

Results for the First Half of the Fiscal Year Ending March 31, 2023

November 25, 2022

Revised up initial 1H and full-year forecasts on strong performance of the logistics business
Aim to increase profitability through core business cultivation and DX

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I. Results for the First Half of the Fiscal Year Ending March 31, 2023

1H FY03/23 Results

Results came in well above initial plan due to stronger-than-expected performance in the logistics business

*Released October 31, 2022

(Millions of yen)

	1H FY03/22 (a)	1H FY03/23			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	85,931	95,000	108,000	107,557	+12,557	113.2%	+21,626	125.2%
Operating income	3,603	4,300	7,600	7,675	+3,375	178.5%	+4,071	213.0%
Ordinary income	4,344	4,600	8,300	8,277	+3,677	179.9%	+3,933	190.5%
Profit attributable to owners of parent	2,364	3,200	5,800	5,852	+2,652	182.9%	+3,488	247.6%
Forex rate assumption	-	JPY122/ USD	JPY144/ USD	-	-	-	-	-

1H FY03/23 Results by Segment

Operating income was up sharply due to provision of diverse means of transportation and earnings improvements in the travel service business

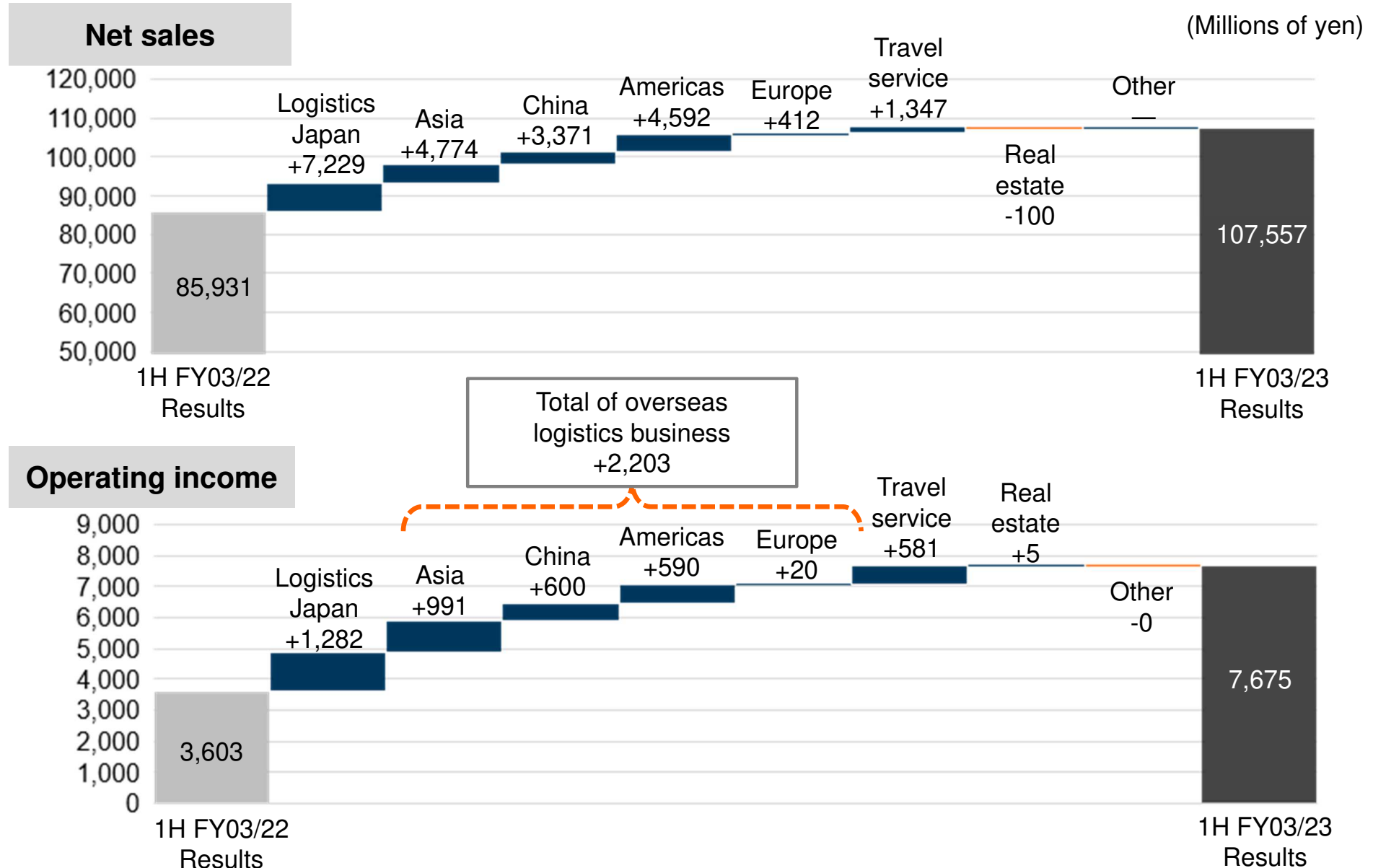
(Millions of yen)

Business			1H FY03/22	1H FY03/23	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	53,981	61,210	+7,229	113.4%
		Overseas	30,085	43,236	+13,151	143.7%
	Travel service		1,153	2,500	+1,347	216.8%
	Real estate		710	609	-100	85.8%
	Total		85,931	107,557	+21,626	125.2%
Operating income	Logistics	Domestic	1,803	3,086	+1,282	171.2%
		Overseas	2,045	4,249	+2,203	207.7%
	Travel service		(647)	(66)	+581	—
	Real estate		392	398	+5	101.3%
	Other		9	8	-0	89.3%
	Total		3,603	7,675	+4,071	213.0%

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

1H FY03/23: YoY Change by Segment

Logistics business performed strong, primarily overseas



1H Results:

Factors behind Changes in Operating Income

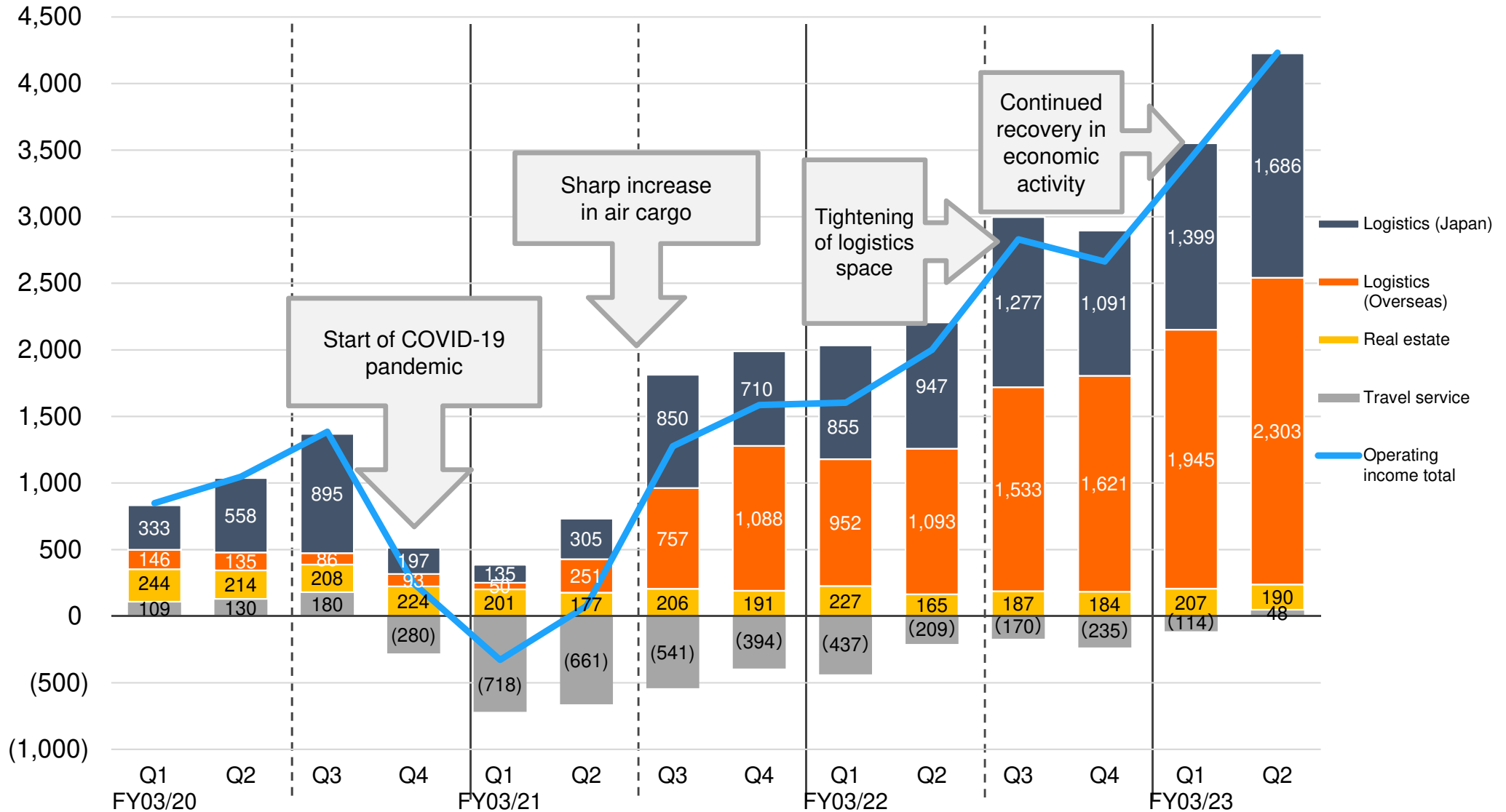
In all regions, handling of automobile-related cargo in particular remained strong

Business	Region	Summary
Logistics	Japan	<ul style="list-style-type: none"> • Robust air exports of equipment and air imports of automobile-related cargo contributed to earnings • Ocean exports of equipment/facilities and chemicals, and ocean imports of food products and sundries expanded
	Asia	<ul style="list-style-type: none"> • In Thailand, ocean and air transport of automobile-related cargo performed solid • In India, domestic transport of motorcycles was strong, and air exports of automobile-related cargo grew • In Vietnam, air exports of electronic components and ocean exports of sundries to Japan increased
	China	<ul style="list-style-type: none"> • In Hong Kong, air exports of automobile-related cargo and ocean exports of home electronics were firm • In Shanghai, warehousing services for home electronics and sundries were robust • In Changshu, rail transport of home electronics to Europe contributed to earnings
	Americas	<ul style="list-style-type: none"> • In the US, warehousing services for home electronics and automobile-related cargo held firm • Ocean exports of food and related products were solid • Cross-border transport of automobile-related cargo between Canada and the US boosted earnings
	Europe	<ul style="list-style-type: none"> • In Germany, handling volume of home electronics held steady • In Poland, handling volume of consumer goods in warehousing services increased • In France, ocean imports of automobile-related cargo were robust
Travel service		<ul style="list-style-type: none"> • Turned profitable on a quarterly basis owing to recovery in business travel
Real estate		<ul style="list-style-type: none"> • Increase in the use of tour buses contributed to earnings

Quarterly Operating Income by Segment

Operating income further increased on the back of continued recovery in economic activity in FY03/23

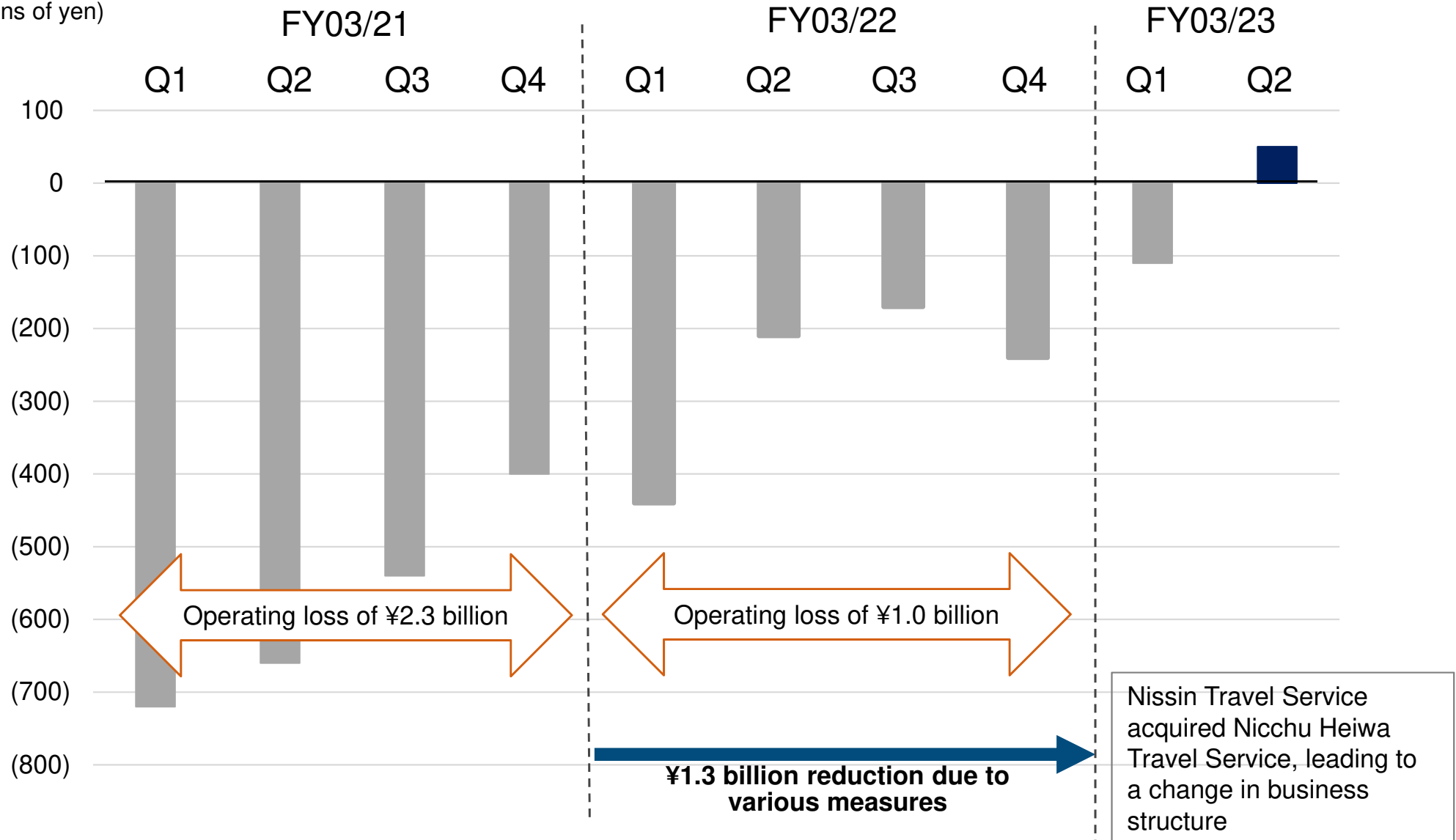
(Millions of yen)



Travel Service Business Trends

Travel service business moved into the black in Q2 FY03/23 backed by domestic sales activities and an increase in business travel overseas

(Millions of yen)

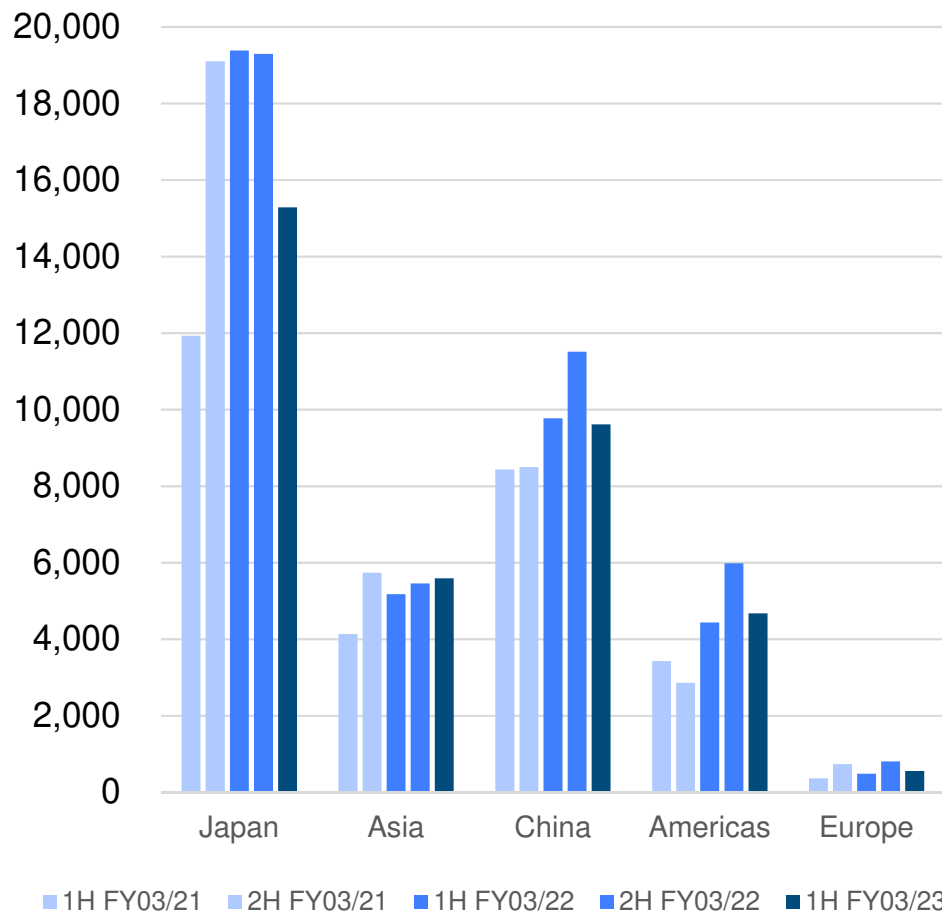


Air Cargo Volume (Exports/Imports; Six Months)

Air cargo exports and imports are moving back to ocean transport

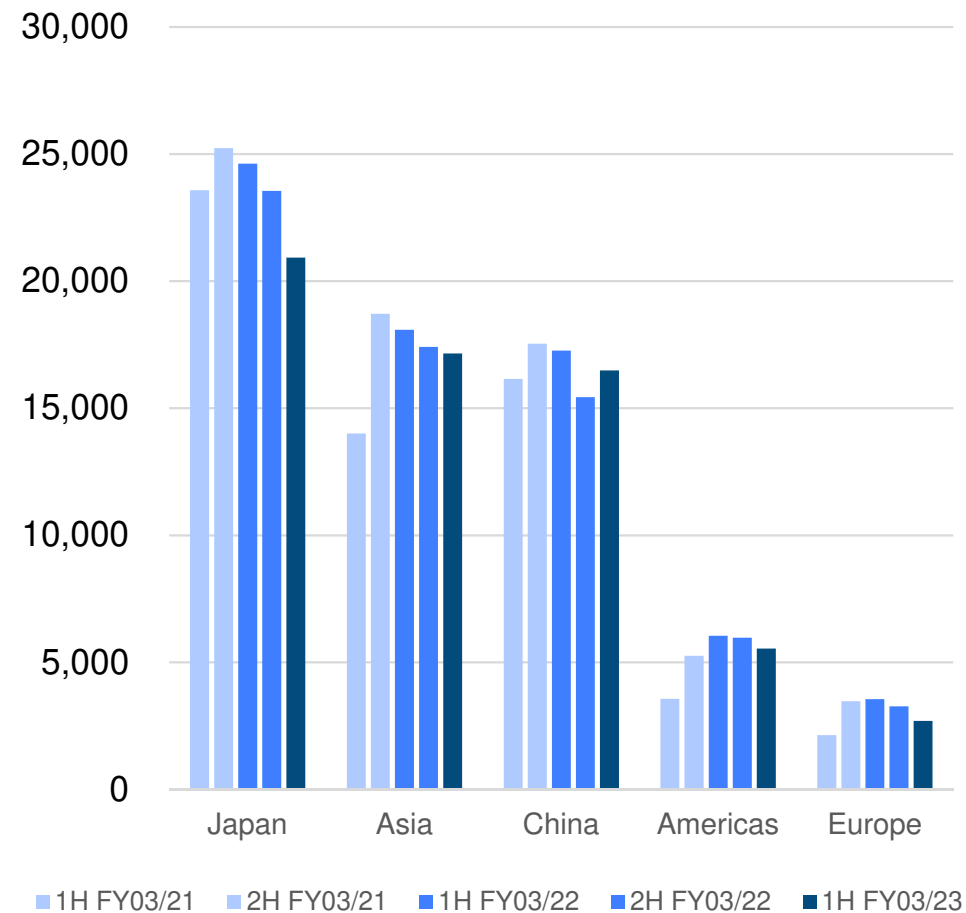
Air Exports

(Tons)



Air Imports

(Transactions)

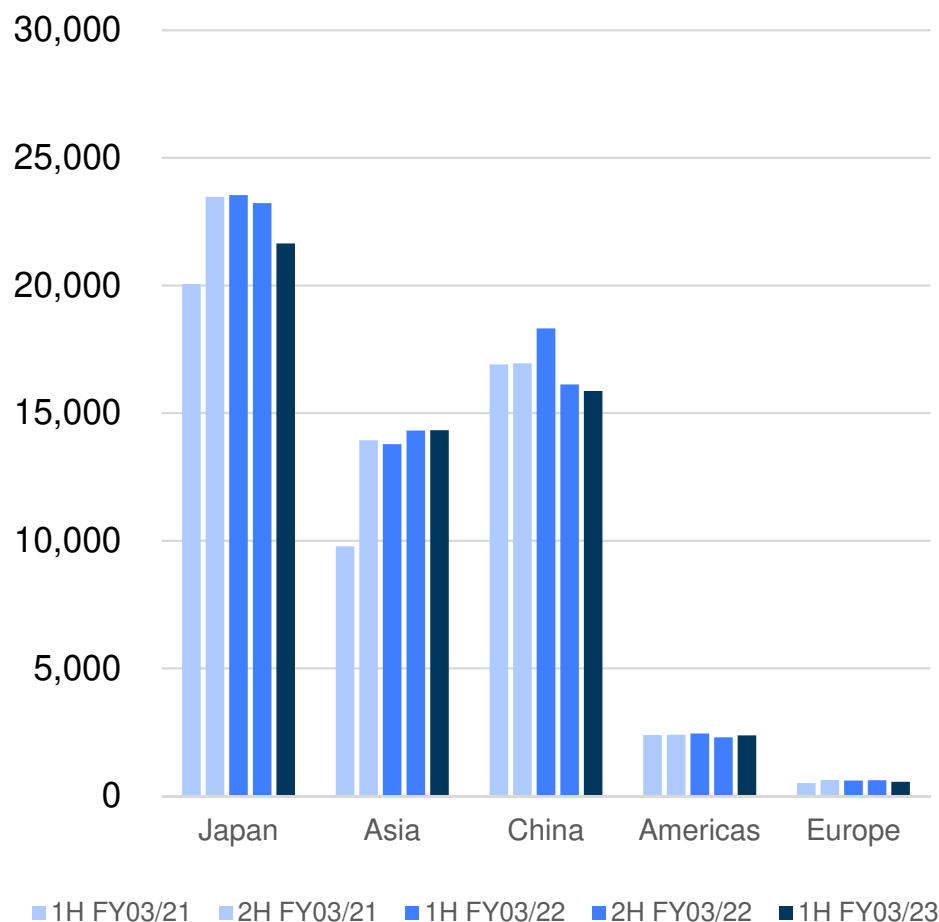


NVOCC Cargo Volume for Ocean Exports/Imports (Six Months)

Ocean cargo volumes for both exports and imports were at high levels

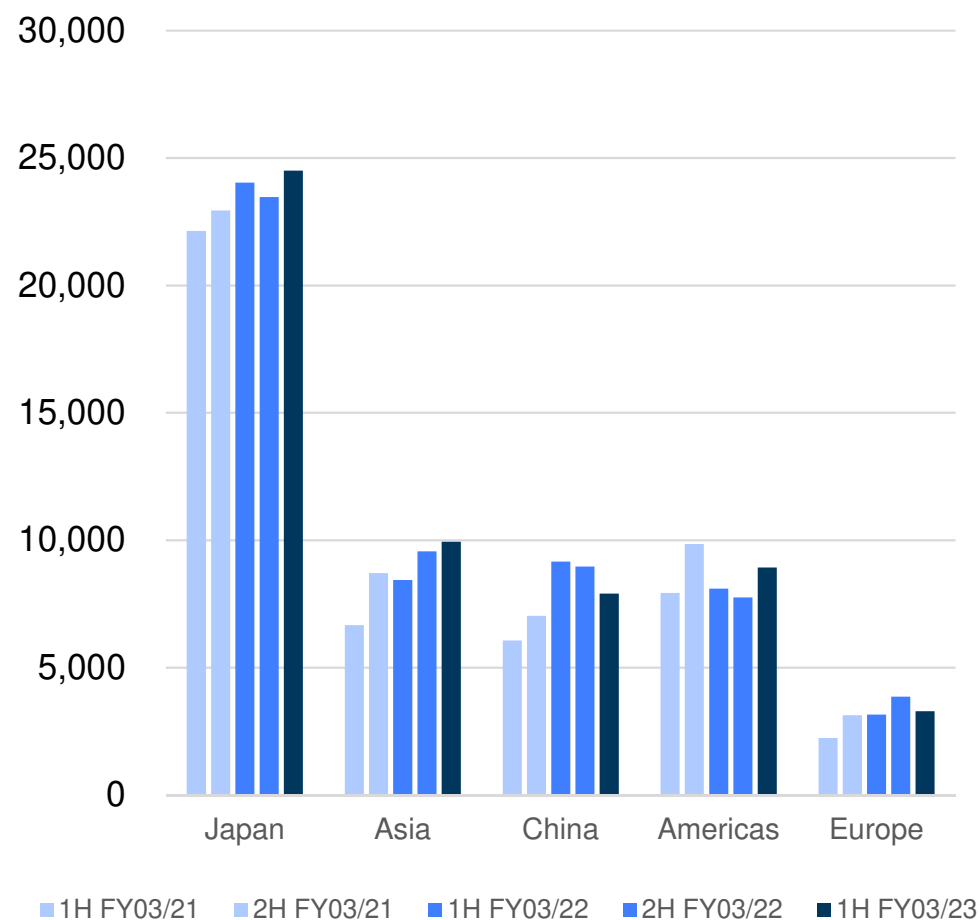
Ocean Exports

(TEUs)



Ocean Imports

(TEUs)



II. Full-Year Plan for the Fiscal Year Ending March 31, 2023

FY03/23: Full-Year Plan

We upgraded the full-year forecast to reflect greater-than-expected 1H results

*Released October 31, 2022

(Millions of yen)

	FY03/22	FY03/23						YoY	
		1H Results	2H Plan	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	192,699	107,557	102,442	190,000	210,000	+20,000	110.5%	+17,300	109.0%
Operating income	9,098	7,675	5,324	8,500	13,000	+4,500	152.9%	+3,901	142.9%
Ordinary income	9,859	8,277	5,722	9,000	14,000	+5,000	155.6%	+4,140	142.0%
Profit attributable to owners of parent	6,365	5,852	3,947	6,500	9,800	+3,300	150.8%	+3,434	153.9%
Forex rate assumption	-	-	-	JPY122/ USD	JPY144/ USD	-	-	-	-

FY03/23: Full-Year Plan by Segment

We expect logistics disruptions to be resolved in 2H and result in a decline in spot transactions

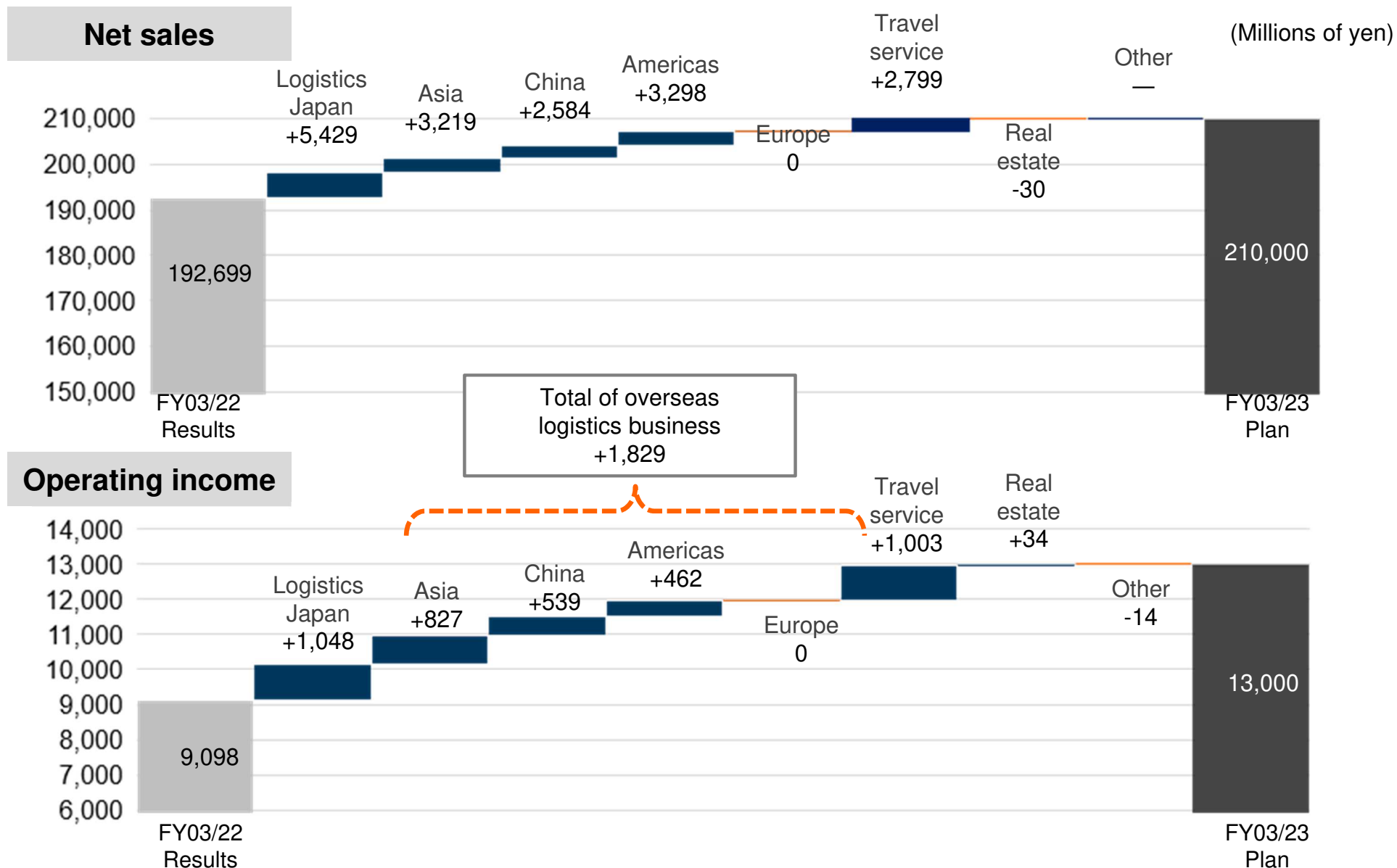
(Millions of yen)

	Business		FY03/22	FY03/23						YoY	
			Full-year Results (a)	1H Results	2H Plan	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	114,170	61,210	58,411	109,800	119,600	+9,800	108.9%	+5,429	104.8%
		Overseas	74,698	43,236	40,541	74,000	83,800	+9,800	113.2%	+9,101	112.2%
	Travel service		2,500	2,500	2,799	4,600	5,300	+700	115.2%	+2,799	212.0%
	Real estate		1,330	609	690	1,600	1,300	-300	81.3%	-30	97.7%
	Total		192,699	107,557	102,442	190,000	210,000	+20,000	110.5%	+17,300	109.0%
Operating income	Logistics	Domestic	4,171	3,086	2,136	3,600	5,220	+1,620	145.0%	+1,048	125.1%
		Overseas	5,200	4,249	2,777	4,600	7,030	+2,430	152.8%	+1,829	135.2%
	Travel service		(1,053)	(66)	16	(450)	(50)	+400	—	+1,003	—
	Real estate		765	398	401	765	800	+35	104.6%	+34	104.5%
	Other		14	8	(8)	(15)	—	+15	—	-14	—
	Total		9,098	7,675	5,324	8,500	13,000	+4,500	152.9%	+3,901	142.9%

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

FY03/23 Plan Versus FY03/22 Results (Net Sales/Operating Income)

Logistics business performed strong, primarily overseas, and earnings also improved in the travel service business



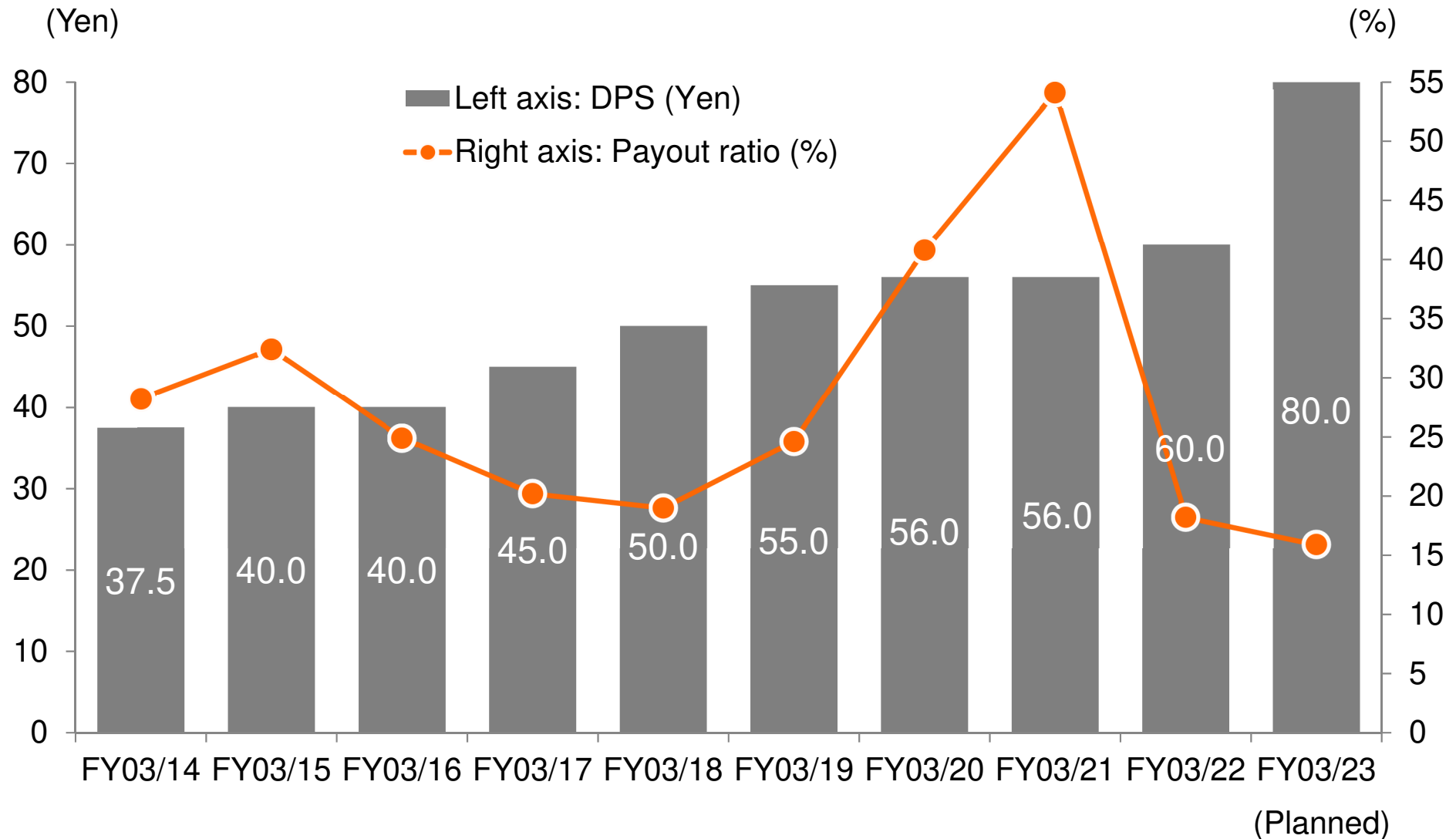
Outlook for 2H FY03/23

We project a decline in spot transactions (versus 1H) in the logistics business

Business	Region	2H outlook
Logistics	Japan	<ul style="list-style-type: none"> • Decline in spot transactions, decline in handling volume of cargo due to the impact of Chinese New Year
	Asia	<ul style="list-style-type: none"> • Decline in spot transactions involving automobile-related cargo (Thailand, India)
	China	<ul style="list-style-type: none"> • Drop in handling volume due to the impact of Chinese New Year
	Americas	<ul style="list-style-type: none"> • Port congestions on the West Coast are expected to be resolved, but railway terminal disruptions are expected to continue • Decline in spot transactions involving automobile-related cargo
	Europe	<ul style="list-style-type: none"> • Decrease in handling of automobile-related cargo in the UK and Belgium
Travel service		<ul style="list-style-type: none"> • Decline in domestic group travel despite an increase in business travel
Real estate		<ul style="list-style-type: none"> • Robust parking lot income

Dividend Policy

We plan to raise dividends for the second year in a row, and continue paying stable dividends



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

III. Seventh Medium-Term Business Plan

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

Quantitative targets

Phase 1: FY03/23–FY03/24

(FY03/24 targets)

Net sales: **¥190.0 billion**
Operating income: **¥8.5 billion**
Ordinary income: **¥9.0 billion**
Profit attributable to
owners of parent: **¥6.5 billion**
ROE: **About 8.0%**

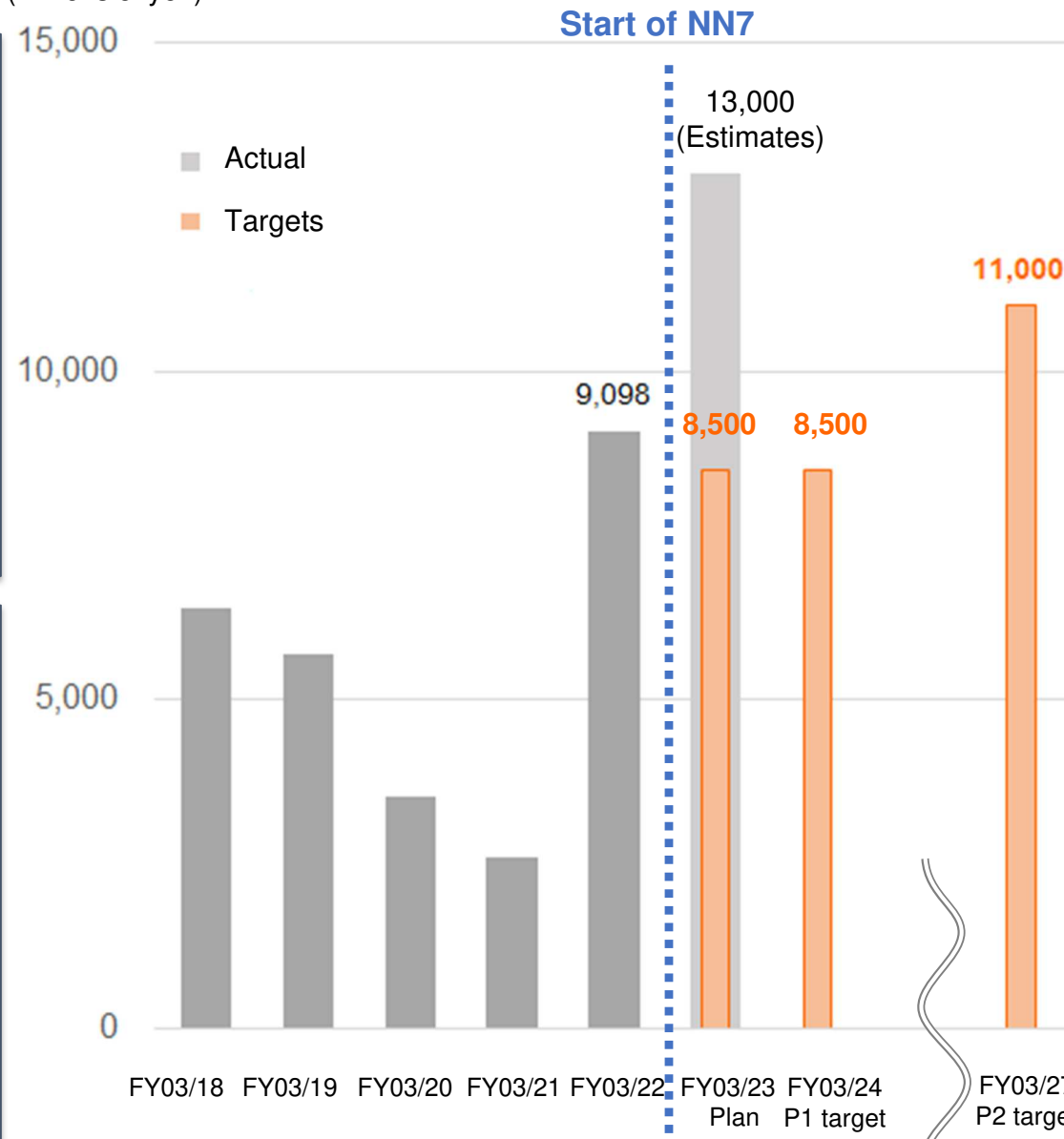
Phase 2: FY03/25–FY03/27

(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%**

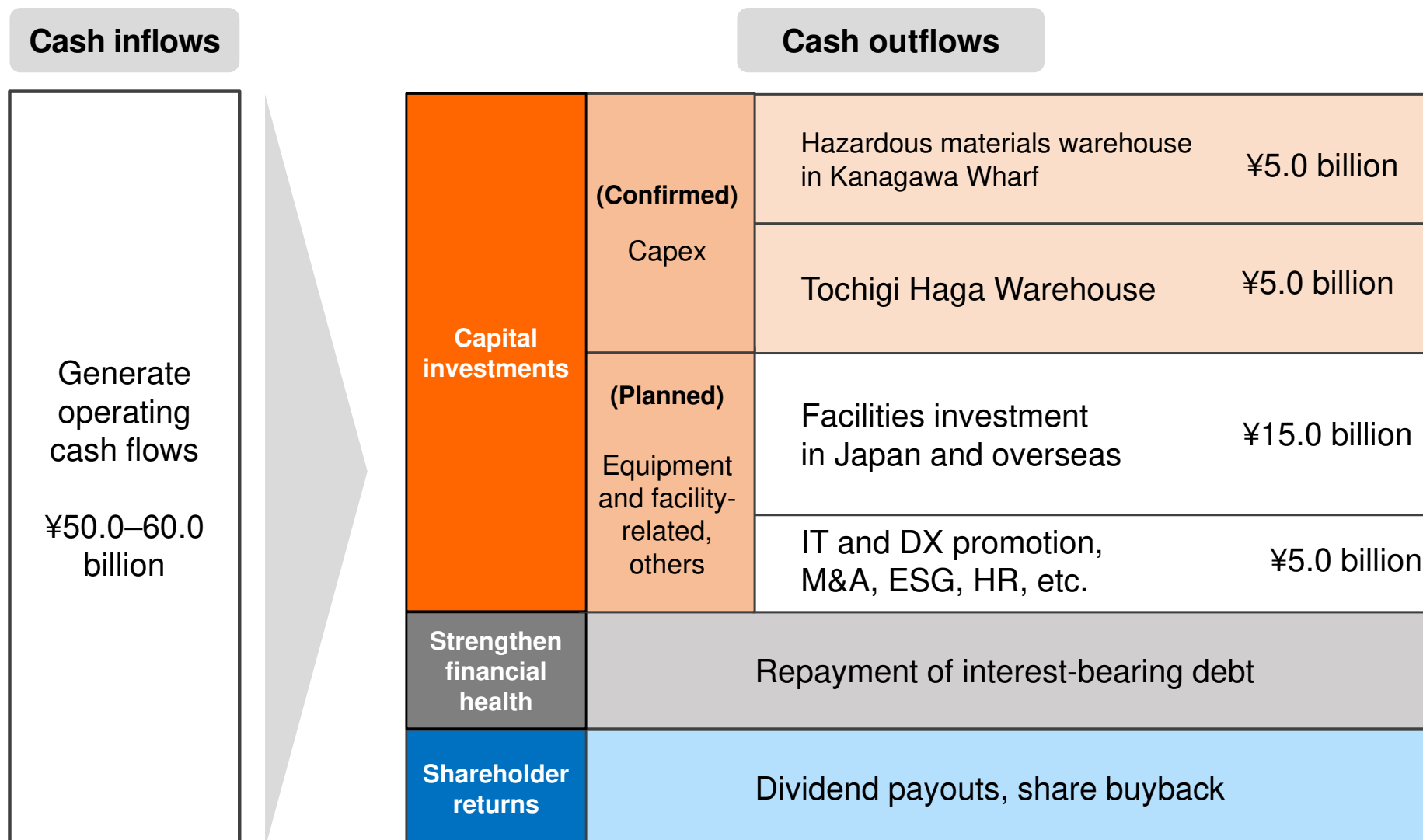
Notes on quantitative targets of NN7 (operating income)

(Millions of yen)



NN7: Cash Allocation (Capex and Shareholder Returns)

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



NN7: Cultivate Core Businesses (1H FY03/23 initiatives)

Automobile-Related

Japan

- Tochigi Haga Warehouse (scheduled for completion in Nov. 2024)

Asia

- Continued winning orders for parts storage in Malaysia

Americas

- Expanded Columbus Warehouse
- Began operations at Dallas office

Europe

- Received an order for air export of EV parts from Austria to the US

Chemicals and Hazardous Materials

Japan

- Hazardous materials warehouse in Kanagawa Wharf (scheduled for completion in Aug. 2023)

Asia

- Expanded a chemical storage facility in Singapore

China

- Began handling tank containers in Changshu

Foods

Japan

- Heiwajima Refrigerated Logistics Center began full-scale operations with an increase in cargo volume

Asia

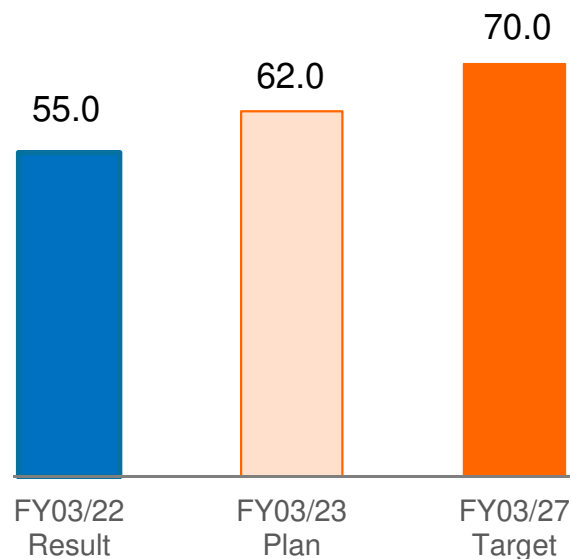
- Expanded operations with the acquisition of halal certification in Indonesia

Americas

- Began handling imports of refrigerated and frozen cargo in the US

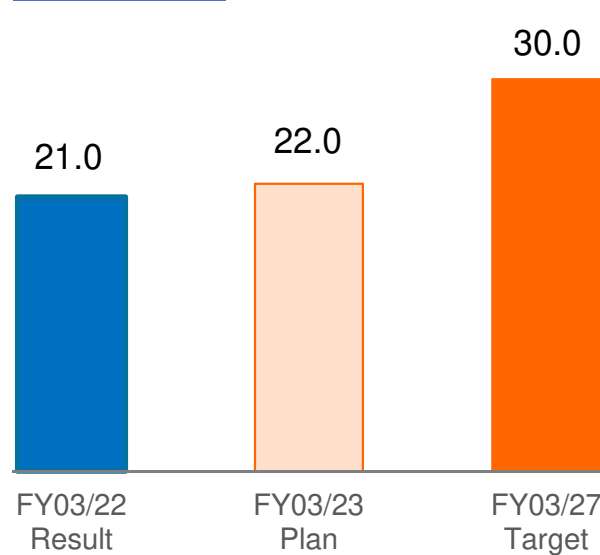
Net Sales

(Billions of yen)



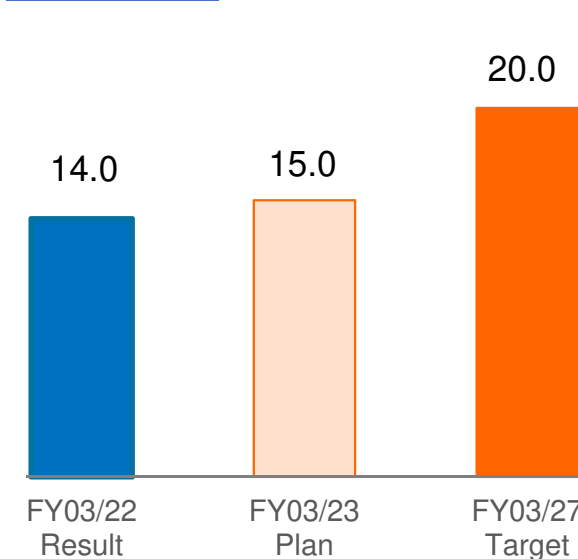
Net Sales

(Billions of yen)



Net Sales





(Billions of yen)



Note: Above figures are drawn based on internal estimates

NN7: Promote ESG Management

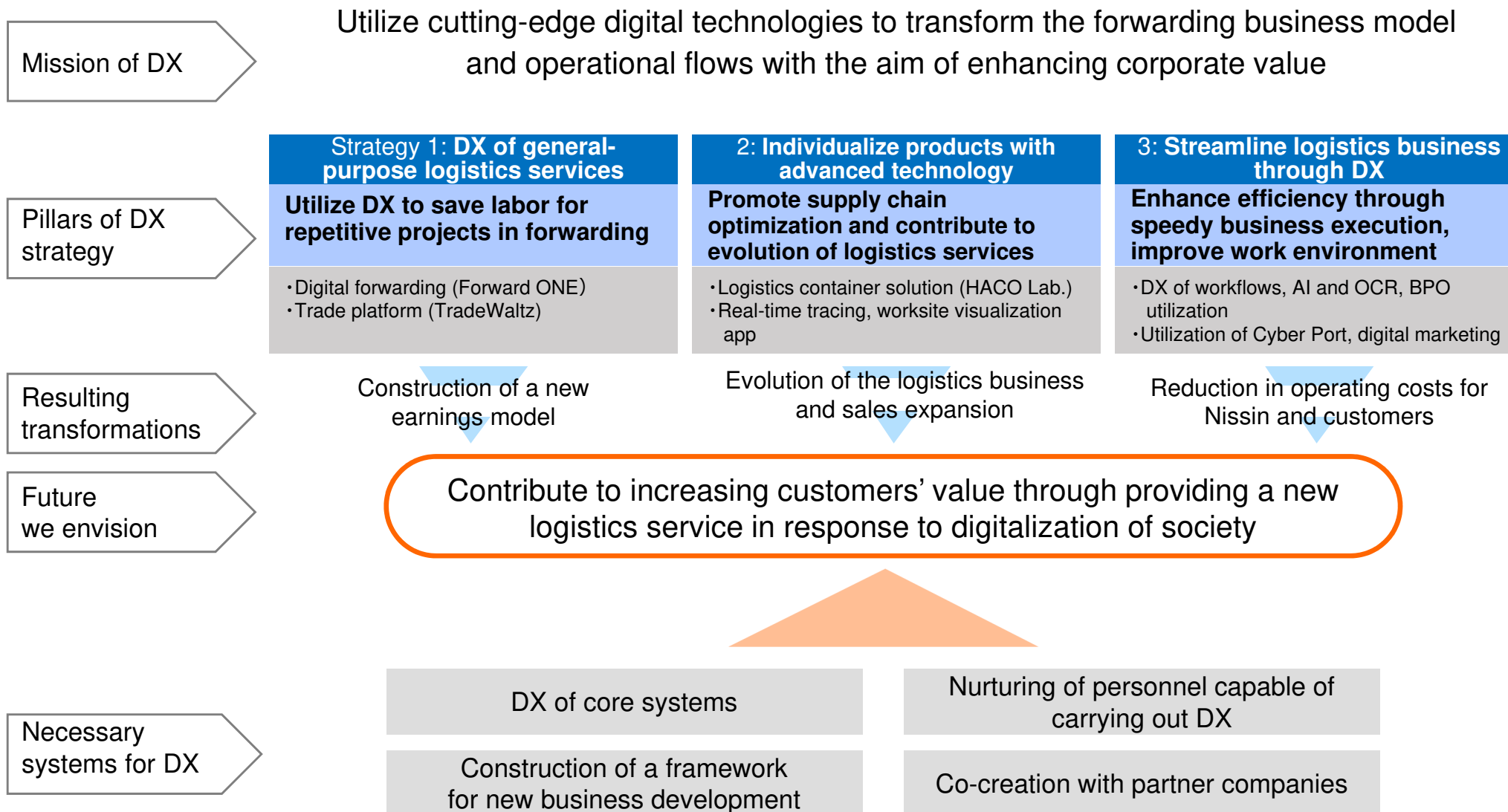
We identified materiality for each theme

Theme	Materiality	Key initiatives
 Natural capital Earth	Realize a decarbonized society and contribute to an environmentally conscious, circulating society	<ul style="list-style-type: none"> • Switch to renewable energy • Lower environmental impact of new facilities • Switch to eco-friendly automobiles • Continue supporting reforestation and wind power generation businesses
 Manufactured and intellectual capital Quality	Implement cutting-edge technology and provide high-quality services	<ul style="list-style-type: none"> • Develop high-quality logistics products utilizing logistics innovation and DX • Provide services and implement initiatives considerate of stakeholders • Expand acquisition of GDP (quality standards for distribution of pharmaceuticals) certifications
 Personnel and intellectual capital Humans	Respect all people and build an environment where individuals can bring out their best abilities	<ul style="list-style-type: none"> • Utilizing Eruboshi (three stars) and Kurumin certifications, build a work environment that empowers women • Continue striving to build a safe and comfortable workplace • Expand capacity by promoting employees' acquisition of specialized skills
 Social relationship capital Trust	Create a company that is fair, valuable, and hopeful to all stakeholders	<ul style="list-style-type: none"> • Reinforce corporate governance and risk management • Thoroughly enforce compliance • Promptly respond to natural disasters with BCP • Expand and enhance disclosure of non-financial information

IV. Promotion of DX

**Please watch a video
we prepared (1 min. 24 sec.)**

NN7: DX Strategy Overview



Forward ONE

Overview: A digital forwarding service that enables centralized management of “quotes,” “orders,” and “task progress”

Purpose: 1) To acquire new customers through digital channels; 2) to cultivate existing customers; and 3) to streamline logistics task assignment

Goal: Net sales of ¥7.0 billion and operating income of ¥1.0 billion in FY2027



Results for the First Half of the Fiscal Year Ending March 31, 2023

Results came in well above initial plan due to robust performance of the logistics business and improved earnings in the travel service business

Full-Year Plan for the Fiscal Year Ending March 31, 2023

Revised up full-year forecasts to reflect strong 1H results

Seventh Medium-Term Business Plan

Aim to increase profitability through core business cultivation and DX

Promotion of DX

Aim to increase corporate value through utilization of cutting-edge digital technologies

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