6 billion, or 28.2%, to ¥143.6 billion. Operating income increased by ¥5.4 billion, or 182.2%, to ¥8.4 billion.

5. South Asia & Oceania (Logistics)

Increased charter transports for air freight were a major factor resulting in a revenue increase of ¥24.6 billion, or 27.3%, to ¥114.7 billion. Operating income increased by ¥6.7 billion, or 213.1%, to ¥9.8 billion.

6. Security Transportation

Due to a decrease in cash collection and delivery services and other factors, revenues decreased ¥3.3 billion, or 4.6% compared to the previous fiscal year, amounting the ¥69.2 billion. Operating loss amounted to ¥0.9 billion, an increase of ¥0.1 billion, stemming from the impact of various cost reductions.

7. Heavy Haulage & Construction

A decrease in wind power-related freight transactions in Japan and other factors led to a decrease in revenue of ¥6.4 billion, or 12.4%, to ¥45.8 billion. Operating income decreased by ¥0.9 billion, or 15.7%, to ¥5.2 billion.

8. Logistics Support

Due to a decrease in the unit selling price of oil and a decrease in volume for export packaging services, among other factors, revenues fell ¥23.3 billion, or 5.0%, to ¥447.8 billion. Meanwhile, operating income rose ¥1.2 billion, or 10.4%, to ¥13.6 billion. This result was mainly due to the impact of various cost reductions.

(2) Overview of Financial Position for Fiscal Year Ended March 31, 2021

Total assets as of the end of the fiscal year ended March 2021 amounted to ¥1,631.8 billion, an increase of ¥113.8 billion, or 7.5%, from the end of the previous fiscal year.

Current assets amounted to ¥771.8 billion, an increase of ¥99.5 billion, or 14.8%, from the end of the previous fiscal year. Non-current assets totaled ¥859.9 billion, an increase of ¥14.2 billion, or 1.7%.

The increase in current assets was mainly attributable to an increase in cash and deposits and accounts receivable-trade. In addition, lease investment assets declined in relation to the absorption-type company split of our leasing business, while short-term loans receivable increased.

The increase in non-current assets was mainly due to increases in investment securities, goodwill, and intangible fixed assets, including software.

Current liabilities amounted to ¥515.4 billion, an increase of ¥50.2 billion, or 10.8%, compared to the end of the previous fiscal year. Non-current liabilities amounted to ¥515.6 billion, an increase of ¥19.3 billion, or 3.9%.

The increase in current liabilities was mainly attributable to increases in accounts payable-trade and commercial paper. In addition, consumption taxes payable assets increased in relation to the absorption-type company split of our leasing business.

The increase in non-current liabilities was mainly attributable to an increase related to the issuance of bonds.

Net assets amounted to ¥600.7 billion at the end of the fiscal year ended March 2021, an increase of ¥44.2 billion, or 7.9%, from the end of the previous fiscal year.

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

(3) Overview of Cash Flows for Fiscal Year Ended March 31, 2021

Cash and cash equivalents at the end of the fiscal year ended March 2021, amounted to ¥168.3 billion, an increase of ¥72.1 billion compared to the previous consolidated fiscal year.

Net cash provided by operating activities amounted to ¥146.6 billion, an increase of ¥48.3 billion in proceeds year on year. This result was mainly due to an increase in profit before income taxes.

Net cash used in investing activities amounted to ¥49.3 billion, a decrease of ¥42.4 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 ¥23.5 billion, an increase of ¥11.8 billion in expenditures. This result was mainly due to an increase in cash outlays to repay long-term loans payable.

(4) Forecasts of Future Performance

Our forecasts for the fiscal year ending December 31, 2021 have been prepared taking into consideration such factors as crude oil price trends and foreign exchange fluctuation risks.

As described in *1. Overview of Business Results (1) Overview of Business Results for Fiscal Year Ended March 31, 2021*, the future direction of economic trends in Japan and overseas are likely to remain uncertain due to the impact of COVID-19 and other factors.

In addition, the logistics industry faces numerous challenges, including labor shortages caused by the decrease in working-age populations, the use of advanced technologies such as IoT and AI, and the response to a changing world that is experiencing digital transformation. Other challenges include our response to climate change, respect for employee human rights, work-style reform, and more issues related to sustainability.

Given this environment, the Nippon Express Group continues to act in concert toward achieving our five-year *Nippon Express Business Plan 2023 ~"Dynamic Growth"~*.

The following are our performance forecasts for the fiscal year ending December 31, 2021.

We expect the impact of the spread of COVID-19 on Nippon Express Group businesses to be limited. In addition, we have not reflected lockdowns or other large-scale social restrictions due to the spread of COVID-19 in our forecasts.

Forecast of Consolidated Financial Results (Full Year)

Revenues	¥1,560.0 billion
Operating income	¥56.0 billion
Ordinary income	¥58.0 billion
Profit attributable to owners of parent	¥39.0 billion

Forecast of Non-Consolidated Financial Results (Full Year)

Revenues	¥895.0 billion
Operating income	¥24.5 billion
Ordinary income	¥33.5 billion
Net income	¥23.0 billion

* The financial results forecasts above have been prepared according to judgments deemed rational and based on information available at the time. Results may differ from forecasts.

* Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the financial forecasts for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021. As a result, percentage changes compared to the previous fiscal year are not stated herein.

(5) Basic Policy for Profit Sharing and Dividends for the Fiscal Year Ended March 31, 2021 and the Fiscal Year Ending December 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 and at least 50% in total return ratio (cumulative from fiscal 2019 through fiscal 2023). Accordingly, we plan to provide year-end dividends of ¥110.00 per share for the fiscal year ended March 31, 2021. In conjunction with interim dividends, we plan to pay fiscal year dividends of ¥185.00 per share (30.6% consolidated payout ratio and 48.3% total return ratio).

We plan to pay full-year dividends for the fiscal year ending December 31, 2021, in the amount of ¥185.00 per share, consisting of a ¥90.00 per share interim dividend and a ¥95.00 per share year-end dividend (projected as a 43.5% payout ratio).

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)

	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
ASSETS		
Current assets		
Cash and deposits	141,319	217,774
Notes receivable - trade	25,745	22,281
Accounts receivable - trade	305,843	348,810
Inventories	9,105	8,296
Advance payments - trade	6,076	4,445
Prepaid expenses	16,446	14,232
Short-term loans receivable	271	138,486
Lease investment assets	133,018	—
Other	35,563	18,936
Less: allowance for doubtful accounts	(1,077)	(1,368)
Total current assets	672,312	771,894
Non-current assets:		
Property and equipment		
Vehicles	183,616	165,351
Less: accumulated depreciation	(132,960)	(123,498)
Vehicles, net	50,655	41,853
Buildings	626,931	633,637
Less: accumulated depreciation	(374,864)	(380,174)
Buildings, net	252,066	253,462
Structures	71,328	70,777
Less: accumulated depreciation	(55,662)	(55,611)
Structures, net	15,666	15,165
Machinery and equipment	87,478	87,892
Less: accumulated depreciation	(66,679)	(64,186)
Machinery and equipment, net	20,799	23,705
Tools, furniture and fixtures	114,381	79,248
Less: accumulated depreciation	(88,471)	(63,916)
Tools, furniture and fixtures, net	25,910	15,331
Vessels	21,100	20,676
Less: accumulated depreciation	(11,686)	(8,912)
Vessels, net	9,414	11,763
Land	198,667	188,009
Leased assets	30,552	70,699
Less: accumulated depreciation	(12,930)	(32,152)
Leased assets, net	17,622	38,546
Construction in progress	23,629	19,663
Net property and equipment	614,431	607,503
Intangible assets		
Leasehold rights	7,966	7,572
Goodwill	2,644	4,592
Other	63,885	70,552
Total intangible assets	74,496	82,717

(Unit: Millions of yen)

	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
Investments and other assets		
Investment securities	89,422	107,275
Long-term loans receivable	582	363
Long-term loans to employees	32	28
Long-term prepaid expenses	6,691	2,652
Security deposits	21,351	23,749
Net retirement benefit asset	1,224	1,492
Deferred tax assets	28,625	26,006
Other	9,809	9,026
Less: allowance for doubtful accounts	(942)	(856)
Total investments and other assets	156,796	169,740
Total non-current assets	845,724	859,961
Total assets	1,518,037	1,631,855
LIABILITIES		
Current liabilities:		
Notes payable - trade	5,599	5,508
Accounts payable - trade	162,287	175,906
Short-term loans payable	67,136	37,918
Other payables	39,767	30,546
Income taxes payable	14,925	18,501
Consumption taxes payable	9,329	29,271
Unpaid expenses	20,544	22,177
Advances received	11,098	11,308
Deposits	46,609	60,369
Deposits from employees	314	268
Provision for bonuses	25,918	30,185
Provision for directors' bonuses	107	144
Other	61,571	93,382
Total current liabilities	465,209	515,487
Non-current liabilities:		
Bonds payable	100,000	140,000
Long-term loans payable	219,006	193,616
Deferred tax liabilities	5,572	2,157
Provision for directors' retirement benefits	312	251
Provision for special repairs	201	107
Provision for loss on guarantees	436	390
Other provisions	458	742
Net retirement benefit liability	133,134	121,061
Other	37,198	57,334
Total non-current liabilities	496,320	515,660
Total liabilities	961,530	1,031,148

(Unit: Millions of yen)

	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,637	22,614
Retained earnings	461,499	503,178
Less: Treasury stock	(18,251)	(28,273)
Total shareholders' equity	536,060	567,695
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	29,573	32,272
Deferred gains (losses) on hedges	(124)	(51)
Foreign currency translation adjustments	(5,062)	(8,885)
Remeasurements of retirement benefit plans	(20,981)	(8,518)
Total accumulated other comprehensive income	3,404	14,817
Non-controlling interests	17,041	18,194
Total net assets	556,506	600,707
Total liabilities and net assets	1,518,037	1,631,855

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Revenues	2,080,352	2,079,195
Operating costs	1,911,049	1,885,888
Gross profit	169,303	193,307
Selling, general and administrative expenses:		
Personnel expenses	61,198	61,910
Depreciation and amortization	8,787	9,310
Advertising expenses	4,157	3,389
Provision of allowance for doubtful accounts	400	668
Other	35,535	39,928
Total selling, general and administrative expenses	110,078	115,206
Operating income	59,224	78,100
Non-operating income:		
Interest income	1,048	516
Dividend income	3,176	2,847
Gain on sales of vehicles	384	277
Gain on foreign exchange	1,313	—
Other	4,291	5,291
Total non-operating income	10,214	8,933
Non-operating expenses:		
Interest expenses	2,864	2,878
Loss on sale and retirement of vehicles	151	145
Share of loss of entities accounted for using equity method	6,660	38
Loss on foreign exchange	—	200
Compensation for damage and settlement package	72	593
Other	2,256	1,901
Total non-operating expenses	12,004	5,757
Ordinary income	57,434	81,276
Extraordinary income:		
Gain on sales of non-current assets	1,831	14,020
Gain on sales of investment securities	2,444	15,492
Gain on transfer of business	—	4,658
Other	175	103
Total extraordinary income	4,452	34,274
Extraordinary loss:		
Loss on disposal of non-current assets	6,774	15,641
Loss on sales of investment securities	38	98
Loss on valuation of investment securities	911	183
Impairment loss	13,928	12,835
Other	1,841	1,972
Total extraordinary loss	23,493	30,731
Profit (loss) before income taxes	38,392	84,819
Income taxes-current	26,501	34,675
Income taxes-deferred	(6,626)	(7,655)
Total Income taxes	19,874	27,019
Profit	18,518	57,799
Profit (loss) attributable to non-controlling interests	1,109	1,697
Profit (loss) attributable to owners of parent	17,409	56,102

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Profit	18,518	57,799
Other comprehensive income:		
Valuation differences on available-for-sale securities	(11,129)	2,712
Deferred gains (losses) on hedges	112	72
Foreign currency translation adjustments	(2,014)	(3,754)
Remeasurements of retirement benefit plans	17,050	12,719
Share of other comprehensive income (loss) of entities accounted for using the equity method	(35)	(180)
Other comprehensive income (loss)	3,982	11,570
Comprehensive income:	22,501	69,369
(Comprehensive income attributable to)		
Owners of parent	21,526	67,514
Non-controlling interests	974	1,855

(3) Consolidated Statements of Changes in Net Assets

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

FY2020 (April 1, 2020 to March 31, 2021)

(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	22,637	461,499	(18,251)	536,060
Changes during the year					
Cash dividends			(14,423)		(14,423)
Profit attributable to owners of parent			56,102		56,102
Changes in equity due to transactions with non-controlling shareholders		(22)			(22)
Increase in treasury stock				(10,028)	(10,028)
Decrease in treasury stock		0	(0)	6	6
Retirement of treasury stock			—	—	—
Net changes in items other than shareholders' equity					
Total changes during the year	—	(22)	41,679	(10,022)	31,634
Balance at end of the year	70,175	22,614	503,178	(28,273)	567,695

	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		
Balance at beginning of the year	29,573	(124)	(5,062)	(20,981)	3,404	17,041	556,506
Changes during the year							
Cash dividends							(14,423)
Profit attributable to owners of parent							56,102
Changes in equity due to transactions with non-controlling shareholders							(22)
Increase in treasury stock							(10,028)
Decrease in treasury stock							6
Retirement of treasury stock							—
Net changes in items other than shareholders' equity	2,699	72	(3,822)	12,463	11,412	1,153	12,565
Total changes during the year	2,699	72	(3,822)	12,463	11,412	1,153	44,200
Balance at end of the year	32,272	(51)	(8,885)	(8,518)	14,817	18,194	600,707

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	38,392	84,819
Depreciation and amortization	59,649	62,759
Amortization of goodwill	1,217	833
Loss (gain) on sale or write-down of securities, net	(1,495)	(15,105)
Loss (gain) on sale or disposal of property and equipment, net	4,709	(3,274)
Impairment loss	13,928	12,835
Increase (decrease) in provision for bonuses	3,236	4,317
Increase (decrease) in net retirement benefit liability	13,154	6,376
Interest and dividend income	(4,224)	(3,407)
Interest expenses	2,864	2,878
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	6,660	38
(Increase) decrease in trade receivables	9,734	(43,493)
(Increase) decrease in inventories	(1,076)	782
Increase (decrease) in accounts payable	(12,633)	12,524
Increase (decrease) in consumption taxes payable	(545)	22,327
Other	(10,165)	30,503
Sub-total	123,405	175,716
Interest and dividends received	4,413	3,569
Interest paid	(3,137)	(2,789)
Income taxes paid	(26,475)	(29,890)
Net cash provided by operating activities	98,206	146,605
Cash flows from investing activities		
Payment for purchase of property and equipment	(92,124)	(127,159)
Proceeds from sales of property and equipment	9,706	50,564
Payment for purchase of investment securities	(13,275)	(800)
Proceeds from sales of investment securities	3,504	12,210
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	14,627
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(78)	(7,762)
Other	454	8,995
Net cash used in investing activities	(91,813)	(49,325)

(Unit: Millions of yen)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	15,577	(4,640)
Proceeds from long-term loans payable	21,010	11,475
Payment for long-term loans payable	(25,971)	(60,383)
Proceeds from issuance of bonds	—	50,000
Redemption of bonds	(15,000)	(10,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(464)	(85)
Cash dividends	(15,123)	(14,403)
Payment for purchase of treasury stock	(10,549)	(10,028)
Other	18,801	14,468
Net cash provided by (used in) financing activities	(11,720)	(23,597)
Effect of exchange rate changes on cash and cash equivalents	(593)	(1,492)
Net increase (decrease) in cash and cash equivalents	(5,920)	72,190
Cash and cash equivalents at beginning of year	102,092	96,171
Cash and Cash Equivalents at End of Year	96,171	168,362

(5) Notes to Consolidated Financial Statements
 (Notes Regarding Going Concern Assumption)
 Not applicable.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

Reportable segments of the Nippon Express Group are 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 consists of 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.

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 & 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 for reportable segments are the same as those stated in the most recent Securities Report (submitted June 26, 2020).

Income (loss) 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

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 (loss)	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)
Revenue						
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 (loss)	(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) Segment income (loss) 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) Segment asset 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 consist of cash and deposits, investment securities, and non-current assets held by the Company that are not attributable to any individual reportable segment.
 - (3) Depreciation and amortization adjustment mainly represents depreciation and amortization within the Company that are not attributable to any individual reportable segment.
 - (4) Adjustment to increase property and equipment and intangible assets mainly represent capital expenditures within the Company that is not attributable to any individual reportable segment.
2. Segment income (loss) 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.

FY2020 (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,197,935	64,927	111,174	133,747	105,747
Intersegment	14,868	13,214	5,959	9,942	8,991
Total	1,212,803	78,141	117,134	143,689	114,738
Segment income (loss)	51,981	487	3,404	8,445	9,879
Segment assets	820,901	56,668	71,553	74,711	88,248
Other items					
Depreciation and amortization	36,236	1,667	3,191	3,020	4,609
Amortization of goodwill	584	94	89	65	—
Impairment loss on non-current assets	991	217	—	—	—
Investment in equity method affiliates	12,140	58	—	1,500	2,194
Increase in property and equipment and intangible assets	80,057	11,693	3,225	2,049	5,190

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenue						
Revenues from external customers	69,161	45,825	350,678	2,079,195	—	2,079,195
Intersegment	78	52	97,159	150,266	(150,266)	—
Total	69,239	45,877	447,837	2,229,462	(150,266)	2,079,195
Segment income (loss)	(907)	5,219	13,645	92,156	(14,055)	78,100
Segment assets	93,170	25,330	396,121	1,626,704	5,151	1,631,855
Other items						
Depreciation and amortization	2,494	1,228	6,361	58,809	3,950	62,759
Amortization of goodwill	—	—	—	833	—	833
Impairment loss on non-current assets	10,773	852	—	12,835	—	12,835
Investment in equity method affiliates	—	334	16,185	32,413	—	32,413
Increase in property and equipment and intangible assets	2,201	1,848	7,314	113,580	19,223	132,804

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

- (1) Segment income adjustment of ¥(14,055) million includes ¥(364) million for the elimination of intersegment income and ¥(13,698) 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 asset adjustment of ¥5,151 million includes ¥(220,986) million for the elimination of intersegment income and ¥226,137 million of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits, investment securities, and non-current assets held by the Company that are not attributable to any individual reportable segment.
 - (3) Depreciation and amortization adjustment mainly represents depreciation and amortization within the Company that are not attributable to any individual reportable segment.
 - (4) Adjustment to increase property and equipment and intangible assets mainly represent capital expenditures within the Company that is not attributable to any individual reportable segment.
2. Segment income (loss) has been reconciled with operating income in the consolidated financial statements.

(Per Share Information)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Net assets per share (yen)	5,805.12	6,354.98
Basic earnings per share (yen)	185.06	604.79

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

2. 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 for the purpose of computing net assets per share. In calculating basic earnings per share, the aforementioned Company shares have been 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 124,000 shares and the average number of shares during the period was 96,000 shares. In the current fiscal year, the total number of shares of treasury stock held in the trust at end of the period was 122,000 shares, and the average number of shares during the period was 123,000 shares.

3. The following provides our basis for computing basic earnings per share.

(Unit: Millions of yen unless otherwise stated)

	FY2019 (April 1, 2019 to March 31, 2020)	FY2020 (April 1, 2020 to March 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent	17,409	56,102
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	17,409	56,102
Weighted average number of common stock during the year (1,000 shares)	94,076	92,762

4. The following provides our basis for computing net assets per share.

(Unit: Millions of yen unless otherwise stated)

	FY2019 (as of March 31, 2020)	FY2020 (as of March 31, 2021)
Total net assets	556,506	600,707
Amount to deduct from total net assets	17,041	18,194
[Non-controlling interests]	[17,041]	[18,194]
Net assets at end of year related to common stock	539,465	582,512
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	92,929	91,662

(Significant Subsequent Events)

(Transition to a Pure Holding Company Structure via Sole-Share Transfer)

At a meeting held April 28, 2021, the Nippon Express Co., Ltd. board of directors resolved to establish holding company NIPPON EXPRESS HOLDINGS, Inc. (“Holding Company”) via sole-share transfer (“Share Transfer”) effective January 4, 2022 (tentative), subject to the approval of the ordinary general meeting of shareholders scheduled for June 29, 2021, and other prescribed procedures.

1. Background regarding decision to transition to a holding company structure

The logistics business in Japan faces a challenging environment. Companies in this industry must deal urgently with labor shortages, laws related to work-style reform, digital transformation, and a variety of other changes. At the same time, overseas competitors in the form of mega forwarders have been expanding their businesses rapidly through M&A activities and other means in the global market, creating oligopolies.

The company strives in this environment to achieve the long-term vision of becoming a logistics company with a strong presence in the global market, as detailed in *Nippon Express Group Business Plan 2023~ Dynamic Growth~*. To achieve this vision, the company must evolve group management from a medium- and long-term perspective, aiming to maximize value as a corporate group.

Given this background, the company has investigated a restructuring of the group head office functions. However, as announced in *Notice Concerning the Commencement of Preparations to Transition to a Holding Company via Sole-Share Transfer*, published January 29, 2021, the Company has determined that the transition to a holding company structure that separates the group’s management strategy function from its business execution function is optimal.

2. Purpose of the transition to a holding company structure and group management structure subsequent to the transition

(1) Reinforce group management

By transitioning to a holding company structure, the holding company will be able to specialize in group management and formulate medium- to long-term policies for the group. In addition, the holding company will reallocate resources and design functions and systems to optimize the group and maximize value for the corporate group in pursuit of these policies. In this way, the holding company will drive group growth strategy. Further, the holding company will provide support to group companies to encourage the creation of groupwide synergies and to optimize each group business. Based on a clear division responsibilities and authority, group operating companies will pursue their businesses according to their respective roles, supported by speedy decision-making in line with group policies. With the support of the holding company, business divisions within each company will strive to enhance customer value through improved expertise and competitiveness in response to the changing times. In so doing, we expect to achieve sustainable growth as a corporate group. Through these efforts, we intend to maximize our value as a corporate group.

(2) Strengthen global governance structure for greater overseas business growth

By clearly separating group management functions from the functions of operating companies in Japan, we intend to establish a global group management function that will not be tied to our domestic businesses in Japan. In addition to promoting further growth of global businesses originating from Japan, we will allocate more management resources to our overseas-based businesses, which we believe is a growth area for the group. At the same time, we will aim to expand businesses that originate in. We will establish a global governance system by strengthening control functions that support global business growth. We intend to achieve this system through coordinated actions among the holding company and regional management companies serving as the core of our

operations overseas.

(3) Enhance group corporate management

The holding company will strive to optimize and raise the degree of effectiveness at each group company. To this end, we will create greater visibility with each group business, establishing a management infrastructure that facilitates rapid and correct management decisions. To achieve overall group optimization and synergies that focus on the customer and provide greater customer value, we must look beyond the company and organizational indicators of sales and profit upon which we have relied to date. We will establish a structure that assesses performance through KPIs that encourage overall optimization. At the same time, we will take even greater advantage of marketing and information sharing within the group related to customer needs to strengthen our groupwide, one-stop account management system. Along the way, we will also improve systems that allow us to create new services within each business. Finally, we will build a groupwide database that facilitates the achievement of these plans as we accelerate the digital transformation of our businesses.

3. Holding company structure post-transition

After the transition to a holding company structure, Nippon Express, the business holding company until this point in time, will continue to act as the core operating company of the group. The main role of Nippon Express, however, will be to drive the group's logistics business in Japan and global businesses originating from Japan. Our overseas logistics businesses will be led by regional management companies in cooperation with the holding company, which will provide global headquarters functions. The roles of the logistics support operating companies will be separated into functional companies providing services within the group and logistics support operating companies that provide customer-facing logistics-related services. These logistics support operating companies will develop businesses that add new value in logistics and help the group advance to higher levels in logistics. As announced in Notice Concerning Commencement of Consideration on Security Transportation Business Spin-Off, published April 28, 2021, we are considering the spin-off of our specialized security transportation business from Nippon Express. If, as a result of our deliberations, a spin-off is to be implemented, the timing, method, and other details will be announced as soon as such are determined.

4. Transition method and procedures

The company intends to transition to a pure holding company structure via the method as shown below.

(1) Step 1: Establish holding company via share transfer

Establish a pure holding company effective January 4, 2022, via Share Transfer, making Nippon Express Co., Ltd. a wholly owned subsidiary of the pure holding company.

(2) Step 2: Structure after establishing a holding company via Share Transfer (group company restructuring)

After the Share Transfer takes effect, we intend to reorganize Nippon Express Co., Ltd. subsidiaries as directly owned subsidiaries of the new holding company. In this way, the company will establish a group management structure to wholly achieve the purpose of transitioning to a holding company. We are in the process of considering the details of the restructuring in question, including the option of company split-offs, etc. Specific details and timing will be announced as soon as they are determined.

5. Share transfer overview

(1) Share transfer schedule

Record date for ordinary general meeting of shareholders	March 31, 2021
Board of directors meeting for approval of the share transfer plan	April 28, 2021
Ordinary general meeting of shareholders for approval of the share transfer	June 29, 2021

Delisting date for the Company	December 29, 2021
Date of registration of establishment of the Holding Company (effective date)	January 4, 2022
Date of listing of the Holding Company	January 4, 2022

This schedule is subject to change according to the necessity of procedures related to the share transfer or other reasons.

(2) Share transfer method

This is a sole share transfer method in which the company will become a wholly owned subsidiary of the holding company, and holding company will become the sole parent of the newly formed subsidiary via share transfer from subsidiary to parent.

(3) Allocation of shares in connection with share transfer (share transfer ratio)

Company Name	NIPPON EXPRESS HOLDINGS, INC. (Sole parent company after share transfer)	Nippon Express Co., Ltd. (parent after share transfer)
Share transfer ratio	1	1

a. Share transfer ratio

Shareholders owning Nippon Express Co., Ltd. common stock immediately preceding the point in time in which the holding company acquires all issued and outstanding shares of Nippon Express via the share transfer in question will receive one share of common stock in the holding company per share of common stock owned in Nippon Express.

b. Number of shares constituting one trading unit

The holding company will adopt the trading unit system, under which one trading unit will consist of 100 shares.

c. Basis share transfer ratio calculation

This share transfer will establish one sole parent company of a wholly owned subsidiary via share transfer by Nippon Express Co., Ltd. There will be no change in shareholder composition for Nippon Express Co., Ltd. or the holding company at the time of the share transfer. Therefore, placing the highest priority on avoiding any disadvantage to shareholders, each shareholder of Nippon Express Co., Ltd. will be allocated one share of common stock in the newly established holding company for every share of common stock owned in Nippon Express Co., Ltd.

d. Results, methods of calculation, and basis of calculation conducted by a third-party entity

As described in c. above, the share transfer in question is a sole-share transfer by Nippon Express Co., Ltd. Therefore, no calculations will be made by a third-party entity.

e. Number of new shares to be issued via share transfer (scheduled)

Common stock: 96,000,000 shares (scheduled)

However, if the total number of shares issued and outstanding changes prior to the effective date of the share transfer, the number of new shares to be allocated by the holding company will vary. The company is currently considering the handling of treasury stock held on the effective date of the Share Transfer. The company will make an announcement as soon as matters have been determined.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights upon the Share Transfer

The Company has not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Matters concerning application for listing of the holding company

As a result of the share transfer, Nippon Express Co., Ltd. will become a wholly owned subsidiary of the holding company. Therefore, the shares of Nippon Express will be delisted from public trading. However, the holding company will apply for a listing (technical listing) on the First Section of the Tokyo Stock Exchange for the shares of holding company stock allocated to shareholders of Nippon Express. The listing date is subject to review by the Tokyo Stock Exchange, but is scheduled to be January 4, 2022, which is the effective date of the share transfer.

6. Overview of companies involved in the share transfer

(as of March 31, 2021)

(1) Company Name	Nippon Express Co., Ltd.																
(2) Location	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322, Japan																
(3) Representative name and title	Mitsuru Saito, president and chief executive officer																
(4) Business lines	Road freight transportation Freight transportation Ocean freight transportation Marine and harbor transportation Railway freight transportation Warehousing Security Haulage, construction and installation of heavy equipment and related business Construction Customs clearance, etc.																
(5) Paid-in capital	70,175 million yen																
(6) Date established	October 1, 1937																
(7) Number of shares issued and outstanding	96,000,000 shares																
(8) Fiscal year end	March 31																
(9) Major shareholders and ownership ratios (Total shares held to total number of shares issued (excluding treasury stock))	<table><tr><td>• The Master Trust Bank of Japan, Ltd.</td><td>11.0%</td></tr><tr><td>• Custody Bank of Japan, Ltd. (Trust Account)</td><td>8.9%</td></tr><tr><td>• Asahi Mutual Life Insurance Company</td><td>6.1%</td></tr><tr><td>• Nippon Express Employees' Shareholding Association</td><td>4.1%</td></tr><tr><td>• Sompo Japan Insurance Inc.</td><td>3.9%</td></tr><tr><td>• Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Under Mizuho Bank, Ltd. (re-entrusted by Custody Bank of Japan, Ltd.)</td><td>3.1%</td></tr><tr><td>• Custody Bank of Japan, Ltd. (Trust Account No.4)</td><td>2.0%</td></tr><tr><td>• MUFG Bank, Ltd.</td><td>1.6%</td></tr></table>	• The Master Trust Bank of Japan, Ltd.	11.0%	• Custody Bank of Japan, Ltd. (Trust Account)	8.9%	• Asahi Mutual Life Insurance Company	6.1%	• Nippon Express Employees' Shareholding Association	4.1%	• Sompo Japan Insurance Inc.	3.9%	• Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Under Mizuho Bank, Ltd. (re-entrusted by Custody Bank of Japan, Ltd.)	3.1%	• Custody Bank of Japan, Ltd. (Trust Account No.4)	2.0%	• MUFG Bank, Ltd.	1.6%
• The Master Trust Bank of Japan, Ltd.	11.0%																
• Custody Bank of Japan, Ltd. (Trust Account)	8.9%																
• Asahi Mutual Life Insurance Company	6.1%																
• Nippon Express Employees' Shareholding Association	4.1%																
• Sompo Japan Insurance Inc.	3.9%																
• Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Under Mizuho Bank, Ltd. (re-entrusted by Custody Bank of Japan, Ltd.)	3.1%																
• Custody Bank of Japan, Ltd. (Trust Account No.4)	2.0%																
• MUFG Bank, Ltd.	1.6%																

- Custody Bank of Japan, Ltd. 1.4%
(Trust Account No.7)
- STATE STREET BANK WEST CLIENT 1.2%
- TREATY 505234

(10) Operating results and financial condition for the most-recent three fiscal years

Fiscal year end	March 2019	March 2020	March 2021
Consolidated net assets (million yen)	560,444	556,506	600,707
Consolidated total assets (million yen)	1,536,677	1,518,037	1,631,855
Consolidated net assets per share (yen)	5,749.60	5,805.12	6,354.98
Consolidated revenue (million yen)	2,138,501	2,080,352	2,079,195
Consolidated operating income (million yen)	79,598	59,224	78,100
Consolidated ordinary income (million yen)	85,802	57,434	81,276
Consolidated profit attributable to owners of parent (million yen)	49,330	17,409	56,102
Consolidated profit per share (yen)	515.13	185.06	604.79
Dividends per share (yen)	155.00	155.00	185.00

7. Overview of company established (tentative) via share transfer (sole parent company, holding company)

(1) Company Name	Nippon Express Holdings, Inc.
(2) Location	Kanda-izumicho, Chiyoda-ku, Tokyo
(3) Representative name and title	Mitsuru Saito, president and chief executive officer
(4) Business lines	Management and related operations for corporate group companies
(5) Paid-in capital	70,175 million yen
(6) Establishment	January 04, 2022
(7) Fiscal year end	December 31
(8) Net assets	To be determined
(9) Total assets	To be determined

(*) The local address for (2) Location will be announced as soon as it has been confirmed.

(*) (8) Net assets and (9) Total Assets will be announced as soon as they have been confirmed.

8. Overview of share transfer accounting treatment

This transaction is regarded under corporate accounting as a transaction under common control. Therefore, the transaction will have no impact on profit or loss. No goodwill is expected to result from this share transfer.

9. Future outlook

Nippon Express Co., Ltd. will become a wholly owned subsidiary as a result of this share transfer. Accordingly, Nippon Express operating results will be reflected in the consolidated operating results of the holding company (sole parent). This share transfer will have only a minor impact on operating results.

(Acquisition of Treasury Shares)

At a meeting held April 28, 2021, the Nippon Express Co., Ltd. board of directors resolved matters related to the acquisition of treasury stock according to the provisions of Article 156 of the Companies Act applied mutatis mutandis to the provisions of Article 165, Paragraph 3 of the same Act.

1. Reasons for the acquisition of treasury stock

Treasury stock is to be acquired as a means to return profits to shareholders and improve capital efficiency.

2. Acquisition details

(1) Type of shares to be acquired	Nippon Express Co., Ltd. common stock
(2) Total number of shares to be acquired	Up to 2,000,000 shares
(3) Total cost of acquisition	Up to 10 billion yen
(4) Acquisition period	April 30, 2021 through August 31, 2021
(5) Acquisition method	Market purchase on the Tokyo Stock Exchange

3. Reference Materials

(1) Consolidated Reference Materials

○ Reportable Segment Financial Results

(Unit: Millions of yen, %)

			FY2020	FY2019	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	1,212,803	1,213,597	(793)	(0.1)
			The Americas	78,141	91,068	(12,927)	(14.2)
			Europe	117,134	119,338	(2,204)	(1.8)
			East Asia	143,689	112,048	31,641	28.2
			South Asia & Oceania	114,738	90,112	24,626	27.3
		Subtotal	1,666,507	1,626,165	40,342	2.5	
		Security Transportation	69,239	72,589	(3,349)	(4.6)	
		Heavy Haulage & Construction	45,877	52,358	(6,480)	(12.4)	
		Logistics Support	447,837	471,201	(23,364)	(5.0)	
		Subtotal	2,229,462	2,222,315	7,147	0.3	
	Adjustment	(150,266)	(141,962)	(8,304)	—		
Total	2,079,195	2,080,352	(1,156)	(0.1)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.3] 51,981	[3.5] 42,852	9,128	21.3
			The Americas	[0.6] 487	[3.1] 2,793	(2,306)	(82.6)
			Europe	[2.9] 3,404	[1.5] 1,777	1,626	91.5
			East Asia	[5.9] 8,445	[2.7] 2,992	5,452	182.2
			South Asia & Oceania	[8.6] 9,879	[3.5] 3,155	6,723	213.1
		Subtotal	[4.5] 74,197	[3.3] 53,572	20,625	38.5	
		Security Transportation	[(1.3)] (907)	[(1.5)] (1,073)	165	—	
		Heavy Haulage & Construction	[11.4] 5,219	[11.8] 6,193	(974)	(15.7)	
		Logistics Support	[3.0] 13,645	[2.6] 12,357	1,288	10.4	
		Subtotal	[4.1] 92,156	[3.2] 71,050	21,105	29.7	
	Adjustment	(14,055)	(11,826)	(2,228)	—		
Total	[3.8] 78,100	[2.8] 59,224	18,876	31.9			

(Notes) Figures in brackets indicate operating margin.

o Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

		FY2020	% of Sales	FY2019	% of Sales	Change		
						Amount	Ratio	
Revenues by business	Distribution & transportation business	Motor transportation	352,488	17.0	378,027	18.2	(25,538)	(6.8)
		Marine and harbor transportation	220,382	10.6	237,794	11.4	(17,411)	(7.3)
		Air transportation	419,425	20.2	323,196	15.5	96,228	29.8
		Warehousing & storage	285,133	13.7	294,817	14.2	(9,684)	(3.3)
		Security transportation	67,457	3.2	70,398	3.4	(2,940)	(4.2)
		Heavy haulage & construction	67,667	3.3	73,680	3.5	(6,013)	(8.2)
		Other	292,656	14.1	301,413	14.5	(8,757)	(2.9)
	Subtotal		1,705,211	82.0	1,679,329	80.7	25,881	1.5
	Goods sales business		311,772	15.0	336,712	16.2	(24,940)	(7.4)
	Other		62,211	3.0	64,310	3.1	(2,098)	(3.3)
Total		2,079,195	100.0	2,080,352	100.0	(1,156)	(0.1)	
Operating costs	Personnel expenses	413,471	19.9	421,027	20.2	(7,556)	(1.8)	
	Forwarding costs	323,066	15.5	244,698	11.8	78,368	32.0	
	Vehicle chartering and subcontracting costs	413,483	19.9	470,846	22.6	(57,363)	(12.2)	
	Other	735,867	35.4	774,477	37.2	(38,609)	(5.0)	
Total		1,885,888	90.7	1,911,049	91.9	(25,161)	(1.3)	
Gross profit		193,307	9.3	169,303	8.1	24,004	14.2	
Selling, general and administrative expenses	Personnel expenses	61,910	3.0	61,198	2.9	712	1.2	
	Other	53,296	2.6	48,880	2.3	4,415	9.0	
	Total	115,206	5.5	110,078	5.3	5,127	4.7	
Operating income		78,100	3.8	59,224	2.8	18,876	31.9	
Non-operating income	Interest income	516	0.0	1,048	0.1	(531)	(50.7)	
	Dividend income	2,847	0.1	3,176	0.2	(328)	(10.3)	
	Other	5,568	0.3	5,990	0.3	(421)	(7.0)	
Total		8,933	0.4	10,214	0.5	(1,280)	(12.5)	
Non-operating expenses	Interest expenses	2,878	0.1	2,864	0.1	14	0.5	
	Equity in losses of unconsolidated subsidiaries and affiliates	38	0.0	6,660	0.3	(6,621)	(99.4)	
	Other	2,840	0.1	2,479	0.1	360	14.6	
Total		5,757	0.3	12,004	0.6	(6,246)	(52.0)	
Ordinary income		81,276	3.9	57,434	2.8	23,842	41.5	
Extraordinary income	Gain on sales of non-current assets	14,020	0.7	1,831	0.1	12,188	665.3	
	Gain on sales of investment securities	15,492	0.7	2,444	0.1	13,047	533.7	
	Other	4,761	0.2	175	0.0	4,586	—	
Total		34,274	1.6	4,452	0.2	29,822	669.8	
Extraordinary loss	Loss on disposal of non-current assets	15,641	0.8	6,774	0.3	8,867	130.9	
	Other	15,090	0.7	16,719	0.8	(1,629)	(9.7)	
Total		30,731	1.5	23,493	1.1	7,237	30.8	
Profit before income taxes		84,819	4.1	38,392	1.8	46,426	120.9	
Income taxes		27,019	1.3	19,874	1.0	7,145	36.0	
Profit		57,799	2.8	18,518	0.9	39,281	212.1	
Profit attributable to non-controlling interests		1,697	0.1	1,109	0.1	588	53.1	
Profit attributable to owners of parent		56,102	2.7	17,409	0.8	38,692	222.3	

Total personnel expenses	Operating costs	413,471	19.9	421,027	20.2	(7,556)	(1.8)
	Selling, general and administrative expenses	61,910	3.0	61,198	2.9	712	1.2
	Total	475,381	22.9	482,226	23.2	(6,844)	(1.4)

(Unit: Millions of yen, %)

		FY2021	FY2020	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	956,000	1,212,803	—	—
			The Americas	78,300	78,141	—	—
			Europe	97,700	117,134	—	—
			East Asia	108,400	143,689	—	—
			South Asia & Oceania	92,200	114,738	—	—
		Subtotal	1,332,600	1,666,507	—	—	
		Security Transportation	51,500	69,239	—	—	
		Heavy Haulage & Construction	37,000	45,877	—	—	
		Logistics Support	239,400	447,837	—	—	
		Subtotal	1,660,500	2,229,462	—	—	
	Adjustment	(100,500)	(150,266)	—	—		
Total	1,560,000	2,079,195	—	—			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.3] 40,900	[4.3] 51,981	—	—
			The Americas	[3.4] 2,700	[0.6] 487	—	—
			Europe	[4.3] 4,200	[2.9] 3,404	—	—
			East Asia	[3.2] 3,500	[5.9] 8,445	—	—
			South Asia & Oceania	[6.7] 6,200	[8.6] 9,879	—	—
		Subtotal	[4.3] 57,500	[4.5] 74,197	—	—	
		Security Transportation	[1.6] 800	[(1.3)] (907)	—	—	
		Heavy Haulage & Construction	[11.9] 4,400	[11.4] 5,219	—	—	
		Logistics Support	[2.6] 6,200	[3.0] 13,645	—	—	
		Subtotal	[4.1] 68,900	[4.1] 92,156	—	—	
	Adjustment	(12,900)	(14,055)	—	—		
Total	[3.6] 56,000	[3.8] 78,100	—	—			

(Notes) 1. Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the consolidated financial forecast for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, differences and percentage changes compared to the previous fiscal year are not stated herein.

2. Figures in brackets indicate operating margin.

(Unit: Millions of yen, %)

			First Half of FY2021	First Half of FY2020	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	626,700	561,072	—	—
			The Americas	49,700	37,312	—	—
			Europe	62,800	52,221	—	—
			East Asia	67,600	59,294	—	—
			South Asia & Oceania	60,600	49,203	—	—
		Subtotal	867,400	759,104	—	—	
		Security Transportation	34,300	34,304	—	—	
		Heavy Haulage & Construction	25,400	25,053	—	—	
		Logistics Support	148,200	207,606	—	—	
		Subtotal	1,075,300	1,026,069	—	—	
	Adjustment	(75,300)	(61,604)	—	—		
Total	1,000,000	964,464	—	—			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.1] 25,400	[2.5] 13,815	—	—
			The Americas	[3.4] 1,700	[(0.1)] (45)	—	—
			Europe	[4.1] 2,600	[0.9] 484	—	—
			East Asia	[3.3] 2,200	[4.8] 2,817	—	—
			South Asia & Oceania	[7.3] 4,400	[6.5] 3,197	—	—
		Subtotal	[4.2] 36,300	[2.7] 20,270	—	—	
		Security Transportation	[1.7] 600	[(2.7)] (929)	—	—	
		Heavy Haulage & Construction	[11.4] 2,900	[11.2] 2,817	—	—	
		Logistics Support	[2.6] 3,900	[2.6] 5,387	—	—	
		Subtotal	[4.1] 43,700	[2.7] 27,546	—	—	
	Adjustment	(7,700)	(6,670)	—	—		
Total	[3.6] 36,000	[2.2] 20,875	—	—			

(Notes) 1. Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the consolidated financial forecast for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, quarterly differences and percentage changes compared to the same periods in the previous fiscal year are not stated herein.

2. Figures in brackets indicate operating margin.

○ Changes in Number of Employees as of March 31, 2020 and 2021

(Unit: Persons, %)

	March 31, 2021	March 31, 2020	Change	
			Change	Ratio
Logistics	60,822	61,917	(1,095)	(1.8)
Security Transportation	6,555	6,674	(119)	(1.8)
Heavy Haulage & Construction	846	834	12	1.4
Logistics Support	3,990	3,963	27	0.7
Adjustment	153	161	(8)	(5.0)
Total	72,366	73,549	(1,183)	(1.6)

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2020
Vehicles	12,870
Buildings	58,491
Land	885
Leased assets	11,860
Other	38,895
Total	123,002

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	83,107	Construction of warehouse specializing in pharmaceuticals, ¥31,778 million
		Integrate location of Nippon Express Group, ¥7,731 million
		New international air freight core system, ¥3,930 million, etc.
Nippon Express USA, Inc.	1,715	Warehouse construction in Huntsville Logistics Center
Nippon Express USA, Inc	1,365	Warehouse construction in Chicago Logistics Center

* Amount for Nippon Express does not include leased assets.

* Dedicated pharmaceutical warehouses have been transferred as announced in *Notice Concerning Transfer of Fixed Assets and Recording of Extraordinary Loss*, published March 31, 2021. The company is using said warehouses based on a separately executed lease agreement.

(Unit: Millions of yen)

	Plan amount in FY2021
Vehicles	13,500
Buildings	23,000
Land	0
Leased assets	5,500
Other	28,000
Total	70,000

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	55,000	Integrate location of Nippon Express Group, ¥15,051 million
		New international air freight core system, ¥5,213 million, etc.
Nippon Express (Nederland)	1,515	Warehouse construction in Schiphol Trade Park

* Amount for Nippon Express does not include leased assets.

(2) Non-Consolidated Reference Materials

○ Revenues and Operating Expenses, FY2020

(Unit: Millions of yen, %)

		FY2020		FY2019		Change			
			% of Sales		% of Sales	Amount	Ratio		
Revenues	Railway utilization business		70,999	6.3	78,214	7.0	(7,214)	(9.2)	
	Motor transportation	Small-lot shipment business	41,637	3.7	43,995	3.9	(2,358)	(5.4)	
		Chartered truck business	183,305	16.4	190,649	17.1	(7,344)	(3.9)	
		Subtotal	224,942	20.1	234,644	21.0	(9,702)	(4.1)	
	Marine and harbor transportation	Marine transportation business		93,114	8.3	96,678	8.6	(3,564)	(3.7)
		Harbor transportation business		62,382	5.6	68,247	6.1	(5,864)	(8.6)
		Subtotal		155,497	13.9	164,926	14.7	(9,428)	(5.7)
		(Exports)		[57,961]	—	[62,403]	—	[(4,441)]	[(7.1)]
		(Imports)		[48,842]	—	[50,314]	—	[(1,472)]	[(2.9)]
		(Domestic & other)		[48,693]	—	[52,208]	—	[(3,514)]	[(6.7)]
	Air transportation	Subtotal		217,158	19.4	178,463	15.9	38,694	21.7
		(Exports)		[120,187]	—	[80,228]	—	[39,958]	[49.8]
		(Imports)		[28,798]	—	[25,287]	—	[3,511]	[13.9]
		(Domestic & other)		[68,172]	—	[72,947]	—	[(4,774)]	[(6.5)]
	Warehousing & storage business		138,788	12.4	139,206	12.4	(418)	(0.3)	
	In-factory business		53,465	4.8	50,724	4.5	2,740	5.4	
	Moving & relocation business		48,919	4.3	60,355	5.4	(11,435)	(18.9)	
	Security transportation business		67,484	6.0	70,420	6.3	(2,936)	(4.2)	
	Heavy haulage & construction business		62,515	5.6	68,889	6.2	(6,373)	(9.3)	
	Other businesses		80,942	7.2	73,352	6.6	7,589	10.3	
Total		1,120,712	100.0	1,119,197	100.0	1,514	0.1		
Operating expenses	Total personnel expenses		257,987	23.0	258,873	23.1	(885)	(0.3)	
	Forwarding costs	Railway	38,704	3.4	42,903	3.8	(4,199)	(9.8)	
		Marine	32,211	2.9	32,761	2.9	(550)	(1.7)	
		Air	75,710	6.8	45,359	4.1	30,350	66.9	
	Subtotal		146,626	13.1	121,024	10.8	25,601	21.2	
	Vehicle chartering and subcontracting costs		438,769	39.1	471,244	42.1	(32,474)	(6.9)	
	Depreciation and amortization		30,780	2.7	28,509	2.6	2,270	8.0	
	Facility usage charges		85,749	7.7	79,277	7.1	6,472	8.2	
Other		126,505	11.3	133,488	11.9	(6,982)	(5.2)		
Total		1,086,418	96.9	1,092,417	97.6	(5,998)	(0.5)		
Operating income		34,293	3.1	26,780	2.4	7,513	28.1		

		FY2020		FY2019		Change		
			% of Sales		% of Sales	Amount	Ratio	
First half	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)]
		[Domestic & other]	[23,852]	—	[26,363]	—	[(2,511)]	[(9.5)]
	Air transportation	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)]
		[Domestic & other]	[32,020]	—	[35,966]	—	[(3,945)]	[(11.0)]
	Warehousing & storage business	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)	
Second half	Railway utilization business	37,573	6.2	39,481	7.1	(1,907)	(4.8)	
	Motor transportation	Small-lot shipment business	21,463	3.6	21,725	3.9	(261)	(1.2)
		Chartered truck business	94,830	15.8	95,282	17.1	(451)	(0.5)
		Subtotal	116,294	19.4	117,007	21.0	(713)	(0.6)
	Marine and harbor transportation	Marine transportation business	50,292	8.4	47,836	8.6	2,455	5.1
		Harbor transportation business	32,475	5.4	33,172	5.9	(696)	(2.1)
		Subtotal	82,767	13.8	81,008	14.5	1,758	2.2
		[Exports]	[32,788]	—	[30,601]	—	[2,186]	[7.1]
		[Imports]	[25,137]	—	[24,562]	—	[575]	[2.3]
		[Domestic & other]	[24,841]	—	[25,844]	—	[(1,003)]	[(3.9)]
	Air transportation	Subtotal	131,219	21.9	89,066	16.0	42,152	47.3
		[Exports]	[78,531]	—	[39,395]	—	[39,135]	[99.3]
		[Imports]	[16,536]	—	[12,689]	—	[3,846]	[30.3]
		[Domestic & other]	[36,151]	—	[36,980]	—	[(828)]	[(2.2)]
	Warehousing & storage business	69,284	11.5	69,881	12.6	(597)	(0.9)	
	In-factory business	28,398	4.7	26,359	4.7	2,038	7.7	
	Moving & relocation business	26,938	4.5	28,739	5.2	(1,800)	(6.3)	
	Security transportation business	34,038	5.7	35,057	6.3	(1,019)	(2.9)	
	Heavy haulage & construction business	28,660	4.8	33,511	6.0	(4,851)	(14.5)	
	Other businesses	44,994	7.5	36,796	6.6	8,198	22.3	
Total		600,168	100.0	556,908	100.0	43,260	7.8	

		FY2021 Forecast	% in Sales	FY2020 Actual	% in Sales	Change			
						Amount	Ratio		
Revenues	Railway utilization business		57,500	6.4	70,999	6.3	—	—	
	Motor transportation	Small-lot shipment business	33,500	3.8	41,637	3.7	—	—	
		Chartered truck business	140,000	15.6	183,305	16.4	—	—	
		Subtotal	173,500	19.4	224,942	20.1	—	—	
	Marine and harbor transportation	Marine transportation business		72,500	8.1	93,114	8.3	—	—
		Harbor transportation business		49,000	5.5	62,382	5.6	—	—
		Subtotal		121,500	13.6	155,497	13.9	—	—
		(Exports)		[47,500]	—	[57,961]	—	[—]	[—]
		(Imports)		[38,000]	—	[48,842]	—	[—]	[—]
		(Domestic & other)		[36,000]	—	[48,693]	—	[—]	[—]
	Air transportation	Subtotal		199,000	22.2	217,158	19.4	—	—
		(Exports)		[127,000]	—	[120,187]	—	[—]	[—]
		(Imports)		[19,500]	—	[28,798]	—	[—]	[—]
		(Domestic & other)		[52,500]	—	[68,172]	—	[—]	[—]
	Warehousing & storage business		105,500	11.8	138,788	12.4	—	—	
	In-factory business		42,000	4.7	53,465	4.8	—	—	
	Moving & relocation business		37,000	4.1	48,919	4.3	—	—	
	Security transportation business		50,000	5.6	67,484	6.0	—	—	
	Heavy haulage & construction business		50,000	5.6	62,515	5.6	—	—	
	Other businesses		59,000	6.6	80,942	7.2	—	—	
Total		895,000	100.0	1,120,712	100.0	—	—		
Operating expenses	Total personnel expenses		192,800	21.5	257,987	23.0	—	—	
	Forwarding costs	Railway	31,300	3.5	38,704	3.4	—	—	
		Marine	27,000	3.0	32,211	2.9	—	—	
		Air	85,000	9.5	75,710	6.8	—	—	
	Subtotal		143,300	16.0	146,626	13.1	—	—	
	Vehicle chartering and subcontracting costs		345,400	38.6	438,769	39.1	—	—	
	Depreciation and amortization		22,800	2.6	30,780	2.7	—	—	
	Facility usage charges		68,000	7.6	85,749	7.7	—	—	
Other		98,200	11.0	126,505	11.3	—	—		
Total		870,500	97.3	1,086,418	96.9	—	—		
Operating income		24,500	2.7	34,293	3.1	—	—		
Non-operating income		11,200	1.2	18,643	1.6	—	—		
Non-operating expenses		2,200	0.2	3,598	0.3	—	—		
Ordinary income		33,500	3.7	49,339	4.4	—	—		
Extraordinary income		3,200	0.4	41,170	3.7	—	—		
Extraordinary loss		4,800	0.5	27,810	2.5	—	—		
Profit before income taxes		31,900	3.6	62,699	5.6	—	—		
Income taxes		8,900	1.0	7,906	0.7	—	—		
Profit		23,000	2.6	54,792	4.9	—	—		

(Notes) Nippon Express Co., Ltd. intends to change our fiscal year end from March 31 to December 31, beginning with fiscal year 2021.

Therefore, the consolidated financial forecast for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, differences and percentage changes compared to the previous fiscal year are not stated herein.

○ Financial Results Forecast, First Half of FY2021 (Full Year)

(Unit: Millions of yen, %)

		First Half of FY2021	% in Sales	First Half of FY2020	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization business	37,000	6.3	33,426	6.4	3,573	10.7	
	Motor transportation	Small-lot shipment business	22,000	3.7	20,173	3.9	1,826	9.1
		Chartered truck business	91,500	15.5	88,474	17.0	3,025	3.4
		Subtotal	113,500	19.2	108,648	20.9	4,851	4.5
	Marine and harbor transportation	Marine transportation business	48,500	8.2	42,822	8.2	5,677	13.3
		Harbor transportation business	32,500	5.5	29,907	5.8	2,592	8.7
		Subtotal	81,000	13.7	72,729	14.0	8,270	11.4
		(Exports)	[32,000]	—	[25,172]	—	[6,827]	[27.1]
		(Imports)	[25,000]	—	[23,704]	—	[1,295]	[5.5]
		(Domestic & other)	[24,000]	—	[23,852]	—	[147]	[0.6]
	Air transportation	Subtotal	131,500	22.3	85,938	16.5	45,561	53.0
		(Exports)	[85,000]	—	[41,655]	—	[43,344]	[104.1]
		(Imports)	[12,500]	—	[12,262]	—	[237]	[1.9]
		(Domestic & other)	[34,000]	—	[32,020]	—	[1,979]	[6.2]
		Warehousing & storage business	70,000	11.9	69,503	13.4	496	0.7
		In-factory business	26,500	4.5	25,066	4.8	1,433	5.7
		Moving & relocation business	26,500	4.5	21,980	4.2	4,519	20.6
		Security transportation business	33,000	5.6	33,446	6.4	(446)	(1.3)
		Heavy haulage & construction business	34,000	5.7	33,854	6.5	145	0.4
		Other businesses	37,000	6.3	35,948	6.9	1,051	2.9
	Total	590,000	100.0	520,543	100.0	69,456	13.3	
Operating expenses	Total personnel expenses	128,000	21.7	128,476	24.7	(476)	(0.4)	
	Forwarding costs	Railway	20,000	3.4	18,082	3.5	1,917	10.6
		Marine	18,000	3.1	13,796	2.7	4,203	30.5
		Air	56,900	9.6	22,628	4.3	34,271	151.4
		Subtotal	94,900	16.1	54,507	10.5	40,392	74.1
	Vehicle chartering and subcontracting costs	228,500	38.7	212,212	40.7	16,287	7.7	
	Depreciation and amortization	15,000	2.5	14,822	2.8	177	1.2	
	Facility usage charges	44,200	7.5	41,634	8.0	2,565	6.2	
	Other	63,400	10.8	60,240	11.6	3,159	5.2	
		Total	574,000	97.3	511,893	98.3	62,106	12.1
	Operating income	16,000	2.7	8,649	1.7	7,350	85.0	
	Non-operating income	10,400	1.7	14,267	2.7	(3,867)	(27.1)	
	Non-operating expenses	1,400	0.2	1,718	0.3	(318)	(18.5)	
	Ordinary income	25,000	4.2	21,198	4.1	3,801	17.9	
	Extraordinary income	2,200	0.4	14,814	2.8	(12,614)	(85.1)	
	Extraordinary loss	3,600	0.6	2,257	0.4	1,342	59.5	
	Profit before income taxes	23,600	4.0	33,756	6.5	(10,156)	(30.1)	
	Income taxes	6,600	1.1	9,270	1.8	(2,670)	(28.8)	
	Profit	17,000	2.9	24,485	4.7	(7,485)	(30.6)	