

Results Briefing for the First Half of the Fiscal Year 2020 (April 2020 to March 2021)

November 26, 2020

While the travel service business continued to face difficult circumstances, the recovery in logistics became apparent.

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I. Results for the First Half of Fiscal Year 2020

Results for the First Half of Fiscal Year 2020

(Unit: ¥ million)

	1st half of FY 2019 Result	1st half of FY 2020 Result	Year on year	
			Amount of increase/ decrease	Percent change
Net sales	103,408	69,183	(34,225)	66.9%
Operating income	1,897	(251)	(2,148)	-
Ordinary income	2,309	612	(1,697)	26.5%
Profit attributable to owners of parent	1,455	(155)	(1,610)	-

First Half of Fiscal Year 2020: Segment Results

(Unit: ¥ million)

	Businesses		1st Half of FY 2019	1st Half of FY 2020	Year on year	
					Amount of increase/decrease	Percent change
Net sales	Logistics	Domestic	49,714	46,206	(3,508)	92.9%
		Overseas	22,612	20,840	(1,772)	92.2%
	Travel service		30,351	1,491	(28,860)	4.9%
	Real estate		728	645	(83)	88.6%
	Other		3	1	(2)	33.3%
	Total		103,408	69,183	(34,225)	66.9%
Operating income	Logistics	Domestic	891	442	(449)	49.6%
		Overseas	281	300	19	106.8%
	Travel service		239	(1,379)	(1,618)	-
	Real estate		458	378	(80)	82.5%
	Other		28	8	(20)	28.6%
	Total		1,897	(251)	(2,148)	-

* The figures are internally aggregated values to explain the performance of each region in an easy-to-understand manner.

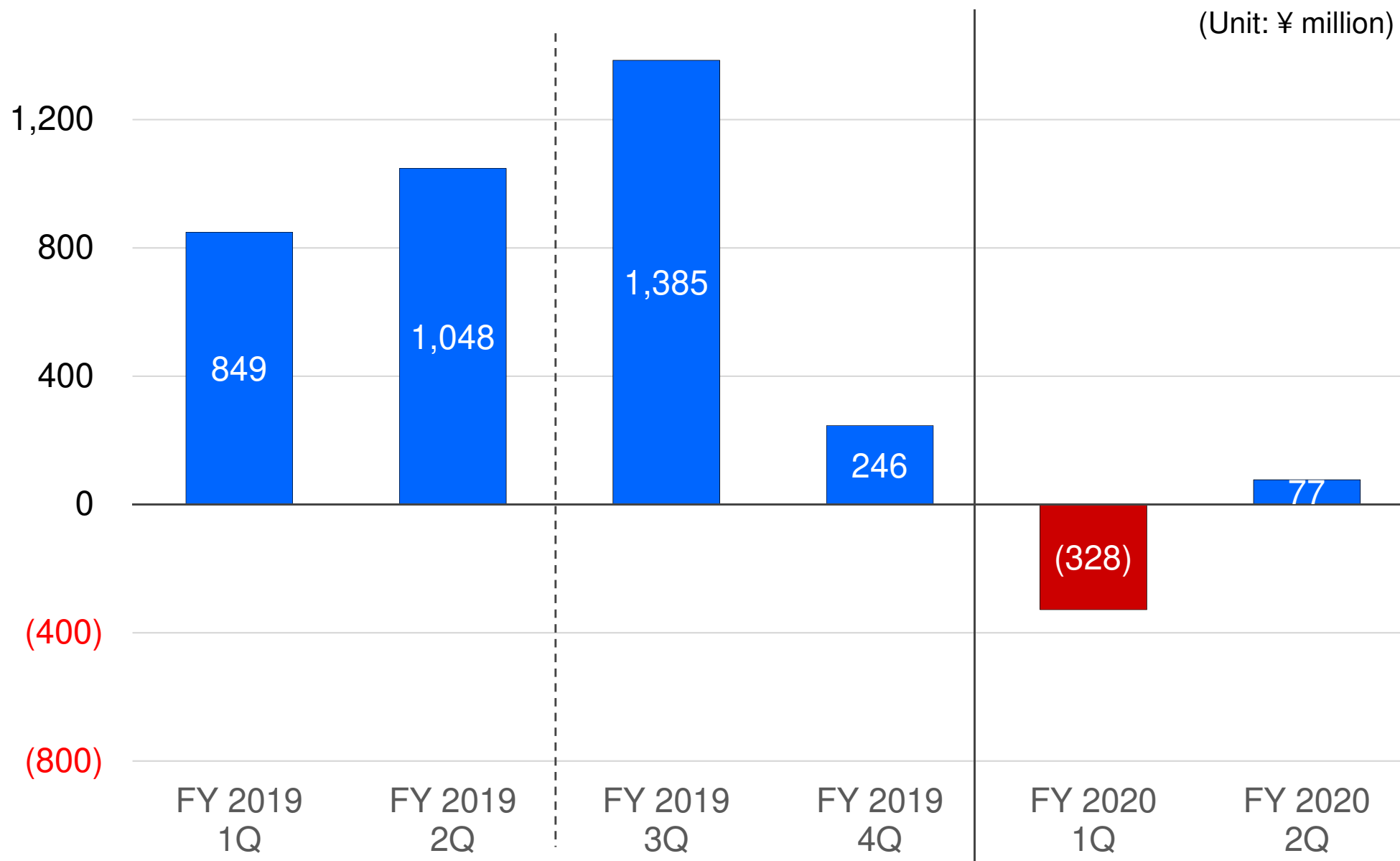
* "Others" consists of consolidated amounts, etc.

Transition of Operating Income by Segment

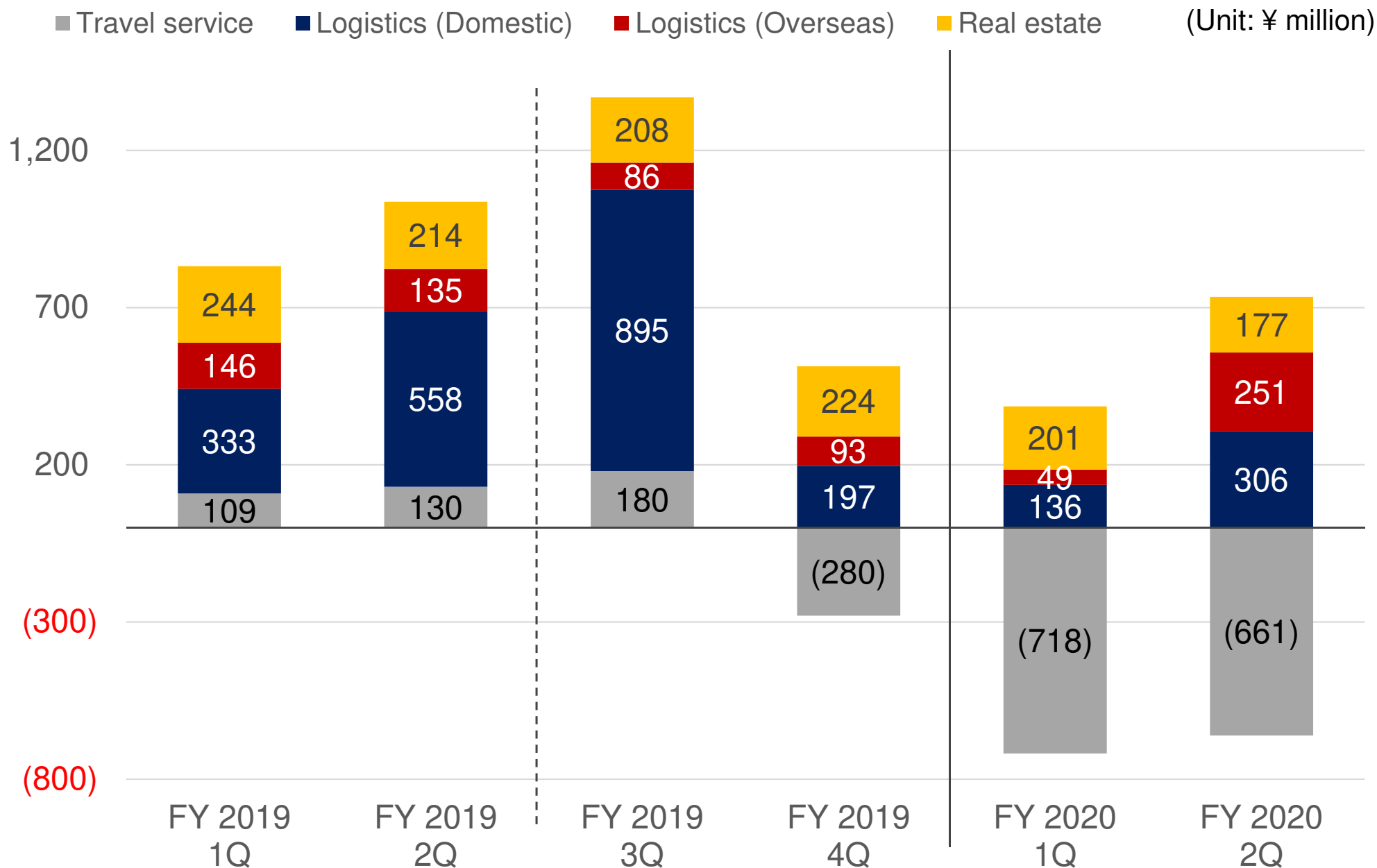
(Unit: ¥ million)

		FY 2019				FY 2020	
Businesses		1Q	2Q	3Q	4Q	1Q	2Q
		Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Logistics	Domestic	333	558	895	197	136	306
	Overseas	146	135	86	93	49	251
Travel service		109	130	180	(280)	(718)	(661)
Real estate		244	214	208	224	201	177
Other		17	11	16	12	4	4
Total		849	1,048	1,385	246	(328)	77

Transition of Operating Income (FY 2019 1Q–FY 2020 2Q)



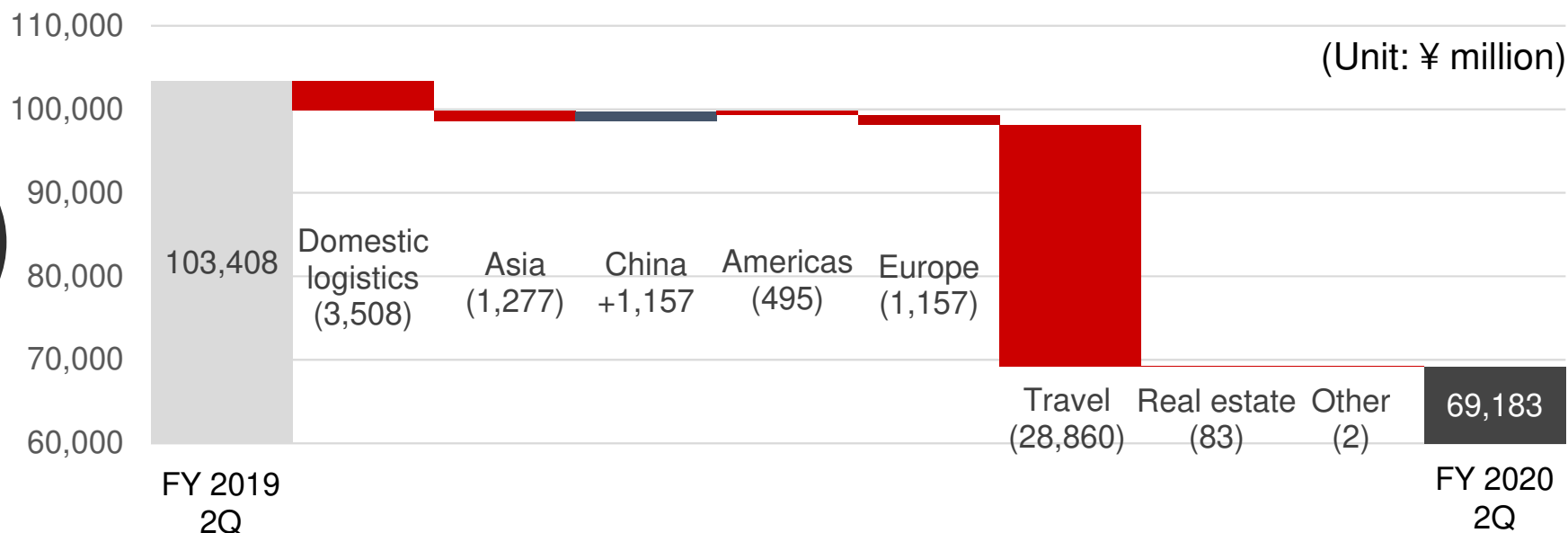
Transition of Quarterly Operating Income by Segment



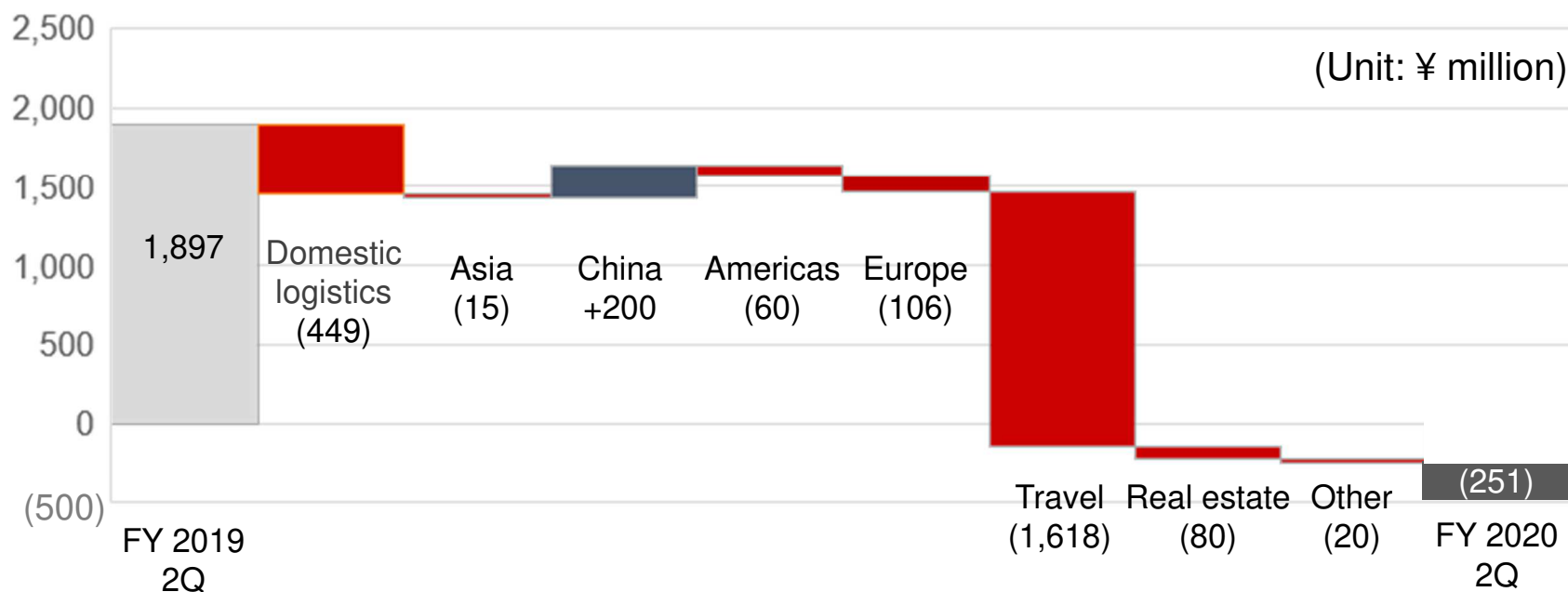
First Half of Fiscal Year 2020

Comparison with Same Period of Previous Fiscal Year

Comparison
of net sales



Comparison
of operating
income



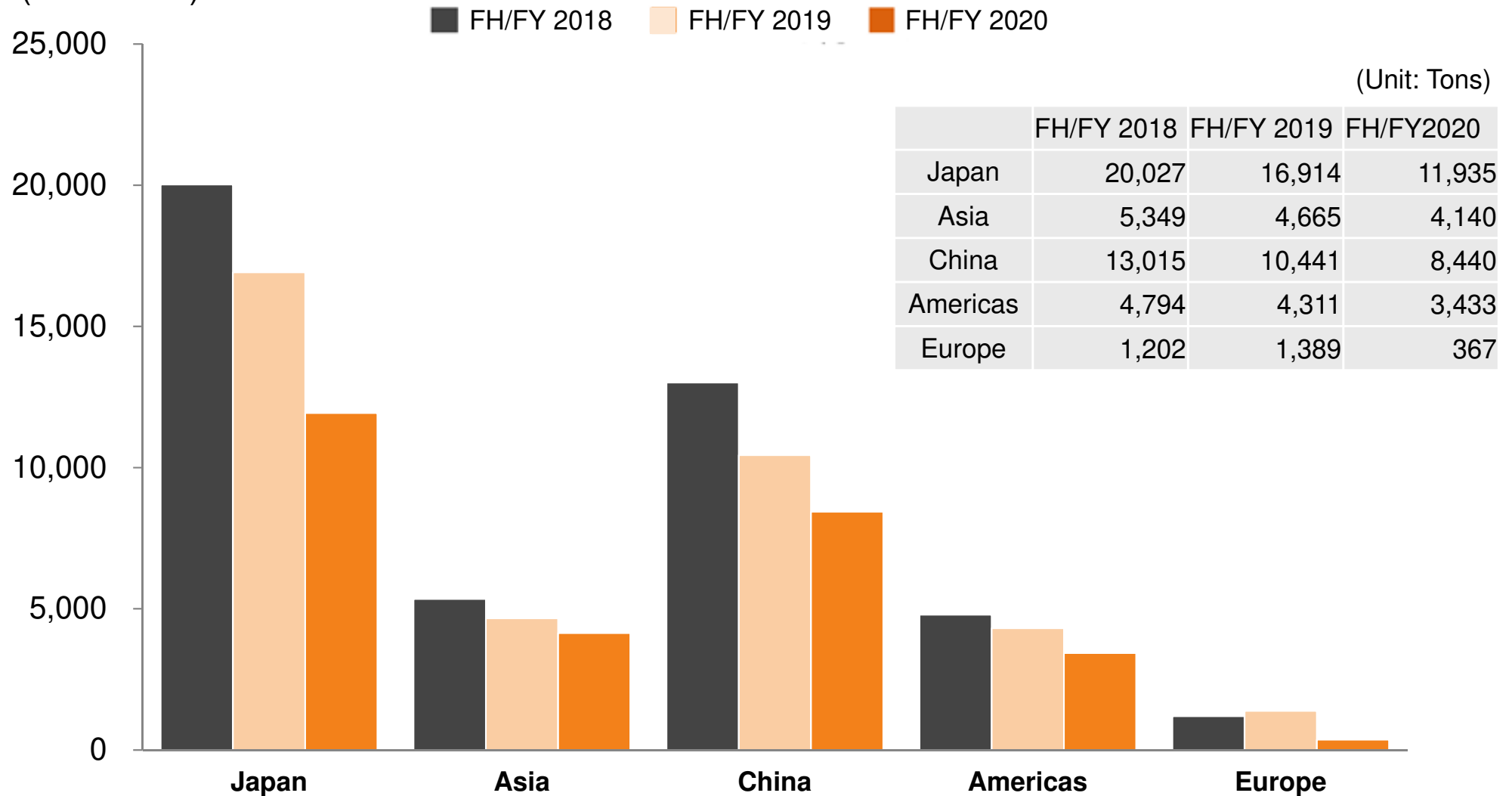
Factors for Increase/Decrease in Operating Income from Previous Fiscal Year

Businesses	Region	Year on year (million yen)	Overview
Logistics	Japan	(449)	<ul style="list-style-type: none"> - Shipment of automobile-related cargo decreased. - Air cargo quantities for exports decreased. - Food and household goods increased.
	Asia	(15)	<ul style="list-style-type: none"> - Handling of automobile-related cargo in the first quarter was much less than in the same period a year earlier. - Air cargo of electronic components for exports remained strong throughout the first half in Vietnam.
	China	200	<ul style="list-style-type: none"> - Storage and delivery services for household goods remained strong. - Air cargo of electronic components from Hong Kong for exports showed a higher profit margin. - Export cargo of home electric appliances increased.
	Americas	(60)	<ul style="list-style-type: none"> - Ocean exports of food stayed strong. - Handling of automobile-related cargo was low. - Air cargo for exports decreased.
	Europe	(106)	<ul style="list-style-type: none"> - Automobile-related cargo movement was sluggish. - Warehousing and deliveries of home electric appliances recovered.
Travel service		(1,618)	- The number of business travelers drastically decreased.
Real estate		(80)	- Revenues from parking decreased.
Other		(20)	_____
Total		(2,148)	_____

Transition of Air Cargo Volumes for Exports

Air Exports

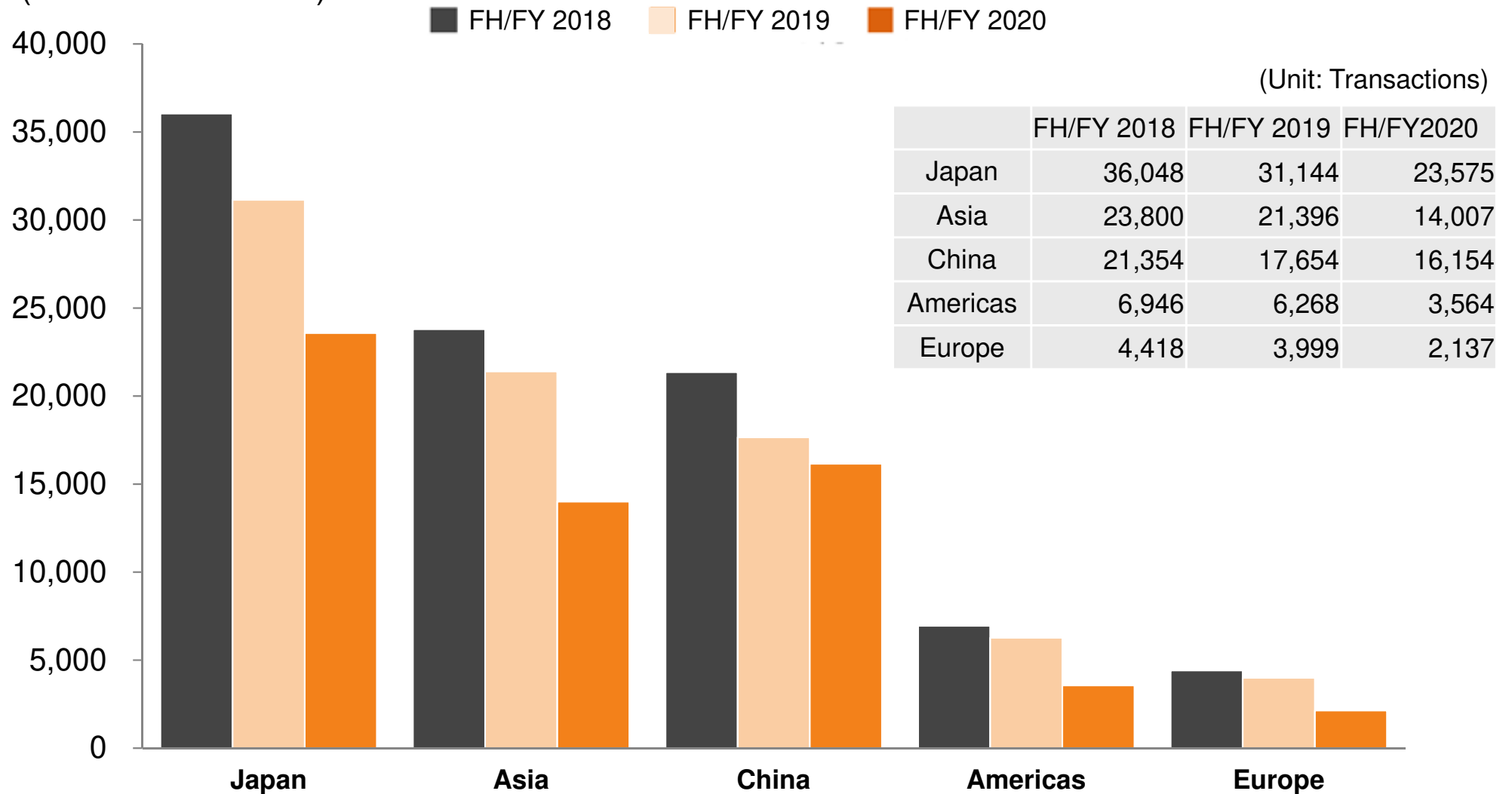
(Unit: Tons)



Transition of Air Cargo Volumes for Imports

Air Imports

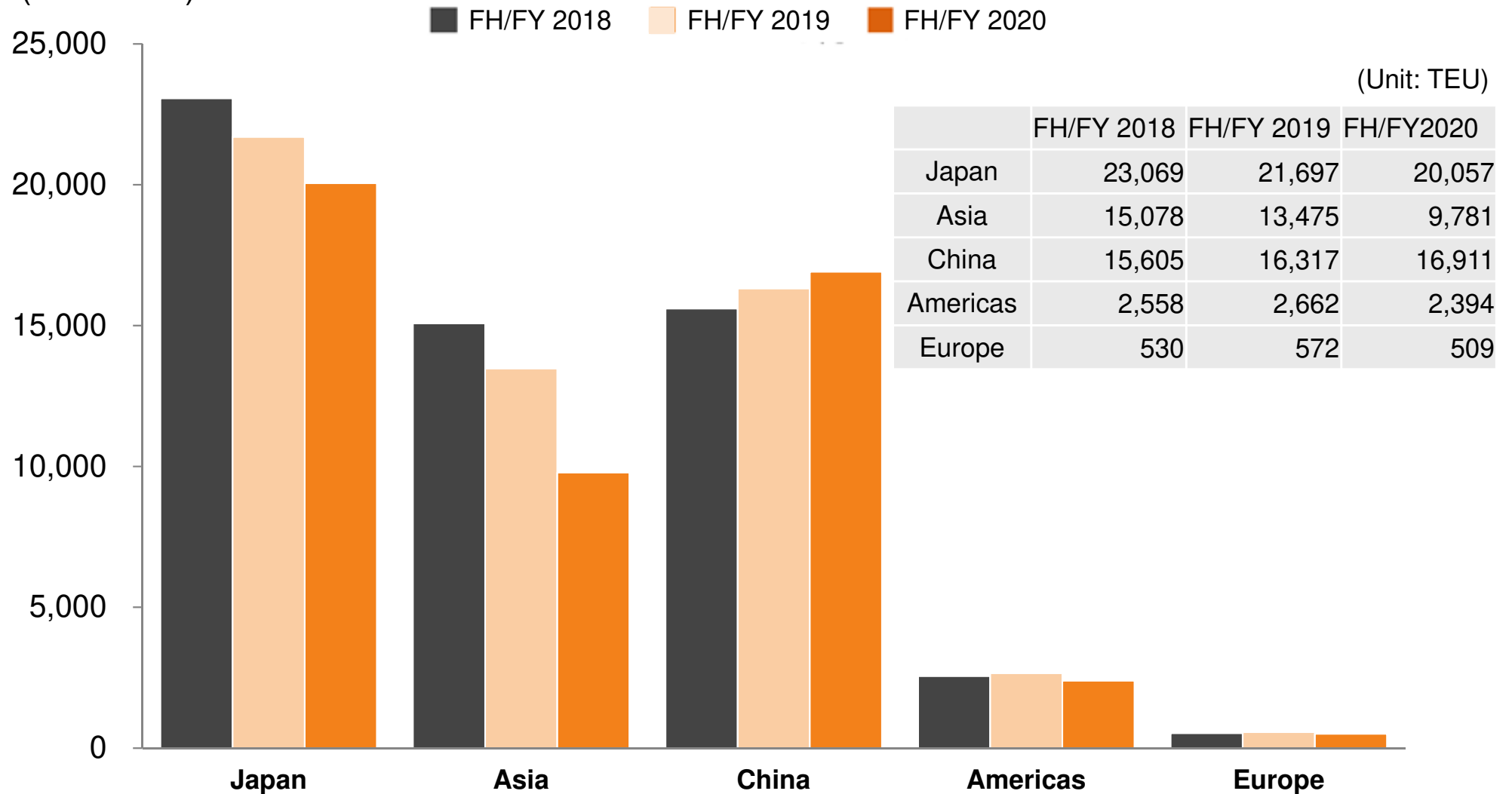
(Unit: Transactions)



Transition of Ocean Cargo Volumes for Exports

Ocean Exports

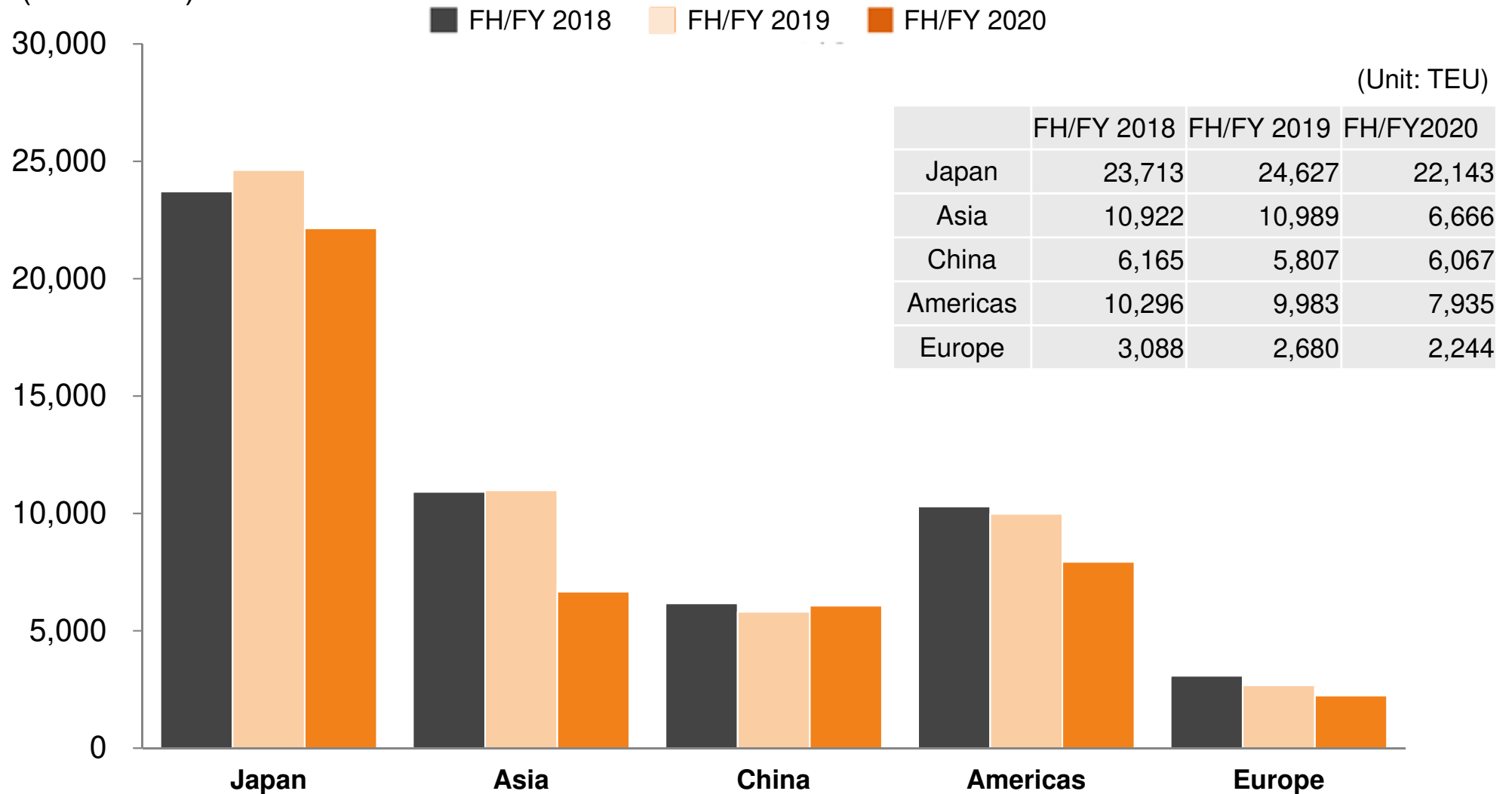
(Unit: TEU)



Transition of Ocean Cargo Volumes for Imports

Ocean Imports

(Unit: TEU)



II. Summary of Full-year Plan for the Fiscal Year 2020

Summary of Full-year Plan for the Fiscal Year 2020

(Unit: ¥ million)

	FY 2019			FY2020			Year on year	
	1 st half result	2 nd half result	Full-year result	1 st half result	2 nd half plan	Full-year plan	Amount of increase/decrease	Percent change
Net sales	103,408	93,979	197,387	69,183	77,817	147,000	(50,387)	74.5%
Operating income	1,897	1,631	3,528	(251)	351	100	(3,428)	2.8%
Ordinary income	2,309	1,805	4,114	612	388	1,000	(3,114)	24.3%
Profit attributable to owners of parent	1,455	1,250	2,705	(155)	455	300	(2,405)	11.1%

Operating Income Plan by Segment for FY2020

(Unit: ¥ million)

Businesses		FY 2019			FY2020			Year on year	
		1 st half result	2 nd half result	Full-year result	1 st half result	2 nd half plan	Full-year plan	Amount of increase/decrease	Percent change
Logistics	Domestic	891	1,092	1,983	442	658	1,100	(883)	55.5%
	Overseas	281	179	460	300	440	740	280	160.9%
Travel service		239	(100)	139	(1,379)	(1,221)	(2,600)	(2,739)	—
Real estate		458	432	890	378	472	850	(40)	95.5%
Other		28	28	56	8	2	10	(46)	17.9%
Total		1,897	1,631	3,528	(251)	351	100	(3,428)	2.8%

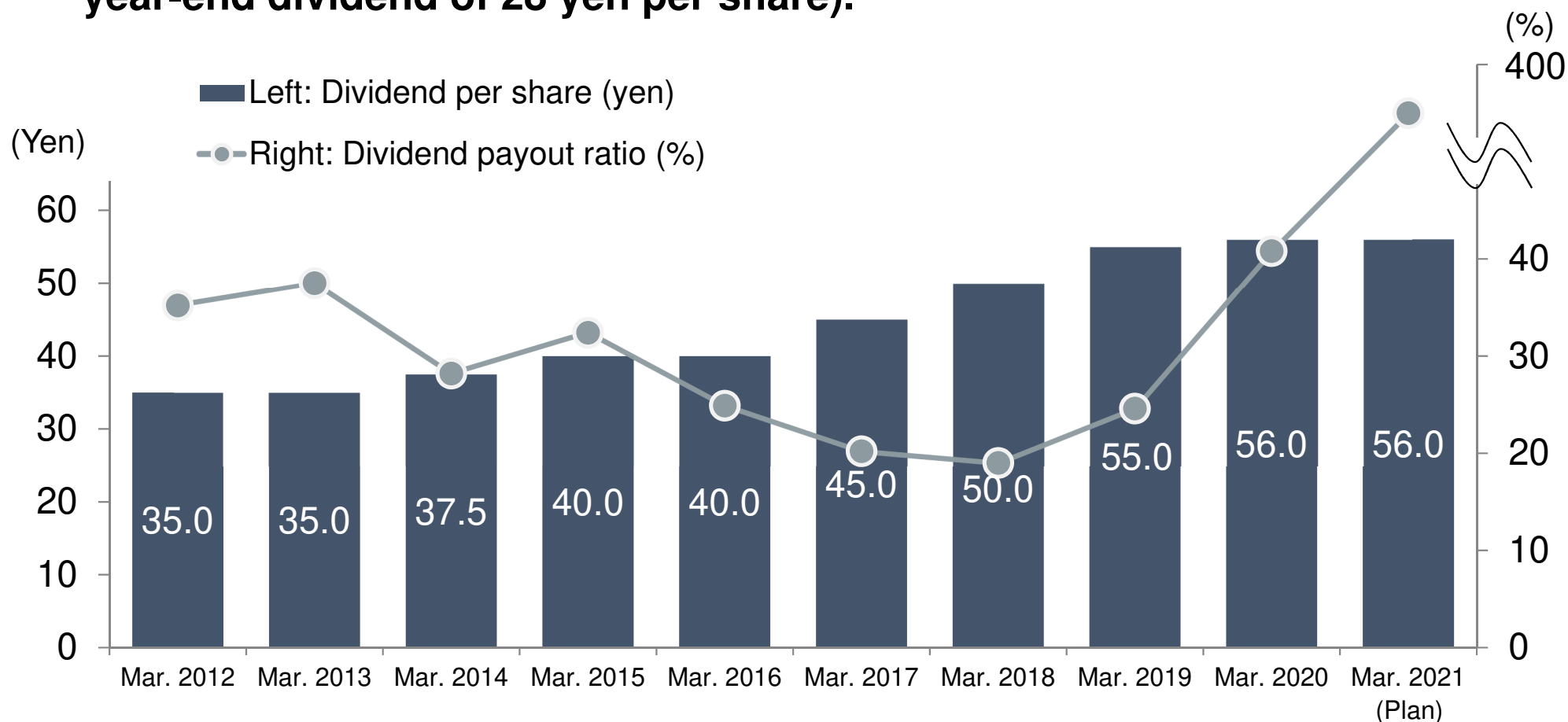
* The figures are internally aggregated values to explain the performance of each region in an easy-to-understand manner.

* "Others" consists of consolidated amounts, etc.

Factors of Increase/Decrease in Operating Income (Comparison between 1st half results and 2nd half plan)

Businesses	Region	Increase (Decrease) (million yen)	Overview
Logistics	Japan	216	<ul style="list-style-type: none"> - Automobile-related cargo movement is recovering. - Food and household goods movement will remain strong.
	Asia	(8)	<ul style="list-style-type: none"> - Automobile-related cargo movement will be close to the level of the first half. - Air cargo of electronic components will remain bullish.
	China	(103)	<ul style="list-style-type: none"> - Profits will decline with the termination of on-premises operations in a warehouse of office equipment. - Air cargo volumes from Hong Kong will fall in reaction to the brisk results in the first half.
	Americas	14	<ul style="list-style-type: none"> - Automobile-related cargo movement is recovering. - Food-related cargo from the United States is on the increase. - Distribution centers and warehousing operations for home electric appliances in the United States will strengthen.
	Europe	237	<ul style="list-style-type: none"> - Automobile-related cargo movement is recovering. - Exports of seasonal food items will grow. - Cargo handling of home electric appliances in Germany will remain strong. - Expenses will be reduced at the bases.
Travel service		158	<ul style="list-style-type: none"> - The number of travelers is expected to rise slightly. - Selling, general and administrative expenses will be cut.
Real estate		94	<ul style="list-style-type: none"> - Profits from work supervision and other operations increased.
Other		(6)	
Total		602	

- In the second quarter of FY2020, an interim dividend of 28 yen per share was paid, unchanged from the previous fiscal year.
- A full-year dividend for FY2020 is forecasted at 56 yen per share (with the year-end dividend of 28 yen per share).



(Note) A reverse split of 5 common stocks into 1 stock was performed with October 1, 2017 as the effective date. The amounts stated take the reverse split into consideration.

III. Revision of Sixth Medium-Term Business Plan

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

Basic policy	“Global logistics service provider” - Further innovation to be the top quality logistics company in the world -
Period	April 2017 to March 2022 (5 years)
Priority measures	<ol style="list-style-type: none">1. Priority segments (automobile-related, chemicals and hazardous items, and food distribution)2. Improve the profitability of domestic businesses<ul style="list-style-type: none">• Restructure the logistics facilities• Pursue improvement in operational efficiency• Strengthen cooperation between the logistics business and the travel service• Promote logistics consulting using AI3. Strengthen the fundamentals of group management<ul style="list-style-type: none">• Strengthen governance and ensure thorough compliance• Secure and cultivate human resources• Strengthen financial health through the streamlining of funding, etc.



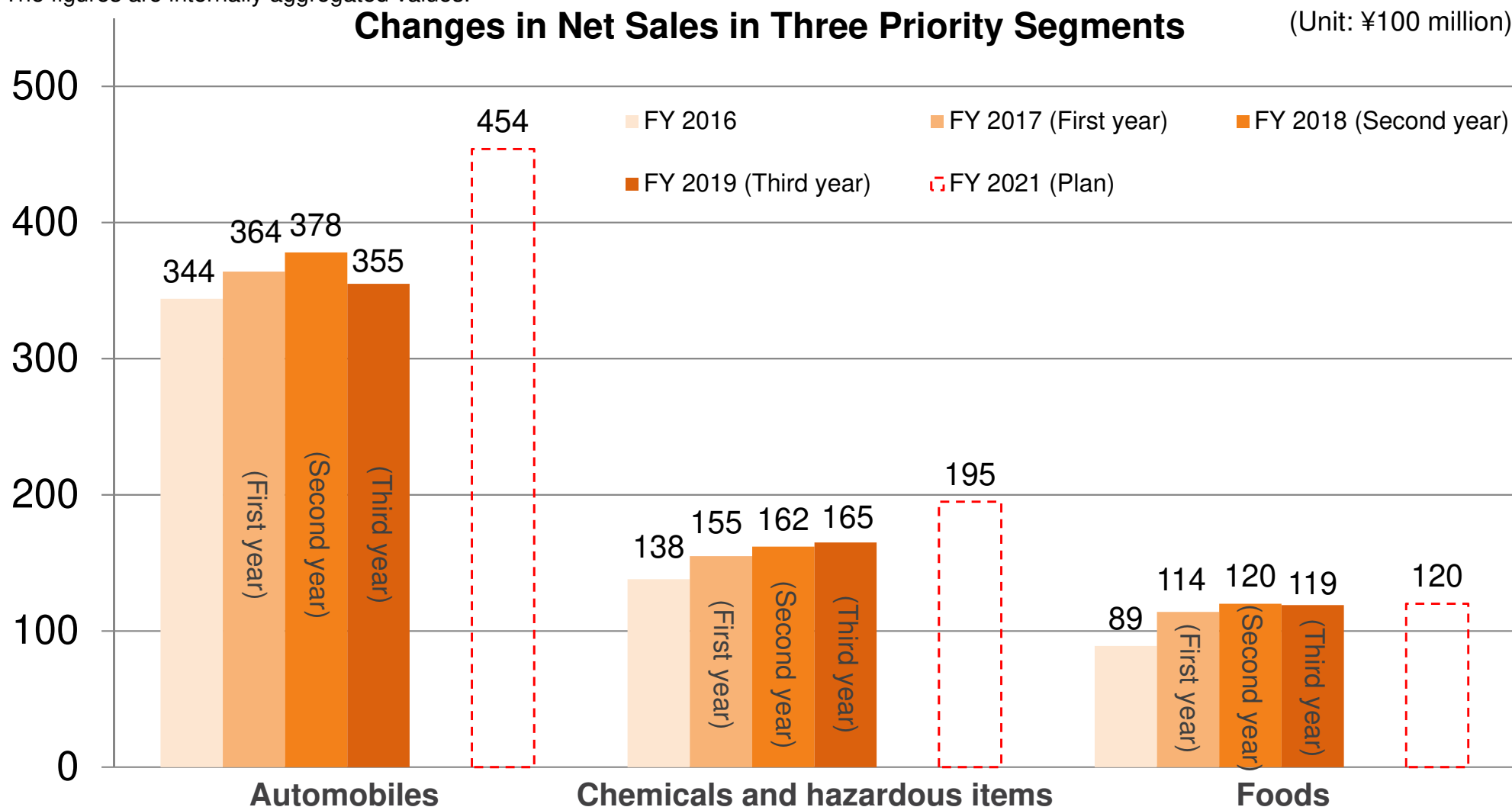
Revision to Sixth Medium-Term Business Plan

	Before revision (announced in May 2017)	Recent revision
Period	From FY2017 to FY2021	Unchanged
Quantitative targets	Net sales: 230.0 billion yen Operating income: 7.4 billion yen Ordinary income: 7.7 billion yen Net income: 5.3 billion yen ROE: Approx. 8.0%	Withdrawn
Priority measures	1. Priority segments (automobile-related, chemicals and hazardous items, and food distribution) 2. Improve the profitability of domestic businesses 3. Strengthen the fundamentals of group management	Unchanged

Focus on Three Priority Segments

■ While the quantitative targets have been withdrawn, chemicals and hazardous items and foods attain steady sales growth.

* The figures are internally aggregated values.



Focus on Three Priority Segments (Area Strategy)

			Already implemented	Ongoing
	Automobile	Chemicals and hazardous items	Foods	
Japan	Develop new customers	Expand domestic facilities	Expand refrigerated storage warehouse facilities	
Asia	Expand warehouses in Thailand Construct a new warehouse in Malaysia	Expand warehouses Expand transportation of chemicals	Establish a logistics network for food	
China	Focus sales activities on each Global Account company	Expand the hazardous items business	Establish a logistics network for food	
Americas	Establish a new company-owned warehouse in Ohio	(Enter the hazardous items business)	Establish a freezing and refrigerating warehouse	
Europe	Explore links with new non-Japanese parts manufacturers	(Enter the hazardous items business)	Expand imports/exports of food	

Improve the Profitability of Domestic Businesses

Priority measures	Review of the first three years	Actions for the fourth and fifth years
Restructure the logistics facilities	<p>Operation or construction of warehouses in Japan started.</p> <ul style="list-style-type: none"> - Fukuoka: Operation started in Sep. 2019 - Kobe: Operation started in Feb. 2020 - Tokyo: Scheduled for completion in Mar. 2021 	Currently planning construction of multiple other logistics facilities in Kanto
Pursue improvement in operational efficiency	<ul style="list-style-type: none"> - Promoted a reorganization project (implemented in Apr. 2020) - Implemented RPA of administration and operation departments - Developed and installed commercial photo-sharing app (IAFONE) 	<ul style="list-style-type: none"> - Firmly establish the new organization - Promote more RPA - Promote widespread use of IAFONE in the company
Cooperation between the logistics business and the travel service	<ul style="list-style-type: none"> - Increased 	(Withdrawn)
Promote logistics consulting	<ul style="list-style-type: none"> - SCM solutions - Warehouse Management System (WMS) - HACO Lab 	<ul style="list-style-type: none"> - Develop overseas business - Develop systems for warehouse customers - Develop HACO Lab. equipped with new functions

Progress under Capital Investment Plan

(Unit: ¥100 million)

Region	Project		Investment planned	Investment (forecast)	Inauguration	Principal items
Japan	Location		169	181		
	Fukuoka-shi	Kyushu Nissin Island City			September 2019	General cargo items
	Kobe-shi	Maya West Refrigerated Warehouse			February 2020	Food
	Ota-ku	Heiwajima Refrigerated Logistics Center (tentative)			March 2021 (scheduled)	Food
	Yokohama-shi	Honmoku A Logistics Center (tentative)			July 2021 (scheduled)	Packages and heavy materials
	Yokohama-shi	Yokohama District Hazardous Items Warehouse			(FY2023 or later)	Hazardous items
Overseas	Location		61	17		
	Malaysia	Malacca Warehouse			March 2018	General cargo items
	US	Ohio Warehouse			March 2018	General cargo items
	Thailand	Prachin Buri Warehouse			January 2019	General cargo items
	China	Shanghai Warehouse			-	-
IT	IT investment		30	12		
Total			260	210		

1. IV. Response to Changes in Business Circumstances

- (1) Actions for the travel service business
- (2) Actions for the logistics business

(1) Actions for the travel service business

Nissin Group's travel service business

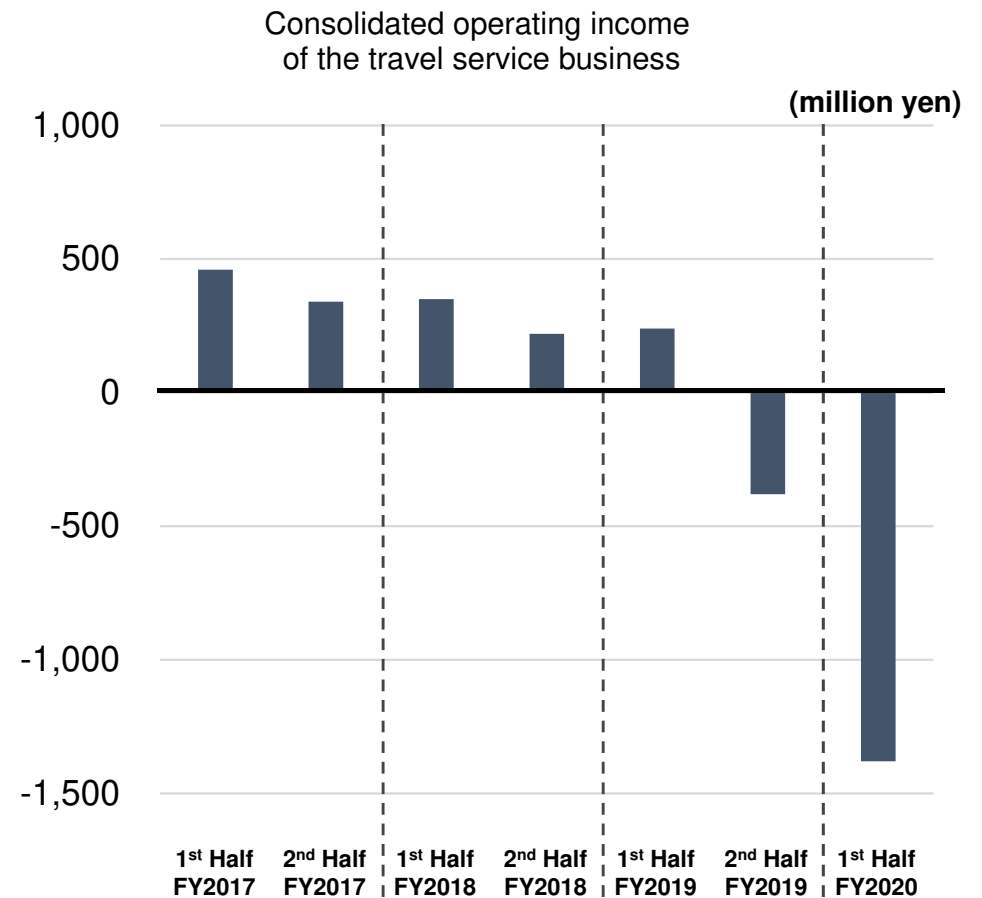
With 482 employees

Nissin Travel Service Co., Ltd.

Nicchu Peace Travel Service Co., Ltd.

Three other companies

Transition of earnings in travel service business



(1) Actions for the travel service business

1. Current emergency measures

i	Reduce remuneration for officers
ii	Reduce bonuses for employees
iii	Transfer of employees to Nissin
iv	Employment adjustment grants
v	Settlement of commuting expenses actually incurred



2. Future actions

i	Temporary suspension of recruitment and other measures for cutting labor expenses
ii	Transfer of more employees
iii	Integration and closedown of offices
iv	Other additional measures

Making the company resilient to changes in the external environment

Action	Descriptions
1. Diversification of revenue bases (by customers' industries)	<ul style="list-style-type: none">- Continue to strengthen the chemicals and hazardous items and food distribution defined as a priority segment in the medium-term business plan to diversify revenue bases and avoid risks arising from changes in the business environment.
2. Well-balanced business portfolio	<ul style="list-style-type: none">- Develop a system of opening the way for reviews on profits in individual profit-making business domains (business portfolio).- Focus on business domains with high profit margins.
3. Strengthen domestic businesses	<ul style="list-style-type: none">- Reorganize and integrate domestic businesses.- Strengthen the real estate business.
4. Strengthen overseas businesses	<ul style="list-style-type: none">- Increase the share of the overseas segments in consolidated operating income.
5. Implementation of digitalization	<ul style="list-style-type: none">- New businesses and products

Results for the First Half of Fiscal Year 2020

Negative bottom-line profit due to weakness of the travel service business

Full-year Plan for the Fiscal Year 2020

Clarify the recovery of sales and profit in the second half

Revision to Sixth Medium-Term Business Plan

Quantitative targets have been withdrawn

Response to Changes in Business Circumstances

Current actions for the travel service business and the logistics business

V. Topics

Kyushu Nissin's Island City Logistics Center Completed in September 2019

- It stands in Island City, which was developed by the Fukuoka City Government as a hub for international logistics. It is so conveniently located that the container terminal, the Fukuoka Interchange on the Kyushu Expressway and the Fukuoka Airport are all within a 10-kilometer radius.
- A bonded warehouse with normal temperature storage and refrigerated storage functions, designed to serve as a base for export to East Asian countries.



Facility overview

Name:	Kyushu Nissin Island City Logistics Center
Location:	Minato Kashii 3-chome, Higashi-ku, Fukuoka
Facility:	Normal temperature storage (partial air conditioning) and refrigerated storage
Site area:	14,703 m ²
Total floor area:	21,951 m ²
Number of dock levelers:	9

Maya West Refrigerated Warehouse

Completed in February 2020

- It is operated in conjunction with the adjacent Maya Refrigerated Warehouse and Maya Pier Warehouse, which ensures storage at all temperatures (frozen, refrigerated, constant temperature and normal temperature).
 - It was built to increase the capacity of the frozen cargo space for which demand is growing.
 - It has automated racking systems to pave the way for quick operation.
 - As part of the BCP measures, it is equipped with power receiving systems, refrigeration machines and others on the second floor of the cargo sorting building.



Facility overview

Name:	Maya West Refrigerated Warehouse
Location:	2-6 Maya Futo, Nada-ku, Kobe
Facility:	Warehouse with automated racking systems for frozen cargo
Site area:	4,140.03 m ²
Total floor area:	8,237.74 m ²
Capacity:	13,800 refrigerated tons
Number of cranes:	5
Number of wheeled platforms:	4
Number of pallets:	5,040

Heiwajima Refrigerated Logistics Center (tentative)

Scheduled to start operation in March 2021

■ A cutting-edge refrigerated warehouse will be constructed near Tokyo Port and Haneda Airport, with convenient transport to and from the Greater Tokyo area.

- A five-story building with an approximate total floor area of 18,000 m² will have the capacity of 26,000 refrigerated tons.
- It will also have a truck berth with 18 lanes.



Facility overview

Name:	Heiwajima Refrigerated Logistics Center (tentative)
Location:	Heiwajima 3-chome, Ota-ku, Tokyo
Facility:	Refrigeration and freezing warehouse
Total floor area:	18,326 m ²
Capacity:	26,341 refrigerated tons

Honmoku A Logistics Center (tentative)

Scheduled to start operation in July 2021

■ A packaging plant and a warehouse for storage relocated to Honmoku Pier as part of the redevelopment project.

- It is defined as a core facility for the export business in the Keihin district.
- It has the capacity to handle up to 80 tons of heavy cargo to provide high-quality logistical services.
- The first large packaging plant in the Yokohama district where ocean-going ships can dock.



Facility overview

Name:	Honmoku A Logistics Center (tentative)
Location:	8-1 and 9-1 Honmoku Futo, Naka-ku, Yokohama-shi
Facility:	Packaging and storage warehouse
Total floor area:	10,085 m ²
Main equipment	Ceiling cranes (2 x 40 tons (20 tons + 20 tons), 1 x 20 tons, and 1 x 10 tons)

Developing housing and commercial facilities in the Kitanaka Dori North District.

■ Kitanaka Dori North District



Conceptional image of development in the Kitanaka Dori North District

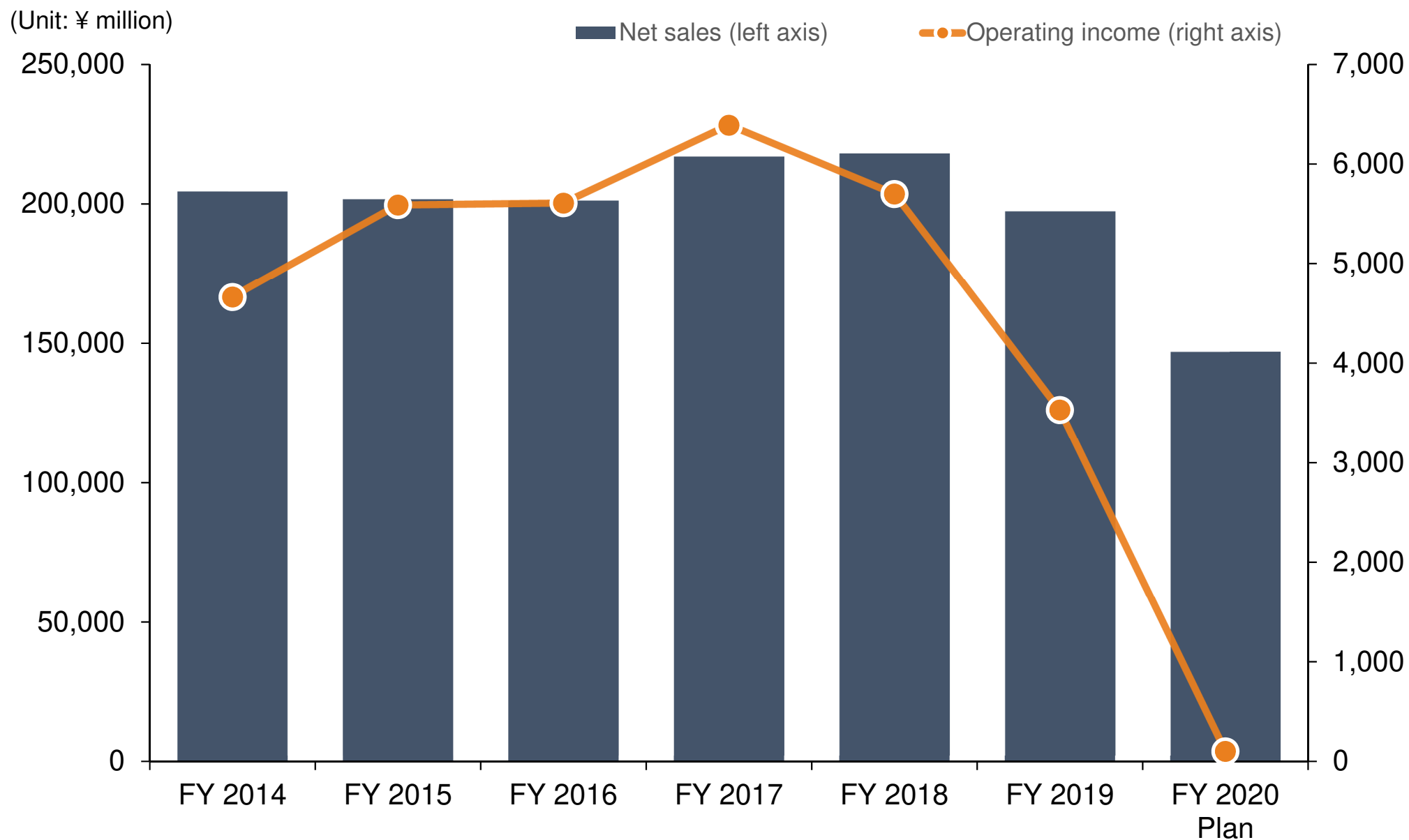


References



I. Financial Data

Transition of Consolidated Business Results



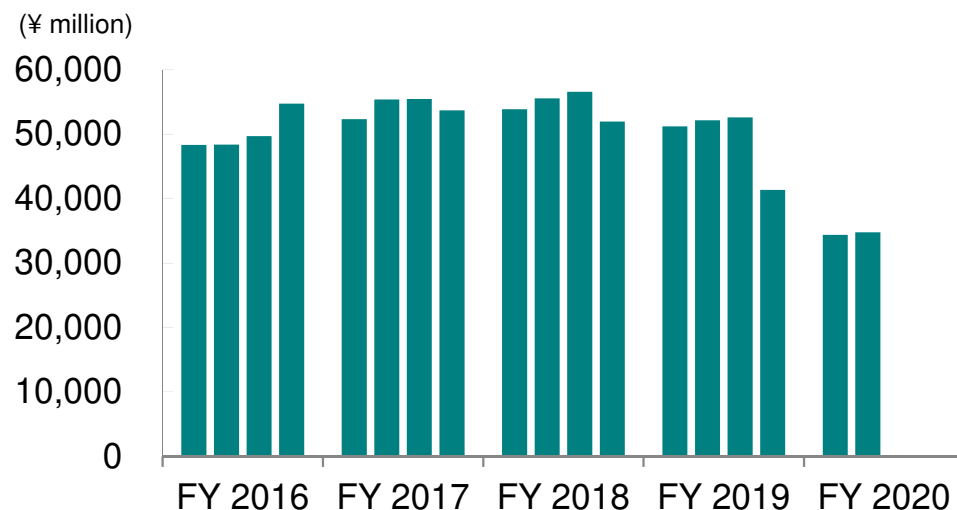
Sales Composition in Logistics Business by Region

Sales Share by Business	Sales Composition in Logistics Business by Region			
	Air	Ocean	Warehousing and others	Total
Japan (non-consolidated)	19%	38%	43%	100%
Asia	40%	31%	29%	100%
China	23%	29%	48%	100%
Americas	26%	23%	51%	100%
Europe	18%	22%	60%	100%

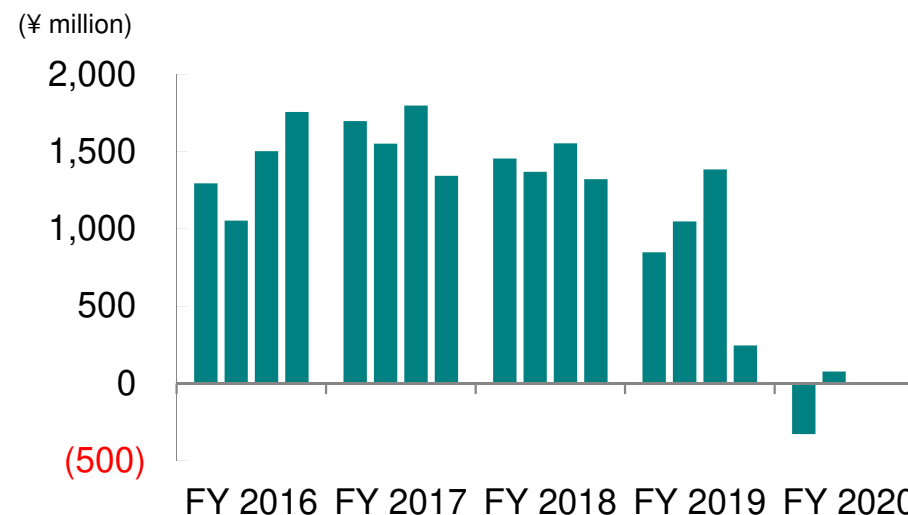
* The figures are internally aggregated values as of September 2020.

Transition of Quarterly Consolidated Business Results

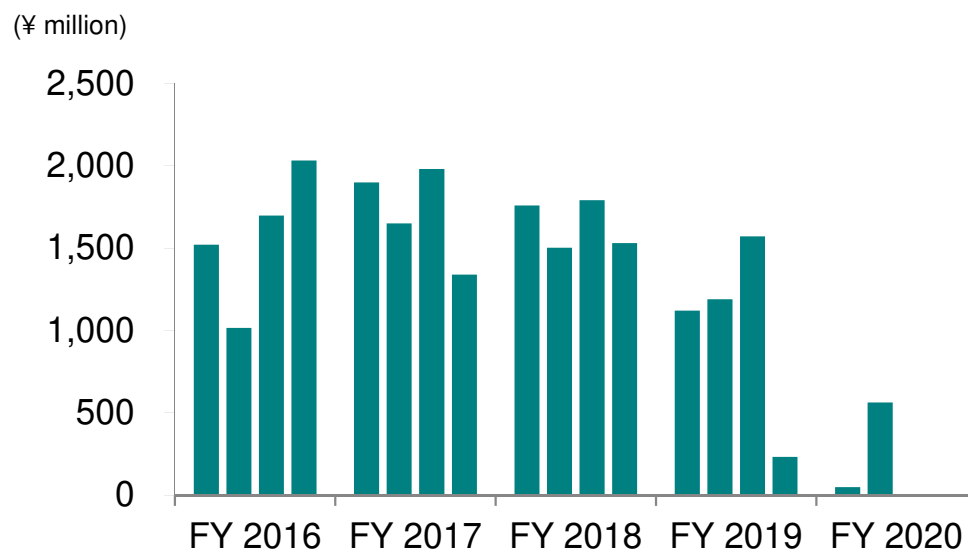
Net sales



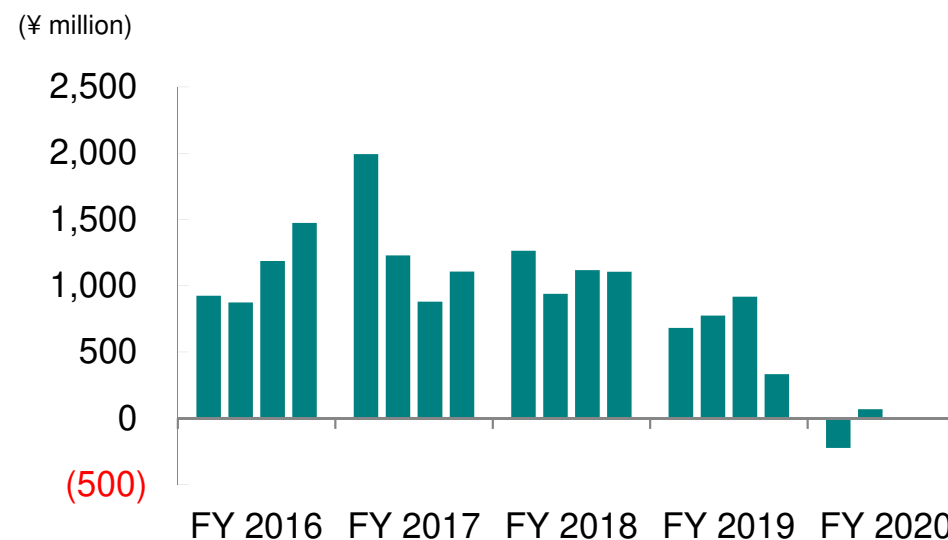
Operating income



Ordinary income

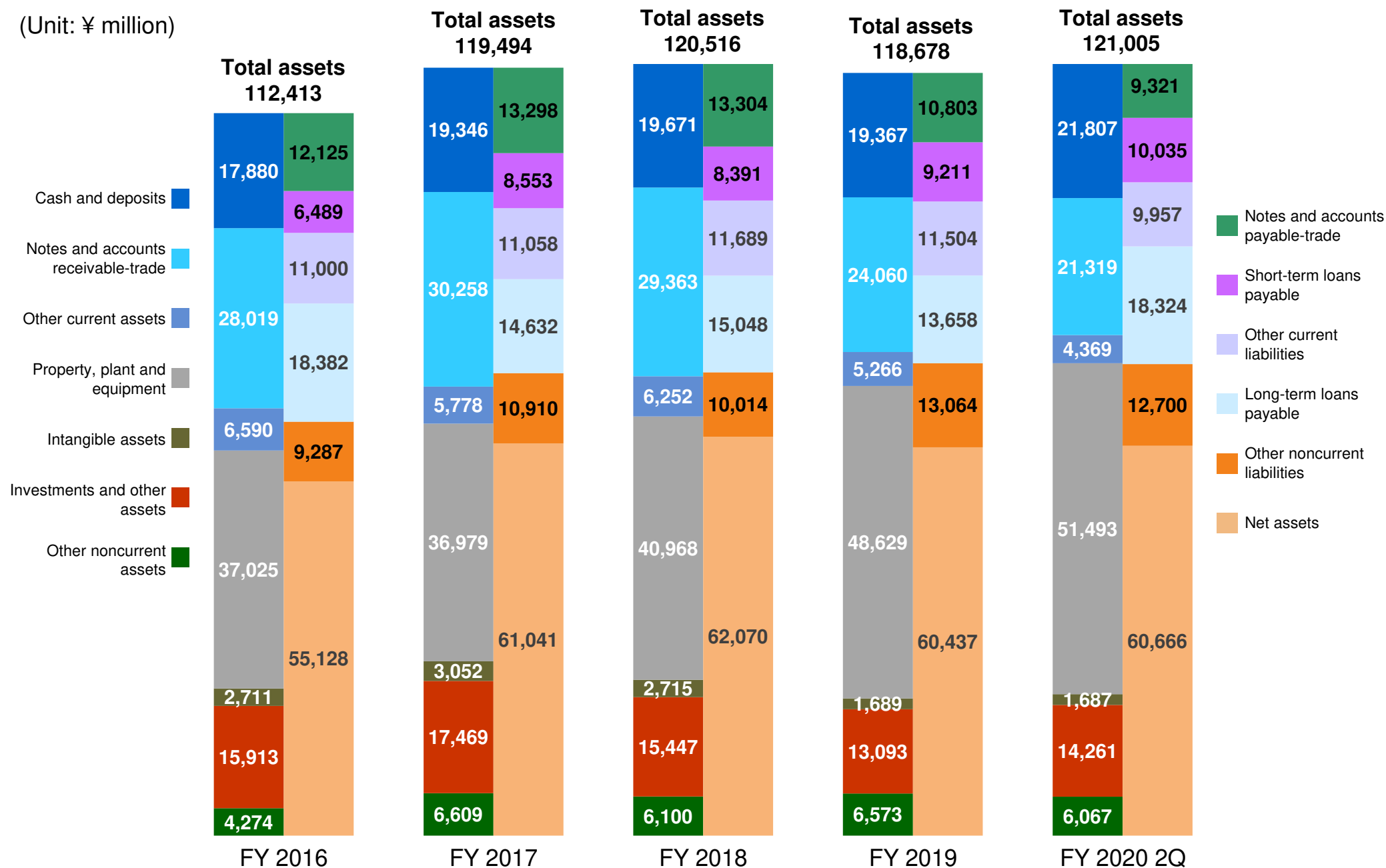


Profit attributable to owners of parent



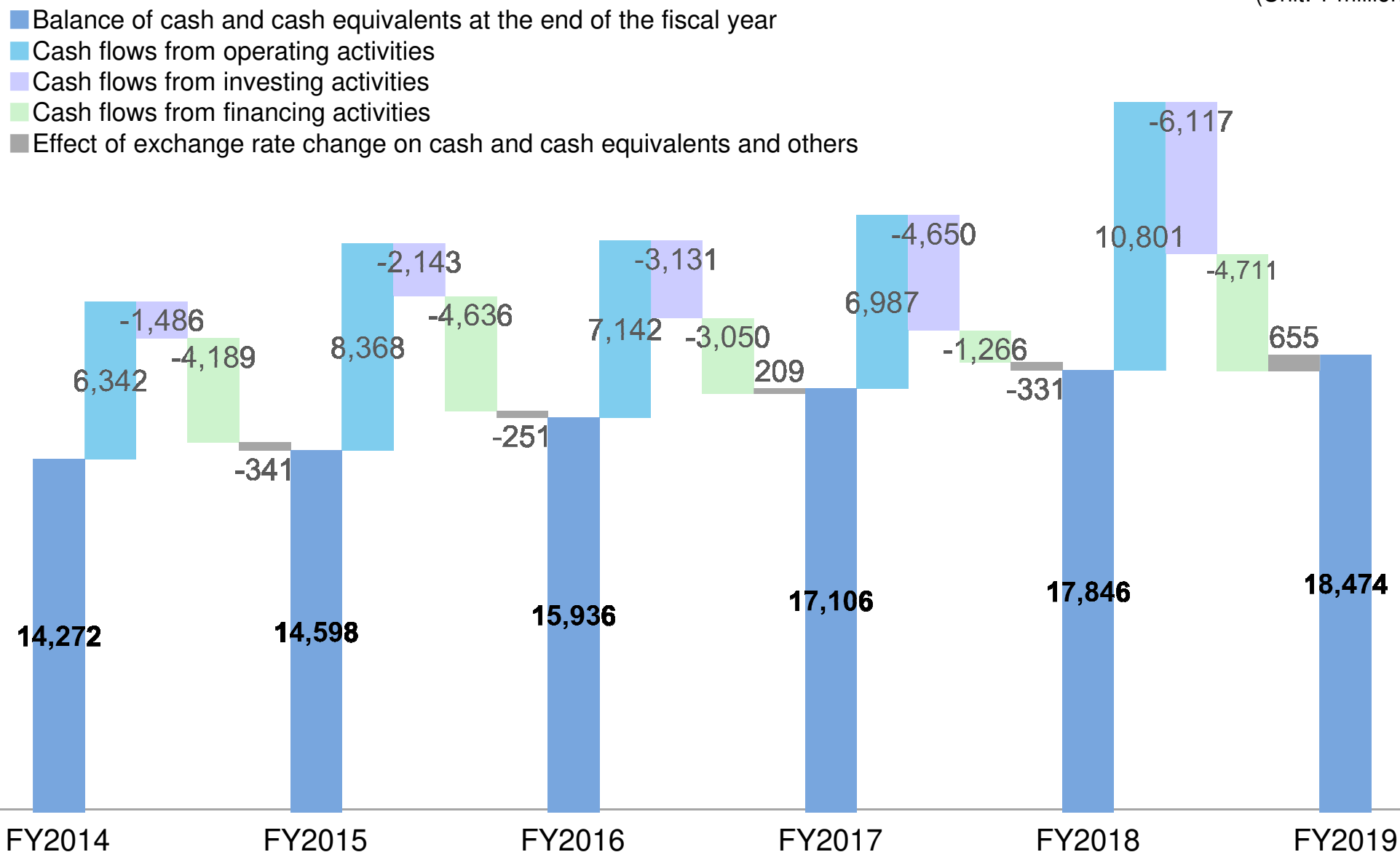
Five-Year Transition of Consolidated Balance Sheet

(Unit: ¥ million)



Five-Year Transition of Consolidated Cash Flows

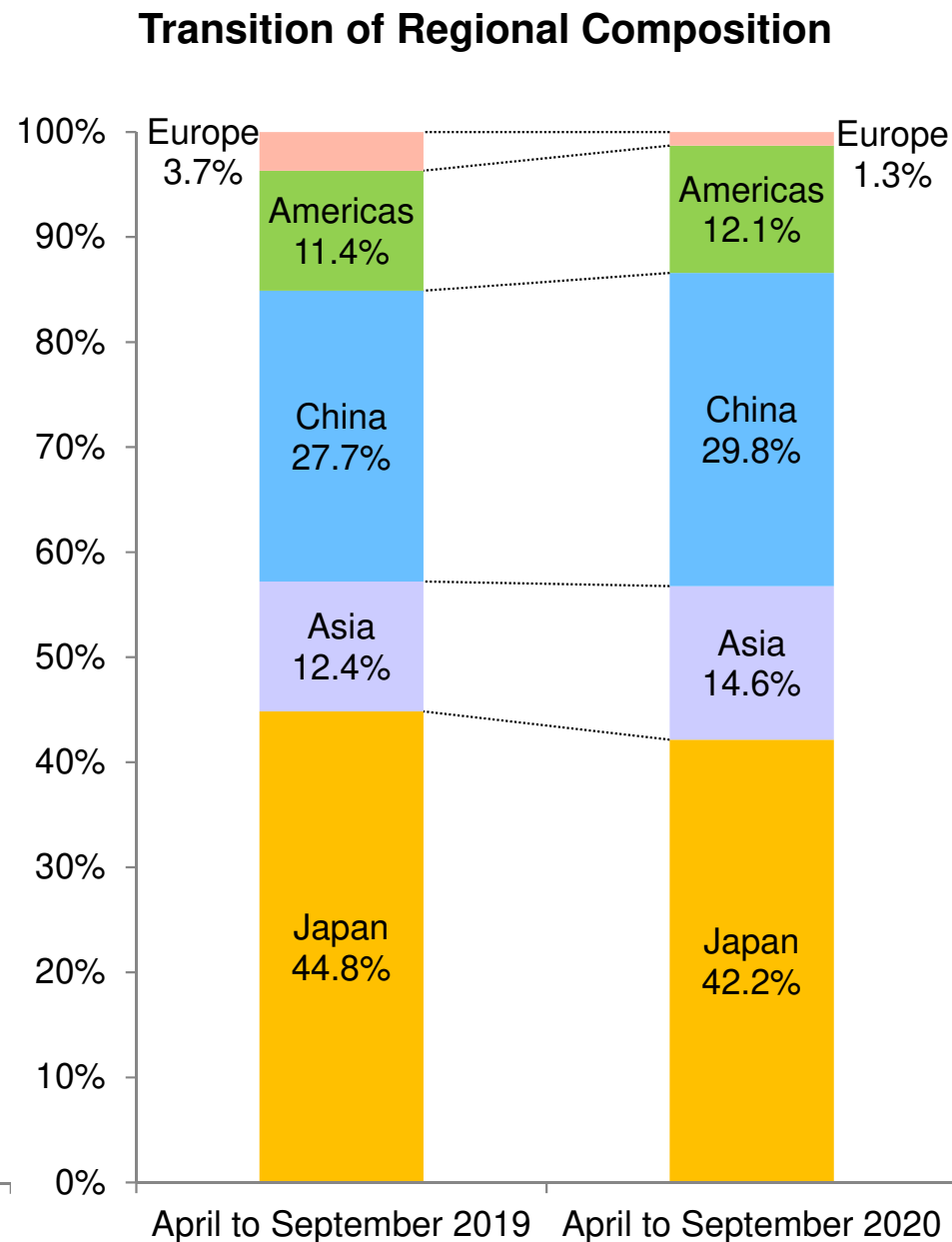
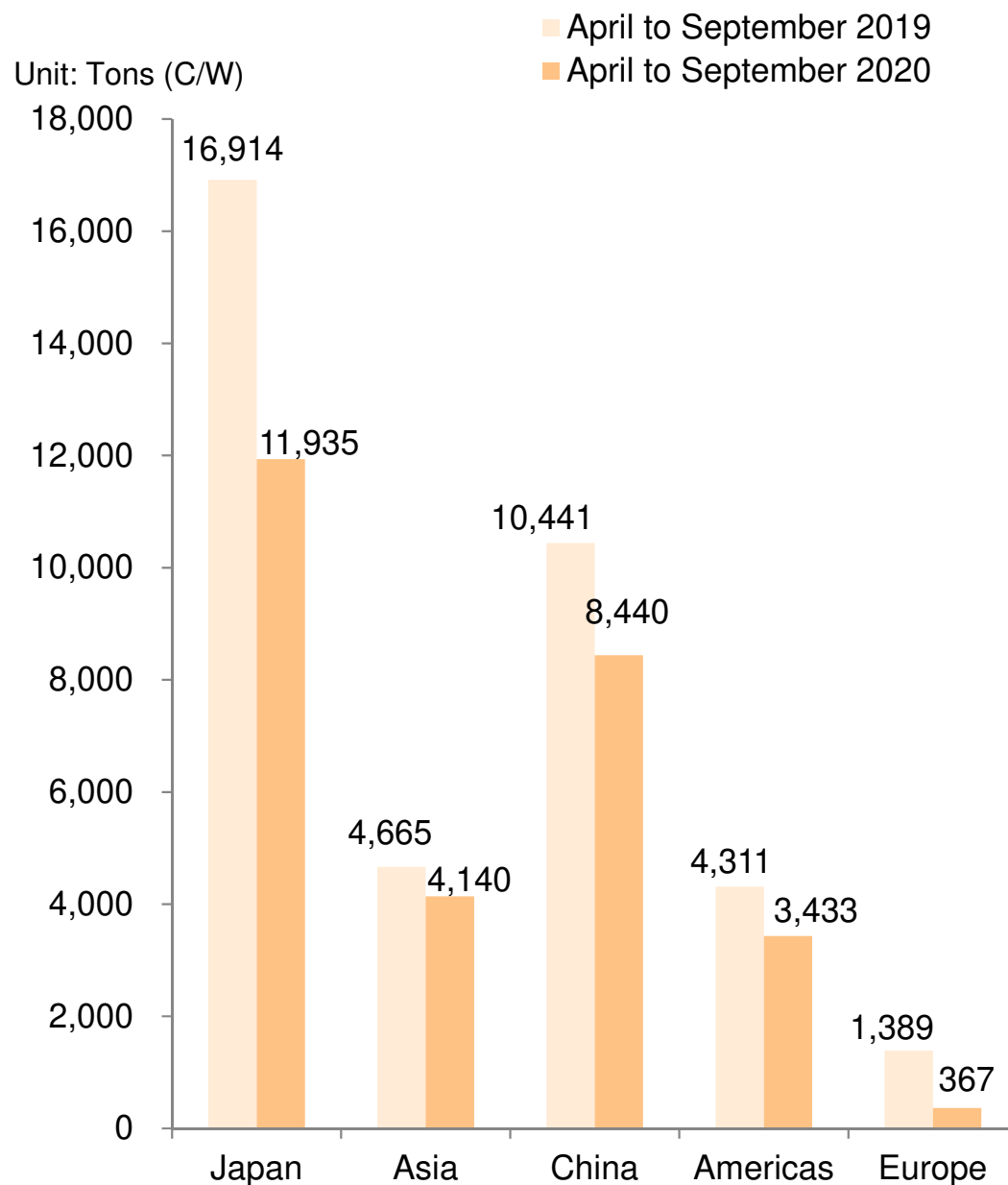
(Unit: ¥ million)



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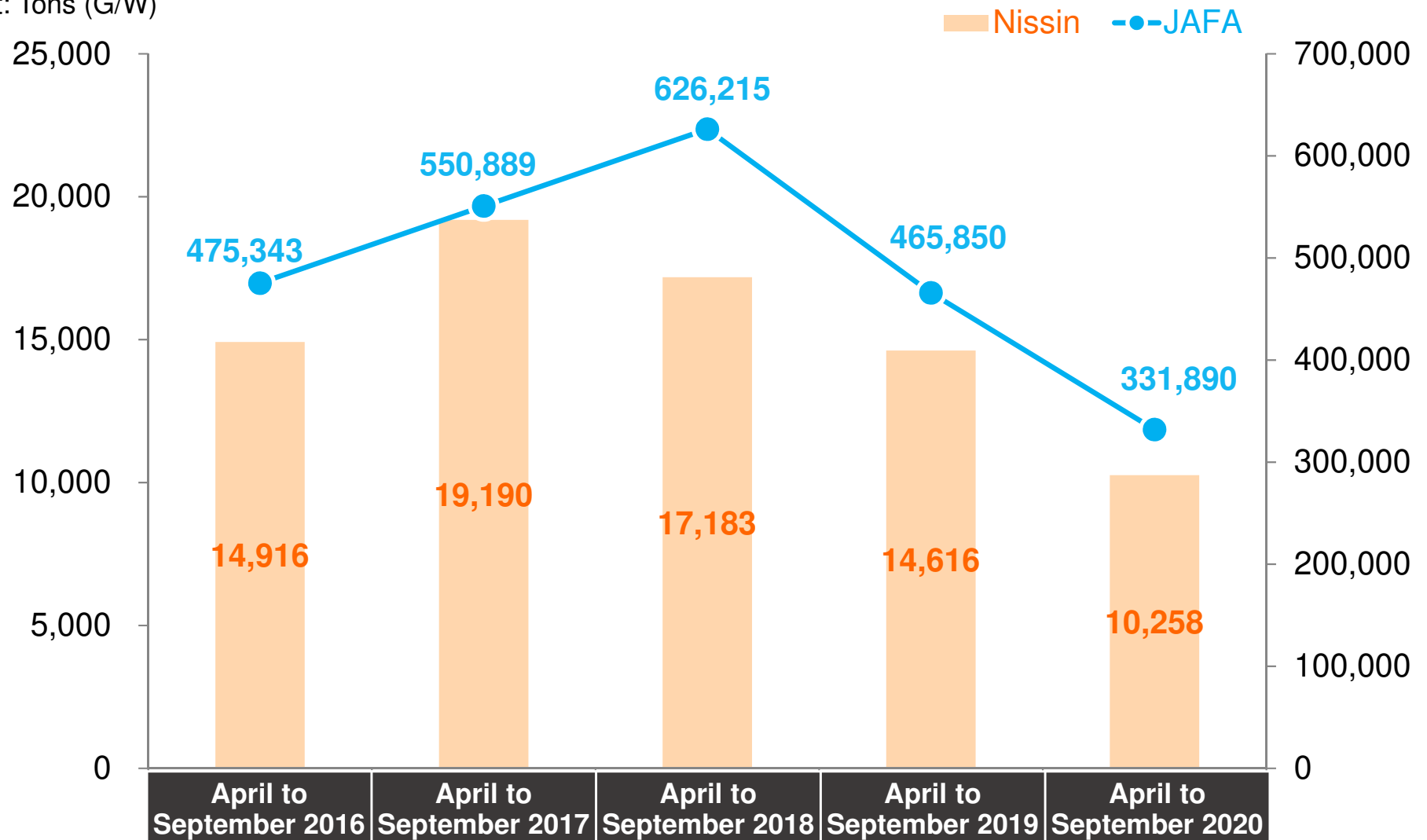
II. Quantities

Air Cargo Handling Quantity for Export by Region



Five-Year Transition of Consolidated Air Freight Handling Quantity for Export from Japan

Unit: Tons (G/W)



Market share in export cargo from Japan

3.14%

3.48%

2.74%

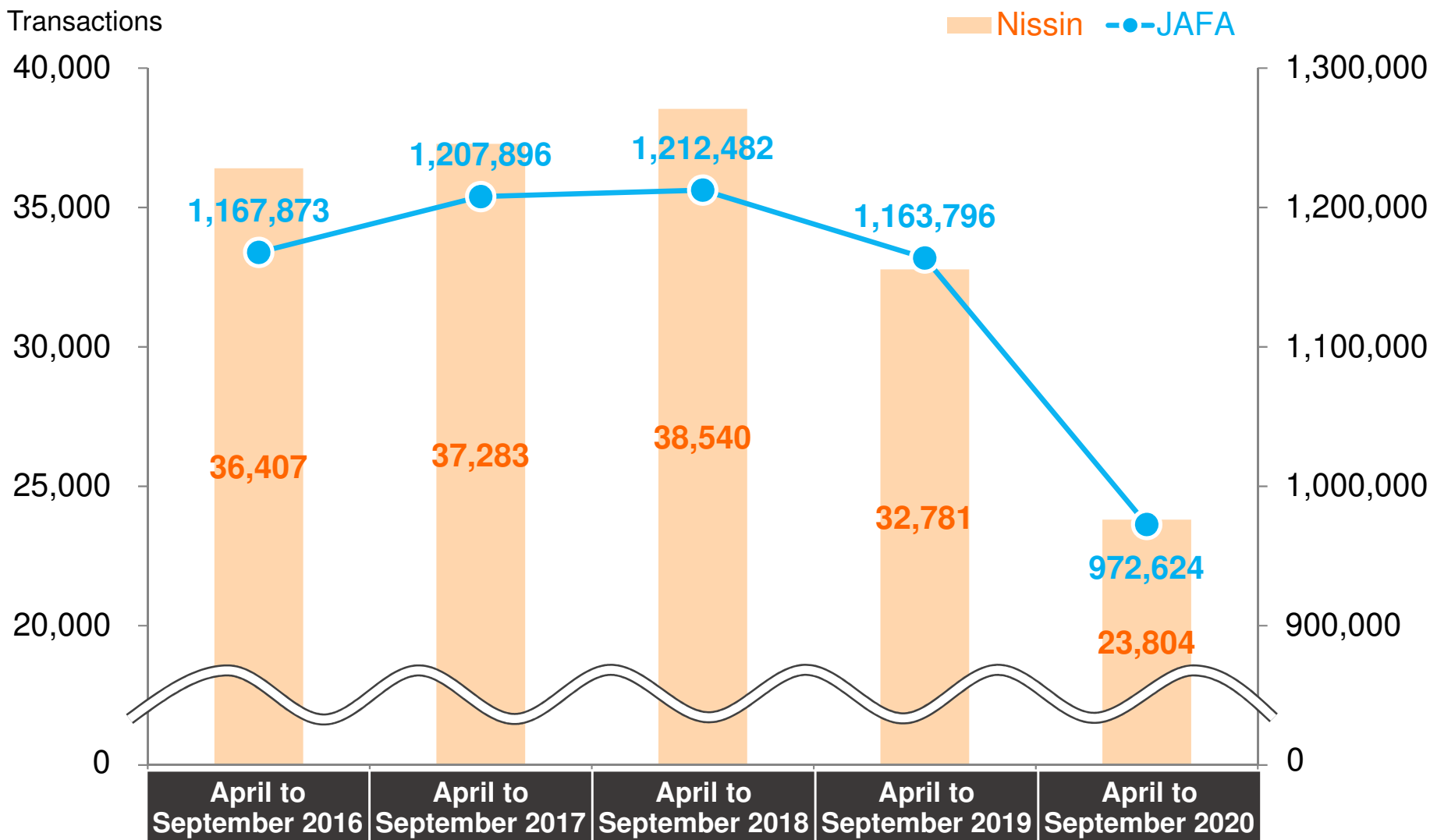
3.14%

3.09%

* The market share figures represent the Company's estimates.

Five-Year Transition of Consolidated Air Freight Handling Quantity for Import to Japan

Unit: Transactions



Market share of import cargo to Japan

3.12%

3.09%

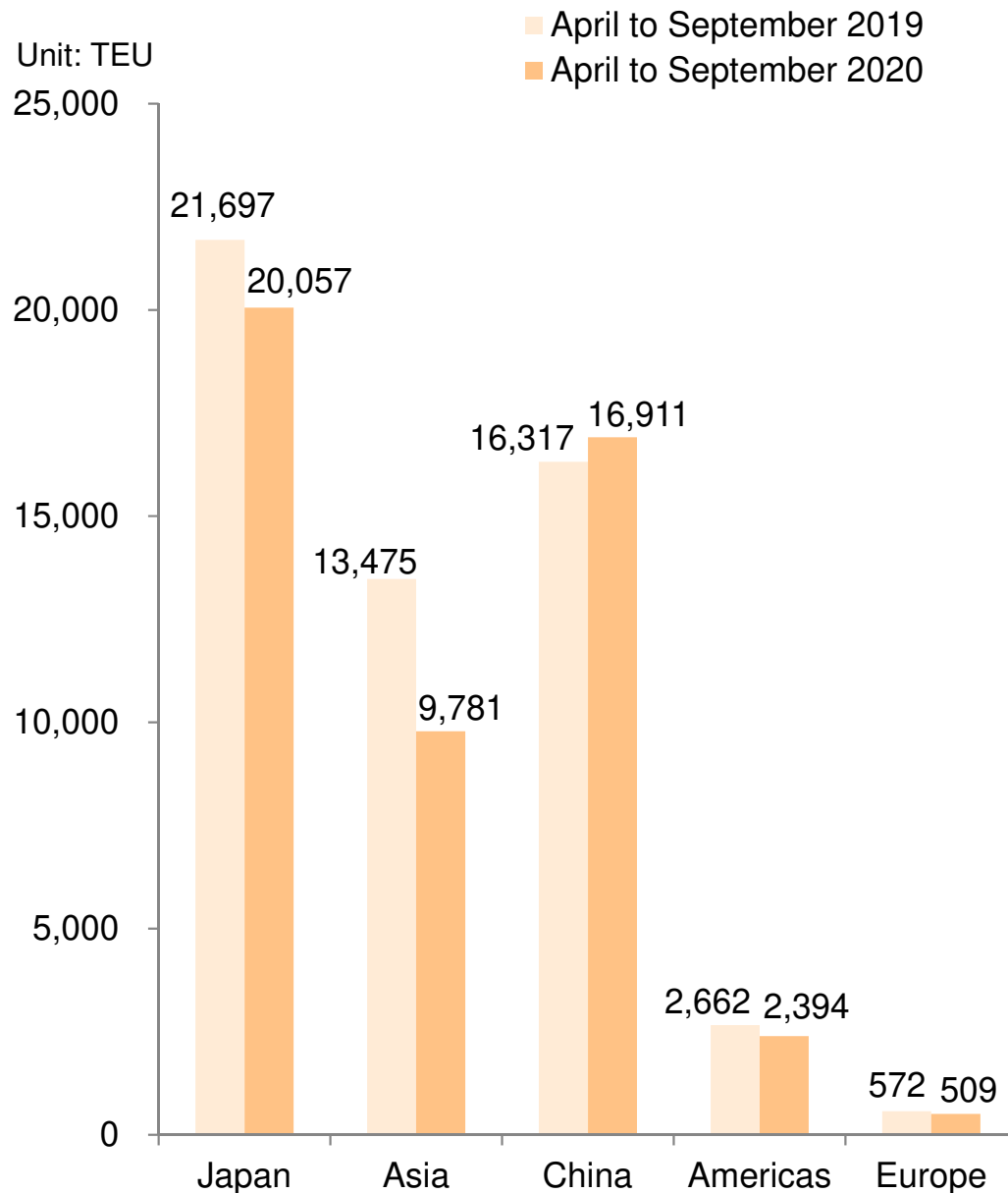
3.18%

2.82%

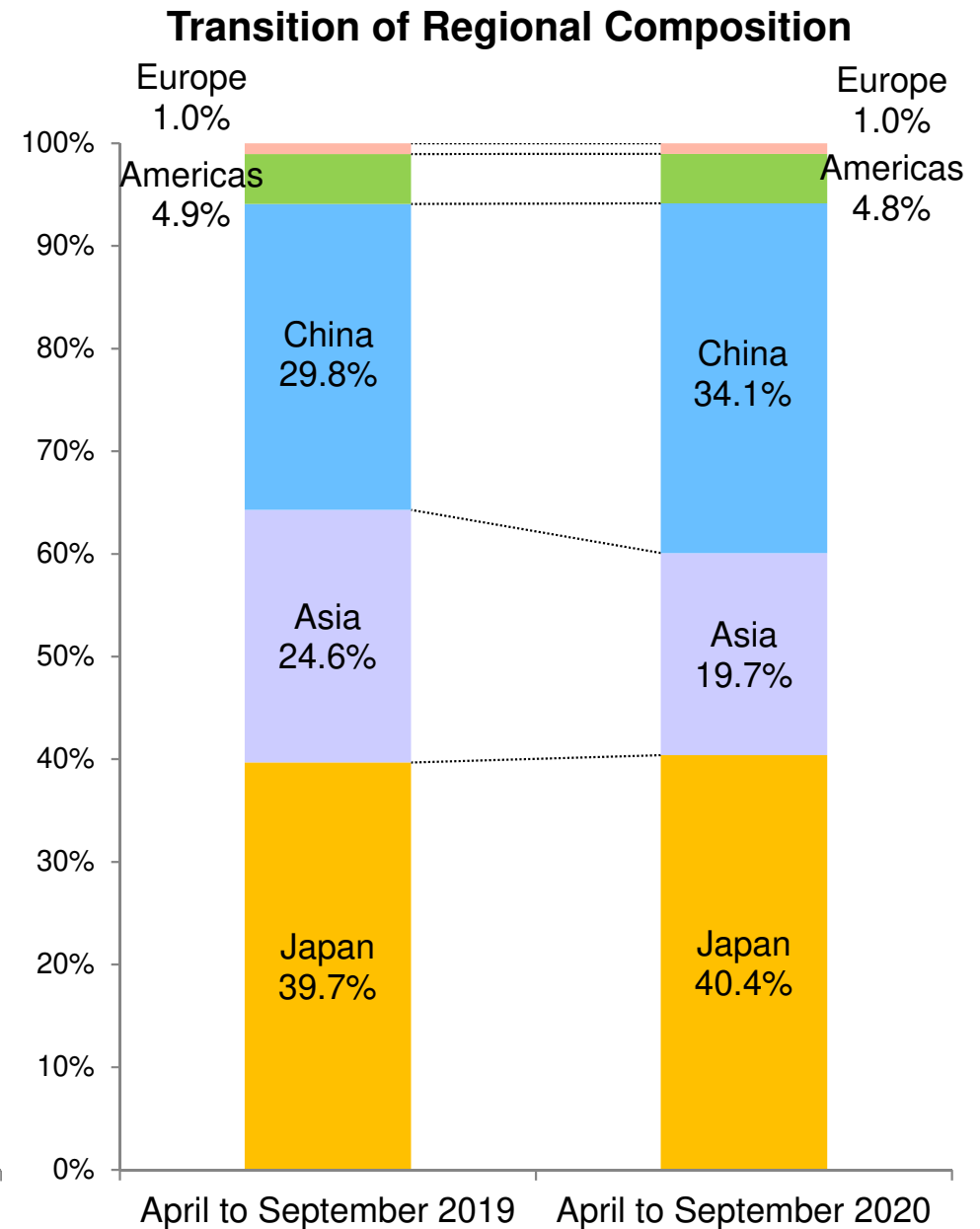
2.45%

* The market share figures represent the Company's estimates.

NVOCC (FCL) Cargo Handling Quantity for Export by Region



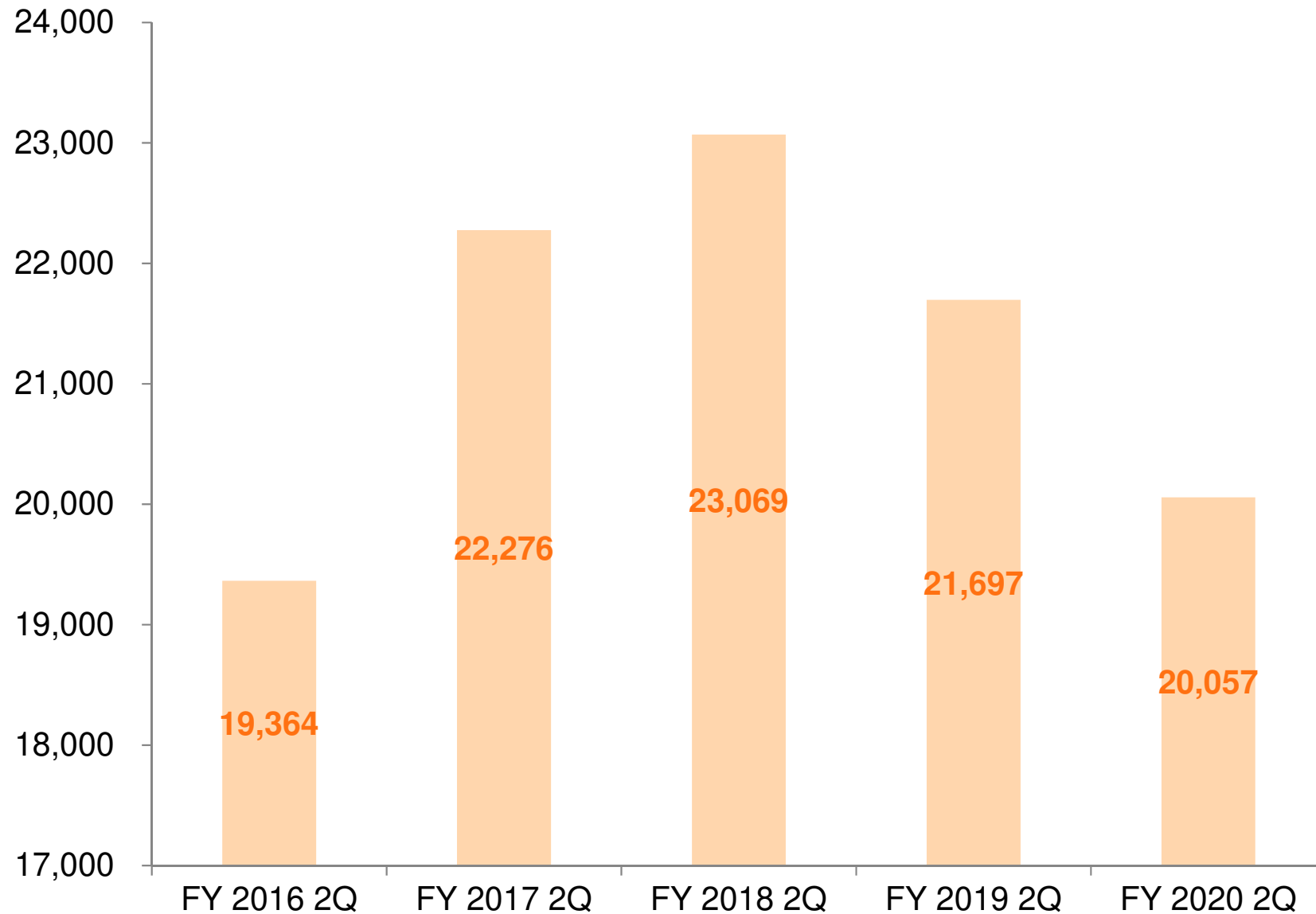
* TEU: Twenty feet Equivalent Unit



Five-Year Transition of NVOCC (FCL) Cargo Handling Quantity for Export from Japan

Unit: TEU

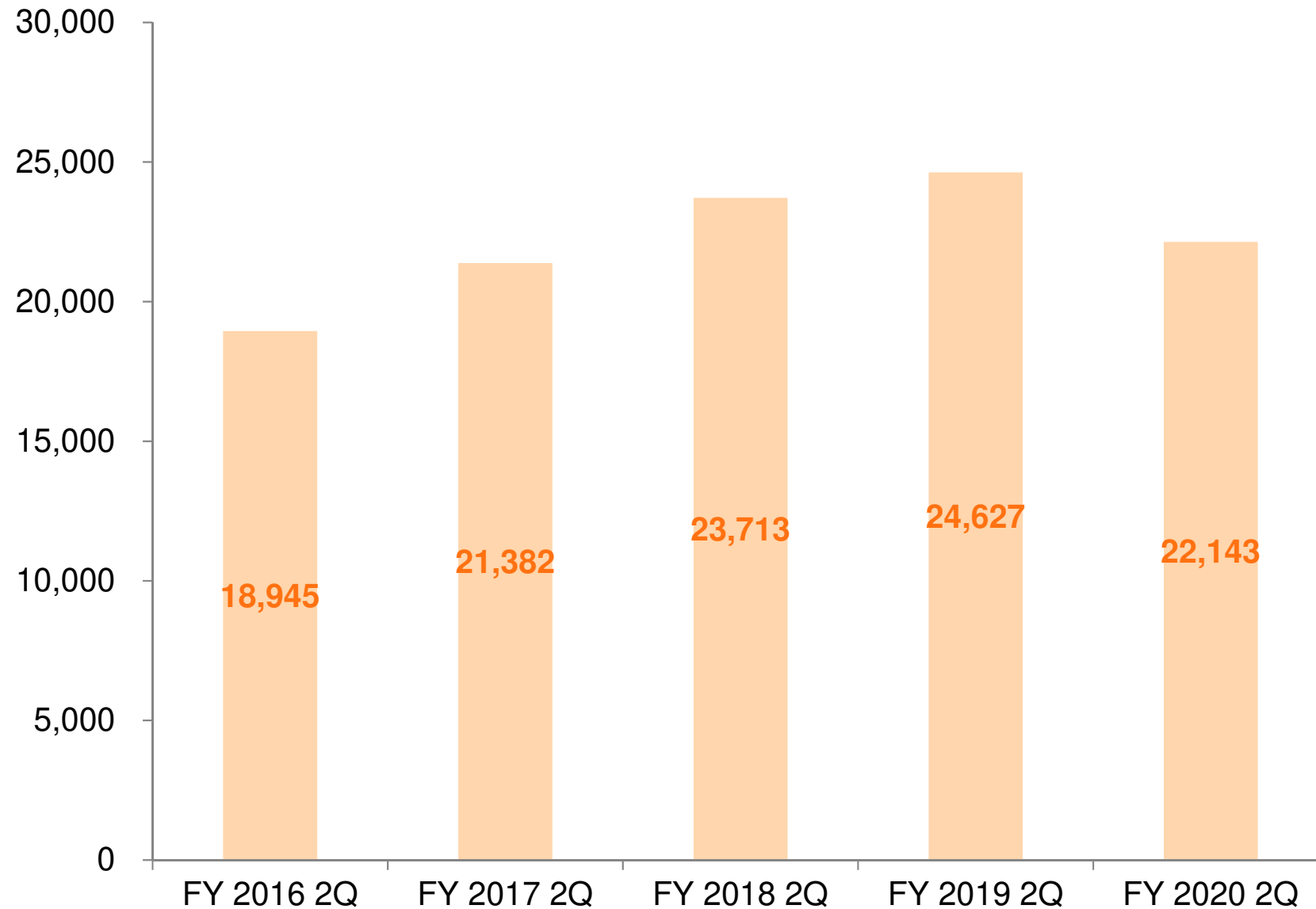
Unit: Thousand R/T



Five-Year Transition of NVOCC (FCL) Cargo Handling Quantity for Import to Japan

Unit: TEU

Unit: Thousand R/T



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