

Summary of Consolidated Earnings Report for the First 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: August 7, 2020

Scheduled date of dividend payment: —

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 to June 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	%
Three Months Ended June 30, 2020	472,033	(9.2)	4,477	(57.9)	6,341	(51.9)	9,608	32.0
Three Months Ended June 30, 2019	519,758	0.7	10,629	(37.5)	13,171	(28.2)	7,280	(30.7)

(Note) Comprehensive income:

Three Months Ended June 30, 2020: ¥7,745 million [11.2%]

Three Months Ended June 30, 2019: ¥6,965 million [29.1%]

	Basic earnings per share	Diluted earnings per share
Three Months Ended June 30, 2020	¥ 103.39	¥ —
Three Months Ended June 30, 2019	76.99	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2020	1,522,105	556,220	35.5
As of March 31, 2020	1,518,037	556,506	35.5

(Reference) Equity: As of June 30, 2020: ¥539,823 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	—				
Fiscal Year Ending March 31, 2021 (Forecast)		75.00	—	80.00	155.00

(Note) Revision of dividend projection from recently announced figures: Yes

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	%	¥
Interim	960,000	(7.6)	16,500	(43.4)	19,000	(42.1)	19,000	(0.1)	204.46
Full year	2,000,000	(3.9)	45,000	(24.0)	49,000	(14.7)	33,000	89.6	355.11

(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 June 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 June 30, 2020	3,071,186 shares	As of March 31, 2020	3,070,738 shares
3) Average number of shares during period	Three Months Ended June 30, 2020	92,928,633 shares	Three Months Ended June 30, 2019	94,569,198 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 June 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

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 July 31, 2020.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

The global economy during the first quarter of the current fiscal year presented an extremely challenging business environment. The expansion of global restrictions to impede the spread of COVID-19 led to suspensions of corporate production and sales activities, significant limitations on private consumption, deteriorating corporate earnings, and a declining hiring and wage environment. These factors resulted in a rapid economic recession in Japan and other countries around the world.

In the midst of this economic circumstances, the logistics industry experienced a significant decrease in freight forwarding demand for production-related cargo and consumption-related cargo due to suspensions of production activities in Japan around the world, as well as sluggishness in consumption and global trade. Although cargo movement was firm for certain businesses and products, including e-commerce-related cargo, digital-related products, pharmaceuticals, food, and other retail-related, cargo movement was weak overall.

Under this economic environment, the Nippon Express Group recorded lower first quarter revenues year on year in all segments, as well as lower segment income in Japan, the Americas, Europe, East Asia, South Asia and Oceania. This result was mainly due to the impact of the spread of COVID-19.

As a result, first quarter revenues decreased by ¥47.7 billion, or 9.2% year on year, to ¥472.0 billion. Operating income decreased by ¥6.1 billion, or 57.9%, to ¥4.4 billion. Ordinary income decreased by ¥6.8 billion, or 51.9%, to ¥6.3 billion and profit attributable to owners of parent increased by ¥2.3 billion, or 32.0% year on year, to ¥9.6 billion.

(2) Explanation of Financial Position

Total assets as of the end of the consolidated first quarter amounted to ¥1,522.1 billion, an increase of ¥4.0 billion, or 0.3%, compared to the end of the previous consolidated fiscal year.

Current assets amounted to ¥672.6 billion, an increase of ¥300 million, or 0.1%, compared to the end of the previous consolidated fiscal year. Non-current assets totaled ¥849.4 billion, an increase of ¥3.7 billion, or 0.4%.

The increase in current assets was mainly attributable to an increase in cash and deposits.

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

Current liabilities amounted to ¥409.3 billion, a decrease of ¥55.8 billion, or 12.0%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥556.5 billion, an increase of ¥60.2 billion, or 12.1%.

The decrease in 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 first quarter amounted to ¥556.2 billion, a decrease of ¥200 million, or 0.1%, compared to the end of the previous consolidated fiscal year.

(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 in earnings and dividends forecasts for the fiscal year ending March 2021 compared to the Summary of Consolidated Earnings Report for the Fiscal Year Ended March 31, 2020, published on April 28, 2020, in which we originally announced our forecasts as yet to be determined.

For consolidated earnings forecasts, see 3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2020 (Full Year) and 3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2020 (Cumulative Consolidated Second Quarter). For non-consolidated earnings forecasts, see 3. Reference Materials (2) Non-Consolidated Reference Materials, Forecast of Financial Results for FY2020 (Full Year) and 3. Reference Materials (2) Non-Consolidated Reference Materials, Forecast of Financial Results for FY2020 (Cumulative Second Quarter).

a. Revisions to Earnings Forecasts

A. Revised consolidated earnings forecast for the six months ending September 30, 2020
(April 1, 2020 to September 30, 2020)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (April 28, 2020)	¥ million —	¥ million —	¥ million —	¥ million —	¥ —
Revised forecast (B)	960,000	16,500	19,000	19,000	204.46
Difference (B-A)	—	—	—	—	
Difference (%)	—	—	—	—	
(Reference) Results for the six months ended September 30, 2019	1,038,952	29,128	32,830	19,010	201.07

B. 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) (April 28, 2020)	¥ million —	¥ million —	¥ million —	¥ million —	¥ —
Revised forecast (B)	2,000,000	45,000	49,000	33,000	355.11
Difference (B-A)	—	—	—	—	
Difference (%)	—	—	—	—	
(Reference) Prior-year results (FYE March 2020)	2,080,352	59,224	57,434	17,409	185.06

C. Revised non-consolidated earnings forecast for the six months ending September 30, 2020
(April 1, 2020 to September 30, 2020)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
Previously announced forecast (A) (April 28, 2020)	¥ million —	¥ million —	¥ million —	¥ million —	¥ —
Revised forecast (B)	525,000	7,000	18,000	21,000	225.98
Difference (B-A)	—	—	—	—	
Difference (%)	—	—	—	—	
(Reference) Results for the six months ended September 30, 2019	562,288	11,109	18,255	11,246	118.96

D. Revised non-consolidated earnings forecast for the fiscal year ending March 2021
(April 1, 2020 to March 31, 2021)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
Previously announced forecast (A) (April 28, 2020)	¥ million —	¥ million —	¥ million —	¥ million —	¥ —
Revised forecast (B)	1,080,000	23,000	38,000	29,000	312.07
Difference (B-A)	—	—	—	—	
Difference (%)	—	—	—	—	
(Reference) Prior-year results (FYE March 2020)	1,119,197	26,780	36,852	21,859	232.36

E. Reasons for Revision of Financial Results Forecasts

In our announcement on April 28, 2020, we left earnings forecast for the fiscal year ending March 2021 as yet to be determined, due to the difficulty in conducting rational calculations stemming from the impact of COVID-19. We have now made calculations based on information available at present, announcing our forecasts herein.

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

b. Revisions to Dividends Forecasts

A. Revised forecasts for the fiscal year ending March 2021

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Previous Forecast (April 28, 2020)	— ¥	— ¥	— ¥	— ¥	— ¥
Revised forecast	—	75.00	—	80.00	155.00
Prior-year results (FYE March 2020)	—	75.00	—	80.00	155.00

B. Reasons for Revision of Dividend Forecasts

We left dividends forecasts for the fiscal year ending March 2021 as yet to be determined, due to the difficulty in calculating fiscal year earnings forecasts. Based on our announcement of earnings forecasts today, we forecast annual dividends per share of ¥155, consisting of an interim dividend of ¥75 per share and year-end dividend of ¥80 per share.

*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)	First Quarter of FY2020 (as of June 30, 2020)
ASSETS		
Current assets		
Cash and deposits	141,319	154,633
Notes receivable - trade	25,745	24,031
Accounts receivable - trade	305,843	285,529
Inventories	9,105	10,112
Other	191,376	199,390
Less: allowance for doubtful accounts	(1,077)	(1,028)
Total current assets	672,312	672,667
Non-current assets:		
Property and equipment		
Vehicles, net	50,655	50,966
Buildings, net	252,066	246,698
Land	198,667	196,743
Other, net	113,041	120,851
Net property and equipment	614,431	615,259
Intangible assets		
Goodwill	2,644	2,452
Other	71,852	72,717
Total intangible assets	74,496	75,170
Investments and other assets		
Investment securities	89,422	92,199
Other	68,316	67,752
Less: allowance for doubtful accounts	(942)	(943)
Total investments and other assets	156,796	159,007
Total non-current assets	845,724	849,437
Total assets	1,518,037	1,522,105
LIABILITIES		
Current liabilities:		
Notes payable - trade	5,599	7,229
Accounts payable - trade	162,287	136,320
Short-term loans payable	67,136	40,901
Income taxes payable	14,925	8,613
Provision for bonuses	25,918	14,403
Other provisions	107	15
Other	189,235	201,880
Total current liabilities	465,209	409,364
Non-current liabilities:		
Bonds payable	100,000	150,000
Long-term loans payable	219,006	228,228
Other provisions	1,409	1,326
Net retirement benefit liability	133,134	134,277
Other	42,770	42,689
Total non-current liabilities	496,320	556,521
Total liabilities	961,530	965,885

(Unit: Millions of yen)

	FY2019 (as of March 31, 2020)	First Quarter of FY2020 (as of June 30, 2020)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,637	22,637
Retained earnings	461,499	463,663
Treasury stock	(18,251)	(18,253)
Total shareholders' equity	536,060	538,222
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	29,573	32,361
Deferred gains (losses) on hedges	(124)	(107)
Foreign currency translation adjustments	(5,062)	(11,274)
Remeasurements of retirement benefit plans	(20,981)	(19,378)
Total accumulated other comprehensive income	3,404	1,601
Non-controlling interests	17,041	16,396
Total net assets	556,506	556,220
Total liabilities and net assets	1,518,037	1,522,105

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

(Unit: Millions of yen)

	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Revenue	519,758	472,033
Operating costs	482,242	439,982
Gross profit	37,516	32,051
Selling, general and administrative expenses:	26,887	27,574
Operating income	10,629	4,477
Non-operating income:		
Interest income	211	171
Dividend income	1,681	1,575
Equity in earnings of unconsolidated subsidiaries and affiliates	283	—
Other	1,461	1,879
Total non-operating income	3,637	3,626
Non-operating expenses:		
Interest expenses	734	699
Equity in losses of unconsolidated subsidiaries and affiliates	—	303
Other	360	759
Total non-operating expenses	1,094	1,762
Ordinary income	13,171	6,341
Extraordinary income:		
Gain on sales of non-current assets	118	11,334
Gain on sales of investment securities	-	1,410
Other	0	8
Total extraordinary income	119	12,753
Extraordinary loss:		
Loss on disposal of non-current assets	523	1,332
Other	83	18
Total extraordinary loss	606	1,350
Profit before income taxes	12,685	17,744
Income taxes	5,143	8,251
Profit	7,541	9,493
Profit (loss) attributable to non-controlling interests	260	(115)
Profit attributable to owners of parent	7,280	9,608

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)
Profit	7,541	9,493
Other comprehensive income:		
Valuation differences on available-for-sale securities	(1,508)	2,791
Deferred gains (losses) on hedges	(51)	16
Foreign currency translation adjustments	10	(6,160)
Remeasurements of retirement benefit plans	939	1,781
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	33	(176)
Other comprehensive income (loss)	(576)	(1,748)
Comprehensive income:	6,965	7,745
(Comprehensive income attributable to)		
Owners of parent	6,723	7,804
Non-controlling interests	241	(59)

(3) 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 first quarter ended June 30, 2020, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

Three Months Ended June 30, 2019 (April 1, 2019 to June 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	299,320	20,069	28,301	25,134	20,218
Intersegment	3,197	3,962	1,585	2,436	1,776
Total	302,518	24,032	29,886	27,570	21,995
Segment Income (loss)	7,304	862	730	630	750

	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	18,389	13,380	94,942	519,758	—	519,758
Intersegment	12	15	19,568	32,554	(32,554)	—
Total	18,402	13,396	114,511	552,313	(32,554)	519,758
Segment Income (loss)	(1,195)	1,061	2,707	12,853	(2,224)	10,629

(Notes)1. Segment income adjustment of ¥(2,224) million includes ¥14 million for the elimination of intersegment income and ¥(2,267) 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.

Three Months Ended June 30, 2020 (April 1, 2020 to June 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	270,306	17,913	26,304	24,623	20,365
Intersegment	3,017	2,649	1,140	1,956	1,509
Total	273,324	20,563	27,444	26,579	21,874
Segment Income (loss)	2,360	(4)	258	503	721

	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	16,899	13,140	82,481	472,033	—	472,033
Intersegment	17	6	19,228	29,525	(29,525)	—
Total	16,916	13,146	101,709	501,559	(29,525)	472,033
Segment Income (loss)	(830)	1,549	2,772	7,330	(2,852)	4,477

(Notes)1. The segment income adjustment of ¥(2,852) million includes ¥40 million for the elimination of intersegment income, and ¥(2,916) 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, %)

				Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	273,324	302,518	(29,193)	(9.7)		
			The Americas	20,563	24,032	(3,469)	(14.4)		
			Europe	27,444	29,886	(2,442)	(8.2)		
			East Asia	26,579	27,570	(990)	(3.6)		
			South Asia & Oceania	21,874	21,995	(121)	(0.6)		
			Subtotal	369,786	406,003	(36,217)	(8.9)		
		Security Transportation	16,916	18,402	(1,485)	(8.1)			
		Heavy Haulage & Construction	13,146	13,396	(249)	(1.9)			
		Logistics Support	101,709	114,511	(12,801)	(11.2)			
		Subtotal	501,559	552,313	(50,754)	(9.2)			
		Adjustment	(29,525)	(32,554)	3,029	—			
		Total	472,033	519,758	(47,725)	(9.2)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[0.9] 2,360	[2.4] 7,304	(4,944)	(67.7)		
			The Americas	[(0.0)] (4)	[3.6] 862	(867)	—		
			Europe	[0.9] 258	[2.4] 730	(471)	(64.6)		
			East Asia	[1.9] 503	[2.3] 630	(127)	(20.2)		
			South Asia & Oceania	[3.3] 721	[3.4] 750	(28)	(3.8)		
			Subtotal	[1.0] 3,839	[2.5] 10,279	(6,439)	(62.7)		
		Security Transportation	[(4.9)] (830)	[(6.5)] (1,195)	364	—			
		Heavy Haulage & Construction	[11.8] 1,549	[7.9] 1,061	487	45.9			
		Logistics Support	[2.7] 2,772	[2.4] 2,707	64	2.4			
		Subtotal	[1.5] 7,330	[2.3] 12,853	(5,522)	(43.0)			
		Adjustment	(2,852)	(2,224)	(628)	—			
		Total	[0.9] 4,477	[2.0] 10,629	(6,151)	(57.9)			

(Notes) Figures in brackets indicate operating margin.

o Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Change	
				% of Sales		% of Sales	Amount	Ratio
Revenues by business	Distribution & transportation business	Motor transportation	81,940	17.4	92,142	17.7	(10,201)	(11.1)
		Marine and harbor transportation	53,358	11.3	59,847	11.5	(6,488)	(10.8)
		Air transportation	79,025	16.7	82,538	15.9	(3,512)	(4.3)
		Warehousing & storage	69,672	14.8	73,631	14.2	(3,958)	(5.4)
		Security transportation	16,538	3.5	17,690	3.4	(1,151)	(6.5)
		Heavy haulage & construction	18,653	4.0	18,565	3.6	87	0.5
		Other	64,768	13.7	74,627	14.4	(9,859)	(13.2)
	Subtotal		383,957	81.3	419,042	80.6	(35,085)	(8.4)
	Goods sales business		73,394	15.5	84,430	16.2	(11,035)	(13.1)
	Other		14,682	3.1	16,286	3.1	(1,603)	(9.8)
Total		472,033	100.0	519,758	100.0	(47,725)	(9.2)	
Operating costs	Personnel expenses		105,003	22.2	110,480	21.3	(5,476)	(5.0)
	Forwarding costs		58,891	12.5	63,337	12.2	(4,446)	(7.0)
	Vehicle chartering and subcontracting costs		103,424	21.9	118,408	22.8	(14,983)	(12.7)
	Other		172,662	36.6	190,016	36.6	(17,353)	(9.1)
Total		439,982	93.2	482,242	92.8	(42,259)	(8.8)	
Gross profit		32,051	6.8	37,516	7.2	(5,465)	(14.6)	
Personnel expenses		15,799	3.3	15,375	3.0	423	2.8	
Other		11,775	2.5	11,511	2.2	263	2.3	
Selling, general and administrative expenses		27,574	5.8	26,887	5.2	686	2.6	
Operating income		4,477	0.9	10,629	2.0	(6,151)	(57.9)	
Interest income		171	0.0	211	0.0	(40)	(19.1)	
Dividend income		1,575	0.3	1,681	0.3	(105)	(6.3)	
Equity in earnings of unconsolidated subsidiaries and affiliates		—	—	283	0.1	(283)	(100.0)	
Other		1,879	0.4	1,461	0.3	417	28.6	
Non-operating income		3,626	0.8	3,637	0.7	(11)	(0.3)	
Interest expenses		699	0.1	734	0.1	(34)	(4.8)	
Equity in losses of unconsolidated subsidiaries and affiliates		303	0.1	—	—	303	—	
Other		759	0.2	360	0.1	398	110.5	
Non-operating expenses		1,762	0.4	1,094	0.2	667	60.9	
Ordinary income		6,341	1.3	13,171	2.5	(6,830)	(51.9)	
Gain on sales of non-current assets		11,334	2.4	118	0.0	11,215	—	
Gain on sales of investment securities		1,410	0.3	—	—	1,410	—	
Other		8	0.0	0	0.0	7	937.4	
Extraordinary income		12,753	2.7	119	0.0	12,633	—	
Loss on disposal of non-current assets		1,332	0.3	523	0.1	808	154.6	
Other		18	0.0	83	0.0	(64)	(78.0)	
Extraordinary loss		1,350	0.3	606	0.1	744	122.7	
Profit before income taxes		17,744	3.8	12,685	2.4	5,059	39.9	
Income taxes		8,251	1.7	5,143	1.0	3,107	60.4	
Profit		9,493	2.0	7,541	1.5	1,951	25.9	
Profit attributable to non-controlling interests		(115)	(0.0)	260	0.1	(375)	—	
Profit attributable to owners of parent		9,608	2.0	7,280	1.4	2,327	32.0	
Total personnel expenses	Operating costs		105,003	22.2	110,480	21.3	(5,476)	(5.0)
	Selling, general and administrative expenses		15,799	3.3	15,375	3.0	423	2.8
	Total		120,802	25.6	125,856	24.2	(5,053)	(4.0)

			FY2020	FY2019	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	1,167,200	1,213,597	(46,397)	(3.8)
			The Americas	81,700	91,068	(9,368)	(10.3)
			Europe	107,200	119,338	(12,138)	(10.2)
			East Asia	119,200	112,048	7,151	6.4
			South Asia & Oceania	97,200	90,112	7,087	7.9
		Subtotal	1,572,500	1,626,165	(53,665)	(3.3)	
		Security Transportation	70,000	72,589	(2,589)	(3.6)	
		Heavy Haulage & Construction	50,900	52,358	(1,458)	(2.8)	
		Logistics Support	433,200	471,201	(38,001)	(8.1)	
		Subtotal	2,126,600	2,222,315	(95,715)	(4.3)	
	Adjustment	(126,600)	(141,962)	15,362	—		
Total	2,000,000	2,080,352	(80,352)	(3.9)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[2.8] 33,100	[3.5] 42,852	(9,752)	(22.8)
			The Americas	[0.1] 100	[3.1] 2,793	(2,693)	(96.4)
			Europe	[0.3] 300	[1.5] 1,777	(1,477)	(83.1)
			East Asia	[3.0] 3,600	[2.7] 2,992	607	20.3
			South Asia & Oceania	[5.0] 4,900	[3.5] 3,155	1,744	55.3
		Subtotal	[2.7] 42,000	[3.3] 53,572	(11,572)	(21.6)	
		Security Transportation	[(1.7)] (1,200)	[(1.5)] (1,073)	(126)	—	
		Heavy Haulage & Construction	[11.8] 6,000	[11.8] 6,193	(193)	(3.1)	
		Logistics Support	[2.5] 10,900	[2.6] 12,357	(1,457)	(11.8)	
		Subtotal	[2.7] 57,700	[3.2] 71,050	(13,350)	(18.8)	
	Adjustment	(12,700)	(11,826)	(873)	—		
Total	[2.3] 45,000	[2.8] 59,224	(14,224)	(24.0)			

(Notes) Figures in brackets indicate operating margin.

(Unit: Millions of yen, %)

			First Half of FY2020	First Half of FY2019	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	563,100	610,317	(47,217)	(7.7)
			The Americas	38,200	47,766	(9,566)	(20.0)
			Europe	52,700	58,883	(6,183)	(10.5)
			East Asia	57,900	55,930	1,969	3.5
			South Asia & Oceania	49,100	44,135	4,964	11.2
		Subtotal	761,000	817,033	(56,033)	(6.9)	
		Security Transportation	34,300	36,414	(2,114)	(5.8)	
		Heavy Haulage & Construction	27,300	27,247	52	0.2	
		Logistics Support	200,100	228,347	(28,247)	(12.4)	
		Subtotal	1,022,700	1,109,042	(86,342)	(7.8)	
Adjustment	(62,700)	(70,089)	7,389	—			
Total	960,000	1,038,952	(78,952)	(7.6)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[1.8] 10,100	[3.4] 20,581	(10,481)	(50.9)
			The Americas	[(0.3)] (100)	[4.0] 1,927	(2,027)	—
			Europe	[0.2] 100	[2.1] 1,226	(1,126)	(91.8)
			East Asia	[3.6] 2,100	[2.8] 1,562	537	34.4
			South Asia & Oceania	[6.7] 3,300	[3.6] 1,581	1,718	108.7
		Subtotal	[2.0] 15,500	[3.3] 26,880	(11,380)	(42.3)	
		Security Transportation	[(3.2)] (1,100)	[(3.5)] (1,277)	177	—	
		Heavy Haulage & Construction	[13.2] 3,600	[9.8] 2,666	933	35.0	
		Logistics Support	[2.5] 5,100	[2.5] 5,779	(679)	(11.8)	
		Subtotal	[2.3] 23,100	[3.1] 34,048	(10,948)	(32.2)	
Adjustment	(6,600)	(4,920)	(1,679)	—			
Total	[1.7] 16,500	[2.8] 29,128	(12,628)	(43.4)			

(Notes) Figures in brackets indicate operating margin.

○ Capital Expenditures

(Unit: Millions of yen)

	Plan in FY2020
Vehicles	14,000
Buildings	62,000
Land	1,000
Leased assets	5,500
Other	42,500
Total	125,000

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	95,000	Construction of warehouse specializing in pharmaceuticals, ¥43,148 million New international air freight core system, ¥7,744 million, etc.
Nippon Express USA. Inc.	2,975	Warehouse construction in Chicago Wood Dale
Nippon Express USA. Inc.	2,504	Warehouse construction in Alabama Huntsville Distribution Center

* Amount for Nippon Express does not include leased assets.

* We intend to lease warehouses specializing in pharmaceuticals after selling the warehouses to generate asset liquidity.

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

(Unit: Millions of yen, %)

		Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Change		
			% of Sales		% of Sales	Amount	Ratio	
Revenues	Railway utilization business	16,189	6.4	19,071	6.8	(2,882)	(15.1)	
	Motor transportation	Small-lot shipment business	10,038	3.9	11,101	4.0	(1,062)	(9.6)
		Chartered truck business	41,853	16.4	45,865	16.4	(4,011)	(8.7)
		Subtotal	51,892	20.3	56,966	20.4	(5,074)	(8.9)
	Marine and harbor transportation	Marine transportation business	21,506	8.4	24,215	8.7	(2,708)	(11.2)
		Harbor transportation business	15,150	6.0	17,664	6.3	(2,514)	(14.2)
		Subtotal	36,657	14.4	41,879	15.0	(5,222)	(12.5)
		(Exports)	[12,879]	—	[16,080]	—	[(3,200)]	(19.9)
		(Imports)	[11,854]	—	[12,648]	—	[(794)]	(6.3)
		(Domestic & other)	[11,923]	—	[13,151]	—	[(1,227)]	(9.3)
	Air transportation	Subtotal	41,929	16.4	45,407	16.2	(3,478)	(7.7)
		(Exports)	[20,836]	—	[21,834]	—	[(997)]	(4.6)
		(Imports)	[6,212]	—	[6,139]	—	[72]	1.2
		(Domestic & other)	[14,880]	—	[17,433]	—	[(2,553)]	(14.6)
	Warehousing & storage business	34,526	13.5	34,196	12.2	330	1.0	
	In-factory business	12,137	4.8	11,862	4.3	275	2.3	
	Moving & relocation business	11,077	4.3	17,198	6.2	(6,120)	(35.6)	
	Security transportation business	16,544	6.5	17,695	6.3	(1,150)	(6.5)	
	Heavy haulage & construction business	17,622	6.9	17,420	6.2	202	1.2	
Other businesses	16,474	6.5	17,936	6.4	(1,462)	(8.2)		
Total	255,052	100.0	279,633	100.0	(24,581)	(8.8)		
Operating expenses	Total personnel expenses	64,929	25.4	69,681	24.9	(4,752)	(6.8)	
	Forwarding costs	Railway	8,748	3.4	10,519	3.8	(1,770)	(16.8)
		Marine	7,017	2.8	8,164	2.9	(1,146)	(14.0)
		Air	11,032	4.3	12,712	4.5	(1,680)	(13.2)
		Subtotal	26,798	10.5	31,395	11.2	(4,597)	(14.6)
	Vehicle chartering and subcontracting costs	104,041	40.8	117,397	42.0	(13,355)	(11.4)	
	Depreciation and amortization	7,363	2.9	6,924	2.5	438	6.3	
	Facility usage charges	20,649	8.1	19,247	6.9	1,402	7.3	
	Other	29,229	11.5	32,306	11.5	(3,077)	(9.5)	
	Total	253,012	99.2	276,954	99.0	(23,941)	(8.6)	
Operating income	2,039	0.8	2,679	1.0	(640)	(23.9)		
Non-operating income	10,455	4.1	7,411	2.6	3,044	41.1		
Non-operating expenses	1,016	0.4	745	0.3	270	36.3		
Ordinary income	11,479	4.5	9,345	3.3	2,133	22.8		
Extraordinary income	10,924	4.3	58	0.0	10,865	—		
Extraordinary loss	1,364	0.6	645	0.2	719	111.6		
Profit before income taxes	21,039	8.2	8,759	3.1	12,279	140.2		
Income taxes	5,844	2.2	2,447	0.8	3,396	138.7		
Profit	15,194	6.0	6,311	2.3	8,883	140.8		

○ 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	73,500	6.8	78,214	7.0	(4,714)	(6.0)	
	Motor transportation	Small-lot shipment business	42,000	3.9	43,995	3.9	(1,995)	(4.5)
		Chartered truck business	185,500	17.1	190,649	17.1	(5,149)	(2.7)
		Subtotal	227,500	21.0	234,644	21.0	(7,144)	(3.0)
	Marine and harbor transportation	Marine transportation business	91,000	8.4	96,678	8.6	(5,678)	(5.9)
		Harbor transportation business	64,000	5.9	68,247	6.1	(4,247)	(6.2)
		Subtotal	155,000	14.3	164,926	14.7	(9,926)	(6.0)
		(Exports)	[54,000]	—	[62,403]	—	[(8,403)]	(13.5)
		(Imports)	[48,500]	—	[50,314]	—	[(1,814)]	(3.6)
	Air transportation	(Domestic & other)	[52,500]	—	[52,208]	—	[291]	0.6
		Subtotal	178,000	16.5	178,463	15.9	(463)	(0.3)
		(Exports)	[85,300]	—	[80,228]	—	[5,071]	6.3
		(Imports)	[25,700]	—	[25,287]	—	[412]	1.6
	Other businesses	(Domestic & other)	[67,000]	—	[72,947]	—	[(5,947)]	(8.2)
		Warehousing & storage business	141,500	13.1	139,206	12.4	2,293	1.6
		In-factory business	55,000	5.1	50,724	4.5	4,275	8.4
		Moving & relocation business	44,000	4.1	60,355	5.4	(16,355)	(27.1)
		Security transportation business	65,500	6.1	70,420	6.3	(4,920)	(7.0)
		Heavy haulage & construction business	70,000	6.5	68,889	6.2	1,110	1.6
		Other businesses	70,000	6.5	73,352	6.6	(3,352)	(4.6)
Total		1,080,000	100.0	1,119,197	100.0	(39,197)	(3.5)	
Operating expenses		Total personnel expenses	254,000	23.5	258,873	23.1	(4,873)	(1.9)
		Forwarding costs	Railway	40,000	3.7	42,903	3.8	(2,903)
	Marine		29,500	2.7	32,761	2.9	(3,261)	(10.0)
	Air		47,000	4.4	45,359	4.1	1,640	3.6
	Subtotal		116,500	10.8	121,024	10.8	(4,524)	(3.7)
	Vehicle chartering and subcontracting costs	448,700	41.6	471,244	42.1	(22,544)	(4.8)	
	Depreciation and amortization	31,500	2.9	28,509	2.6	2,990	10.5	
	Facility usage charges	83,500	7.7	79,277	7.1	4,222	5.3	
Other	122,800	11.4	133,488	11.9	(10,688)	(8.0)		
Total	1,057,000	97.9	1,092,417	97.6	(35,417)	(3.2)		
Operating income	23,000	2.1	26,780	2.4	(3,780)	(14.1)		
Non-operating income	18,330	1.7	13,384	1.2	4,945	36.9		
Non-operating expenses	3,330	0.3	3,312	0.3	17	0.5		
Ordinary income	38,000	3.5	36,852	3.3	1,147	3.1		
Extraordinary income	16,500	1.5	1,978	0.2	14,521	734.1		
Extraordinary loss	14,500	1.3	8,599	0.8	5,900	68.6		
Profit before income taxes	40,000	3.7	30,231	2.7	9,768	32.3		
Income taxes	11,000	1.0	8,372	0.7	2,627	31.4		
Profit	29,000	2.7	21,859	2.0	7,140	32.7		

○ Financial Results Forecast, First Half of FY2020

(Unit: Millions of yen, %)

		First Half of FY2020		First Half of FY2019		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization business	34,500	6.6	38,733	6.9	(4,233)	(10.9)	
	Motor transportation	Small-lot shipment business	20,500	3.9	22,270	4.0	(1,770)	(7.9)
		Chartered truck business	89,000	17.0	95,367	16.9	(6,367)	(6.7)
		Subtotal	109,500	20.9	117,637	20.9	(8,137)	(6.9)
	Marine and harbor transportation	Marine transportation business	44,500	8.5	48,841	8.7	(4,341)	(8.9)
		Harbor transportation business	31,000	5.9	35,075	6.2	(4,075)	(11.6)
		Subtotal	75,500	14.4	83,917	14.9	(8,417)	(10.0)
		(Exports)	[25,500]	—	[31,801]	—	[(6,301)]	(19.8)
		(Imports)	[24,000]	—	[25,752]	—	[(1,752)]	(6.8)
	Air transportation	(Domestic & other)	[26,000]	—	[26,363]	—	[(363)]	(1.4)
		Subtotal	85,700	16.3	89,396	15.9	(3,696)	(4.1)
		(Exports)	[42,000]	—	[40,832]	—	[1,167]	2.9
		(Imports)	[12,700]	—	[12,597]	—	[102]	0.8
	Other businesses	(Domestic & other)	[31,000]	—	[35,966]	—	[(4,966)]	(13.8)
		Warehousing & storage business	70,500	13.4	69,325	12.3	1,174	1.7
		In-factory business	25,500	4.8	24,364	4.4	1,135	4.7
		Moving & relocation business	21,000	4.0	31,616	5.6	(10,616)	(33.6)
		Security transportation business	32,500	6.2	35,363	6.3	(2,863)	(8.1)
		Heavy haulage & construction business	36,000	6.9	35,377	6.3	622	1.8
Other businesses		34,300	6.5	36,556	6.5	(2,256)	(6.2)	
Total		525,000	100.0	562,288	100.0	(37,288)	(6.6)	
Operating expenses		Total personnel expenses	129,700	24.7	133,288	23.7	(3,588)	(2.7)
		Forwarding costs	Railway	19,000	3.6	21,322	3.8	(2,322)
	Marine		14,500	2.8	16,471	2.9	(1,971)	(12.0)
	Air		23,000	4.4	23,880	4.3	(880)	(3.7)
	Subtotal	56,500	10.8	61,673	11.0	(5,173)	(8.4)	
	Vehicle chartering and subcontracting costs	215,900	41.1	238,064	42.3	(22,164)	(9.3)	
	Depreciation and amortization	14,900	2.8	13,993	2.5	906	6.5	
	Facility usage charges	41,200	7.9	38,936	6.9	2,263	5.8	
Other	59,800	11.4	65,222	11.6	(5,422)	(8.3)		
Total	518,000	98.7	551,179	98.0	(33,179)	(6.0)		
Operating income	7,000	1.3	11,109	2.0	(4,109)	(37.0)		
Non-operating income	12,730	2.4	8,668	1.5	4,061	46.8		
Non-operating expenses	1,730	0.3	1,522	0.3	207	13.6		
Ordinary income	18,000	3.4	18,255	3.2	(255)	(1.4)		
Extraordinary income	13,500	2.6	1,338	0.3	12,161	908.3		
Extraordinary loss	2,500	0.5	4,032	0.7	(1,532)	(38.0)		
Profit before income taxes	29,000	5.5	15,562	2.8	13,437	86.3		
Income taxes	8,000	1.5	4,315	0.8	3,684	85.4		
Profit	21,000	4.0	11,246	2.0	9,753	86.7		