

Results for the Fiscal Year Ended March 31, 2023

May 26, 2023

Sales and profits increased due to strong performance in the logistics business and improvement in the travel service business

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I. Results for the Fiscal Year Ended March 31, 2023

FY03/23 Results

Sales and profits increased due to strong performance in the logistics business and improvement in the travel service business

(Millions of yen)

	FY03/22	FY03/23	YoY	
			Change	Percentage
Net sales	192,699	194,165	+1,466	100.8%
Operating income	9,098	12,643	+3,545	139.0%
Ordinary income	9,859	13,634	+3,775	138.3%
Profit attributable to owners of parent	6,365	10,528	+4,163	165.4%
Forex rate	JPY122/USD	JPY133/USD	-	-

FY03/23 Results by Segment

Operating income grew in both logistics and real estate businesses, with substantial improvement in the travel service business

(Millions of yen)

Business			FY03/22	FY03/23	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	114,170	114,948	+778	100.7%
		Overseas	74,698	72,652	-2,046	97.3%
	Travel service		2,500	5,289	+2,789	211.7%
	Real estate		1,330	1,276	-54	95.6%
	Total		192,699	194,165	+1,466	100.8%
Operating income	Logistics	Domestic	4,171	5,939	+1,767	142.4%
		Overseas	5,200	5,887	+687	113.2%
	Travel service		(1,053)	(14)	+1,038	—
	Real estate		765	816	+51	106.8%
	Other		14	14	+0	100.7%
	Total		9,098	12,643	+3,544	139.0%

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

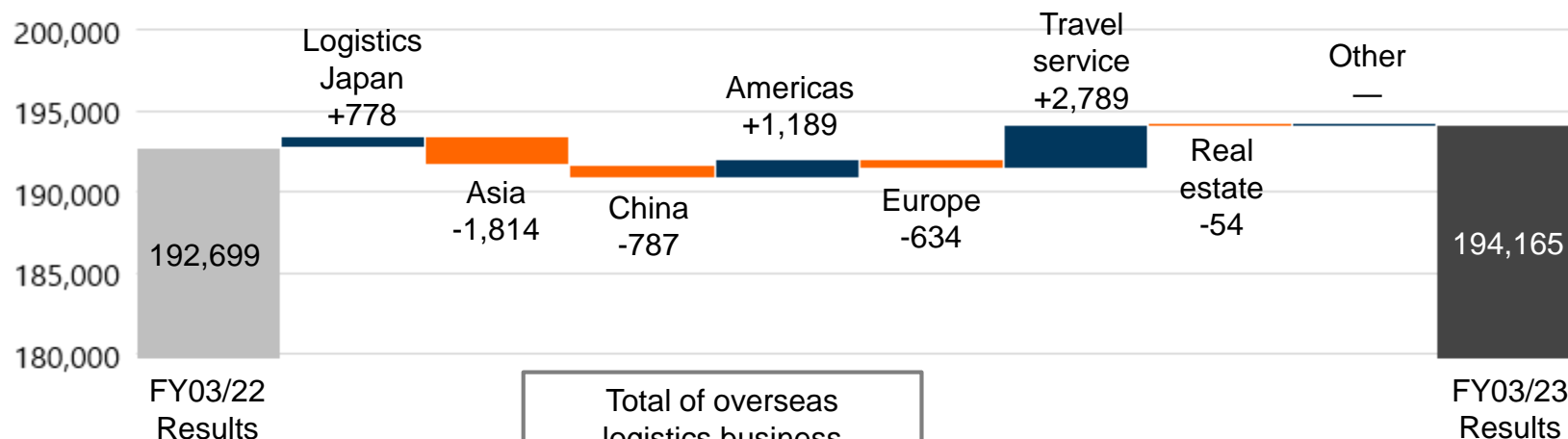
Note: "Other" comprises adjustments based on consolidated accounting, etc.

FY03/23: YoY Change by Segment

The logistics business was steady in Japan, but overseas performance stalled slightly in 2H, while travel service business earnings continued to improve

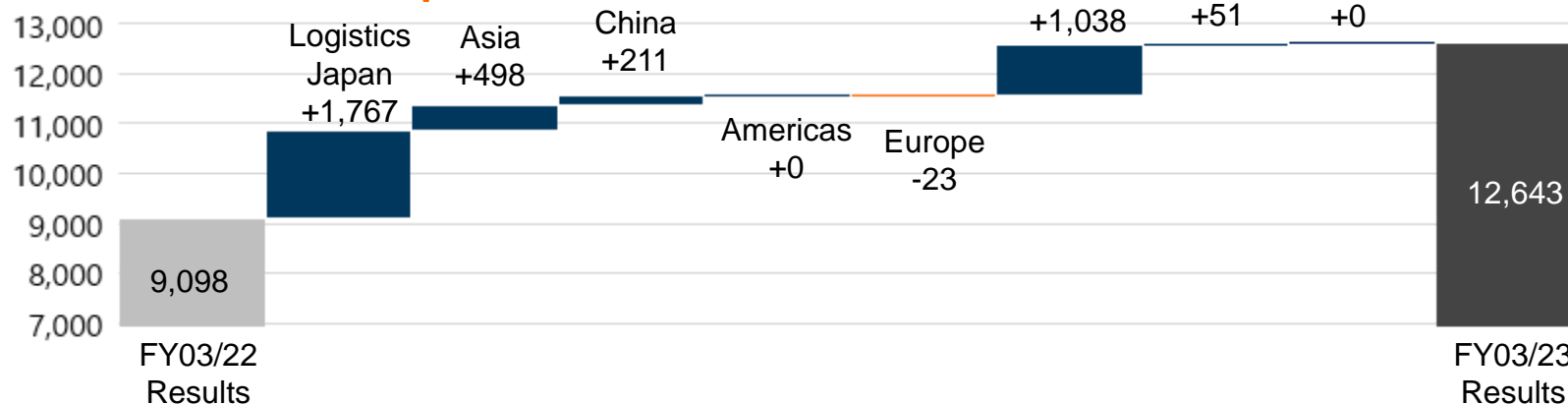
Net sales

(Millions of yen)



Total of overseas logistics business +687

Operating income

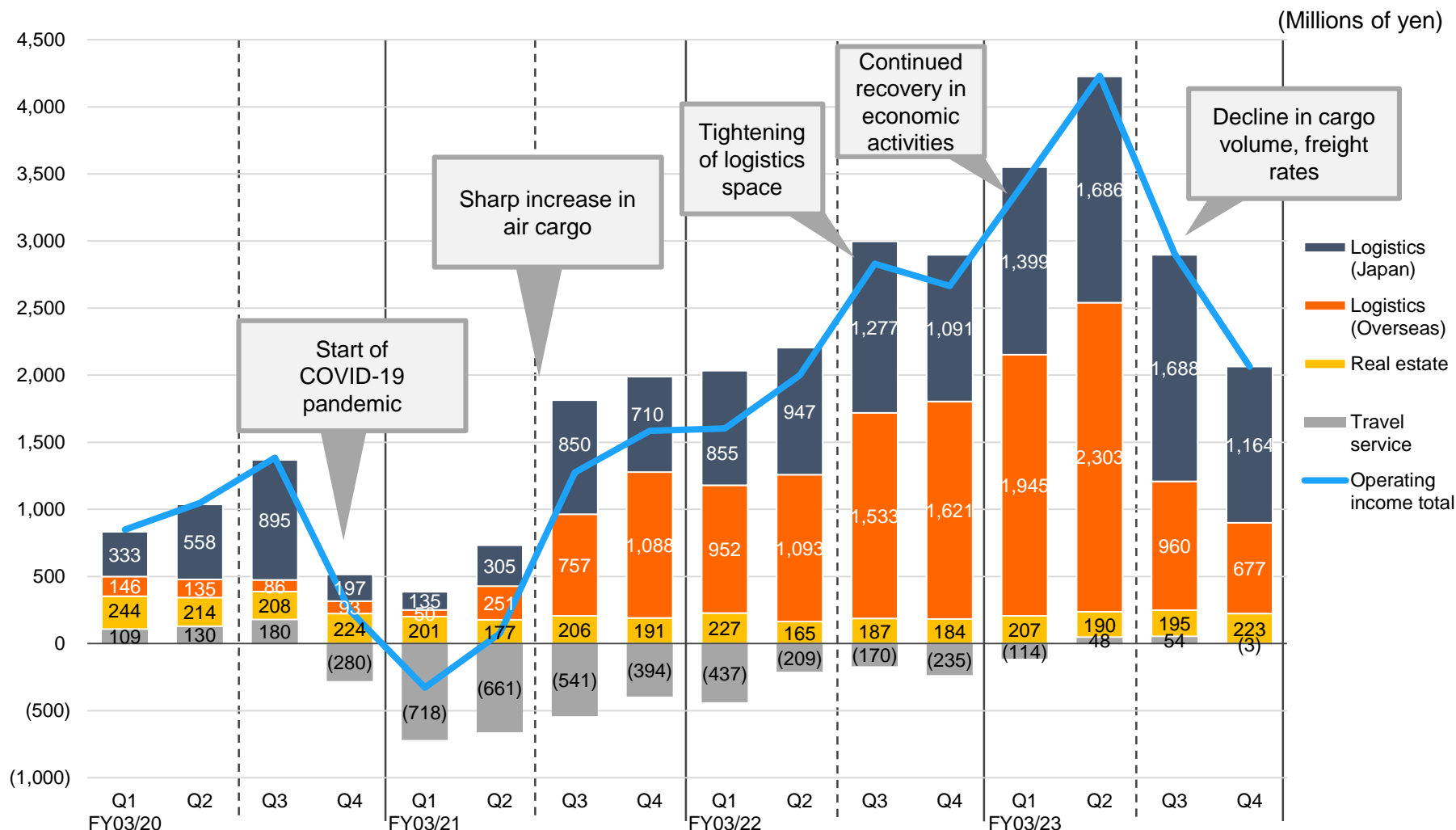


Factors behind YoY Changes in Operating Income

Business	Region	YoY Change (Millions of yen)	Summary
Logistics	Japan	+1,767	<ul style="list-style-type: none"> Exports of equipment/facilities and chemicals remained strong Imports of automotive parts, food products, and sundries contributed to earnings
	Asia	+498	<ul style="list-style-type: none"> Steady handling of automotive parts, home electronics, and sundries, etc. by both ocean and air Logistics within the Asian region also became active
	China	+211	<ul style="list-style-type: none"> In Hong Kong, ocean exports of home electronics to North America remained strong Warehouse operations in Shanghai for home electronics and consumer goods remained strong, despite the lockdowns
	Americas	+0	<ul style="list-style-type: none"> Domestic substitute transportation of ocean import cargo due to port congestion contributed to earnings In the US, handling of automotive parts and food products became active, but both imports and exports fell in 2H
	Europe	-23	<ul style="list-style-type: none"> In Belgium, handling of both air imports and exports declined
Travel service		+1,038	<ul style="list-style-type: none"> Business travel recovered, and domestic and overseas group travel contributed to earnings
Real estate		+51	<ul style="list-style-type: none"> Parking lot income rose due to the use of large tour buses following the lifting of activity restrictions, which contributed to earnings

Quarterly Operating Income by Segment

Freight rates began falling in 2H FY03/23, with cargo volume gradually declining

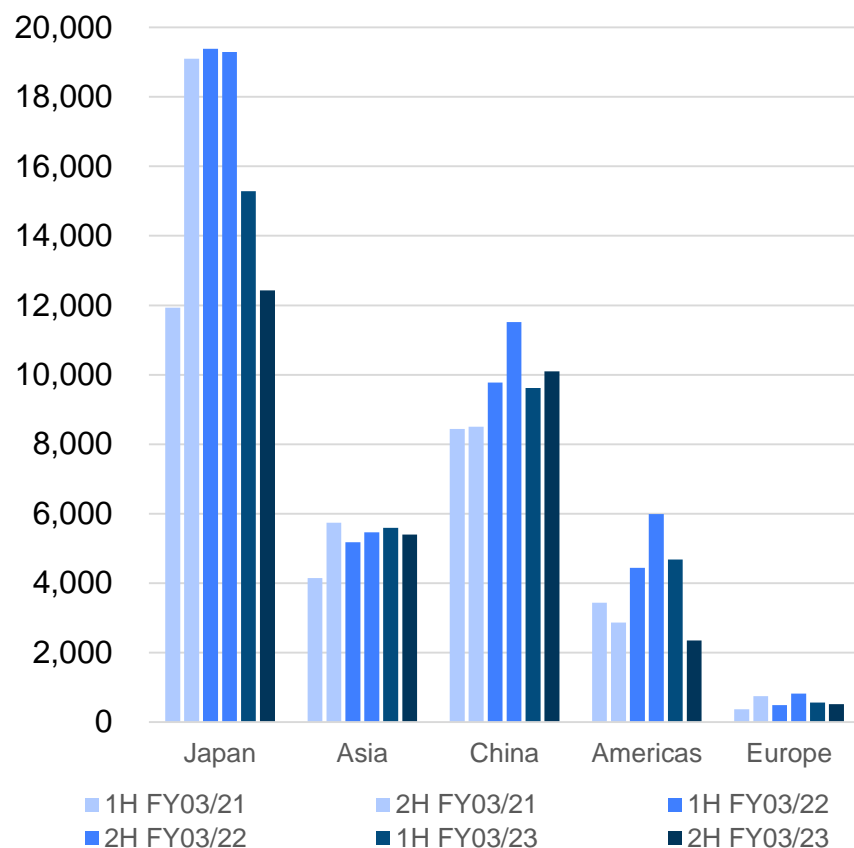


Air Cargo Volume (Exports/Imports)

Robust cargo movement was coming to a halt for air exports

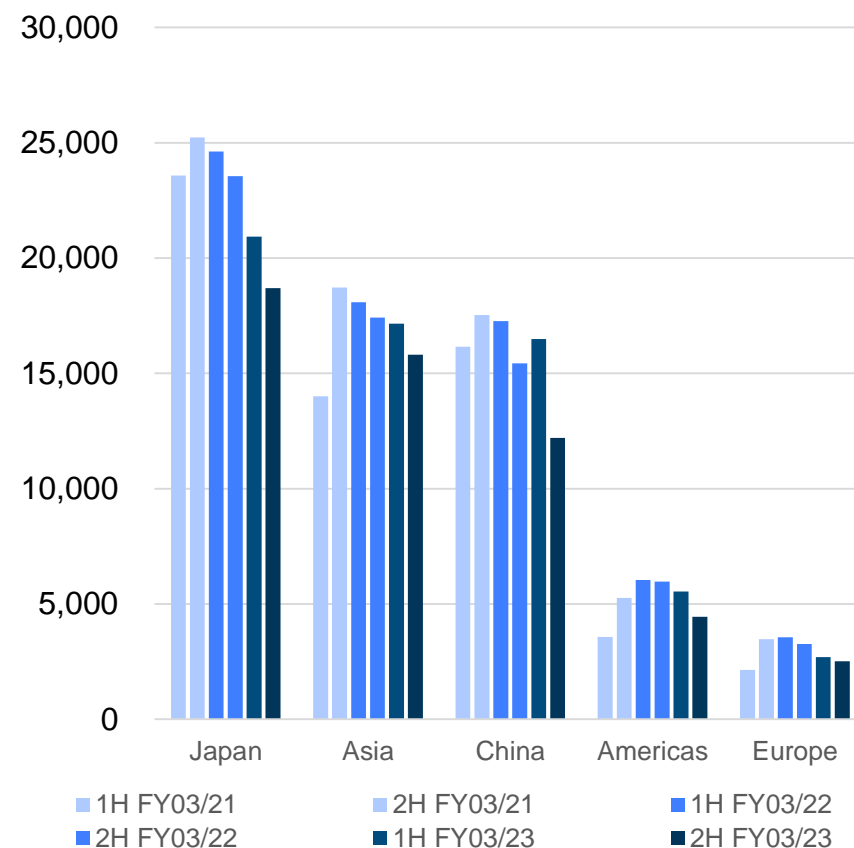
Air Exports

(Tons)



Air Imports

(Transactions)

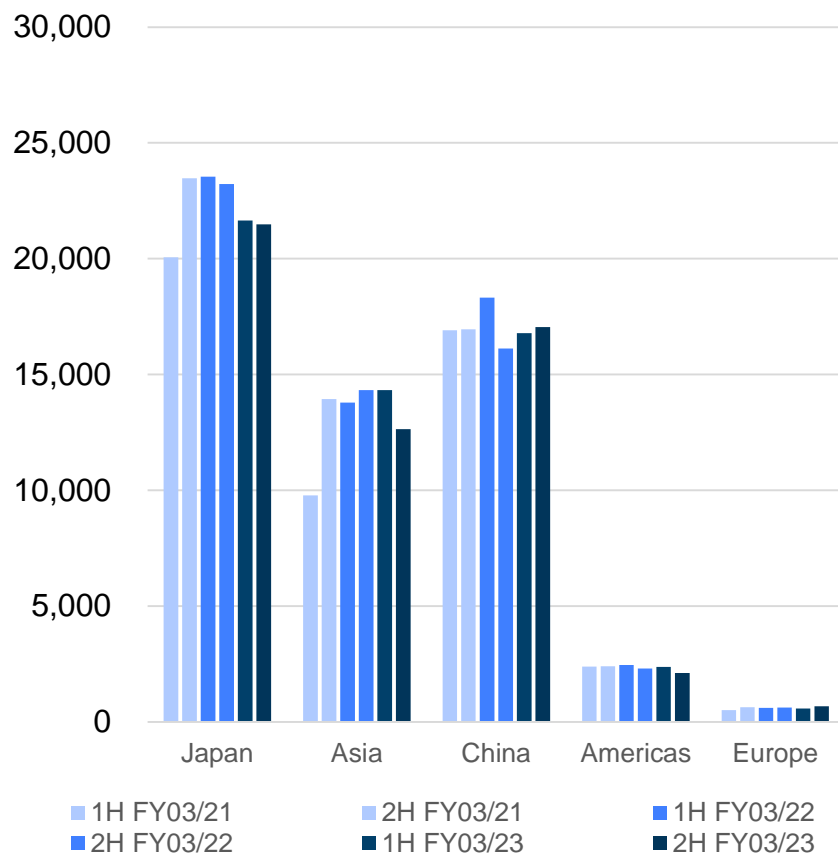


Ocean Cargo Volume (Exports/Imports)

Cargo volume was generally firm due to return from air cargo, and logistics within the Asian region became active

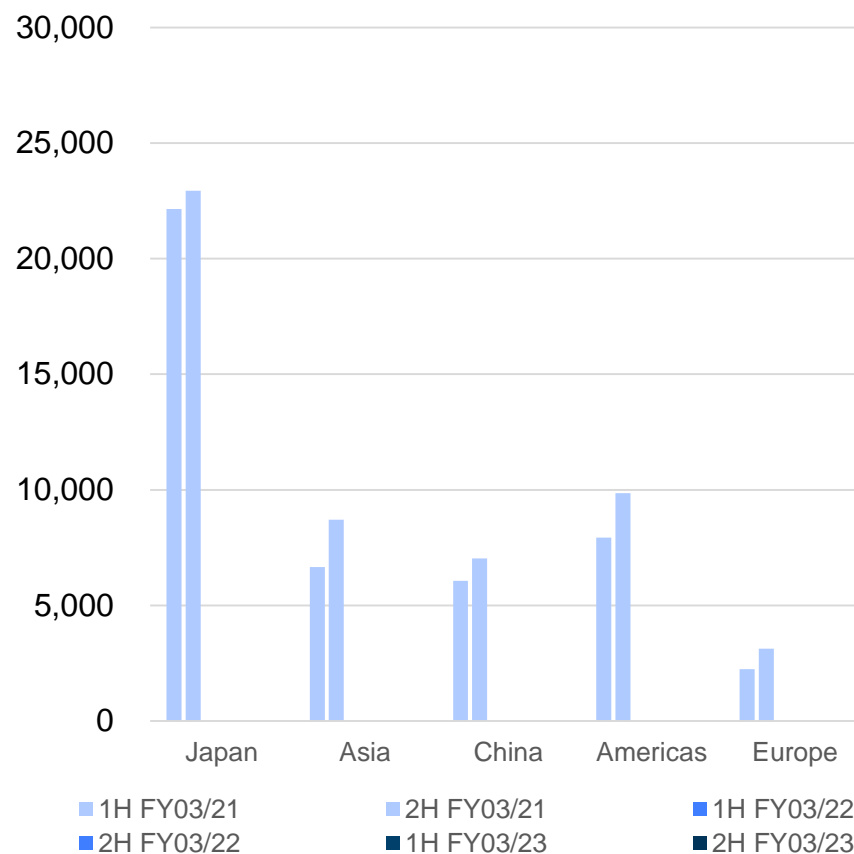
Ocean Exports

(TEUs)



Ocean Imports

(TEUs)



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

FY03/24: Full-Year Plan

We expect freight rates to normalize, and cargo movement to drop YoY

(Millions of yen)

	FY03/23 Full-Year Results	FY03/24 Full-Year Plan	YoY	
			Change	Percentage
Net sales	194,165	190,000	-4,165	97.9%
Operating income	12,643	8,500	-4,143	67.2%
Ordinary income	13,634	9,000	-4,634	66.0%
Profit attributable to owners of parent	10,528	6,500	-4,028	61.7%
Forex rate	JPY133/USD	JPY133/USD	-	-

FY03/24: Full-Year Plan by Segment

We project lower cargo movement in the logistics business, with the travel service business returning to profitability for the first time in four years

(Millions of yen)

	Business		FY03/23 Results	FY03/24 Plan	YoY	
					Change	Percentage
Net sales	Logistics	Domestic	114,948	108,900	-6,048	94.7%
		Overseas	72,652	72,700	+48	100.0%
	Travel service		5,289	7,100	+1,811	134.2%
	Real estate		1,276	1,300	+24	101.8%
	Total		194,165	190,000	-4,165	97.9%
Operating income	Logistics	Domestic	5,939	3,400	-2,539	57.2%
		Overseas	5,887	4,000	-1,887	67.9%
	Travel service		(14)	200	+214	—
	Real estate		816	900	+84	110.2%
	Other		14	0	-14	—
	Total		12,643	8,500	-4,143	67.2%
	Operating margin		6.5%	4.5%	—	—

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

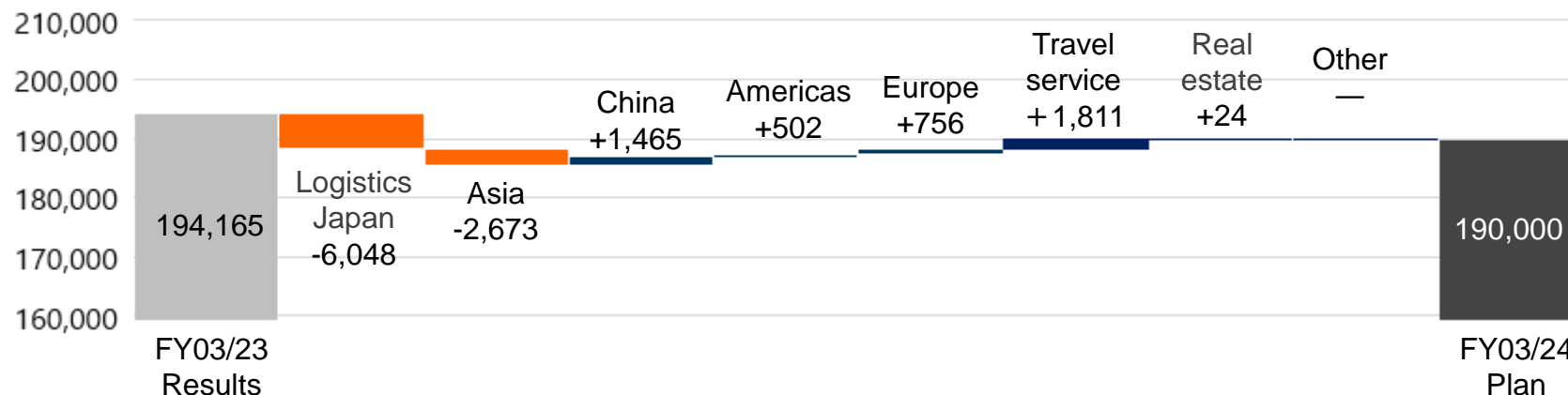
Note: "Other" comprises adjustments based on consolidated accounting, etc.

FY03/24 Plan Versus FY03/23 Results

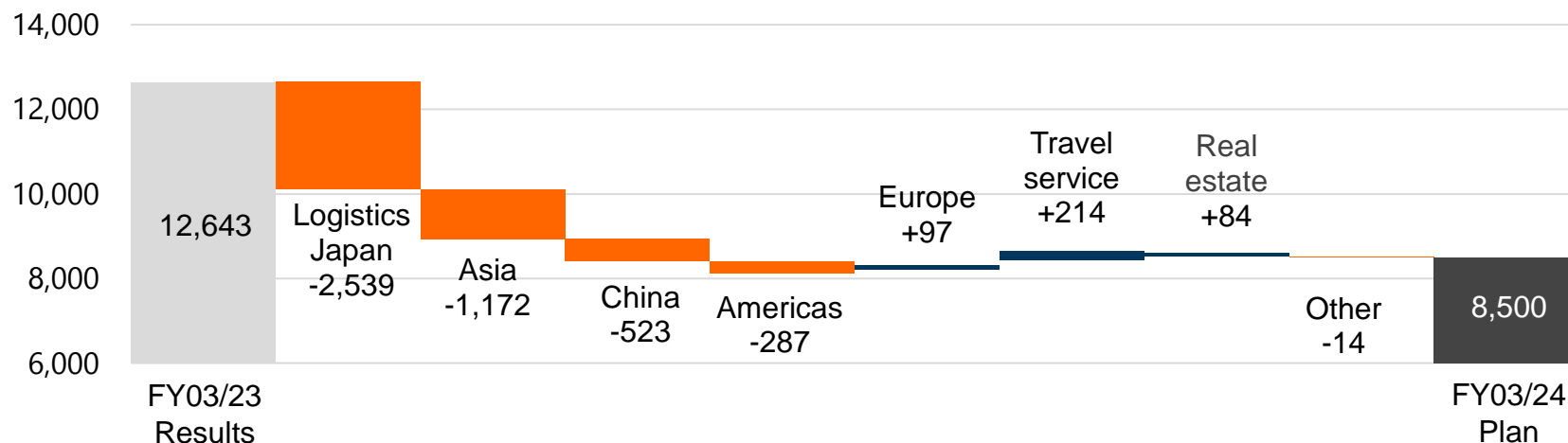
We project lower sales and operating income due to normalized freight rates and a drop in cargo volume

Net sales

(Millions of yen)



Operating income



Business	Region	YoY Change (Millions of yen)	Summary
Logistics	Japan	-2,539	<ul style="list-style-type: none"> Export cargo movement to normalize, with lower freight rates and a decrease in urgent cargo Import cargo movement to be sluggish due to rising prices and a weaker yen
	Asia	-1,172	<ul style="list-style-type: none"> Sluggish cargo movement for automotive parts Profitability of ocean exports to fall despite expected increase in cargo volume from new orders and shift from air cargo
	China	-523	<ul style="list-style-type: none"> Recovery since the end of zero-COVID has been slow, and recovery expected from 2H onward
	Americas	-287	<ul style="list-style-type: none"> Domestic substitute transportation to fall in the US Export/import cargo movement expected to slow due to monetary tightening and sluggish consumption
	Europe	+97	<ul style="list-style-type: none"> Demand for warehousing to remain strong in Poland Profitability to improve in the UK following business restructuring
Travel service		+214	<ul style="list-style-type: none"> Projected full-year profitability driven by recovery in business travel
Real estate		+84	<ul style="list-style-type: none"> Start of monetization of the Kitanaka redevelopment

III. Progress and Direction of 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**

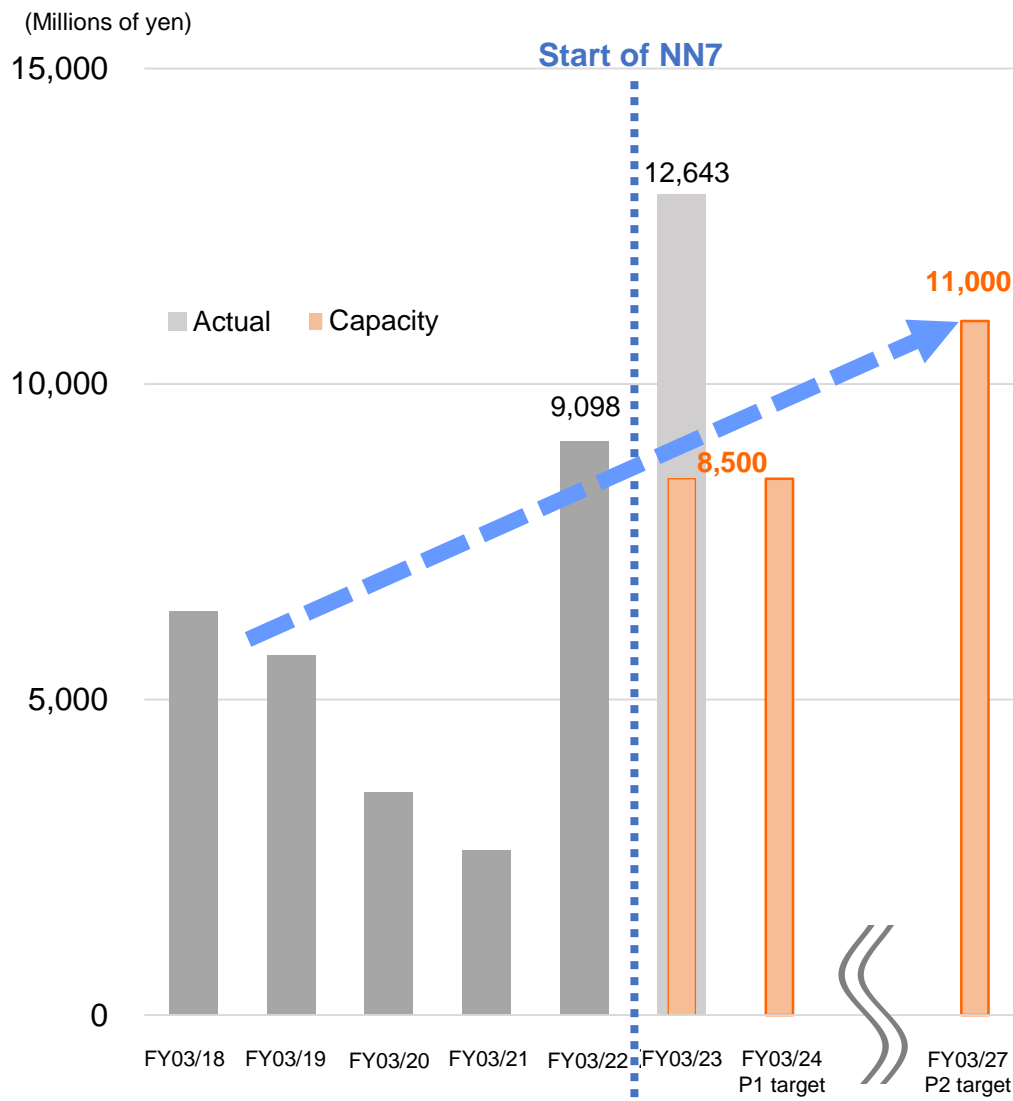
Operating income: **¥11.0 billion**

Ordinary income: **¥11.5 billion**

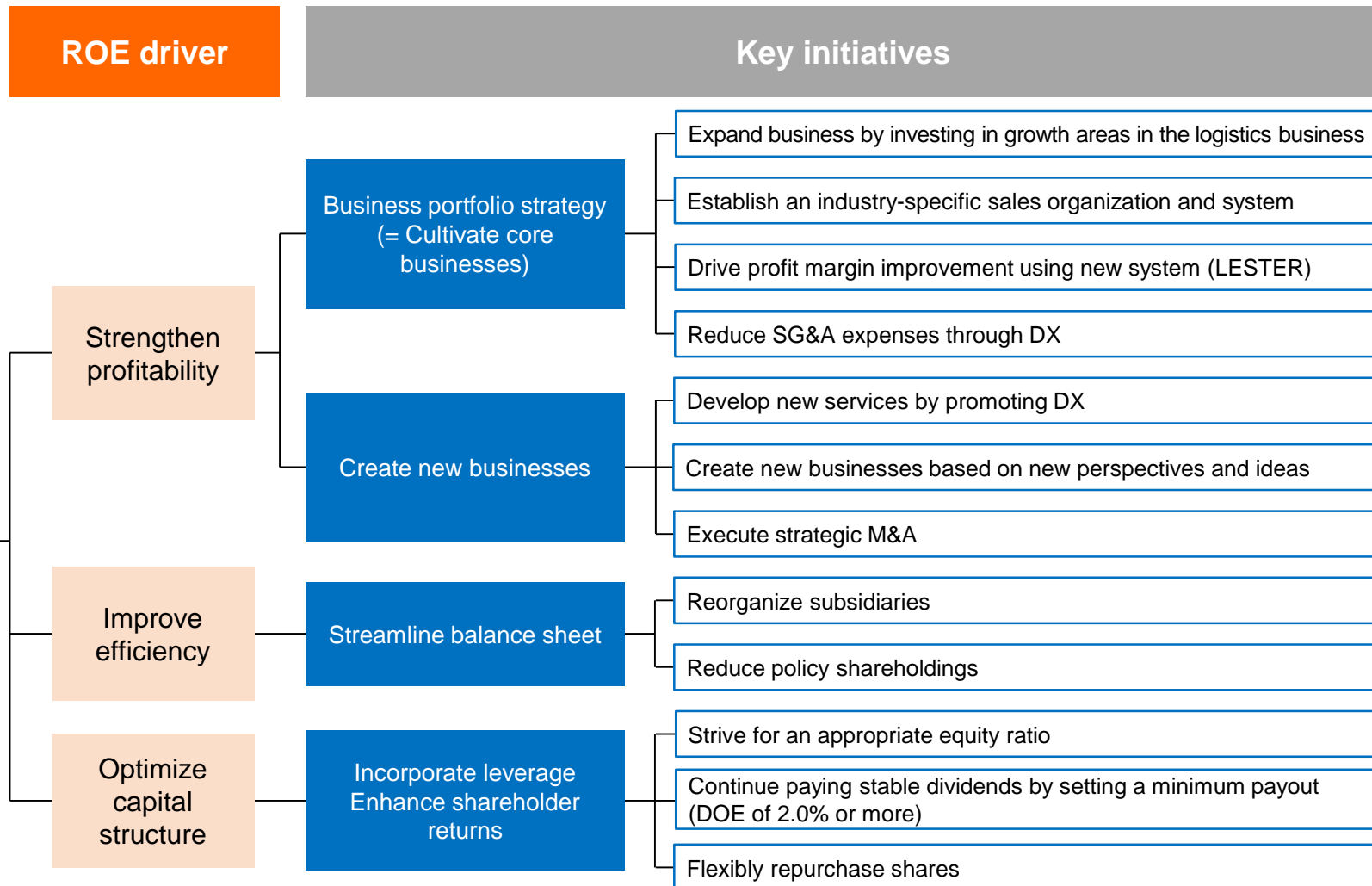
Profit attributable to
owners of parent: **¥8.6 billion**

ROE: **About 9.0%**

Notes on quantitative targets of NN7 (operating income)

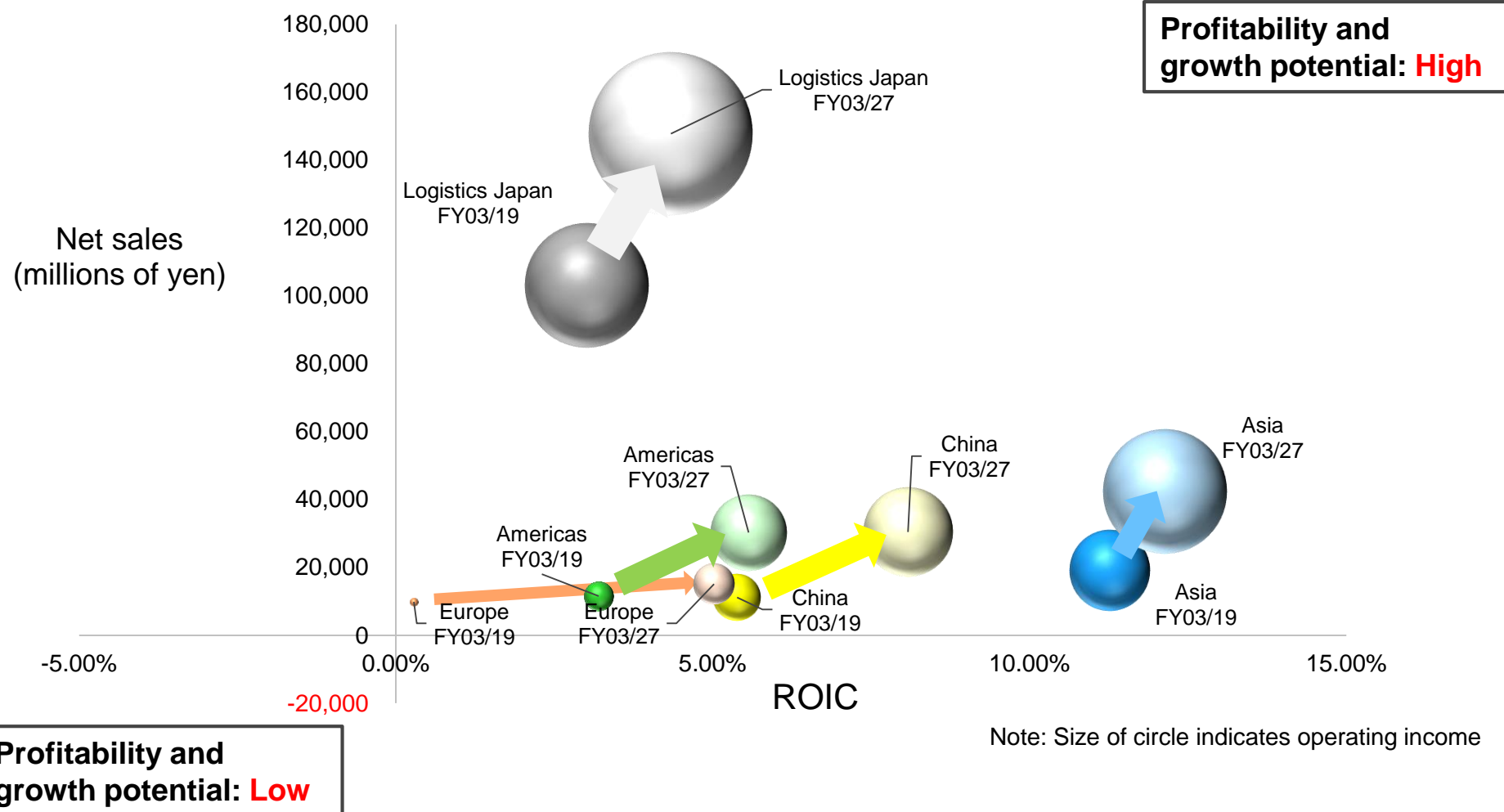


Improve ROE by strengthening profitability, improving efficiency, and optimizing capital structure

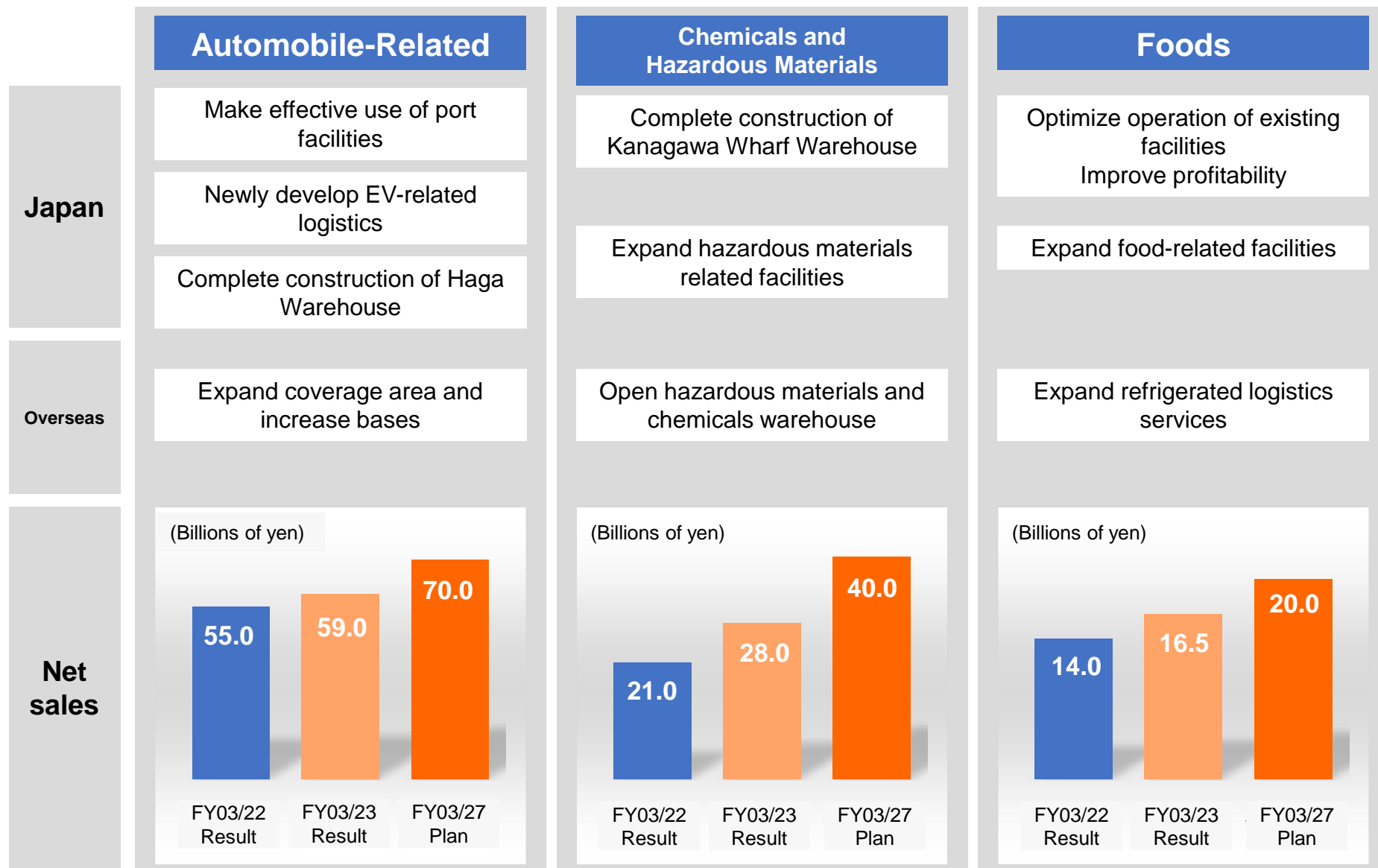


NN7: Promote Business Portfolio Strategy

Improve earnings structure by enhancing profitability and capital efficiency in each region



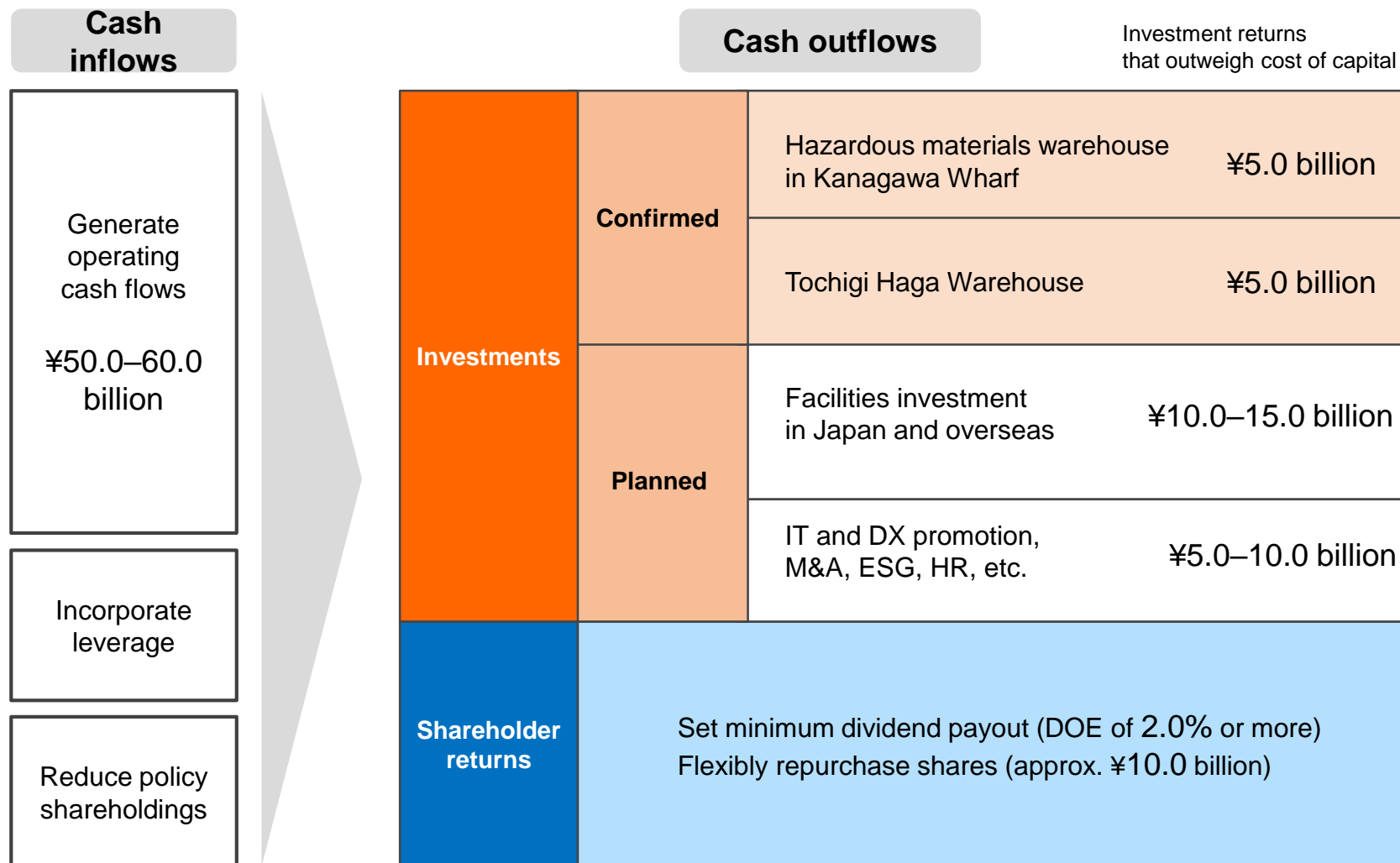
NN7: Cultivate Core Businesses



Note: Above figures are drawn based on internal estimates

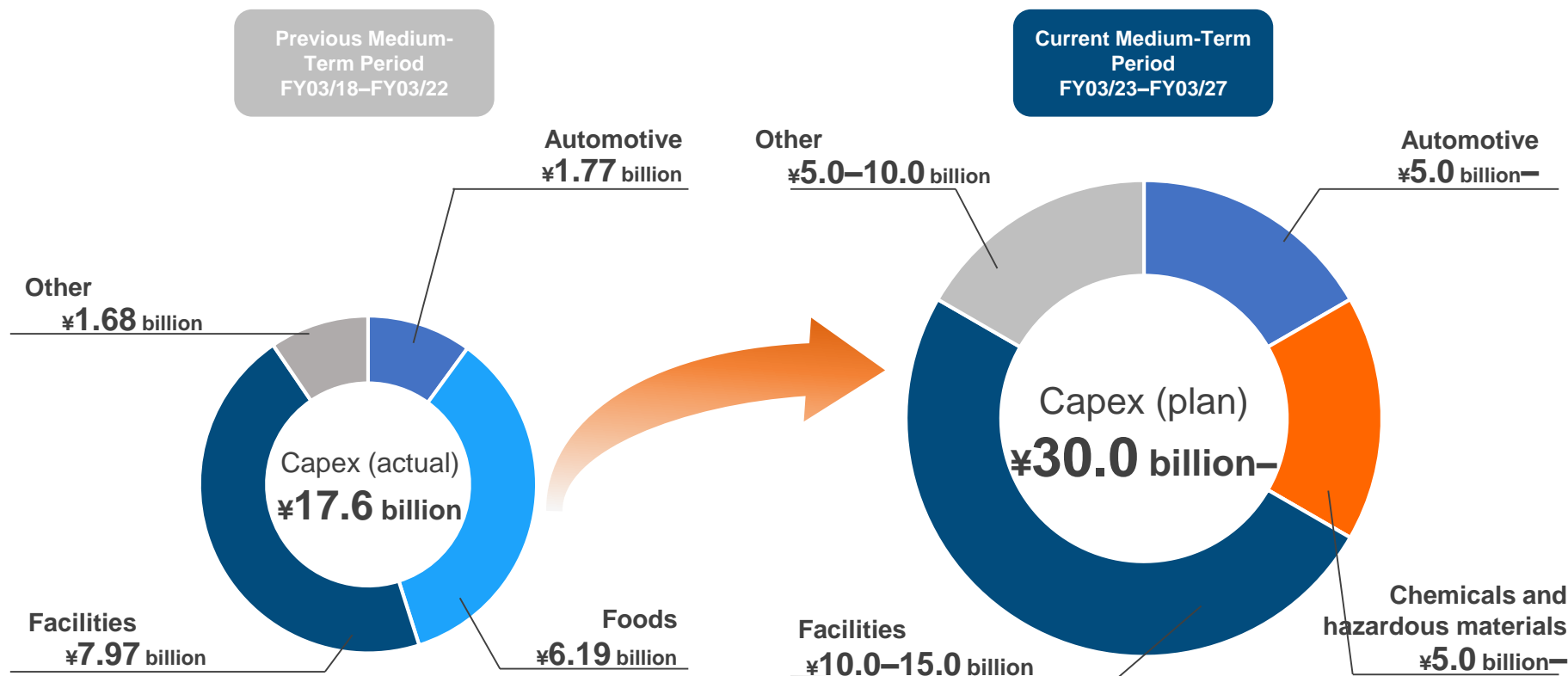
NN7: Cash Allocation (Capex and Shareholder Returns)

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



NN7: Expand Investments

Expand growth investments with a focus on core businesses



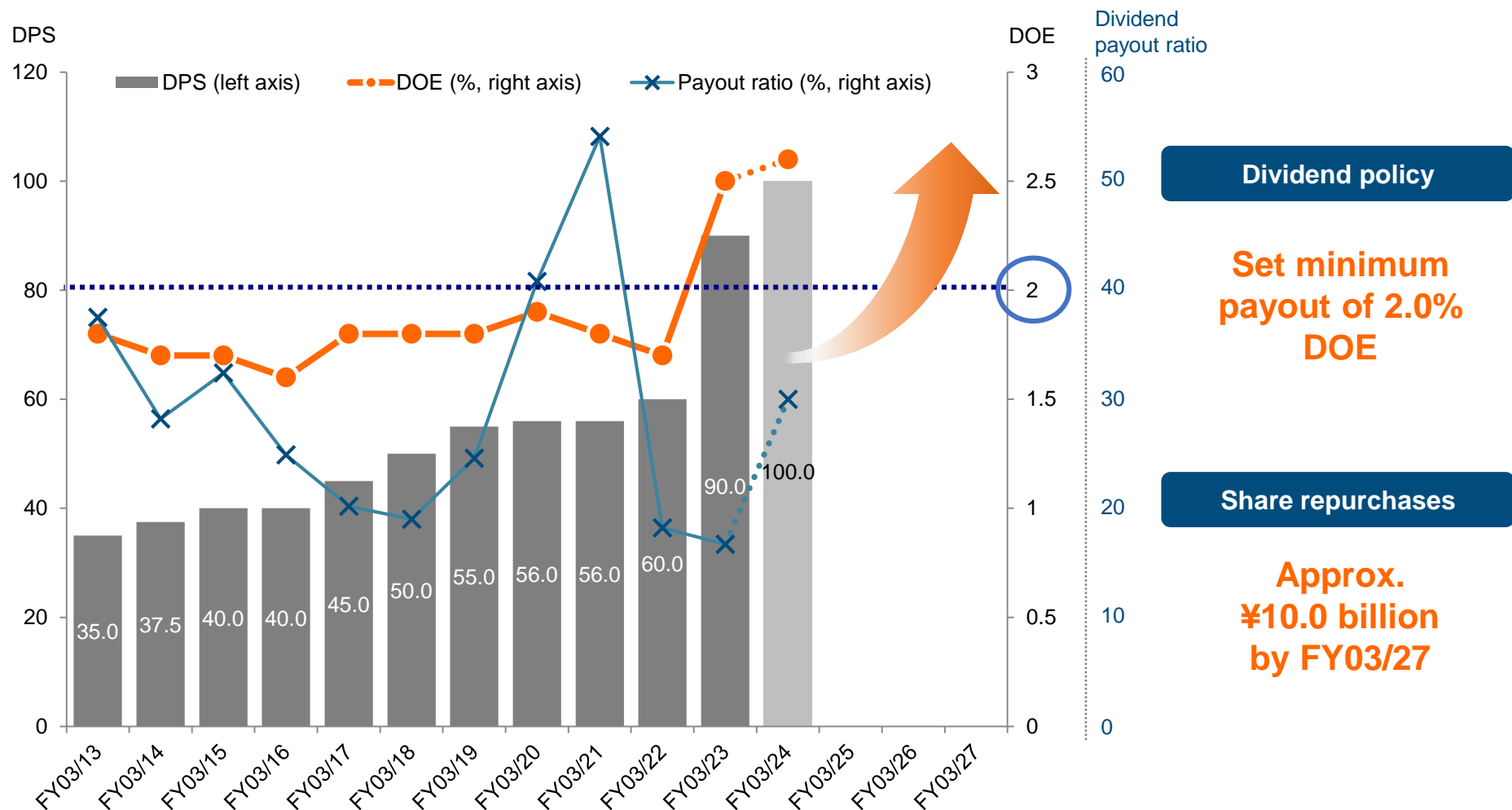
Note: Above figures are drawn based on internal estimates

Automotive: Ohio (US), Malacca (Malaysia), Prachin Buri (Thailand)
Foods: Heiwajima Refrigerated Warehouse, Maya West Refrigerated Warehouse
Facilities: Yokohama Heavy Cargo Packing Center, Fukuoka Island City

Automotive: Haga Warehouse
Chemicals and hazardous materials: Kanagawa Wharf Warehouse
Facilities: Facilities in Japan and overseas
Other: IT, DX, ESG, M&A, HR development

NN7: Shareholder Returns

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



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

NN7: Policy for Improving P/B ratio

Aiming 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
¥275.0 billion

Operating income
¥11.0 billion

Profit attributable to owners of parent
¥8.6 billion

ROE
Approx. 9.0%

Investment Plan

Capex **¥20.0–25.0 billion**
Other **¥5.0–10.0 billion**

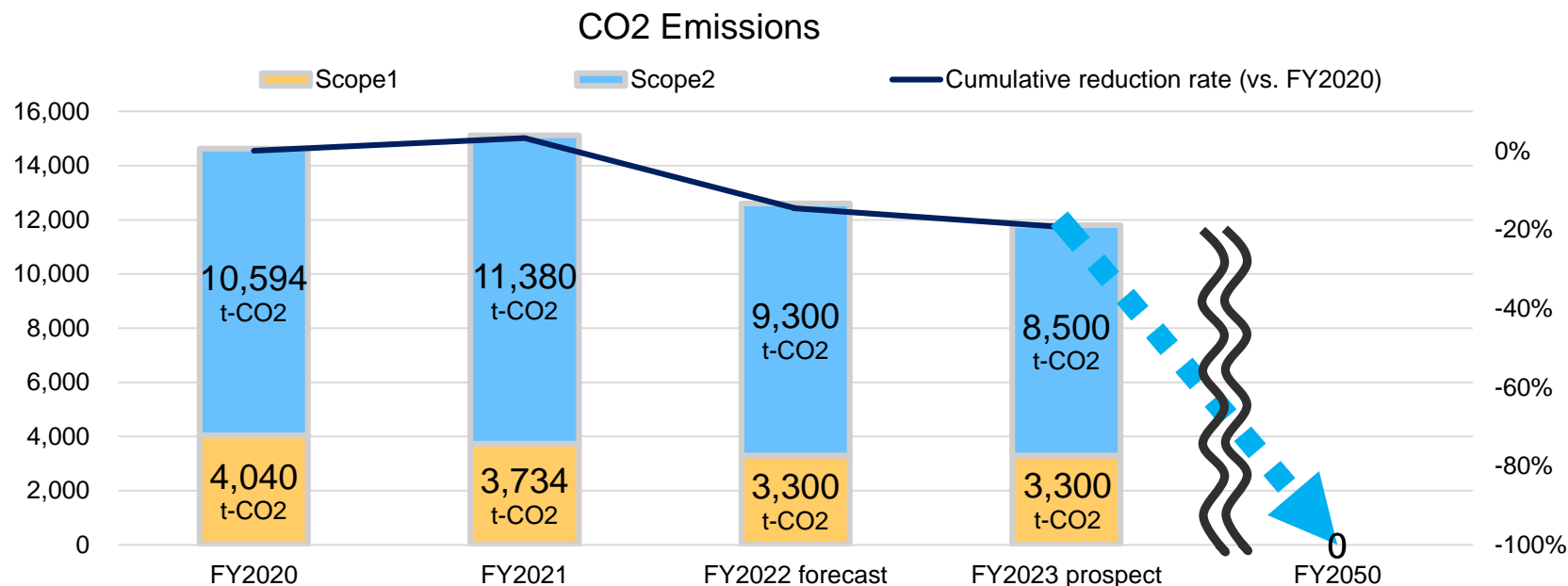
Shareholder Returns

Minimum dividend of **2.0% DOE**
Share repurchases of approx. **¥10.0 billion**

Early realization of a P/B ratio of over 1x

NN7: Promote ESG Management (Climate Change Initiatives)

Reduce CO2 emissions and achieve carbon neutrality by 2050



Note: Figures for Nissin (non-consolidated)

Results

- Switched to renewable energy (from Oct. 2022)
⇒ Reduced CO2 emissions at 10 facilities (approx. 20% reduction per year vs. FY2020)
- Installed solar power generation equipment
⇒ Mega solar facility currently installed at Sakai Logistics Center
- Switched facility lightings to LED
⇒ Approx. 50% of all bases have LED lightings, aiming for 100%
- Introduced environment-friendly vehicles (eco-cars)
⇒ Approx. 25% of business vehicles are HVs, PHEVs, etc.

Plans

- Endorse the TCFD recommendations and disclose CO2 emission reduction targets (scheduled for Jun. 2023)
- Expand renewable energy powered bases
- Install solar panels at new facilities
- Increase the eco-car rate
- Implement commercial EV trucks (our Thailand subsidiary)

NN7: Promote ESG Management (Human Capital)

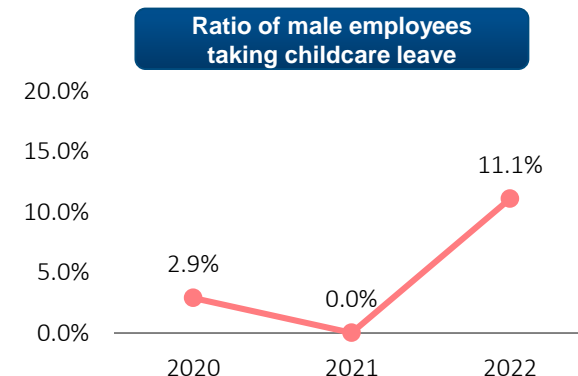
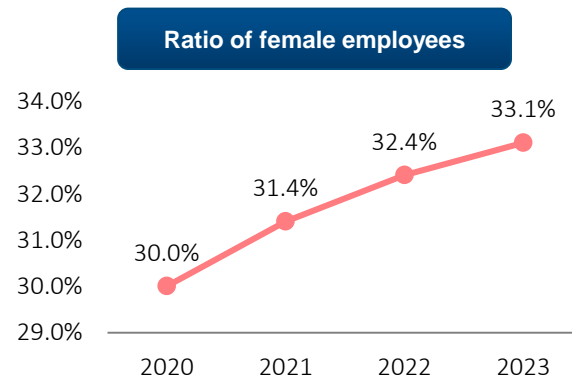
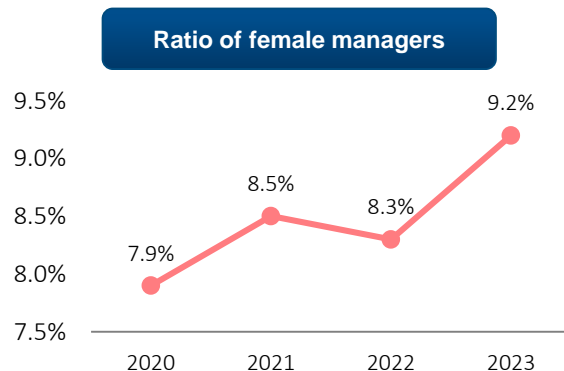
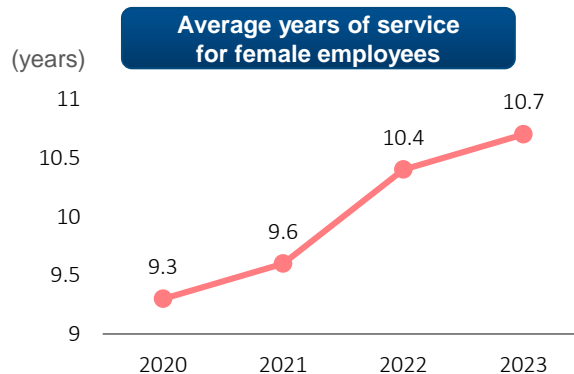
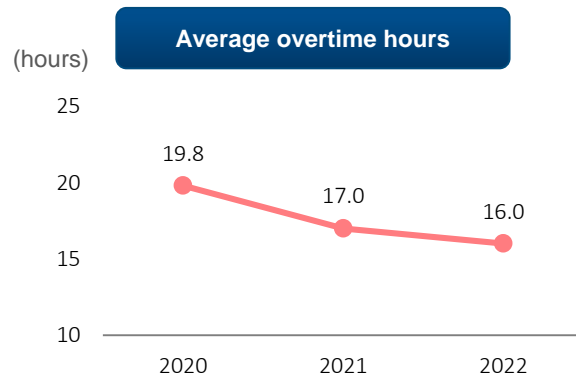
Proactively create a comfortable working environment for employees



Certified as an **Eruboshi (three stars) company** in January 2022 as a company with excellent initiatives based on the Act on Promotion of Women's Participation and Advancement in the Workplace



Received **Kurumin certification** in February 2022 as a company with excellent initiatives based on the Act on Advancement of Measures to Support Raising Next-Generation Children



Establish a highly effective corporate governance structure

We are working to enhance our fair governance structure in order to build a relationship of trust with all stakeholders

Key Initiatives

Strengthen supervisory function of the Board of Directors,
with at least 1/3 independent outside directors

Establish a Nomination and Compensation Committee
with a majority of independent outside directors

Appoint female directors

Introduce Board effectiveness evaluation

Introduce restricted stock compensation plan
as an incentive program for directors

Results for the Fiscal Year Ended March 31, 2023

Sales and profits increased due to strong performance in the logistics business and improvement in the travel service business

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

We project lower sales and profits due to normalized freight rates and a drop in cargo volume

Progress and Direction of Seventh Medium-Term Business Plan

Progressing as planned, aiming for P/B ratio of over 1x

For inquiries regarding these materials or investor relations in general,
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