株式会社 日新
NISSIN CORPORATION

Securities code: 9066

Results for the First Half of the Fiscal Year Ending March 31, 2024

November 24, 2023

The logistics business down YoY,
but the travel service business back in the black
Progress towards achieving full-year targets

Contents

I. Results for the First Half of the Fiscal Year Ending March 31, 2024

1H FY03/24 Results

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Net sales fell short of the initial plan, while profits were generally in line with the forecast

*Released October 30, 2023

(Millions of yen)

	1H FY03/23 (a)	1H FY03/24			vs. Initial Plan		YoY	
		Initial Plan (b)	Revised Plan*	Actual (c)	Change (c-b)	Percentage (c÷b)	Change (c-a)	Percentage (c÷a)
Net sales	107,557	95,000	82,000	82,359	-12,641	86.6%	-25,198	76.6%
Operating income	7,675	4,250	4,100	4,125	-125	97.0%	-3,549	53.7%
Ordinary income	8,277	4,500	4,800	4,815	+315	107.0%	-3,462	58.2%
Profit attributable to owners of parent	5,852	3,250	3,600	3,641	+391	112.0%	-2,210	62.2%

1H FY03/24 Results by Segment

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Logistics business results declined YoY due to lower freight rates, but the travel service business steadily returned to profitability

(Millions of yen)

	Business		1H FY03/23	1H FY03/24	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	61,210	47,140	-14,070	77.0%
		Overseas	43,236	31,067	-12,169	71.9%
	Travel service		2,500	3,529	+1,028	141.1%
	Real estate		609	623	+13	102.3%
	Total		107,557	82,359	-25,198	76.6%
Operating income	Logistics	Domestic	3,086	1,941	-1,144	62.9%
		Overseas	4,249	1,524	-2,724	35.9%
	Travel service		(66)	260	+326	-
	Real estate		398	392	-5	98.7%
	Other		8	6	-1	76.9%
	Total		7,675	4,125	-3,549	53.7%

1H FY03/24: YoY Change by Segment

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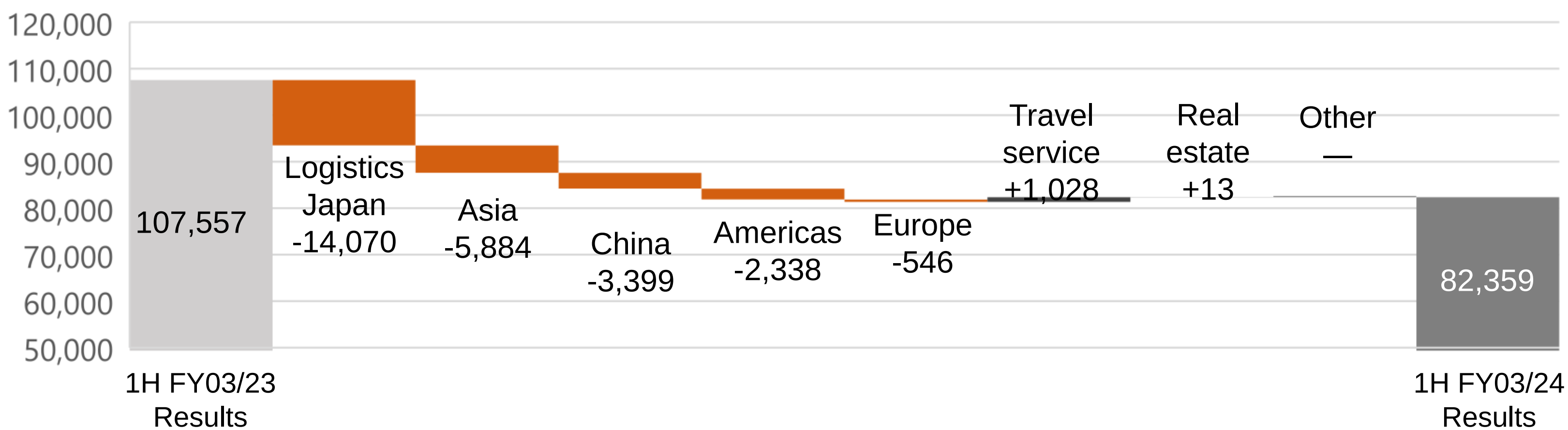
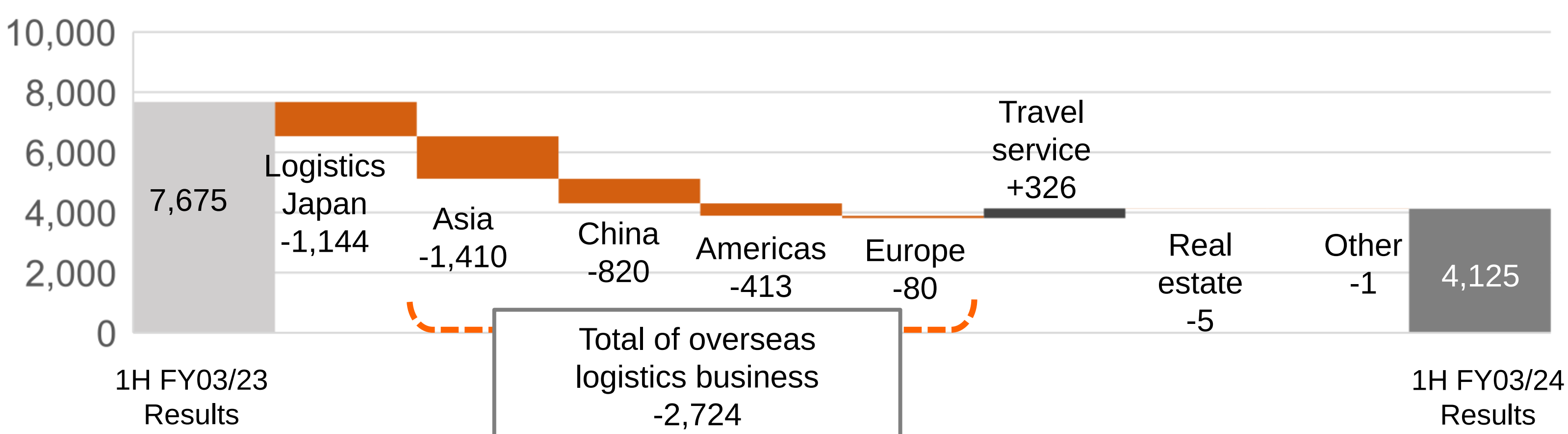
Net sales

(Millions of yen)



Operating income



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

Overview of 1H Results

Business	Region	Summary
Logistics	Japan	•Air exports were sluggish due to inventory adjustments in North America. Air imports were strong for food products •Ocean exports were robust for equipment/facilities, while ocean imports were firm for equipment and sundries
	Asia	•In Asia as a whole, automobile-related cargo was sluggish, resulting in weak performance •In the Philippines and Vietnam, automotive parts and sundries were strong.
	China	•In addition to weak ocean and air cargo handling due to the economic slowdown, profitability declined due to intensifying price competition
	Americas	•In the US and Canada, handling volume of automobile-related cargo and food products was robust •In Mexico, automobile-related cargo was weak
	Europe	•In Europe as a whole, handling volume of home electronics and automobile-related cargo was sluggish, resulting in weak performance •Warehousing business in Poland and handling of pharmaceutical products in Belgium remained strong
Travel service		•Business travel, which is our main business, recovered gradually •Corporate group travel contributed to profitability
Real estate		•Real estate business results in the Keihin area remained the same as the previous year

Operating Income by Segment

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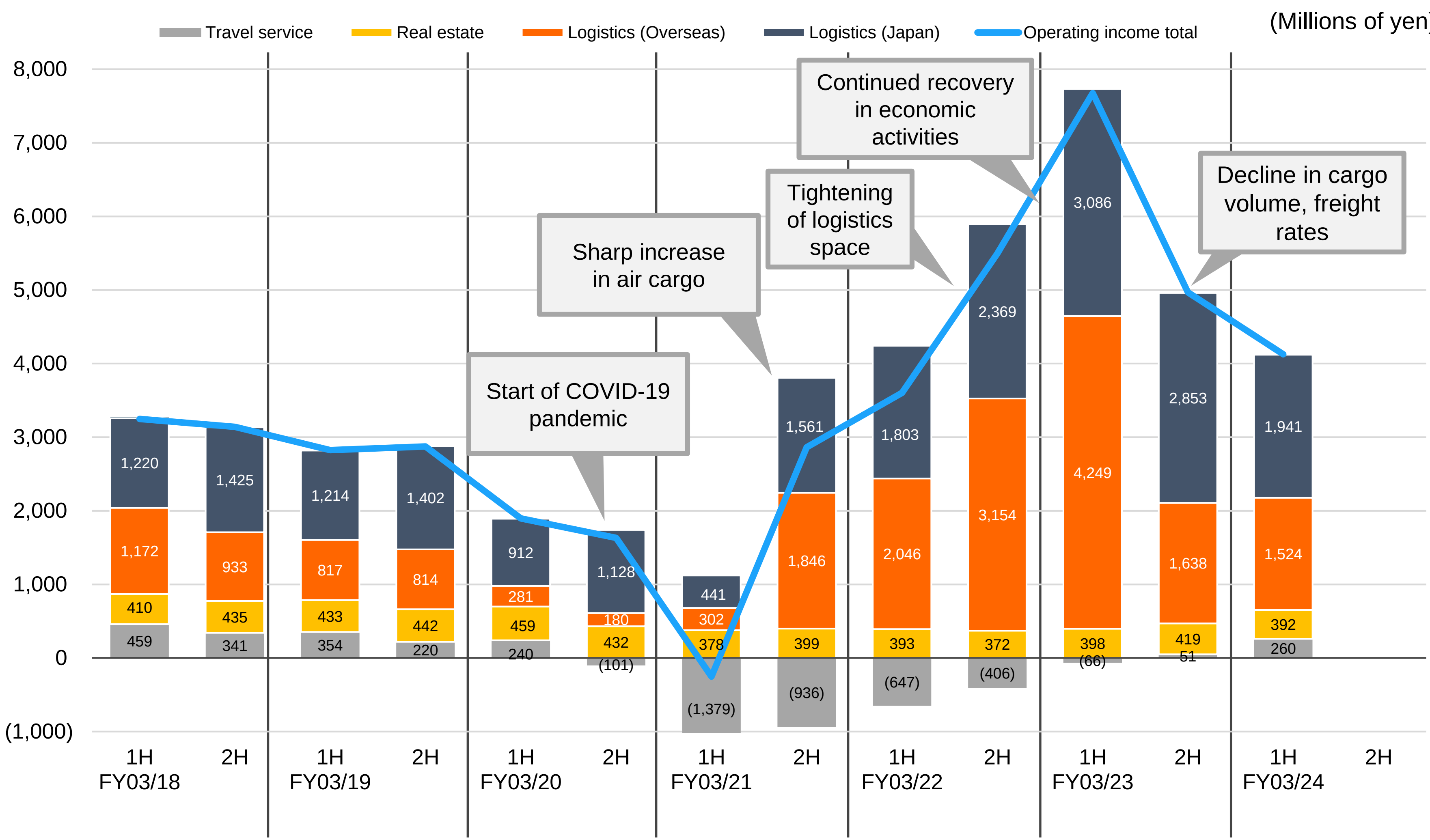
The travel service business recovered, but the logistics business was sluggish due to a drop in cargo volume



Air Cargo Volume (Exports/Imports)

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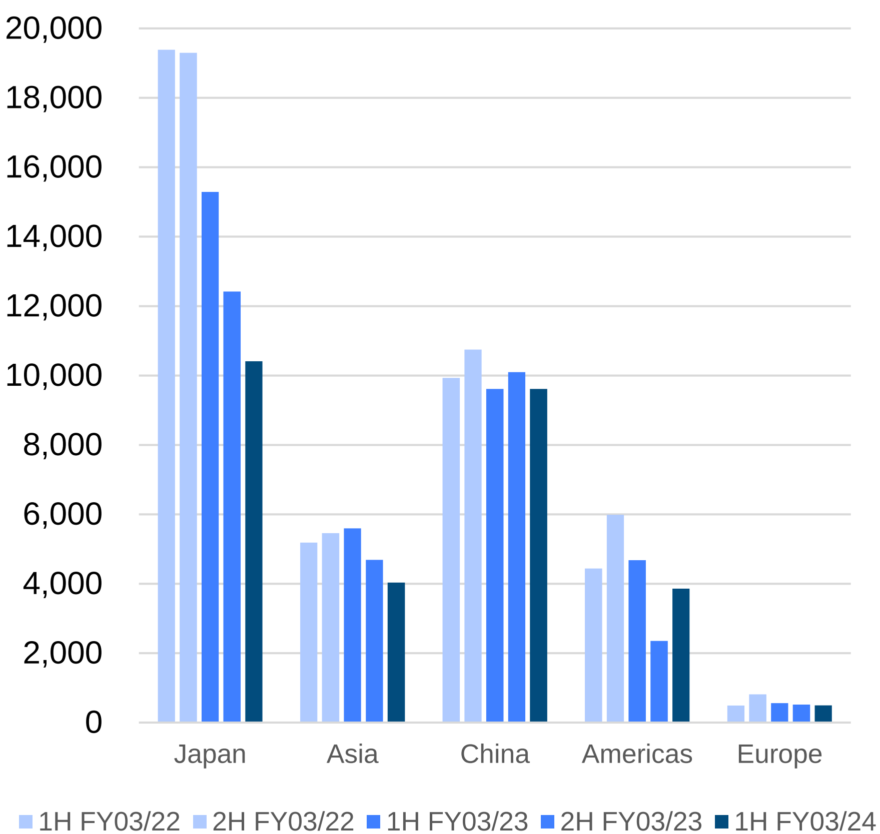
Air cargo volume continued to decline for exports and imports

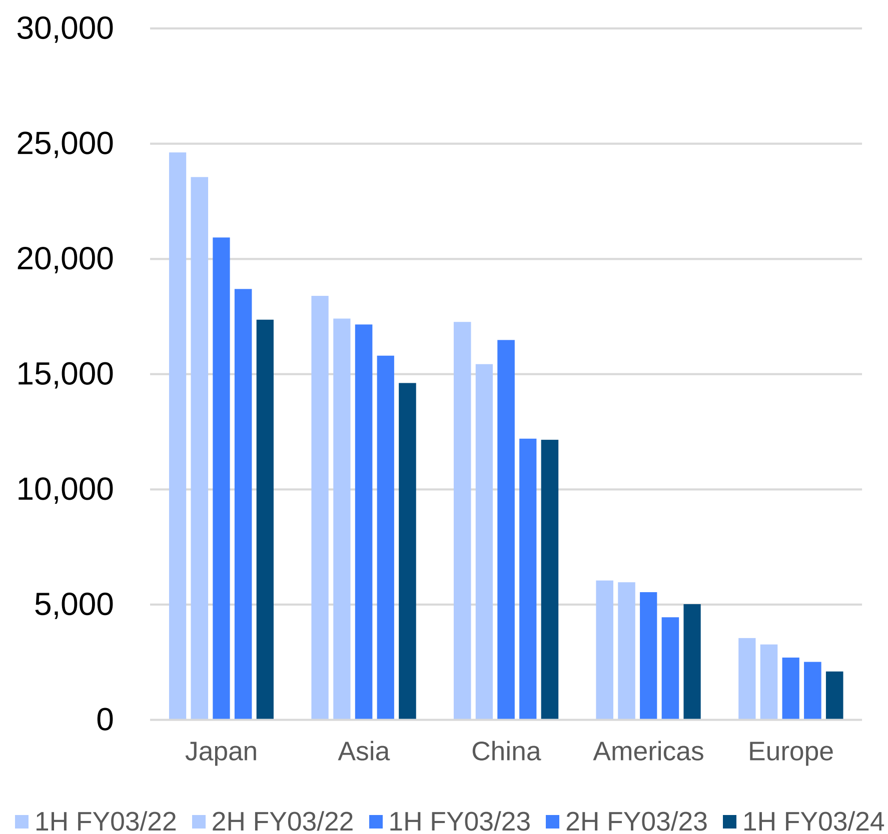
Air Exports

(Tons)



Air Imports

(Transactions)



Ocean Cargo Volume (Exports/Imports)

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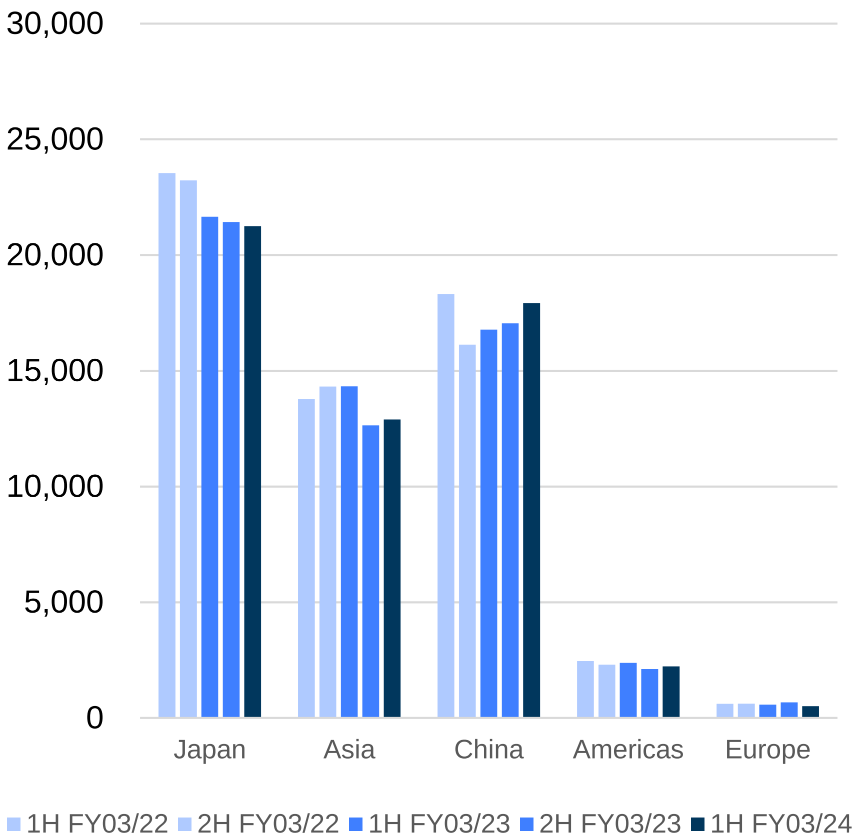
Ocean cargo volume fell in Japan for exports and imports, but was generally strong overseas

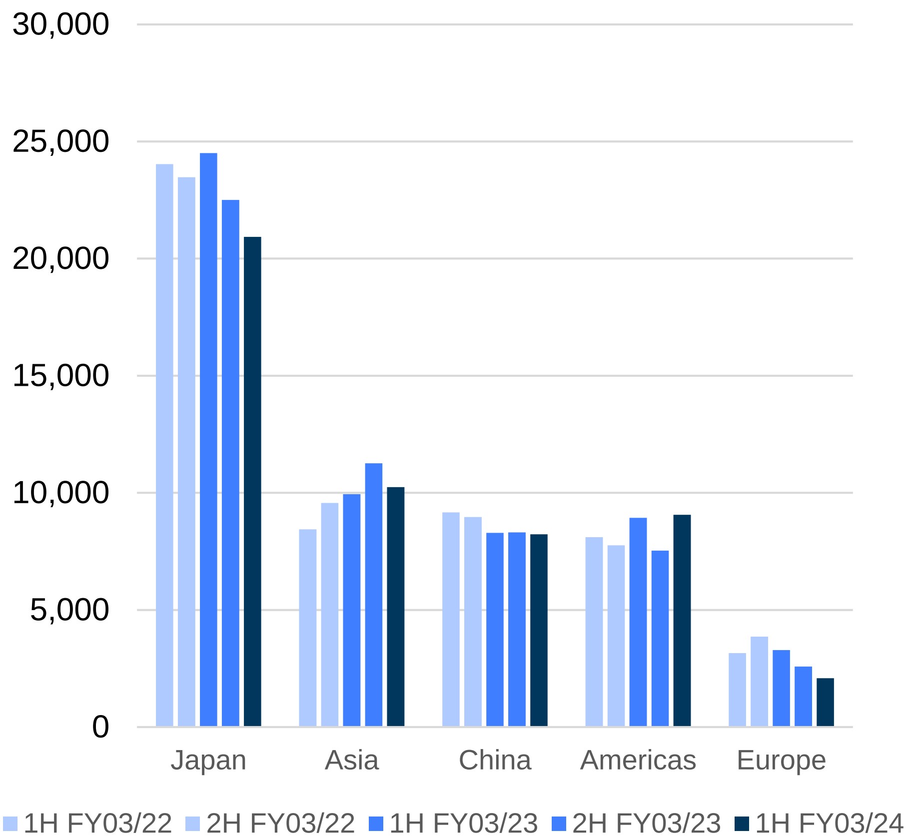
Ocean Exports

(TEUs)



Ocean Imports

(TEUs)



II. Full-Year Plan for the Fiscal Year Ending March 31, 2024

FY03/24: Full-Year Plan

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Although net sales are lower than the initial plan, operating income is in line with our forecast due to cost reductions and improved business efficiency

*Released October 30, 2023

(Millions of yen)

	FY03/23	FY03/24				YoY	
		Initial Plan (b)	Revised Plan* (c)	vs. Initial Plan			
	Full-year Results (a)			Change (c-b)	Percentage (c÷b)	Change (c-a)	Percentage (c÷a)
Net sales	194,165	190,000	165,000	-25,000	86.8%	-29,165	85.0%
Operating income	12,643	8,500	8,500	+0	100.0%	-4,143	67.2%
Ordinary income	13,634	9,000	9,300	+300	103.3%	-4,334	68.2%
Profit attributable to owners of parent	10,528	6,500	7,000	+500	107.7%	-3,528	66.5%
Forex rate assumption	JPY133/ USD	JPY133/ USD	JPY149/ USD	-	-	-	-

FY03/24: Full-Year Plan by Segment

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Logistics business net sales are falling short of initial plan, but travel business is returning to profitability for full year

(Millions of yen)

	Business		FY03/23	FY03/24				YoY	
			Full-year Results (a)	Initial Plan (b)	Revised Plan (c)	vs. Initial Plan			
						Change (c-b)	Percentage (c÷b)	Change (c-a)	Percentage (c÷a)
Net sales	Logistics	Domestic	114,948	108,900	92,800	-16,100	85.2%	-22,148	80.7%
		Overseas	72,652	72,700	63,400	-9,300	87.2%	-9,252	87.3%
	Travel service		5,289	7,100	7,500	+400	105.6%	+2,210	141.8%
	Real estate		1,276	1,300	1,300	+0	100.0%	+23	101.9%
	Total		194,165	190,000	165,000	-25,000	86.8%	-29,165	85.0%
Operating income	Logistics	Domestic	5,939	3,400	3,900	+500	114.7%	-2,039	65.7%
		Overseas	5,887	4,000	3,400	-600	85.0%	-2,487	57.8%
	Travel service		(14)	200	400	+200	200.0%	+414	-
	Real estate		816	900	800	-100	88.9%	-16	97.9%
	Other		14	0	0	+0	-	-14	-
	Total		12,643	8,500	8,500	+0	100.0%	-4,143	67.2%

FY03/24 Plan versus FY03/23 Results

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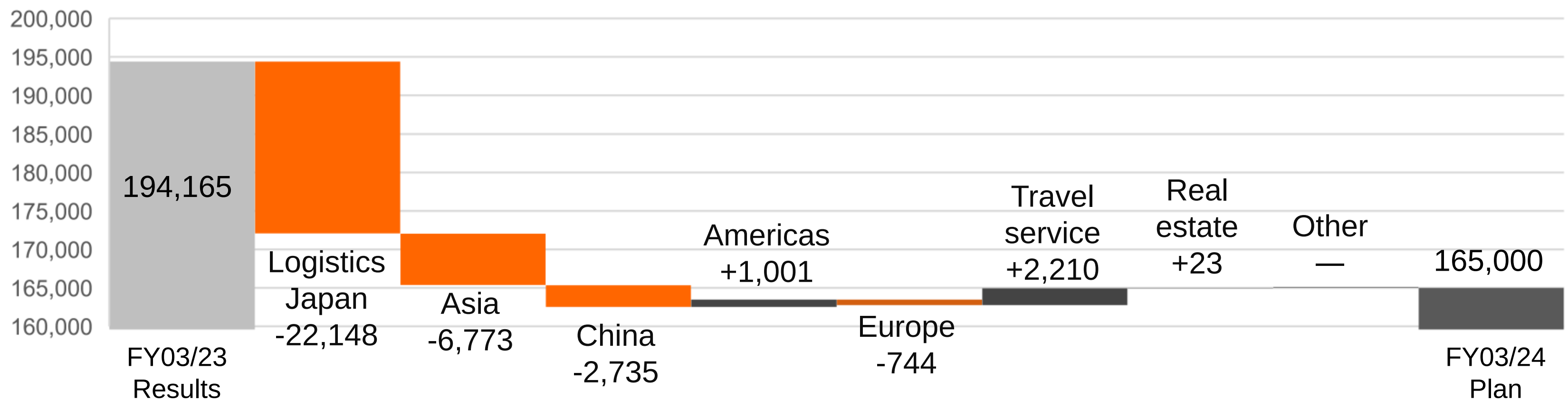
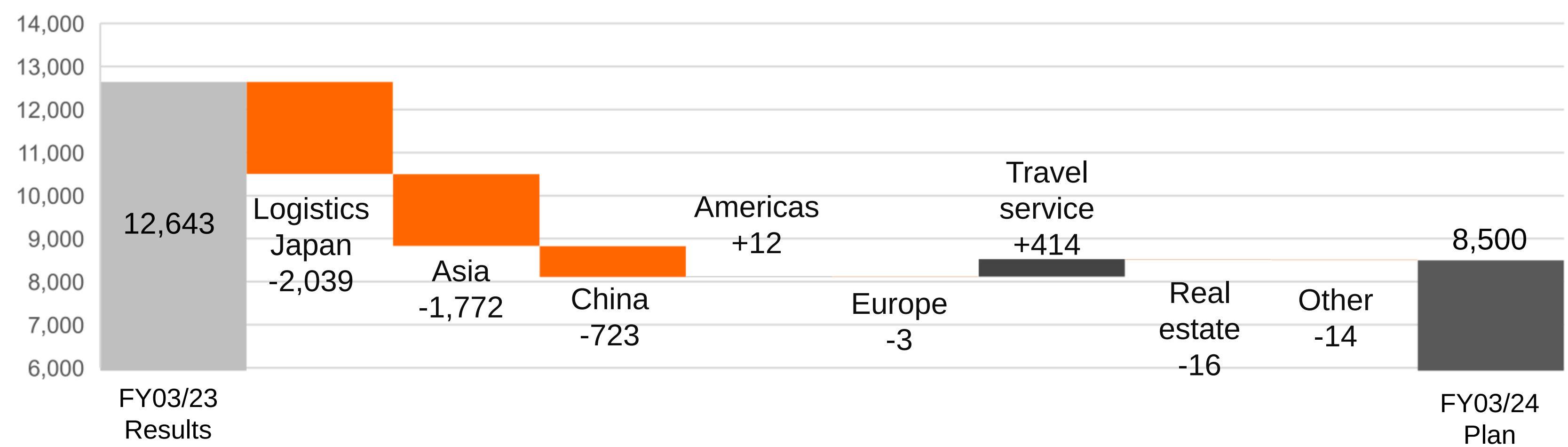
Net sales

(Millions of yen)



Operating income



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

FY03/24:
Factors behind YoY Changes in Operating Income

Business	Region	YoY Change (Millions of yen)	Summary
Logistics	Japan	-2,039	・Recovery in air export cargo volume expected in the late 2H ・Sluggish imports due to rising prices and a weaker yen
	Asia	-1,772	・Sluggish cargo movement for automotive parts ・Impact of the reactionary decline from the rise in freight rates to continue, and recovery in cargo volume expected in the late 2H
	China	-723	・Economic recovery to remain slow, and competition to intensify ・Full-scale recovery in cargo volume expected from the Chinese New Year onward
	Americas	+12	・Robust demand for warehouse space in the US expected to continue ・Automobile-related cargo expected to remain strong
	Europe	-3	・In Europe as a whole, cargo movement expected to be sluggish ・In Poland, demand for warehouse space to remain firm
Travel service		+414	・Gradual recovery trend for business travel and corporate group travel to continue
Real estate		-16	・Slight drop due to rising expenses

Acquisition of Credit Rating from R&I

[New] Issuer rating: A- [Stable]

◇ Credit rating issuer
Rating and Investment Information, Inc. (R&I)

◇ Credit rating acquisition date
November 14, 2023

◇ Purpose for credit rating acquisition
To increase management transparency and creditability toward external parties by acquiring an objective evaluation from a third-party organization.

III. Seventh Medium-Term Business Plan

“Nissin Next 7th” (NN7): Basic Policy and Period Covered

Basic policy

**As a “global logistics provider,”
we will take on challenges in new business areas, deepen core businesses, and engage in ESG management**

Further cultivation of core businesses (= revising our business portfolio)	Aim for business expansion by restructuring our sales force by industry and establishing a system for three-dimensional business management (by business, industry, and region)
ESG management	Promote responsible corporate activities to realize a sustainable society
Businesses in new domains	Create new logistics-related businesses based on unconventional ideas (Digital Transformation, etc.)

Period

April 2022 through March 2027 (five years)

We aim to achieve our goals and create high corporate value by dividing the five years into the following two phases

Phase 1 (April 2022 through March 2024)
Build business foundation and management fundamentals suitable for the next generation (Society 5.0)

Phase 2 (April 2024 through March 2027)
Ensure implementation of measures and achieve further growth

NN7: Quantitative Targets

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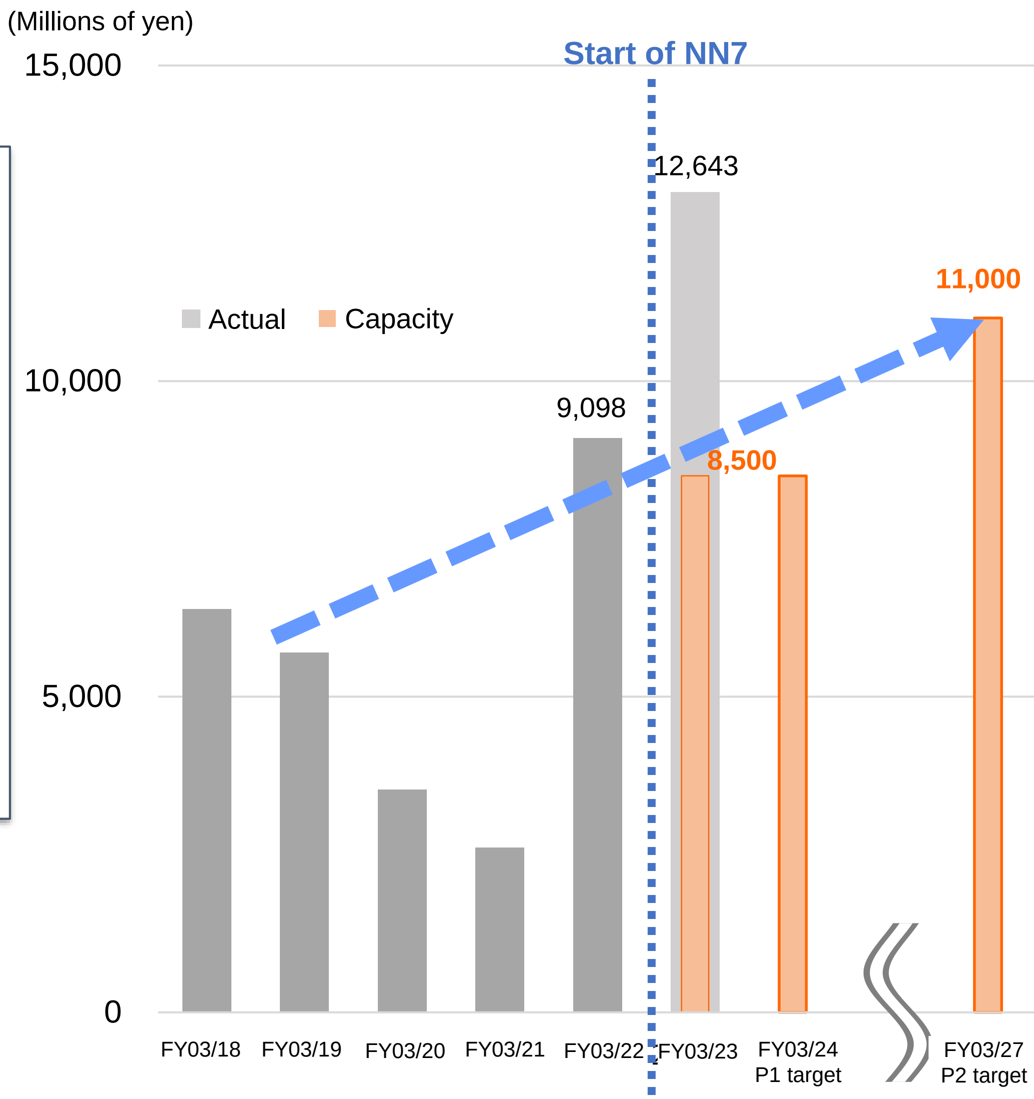
Quantitative targets

Phase 2: FY03/25–FY03/27
(FY03/27 targets)

Net sales:	**¥275.0 billion**
Operating income:	**¥11.0 billion**
Ordinary income:	**¥11.5 billion**
Profit attributable to owners of parent:	**¥8.6 billion**
ROE:	**About 9.0%**

Notes on quantitative targets of NN7 (operating income)



Full-Year Operating Income (Starting Before the COVID-19 Pandemic)

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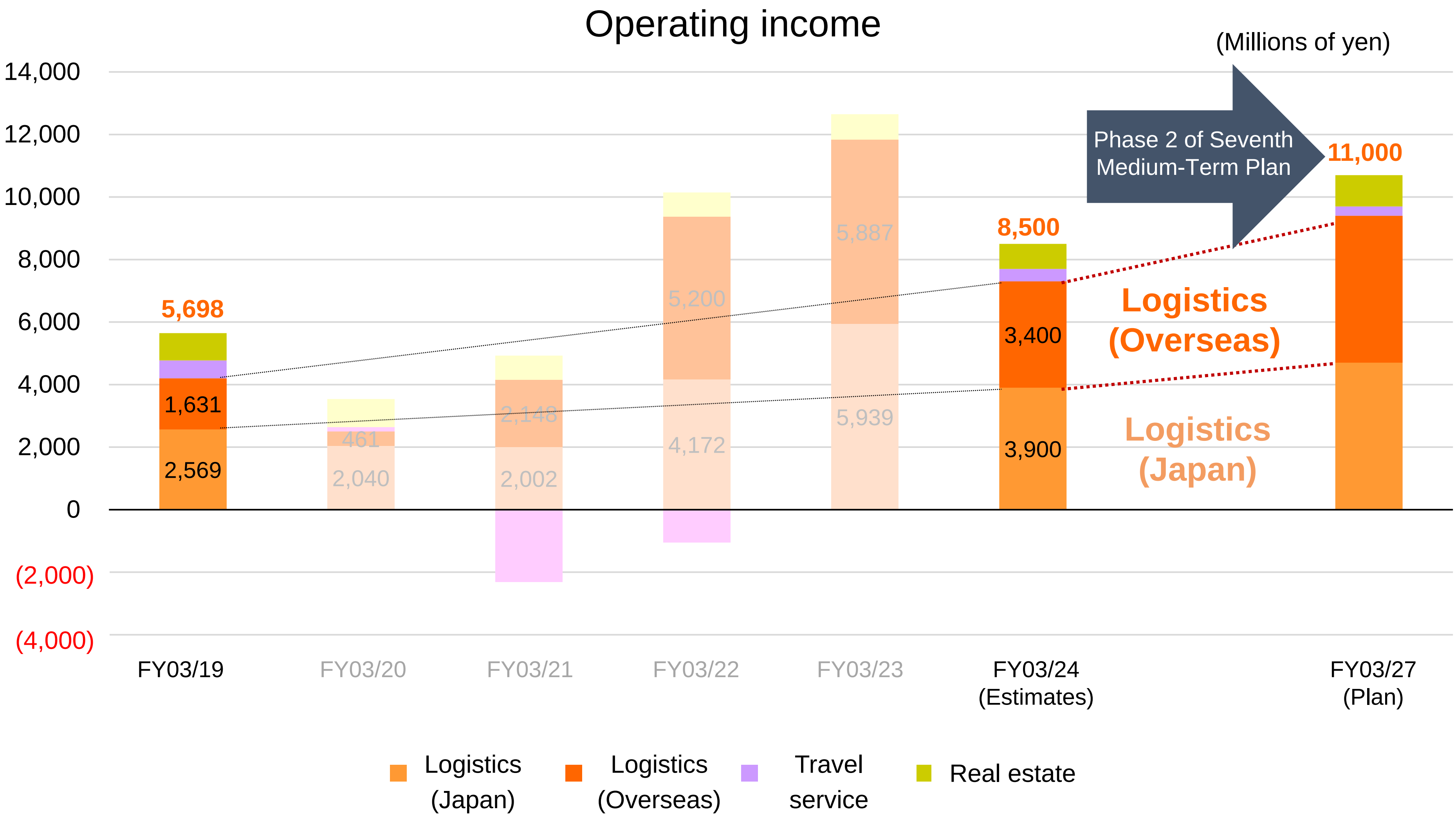
Growing and expanding logistics domestically and overseas



NN7: ROE Tree

Improve ROE by strengthening profitability, improving efficiency, and optimizing capital structure

ROE driver | **Key action items**

- **Improve ROE (about 9.0%)**
  - Strengthen profitability
    - Business portfolio strategy (= cultivate core businesses)
      - Expand business by investing in growth areas in the logistics business
      - Establish an industry-specific sales organization and system
      - Drive profit margin improvement using new system (LESTER)
      - Reduce SG&A expenses through DX
    - Create new businesses
      - Develop new services by promoting DX
      - Create new businesses based on new perspectives and ideas
      - Execute strategic M&A
  - Improve efficiency
    - Streamline balance sheet
      - Reorganize subsidiaries
      - Reduce policy shareholdings
  - Optimize capital structure
    - Incorporate leverage Enhance shareholder returns
      - Strive for an appropriate equity ratio
      - Continue paying stable dividends by setting a minimum payout (DOE of 2.0% or more)
      - Flexibly repurchase shares

NN7: Cultivate Core Businesses

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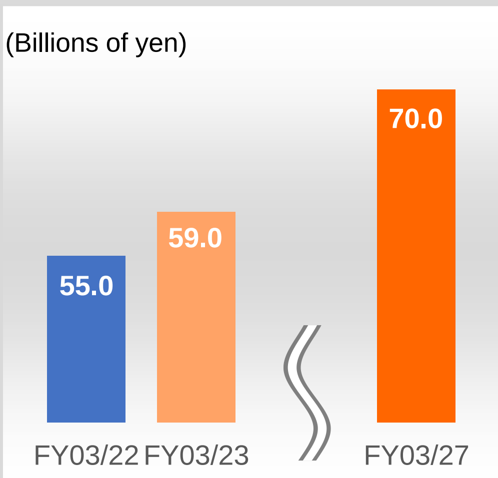
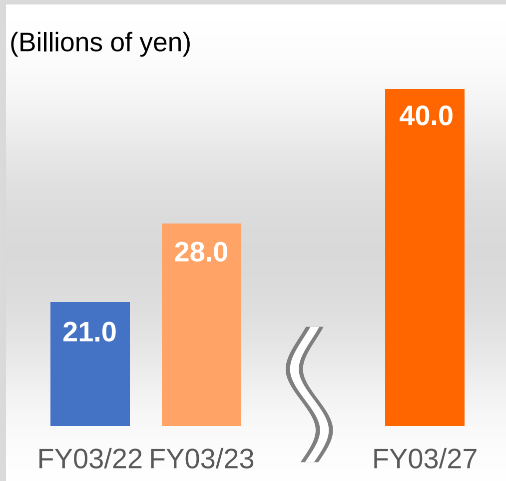
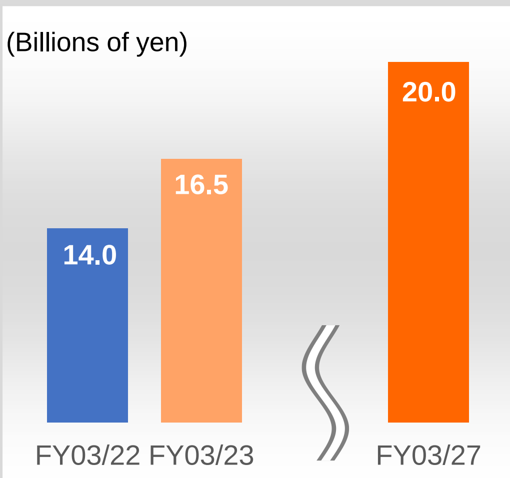
	Automobile-Related	Chemicals and Dangerous Goods	Foods
Japan	Make effective use of port facilities Newly develop EV-related logistics Start construction of Haga Warehouse	Start operation of Kanagawa Wharf Warehouse Expand dangerous goods related facilities	Optimize operation of existing facilities Improve profitability Expand food-related facilities
Overseas	Expand coverage area and increase bases	Open dangerous goods and chemicals warehouse	Expand refrigerated logistics services

Net sales







Note: Above figures are drawn based on internal estimates

NN7: Cash Allocation (Capex and Shareholder Returns)

Generate operating cash flows (¥50.0–60.0 billion) and allocate them to growth investments and shareholder returns

Cash inflows

Generate operating cash flows

¥50.0–60.0 billion

Incorporate leverage

Reduce policy shareholdings

Sold ¥600 million

Cash outflows

Investments that outweigh cost of capital

Investments	**Confirmed**	Kanagawa Wharf Warehouse	¥5.0 billion
		Tochigi Haga Warehouse	¥5.0 billion
	Planned	**Facilities investment (Hokkaido)**	**¥5.0 billion**
		Facilities investment in Japan and overseas	¥10.0–15.0 billion
		IT and DX promotion, M&A, ESG, HR, etc.	¥5.0–10.0 billion
Shareholder returns	Set minimum dividend payout (DOE of 2.0% or more) **Flexibly repurchase shares (approx. ¥10.0 billion)** **Purchased ¥1.0 billion**		

NN7: Policy for Improving P/B ratio

Aim for P/B ratio of over 1x by investing in growth, expanding new businesses, and improving capital efficiency

NN7 Phase 2 FY03/27 Target

Net sales	Operating income	Profit attributable to owners of parent	ROE
¥275.0 billion	**¥11.0 billion**	**¥8.6 billion**	**9.0%**

Investment Plan

Capex ¥**20.0–30.0** billion

Other ¥**5.0–10.0** billion

Shareholder Returns

Minimum dividend of **2.0% DOE**

Share repurchases of approx. ¥**10.0** billion

Early realization of P/B ratio of over 1x

NN7: Shareholder Returns

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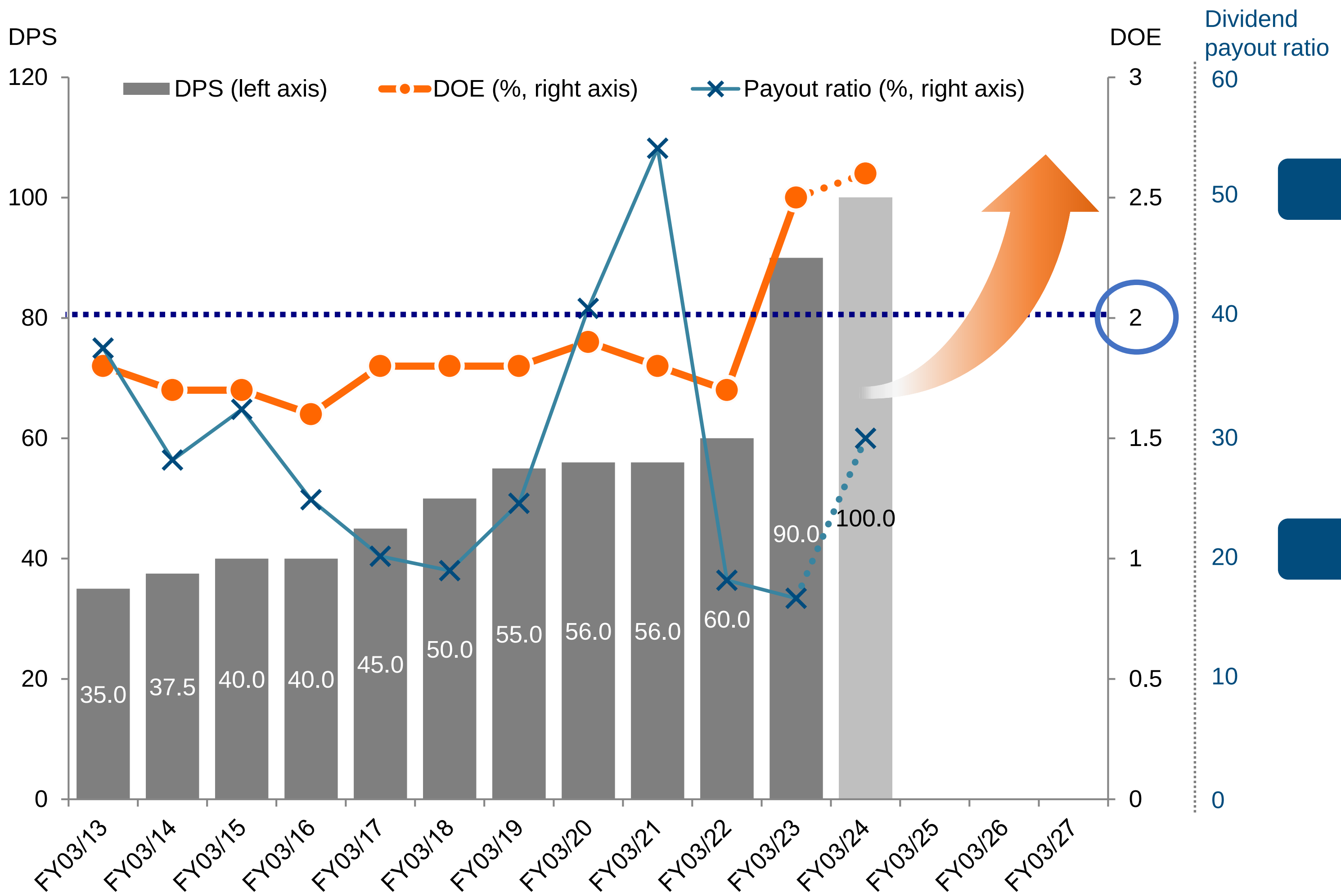
We plan to increase dividends for three consecutive years, and flexibly carry out share repurchases



Dividend policy

Set minimum payout of 2.0% DOE

Share repurchases

Approx. ¥10.0 billion by FY03/27

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

NN7: Promote ESG Management (Climate Change Initiatives)

In June 2023, we announced our endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and started disclosing related information

1. Disclosure details

- Based on scenario analyses that assume temperature increases of 1.5°C and 4°C, we identified risks and opportunities, explored related measures, and disclosed the financial impact
- We set a target of reducing greenhouse gas (GHG) emissions 42% by FY2030 (vs. FY2020, non-consolidated, Scope 1 & 2)

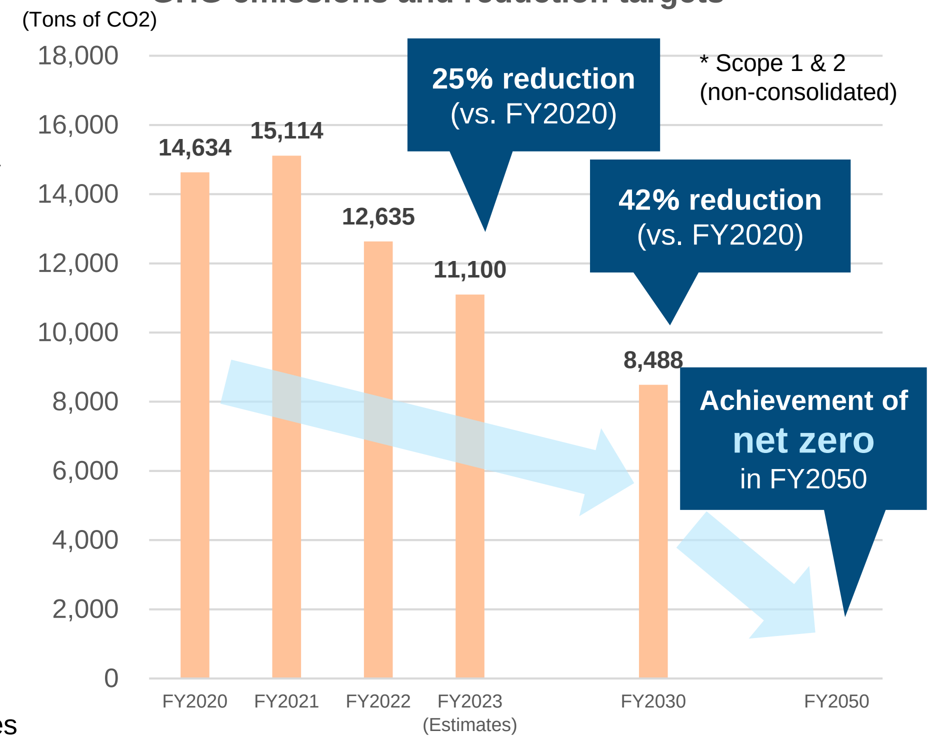
2. Key initiatives to reduce GHG emissions

- Expand bases using electricity generated from renewable energy sources
  Implemented at 11 bases, reduction of about 3,000 tons of CO2
- Progress with GHG reduction: Roughly 25% reduction in FY2023 (vs. FY2020)

3. Future plans

- Operate solar power generation facilities at Kanagawa Wharf Warehouse (FY2023)
- Disclose consolidated figures for Scope 1 & 2, non-consolidated figures for Scope 3 (FY2024)

GHG emissions and reduction targets



Reduction trend	0%	⇒	⇒	25%	⇒	42%	⇒	100%

Steadily promote measures to reduce GHG emissions, and realize a carbon-neutral society

IV. Initiatives in the Chemicals and Dangerous Goods Business

Strategy for Chemicals and Dangerous Goods Business

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External environment

Semiconductor market expansion

Spread of electric vehicles (EV)

Focus areas going forward

Semiconductor-related logistics (dangerous goods, high-pressure gas)

LIB-related logistics (dangerous goods)

* LIB: lithium-ion batteries

Challenges and responses

Development of network to supply chemical materials to semiconductor plants

Rebuild supply chain for dangerous goods

Establishment of safe and efficient logistics functions for LIBs

Develop arterial and venous LIB logistics solutions

Support for Semiconductor (High-pressure Gas) Related Logistics

March 2009

Dangerous goods

Made Tsurumi Warehouse Co., Ltd. a subsidiary

Accumulation of track record and expertise in dangerous goods warehousing through integration as a subsidiary

September 2023

Dangerous goods

High-pressure gas

Completed construction of Kanagawa Wharf Warehouse

Established own warehouse for dangerous goods and high-pressure gas in Yokohama. This is our first warehouse that can store high-pressure gas, our challenge on a new business domain

Tsurumi Warehouse +
Kanagawa Wharf Warehouse
No. 1 share of dangerous goods storage in the Keihin area

Our aim

Dangerous goods

High-pressure gas

Semiconductor-related

Utilizing our experience and know-how gained in Tsurumi and Yokohama, we aim to expand our operations to include dangerous goods and high-pressure gas related to semiconductors, for which demand is expected to grow in the future

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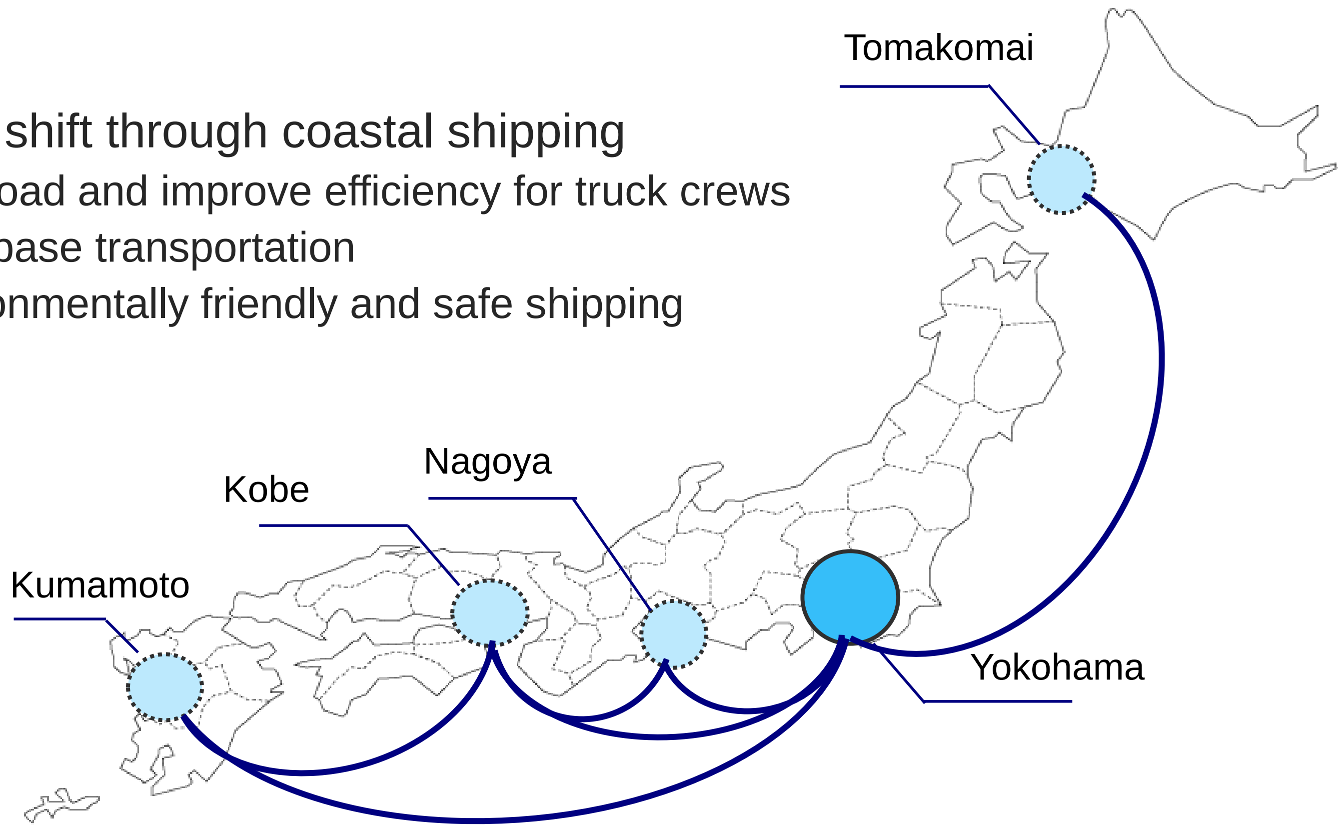
Specific measures to be undertaken going forward

Establish dangerous goods and high-pressure gas warehouses to rebuild supply chain

- Potential base locations: Yokohama, Tomakomai, Nagoya, Kobe, Kumamoto
- Operate as domestic import bases for semiconductor materials

Achieve modal shift through coastal shipping

- Reduce workload and improve efficiency for truck crews through inter-base transportation
- Realize environmentally friendly and safe shipping



Purpose of LIB (EV Battery) Related Business

Background to initiatives:

- ✓ As part of efforts to achieve carbon neutrality in 2050, the adoption of LIBs across society is expected to accelerate going forward (especially as **EV batteries** and **large storage batteries** for renewable energy)
- ✓ LIB are classified as dangerous goods under the Domestic Fire Service Law and are subject to regulations set by the United Nations for international transportation

Challenges:

- Safety of LIBs
- Shortage of dangerous goods warehouses
- Securing temporary storage locations (large storage batteries)
- Difficulty of international transport (used batteries)

Company strengths:

- Development of large-scale dangerous goods warehouse facilities in port areas
- Extensive knowledge and experience in dangerous goods logistics services
- Long-standing logistics services and existing customer base in the automotive industry
- Track record in development of logistics containers and related management services through HACO Lab.

Support the circular economy of LIBs (EV batteries)
Develop arterial and venous logistics solutions for batteries

Overview of LIB (EV Battery) Related Business

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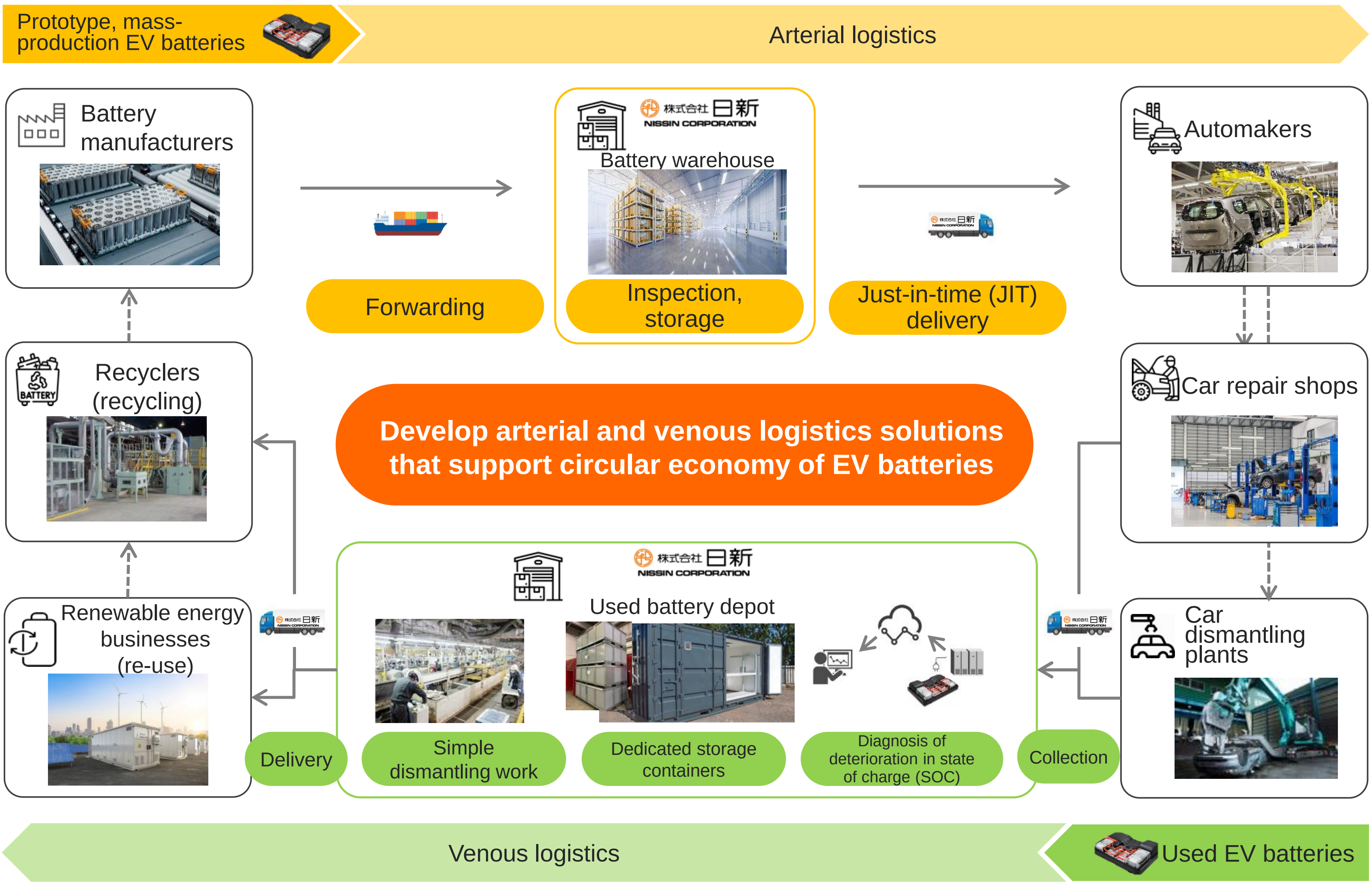

Summary

Results for the First Half of the Fiscal Year Ending March 31, 2024

Logistics business results declined YoY due to lower freight rates, but the travel service business steadily returned to profitability

Full-Year Plan for the Fiscal Year Ending March 31, 2024

Despite an expected drop in net sales, operating income is in line with our forecast due to cost reductions and improved business efficiency

Seventh Medium-Term Business Plan

Achieve goals by deepening core businesses, and aim for P/B ratio of over 1x by improving capital efficiency

Initiatives in the Chemicals and Dangerous Goods Business

Aim to expand facilities, and strengthen earnings by increasing handling of dangerous goods and high-pressure gas

Information

For inquiries regarding these materials or investor relations in general, please contact:

Public Relations and Investor Relations Section
Corporate Planning Department
Nissin Corporation
+81-3-3238-6555
https://www.nissin-tw.com

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