

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

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

Listed stock exchanges: Tokyo

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

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: February 14, 2020

Scheduled date of dividend payment: —

Availability of supplementary briefing material on annual financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended□ December 31, 2019	1,566,659	(2.1)	45,044	(24.2)	50,539	(22.4)	31,278	(22.8)
Nine Months Ended□ December 31, 2018	1,600,724	8.8	59,446	16.3	65,143	19.1	40,505	19.1

(Note) Comprehensive income:

Nine Months Ended December 31, 2019: ¥44,930 million [40.2%] Nine Months Ended December 31, 2018: ¥32,044 million [(37.3%)]

	Basic earnings per share	Diluted earnings per share
Nine Months Ended December 31, 2019	¥ 331.31	¥ —
Nine Months Ended December 31, 2018	421.91	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of December 31, 2019	1,575,916	584,592	36.0
As of March 31, 2019	1,536,677	560,444	35.4

(Reference) Equity: As of December 31, 2019: ¥567,297 million As of March 31, 2019: ¥543,616 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended March 31, 2019	¥ —	¥ 70.00	¥ —	¥ 85.00	¥ 155.00
Fiscal Year Ending March 31, 2020	—	75.00	—		
Fiscal Year Ending March 31, 2020 (Forecast)				80.00	155.00

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

3. Forecast of Consolidated Financial Results for FY2019 (April 1, 2019 to March 31, 2020)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,080,000	(2.7)	60,000	(24.6)	65,000	(24.2)	40,000	(18.9)	426.55

(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.: Yes

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 December 31, 2019	98,000,000 shares	As of March 31, 2019	98,000,000 shares
2) Total number of treasury stocks at end of period	As of December 31, 2019	4,224,207 shares	As of March 31, 2019	3,451,466 shares
3) Average number of shares during period	Nine Months Ended December 31, 2019	94,408,741 shares	Nine Months Ended December 31, 2018	96,006,897 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 December 31, 2019: 124,132 shares As of March 31, 2019: 65,815 shares

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

* 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 consolidated financial results forecast released on October 31, 2019 has been revised in this report.

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 3 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 January 31, 2020.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

Despite the support of government economic stimulus policies during the cumulative consolidated third quarter, the economy of Japan experienced a period of further sluggishness. Consumer spending slowed in the wake of a spike in demand ahead of Japan's consumption tax increase, while the ongoing deceleration in overseas economies had a negative impact on production activities in the manufacturing sector, where overseas demand has been weak. Increasing geopolitical risk and other factors have also arisen to drive economic activity downward, leading to an unpredictable future.

In the midst of these economic circumstances, domestic freight in the logistics industry experienced overall slow cargo movement. Despite continued labor-savings investment demand, the impact of consumption tax increases led to slower cargo movement for consumption-related cargo, while cargo movement for production-related cargo, mainly steel and automobile-related, was weak. Natural disasters were another factor having a negative impact on results. International freight performance was weak overall. Especially, demand for Air Cargo decreased for general machinery, electronic equipment and automobile parts to the Asian markets, impacted by trade frictions and the economic slowdown in China and other global economies.

Under this economic environment, the Nippon Express Group recorded lower revenues year on year for the cumulative consolidated third quarter in the Japan, Americas, East Asia, South Asia and Oceania, and Logistics Support segments. Despite robust warehouse transactions, lower air freight export transactions and other factors contributed to this result. Segment income rose in the Europe, East Asia, and Heavy Haulage and Construction segments. However, personnel expense increases resulted in lower segment income for the Japan, Americas, South Asia and Oceania, Security Transportation, and Logistics Support segments.

As a result, revenues decreased by ¥34.0 billion, or 2.1% year on year, to ¥1,566.6 billion. Operating income decreased by ¥14.4 billion, or 24.2%, to ¥45.0 billion. Ordinary income decreased by ¥14.6 billion, or 22.4%, to ¥50.5 billion and profit attributable to owners of parent decreased by ¥9.2 billion, or 22.8% year on year, to ¥31.2 billion.

(2) Explanation of Financial Position

Total assets as of the end of the cumulative consolidated third quarter amounted to ¥1,575.9 billion, an increase of ¥39.2 billion, or 2.6%, compared to the end of the previous consolidated fiscal year.

Current assets amounted to ¥736.7 billion, an increase of ¥24.5 billion, or 3.4%, compared to the end of the previous consolidated fiscal year. Non-current assets totaled ¥839.1 billion, an increase of ¥14.7 billion, or 1.8%.

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 vehicles.

Current liabilities amounted to ¥490.6 billion, an increase of ¥36.2 billion, or 8.0%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥500.6 billion, a decrease of ¥21.1 billion, or 4.1%.

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

The decrease in non-current liabilities was mainly attributable to a decrease in retirement benefit liability.

Net assets as of the end of the cumulative consolidated third quarter amounted to ¥584.5 billion, an increase of ¥24.1 billion, or 4.3%, 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 to consolidated and non-consolidated financial results forecasts for the fiscal year ending March 2020, published originally on October 31, 2019.

See 3. Reference Materials (1) Consolidated Reference Materials, Financial Results Forecast, FY2019 (Full Year) and 3. Reference Materials (2) Non-Consolidated Reference Materials, Financial Results Forecast, FY2019 (Full

Year) for more about consolidated and non-consolidated fiscal results forecasts, respectively.

1) Revisions to Financial Results Forecasts

A. Revisions to Forecast of Consolidated Financial Results for FY2019 (Full Year)

(April 1, 2019 to March 31, 2020)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (October 31, 2019)	¥ million 2,110,000	¥ million 68,000	¥ million 73,000	¥ million 45,000	¥ 476.24
Revised forecast (B)	2,080,000	60,000	65,000	40,000	426.55
Difference (B-A)	(30,000)	(8,000)	(8,000)	(5,000)	
Difference (%)	(1.4)	(11.8)	(11.0)	(11.1)	
(Reference) Prior-year results (FYE March 2019)	2,138,501	79,598	85,802	49,330	515.13

B. Revisions to Forecasts of Non-Consolidated Financial Results for FY2019 (Full Year)

(April 1, 2019 to March 31, 2020)

	Revenues	Operating income	Ordinary income	Profit	Basic earnings per share
Previously announced forecast (A) (October 31, 2019)	¥ million 1,140,000	¥ million 32,000	¥ million 42,000	¥ million 29,000	¥ 306.91
Revised forecast (B)	1,120,000	27,000	37,000	26,000	277.26
Difference (B-A)	(20,000)	(5,000)	(5,000)	(3,000)	
Difference (%)	(1.8)	(15.6)	(11.9)	(10.3)	
(Reference) Prior-year results (FYE March 2019)	1,154,781	42,366	53,670	36,512	381.28

2) Reasons for Revision of Financial Results Forecasts

A downturn in corporate earnings in Japan has resulted in slowing freight forwarding. In addition, transportation demand for international freight has been lower than expected. In response to these and other factors, the Company expects results to underperform consolidated and non-consolidated fiscal 2019 forecasts as announced previously and we have revised our financial forecasts accordingly.

Further, as consolidated and non-consolidated revenues have been lower than expected, we now project that consolidated and non-consolidated operating income, ordinary income, consolidated profit attributable to owners of parent, and non-consolidated profit will be lower than originally forecast. Accordingly, we have made revisions to forecasts for these profit figures as well.

*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)

	FY2018 (as of March 31, 2019)	Third Quarter of FY2019 (as of December 31, 2019)
ASSETS		
Current assets:		
Cash and deposits	173,338	194,338
Notes receivable - trade	27,927	27,637
Accounts receivable - trade	331,586	316,743
Inventories	8,027	9,739
Other	172,350	189,299
Less: allowance for doubtful accounts	(964)	(966)
Total current assets	712,263	736,790
Non-current assets:		
Property and equipment		
Vehicles, net	43,785	47,434
Buildings, net	254,779	253,565
Land	193,049	195,094
Other, net	85,874	98,756
Net property and equipment	577,488	594,850
Intangible assets		
Goodwill	12,701	11,112
Other	69,318	73,928
Total intangible assets	82,020	85,041
Investments and other assets		
Investment securities	100,718	102,979
Other	65,157	57,193
Less: allowance for doubtful accounts	(973)	(940)
Total investments and other assets	164,903	159,233
Total non-current assets	824,413	839,125
Total assets	1,536,677	1,575,916
LIABILITIES		
Current liabilities:		
Notes payable - trade	8,175	6,252
Accounts payable - trade	173,323	160,960
Short-term loans payable	43,226	62,250
Income taxes payable	15,845	5,364
Provision for bonuses	22,697	15,018
Other provisions	156	29
Other	190,977	240,816
Total current liabilities	454,402	490,691
Non-current liabilities:		
Bonds payable	110,000	110,000
Long-term loans payable	232,082	219,365
Other provisions	1,439	1,136
Net retirement benefit liability	144,624	125,444
Other	33,684	44,685
Total non-current liabilities	521,830	500,632
Total liabilities	976,232	991,323

(Unit: Millions of yen)

	FY2018 (as of March 31, 2019)	Third Quarter of FY2019 (as of December 31, 2019)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,832	22,832
Retained earnings	471,176	487,316
Less: treasury stock	(19,854)	(24,971)
Total shareholders' equity	544,329	555,352
Accumulated other comprehensive income (loss):		
Valuation differences on available-for-sale securities	40,704	40,313
Deferred gains (losses) on hedges	(236)	(116)
Foreign currency translation adjustments	(3,110)	(9,572)
Remeasurements of retirement benefit plans	(38,070)	(18,679)
Total accumulated other comprehensive income (loss)	(712)	11,945
Non-controlling interests	16,827	17,294
Total net assets	560,444	584,592
Total liabilities and net assets	1,536,677	1,575,916

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

	(Unit: Millions of yen)	
	Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Revenues	1,600,724	1,566,659
Operating costs	1,460,523	1,439,315
Gross profit	140,200	127,344
Selling, general and administrative expenses	80,753	82,300
Operating income	59,446	45,044
Non-operating income:		
Interest income	548	651
Dividend income	2,763	2,945
Equity in earnings of unconsolidated subsidiaries and affiliates	731	993
Other	5,546	4,204
Total non-operating income	9,590	8,795
Non-operating expenses:		
Interest expenses	2,176	2,083
Other	1,717	1,217
Total non-operating expenses	3,893	3,300
Ordinary income	65,143	50,539
Extraordinary income:		
Gain on sales of non-current assets	2,895	1,587
Gain on sales of investment securities	173	2,115
Other	35	13
Total extraordinary income	3,104	3,716
Extraordinary loss:		
Loss on disposal of non-current assets	2,734	5,578
Other	963	509
Total extraordinary loss	3,698	6,088
Profit before income taxes	64,549	48,167
Income taxes	22,856	15,829
Profit	41,693	32,338
Profit attributable to non-controlling interests	1,187	1,059
Profit attributable to owners of parent	40,505	31,278

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)	Nine Months Ended December 31, 2019 (April 1, 2019 to December 31, 2019)
Profit	41,693	32,338
Other comprehensive income:		
Valuation differences on available-for-sale securities	(9,493)	(395)
Deferred gains (losses) on hedges	(132)	120
Foreign currency translation adjustments	(3,008)	(6,477)
Remeasurements of retirement benefit plans	3,058	19,434
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(72)	(89)
Other comprehensive income (loss)	(9,648)	12,592
Comprehensive income	32,044	44,930
(Comprehensive income attributable to)		
Owners of parent	30,950	43,936
Non-controlling interests	1,094	993

(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)

The Company calculates tax expenses by estimating a reasonable effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the consolidated third quarter. The Company then multiplies profit before income taxes by the aforementioned effective tax rate.

(Changes in Accounting Policies)

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

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

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

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

(Segment Information, etc.)

[Segment Information]

1. Nine Months Ended December 31, 2018 (April 1, 2018 to December 31, 2018)

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	941,089	59,090	78,126	80,071	62,225
Intersegment	9,338	13,335	5,322	9,580	5,866
Total	950,427	72,425	83,449	89,652	68,091
Segment income	42,665	3,404	1,182	1,967	2,948

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,061	36,831	289,228	1,600,724	—	1,600,724
Intersegment	37	78	67,517	111,077	(111,077)	—
Total	54,099	36,909	356,746	1,711,802	(111,077)	1,600,724
Segment Income	626	3,649	9,120	65,564	(6,117)	59,446

(Notes) 1. The segment income adjustment of ¥(6,117) million includes ¥(80) million for the elimination of intersegment income, and ¥(6,076) 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 has been reconciled with operating income in the quarterly consolidated statements of income.

2. Nine Months Ended, December 31, 2019 (Monday, April 1, 2019 to December 31, 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	909,545	59,268	83,258	76,817	61,451
Intersegment	8,982	10,474	5,048	7,249	5,687
Total	918,527	69,743	88,306	84,067	67,138
Segment income (loss)	32,403	2,665	1,645	2,461	2,430

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,603	41,406	280,308	1,566,659	—	1,566,659
Intersegment	38	32	67,896	105,409	(105,409)	—
Total	54,641	41,438	348,205	1,672,068	(105,409)	1,566,659
Segment income (loss)	(1,513)	5,065	8,502	53,660	(8,615)	45,044

(Notes) 1. The segment (loss) income adjustment of ¥(8,615) million includes ¥(208) million for the elimination of intersegment income, and ¥(8,428) 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, %)

			Nine months ended Dec. 31, 2019		Nine months ended Dec. 31, 2018		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	918,527	950,427	(31,899)	(3.4)	
			The Americas	69,743	72,425	(2,681)	(3.7)	
			Europe	88,306	83,449	4,856	5.8	
			East Asia	84,067	89,652	(5,585)	(6.2)	
			South Asia & Oceania	67,138	68,091	(953)	(1.4)	
		Subtotal	1,227,783	1,264,046	(36,263)	(2.9)		
		Security Transportation	54,641	54,099	542	1.0		
		Heavy Haulage & Construction	41,438	36,909	4,528	12.3		
		Logistics Support	348,205	356,746	(8,541)	(2.4)		
		Subtotal	1,672,068	1,711,802	(39,733)	(2.3)		
	Adjustment	(105,409)	(111,077)	5,668	—			
Total	1,566,659	1,600,724	(34,065)	(2.1)				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.5] 32,403	[4.5] 42,665	(10,262)	(24.1)	
			The Americas	[3.8] 2,665	[4.7] 3,404	(738)	(21.7)	
			Europe	[1.9] 1,645	[1.4] 1,182	462	39.2	
			East Asia	[2.9] 2,461	[2.2] 1,967	493	25.1	
			South Asia & Oceania	[3.6] 2,430	[4.3] 2,948	(517)	(17.6)	
		Subtotal	[3.4] 41,605	[4.1] 52,168	(10,562)	(20.2)		
		Security Transportation	[(2.8)] (1,513)	[1.2] 626	(2,140)	—		
		Heavy Haulage & Construction	[12.2] 5,065	[9.9] 3,649	1,416	38.8		
		Logistics Support	[2.4] 8,502	[2.6] 9,120	(617)	(6.8)		
		Subtotal	[3.2] 53,660	[3.8] 65,564	(11,904)	(18.2)		
	Adjustment	(8,615)	(6,117)	(2,498)	—			
Total	[2.9] 45,044	[3.7] 59,446	(14,402)	(24.2)				

(Notes) Figures in brackets indicate operating margin.

o Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

		Nine months ended Dec. 31, 2019		Nine months ended Dec. 31, 2018		Change		
			% of Sales		% of Sales	Amount	Ratio	
Revenues by business	Distribution & transportation business	Motor transportation	287,424	18.3	287,996	18.0	(572)	(0.2)
		Marine and harbor transportation	180,645	11.5	179,839	11.2	806	0.4
		Air transportation	242,866	15.5	291,573	18.2	(48,707)	(16.7)
		Warehousing & storage	223,141	14.2	214,506	13.4	8,634	4.0
		Security transportation	53,111	3.4	53,802	3.4	(691)	(1.3)
		Heavy haulage & construction	57,448	3.7	53,256	3.3	4,191	7.9
		Other	224,211	14.3	213,244	13.3	10,966	5.1
	Subtotal	1,268,848	81.0	1,294,219	80.9	(25,371)	(2.0)	
	Goods sales business	250,686	16.0	265,104	16.6	(14,417)	(5.4)	
	Other	47,124	3.0	41,400	2.6	5,723	13.8	
Total	1,566,659	100.0	1,600,724	100.0	(34,065)	(2.1)		
Operating costs	Personnel expenses	319,100	20.4	310,703	19.4	8,396	2.7	
	Forwarding costs	184,459	11.8	219,836	13.7	(35,376)	(16.1)	
	Vehicle chartering and subcontracting costs	359,423	22.9	351,175	21.9	8,248	2.3	
	Other	576,330	36.8	578,807	36.2	(2,477)	(0.4)	
Total	1,439,315	91.9	1,460,523	91.2	(21,208)	(1.5)		
Gross profit		127,344	8.1	140,200	8.8	(12,856)	(9.2)	
Selling, general and administrative expenses	Personnel expenses	46,901	3.0	46,848	2.9	53	0.1	
	Other	35,398	2.3	33,905	2.1	1,492	4.4	
	Total	82,300	5.3	80,753	5.0	1,546	1.9	
Operating income		45,044	2.9	59,446	3.7	(14,402)	(24.2)	
Non-operating income	Interest income	651	0.0	548	0.0	102	18.7	
	Dividend income	2,945	0.2	2,763	0.2	182	6.6	
	Equity in earnings of unconsolidated subsidiaries and affiliates	993	0.1	731	0.0	262	35.8	
	Other	4,204	0.3	5,546	0.3	(1,342)	(24.2)	
Total	8,795	0.6	9,590	0.6	(794)	(8.3)		
Non-operating expenses	Interest expenses	2,083	0.1	2,176	0.1	(92)	(4.3)	
	Other	1,217	0.1	1,717	0.1	(500)	(29.1)	
Total	3,300	0.2	3,893	0.2	(593)	(15.2)		
Ordinary income		50,539	3.2	65,143	4.1	(14,603)	(22.4)	
Extraordinary income	Gain on sales of non-current assets	1,587	0.1	2,895	0.2	(1,308)	(45.2)	
	Gain on sales of investment securities	2,115	0.1	173	0.0	1,942	—	
	Other	13	0.0	35	0.0	(21)	(61.7)	
Total	3,716	0.2	3,104	0.2	612	19.7		
Extraordinary loss	Loss on disposal of non-current assets	5,578	0.4	2,734	0.2	2,843	104.0	
	Other	509	0.0	963	0.1	(453)	(47.1)	
Total	6,088	0.4	3,698	0.2	2,390	64.6		
Profit before income taxes		48,167	3.1	64,549	4.0	(16,382)	(25.4)	
Income taxes		15,829	1.0	22,856	1.4	(7,027)	(30.7)	
Profit		32,338	2.1	41,693	2.6	(9,355)	(22.4)	
Profit attributable to non-controlling interests		1,059	0.1	1,187	0.1	(127)	(10.8)	
Profit attributable to owners of parent		31,278	2.0	40,505	2.5	(9,227)	(22.8)	

Total personnel expenses	Operating costs	319,100	20.4	310,703	19.4	8,396	2.7
	Selling, general and administrative expenses	46,901	3.0	46,848	2.9	53	0.1
	Total	366,002	23.4	357,552	22.3	8,450	2.4

○Financial Results Forecast, FY2019 (Full Year)

(Unit: Millions of yen, %)

			FY2019	FY2018	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	1,219,600	1,256,802	(37,202)	(3.0)
			The Americas	91,000	98,699	(7,699)	(7.8)
			Europe	118,900	114,812	4,087	3.6
			East Asia	111,500	122,754	(11,254)	(9.2)
			South Asia & Oceania	90,600	91,874	(1,274)	(1.4)
		Subtotal	1,631,600	1,684,943	(53,343)	(3.2)	
		Security Transportation	72,800	72,647	152	0.2	
		Heavy Haulage & Construction	50,200	47,751	2,448	5.1	
		Logistics Support	469,700	483,965	(14,265)	(2.9)	
		Subtotal	2,224,300	2,289,308	(65,008)	(2.8)	
	Adjustment	(144,300)	(150,806)	6,506	—		
Total	2,080,000	2,138,501	(58,501)	(2.7)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.6] 44,000	[4.5] 55,966	(11,966)	(21.4)
			The Americas	[3.1] 2,800	[4.3] 4,264	(1,464)	(34.3)
			Europe	[1.6] 1,900	[2.0] 2,271	(371)	(16.4)
			East Asia	[2.7] 3,000	[2.5] 3,007	(7)	(0.2)
			South Asia & Oceania	[3.5] 3,200	[4.0] 3,710	(510)	(13.8)
		Subtotal	[3.4] 54,900	[4.1] 69,220	(14,320)	(20.7)	
		Security Transportation	[(1.9)] (1,400)	[1.7] 1,240	(2,640)	—	
		Heavy Haulage & Construction	[12.0] 6,000	[9.5] 4,520	1,479	32.7	
		Logistics Support	[2.5] 11,900	[2.6] 12,778	(878)	(6.9)	
		Subtotal	[3.2] 71,400	[3.8] 87,759	(16,359)	(18.6)	
	Adjustment	(11,400)	(8,161)	(3,238)	—		
Total	[2.9] 60,000	[3.7] 79,598	(19,598)	(24.6)			

(Notes) 1. The above Financial Results Forecast, FY2019 (Full Year) is a revision of the Financial Results Forecast announced on October 31, 2019.

2. Figures in brackets indicate operating margin.

(2) Non- Consolidated Reference Materials

○ Revenues and Operating Expenses

(Unit: Millions of yen, %)

		Nine months ended Dec. 31, 2019		Nine months ended Dec. 31, 2018		Change			
			% of Sales		% of Sales	Amount	Ratio		
Revenues	Railway utilization business		58,636	6.9	54,715	6.3	3,920	7.2	
	Motor transportation	Small-lot shipment business	33,633	4.0	34,703	4.0	(1,070)	(3.1)	
		Chartered truck business	145,197	17.1	148,183	16.9	(2,985)	(2.0)	
		Subtotal	178,831	21.1	182,886	20.9	(4,055)	(2.2)	
	Marine and harbor transportation	Marine transportation business		73,721	8.7	75,287	8.6	(1,566)	(2.1)
		Harbor transportation business		52,393	6.2	53,281	6.1	(888)	(1.7)
		Subtotal		126,114	14.9	128,569	14.7	(2,454)	(1.9)
		(Exports)		[47,562]	—	[49,765]	—	[(2,202)]	(4.4)
		(Imports)		[38,688]	—	[38,087]	—	[601]	1.6
		(Domestic & other)		[39,863]	—	[40,716]	—	[(853)]	(2.1)
	Air transportation	Subtotal		135,472	16.0	171,204	19.6	(35,731)	(20.9)
		(Exports)		[61,157]	—	[95,130]	—	[(33,972)]	(35.7)
		(Imports)		[19,042]	—	[21,655]	—	[(2,613)]	(12.1)
		(Domestic & other)		[55,271]	—	[54,418]	—	[853]	1.6
	Warehousing & storage business		104,915	12.4	97,962	11.2	6,952	7.1	
	In-factory business		38,218	4.5	39,421	4.5	(1,203)	(3.1)	
	Moving & relocation business		42,245	5.0	41,092	4.7	1,152	2.8	
	Security transportation business		53,127	6.3	53,817	6.2	(689)	(1.3)	
	Heavy haulage & construction business		53,950	6.4	50,161	5.7	3,788	7.6	
	Other businesses		55,431	6.5	54,014	6.2	1,417	2.6	
Total		846,941	100.0	873,846	100.0	(26,905)	(3.1)		
Operating expenses	Total personnel expenses		197,923	23.4	191,132	21.9	6,791	3.6	
	Forwarding costs	Railway	32,122	3.8	28,879	3.3	3,242	11.2	
		Marine	24,832	2.9	24,605	2.8	226	0.9	
		Air	34,996	4.2	61,560	7.1	(26,564)	(43.2)	
		Subtotal	91,951	10.9	115,046	13.2	(23,094)	(20.1)	
	Vehicle chartering and subcontracting costs		358,630	42.3	362,981	41.5	(4,350)	(1.2)	
	Depreciation and amortization		21,112	2.5	20,345	2.3	767	3.8	
	Facility usage charges		59,252	7.0	55,838	6.4	3,414	6.1	
	Other		99,114	11.7	96,411	11.0	2,703	2.8	
	Total		827,985	97.8	841,754	96.3	(13,769)	(1.6)	
Operating income		18,956	2.2	32,092	3.7	(13,135)	(40.9)		
Non-operating income		10,145	1.2	11,277	1.3	(1,131)	(10.0)		
Non-operating expenses		2,207	0.2	2,992	0.4	(784)	(26.2)		
Ordinary income		26,894	3.2	40,378	4.6	(13,483)	(33.4)		
Extraordinary income		1,664	0.2	1,982	0.3	(318)	(16.1)		
Extraordinary loss		5,834	0.7	2,434	0.3	3,400	139.7		
Profit before income taxes		22,724	2.7	39,926	4.6	(17,201)	(43.1)		
Income taxes		6,283	0.8	12,648	1.5	(6,365)	(50.3)		
Profit		16,441	1.9	27,277	3.1	(10,836)	(39.7)		

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

○ Financial Results Forecast, FY2019 (Full Year)

(Unit: Millions of yen, %)

		FY2019 Forecast	% in Sales	FY2018 Actual	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization business	77,500	6.9	74,251	6.4	3,248	4.4	
	Motor transportation	Small-lot shipment business	43,500	3.9	45,715	4.0	(2,215)	(4.8)
		Chartered truck business	191,000	17.0	195,329	16.9	(4,329)	(2.2)
		Subtotal	234,500	20.9	241,044	20.9	(6,544)	(2.7)
	Marine and harbor transportation	Marine transportation business	98,000	8.8	99,150	8.6	(1,150)	(1.2)
		Harbor transportation business	68,500	6.1	70,378	6.1	(1,878)	(2.7)
		Subtotal	166,500	14.9	169,529	14.7	(3,029)	(1.8)
		(Exports)	[62,700]	—	[65,285]	—	[(2,585)]	(4.0)
		(Imports)	[50,500]	—	[50,512]	—	[(12)]	(0.0)
		(Domestic & other)	[53,300]	—	[53,731]	—	[(431)]	(0.8)
	Air transportation	Subtotal	177,000	15.8	219,858	19.0	(42,858)	(19.5)
		(Exports)	[79,500]	—	[120,128]	—	[(40,628)]	(33.8)
		(Imports)	[24,500]	—	[27,958]	—	[(3,458)]	(12.4)
		(Domestic & other)	[73,000]	—	[71,771]	—	[1,228]	1.7
	Warehousing & storage business	140,500	12.5	130,719	11.3	9,780	7.5	
	In-factory business	50,000	4.5	51,444	4.5	(1,444)	(2.8)	
	Moving & relocation business	60,000	5.4	59,514	5.2	485	0.8	
	Security transportation business	71,000	6.3	71,664	6.2	(664)	(0.9)	
	Heavy haulage & construction business	69,000	6.2	64,666	5.6	4,333	6.7	
	Other businesses	74,000	6.6	72,089	6.2	1,910	2.7	
Total	1,120,000	100.0	1,154,781	100.0	(34,781)	(3.0)		
Operating expenses	Total personnel expenses	262,000	23.4	253,202	21.9	8,797	3.5	
	Forwarding costs	Railway	42,500	3.8	39,760	3.5	2,739	6.9
		Marine	32,500	2.9	32,264	2.8	235	0.7
		Air	45,000	4.0	76,597	6.6	(31,597)	(41.3)
		Subtotal	120,000	10.7	148,623	12.9	(28,623)	(19.3)
	Vehicle chartering and subcontracting costs	469,500	41.9	478,247	41.4	(8,747)	(1.8)	
	Depreciation and amortization	28,500	2.5	27,361	2.4	1,138	4.2	
	Facility usage charges	79,000	7.1	74,524	6.4	4,475	6.0	
	Other	134,000	12.0	130,456	11.3	3,543	2.7	
	Total	1,093,000	97.6	1,112,415	96.3	(19,415)	(1.7)	
Operating income	27,000	2.4	42,366	3.7	(15,366)	(36.3)		
Non-operating income	14,000	1.3	16,267	1.4	(2,267)	(13.9)		
Non-operating expenses	4,000	0.4	4,964	0.5	(964)	(19.4)		
Ordinary income	37,000	3.3	53,670	4.6	(16,670)	(31.1)		
Extraordinary income	6,500	0.6	2,327	0.2	4,172	179.2		
Extraordinary loss	7,500	0.7	6,025	0.5	1,474	24.5		
Profit before income taxes	36,000	3.2	49,972	4.3	(13,972)	(28.0)		
Income taxes	10,000	0.9	13,459	1.1	(3,459)	(25.7)		
Profit	26,000	2.3	36,512	3.2	(10,512)	(28.8)		

(Notes) 1. The above Financial Results Forecast, FY2019 (Full Year)) is a revision of the Financial Results Forecast announced on October 31, 2019.

2. As of FY2019, revenues are managed per business rather than mode of transportation and employees are no longer categorized into drivers/workers and office personnel. Accordingly, we have changed the presentation for revenues and personnel expenses.