

April 27, 2018

## Summary of Consolidated Earnings Report for the Fiscal Year Ended March 31, 2018 (Japanese GAAP)

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

Listed stock exchanges: Tokyo

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

Representative: President and CEO Mitsuru Saito

Scheduled date for General Shareholders' Meeting: June 28, 2018

Scheduled date of dividend payment: June 29, 2018

Scheduled date for release of Securities Report: June 28, 2018

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, 2018 (from April 1, 2017 to March 31, 2018)

## (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 Mar. 31, 2018	1,995,317	7.0	70,269	22.4	74,395	16.6	6,534	(82.1)
Fiscal Year Ended Mar. 31, 2017	1,864,301	(2.3)	57,431	4.8	63,806	2.3	36,454	2.2

(Note) Comprehensive income:

Fiscal Year Ended Mar. 31, 2018: ¥6,420 million [(86.6%)] Fiscal Year Ended Mar. 31, 2017: ¥47,945 million [ - %]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on assets	Operating margin to sales
	¥	¥	%	%	%
Fiscal Year Ended Mar. 31, 2018	68.06	—	1.2	4.9	3.5
Fiscal Year Ended Mar. 31, 2017	371.32	—	6.9	4.2	3.1

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended Mar. 31, 2018: ¥654 million Fiscal Year Ended Mar. 31, 2017: ¥1,733 million

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

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of Mar. 31, 2018	1,518,024	547,494	34.9	5,519.09
As of Mar. 31, 2017	1,521,800	552,985	35.2	5,586.52

(Reference) Equity: As of Mar. 31, 2018: ¥529,875 million As of Mar. 31, 2017: ¥536,378 million

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

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended Mar. 31, 2018	91,865	(87,458)	(31,443)	137,891
Fiscal Year Ended Mar. 31, 2017	102,360	(70,961)	(11,820)	163,386

## 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 Mar. 31, 2017	—	5.00	—	6.00	11.00	10,687	29.6	2.0
Fiscal Year Ended Mar. 31, 2018	—	6.00	—	60.00	—	11,530	176.3	2.2
Fiscal Year Ending Mar. 31, 2019 (Forecast)	—	70.00	—	75.00	145.00		30.9	

\* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividend for the fiscal year ended Mar. 31, 2018 represents the amount reflecting the impact of this share consolidation, and the yearly dividend has been left blank (“—”). If not taking the share consolidation into account, the year-end dividend for the fiscal year ended March 31, 2018 is ¥6.00 per share, and the annual dividend is ¥12.00 per share.

## 3. Forecast of Consolidated Financial Results for FY2018 (from April 1, 2018 to March 31, 2019)

(%: 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 of year	1,010,000	5.6	33,000	2.4	35,000	1.5	22,000	2.0	229.15
Full year	2,080,000	4.2	77,000	9.6	81,000	8.9	45,000	588.7	468.71

### \*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: Yes

3) Changes in accounting estimates: Yes

4) Corrections of errors: No

(Note) Please refer to “3. Consolidated Financial Statements and Significant Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors)” on page 16 for details.

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

1) Total number of issued shares at end of period (including treasury stock)	As of Mar. 31, 2018	99,800,000 shares	As of Mar. 31, 2017	99,800,000 shares
2) Total number of treasury stocks at end of period	As of Mar. 31, 2018	3,792,200 shares	As of Mar. 31, 2017	3,786,986 shares
3) Average number of shares during period	Fiscal Year Ended Mar. 31, 2018	96,012,099 shares	Fiscal Year Ended Mar. 31, 2017	98,173,782 shares

(Notes) 1. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, “Total number of issued shares at end of period (including treasury stock),” “Total number of treasury stocks at end of period” and “Average number of shares during period” were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

2. The Company has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company’s shares owned by the Trust recorded 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 Mar. 31, 2018: 73,253 shares As of Mar. 31, 2017: 77,100 shares

(These figures are included in “Total number of treasury stocks at end of period” above.)

(Reference) Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Non-consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended Mar. 31, 2018	1,094,549	4.9	37,672	25.1	46,795	24.0	1,988	(93.1)
Fiscal Year Ended Mar. 31, 2017	1,043,756	(1.5)	30,116	(5.6)	37,731	1.3	28,629	30.5

	Basic earnings per share		Diluted earnings per share	
	¥		¥	
Fiscal Year Ended Mar. 31, 2018	20.72		—	
Fiscal Year Ended Mar. 31, 2017	291.62		—	

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

(2) Non-consolidated Financial Position

	Total assets		Net assets		Equity ratio		Net assets per share	
	¥ million		¥ million		%		¥	
As of Mar. 31, 2018	986,316		346,899		35.2		3,613.25	
As of Mar. 31, 2017	998,352		366,955		36.8		3,821.94	

(Reference) Equity: As of Mar. 31, 2018: ¥346,899 million As of Mar. 31, 2017: ¥366,955 million

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

2. Forecast of Non-consolidated Financial Results for FY2018 (from April 1, 2018 to March 31, 2019)

(%: compared with the previous period)

	Revenues		Ordinary income		Profit		Basic earnings per share	
	¥ million	%	¥ million	%	¥ million	%	¥	
Interim of year	555,000	4.2	23,000	10.1	15,500	7.2	161.45	
Full year	1,130,000	3.2	50,000	6.8	33,000	—	343.72	

\*This Consolidated Earnings Report is outside the scope of audit by a certified public accountant or accounting 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 the information available at the time this report was prepared and on certain assumptions considered to be 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) Future Performance Forecasts" on page 6 for the use of preconditions of the financial forecasts 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 27, 2018.**

## 1. Overview of Business Results

### (1) Overview of Business Results for Fiscal Year Ended March 31, 2018

During the consolidated fiscal year ended March 31, 2018 (FY2017), the Japanese economy was on a gradual recovery trend owing to the pickup in exports and production activities, amid continued gradual recovery of overseas economies.

Under these economic conditions, in the field of logistics, domestic freight saw an increase in transportation demand, including for automotive parts and steel, and international freight was generally strong due to factors such as the steady airfreight of electronic components, etc. mainly to Asia.

In this management environment, the Nippon Express Group made united efforts to achieve its management targets based on its “area strategies” and “functional strategies”, which are key strategies of its three-year business plan “Nippon Express Group Corporate Strategy 2018 –New Sekai-Nittsu–” which began in April 1, 2016.

As a result, revenues increased by ¥131.0 billion, or 7.0% year on year, to ¥1,995.3 billion, operating income increased by ¥12.8 billion, or 22.4% year on year, to ¥70.2 billion, and ordinary income increased by ¥10.5 billion, or 16.6% year on year, to ¥74.3 billion. However, profit attributable to owners of parent decreased by ¥29.9 billion, or 82.1% year on year, to ¥6.5 billion, attributable to gain on contribution of securities to retirement benefit trust of ¥15.6 billion recorded as extraordinary income, and impairment loss on goodwill and non-current assets of ¥51.7 billion recorded as extraordinary loss.

The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries have been changed from the declining-balance method to the straight-line method starting from the first quarter ended June 30, 2017, in order to allocate costs to better reflect actual use of assets. In addition, the useful lives for some vehicles have been changed.

For details, please refer to “3. Consolidated Financial Statements and Significant Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors).”

In addition, the Company marked the 80th anniversary of its founding on October 1, 2017. As a project to commemorate our 80th anniversary, we aim to further increase corporate value through social contribution activities, the formulation of a corporate message, and system development projects related to safety and quality.

Financial results by reportable segment are summarized below.

#### 1. Japan (Logistics)

As a result of factors including robust air freight export and motor transportation transactions, revenues increased by ¥47.7 billion, or 4.1% year on year, to ¥1,203.4 billion, and operating income increased by ¥7.3 billion, or 18.9% year on year, to ¥45.9 billion.

#### 2. The Americas (Logistics)

As a result of factors including robust air freight export and motor transportation transactions, revenues increased by ¥7.5 billion, or 9.0% year on year, to ¥91.3 billion, but owing to such factors as a steep increase in forwarding costs, operating income decreased by ¥0.2 billion, or 6.0% year on year, to ¥4.4 billion.

#### 3. Europe (Logistics)

As a result of factors including robust air freight and marine and harbor export transactions, revenues increased by

¥16.7 billion, or 21.1% year on year, to ¥96.0 billion, and operating income increased by ¥2.1 billion, or 104.6% year on year, to ¥4.1 billion.

#### 4. East Asia (Logistics)

As a result of factors including robust air freight export and motor transportation transactions, revenues increased by ¥15.7 billion, or 15.5% year on year, to ¥117.4 billion, and operating income increased by ¥0.7 billion, or 65.2% year on year, to ¥1.8 billion.

#### 5. South Asia & Oceania (Logistics)

As a result of factors including robust air freight export transactions, revenues increased by ¥15.0 billion, or 21.4% year on year, to ¥85.3 billion, and operating income increased by ¥0.9 billion, or 36.6% year on year, to ¥3.3 billion.

#### 6. Security Transportation

As a result of factors including robust transportation business transactions, revenues increased by ¥2.4 billion, or 4.5% year on year, to ¥57.2 billion, and operating income increased by ¥0.7 billion, or 82.6% year on year, to ¥1.7 billion.

#### 7. Heavy Haulage & Construction

As a result of factors including increased transactions in domestic heavy electric equipment-related construction revenues increased by ¥0.6 billion, or 1.3% year on year, to ¥47.6 billion, and operating income increased by ¥0.1 billion, or 4.6% year on year, to ¥4.0 billion.

#### 8. Logistics Support

As a result of factors including an increase in the unit selling price of oil and increased transactions in the export packing services, revenues increased by ¥39.2 billion, or 9.7% year on year, to ¥443.2 billion, and operating income increased by ¥1.7 billion, or 17.0% year on year, to ¥11.7 billion.

\*The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries have been changed from the declining-balance method to the straight-line method starting from the first quarter ended June 30, 2017, in order to allocate costs to better reflect actual use of assets. In addition, the useful lives for some vehicles have been changed.

As a result of this change, segment income increased during the current fiscal year. For details, see "3. Consolidated Financial Statements and Significant Notes (5) Notes to Consolidated Financial Statements (Segment Information, etc.)

#### (2) Overview of Financial Position for Fiscal Year Ended March 31, 2018

Total assets as at the end of the fiscal year ended March 31, 2018 amounted to ¥1,518.0 billion, a decrease of ¥3.7 billion or 0.2% from the end of the previous fiscal year.

Current assets amounted to ¥730.0 billion, an increase of ¥24.0 billion or 3.4% from the end of the previous fiscal year, while non-current assets totaled ¥788.0 billion, a decrease of ¥27.7 billion or 3.4% from the end of the previous fiscal year.

The increase in current assets was mainly attributable to the increase in accounts receivable-trade.

The decrease in non-current assets was mainly attributable to the decrease in goodwill and investment securities.

Total liabilities as at the end of the fiscal year ended March 31, 2018 were ¥970.5 billion, an increase of ¥1.7 billion or 0.2% from the end of the previous fiscal year.

Current liabilities amounted to ¥445.2 billion, an increase of ¥6.7 billion or 1.5% from the end of the previous fiscal year, while non-current liabilities amounted to ¥525.2 billion, a decrease of ¥5.0 billion or 1.0% from the end of the previous fiscal year.

The increase in current liabilities was mainly attributable to the increase in deposits.

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

Net assets amounted to ¥547.4 billion as at the end of the fiscal year ended March 31, 2018, a decrease of ¥5.4 billion or 1.0% from the end of the previous fiscal year.

The decrease in net assets was mainly attributable to the decrease in valuation differences on available-for-sale securities.

### (3) Overview of Cash Flows for Fiscal Year Ended March 31, 2018

Cash and cash equivalents at the end of the fiscal year ended March 31, 2018 amounted to ¥137.8 billion, a decrease of ¥25.4 billion year on year.

Net cash provided by operating activities amounted to ¥91.8 billion, a year-on-year decrease of ¥10.4 billion in proceeds. This was mainly due to an increase in increase (decrease) in trade receivables.

Net cash used in investing activities totaled ¥87.4 billion, a year-on-year increase of ¥16.4 billion in expenditures. This was mainly due to an increase in payment for purchase of property and equipment.

Net cash used in financing activities amounted to ¥31.4 billion, a year-on-year increase of ¥19.6 billion in expenditures. This was mainly due to a decrease in proceeds from insurance of bonds.

(Reference) Trends in the Group's cash flow indicators are as follows.

	FY2013	FY2014	FY2015	FY2016	FY2017
Equity ratio (%)	36.0	36.6	35.2	35.2	34.9
Marked-to-market equity ratio (%)	37.6	46.3	34.5	36.1	45.0
Ratio of cash flow to interest-bearing liabilities (years)	6.5	4.9	5.3	4.4	4.7
Interest coverage ratio (times)	18.7	25.3	30.2	29.8	27.1

(Notes)

Equity ratio:  $\text{Equity} / \text{Total assets}$

Marked-to-market equity ratio:  $\text{Market capitalization} / \text{Total assets}$

Ratio of cash flow to interest-bearing liabilities:  $\text{Interest-bearing liabilities} / \text{Operating cash flow}$

Interest coverage ratio:  $\text{Operating cash flow} / \text{Interest payment}$

\* All indicators have been calculated based on consolidated financial data.

\* Market capitalization is calculated by multiplying the closing share price as at the end of the fiscal year by the number of issued shares as at the end of the fiscal year (after deducting treasury stock).

\* For operating cash flow, cash flows from operating activities in the consolidated statements of cash flows are used. Interest-bearing liabilities include all liabilities in the consolidated balance sheets for which interest is paid. For interest payment, the amount of interest paid in the consolidated statements of cash flows is used.

### (4) Future Performance Forecasts

Performance forecasts for the next fiscal year have been made in consideration of trends in crude oil prices, risks of exchange rate fluctuations and other factors.

As stated in "1. Overview of Business Results (1) Overview of Business Results for Fiscal Year Ended March 31, 2018," economic recovery is expected to continue, attributable to the recovery of exports and production activities, but the future outlook is highly uncertain and conditions are expected to be unpredictable due to increased worldwide geopolitical risk, unstable political conditions in Europe, and political and economic trends in the United States.

The Nippon Express Group will develop businesses suited to the characteristics of each region in Japan and overseas and strengthen its customer-oriented sales through global development of one-stop sales and account management. As a result, the Group expects growth in revenues, operating income, ordinary income, and profit attributable to owners of parent.

Performance forecasts for the fiscal year ending March 31, 2019 as of the release date of this report are as follows.

#### Performance Forecasts of Consolidated Financial Results (Full year)

Revenues	¥2,080.0 billion (up 4.2% year on year)
Operating income	¥77.0 billion (up 9.6% year on year)
Ordinary income	¥81.0 billion (up 8.9% year on year)
Profit attributable to owners of parent	¥45.0 billion (up 588.7% year on year)

#### Performance Forecasts of Non-consolidated Financial Results (Full year)

Revenues	¥1,130.0 billion (up 3.2% year on year)
Operating income	¥40.0 billion (up 6.2% year on year)
Ordinary income	¥50.0 billion (up 6.8% year on year)
Profit	¥33.0 billion (— year on year)

\*We have determined that the above performance forecast is reasonable based on information available at this time, but actual results may differ from the forecast.

#### (5) Basic Policy for Profit Sharing and Dividends for the Fiscal Year Ended March 31, 2018 and the Fiscal Year Ending March 31, 2019

The Company regards the return of profits to shareholders as one of its most important priorities. We aim to maximize returns, while also expanding our business operations, strengthening our financial position, increasing shareholders' equity and improving profit ratios. The 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 improve our transportation efficiency. We will also utilize retained earnings to strengthen our financial position as well as our corporate foundation.

We are planning to pay a year-end dividend of ¥60 per share. The Company consolidated 10 shares of its common stock into 1 share effective October 1, 2017, and the planned annual dividend after the consolidation of shares will be ¥120 per share, including the interim dividend that was already paid (consolidated payout ratio of 176.3%).

In the coming fiscal year, we are planning to pay an interim dividend of ¥70 per share and a year-end dividend of ¥75 per share, for an annual dividend of ¥145 per share (forecast consolidated payout ratio of 30.9%).

## 2. Basic View on the Adoption of Accounting Policies

In light of the trends of accounting standards in Japan, the Company is in the process of considering adoption of IFRS.

### 3. Consolidated Financial Statements and Significant Notes

#### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	FY2017 (as of March 31, 2018)
<b>ASSETS</b>		
Current assets:		
Cash and cash in banks	212,683	198,044
Notes receivable—trade	23,162	26,648
Accounts receivable—trade	298,594	322,390
Inventories	6,128	6,979
Advance payments-trade	3,638	4,997
Prepaid expenses	13,476	13,341
Deferred tax assets	10,810	11,014
Lease investment assets	112,336	116,204
Other	26,283	31,577
Less: allowance for doubtful accounts	(1,117)	(1,183)
<b>Total current assets</b>	<b>705,994</b>	<b>730,016</b>
Non-current assets:		
Property and equipment		
Vehicles	176,019	180,919
Less: accumulated depreciation	(149,202)	(144,802)
Vehicles, net	26,816	35,217
Buildings	598,870	620,146
Less: accumulated depreciation	(353,595)	(361,667)
Buildings, net	245,275	258,479
Structures	67,250	68,548
Less: accumulated depreciation	(54,379)	(54,661)
Structures, net	12,871	13,887
Machinery and equipment	78,552	82,508
Less: accumulated depreciation	(63,510)	(64,547)
Machinery and equipment, net	15,041	17,960
Tools, furniture and fixtures	108,584	109,321
Less: accumulated depreciation	(86,092)	(86,966)
Tools, furniture and fixtures, net	22,492	22,355
Vessels	18,958	21,267
Less: accumulated depreciation	(13,777)	(9,811)
Vessels, net	5,181	11,455
Land	178,991	192,541
Leased assets	9,039	8,739
Less: accumulated depreciation	(4,441)	(4,725)
Leased assets, net	4,598	4,013
Construction in progress	6,853	4,329
<b>Total property and equipment</b>	<b>518,123</b>	<b>560,240</b>
Intangible assets		
Leasehold rights	8,026	7,984
Goodwill	43,047	4,180
Other	68,381	54,426
<b>Total intangible assets</b>	<b>119,455</b>	<b>66,591</b>
Investments and other assets		
Investment securities	125,896	109,835
Long-term loans receivable	199	553
Long-term loan to employees	82	62
Long-term prepaid expenses	4,195	5,417
Security deposits	19,881	20,203
Net retirement benefit asset	677	1,195
Deferred tax assets	15,056	12,653
Other	13,307	12,285
Less: allowance for doubtful accounts	(1,070)	(1,030)
<b>Total investments and other assets</b>	<b>178,226</b>	<b>161,176</b>
<b>Total non-current assets</b>	<b>815,805</b>	<b>788,008</b>
<b>Total assets</b>	<b>1,521,800</b>	<b>1,518,024</b>



(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	FY2017 (as of March 31, 2018)
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable—trade	5,833	9,868
Accounts payable—trade	156,864	163,743
Short-term loans payable	60,606	45,213
Other payables	32,804	34,518
Income taxes payable	16,517	18,666
Consumption taxes payable	5,809	9,736
Unpaid expenses	20,735	25,408
Advances received	11,811	12,137
Deposits	48,990	64,661
Deposits from employees	28,339	28,726
Provision for bonuses	21,299	22,531
Provision for directors' bonuses	141	147
Other provisions	37	—
Other	28,675	9,880
Total current liabilities	438,468	445,241
Non-current liabilities:		
Bonds payable	125,000	125,000
Long-term loans payable	209,724	227,013
Deferred tax liabilities	12,576	7,414
Provision for directors' retirement benefits	359	414
Provision for special repairs	205	94
Provision for loss on guarantees	829	503
Provision for loss on contracts	565	—
Other provisions	205	271
Net retirement benefit liability	157,371	140,039
Other	23,510	24,537
Total non-current liabilities	530,346	525,288
Total liabilities	968,815	970,529
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	24,707
Retained earnings	449,713	444,717
Less: treasury stock	(20,145)	(20,191)
Total shareholders' equity	524,450	519,407
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	56,945	47,068
Deferred gains (losses) on hedges	6	(27)
Foreign currency translation adjustments	992	3,941
Remeasurements of retirement benefit plans	(46,015)	(40,515)
Total accumulated other comprehensive income	11,928	10,467
Non-controlling interests	16,606	17,618
Total net assets	552,985	547,494
Total liabilities and net assets	1,521,800	1,518,024

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

## Consolidated Statements of Income

(Unit: Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Revenues	1,864,301	1,995,317
Operating costs	1,702,006	1,817,276
Gross profit	162,295	178,041
Selling, general and administrative expenses		
Personnel expenses	58,713	59,996
Depreciation and amortization	8,018	7,934
Advertising expenses	4,204	3,671
Provision for allowance for doubtful accounts	206	191
Other	33,720	35,977
Total selling, general and administrative expenses	104,863	107,771
Operating income	57,431	70,269
Non-operating income:		
Interest income	455	671
Dividends income	2,733	3,285
Gain on sales of vehicles	322	303
Equity in earnings of affiliates	1,733	654
Gain on foreign exchange	2,073	342
Other	5,514	4,520
Total non-operating income	12,833	9,779
Non-operating expenses:		
Interest expenses	3,420	3,239
Loss on sale and retirement of vehicles	44	80
Other	2,993	2,333
Total non-operating expenses	6,458	5,653
Ordinary income	63,806	74,395
Extraordinary income:		
Gain on sales of non-current assets	5,336	2,619
Gain on sales of investment securities	109	5,879
Gain on step acquisitions	2,291	-
Gain on contribution of securities to retirement benefit trust	-	15,662
Other	654	149
Total extraordinary income	8,392	24,312
Extraordinary loss:		
Loss on disposal of non-current assets	4,626	7,953
Loss on sales of investment securities	382	1
Loss on valuation of investment securities	84	410
Impairment loss	4,175	51,711
Loss on disaster	874	-
Loss on transition to defined-contribution plans	679	-
Other	541	1,474
Total extraordinary loss	11,365	61,551
Profit (loss) before income taxes	60,834	37,155
Income taxes—current	26,593	30,383
Income taxes—deferred	(3,054)	(1,090)
Income taxes	23,539	29,292
Profit	37,294	7,863
Profit (loss) attributable to non-controlling interests	840	1,329
Profit (loss) attributable to owners of parent	36,454	6,534

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Profit	37,294	7,863
Other comprehensive income:		
Valuation differences on available-for-sale securities	9,828	(9,881)
Deferred gains (losses) on hedges	220	(34)
Foreign currency translation adjustments	(7,140)	2,839
Remeasurements of retirement benefit plans	7,903	5,572
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(161)	60
Total other comprehensive income	10,650	(1,443)
Comprehensive income	47,945	6,420
(Comprehensive income (loss) attributable to)		
Owners of parent	47,280	5,073
Non-controlling interests	664	1,346

(3) Consolidated Statements of Changes in Net Assets  
FY2016 (from April 1, 2016 to March 31, 2017)

(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	25,306	445,495	(19,818)	521,158
Changes during the year					
Cash dividends			(10,927)		(10,927)
Profit (loss) attributable to owners of parent			36,454		36,454
Changes in equity of parent due to transactions with non-controlling shareholders		(599)			(599)
Increase in treasury stock				(21,634)	(21,634)
Decrease in treasury stock		-		-	-
Retirement of treasury stock		(0)	(21,307)	21,308	-
Net changes in items other than shareholders' equity					
Total changes during the year	-	(599)	4,218	(326)	3,291
Balance at end of the year	70,175	24,707	449,713	(20,145)	524,450

	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	47,118	(214)	8,085	(53,888)	1,101	15,758	538,018
Changes during the year							
Cash dividends							(10,927)
Profit (loss) attributable to owners of parent							36,454
Changes in equity of parent due to transactions with non-controlling shareholders							(599)
Increase in treasury stock							(21,634)
Decrease in treasury stock							-
Retirement of treasury stock							-
Net changes in items other than shareholders' equity	9,826	220	(7,093)	7,873	10,826	848	11,675
Total changes during the year	9,826	220	(7,093)	7,873	10,826	848	14,967
Balance at end of the year	56,945	6	992	(46,015)	11,928	16,606	552,985

FY2017 (from April 1, 2017 to March 31, 2018)

(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	24,707	449,713	(20,145)	524,450
Changes during the year					
Cash dividends			(11,530)		(11,530)
Profit (loss) attributable to owners of parent			6,534		6,534
Changes in equity of parent due to transactions with non-controlling shareholders		(0)			(0)
Increase in treasury stock				(65)	(65)
Decrease in treasury stock		0		19	19
Retirement of treasury stock		-	-	-	-
Net changes in items other than shareholders' equity					
Total changes during the year	-	0	(4,996)	(45)	(5,042)
Balance at end of the year	70,175	24,707	444,717	(20,191)	519,407

	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	56,945	6	992	(46,015)	11,928	16,606	552,985
Changes during the year							
Cash dividends							(11,530)
Profit (loss) attributable to owners of parent							6,534
Changes in equity of parent due to transactions with non-controlling shareholders							(0)
Increase in treasury stock							(65)
Decrease in treasury stock							19
Retirement of treasury stock							-
Net changes in items other than shareholders' equity	(9,876)	(34)	2,949	5,500	(1,460)	1,012	(448)
Total changes during the year	(9,876)	(34)	2,949	5,500	(1,460)	1,012	(5,490)
Balance at end of the year	47,068	(27)	3,941	(40,515)	10,467	17,618	547,494

## (4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	60,834	37,155
Depreciation and amortization	53,553	48,934
Amortization of goodwill	4,222	3,229
(Gain) loss on sale or write-down of securities, net	357	(5,467)
(Gain) loss on sale or disposal of property and equipment, net	(987)	5,110
Impairment loss	4,175	51,711
Loss (gain) on securities contribution to employees' retirement benefit trust	-	(15,662)
Increase (decrease) in provision for bonuses	(180)	1,202
Increase (decrease) in net retirement benefit liability	7,358	6,203
Interest and dividend income	(3,189)	(3,957)
Interest expense	3,420	3,239
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(1,733)	(654)
Loss (gain) on step acquisitions	(2,291)	-
(Increase) decrease in trade receivables	(3,495)	(29,177)
(Increase) decrease in inventories	229	(847)
Increase (decrease) in accounts payable	5,741	9,060
Increase (decrease) in consumption taxes payable	(1,291)	4,125
Other	(671)	4,317
Sub-total	126,052	118,523
Interest and dividends received	3,287	4,122
Interest paid	(3,431)	(3,392)
Income taxes paid	(23,547)	(27,388)
Net cash provided by operating activities	102,360	91,865
<b>Cash flows from investing activities</b>		
Payment for purchase of property and equipment	(74,134)	(97,108)
Proceeds from sales of property and equipment	6,239	55
Payment for purchase of securities	(5,671)	(1,624)
Proceeds from sale of securities	5,726	9,429
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,105)	-
Other	(1,014)	1,787
Net cash used in investing activities	(70,961)	(87,458)

(Unit: Millions of yen)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(3,474)	(444)
Proceeds from long-term loans payable	21,337	55,195
Payment for long-term loans payable	(53,739)	(53,218)
Proceeds from issuance of bonds	80,000	–
Redemption of bonds	(20,000)	(20,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,132)	(146)
Cash dividends	(10,923)	(11,521)
Payment for purchase of treasury stock	(21,634)	(65)
Other	(2,252)	(1,242)
Net cash used in financing activities	(11,820)	(31,443)
Effect of exchange rate changes on cash and cash equivalents	(2,940)	1,542
Net increase (decrease) in cash and cash equivalents	16,638	(25,494)
Cash and cash equivalents at beginning of year	146,007	163,386
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	740	–
Cash and cash equivalents at end of year	163,386	137,891

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

(Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors)

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)

The depreciation method for property and equipment (excluding leased assets) of the Company and some domestic consolidated subsidiaries was changed to the straight-line method from the first quarter ended June 30, 2017, although previously the straight-line method had been mainly used for buildings and the declining-balance method had been mainly used for those other than buildings.

The Company announced an “organizational reform with the aim of shifting to a one-stop structure that can leverage the Group’s comprehensive capabilities in land, marine and air transport” in April 2015, and has been pushing forward with the establishment of a customer-oriented account sales structure, which consistently covers from sales to operation. As a result of these initiatives, the Company has realized decision-making based on overall optimization of capital investment as a Group as well as the provision of services that effectively utilize management resources in the fiscal year ended March 31, 2018. Specifically, improvement in efficiency and stability has been achieved for asset operations by consolidating the ownership of vehicles, warehouse facilities, etc., which had been separately held by each business division and multiple distribution centers, to major distribution centers. Furthermore, the Company and its group companies have promoted the unified operation of non-current assets, enabling stable operation in the Logistics Support Business, such as in vehicle maintenance. In addition, spurred by multiple large-scale investment projects that started full operation from the fiscal year ended March 31, 2018, including the construction of general-purpose distribution centers, the Group’s has enhanced its capacity to meet diversifying customer needs, and realized further stability in asset operations.

Taking this opportunity, the Company verified the status of use of domestic property and equipment.

As a result, going forward, the joint use of facilities will be promoted through the strengthening of the “one-stop structure” for land, marine and air transport in the Group as a whole, and facilities are expected to be operated stably over the period of service. Therefore, the Company judged that cost allocation by the straight-line method can reflect the actual economic conditions of the Group more appropriately and that the unification of the depreciation methods of the Group will enhance business management.

At the same time, the Company changed the useful lives of some vehicles to those that better reflect the actual conditions by reviewing the status of operations.

As a result of these changes, operating income, ordinary income and profit before income taxes for the fiscal year ended March 31, 2018 increased by ¥8,301 million, respectively, compared with the figures calculated based on the previous method.



(Segment Information, etc.)

[Segment Information]

1. Outline of the reportable segments

Reportable segments of the Nippon Express Group are its 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 has 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.

As a result, the main products and services and main business of each reportable segment are as follows.

Reportable Segments	Main products and services	Main business
Japan (Logistics)	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine & harbor transportation, moving & relocation, warehousing & distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage & 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 & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
Europe (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, travel
East Asia (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania (Logistics)	Air freight forwarding, marine & harbor transportation, warehousing & distribution processing, moving & relocation, chartered truck services, heavy haulage & construction, travel	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction, travel
Reportable Segments	Main products and services	Main business
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 methods for reportable segments are the same as those stated in the most recent Securities Report (submitted June 29, 2017), except for the items stated in “3. Consolidated Financial Statements and Significant Notes, (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors).”

Income in each reportable segment is stated on the basis of operating income. Intersegment revenues and money transfers are based on current market price.

3. Revenues, income (loss), assets, liabilities and other items by reportable segment  
FY2016 (From April 1, 2016 to March 31, 2017)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,143,290	70,869	73,895	93,157	63,826
Intersegment	12,423	12,962	5,391	8,589	6,517
Total	1,155,713	83,831	79,286	101,746	70,343
Segment income	38,658	4,772	2,030	1,117	2,486
Segment assets	847,188	49,614	46,751	54,709	64,093
Other items					
Depreciation and amortization	35,657	1,207	1,376	1,173	1,886
Amortization of goodwill	2,370	311	392	479	348
Impairment loss on non-current assets	0	–	1,790	2,384	–
Investment in equity method affiliates	9,402	64	–	1,617	124
Increase in property and equipment and intangible assets	62,150	1,407	1,131	1,161	7,108

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,740	46,512	318,009	1,864,301	–	1,864,301
Intersegment	41	472	85,984	132,381	(132,381)	–
Total	54,781	46,985	403,994	1,996,683	(132,381)	1,864,301
Segment income	964	3,883	10,015	63,930	(6,498)	57,431
Segment assets	86,887	25,039	311,777	1,486,062	35,738	1,521,800
Other items						
Depreciation and amortization	2,165	984	5,711	50,164	3,389	53,553
Amortization of goodwill	–	–	319	4,222	–	4,222
Impairment loss on non-current assets	–	–	–	4,175	–	4,175
Investment in equity method affiliates	–	202	141	11,552	–	11,552
Increase in property and equipment and intangible assets	1,843	535	7,773	83,110	1,847	84,958

(Notes) 1. Details of the adjustments are as follows:

- (1) The segment income adjustment of ¥(6,498) million includes ¥(136) million for the elimination of intersegment income, and ¥(6,368) 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) The segment assets adjustment of ¥35,738 million includes ¥(149,841) million for the elimination of intersegment income, and ¥185,579 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, investment securities and non-current assets held by the Company not attributable to each reportable segment.
- (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company not attributable to each reportable segment.
- (4) The adjustment in increase in property and equipment and intangible assets represents primarily the capital expenditures at the Company not attributable to each reportable segment.

2. Segment income has been reconciled with operating income in the consolidated financial statements.

FY2017 (From April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,190,027	76,604	89,911	106,649	75,867
Intersegment	13,448	14,792	6,136	10,837	9,515
Total	1,203,475	91,396	96,048	117,487	85,382
Segment income	45,970	4,486	4,155	1,845	3,396
Segment assets	831,407	49,573	75,090	56,293	63,755
Other items					
Depreciation and amortization	32,239	1,390	1,457	954	1,879
Amortization of goodwill	2,370	–	233	68	317
Impairment loss on non-current assets	44,584	–	–	–	7,126
Investment in equity method affiliates	10,144	63	–	1,427	150
Increase in property and equipment and intangible assets	74,304	1,681	1,517	336	4,291

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	57,200	47,388	351,667	1,995,317	–	1,995,317
Intersegment	41	213	91,597	146,582	(146,582)	–
Total	57,241	47,602	443,264	2,141,899	(146,582)	1,995,317
Segment income	1,761	4,062	11,722	77,399	(7,129)	70,269
Segment assets	73,259	20,669	323,056	1,493,106	24,918	1,518,024
Other items						
Depreciation and amortization	1,600	580	5,475	45,578	3,356	48,934
Amortization of goodwill	–	–	239	3,229	–	3,229
Impairment loss on non-current assets	–	–	–	51,711	–	51,711
Investment in equity method affiliates	–	233	131	12,150	–	12,150
Increase in property and equipment and intangible assets	2,796	812	7,389	93,128	3,430	96,558

(Notes) 1. Details of the adjustments are as follows:

- (1) The segment income adjustment of ¥(7,129) million includes ¥(148) million for the elimination of intersegment income, and ¥(7,001) 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) The segment assets adjustment of ¥24,918 million includes ¥(199,307) million for the elimination of intersegment income, and ¥224,226 million of corporate assets not allocated to each reportable segment. Corporate assets mainly represent cash and cash in banks, investment securities and non-current assets held by the Company not attributable to each reportable segment.
- (3) The depreciation and amortization adjustment represents mainly the depreciation and amortization at the Company not attributable to each reportable segment.
- (4) The adjustment in increase in property and equipment and intangible assets represents primarily the capital expenditures at the Company not attributable to each reportable segment.

2. Segment income has been reconciled with operating income in the consolidated financial statements.

4. Matters related to changes in reportable segments, etc.

As described in “Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates,” the Company and some of its consolidated domestic subsidiaries changed the depreciation method of property and equipment from the declining-balance method, which had previously been the main method of use other than for buildings, to the straight-line method from the first quarter ended June 30, 2017, and also changed the useful lives of some vehicles.

As a result of these changes, segment income of the fiscal year ended March 31, 2018 increased by ¥6,636 million in “Japan (Logistics),” ¥830 million in “Security Transportation,” ¥341 million in “Heavy Haulage & Construction” and ¥493 million in “Logistics Support” compared with figures calculated based on the previous method.

(Per Share Information)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Net assets per share (yen)	5,586.52	5,519.09
Basic earnings per share (yen)	371.32	68.06

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

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

3. For the purpose of computing net assets per share, 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. Additionally, in calculating basic earnings per share, said shares of the Company are 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 77 thousand shares, and the average number of shares during the period was 44 thousand shares. In the current fiscal year, the total number of shares of treasury stock held in the trust at end of the period was 73 thousand shares, and the average number of shares during the period was 73 thousand shares.

4. The bases for the computation of the amounts of basic earnings per share are set out below.

(Unit: Millions of yen unless otherwise stated)

	FY2016 (from April 1, 2016 to March 31, 2017)	FY2017 (from April 1, 2017 to March 31, 2018)
Basic earnings per share		
Profit attributable to owners of parent	36,454	6,534
Amount not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common stock	36,454	6,534
Weighted average number of common stock during the year (1,000 shares)	98,173	96,012

5. The bases for the computation of the amounts of net assets per share are set out below.

(Unit: Millions of yen unless otherwise stated)

	FY2016 (as of March 31, 2017)	FY2017 (as of March 31, 2018)
Total net assets	552,985	547,494
Amount to deduct from total net assets	16,606	17,618
(Non-controlling interests)	(16,606)	(17,618)
Net assets at end of year related to common stock	536,378	529,875
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	96,013	96,007

(Significant Subsequent Events)

Not applicable.

#### 4. Reference Materials

(1) Consolidated Reference Materials

- Financial Results of Reportable Segment for FY2017

(Unit: Millions of yen, %)

			FY2017	FY2016	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	1,203,475	1,155,713	47,761	4.1
			The Americas	91,396	83,831	7,564	9.0
			Europe	96,048	79,286	16,761	21.1
			East Asia	117,487	101,746	15,740	15.5
			South Asia & Oceania	85,382	70,343	15,038	21.4
		Subtotal	1,593,790	1,490,923	102,867	6.9	
		Security Transportation	57,241	54,781	2,460	4.5	
		Heavy Haulage & Construction	47,602	46,985	617	1.3	
		Logistics Support	443,264	403,994	39,270	9.7	
		Subtotal	2,141,899	1,996,683	145,216	7.3	
	Adjustment	(146,582)	(132,381)	(14,200)	–		
Total	1,995,317	1,864,301	131,015	7.0			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 45,970	[3.3] 38,658	7,311	18.9
			The Americas	[4.9] 4,486	[5.7] 4,772	(286)	(6.0)
			Europe	[4.3] 4,155	[2.6] 2,030	2,124	104.6
			East Asia	[1.6] 1,845	[1.1] 1,117	728	65.2
			South Asia & Oceania	[4.0] 3,396	[3.5] 2,486	909	36.6
		Subtotal	[3.8] 59,853	[3.3] 49,065	10,787	22.0	
		Security Transportation	[3.1] 1,761	[1.8] 964	796	82.6	
		Heavy Haulage & Construction	[8.5] 4,062	[8.3] 3,883	178	4.6	
		Logistics Support	[2.6] 11,722	[2.5] 10,015	1,706	17.0	
		Subtotal	[3.6] 77,399	[3.2] 63,930	13,468	21.1	
	Adjustment	(7,129)	(6,498)	(630)	–		
Total	[3.5] 70,269	[3.1] 57,431	12,837	22.4			

(Notes) Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018	FY2017	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,224,500	1,188,880	35,619	3.0
			The Americas	95,400	91,396	4,003	4.4
			Europe	112,400	96,048	16,351	17.0
			East Asia	121,300	117,487	3,812	3.2
			South Asia & Oceania	90,000	85,382	4,617	5.4
		Subtotal	1,643,600	1,579,195	64,404	4.1	
		Security Transportation	73,900	71,837	2,062	2.9	
		Heavy Haulage & Construction	45,800	47,602	(1,802)	(3.8)	
		Logistics Support	465,400	443,264	22,135	5.0	
		Subtotal	2,228,700	2,141,899	86,800	4.1	
		Adjustment	(148,700)	(146,582)	(2,117)	–	
Total	2,080,000	1,995,317	84,682	4.2			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.2] 51,600	[3.8] 45,616	5,983	13.1
			The Americas	[4.5] 4,300	[4.9] 4,486	(186)	(4.1)
			Europe	[4.1] 4,600	[4.3] 4,155	444	10.7
			East Asia	[2.3] 2,800	[1.6] 1,845	954	51.7
			South Asia & Oceania	[4.1] 3,700	[4.0] 3,396	303	8.9
		Subtotal	[4.1] 67,000	[3.8] 59,499	7,500	12.6	
		Security Transportation	[2.0] 1,500	[2.9] 2,114	(614)	(29.1)	
		Heavy Haulage & Construction	[7.9] 3,600	[8.5] 4,062	(462)	(11.4)	
		Logistics Support	[2.5] 11,800	[2.6] 11,722	77	0.7	
		Subtotal	[3.8] 83,900	[3.6] 77,399	6,500	8.4	
		Adjustment	(6,900)	(7,129)	229	–	
Total	[3.7] 77,000	[3.5] 70,269	6,730	9.6			

- (Notes) 1. In accordance with the organizational changes relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment will be changed to the “Security Transportation” segment effective from the fiscal year ending March 31, 2019. Accordingly, the forecast for the fiscal year ending March 31, 2019 applies these segment changes to the previous year figures for comparison.
2. Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for First Half of FY2018

(Unit: Millions of yen, %)

			First half of FY2018		First half of FY2017		Change	
							Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	599,000	577,009	21,990	3.8	
			The Americas	46,900	44,833	2,066	4.6	
			Europe	55,100	43,827	11,272	25.7	
			East Asia	57,200	54,787	2,412	4.4	
			South Asia & Oceania	42,300	39,538	2,761	7.0	
		Subtotal	800,500	759,995	40,504	5.3		
		Security Transportation	36,200	35,930	269	0.8		
		Heavy Haulage & Construction	24,300	24,866	(566)	(2.3)		
		Logistics Support	222,400	204,296	18,103	8.9		
		Subtotal	1,083,400	1,025,090	58,309	5.7		
	Adjustment	(73,400)	(68,958)	(4,441)	–			
Total	1,010,000	956,131	53,868	5.6				
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.7] 21,900	[3.4] 19,905	1,994	10.0	
			The Americas	[4.3] 2,000	[6.0] 2,708	(708)	(26.1)	
			Europe	[3.6] 2,000	[3.9] 1,728	271	15.7	
			East Asia	[2.1] 1,200	[1.4] 768	431	56.1	
			South Asia & Oceania	[4.3] 1,800	[4.1] 1,633	166	10.2	
		Subtotal	[3.6] 28,900	[3.5] 26,743	2,156	8.1		
		Security Transportation	[1.4] 500	[3.0] 1,061	(561)	(52.9)		
		Heavy Haulage & Construction	[8.2] 2,000	[9.4] 2,345	(345)	(14.7)		
		Logistics Support	[2.5] 5,600	[2.6] 5,326	273	5.1		
		Subtotal	[3.4] 37,000	[3.5] 35,477	1,522	4.3		
	Adjustment	(4,000)	(3,244)	(755)	–			
Total	[3.3] 33,000	[3.4] 32,232	767	2.4				

- (Notes) 1. In accordance with the organizational changes relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment will be changed to the “Security Transportation” segment effective from the fiscal year ending March 31, 2019. Accordingly, the forecast for the fiscal year ending March 31, 2019 applies these segment changes to the previous year figures for comparison.
2. Figures in brackets indicate Operating Margins.



○ Changes in Number of Employees as of March 31, 2017 and 2018

(Unit: Persons, %)

	March 31, 2018	March 31, 2017	Change	
			Change	Ratio
Logistics	60,062	60,441	(379)	(0.6)
Security Transportation	4,735	4,449	286	6.4
Heavy Haulage & Construction	825	810	15	1.9
Logistics Support	3,925	3,953	(28)	(0.7)
Adjustment*	125	96	29	30.2
Total	69,672	69,749	(77)	(0.1)

\*Employees engaged in the administration of the Company and group companies

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2017
Vehicles	14,428
Buildings	36,152
Land	14,460
Leased assets	6,887
Other	24,523
Total	96,452

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	41,536	Nomi Distribution Center, ¥2,394 million, etc.
Nittsu Logistics (Thailand)	1,622	Warehouse construction in Amata City Chonburi Industrial Park
NEX Logistics (Indonesia)	1,405	Warehouse construction in Gobel Industrial Park

\* Amount for Nippon Express does not include leased assets.

(Unit: Millions of yen)

	Forecast for FY2018
Vehicles	15,000
Buildings	42,000
Land	4,000
Leased assets	5,000
Other	24,000
Total	90,000

Major plans

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	60,000	New international air freight core system, ¥6,813 million, etc.
Nippon Express (Malaysia)	4,740	Warehouse construction in Shah Alam Industrial Park
NEX Logistics (Indonesia)	2,600	Warehouse construction in Gobel Industrial Park

\* Amount for Nippon Express does not include leased assets.

## (2) Non-consolidated Reference Materials

## ○ Details of Revenues and Operating Expenses for FY2017

(Unit: Millions of yen, %)

		FY2017		FY2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	85,867	7.8	84,016	8.0	1,850	2.2	
	Motor transportation	Combined delivery services	82,987	7.6	80,530	7.7	2,456	3.1
		Chartered truck services	271,761	24.8	267,893	25.7	3,867	1.4
		Subtotal	354,748	32.4	348,424	33.4	6,324	1.8
	Marine and harbor transportation	Marine transportation	71,959	6.6	67,769	6.5	4,189	6.2
		Harbor transportation	55,510	5.1	52,227	5.0	3,283	6.3
		Subtotal	127,469	11.7	119,996	11.5	7,473	6.2
		(Exports)	[ 60,747 ]	—	[ 56,493 ]	—	[ 4,254 ]	[ 7.5 ]
		(Imports)	[ 39,365 ]	—	[ 36,991 ]	—	[ 2,373 ]	[ 6.4 ]
		(Domestic)	[ 27,356 ]	—	[ 26,510 ]	—	[ 846 ]	[ 3.2 ]
	Warehousing	111,898	10.2	110,812	10.6	1,085	1.0	
	Air transportation	International air freight	127,270	11.6	96,783	9.2	30,487	31.5
		(Exports)	[ 100,843 ]	—	[ 72,720 ]	—	[ 28,123 ]	[ 38.7 ]
		(Imports)	[ 26,427 ]	—	[ 24,062 ]	—	[ 2,364 ]	[ 9.8 ]
		Domestic air freight	39,554	3.6	39,425	3.8	128	0.3
	Subtotal	166,825	15.2	136,208	13.0	30,616	22.5	
	Heavy haulage & construction	60,703	5.6	57,932	5.6	2,771	4.8	
Incidental operations and others	187,037	17.1	186,365	17.9	671	0.4		
Total	1,094,549	100.0	1,043,756	100.0	50,793	4.9		
	(Domestic operation-related revenues)	[ 837,452 ]	76.5	[ 824,395 ]	79.0	[ 13,056 ]	[ 1.6 ]	
	(Overseas-related revenues)	[ 257,097 ]	23.5	[ 219,361 ]	21.0	[ 37,736 ]	[ 17.2 ]	
Operating expenses	Employment costs	Drivers/workers	119,329	10.9	119,911	11.5	(582)	(0.5)
		Office personnel	135,458	12.4	136,590	13.1	(1,132)	(0.8)
		Subtotal	254,787	23.3	256,502	24.6	(1,715)	(0.7)
	Forwarding costs	Railway	44,155	4.0	42,993	4.1	1,161	2.7
		Marine	28,100	2.6	23,728	2.3	4,372	18.4
		Air	56,103	5.1	36,831	3.5	19,272	52.3
		Subtotal	128,359	11.7	103,553	9.9	24,806	24.0
	Vehicle chartering and subcontracting costs	452,613	41.4	434,910	41.7	17,702	4.1	
	Depreciation and amortization	25,370	2.3	28,932	2.8	(3,562)	(12.3)	
	Facility usage charges	72,532	6.6	71,597	6.8	935	1.3	
Other	123,214	11.3	118,143	11.3	5,070	4.3		
Total	1,056,877	96.6	1,013,640	97.1	43,237	4.3		
Operating income	37,672	3.4	30,116	2.9	7,555	25.1		

○ Details of Revenues for the First and Second Half of FY2017

(Unit: Millions of yen, %)

		FY2017		FY2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
1H of revenues	Railway utilization transportation	41,603	7.8	39,772	7.8	1,831	4.6	
	Motor transportation	Combined delivery services	39,978	7.5	39,224	7.7	753	1.9
		Chartered truck services	134,106	25.2	132,058	25.8	2,047	1.6
		Subtotal	174,085	32.7	171,283	33.5	2,801	1.6
	Marine and harbor transportation	Marine transportation	36,342	6.8	34,905	6.8	1,437	4.1
		Harbor transportation	27,061	5.1	25,805	5.1	1,256	4.9
		Subtotal	63,404	11.9	60,710	11.9	2,693	4.4
		(Exports)	[ 30,061 ]	—	[ 28,943 ]	—	[ 1,117 ]	[ 3.9 ]
		(Imports)	[ 19,741 ]	—	[ 18,547 ]	—	[ 1,193 ]	[ 6.4 ]
		(Domestic)	[ 13,602 ]	—	[ 13,219 ]	—	[ 382 ]	[ 2.9 ]
	Warehousing	55,600	10.4	56,081	11.0	(481)	(0.9)	
	Air transportation	International air freight	56,717	10.7	45,772	9.0	10,944	23.9
		(Exports)	[ 43,804 ]	—	[ 34,077 ]	—	[ 9,726 ]	[ 28.5 ]
		(Imports)	[ 12,912 ]	—	[ 11,694 ]	—	[ 1,218 ]	[ 10.4 ]
		Domestic air freight	19,389	3.6	19,382	3.8	6	0.0
		Subtotal	76,106	14.3	65,155	12.8	10,951	16.8
Heavy haulage & construction	31,153	5.9	27,571	5.4	3,582	13.0		
Incidental operations and others	90,547	17.0	90,006	17.6	540	0.6		
Total	532,501	100.0	510,581	100.0	21,919	4.3		
	(Domestic operation-related revenues)	[ 411,160 ]	77.2	[ 403,507 ]	79.0	[ 7,653 ]	[ 1.9 ]	
	(Overseas-related revenues)	[ 121,340 ]	22.8	[ 107,074 ]	21.0	[ 14,266 ]	[ 13.3 ]	
2H of revenues	Railway utilization transportation	44,263	7.9	44,244	8.3	18	0.0	
	Motor transportation	Combined delivery services	43,008	7.6	41,305	7.7	1,702	4.1
		Chartered truck services	137,654	24.5	135,834	25.5	1,819	1.3
		Subtotal	180,663	32.1	177,140	33.2	3,522	2.0
	Marine and harbor transportation	Marine transportation	35,616	6.3	32,863	6.2	2,752	8.4
		Harbor transportation	28,449	5.1	26,421	4.9	2,027	7.7
		Subtotal	64,065	11.4	59,285	11.1	4,779	8.1
		(Exports)	[ 30,686 ]	—	[ 27,549 ]	—	[ 3,136 ]	[ 11.4 ]
		(Imports)	[ 19,624 ]	—	[ 18,444 ]	—	[ 1,179 ]	[ 6.4 ]
		(Domestic)	[ 13,754 ]	—	[ 13,291 ]	—	[ 463 ]	[ 3.5 ]
	Warehousing	56,298	10.0	54,730	10.3	1,567	2.9	
	Air transportation	International air freight	70,553	12.5	51,010	9.6	19,542	38.3
		(Exports)	[ 57,038 ]	—	[ 38,642 ]	—	[ 18,396 ]	[ 47.6 ]
		(Imports)	[ 13,514 ]	—	[ 12,368 ]	—	[ 1,146 ]	[ 9.3 ]
		Domestic air freight	20,164	3.6	20,042	3.8	122	0.6
		Subtotal	90,718	16.1	71,053	13.4	19,664	27.7
Heavy haulage & construction	29,549	5.3	30,360	5.7	(811)	(2.7)		
Incidental operations and others	96,490	17.2	96,358	18.0	131	0.1		
Total	562,048	100.0	533,174	100.0	28,873	5.4		
	(Domestic operation-related revenues)	[ 426,291 ]	75.8	[ 420,887 ]	78.9	[ 5,403 ]	[ 1.3 ]	
	(Overseas-related revenues)	[ 135,756 ]	24.2	[ 112,287 ]	21.1	[ 23,469 ]	[ 20.9 ]	

○ Changes in Number of Employees as of March 31, 2017 and 2018

(Unit: Person, %)

		March 31, 2018	March 31, 2017	Change (YoY)	Ratio
Drivers /workers	Nationwide employees	603	642	(39)	(6.1)
	Other employees	16,072	16,212	(140)	(0.9)
	Subtotal	16,675	16,854	(179)	(1.1)
Office personnel	Nationwide employees	10,842	10,876	(34)	(0.3)
	Other employees	4,354	4,278	76	1.8
	Subtotal	15,196	15,154	42	0.3
Total		31,871	32,008	(137)	(0.4)

○ Cash Flows

(Unit: Millions of yen)

	FY2017	FY2016	Change
Cash and cash equivalents at beginning of the year	64,349	42,573	21,755
Cash flows from operating activities	62,565	54,593	7,972
Cash flows from investing activities	(74,453)	(48,181)	(26,272)
Cash flows from financing activities	(17,010)	15,363	(32,374)
Cash and cash equivalents at end of the year	35,450	64,349	(28,898)

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2017
Vehicles	9,300
Buildings	13,913
Land	4,192
Software	5,592
Other	8,537
Total	41,536

\* Major investment

(Unit: Millions of yen)

Type	Description	m <sup>2</sup>	Total construction expenses	Actual amount in FY2017
Building, etc.	Nomi Distribution Center	20,544	3,134	2,394
Building, etc.	Sendai Oroshimachi Distribution Center	28,007	5,754	1,111

(Unit: Millions of yen)

	Forecasted amount in FY2018
Vehicles	9,500
Buildings	33,000
Land	2,000
Software	11,000
Other	4,500
Total	60,000

\* Major investment

(Unit: Millions of yen)

Type	Description	(Planned to complete)	m <sup>2</sup>	Total construction expenses	Forecasted amount in FY2018
Building, etc.	Sendai Oroshimachi Distribution Center	(April 2019)	28,007	5,754	4,087
Software	New international air freight core system	(March 2022)	—	18,975	6,813

○ Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018		FY2017		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	87,000	7.7	85,867	7.8	1,132	1.3	
	Motor transportation	Combined delivery services	83,900	7.4	82,987	7.6	912	1.1
		Chartered truck services	277,500	24.6	271,761	24.8	5,738	2.1
		Subtotal	361,400	32.0	354,748	32.4	6,651	1.9
	Marine and harbor transportation	Marine transportation	77,500	6.9	71,959	6.6	5,540	7.7
		Harbor transportation	57,000	5.0	55,510	5.1	1,489	2.7
		Subtotal	134,500	11.9	127,469	11.7	7,030	5.5
	Warehousing	114,400	10.1	111,898	10.2	2,501	2.2	
	Air transportation	International air freight	141,400	12.5	127,270	11.6	14,129	11.1
		Domestic air freight	40,000	3.6	39,554	3.6	445	1.1
		Subtotal	181,400	16.1	166,825	15.2	14,574	8.7
	Heavy haulage & construction	59,000	5.2	60,703	5.6	(1,703)	(2.8)	
	Incidental operations and others	192,300	17.0	187,037	17.1	5,262	2.8	
	Total	1,130,000	100.0	1,094,549	100.0	35,450	3.2	
Operating expenses	Employment costs	Drivers/workers	120,500	10.7	119,329	10.9	1,170	1.0
		Office personnel	137,000	12.1	135,458	12.4	1,541	1.1
		Subtotal	257,500	22.8	254,787	23.3	2,712	1.1
	Forwarding costs	Railway	44,800	4.0	44,155	4.0	644	1.5
		Marine	31,700	2.8	28,100	2.6	3,599	12.8
		Air	62,000	5.5	56,103	5.1	5,896	10.5
		Subtotal	138,500	12.3	128,359	11.7	10,140	7.9
	Vehicle chartering and subcontracting costs	466,300	41.3	452,613	41.4	13,686	3.0	
	Depreciation and amortization	28,000	2.5	25,370	2.3	2,629	10.4	
	Facility usage charges	72,600	6.4	72,532	6.6	67	0.1	
	Other	127,100	11.2	123,214	11.3	3,885	3.2	
Total	1,090,000	96.5	1,056,877	96.6	33,122	3.1		
Operating income	40,000	3.5	37,672	3.4	2,327	6.2		
Non-operating income	14,000	1.2	13,565	1.3	434	3.2		
Non-operating expenses	4,000	0.3	4,441	0.4	(441)	(9.9)		
Ordinary income	50,000	4.4	46,795	4.3	3,204	6.8		
Extraordinary income	1,300	0.1	23,479	2.1	(22,179)	(94.5)		
Extraordinary loss	3,300	0.3	50,138	4.6	(46,838)	(93.4)		
Profit before income taxes	48,000	4.2	20,137	1.8	27,862	138.4		
Income taxes	15,000	1.3	18,148	1.6	(3,148)	(17.3)		
Profit	33,000	2.9	1,988	0.2	31,011	-		

○ Forecast of Financial Results for First Half of FY2018

(Unit: Millions of yen, %)

		First half of FY2018	% in Sales	First half of FY2017	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	42,200	7.6	41,603	7.8	596	1.4	
	Motor transportation	Combined delivery services	40,600	7.3	39,978	7.5	621	1.6
		Chartered truck services	136,700	24.6	134,106	25.2	2,593	1.9
		Subtotal	177,300	31.9	174,085	32.7	3,214	1.8
	Marine and harbor transportation	Marine transportation	39,500	7.1	36,342	6.8	3,157	8.7
		Harbor transportation	27,900	5.0	27,061	5.1	838	3.1
		Subtotal	67,400	12.1	63,404	11.9	3,995	6.3
	Warehousing	57,000	10.3	55,600	10.4	1,399	2.5	
	Air transportation	International air freight	67,300	12.1	56,717	10.7	10,582	18.7
		Domestic air freight	19,600	3.6	19,389	3.6	210	1.1
		Subtotal	86,900	15.7	76,106	14.3	10,793	14.2
	Heavy haulage & construction	30,500	5.5	31,153	5.9	(653)	(2.1)	
	Incidental operations and others	93,700	16.9	90,547	17.0	3,152	3.5	
	Total	555,000	100.0	532,501	100.0	22,498	4.2	
Operating expenses	Employment costs	Drivers/workers	60,500	10.9	59,628	11.2	871	1.5
		Office personnel	69,000	12.4	67,105	12.6	1,894	2.8
		Subtotal	129,500	23.3	126,733	23.8	2,766	2.2
	Forwarding costs	Railway	21,800	3.9	21,481	4.0	318	1.5
		Marine	15,900	2.9	13,853	2.6	2,046	14.8
		Air	27,000	4.9	22,579	4.3	4,420	19.6
		Subtotal	64,700	11.7	57,915	10.9	6,784	11.7
	Vehicle chartering and subcontracting costs	231,000	41.6	222,324	41.8	8,675	3.9	
	Depreciation and amortization	13,600	2.4	12,366	2.3	1,233	10.0	
	Facility usage charges	36,000	6.5	35,841	6.7	158	0.4	
	Other	62,700	11.3	60,161	11.3	2,538	4.2	
Total	537,500	96.8	515,344	96.8	22,155	4.3		
Operating income	17,500	3.2	17,157	3.2	342	2.0		
Non-operating income	7,500	1.3	5,719	1.1	1,780	31.1		
Non-operating expenses	2,000	0.4	1,979	0.4	20	1.1		
Ordinary income	23,000	4.1	20,897	3.9	2,102	10.1		
Extraordinary income	1,050	0.2	1,735	0.3	(685)	(39.5)		
Extraordinary loss	1,650	0.3	1,884	0.3	(234)	(12.4)		
Profit before income taxes	22,400	4.0	20,749	3.9	1,650	8.0		
Income taxes	6,900	1.2	6,290	1.2	609	9.7		
Profit	15,500	2.8	14,459	2.7	1,040	7.2		