

# Results for the Fiscal Year Ended March 31, 2021

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May 20, 2021

Earnings improved as rapid recovery in the logistics business in 2H offset sluggishness in the travel service business.

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# **I. Results for the Fiscal Year Ended March 31, 2021**

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# FY03/21 Results

(Millions of yen)

	FY03/20	FY03/21	YoY	
			Change	Percentage
Net Sales	197,387	155,915	-41,472	79.0%
Operating income	3,528	2,611	-917	74.0%
Ordinary income	4,114	4,287	+173	104.2%
Profit attributable to owners of parent	2,705	2,007	-698	74.2%

# FY03/21 Results by Segment

- The travel service business depressed overall sales and operating income despite recovery in the logistics business.

(Millions of yen)

	Business		FY03/20	FY03/21	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	99,298	100,431	+1,133	101.1%
		Overseas	44,148	50,045	+5,897	113.4%
	Travel service		52,475	4,194	-48,281	8.0%
	Real estate		1,463	1,245	-218	85.1%
	Other		3	(1)	-4	—
	Total		197,387	155,915	-41,472	79.0%
Operating income	Logistics	Domestic	1,983	1,888	-95	95.2%
		Overseas	460	2,196	+1,736	477.4%
	Travel service		139	(2,315)	-2,454	—
	Real estate		890	777	-113	87.3%
	Other		56	66	+10	117.9%
	Total		3,528	2,611	-917	74.0%

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

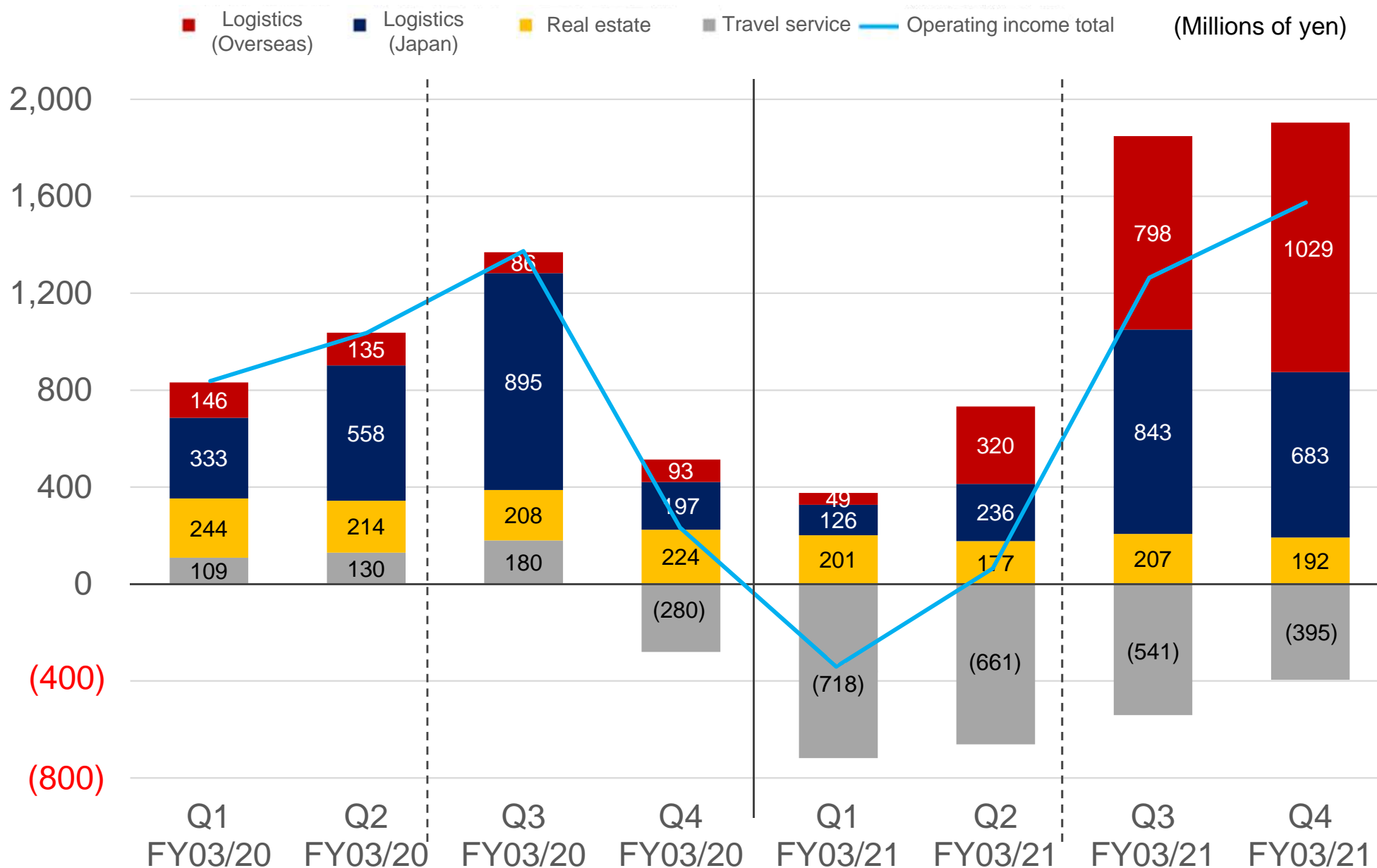
Note: "Other" comprises adjustments based on consolidated accounting, etc.

# Operating Income by Segment

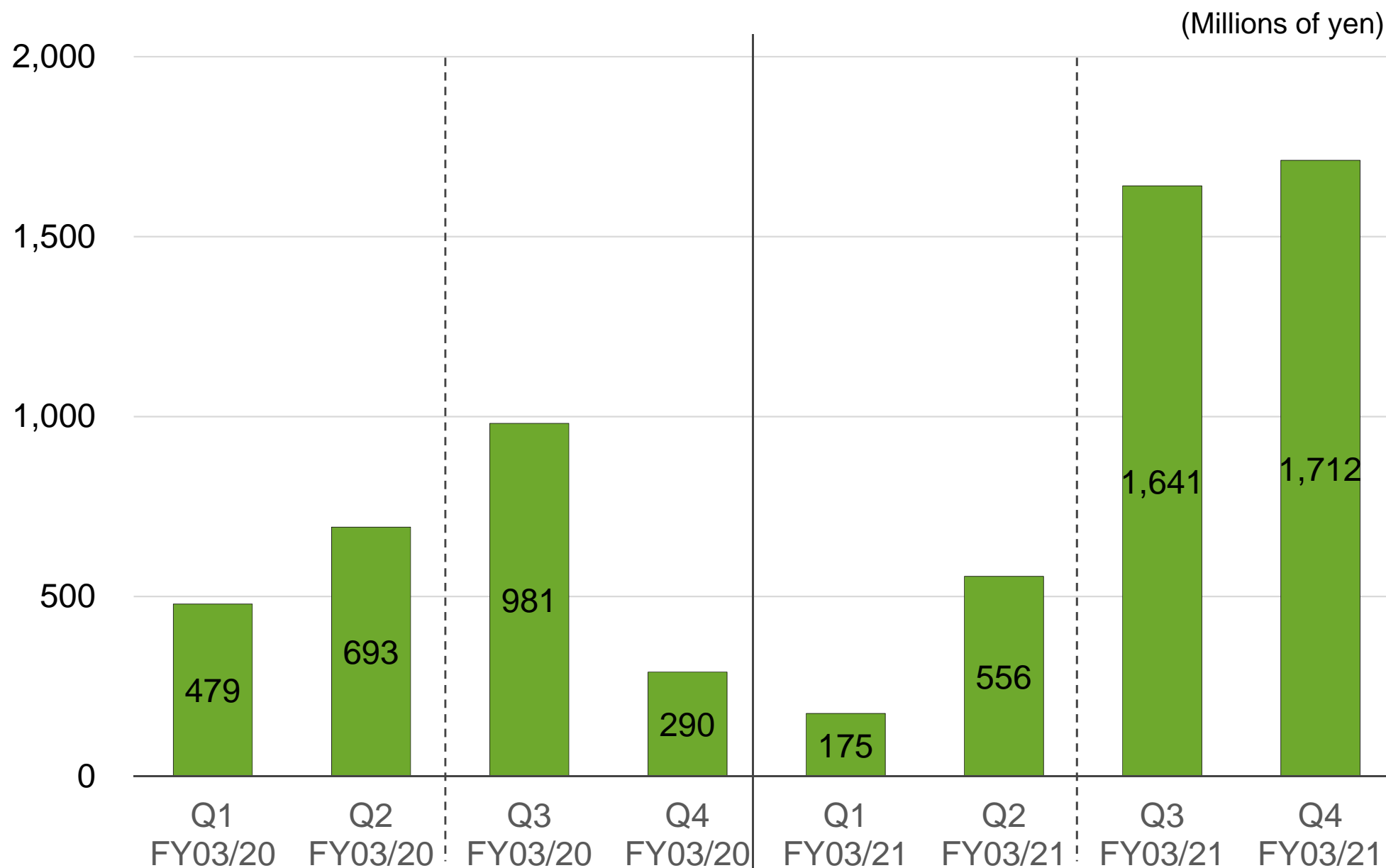
(Millions of yen)

		FY03/20				FY03/21			
Business		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Apr.–Jun.	Jul.–Sept.	Oct.–Dec.	Jan.–Mar.	Apr.–Jun.	Jul.–Sept.	Oct.–Dec.	Jan.–Mar.
Logistics	Domestic	333	558	895	197	126	236	843	683
	Overseas	146	135	86	93	49	320	798	1,029
Logistics subtotal		<b>479</b>	<b>693</b>	<b>981</b>	<b>290</b>	<b>175</b>	<b>556</b>	<b>1,641</b>	<b>1,712</b>
Travel service		109	130	180	(280)	(718)	(661)	(541)	(395)
Real estate		244	214	208	224	201	177	207	192
Other		17	11	16	12	14	5	(30)	77
Total		<b>849</b>	<b>1,048</b>	<b>1,385</b>	<b>246</b>	<b>(328)</b>	<b>77</b>	<b>1,277</b>	<b>1,585</b>

# Quarterly Operating Income by Segment



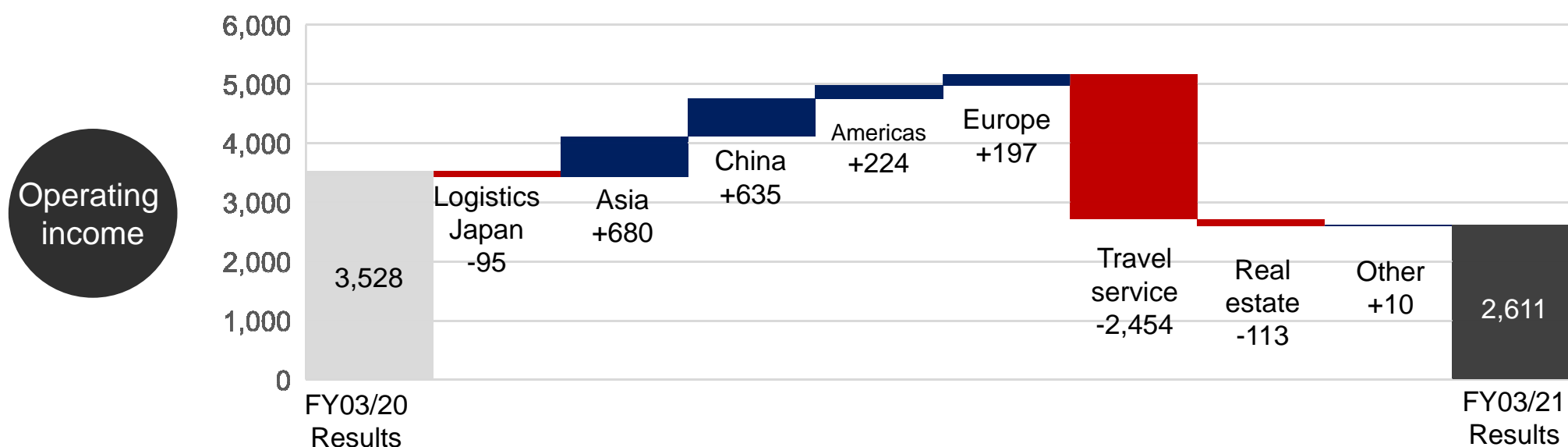
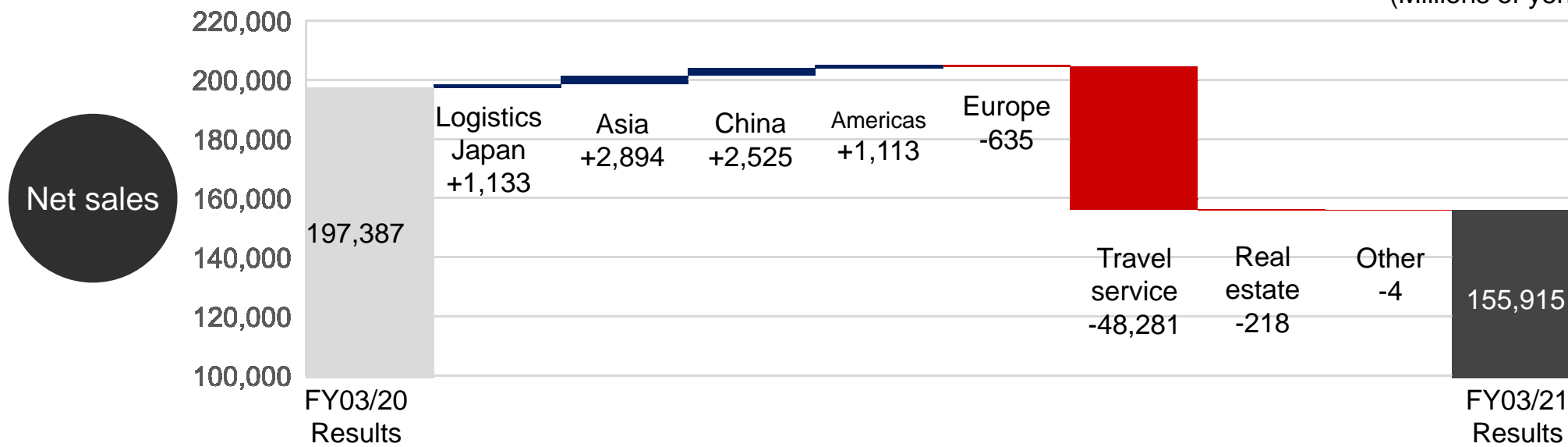
# Logistics Business Operating Income





# FY03/21: YoY Change by Segment

(Millions of yen)

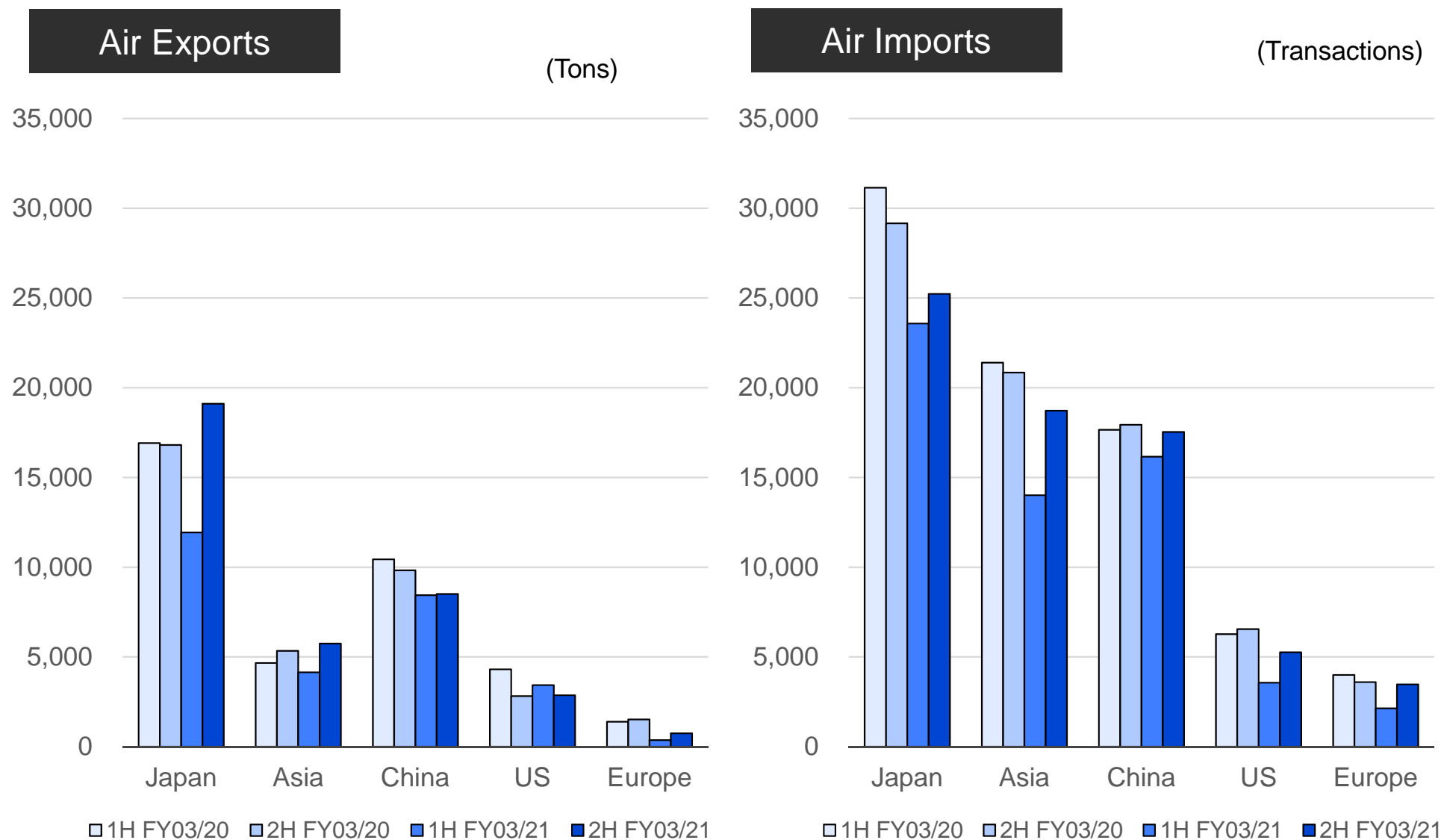


■ Operating income in the logistics business grew rapidly overseas.

Business	Region	YoY Change (Millions of yen)	Summary
Logistics	Japan	-95	<ul style="list-style-type: none"> <li>▪ Earnings deterioration at aviation-related subsidiaries</li> <li>▪ Strong performance in air exports of electronic components</li> <li>▪ Increase in the handling of household goods due to stay-at-home demand</li> </ul>
	Asia	+680	<ul style="list-style-type: none"> <li>▪ Automobile-related cargo in Thailand, the Philippines, Malaysia, and India grew rapidly in 2H</li> <li>▪ Robust air exports of electronic components in Vietnam</li> </ul>
	China	+635	<ul style="list-style-type: none"> <li>▪ Improvement in the profit margin of air exports from Hong Kong</li> <li>▪ Strong performance in rail transport of household goods</li> </ul>
	Americas	+224	<ul style="list-style-type: none"> <li>▪ Steady exports of food products to Japan</li> <li>▪ Gradual recovery in automobile-related cargo in 2H</li> <li>▪ Surge in domestic transport substituting for ocean cargo due to the congestion of ports since 2H</li> </ul>
	Europe	+197	<ul style="list-style-type: none"> <li>▪ Recovery in storage and delivery operations for home electronics in Germany</li> </ul>
Travel service		-2,454	<ul style="list-style-type: none"> <li>▪ Losses continue due to lack of business travel</li> </ul>
Real estate		-113	<ul style="list-style-type: none"> <li>▪ Decline in parking lot income</li> </ul>

# Air Cargo Volume (Exports/Imports)

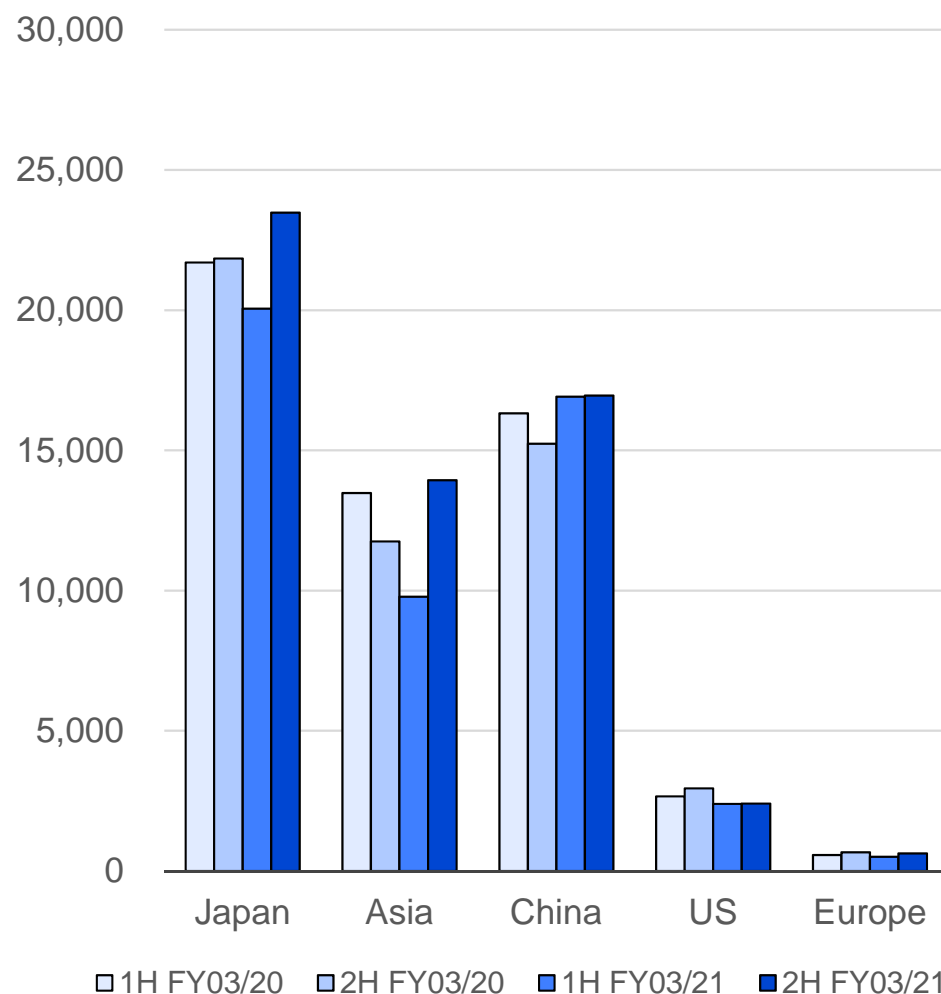
■ The recovery in cargo volume was apparent in 2H FY03/21.



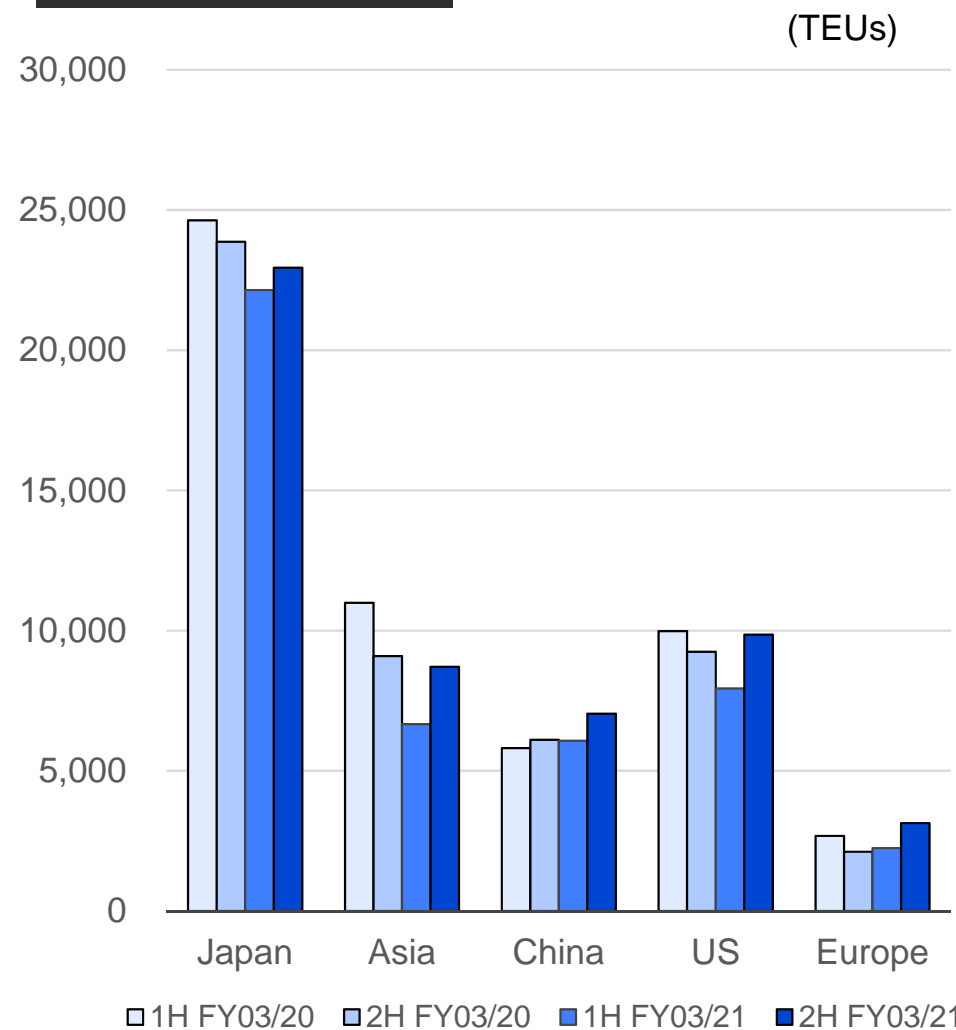
# Ocean Cargo Volume (Exports/Imports)

- As with the air cargo volume, there was a recovery in ocean cargo volume in 2H FY03/21.

## Ocean Exports



## Ocean Imports



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

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# FY03/22: Full-Year Plan

(Millions of yen)

	FY03/21 Full-Year Results	FY03/22 Full-Year Plan	YoY	
			Change	Percentage
Net sales	155,915	147,000 [*159,000]	-8,915 [*3,085]	94.3% [*101.9%]
Operating income	2,611	4,000	+1,389	153.2%
Ordinary income	4,287	4,500	+213	105.0%
Profit attributable to owner of parent	2,007	2,700	+693	134.5%

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

# FY03/22: Full-Year Plan by Segment

- We expect the logistics business to maintain steady performance through 1H FY03/22. We also plan to step up cost-cutting measures in the travel service business.

(Millions of yen)

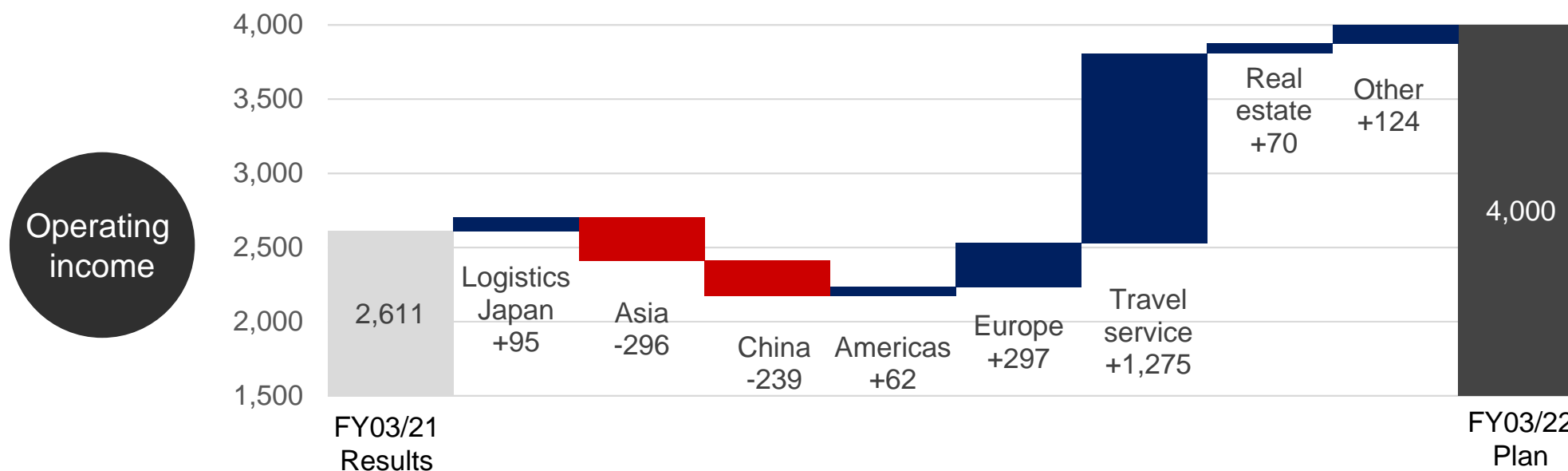
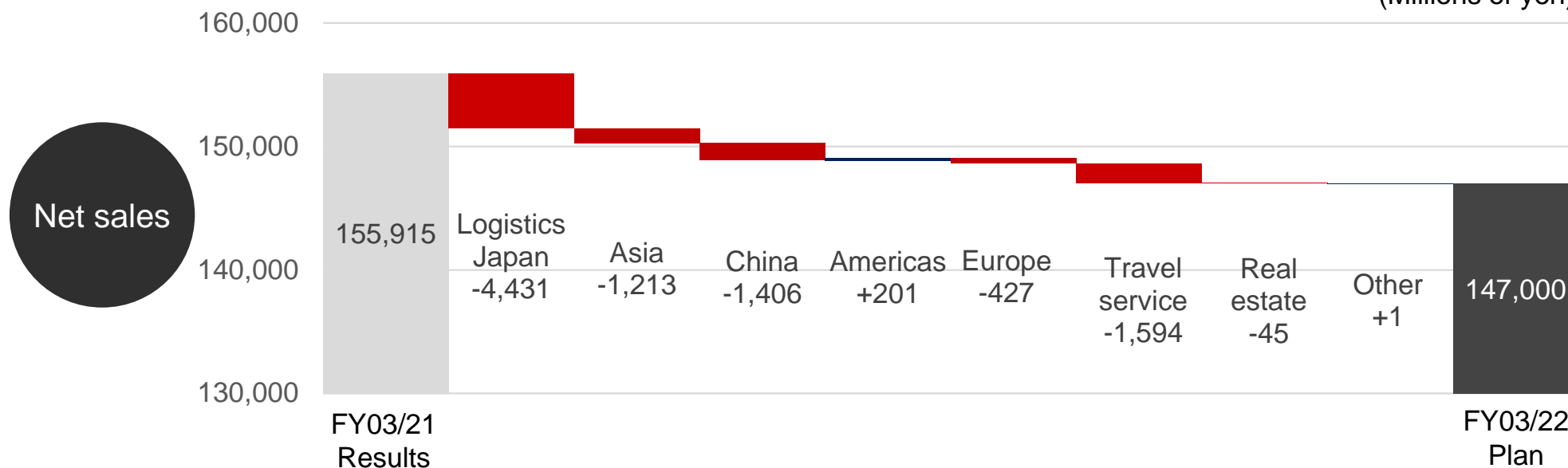
	Business		FY03/21 Results	FY03/20 Plan	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	100,431	96,000	-4,431	95.6%
		Overseas	50,045	47,200	-2,845	94.3%
	Travel service		4,194	2,600	-1,594	62.0%
	Real estate		1,245	1,200	-45	96.4%
	Other		(1)	—	+1	—
	Total		155,915	147,000	-8,915	94.3%
Operating income	Logistics	Domestic	1,888	1,983	+95	105.0%
		Overseas	2,196	2,020	-176	92.0%
	Travel service		(2,315)	(1,040)	1,275	—
	Real estate		777	847	+70	109.0%
	Other		66	190	+124	287.9%
	Total		2,611	4,000	+1,389	153.2%

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

Note: "Other" comprises adjustments based on consolidated accounting, etc.

# FY03/22 Plan Versus FY03/21 Results

(Millions of yen)

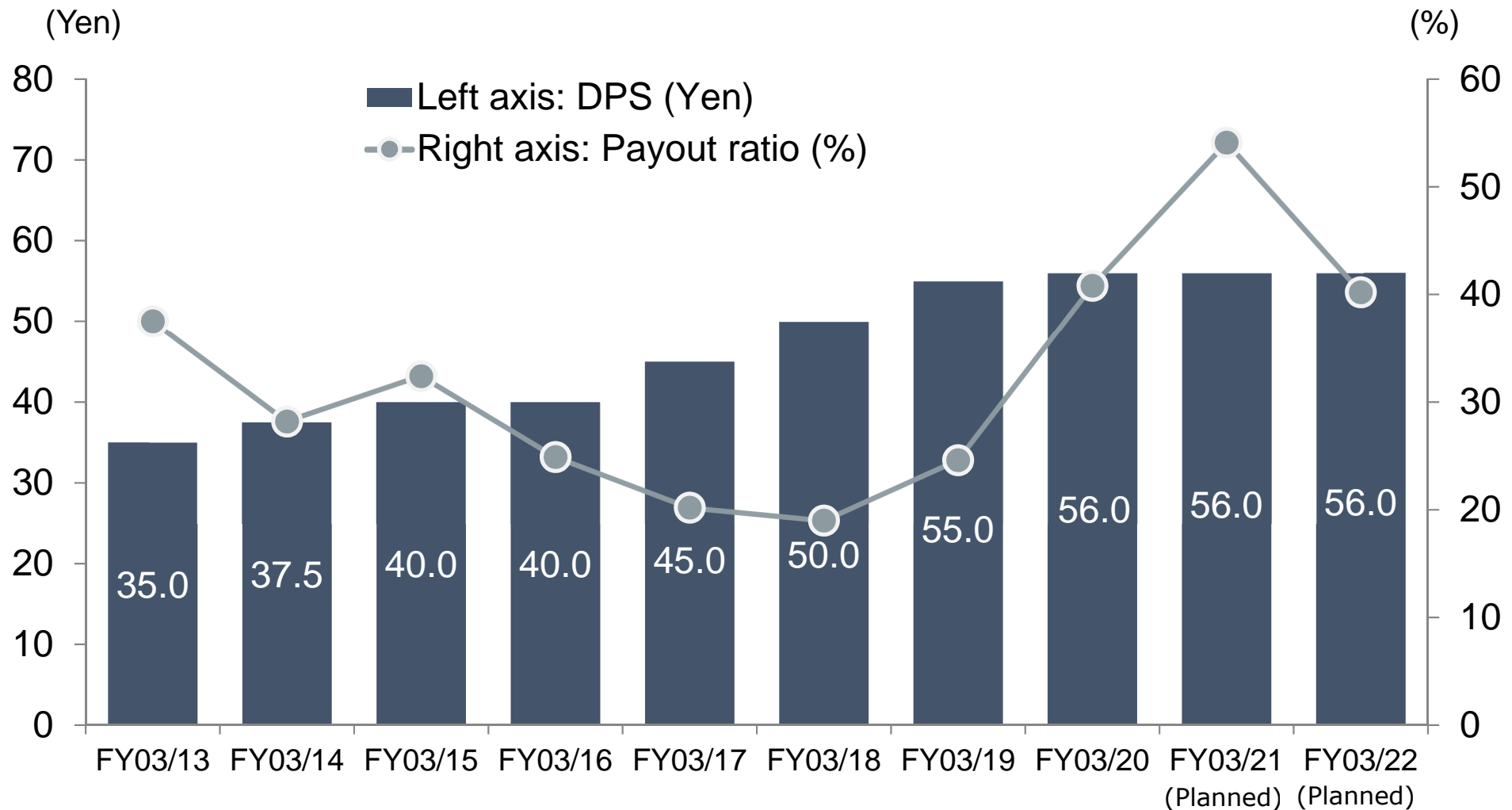




Business	Region	YoY Change (Millions of yen)	Summary
Logistics	Japan	+95	<ul style="list-style-type: none"> <li>Improvement in earnings at aviation-related subsidiaries</li> <li>Air cargo demand to remain high for the time being</li> </ul>
	Asia	-296	<ul style="list-style-type: none"> <li>Asia in general: Uncertainty in automobile-related cargo trends</li> <li>India: Affected by COVID-19 pandemic</li> </ul>
	China	-239	<ul style="list-style-type: none"> <li>Hong Kong: Increase in procurement costs due to higher air transport rate</li> <li>East China: Decline in earnings due to termination of office equipment distribution center business</li> </ul>
	Americas	+62	<ul style="list-style-type: none"> <li>Mexico: Recovery in automobile-related cargo</li> <li>US: Strong performance in warehousing operations for home electronics and automobile-related items</li> </ul>
	Europe	+297	<ul style="list-style-type: none"> <li>Europe in general: Reduction of fixed costs through restructuring of bases, etc.</li> <li>Germany: Continued strong performance in home electronics distribution center business</li> </ul>
Travel service		+1,275	<ul style="list-style-type: none"> <li>Cost reductions through business restructuring and consolidation of bases</li> </ul>
Real estate		+70	<ul style="list-style-type: none"> <li>Some degree of recovery in parking lot income</li> </ul>

# Dividend Policy

- We expect to award full-year dividends of 56 yen per share for FY03/22 (including a year-end dividend of 28 yen per share).



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

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## **III. Toward the Final Year of the Sixth Medium-Term Business Plan**

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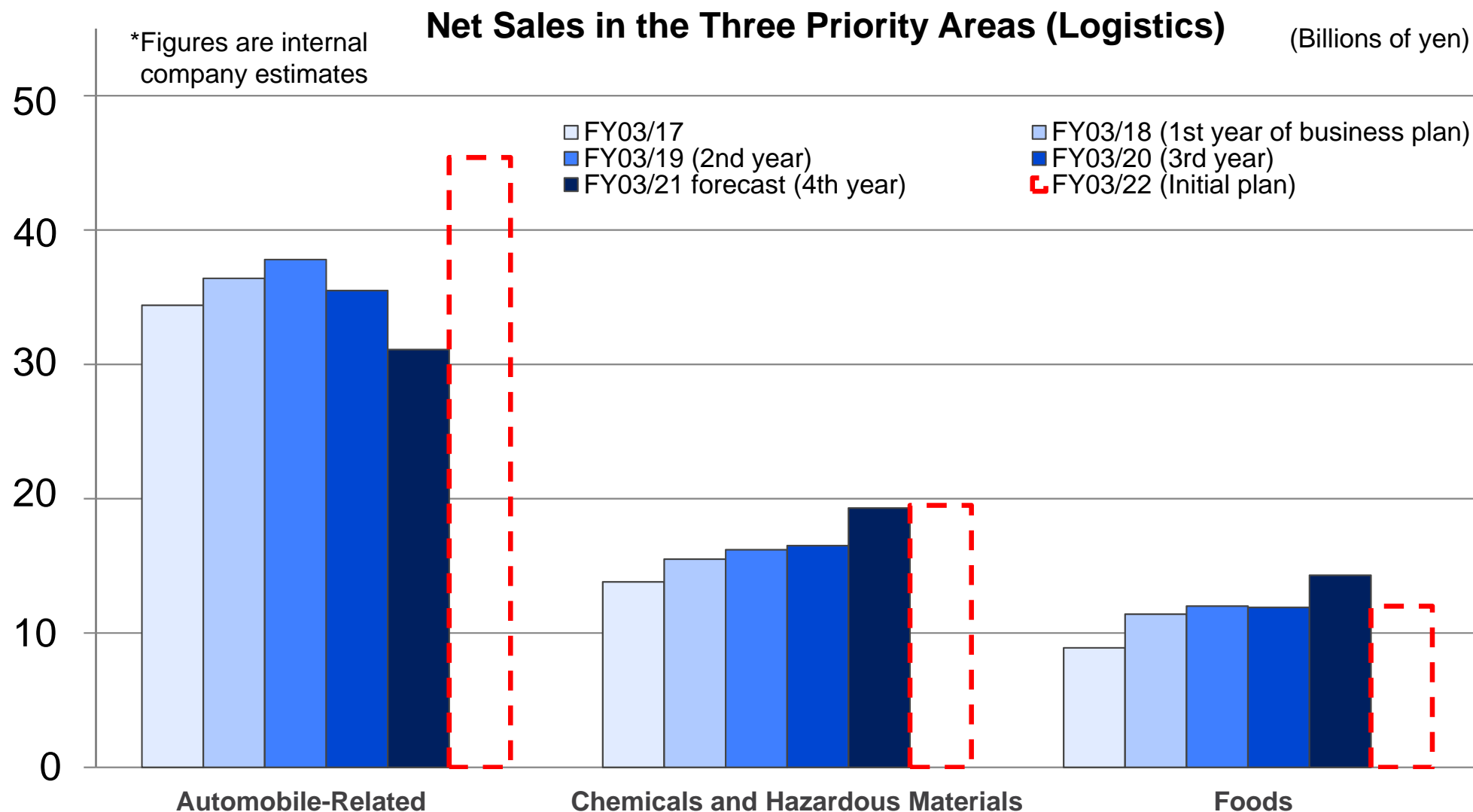
# Sixth Medium-Term Business Plan: Basic Policies and Priority Measures

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"> <li><b>Priority areas: logistics businesses in the automobile-related field, as well as for chemicals and hazardous materials and foods</b></li> <li><b>Improve the profitability of domestic businesses</b> <ul style="list-style-type: none"> <li>Restructure logistics facilities</li> <li>Pursue improvement in operational efficiency</li> <li>Strengthen collaboration between the logistics and travel service businesses</li> <li>Promote proposal-based sales using AI</li> </ul> </li> <li><b>Strengthen the fundamentals of group management</b> <ul style="list-style-type: none"> <li>Strengthen governance and ensure thorough regulatory compliance</li> <li>Secure and cultivate human resources</li> <li>Strengthen the financial health through efficient use of funds, etc.</li> </ul> </li> </ol>



# Focus on Three Priority Areas

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



# Focus on Three Priority Areas (Regional Strategy)

Blue text indicates measures already implemented in 2H FY03/21

	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 warehouses in Thailand Construct a new warehouse in Malaysia	Establish a new chemical storage facility in Singapore Deliver lubricating oil throughout Indonesia	Acquire halal certification in Singapore
China	Focus sales activities on each Global Account company	Expand the hazardous materials business	Build a foods logistics network
Americas	Establish a new warehouse in Detroit Establish a new warehouse in Ohio	Enter the hazardous materials business	Export foods 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

- We have made steady progress versus our capital investment plan.

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

(Billions of yen)

Blue 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	Honmoku A Logistics Center (tentative name)	July 2021	Packages and heavy materials
	Yokohama	Yokohama District Hazardous Materials Warehouse	2023 or later	Hazardous materials
	Tochigi Prefecture	Establish a warehouse in the suburbs of Utsunomiya	2024 or later	Automobile parts
Overseas	Malaysia	Malacca Warehouse	March 2018	General cargo
	US	Ohio Warehouse	March 2018	General cargo
	Thailand	Prachin Buri Warehouse	January 2019	General cargo

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

- We will wrap up the initiatives of our sixth medium-term business plan and make a smooth transition to the seventh.

1

Break into the electric vehicle- and fuel cell vehicle-related markets

2

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

3

Expand earnings by restructuring logistics facilities

4

Get the new core systems up and running in full swing

5

Promote aggressive initiatives toward digital transformation

6

Strengthen governance functions at group companies



# The Nissin Group's ESG Initiatives

**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 Warehouse, LED lights in each warehouse)
- Serve as a reforestation partner in support of Kanagawa Prefecture's forest conservation project



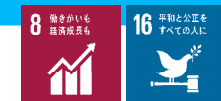
## Social

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



## Governance

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



## Charter of Corporate Behavior



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## **IV. Measures in the Travel Service Business**

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# 1. The Travel Service Business

- The travel service business boasts a history spanning half a century as a core business of the Nissin Group.

Company	Establishment	Number of employees	Business
 Nissin Travel Service Co., Ltd.	1975	338	General travel business
 Nicchu Peace Travel Service Co., Ltd.	1964	57	Travel business specializing in China
		Approx. 400	

(\*As of April 2020)

## 2. The Travel Service Business as a Percentage of Consolidated Earnings

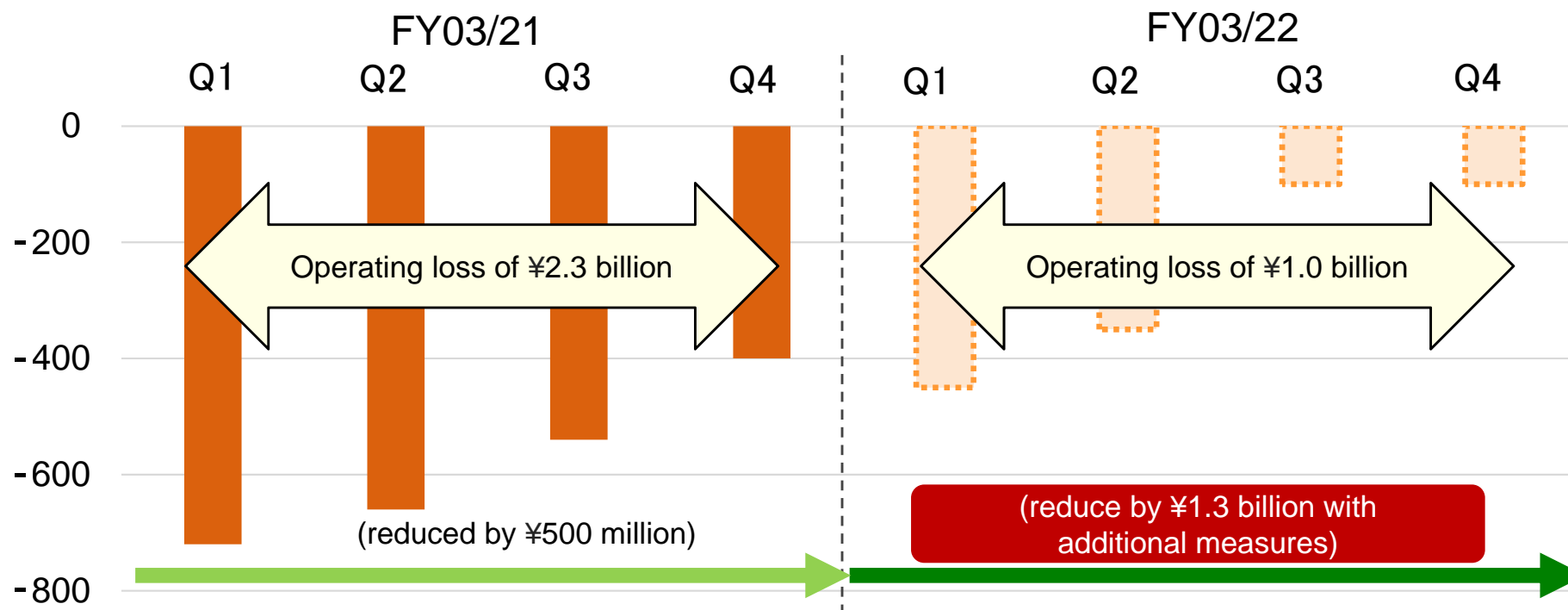
- The travel service business contributes a significant percentage of consolidated sales and operating income.

(Millions of yen)

		FY03/17	FY03/18	FY03/19	FY03/20	FY03/21
		FY2016	FY2017	FY2018	FY2019	FY2020
Cons. total	Net sales	201,209	216,924	218,040	197,387	155,915
	Operating income	5,607	6,389	5,698	3,528	2,611
Travel service business	Net sales	57,267	61,507	62,052	52,475	4,194
	% of consolidated sales	28.5%	28.4%	28.5%	26.6%	2.7%
	Operating income	659	799	573	139	(2,315)
	% of cons. operating income	11.8%	12.5%	10.1%	3.9%	—

### 3. FY03/22: Continue developing the travel service business while launching new cost-cutting measures

- We will halve the operating loss in FY03/21 with further cost-cutting and additional measures.



#### FY03/21 Measures

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

#### FY03/22 Measures

- Discontinue the Nicchu Peace Travel Service business
- Reduce headcounts (intra-group transfers, secondment)
- Shrink Nissin Travel Service's Tokyo Head Office
- Consolidate the Nissin Travel Service's three branch offices in the Tokyo Metropolitan Area at the Tokyo Head Office and withdraw from three regional branch offices

## Results for the Fiscal Year Ended March 31, 2021

The travel service business depressed overall sales and operating income despite recovery in the logistics business.

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

We expect the logistics business to maintain steady performance through 1H FY03/22. We also plan to step up cost-cutting measures in the travel service business.

## Toward the Final Year of the Sixth Medium-Term Business Plan

We will wrap up the initiatives of our sixth medium-term business plan and make a smooth transition to the seventh.

## Initiatives in the Travel Service Business

We will halve the operating loss by continuing to reduce personnel and other expenses and through other measures.

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