

Results for the First Half of the Fiscal Year Ending March 31, 2022

November 18, 2021

Upwardly revised full-year earnings forecast reflecting better-than-expected performance in the logistics business

I. Results for the First Half of the Fiscal Year Ending March 31, 2022 P. 3

II. Full-Year Plan for the Fiscal Year Ending March 31, 2022 P. 13

III. Progress of the Sixth Medium-Term Business Plan P. 18

IV. Initiatives to Improve Travel Service Business Profitability P. 26

I. Results for the First Half of the Fiscal Year Ending March 31, 2022

1H FY03/22 Results

Results came in well above initial plan

(Millions of yen)

	1H FY03/21	1H FY03/22		vs. Initial Plan		YoY	
		Initial Plan	Actual	Change	Percentage	Change	Percentage
Net sales	69,183	75,000	85,931	+10,931	114.6%	+16,748	124.2%
Operating income	(251)	2,100	3,603	+1,503	171.6%	+3,854	—
Ordinary income	612	2,300	4,344	+2,044	188.9%	+3,732	709.8%
Profit attributable to owners of parent	(155)	1,400	2,364	+964	168.9%	+2,519	—

1H FY03/22 Results by Segment

Operating income in the logistics business rose substantially both domestically and overseas, while profitability also improved in the travel service business

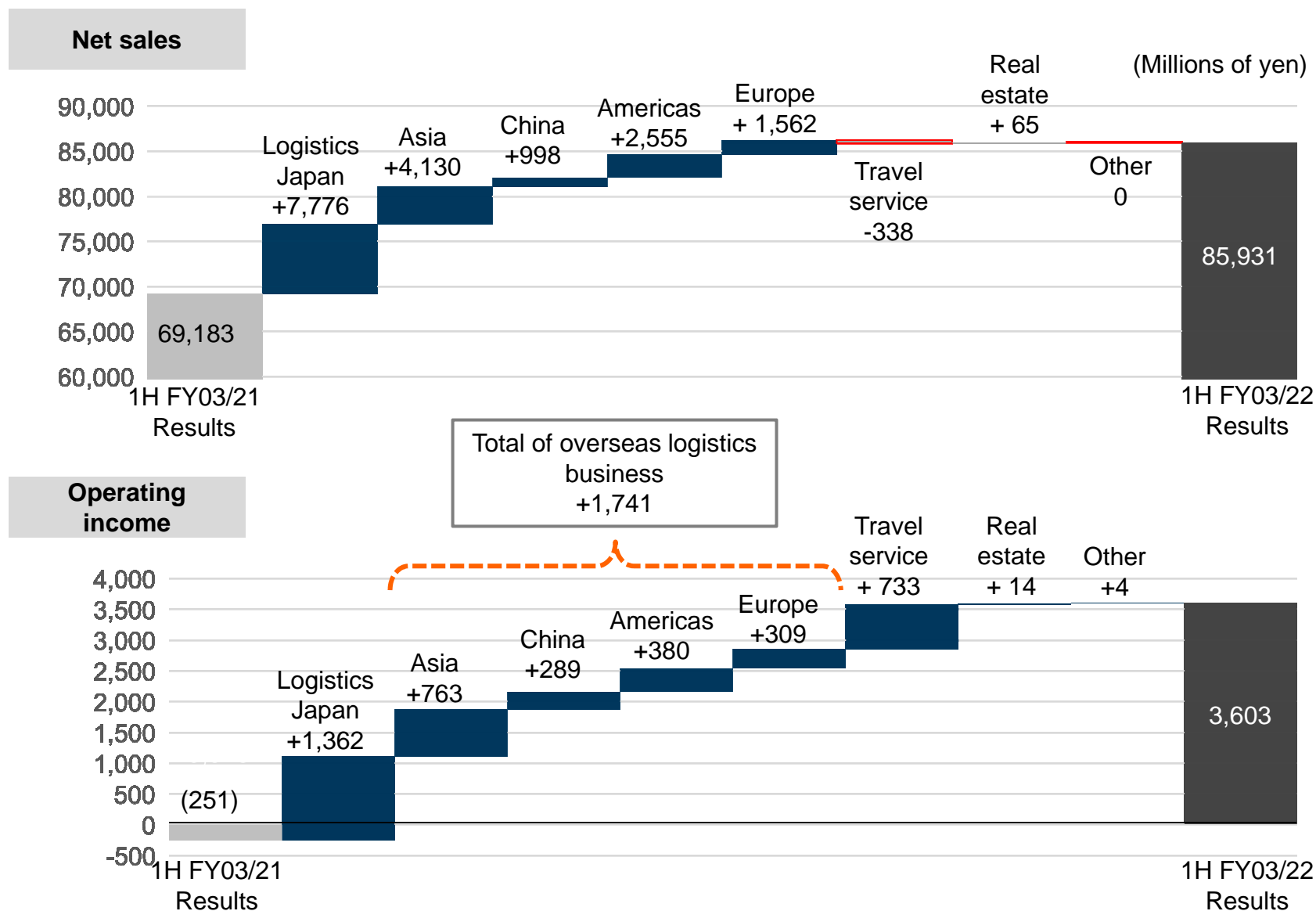
(Millions of yen)

	Business		1H FY03/21	1H FY03/22	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	46,206	53,982 [*59,159]	+7,776	116.8%
		Overseas	20,840	30,085 [*31,129]	+9,245	144.4%
	Travel service		1,491	1,153 [*3,600]	-338	77.3%
	Real estate		645	710	+65	110.1%
	Total		69,183	85,931	+16,748	124.2%
Operating income	Logistics	Domestic	440	1,802	+1,362	409.5%
		Overseas	301	2,045	+1,744	679.4%
	Travel service		(1,379)	(646)	+733	—
	Real estate		378	392	+14	103.7%
	Other		6	8	+2	133.3%
	Total		(251)	3,603	+3,854	—

* Figures when not applying ASBJ's "Accounting Standard for Revenue Recognition"

Note: Figures are internal estimates for the purpose of explaining earnings by segment in a simplified manner.

1H FY03/22: YoY Change by Segment



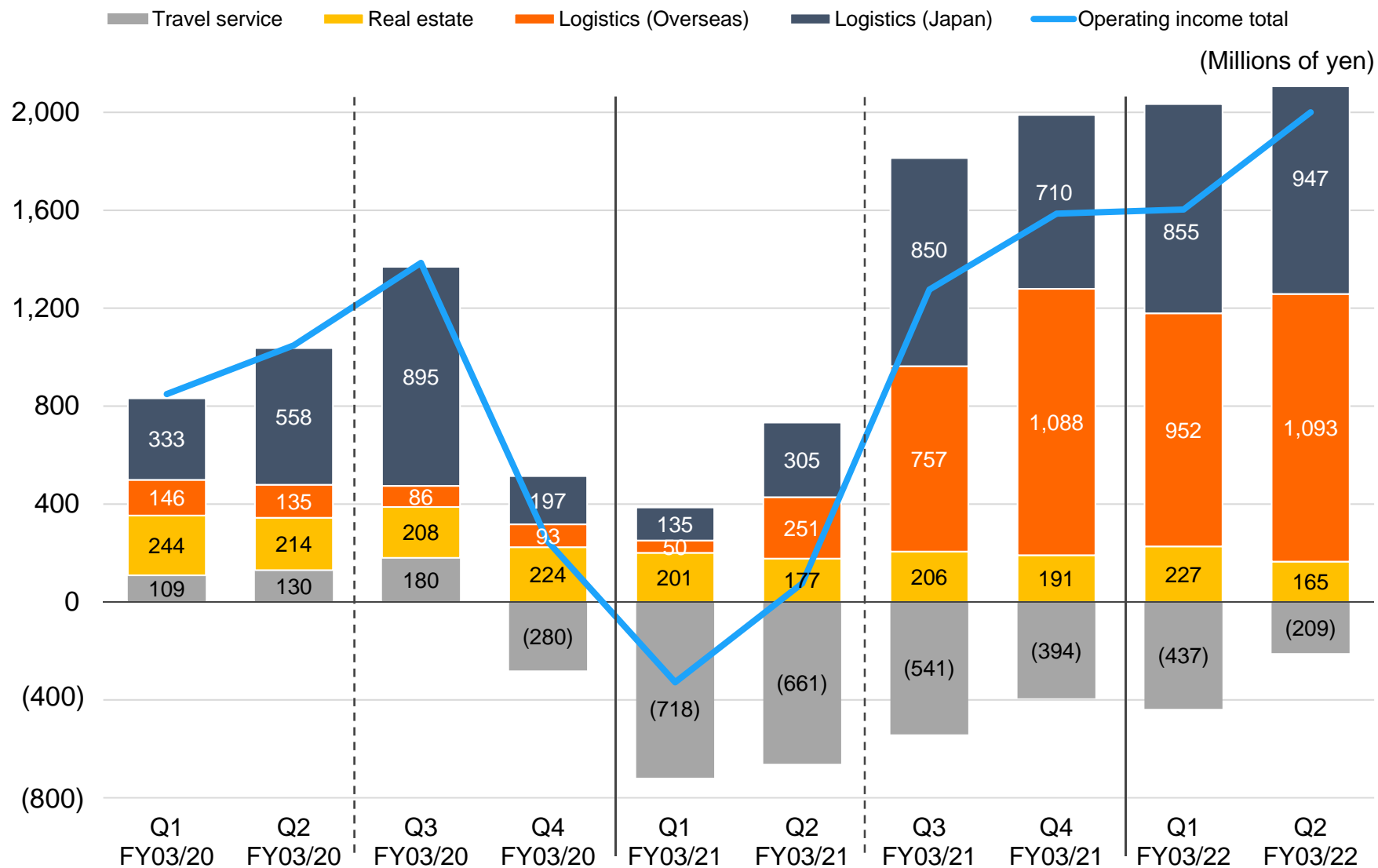
Quarterly Operating Income by Segment

The logistics business remained strong on a quarterly basis, while the travel service business improved on the back of cost reductions

(Millions of yen)

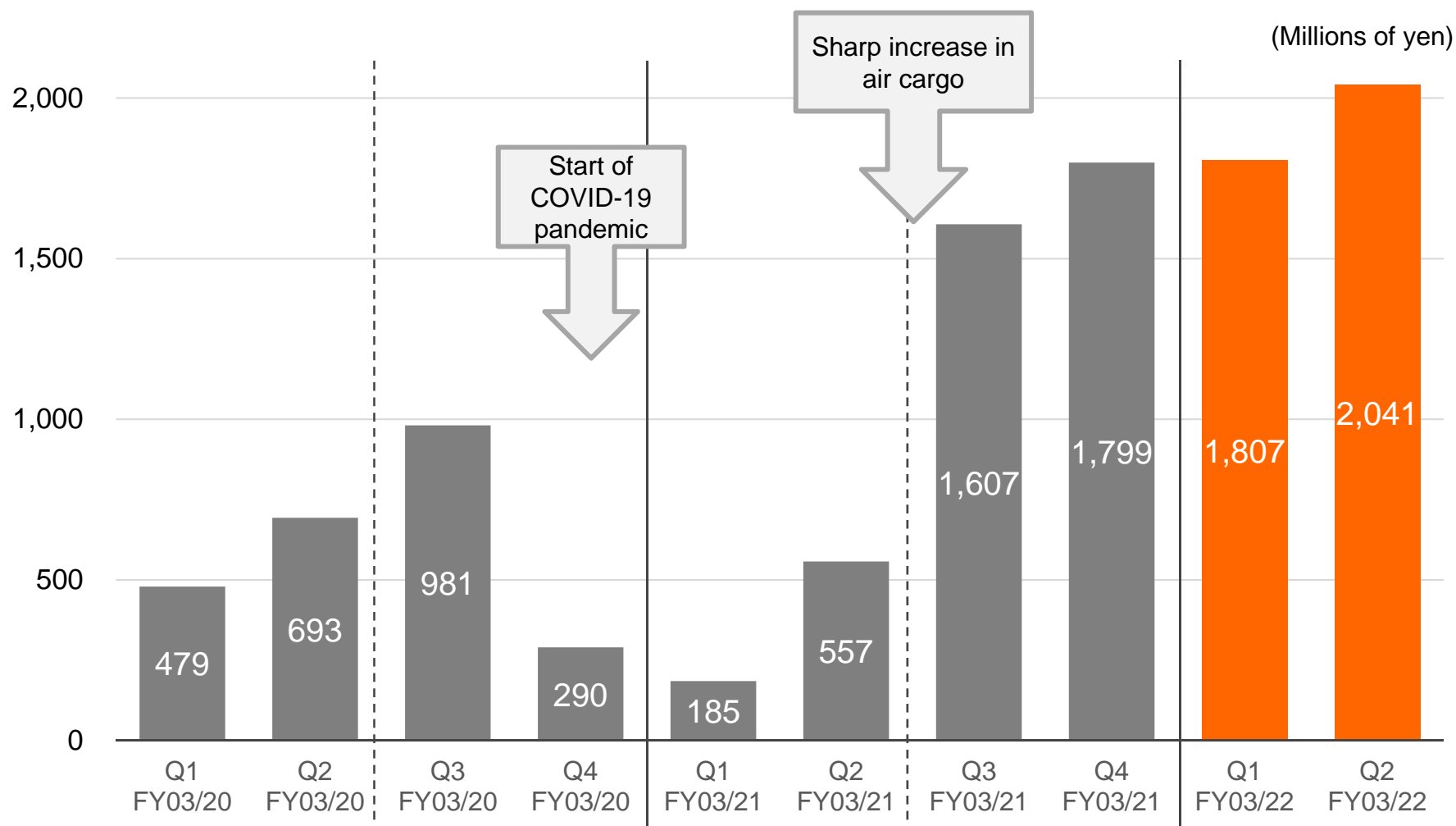
		FY03/20				FY03/21				FY03/22	
Business		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
		Apr.–Jun.	Jul.–Sept.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sept.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sept.
Logistics	Domestic	333	558	895	197	135	305	850	710	855	947
	Overseas	146	135	86	93	50	251	757	1,088	952	1,093
Logistics subtotal		479	693	981	290	185	557	1,607	1,799	1,807	2,041
Travel service		109	130	180	(280)	(718)	(661)	(541)	(394)	(437)	(209)
Real estate		244	214	208	224	201	177	206	191	227	165
Other		17	11	16	12	3	3	3	(9)	5	3
Total		849	1,048	1,385	246	(328)	76	1,276	1,586	1,603	2,000

Quarterly Operating Income by Segment



Quarterly Operating Income (Logistics Business)

Sharp increase in air cargo from Q3 FY03/21



1H Results: Factors behind Upward Revision in Operating Income

Secured cargo space and increased cargo volume in tight market conditions for ocean and air cargo in all regions

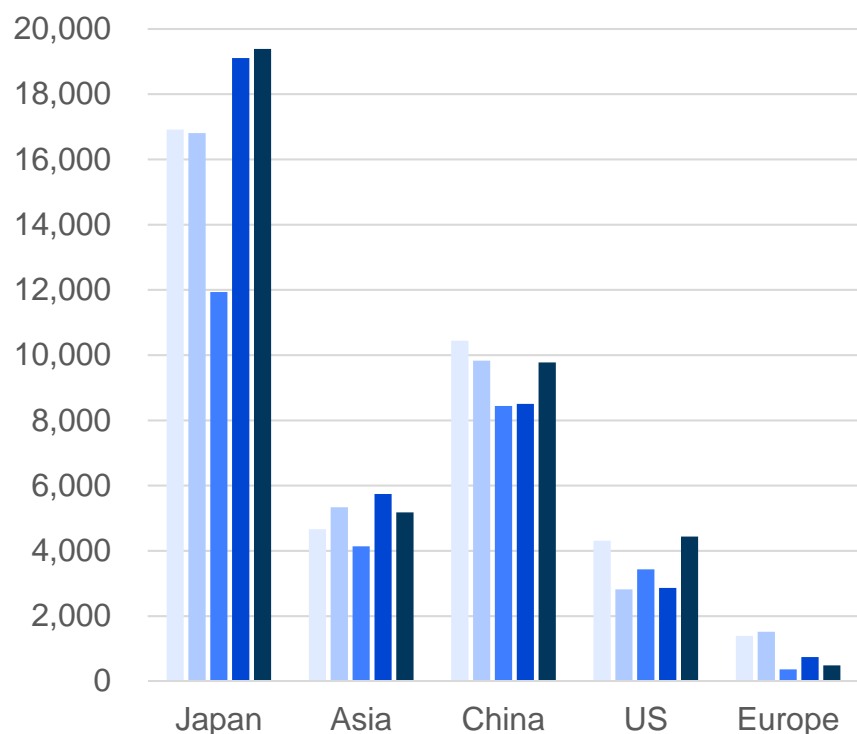
Business	Region	Summary
Logistics	Japan	<ul style="list-style-type: none"> Continued shift from ocean to air exports, strong performance in automobile-related cargo Ocean exports grew despite a shortage of containers as we worked to secure cargo space
	Asia	<ul style="list-style-type: none"> Increase in automobile-related cargo, strong air cargo demand Worked to secure cargo space, increase in ocean exports Strong performance of air and ocean exports for electronic components and home electronics
	China	<ul style="list-style-type: none"> Air exports of home electronics and electronic components stayed strong Exports rose as we worked to secure cargo space from ship operators and airlines
	Americas	<ul style="list-style-type: none"> Recovery of automobile-related air exports, continued substitute transportation of ocean import cargo due to port congestion Warehouse storage and domestic delivery services for home electronics performed well Increase in air exports and ocean imports of food-related goods
	Europe	<ul style="list-style-type: none"> Warehouse storage and domestic delivery services for home electronics performed well Surge in urgent air imports and exports of automobile-related cargo Though our main customer's automobile manufacturing plant closed down, we started business with non-Japanese companies
Travel service		<ul style="list-style-type: none"> Steady progress in cost reduction The shift from overseas travel contributed to an increase in domestic travel
Real estate		<ul style="list-style-type: none"> Increase in construction-related management work

Air Cargo Volume (Exports/Imports; Six Months)

We steadily captured demand for the switch to air cargo resulting from ocean container shortages and disruptions on the US West Coast

Air Exports

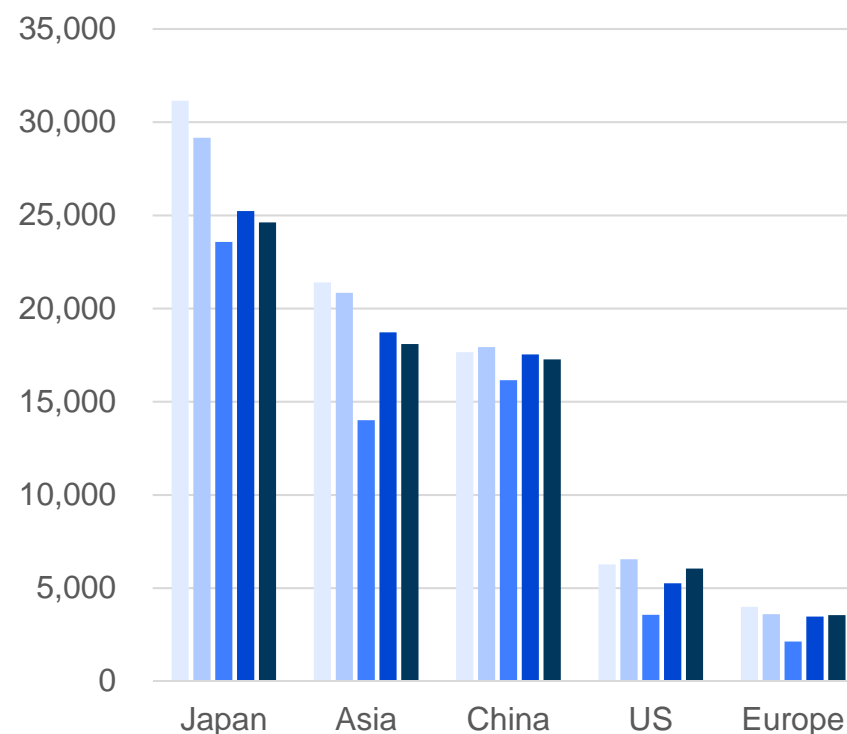
(Tons)



■ 1H FY03/20 ■ 2H FY03/20 ■ 1H FY03/21 ■ 2H FY03/21 ■ 1H FY03/22

Air Imports

(Transactions)



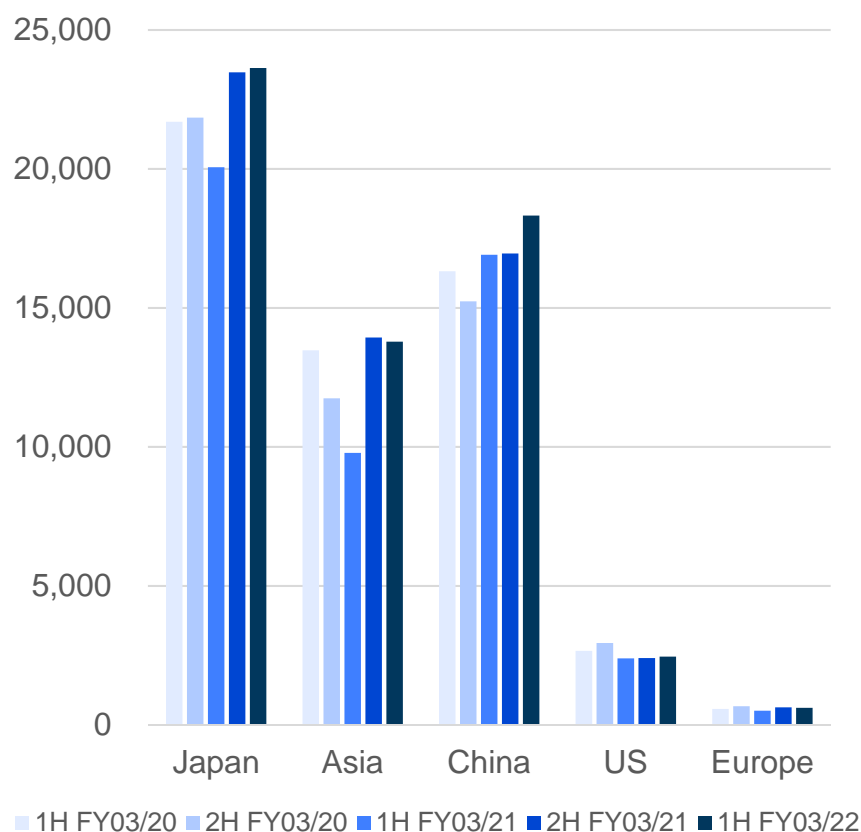
■ 1H FY03/20 ■ 2H FY03/20 ■ 1H FY03/21 ■ 2H FY03/21 ■ 1H FY03/22

Ocean Cargo Volume (Exports/Imports; Six Months)

Managed to secure cargo space despite the disruption caused by shortage of ocean containers

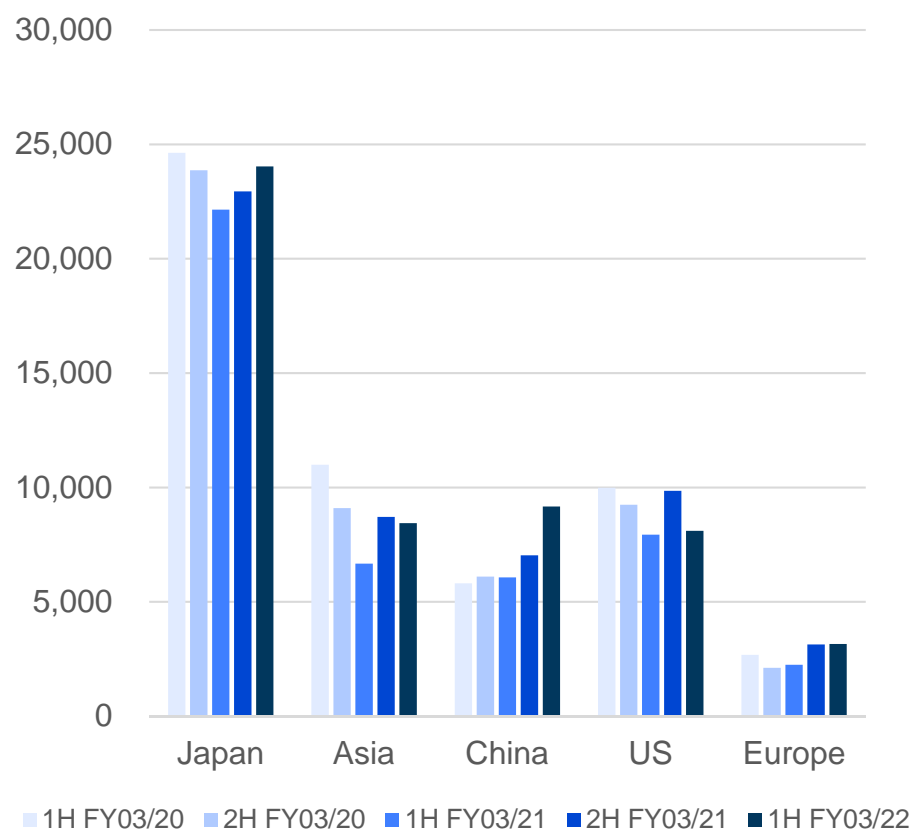
Ocean Exports

(TEUs)



Ocean Imports

(TEUs)



II. Full-Year Plan for the Fiscal Year Ending March 31, 2022

FY03/22: Full-Year Plan

Upwardly revised forecast due to 1H results and expectations for the strong performance to continue

(Millions of yen)

	FY03/21	FY03/22				YoY	
		Initial Plan	Revised Plan	vs. Initial Plan			
	Full-year Results			Change	Percentage	Change	Percentage
Net sales	155,915	147,000 [*159,000]	153,000 [*169,300]	+6,000	104.1%	-2,915	98.1%
Operating income	2,611	4,000	6,400	+2,400	160.0%	+3,789	245.1%
Ordinary income	4,287	4,500	7,300	+2,800	162.2%	+3,013	170.3%
Profit attributable to owners of parent	2,007	2,700	4,900	+2,200	181.5%	+2,893	244.1%

* Figures when not applying ASBJ's "Accounting Standard for Revenue Recognition"

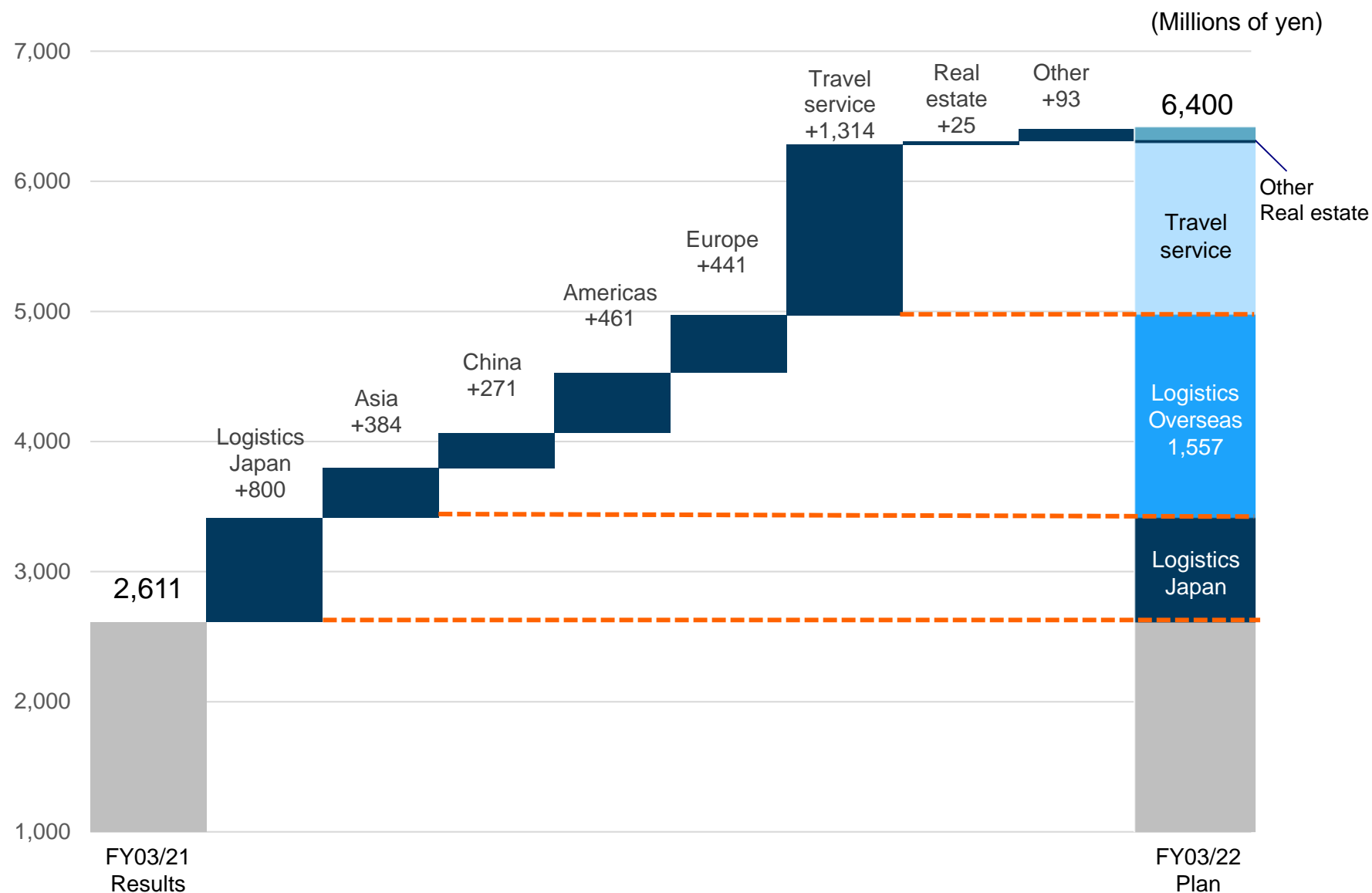
FY03/22: Full-Year Plan by Segment

(Millions of yen)

	Business		FY03/21	FY03/22				YoY	
			Full-year Results	Initial Plan	Revised Plan	vs. Initial Plan			
						Change	Percentage	Change	Percentage
Net sales	Logistics	Domestic	100,431	96,000	95,500	-500	99.5%	-4,931	95.1%
		Overseas	50,045	47,200	53,500	+6,300	113.3%	+3,455	106.9%
	Travel service		4,194	2,600	2,500	-100	96.2%	-1,694	59.6%
	Real estate		1,245	1,200	1,500	+300	125.0%	+255	120.5%
	Total		155,915	147,000	153,000	+6,000	104.1%	-2,915	98.1%
Operating income	Logistics	Domestic	2,001	1,983	2,800	+817	141.2%	+799	139.9%
		Overseas	2,148	2,020	3,700	+1,680	183.2%	+1,552	172.3%
	Travel service		(2,315)	(1,040)	(1,000)	+40	—	+1,315	—
	Real estate		777	847	800	-47	94.5%	+23	103.0%
	Other		0	190	100	-90	52.6%	+100	—
	Total		2,611	4,000	6,400	+2,400	160.0%	+3,789	245.1%

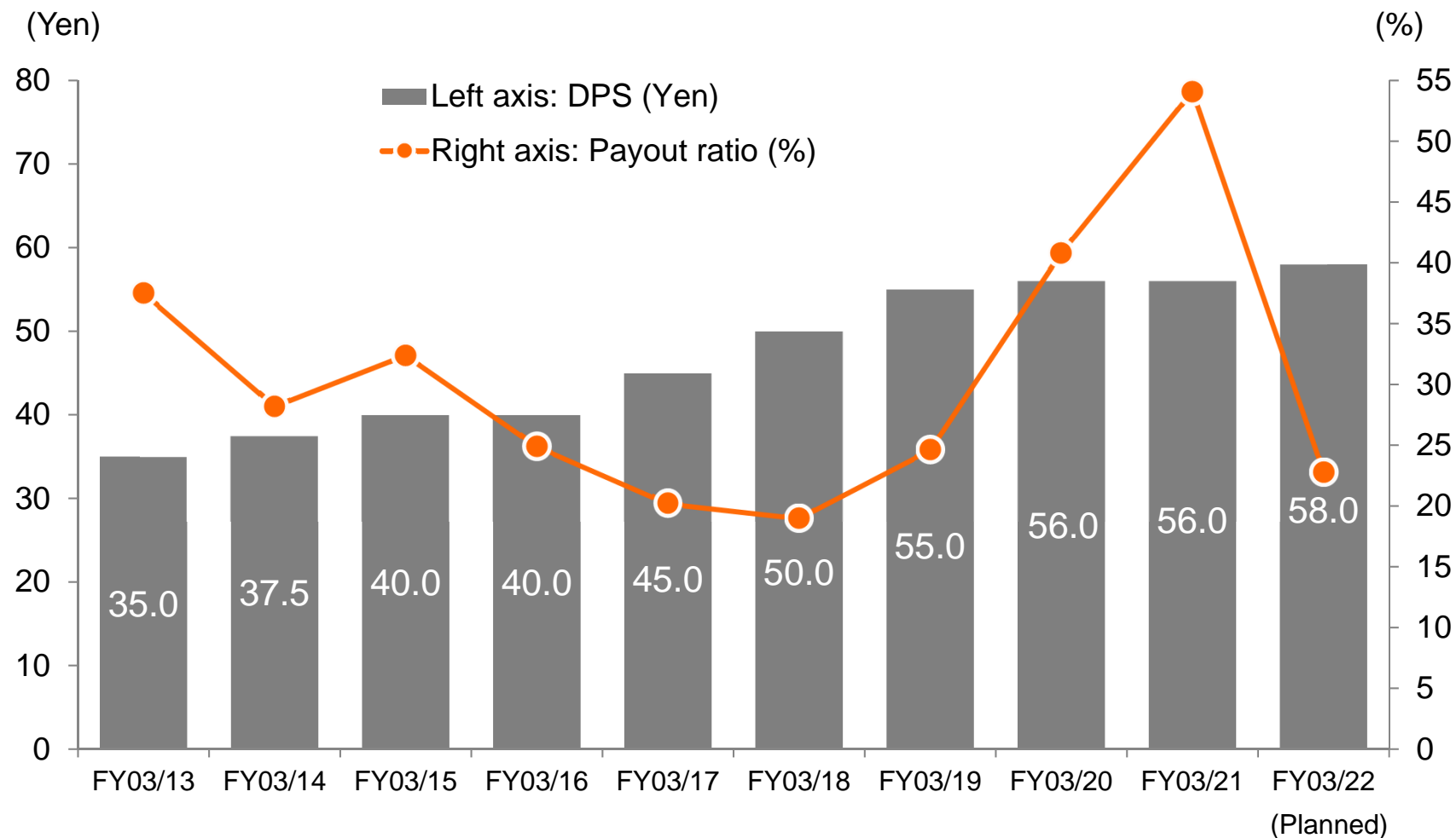
Note: Figures are internal estimates for the purpose of explaining earnings by region in a simplified manner.

Operating Income: FY03/22 Plan Versus FY03/21 Results



Dividend Policy

We expect to award full-year dividends of 58 yen per share for FY03/22 (including a year-end dividend of 30 yen per share), an increase of 2 yen per share from FY03/21

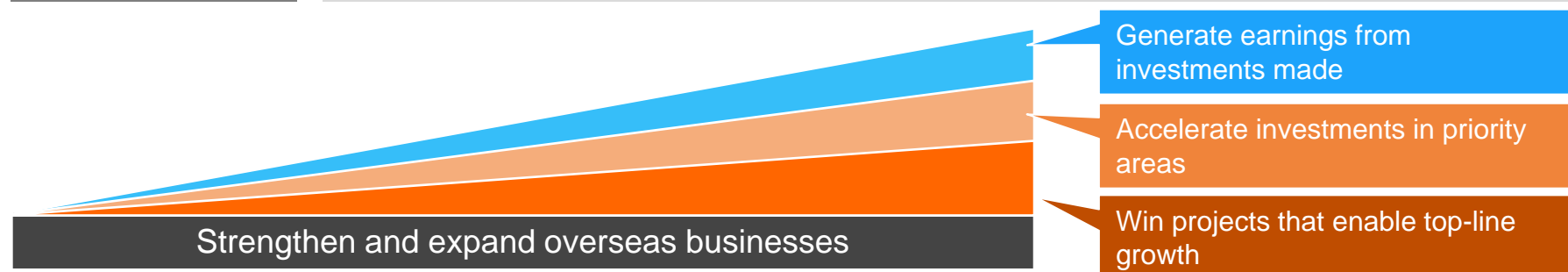


Note: Figures adjusted to account for the 1-for-5 reverse stock split of common stock effective October 1, 2017

Ⅲ. Progress of the Sixth Medium-Term Business Plan

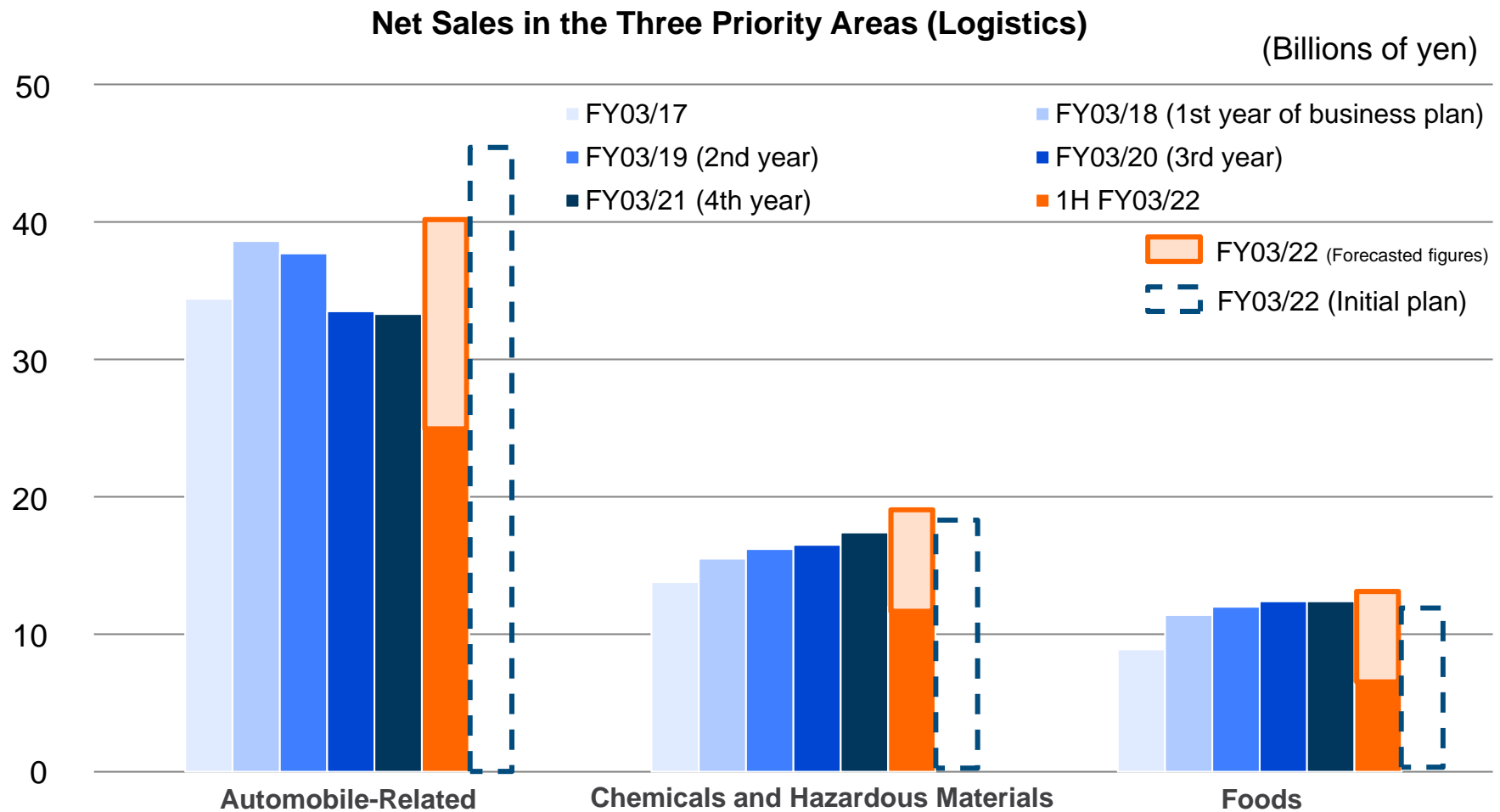
Sixth Medium-Term Business Plan: Basic Policies and Priority Measures

Basic policy	“Global logistics service provider” - Further innovate to become the world’s top-quality logistics company
Period	April 2017 through March 2022 (five years)
Priority measures	<ol style="list-style-type: none"> Priority areas: logistics businesses in the automobile-related field, as well as for chemicals and hazardous materials and foods Improve the profitability of domestic businesses <ul style="list-style-type: none"> Restructure logistics facilities Pursue improvement in operational efficiency Strengthen collaboration between the logistics and travel service businesses Promote proposal-based sales using AI Strengthen the fundamentals of group management <ul style="list-style-type: none"> Strengthen governance and ensure thorough regulatory compliance Secure and cultivate human resources Strengthen the financial health through efficient use of funds, etc.



Focus on Three Priority Areas

The logistics businesses for chemicals and hazardous materials and foods are little affected by the COVID-19 pandemic



* Based on internal company estimates

Focus on Three Priority Areas (Regional Strategy)

Blue text indicates measures already implemented in 1H FY03/22

	Automobile-Related	Chemicals and Hazardous Materials	Foods
Japan	Procure land in Tochigi Prefecture for an automobile parts warehouse	Prepare for the establishment of a hazardous materials warehouse in the Yokohama area	Launch operations at Heiwajima Refrigerated Logistics Center Start of operations at Maya West Warehouse
Asia	Expand warehouse for motorcycles in India Expand warehouses in Thailand	Establish a new chemical storage facility in Singapore Deliver lubricating oil throughout Indonesia	Acquire halal certification in Singapore
China	Combined use of rail transport from Shenzhen to Europe	Expand the hazardous materials business	Build a foods logistics network
Americas	Establish a new warehouse in Detroit Establish a new warehouse in Nashville (scheduled to open by 2021)	Enter the hazardous materials business	Import and export foods to and from the US and Mexico
Europe	Explore links with new non-Japanese parts manufacturers	Enter the hazardous materials business	Import items into Japan from Belgium and France

Progress of Capital Investment

Steady progress in capital investment for the sixth medium-term business plan

Region	Capital Investment Plan		Actual Expenditure	(Billions of yen)
Japan	16.9		18.1	
Overseas	6.1		1.7	
IT	3.0		1.2	
Total	26.0		21.0	

Blue text indicates projects already implemented in 1H FY03/22
Green text indicates projects scheduled for completion

Region	Project		Start of Operations	Principal items
Japan	Fukuoka	Kyushu Nissin Island City	September 2019	General cargo
	Kobe	Maya West Refrigerated Warehouse	February 2020	Foods
	Ota	Heiwajima Refrigerated Logistics Center	March 2021	Foods
	Yokohama	Yokohama Heavy Cargo Packing Center	July 2021	Packages and heavy materials
	Yokohama	Yokohama District Hazardous Materials Warehouse	2023 or later	Hazardous materials
	Tochigi	Establish a warehouse in the suburbs of Utsunomiya	2024 or later	Automobile parts
Overseas	Malaysia	Malacca Warehouse	March 2018	General cargo
	US	Columbus Warehouse	March 2018	General cargo
	Thailand	Prachin Buri Warehouse	January 2019	General cargo

Sixth Medium-Term Business Plan: Initiatives for the Final Year

1 Cultivate the electric vehicle- and fuel cell vehicle-related markets

- ◆ Acquire land to construct a warehouse to handle next-generation mobility-related components (Tochigi Prefecture)

2 Strengthen logistics businesses for chemicals, hazardous materials, and foods both domestically and overseas

- ◆ Strengthen cargo collection capabilities at Heiwajima Refrigerated Logistics Center
- ◆ Prepare for the opening of Yokohama District Hazardous Materials Warehouse

3 Expand earnings by restructuring logistics facilities

- ◆ Consolidate heavy cargo to Yokohama Heavy Cargo Packing Center

4 Get the new core systems up and running in full swing

- ◆ Launch new core systems

5 Promote aggressive initiatives toward digital transformation (DX)

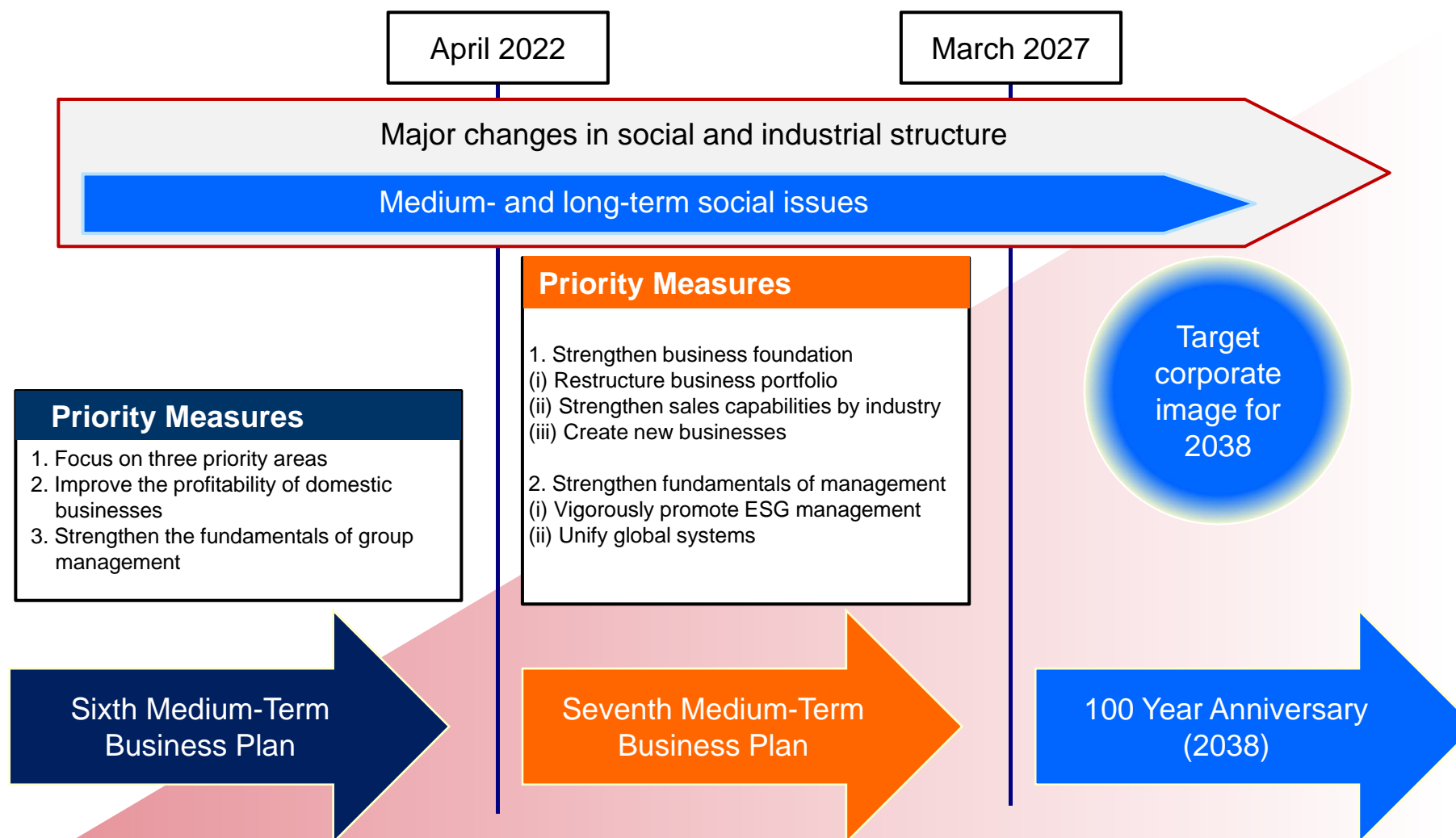
- ◆ Establish Logistics DX Promotion Office
- ◆ Launch digital forwarding service, Forward One
- ◆ Joint investment in trade platform operator TradeWaltz

6 Strengthen governance functions at group companies

- ◆ Add Nissin International Transport U.S.A. to scope of business process controls

Approach to the Seventh Medium-Term Business Plan

Build a robust business structure that can flexibly respond to changes in the external environment



The Nissin Group's ESG Initiatives

Announcing Basic Sustainability Policy in December

Sustainable growth for the Nissin Group

Realization of a sustainable society



Environment

- Promote a modal shift to rail container shipping and coastal shipping
- Improve logistics efficiency (use of returnable cases and containers)
- Use environmentally friendly facilities (Maya West Automated Cold Storage Warehouse, Heiwajima Refrigerated Logistics Center, LED lights in each warehouse)
- Achieved **S-class** status for the **sixth** consecutive year as an excellent business operator under the business classification evaluation system (Ministry of Economy, Trade and Industry)
- Serve as a Reforestation Partner for Kanagawa Prefecture



Social

- Compliance with the UK's Modern Slavery Act
- Enhance the human resource development curriculum
- Introduce diverse working styles
- Respect human rights
- Promote diversity



Governance

- Appoint female directors
- Establish a nomination committee and a remuneration committee
- Promote business continuity planning



Charter of Corporate Behavior

IV. Initiatives to Improve Travel Service Business Profitability

Recent Trends (1)

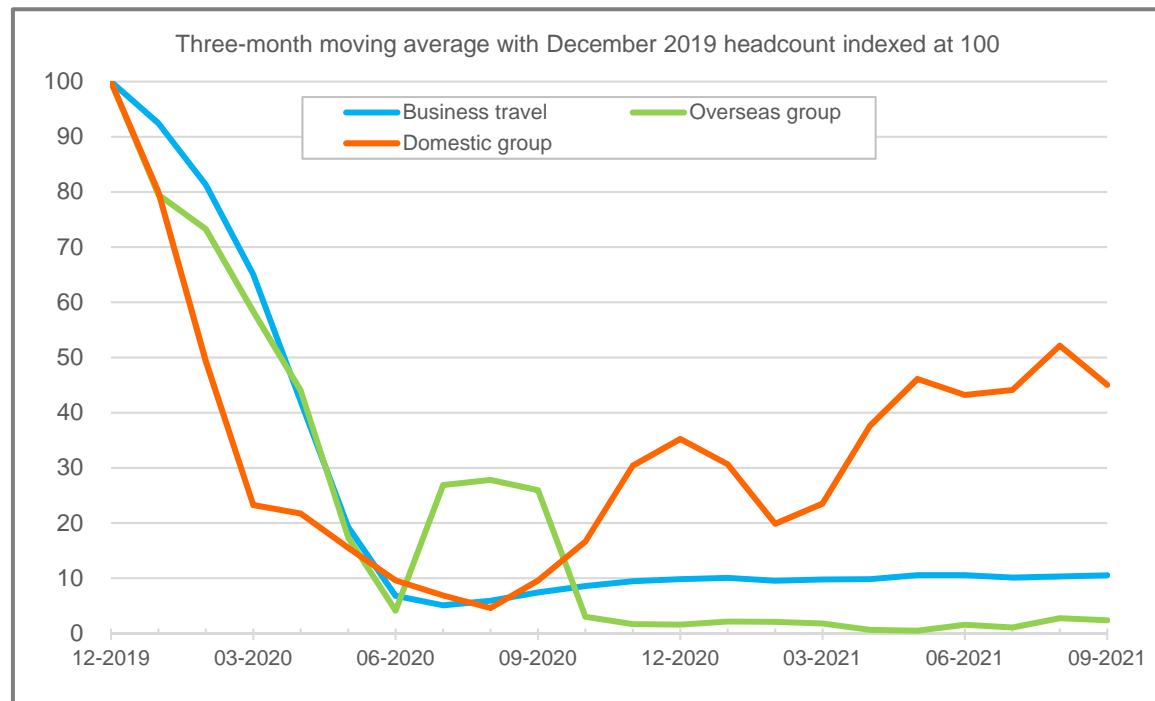
Some secondments were lifted due to recovery in domestic travel

FY03/21 Measures

- Reduce executive compensation
- Reduce employee bonuses
- Second employees to Nissin
- Reduce SG&A expenses

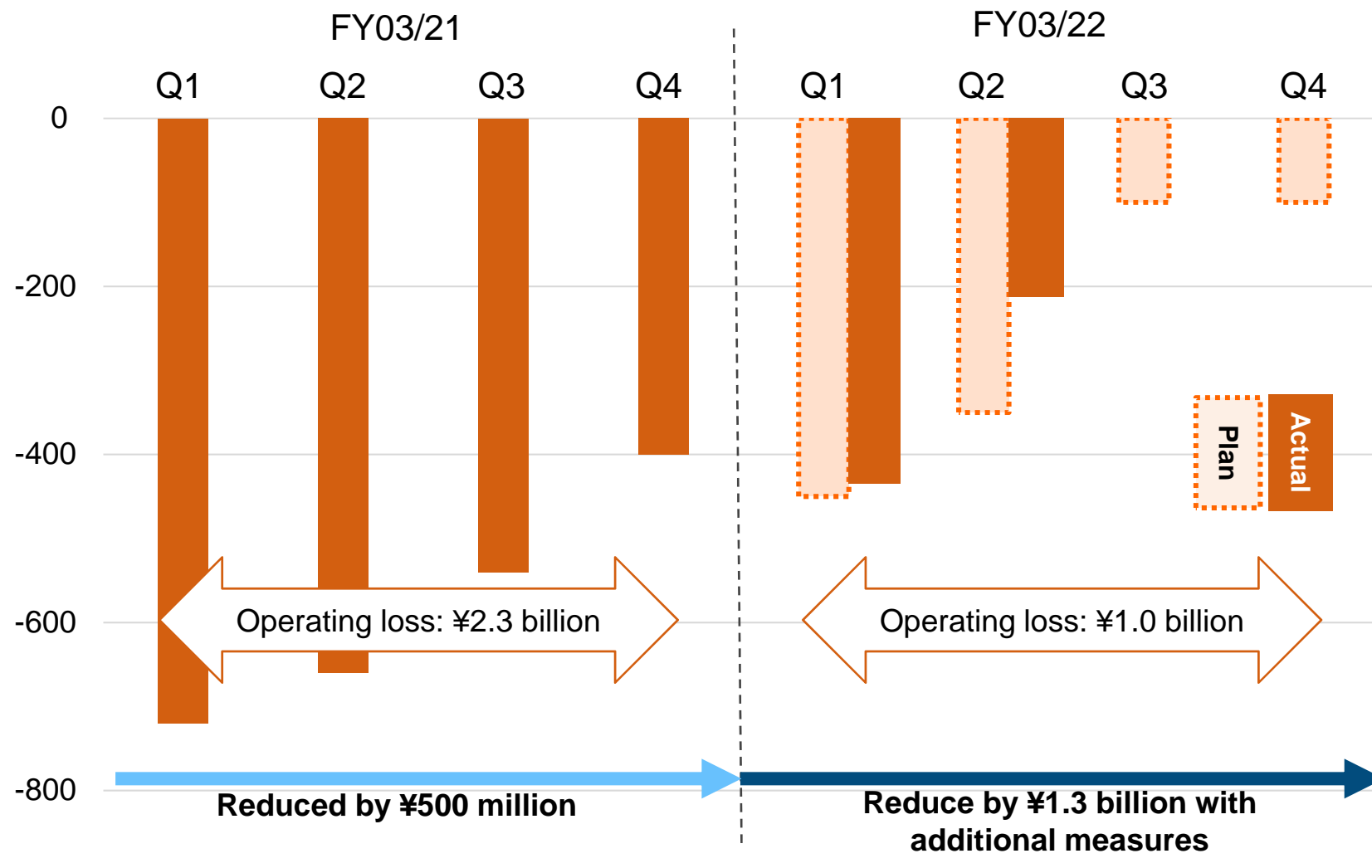
FY03/22 Measures

- Consolidate the Nicchu Heiwa Travel Service business
- Reduce headcounts (intra-group transfers, secondment) → Partially terminated secondments due to recovery of workload
- Shrink Nissin Travel Service's Tokyo Head Office
- Consolidate the Nissin Travel Service's three branch offices in the Tokyo Metropolitan Area at Tokyo Head Office and withdraw from three regional branch offices



Recent Trends (2)

Steady progress toward earnings improvement of ¥1.3 billion



Results for the First Half of the Fiscal Year Ending March 31, 2022

Results came in well above initial plan

Full-Year Plan for the Fiscal Year Ending March 31, 2022

Upwardly revised forecast due to 1H results and expectations for the strong performance to continue

Progress of the Sixth Medium-Term Business Plan

Priority measures progressed smoothly into the final stage toward the next medium-term business plan

Initiatives to Improve Travel Service Business Profitability

Secondments terminated partially as workload recovered; steady recovery toward improved profitability

For inquiries regarding these materials or investor relations in general,
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