

November 9, 2022

Summary of Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending December 31, 2022 (Japanese GAAP)

Name of listed company: **NIPPON EXPRESS HOLDINGS, INC.**

Listed stock exchanges: Tokyo

Code: **9147**(URL: [https://www.nipponexpress-holdings.com/en/\(English\)](https://www.nipponexpress-holdings.com/en/(English))))(URL: [https://www.nipponexpress-holdings.com/ja/\(Japanese\)](https://www.nipponexpress-holdings.com/ja/(Japanese))))

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: November 9, 2022

Scheduled date of dividend payment: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of annual financial results briefing session: Available (for institutional investors and analysts)

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2022 (January 1, 2022 to September 30 2022)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended September 30, 2022	1,963,597	—	100,669	—	107,706	—	117,652	—
Nine Months Ended September 30, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income:

Nine Months Ended September 30, 2022: ¥166,748 million [—%] Nine Months Ended September 30, 2021: ¥— million [—%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Nine Months Ended September 30, 2022	1,301.72	—
Nine Months Ended September 30, 2021	—	—

(Note) The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no historical results exist for the same period in the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2022	1,760,722	780,978	43.0
As of December 31, 2021	—	—	—

(Reference) Equity: As of June 30, 2022: ¥757,698 million As of December 31, 2021: ¥— million

(Note) The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no historical results exist for the previous fiscal year.

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended December 31, 2021	¥ —	¥ —	¥ —	¥ —	¥ —
Fiscal Year Ending December 31, 2022	—	250.00	—		
Fiscal Year Ending December 31, 2022 (Forecast)				150.00	400.00

(Note) Revision of dividend projection from recently announced figures: No
The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no historical results exist for the previous fiscal year.
The interim dividend for the fiscal year ending December 31, 2022 includes a commemorative dividend of 150 yen per share.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,650,000	—	130,000	—	138,000	—	134,000	—	1,492.23

(Note) Revision of consolidated results forecast from recently announced figures: Yes
The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no comparative year-on-year results exist for the same period in the previous fiscal year.

*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

- 1) Changes in accounting policies due to the revision of accounting standards, etc.: No
- 2) Any changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Corrections of errors: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of September 30, 2022	90,599,225 shares	As of December 31, 2021	—
2) Total number of treasury stocks at end of period	As of September 30, 2022	800,887 shares	As of December 31, 2021	—
3) Average number of shares during period	Nine Months Ended September 30, 2022	90,382,362 shares	Nine Months Ended September 30, 2021	—

(Note) The Company introduced an Executive Compensation BIP (Board Incentive Plan) Trust. Company shares owned by the Trust were included in the treasury stock at the end of the period under review.
Number of shares owned by the Executive Compensation BIP Trust:
As of September 30, 2022: 112,609 shares As of December 31, 2021: — shares
(These figures are included in *Total number of treasury stock at end of period*, above.)
The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no historical or comparative results exist for the same period in the previous fiscal year.

* This consolidated earnings report is not subject to audit by a certified public accountant or independent financial statement auditor.

* Explanation for the appropriate use of financial forecasts and other special notes

- This earnings report revises the forecast of consolidated financial results announced on August 10, 2022.

- The forward-looking statements and other results forecasts stated herein are based on information available at the time this report was prepared, as well as certain assumptions considered reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to 1. *Qualitative Information on Quarterly Financial Results*, (3) *Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Information* on page 2 for financial forecast assumptions and the use of the forecasts.
- We are scheduled to hold a conference call for institutional investors and analysts on November 9, 2022. The materials to be distributed at that meeting will be posted on our corporate website.
- The quarterly consolidated financial statements for the third quarter of the current fiscal year (January 1, 2022 through September 30, 2022) have been prepared by succeeding to the quarterly consolidated financial statements of Nippon Express Co., Ltd., which became a wholly owned subsidiary through a sole-share transfer.

Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released November 9, 2022.

1. Qualitative Information on Quarterly Financial Results

NIPPON EXPRESS HOLDINGS was established as a pure holding company over Nippon Express Co., Ltd. and its subsidiaries sole-share transfer. The scope of consolidation is substantially unchanged from that of Nippon Express Co., Ltd.

The quarterly consolidated financial statements for the cumulative consolidated third quarter of the current fiscal year have been prepared by succeeding to the quarterly consolidated financial statements of Nippon Express Co., Ltd., which became a wholly owned subsidiary through a sole-share transfer.

(1) Explanation of Business Results

During the cumulative consolidated third quarter of the current fiscal year, the direction of economic priorities in many countries, including Japan, became clear under the reemergence of COVID-19 infections. The prolonged military invasion of Ukraine by Russia led to higher energy and raw materials prices, as well as a resulting increase in inflationary pressures. Central banks in many countries engaged in monetary tightening to curb inflation. The developed countries that had led the post-COVID-19 global economic recovery pressed the brakes sharply, and the risk of a global economic recession increased even more than in the previous period. These elements have combined to make it difficult to foresee the future.

In this economic climate, the logistics industry saw a gradual easing of the tight supply-demand situation in air and ocean cargo transportation for international trade, which had been continuing since last year. Combined with the economic slowdown in major countries, trends in transportation needs are beginning to change. In Japan, we saw a moderate recovery overall due to a reactionary increase from the lifting of lockdowns and impact on parts procurement and other factors. Capital investment and other activities associated with strong corporate earnings were also factors. The situation continues to require close monitoring of fuel and other fuel cost trends associated with rising energy prices, as well as increases in various procurement costs.

Given this business environment, Nippon Express Group business results for the cumulative consolidated third quarter of the current fiscal year were generally favorable across all segments. These results were due to growth in demand for international freight, mainly in air and ocean transportation.

As a result, the group posted revenues of ¥1,963.5 billion, operating income of ¥100.6 billion, ordinary income of ¥107.7 billion, and profit attributable to owners of parent of ¥117.6 billion.

(2) Explanation of Financial Position

Total assets as of the end of the consolidated third quarter amounted to ¥1,760.7 billion.

This balance consists mainly of ¥841.2 billion in current assets, including ¥306.2 billion in cash and deposits and ¥427.0 billion in accounts receivable-trade and contract assets. Non-current assets amounted to ¥919.4 billion, including ¥667.2 billion in tangible fixed assets and ¥106.7 billion in investment securities.

Total liabilities as of the end of the consolidated third quarter amounted to ¥979.7 billion.

This balance consists mainly of ¥592.5 billion in current liabilities, including ¥204.6 billion in accounts payable-trade and ¥30.0 billion in short-term redeemable corporate bonds. Non-current liabilities

amounted to ¥387.2 billion, including ¥110.0 billion in bonds.

Net assets as of the end of the consolidated third quarter amounted to ¥780.9 billion, and shareholders' equity ratio was 43.0%.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Information

Based on recent trends in financial results, the Nippon Express Group has made the following revisions to consolidated financial results forecasts for the fiscal year ending December 2022, published originally on August 10, 2022.

For more related to consolidated financial results forecasts, see 3. Reference Materials: Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022.

1) Revisions to Financial Results Forecasts

Revisions to Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022

(January 1, 2022 to December 31, 2022)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (August 10, 2022)	¥ million 2,600,000	¥ million 120,000	¥ million 125,000	¥ million 125,000	¥ 1,381.44
Revised forecast (B)	2,650,000	130,000	138,000	134,000	1,492.23
Difference (B-A)	50,000	10,000	13,000	9,000	
Difference (%)	1.9	8.3	10.4	7.2	

2) Reasons for Revision to Financial Results Forecasts

We have made an upward revision our full-year forecasts for revenues, operating income, ordinary income, and profit attributable to owners of parent. These revisions are mainly in response to better-than-expected performance in each of the logistics segments in the first three quarters of the fiscal year and our expectations of strong performance in the logistics segment in the fourth quarter.

The impact of the spread of COVID-19 on Nippon Express Group businesses should be limited, as indicated in our prior announcement.

We do not anticipate lockdowns or other large-scale social restrictions due to the spread of COVID-19, and have not reflected such in our forecasts.

*Note Regarding Financial Results Forecasts

Results forecasts and other forward-looking statements in this document have been prepared according to judgments based on information available at the time. These statements contain elements of risk and uncertainties. Accordingly, results may differ from forecasts.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

Third Quarter of FY2022 (as of September 30, 2022)	
ASSETS	
Current assets	
Cash and deposits	306,264
Notes receivable - trade	21,219
Accounts receivable – trade and contract assets	427,002
Inventories	16,179
Others	73,914
Less: allowance for doubtful accounts	(3,334)
Total current assets	841,246
Non-current assets:	
Tangible fixed assets	
Vehicles, net	47,358
Buildings, net	264,721
Land	188,394
Other, net	166,803
Total tangible fixed assets	667,278
Intangible assets	
Goodwill	3,617
Others	81,623
Total intangible assets	85,240
Investments and other assets	
Investment securities	106,731
Others	61,231
Less: allowance for doubtful accounts	(1,005)
Total investments and other assets	166,957
Total non-current assets	919,476
Total assets	1,760,722
LIABILITIES	
Current liabilities:	
Notes payable - trade	6,364
Accounts payable - trade	204,651
Short-term loans payable	75,912
Income taxes payable	44,419
Provision for bonuses	32,489
Other provisions	236
Others	228,449
Total current liabilities	592,522
Non-current liabilities:	
Bonds	110,000
Long-term loans payable	60,772
Other provisions	1,890
Net retirement benefit liability	113,875
Others	100,682
Total non-current liabilities	387,221
Total liabilities	979,744

(Unit: Millions of yen)	
Third Quarter of FY2022 (as of September 30, 2022)	
NET ASSETS	
Shareholders' equity:	
Common stock	70,175
Additional paid-in capital	22,624
Retained earnings	592,413
Treasury stock	(5,842)
Total shareholders' equity	679,369
Accumulated other comprehensive income:	
Valuation differences on available-for-sale securities	32,267
Deferred gains (losses) on hedges	(78)
Foreign currency translation adjustments	42,392
Remeasurements of retirement benefit plans	3,746
Total accumulated other comprehensive income	78,328
Non-controlling interests	23,280
Total net assets	780,978
Total liabilities and net assets	1,760,722

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)
Revenues	1,963,597
Operating costs	1,762,995
Gross profit	200,602
Selling, general and administrative expenses	99,932
Operating Income:	100,669
Non-operating income:	
Interest income	342
Dividend income	2,033
Gain on foreign exchange	5,691
Others	4,010
Total non-operating income	12,077
Non-operating expenses:	
Interest expenses	2,367
Equity in losses of unconsolidated subsidiaries and affiliates	310
Others	2,361
Total non-operating expenses	5,040
Ordinary income	107,706
Extraordinary income:	
Gain on sales of non-current assets	68,863
Gain on sales of investment securities	1,682
Others	3
Total extraordinary income	70,549
Extraordinary loss:	
Loss on disposal of non-current assets	4,615
Expense for changing brand symbol	1,413
Others	338
Total extraordinary loss	6,366
Profit before income taxes	171,888
Income taxes	51,649
Profit	120,239
Profit attributable to non-controlling interests	2,586
Profit attributable to owners of parent	117,652

Consolidated Statements of Comprehensive Income

	(Unit: Millions of yen)
	Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022)
Profit	120,239
Other comprehensive income:	
Valuation differences on available-for-sale securities	1,853
Deferred gains (losses) on hedges	(10)
Foreign currency translation adjustments	36,978
Remeasurements of retirement benefit plans	7,096
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	590
Other comprehensive income (loss)	46,509
Comprehensive income:	166,748
(Comprehensive income attributable to)	
Owners of parent	162,599
Non-controlling interests	4,149

(3) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Application of Special Accounting Treatments for Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the third quarter ended September 30, 2022, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

Nine Months Ended September 30, 2022 (January 1, 2022 to September 30, 2022)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,074,293	97,134	149,661	175,114	149,660
Intersegment	20,374	21,972	8,278	14,405	23,522
Total	1,094,667	119,107	157,939	189,520	173,183
Segment Income	50,710	9,635	9,233	10,452	16,667

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	51,428	32,409	233,894	1,963,597	—	1,963,597
Intersegment	53	134	68,345	157,086	(157,086)	—
Total	51,482	32,543	302,240	2,120,683	(157,086)	1,963,597
Segment Income	617	4,161	12,184	113,663	(12,994)	100,669

(Notes) 1. The segment income adjustment of ¥(12,994) million includes ¥(1,643) million for the elimination of intersegment income, and ¥(11,370) million of corporate expenses that are not attributable to any individual reportable segment. The most significant portion of corporate expenses relates to Company corporate image advertising (as the pure holding company) and our administration of group companies.

2. Segment income has been reconciled with operating income in the quarterly consolidated statements of income.

3. The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd. Therefore, no historical results exist for the previous fiscal year.

3.Reference Materials

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			Nine Months Ended September 30,2022	% of Sales
Revenues by business	Distribution & transportation business	Motor transportation	279,054	14.2
		Marine and harbor transportation	323,863	16.5
		Air transportation	536,864	27.3
		Warehousing & storage	252,831	12.9
		Security transportation	50,748	2.6
		Heavy haulage & construction	50,431	2.6
		Other	220,042	11.2
	Subtotal		1,713,836	87.3
	Goods sales business		217,807	11.1
	Other		31,953	1.6
Total			1,963,597	100.0
Operating costs	Personnel expenses		324,128	16.5
	Forwarding costs		536,912	27.3
	Vehicle chartering and subcontracting costs		354,826	18.1
	Other		547,127	27.9
Total			1,762,995	89.8
Gross profit			200,602	10.2
	Personnel expenses		55,647	2.8
	Other		44,285	2.3
	Selling, general and administrative expenses		99,932	5.1
Operating income			100,669	5.1
	Interest income		342	0.0
	Dividend income		2,033	0.1
	Other		9,701	0.5
	Non-operating income		12,077	0.6
	Interest expenses		2,367	0.1
	Equity in losses of unconsolidated subsidiaries and affiliates		310	0.0
	Other		2,361	0.1
	Non-operating expenses		5,040	0.3
Ordinary income			107,706	5.5
	Gain on sales of non-current assets		68,863	3.5
	Gain on sales of investment securities		1,682	0.1
	Other		3	0.0
	Extraordinary income		70,549	3.6
	Loss on disposal of non-current assets		4,615	0.2
	Expense for changing brand symbol		1,413	0.1
	Other		338	0.0
	Extraordinary loss		6,366	0.3
Profit before income taxes			171,888	8.8
Income taxes			51,649	2.6
Profit			120,239	6.1
Profit attributable to non-controlling interests			2,586	0.1
Profit attributable to owners of parent			117,652	6.0

Total personnel expenses	Operating costs	324,128	16.5
	Selling, general and administrative expenses	55,647	2.8
	Total	379,776	19.3

(Note) The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd. Therefore, no historical results exist for the same period in the previous fiscal year.

○Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022

(Unit: Millions of yen, %)

				FY2022
Revenues	Reportable Segment	Logistics	Japan	1,462,300
			The Americas	167,000
			Europe	218,800
			East Asia	262,700
			South Asia & Oceania	232,300
			Subtotal	2,343,100
		Security Transportation	69,000	
		Heavy Haulage & Construction	45,400	
		Logistics Support	414,300	
		Subtotal	2,871,800	
		Adjustment	(221,800)	
Total			2,650,000	
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.6] 66,600
			The Americas	[7.8] 13,000
			Europe	[5.5] 12,000
			East Asia	[5.2] 13,700
			South Asia & Oceania	[8.7] 20,300
			Subtotal	[5.4] 125,600
		Security Transportation	[1.4] 1,000	
		Heavy Haulage & Construction	[11.7] 5,300	
		Logistics Support	[3.9] 16,000	
		Subtotal	[5.2] 147,900	
		Adjustment	(17,900)	
Total			[4.9] 130,000	

(Notes) Figures in brackets indicate operating income margin.