

August 13, 2021

Summary of Consolidated Earnings Report for the First Quarter of the Fiscal Year Ending December 31, 2021 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <https://www.nipponexpress.com> (English))(URL: <https://www.nittsu.co.jp> (Japanese))

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: August 13, 2021

Scheduled date of dividend payment: —

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Three Months Ended June 30, 2021	545,031	—	20,125	—	23,497	—	15,202	—
Three Months Ended June 30, 2020	472,033	(9.2)	4,477	(57.9)	6,341	(51.9)	9,608	32.0

(Note) Comprehensive income:

Three Months Ended June 30, 2021: ¥26,992 million [—%]

Three Months Ended June 30, 2020: ¥7,745 million [11.2%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Three Months Ended June 30, 2021	166.33	—
Three Months Ended June 30, 2020	103.39	—

(Note) Nippon Express Co., Ltd. intends to change our fiscal year from March 31 to December 31, beginning with fiscal year ending December 31, 2021. With this change, the Nippon Express Group will have a unified December 31 fiscal year end. The first quarter of the previous consolidated fiscal year reflects profit and loss results from April 1, 2020 to June 30, 2020, for the company and consolidated subsidiaries with a March fiscal year end. We had consolidated profit and loss results for the period from January 1, 2020 to March 31, 2020, for consolidated subsidiaries with December fiscal year ends. However, for the first quarter of the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to June 30, 2021, for the company and all consolidated subsidiaries. We adjusted retained earnings to reflect the profit and loss results for the period from January 1, 2021 to March 31, 2021, for those consolidated subsidiaries with December fiscal year ends. As a result, percentage changes compared to the same period of the previous year are not stated herein.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of June 30, 2021	1,591,894	620,368	37.8
As of March 31, 2021	1,631,855	600,707	35.7

(Reference) Equity: As of June 30, 2021: ¥601,884 million

As of March 31, 2021: ¥582,512 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
Fiscal Year Ended March 31, 2021	—	75.00	—	110.00	185.00
Fiscal Year Ending December 31, 2021	—				
Fiscal Year Ending December 31, 2021 (Forecast)		90.00	—	95.00	185.00

(Note) Revision of dividend projection from recently announced figures: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021

(April 1, 2021 to December 31, 2021)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	1,090,000	—	36,000	—	38,000	—	25,000	—	274.36
Full year	1,650,000	—	56,000	—	58,000	—	39,000	—	428.00

(Note) Revision of consolidated results forecast from recently announced figures: Yes

Due to a change in fiscal year end, the current fiscal year is a nine-month period from April 1, 2021 to December 31, 2021.

As a result, percentage changes compared to the previous fiscal year and the same period of the previous year are not stated herein.

*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.: Yes

2) Any changes in accounting policies other than 1) above: Yes

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 June 30, 2021	96,000,000 shares	As of March 31, 2021	96,000,000 shares
2) Total number of treasury stocks at end of period	As of June 30, 2021	4,877,474 shares	As of March 31, 2021	4,337,612 shares
3) Average number of shares during period	Three Months Ended June 30, 2021	91,399,244 shares	Three Months Ended June 30, 2020	92,928,633 shares

(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 June 30, 2021: 116,739 shares

As of March 31, 2021: 122,354 shares

(These figures are included in *Total number of treasury stock at end of period*, above.)

* 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 April 28, 2021.
- 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 3 for financial forecast assumptions and the use of the forecasts.
- We are scheduled to hold a conference call for institutional investors and analysts on August 13, 2021. The materials to be distributed at that conference will be posted on our corporate website.

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 August 13, 2021.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

The global economy showed signs of improvement during the first quarter of the current consolidated fiscal year, as the major economies, including Japan, made progress in vaccinations leading to the resumption of economic activities. Governmental financial support in these countries also helped reduce the economic impact of COVID-19 infections. However, the economic impact of COVID-19 remained strong in many emerging and developing economies. With the addition of rising global inflation, the future of the economy remained uncertain.

Under these economic conditions, the resumption of production and sales activities in major countries drove an ongoing recovery in cargo movement in the logistics industry, which had fallen sharply. However, the Japanese logistics industry lacked strength overall, despite firm conditions for certain commercial products, including automobile-related, chemical non-ferrous metals, production machinery, and electrical machinery. Expansion in the U.S. and China are driving international trade. However, we continue to pay close attention to the trending shortages of transportation space due to the reductions or suspensions of flights, as well as the decrease in ocean transportation volume due to the global shortage of marine containers that has been ongoing since last year.

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

As a result, the group posted revenues of ¥545.0 billion, operating income of ¥20.1 billion, ordinary income of ¥23.4 billion, and profit attributable to owners of parent of ¥15.2 billion.

Our adoption of Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) resulted in a decrease of ¥17.8 billion in revenues. However, the impact on operating income, ordinary income, and profit attributable to owners of the parent was minimal.

(2) Explanation of Financial Position

Total assets as of the end of the consolidated first quarter amounted to ¥1,591.8 billion, a decrease of ¥39.9 billion, or 2.4%, compared to the end of the previous consolidated fiscal year.

Current assets amounted to ¥689.0 billion, a decrease of ¥82.8 billion, or 10.7%, from the end of the previous fiscal year. Non-current assets totaled ¥902.8 billion, an increase of ¥42.9 billion, or 5.0%, from the end of the previous fiscal year.

The main reason for the decrease in current assets was a decrease in short-term loans receivable related to the absorption-type split of our leasing business.

The increase in non-current assets was mainly attributable to an increase in tangible lease assets.

Current liabilities amounted to ¥422.9 billion, a decrease of ¥92.5 billion, or 17.9%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥548.5 billion, an increase of ¥32.9 billion, or 6.4%.

The decrease in current liabilities was mainly attributable to a decrease in short-term loans payable and commercial paper.

The increase in non-current liabilities was mainly attributable to an increase in long-term lease obligations.

Net assets as of the end of the consolidated first quarter amounted to ¥620.3 billion, an increase of ¥19.6 billion, or 3.3%, compared to the end of the previous consolidated fiscal year.

(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 and non-consolidated financial results forecasts for the fiscal year ending December 2021, published originally on April 28, 2021.

For consolidated earnings forecasts, see 3. *Reference Materials (1) Consolidated Reference Materials, Financial Results Forecast, Fiscal Year Ending December 31, 2021 (Full Year)* and 3. *Reference Materials (1) Consolidated Reference Materials, Financial Results Forecast, FY2021 (First Half)*. For non-consolidated earnings forecasts, see 3. *Reference Materials (2) Non-Consolidated Reference Materials, Financial Results Forecast Fiscal Year Ending December 31, 2021 (Full Year)* and 3. *Reference Materials (2) Non-Consolidated Reference Materials, Financial Results Forecast Fiscal Year Ending December 31, 2021 (First Half)*

1) Revisions to Financial Results Forecasts

A. Revisions to Forecast of Consolidated Financial Results for the Six Months Ending September 30, 2021 (April 1, 2021 to September 30, 2021)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (April 28, 2021)	¥ million 1,000,000	¥ million 36,000	¥ million 38,000	¥ million 25,000	¥ 272.74
Revised forecast (B)	1,090,000	36,000	38,000	25,000	274.36
Difference (B-A)	90,000	—	—	—	
Difference (%)	9.0	—	—	—	
(Reference) Q2 results (Q2, FYE March 2021)	964,464	20,875	24,080	23,077	248.34

B. Revisions to Forecast of Non-Consolidated Financial Results for the Six Months Ending September 30, 2021 (April 1, 2021 to September 30, 2021)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
Previously announced forecast (A) (April 28, 2021)	¥ million 590,000	¥ million 16,000	¥ million 25,000	¥ million 17,000	¥ 185.46
Revised forecast (B)	605,000	14,000	23,000	16,000	175.59
Difference (B-A)	15,000	(2,000)	(2,000)	(1,000)	
Difference (%)	2.5	(12.5)	(8.0)	(5.9)	
(Reference) Q2 results (Q2, FYE March 2021)	520,543	8,649	21,198	24,485	263.49

C. Revisions to Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (Full Year)

(April 1, 2021 to December 31, 2021)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (April 28, 2021)	¥ million 1,560,000	¥ million 56,000	¥ million 58,000	¥ million 39,000	¥ 425.47
Revised forecast (B)	1,650,000	56,000	58,000	39,000	428.00
Difference (B-A)	90,000	—	—	—	
Difference (%)	5.8	—	—	—	
(Reference) Prior-year results (FYE March 2021)	2,079,195	78,100	81,276	56,102	604.79

*Due to a change in fiscal year end, the current fiscal year is a nine-month period from April 1, 2021 to December 31, 2021.

D. Revisions to Forecasts of Non-Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (Full Year)

(April 1, 2021 to December 31, 2021)

	Revenues	Operating income	Ordinary income	Net income	Basic earnings per share
Previously announced forecast (A) (April 28, 2021)	¥ million 895,000	¥ million 24,500	¥ million 33,500	¥ million 23,000	¥ 250.92
Revised forecast (B)	910,000	22,500	31,500	22,000	241.43
Difference (B-A)	15,000	(2,000)	(2,000)	(1,000)	
Difference (%)	1.7	(8.2)	(6.0)	(4.3)	
(Reference) Prior-year results (FYE March 2021)	1,120,712	34,293	49,339	54,792	590.68

*Due to a change in fiscal year end, the current fiscal year is a nine-month period from April 1, 2021 to December 31, 2021.

2) Reasons for Revision of Financial Results Forecasts

We have made an upward revision to our consolidated and non-consolidated revenue forecasts for the first half and full year, as we expect revenues to be higher than announced previously. This upward revision is mainly due to growth in demand for international freight volume.

We revised our forecasts for non-consolidated operating income, ordinary income, quarterly net income and net income downward, as we expect these results to be lower than announced previously. This downward revision is mainly due to an increase in transportation expenses and fuel expenses. Meanwhile, we have left forecasts for consolidated operating income, ordinary income, profit attributable to owners of the parent company, and net income unchanged, we expect the performance of overseas subsidiaries to exceed the previous forecast due to growth in international freight volume.

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

We have not reflected lockdowns or other large-scale social restrictions due to the spread of COVID-19 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)	
	FY2020 (as of March 31, 2021)	First Quarter of FYE December 2021 (as of June 30, 2021)
ASSETS		
Current assets		
Cash and deposits	217,774	248,884
Notes receivable – trade	22,281	22,430
Accounts receivable - trade	348,810	—
Accounts receivable - trade, and contract assets	—	344,906
Inventories	8,296	10,134
Other	176,100	64,256
Less: allowance for doubtful accounts	(1,368)	(1,582)
Total current assets	771,894	689,030
Non-current assets:		
Property and equipment		
Vehicles, net	41,853	42,533
Buildings, net	253,462	255,878
Land	188,009	186,886
Other, net	124,177	165,848
Net property and equipment	607,503	651,147
Intangible assets		
Goodwill	4,592	4,574
Other	78,125	78,170
Total intangible assets	82,717	82,744
Investments and other assets		
Investment securities	107,275	106,129
Other	63,320	63,720
Less: allowance for doubtful accounts	(856)	(878)
Total investments and other assets	169,740	168,971
Total non-current assets	859,961	902,864
Total assets	1,631,855	1,591,894
LIABILITIES		
Current liabilities:		
Notes payable – trade	5,508	6,325
Accounts payable – trade	175,906	171,415
Short-term loans payable	37,918	15,721
Income taxes payable	18,501	9,033
Provision for bonuses	30,185	15,716
Other provisions	144	15
Other	247,323	204,729
Total current liabilities	515,487	422,958
Non-current liabilities:		
Bonds payable	140,000	140,000
Long-term loans payable	193,616	193,154
Other provisions	1,491	1,423
Net retirement benefit liability	121,061	122,625
Other	59,491	91,364
Total non-current liabilities	515,660	548,567
Total liabilities	1,031,148	971,526

(Unit: Millions of yen)

	FY2020 (as of March 31, 2020)	First Quarter of FYE December 2021 (as of June 30, 2021)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,614	22,614
Retained earnings	503,178	516,364
Treasury stock	(28,273)	(33,020)
Total shareholders' equity	567,695	576,134
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	32,272	31,812
Deferred gains (losses) on hedges	(51)	(127)
Foreign currency translation adjustments	(8,885)	1,159
Remeasurements of retirement benefit plans	(8,518)	(7,093)
Total accumulated other comprehensive income	14,817	25,750
Non-controlling interests	18,194	18,483
Total net assets	600,707	620,368
Total liabilities and net assets	1,631,855	1,591,894

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)
Revenues	472,033	545,031
Operating costs	439,982	494,433
Gross profit	32,051	50,598
Selling, general and administrative expenses:	27,574	30,472
Operating income	4,477	20,125
Non-operating income:		
Interest income	171	103
Dividend income	1,575	1,400
Equity in earnings of unconsolidated subsidiaries and affiliates	—	1,856
Other	1,879	1,580
Total non-operating income	3,626	4,940
Non-operating expenses:		
Interest expenses	699	819
Equity in losses of unconsolidated subsidiaries and affiliates	303	—
Other	759	748
Total non-operating expenses	1,762	1,568
Ordinary income	6,341	23,497
Extraordinary income:		
Gain on sales of non-current assets	11,334	337
Gain on sales of investment securities	1,410	403
Other	8	21
Total extraordinary income	12,753	763
Extraordinary loss:		
Loss on disposal of non-current assets	1,332	640
Other	18	58
Total extraordinary loss	1,350	699
Profit before income taxes	17,744	23,561
Income taxes	8,251	7,765
Profit	9,493	15,795
Profit (loss) attributable to non-controlling interests	(115)	593
Profit attributable to owners of parent	9,608	15,202

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)	Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)
Profit	9,493	15,795
Other comprehensive income:		
Valuation differences on available-for-sale securities	2,791	(470)
Deferred gains (losses) on hedges	16	(76)
Foreign currency translation adjustments	(6,160)	10,051
Remeasurements of retirement benefit plans	1,781	1,457
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(176)	234
Other comprehensive income (loss)	(1,748)	11,196
Comprehensive income:	7,745	26,992
(Comprehensive income attributable to)		
Owners of parent	7,804	26,136
Non-controlling interests	(59)	856

(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 first quarter ended June 30, 2021, and multiplying profit before income taxes by said estimated effective tax rate.

(Additional Information)

(Matters related to change in scope of consolidation)

Effective as of the current consolidated fiscal year, the company and consolidated subsidiaries having March fiscal year ends will change their respective fiscal year ends from March 31 to December 31. At the same time, we will change our consolidated fiscal year end from March 31 to December 31. The main objectives of this change are to improve management transparency through timely and accurate disclosure of management information and to facilitate comparisons with overseas competitors. The current consolidated fiscal year, which is the transitional period for the change in fiscal year, will be the nine-month period from April 1, 2021 to December 31, 2021.

As a result of this change, we adjusted retained earnings to reflect the profit and loss results for the three-month period from January 1, 2021 to March 31, 2021, for those consolidated subsidiaries with December fiscal year ends.

(Changes in Accounting Policies)

(Changes in important hedge accounting methods)

In the past, we adopted the allocation method for foreign exchange forward contracts related to monetary receivables and payables denominated in foreign currencies. However, having reviewed our system of management related to the assessment of foreign exchange risk and foreign exchange forward contracts, we have changed to valuing foreign exchange forward contracts (a hedging instrument) at fair value beginning with the first quarter of the current consolidated fiscal year. The objective of this change is to more reflect the status of monetary receivables and payables denominated in foreign currencies and derivative transactions more appropriate on our consolidated financial statements.

The impact of this change in accounting policy on profit and loss, financial position, and per share information after retrospective application was minimal.

(Adoption of fair value measurement accounting standard)

We adopted Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) ("Fair Value Measurement Standard," below) as of the beginning of the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10,

July 4, 2019), we will apply the new accounting policy provided in Fair Value Measurement Standard prospectively. The application of this accounting standard will have no impact on quarterly consolidated financial statements.

(Adoption of revenue recognition accounting standard)

At the beginning of the current consolidated first quarter, we adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020) ("Revenue Recognition Standard," below). With the adoption of this standard, the company now recognizes revenue when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

The major changes associated with the adoption of the Revenue Recognition Standard will be as follows.

(1) Revenue recognition for agent transactions

We previously recognized revenue mainly related to logistics finance transactions on a gross basis. However, having determined the roles (principal versus agent) in providing goods and services to customers, we have changed our revenue recognition method to a net basis.

(2) Revenue recognition for amounts to be collected for third parties

The Nippon Express Group previously recognized revenue for the sale of light oil based on the total amount received from customers, including the light oil excise tax. However, since our customers are the parties to pay the light oil excise tax, and the Nippon Express Group is deemed to be collecting the tax on behalf of third parties, we have changed our revenue recognition method to recognizing the amount received from customers less the light oil excise tax.

(3) Performance obligations to be fulfilled over a defined period of time

We previously recognized revenue from international ocean transportation and other transactions on a shipment basis. However, having determined that the control over goods or services will be transferred to the customer over a defined period of time, we have changed our revenue recognition method that reflects the estimated period of the satisfaction of our performance obligation, recognizing revenue based on said period.

In adopting the change in question, the company follows the transitional treatment as prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively for periods prior to the beginning of the first quarter of the current consolidated fiscal year has been added to or deducted from retained earnings at the beginning of the first quarter of the current consolidated fiscal year, and the new accounting policy has been applied beginning with the relevant beginning balance. However, we applied the method as prescribed in Paragraph 86 of the Revenue Recognition Standard, and we have not applied the new accounting policy retrospectively to contracts in which almost all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current consolidated fiscal year. In addition, we applied the proviso of Paragraph 86 (1) of the Revenue Recognition Standard, accounting for contract changes made prior to the beginning of the first quarter of the current consolidated fiscal year based on contract terms reflecting all changes, adding or subtracting the cumulative effect of such changes to retained earnings as of the beginning of the first quarter of the current consolidated fiscal year.

As a result, revenues for the first quarter of the current fiscal year decreased by ¥17,853 million and operating costs decreased by ¥17,840 million. The impact of this change on selling, general and administrative expenses, operating income, ordinary income, and profit before income taxes was minimal.

As a result of the application of Revenue Recognition Standard, *accounts receivable-trade presented under*

current assets in our consolidated balance sheet for the previous consolidated fiscal year will be included under *accounts receivable-trade and contract assets* beginning with the first quarter of the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Standard, we have not reclassified the previous consolidated fiscal under the new presentation method.

(Segment Information, etc.)

[Segment Information]

Three Months Ended June 30, 2020 (April 1, 2020 to June 30, 2020)

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	270,306	17,913	26,304	24,623	20,365
Intersegment	3,017	2,649	1,140	1,956	1,509
Total	273,324	20,563	27,444	26,579	21,874
Segment income (loss)	2,360	(4)	258	503	721

	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	16,899	13,140	82,481	472,033	—	472,033
Intersegment	17	6	19,228	29,525	(29,525)	—
Total	16,916	13,146	101,709	501,559	(29,525)	472,033
Segment income (loss)	(830)	1,549	2,772	7,330	(2,852)	4,477

- (Notes)1. The segment income adjustment of ¥(2,852) million includes ¥40 million for the elimination of intersegment income, and ¥(2,916) million of corporate expenses that are not attributable to any individual reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income (loss) has been reconciled with operating income in the quarterly consolidated statements of income.

Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

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	322,993	21,683	34,723	42,521	34,638
Intersegment	3,628	5,040	2,052	3,468	3,754
Total	326,621	26,723	36,776	45,989	38,392
Segment income	11,565	1,946	1,700	1,747	2,960

	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	17,083	12,360	59,027	545,031	—	545,031
Intersegment	18	3	20,702	38,667	(38,667)	—
Total	17,101	12,363	79,729	583,698	(38,667)	545,031
Segment income (loss)	72	1,613	1,766	23,373	(3,247)	20,125

(Notes)1. The segment income adjustment of ¥(3,247) million includes ¥(5) million for the elimination of intersegment income, and ¥(3,252) million of corporate expenses that are not attributable to any individual reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

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

3. Overview of reportable segments

As described in *Changes in Accounting Policies*, we applied the Revenue Recognition Standard as of the beginning of the first quarter of the current consolidated fiscal year, changing our accounting method for revenue recognition. In so doing, we changed the calculation method for segment income as well.

As a result of this change, revenues by segment for the first quarter of the current consolidated fiscal year decreased by ¥523 million and ¥17,329 million for Logistics (Japan) and Logistics Support, respectively, when compared with the previous accounting method. The impact of this change on segment income was minimal.

3. Reference Materials

(1) Consolidated Reference Materials

○ Reportable Segment Financial Results

(Unit: Millions of yen, %)

				Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Change	
						Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	326,621	273,324	—	—
			The Americas	26,723	20,563	—	—
			Europe	36,776	27,444	—	—
			East Asia	45,989	26,579	—	—
			South Asia & Oceania	38,392	21,874	—	—
			Subtotal	474,503	369,786	—	—
		Security Transportation	17,101	16,916	—	—	
		Heavy Haulage & Construction	12,363	13,146	—	—	
		Logistics Support	79,729	101,709	—	—	
		Subtotal	583,698	501,559	—	—	
		Adjustment	(38,667)	(29,525)	—	—	
	Total			545,031	472,033	—	—
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.5] 11,565	[0.9] 2,360	—	—
			The Americas	[7.3] 1,946	[(0.0)] (4)	—	—
			Europe	[4.6] 1,700	[0.9] 258	—	—
			East Asia	[3.8] 1,747	[1.9] 503	—	—
			South Asia & Oceania	[7.7] 2,960	[3.3] 721	—	—
			Subtotal	[4.2] 19,920	[1.0] 3,839	—	—
		Security Transportation	[0.4] 72	[(4.9)] (830)	—	—	
		Heavy Haulage & Construction	[13.1] 1,613	[11.8] 1,549	—	—	
		Logistics Support	[2.2] 1,766	[2.7] 2,772	—	—	
		Subtotal	[4.0] 23,373	[1.5] 7,330	—	—	
		Adjustment	(3,247)	(2,852)	—	—	
	Total			[3.7] 20,125	[0.9] 4,477	—	—

- (Notes) 1. Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. The first quarter of the previous consolidated fiscal year reflects profit and loss results from January 1, 2020 to March 31, 2020, for the consolidated subsidiaries with a December fiscal year end. However, for the first quarter of the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to June 30, 2021, for the company and all consolidated subsidiaries. As a result, percentage changes compared to the same period of the previous year are not stated herein.
2. Figures in brackets indicate operating income margin.

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			Three Months Ended June 30, 2021	% of Sales	Three Months Ended June 30, 2020	% of Sales	Change	
							Amount	Ratio
Revenues by business	Distribution & transportation business	Motor transportation	88,686	16.3	81,940	17.4	—	—
		Marine and harbor transportation	74,715	13.7	53,358	11.3	—	—
		Air transportation	135,931	24.9	79,025	16.7	—	—
		Warehousing & storage	73,551	13.5	69,672	14.8	—	—
		Security transportation	16,894	3.1	16,538	3.5	—	—
		Heavy haulage & construction	17,722	3.3	18,653	4.0	—	—
		Other	72,609	13.3	64,768	13.7	—	—
	Subtotal		480,111	88.1	383,957	81.3	—	—
	Goods sales business		55,801	10.2	73,394	15.5	—	—
	Other		9,117	1.7	14,682	3.1	—	—
Total			545,031	100.0	472,033	100.0	—	—
Operating costs	Personnel expenses		105,068	19.3	105,003	22.2	—	—
	Forwarding costs		123,118	22.6	58,891	12.5	—	—
	Vehicle chartering and subcontracting costs		108,861	20.0	103,424	21.9	—	—
	Other		157,384	28.9	172,662	36.6	—	—
	Total		494,433	90.7	439,982	93.2	—	—
Gross profit			50,598	9.3	32,051	6.8	—	—
	Personnel expenses		16,131	3.0	15,799	3.3	—	—
	Other		14,341	2.6	11,775	2.5	—	—
	Selling, general and administrative expenses		30,472	5.6	27,574	5.8	—	—
	Operating income		20,125	3.7	4,477	0.9	—	—
	Interest income		103	0.0	171	0.0	—	—
	Dividend income		1,400	0.3	1,575	0.3	—	—
	Equity in earnings of unconsolidated subsidiaries and affiliates		1,856	0.3	—	—	—	—
	Other		1,580	0.3	1,879	0.4	—	—
	Non-operating income		4,940	0.9	3,626	0.8	—	—
	Interest expenses		819	0.2	699	0.1	—	—
	Equity in losses of unconsolidated subsidiaries and affiliates		—	—	303	0.1	—	—
	Other		748	0.1	759	0.2	—	—
	Non-operating expenses		1,568	0.3	1,762	0.4	—	—
Ordinary income			23,497	4.3	6,341	1.3	—	—
	Gain on sales of non-current assets		337	0.1	11,334	2.4	—	—
	Gain on sales of investment securities		403	0.1	1,410	0.3	—	—
	Other		21	0.0	8	0.0	—	—
	Extraordinary income		763	0.1	12,753	2.7	—	—
	Loss on disposal of non-current assets		640	0.1	1,332	0.3	—	—
	Other		58	0.0	18	0.0	—	—
	Extraordinary loss		699	0.1	1,350	0.3	—	—
Profit before income taxes			23,561	4.3	17,744	3.8	—	—
Income taxes			7,765	1.4	8,251	1.7	—	—
Profit			15,795	2.9	9,493	2.0	—	—
Profit attributable to non-controlling interests			593	0.1	(115)	(0.0)	—	—
Profit attributable to owners of parent			15,202	2.8	9,608	2.0	—	—

Total personnel expenses	Operating costs	105,068	19.3	105,003	22.2	—	—
	Selling, general and administrative expenses	16,131	3.0	15,799	3.3	—	—
	Total	121,200	22.2	120,802	25.6	—	—

(Note) Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. The first quarter of the previous consolidated fiscal year reflects profit and loss results from January 1, 2020 to March 31, 2020, for the consolidated subsidiaries with a December fiscal year end. However, for the first quarter of the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to June 30, 2021, for the company and all consolidated subsidiaries.

As a result, percentage changes compared to the same period of the previous year are not stated herein.

(Unit: Millions of yen, %)

(Unit: Millions of yen, %)

				FYE December 2021	FY2020	Change	
						Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	970,400	1,212,803	—	—
			The Americas	84,300	78,141	—	—
			Europe	104,500	117,134	—	—
			East Asia	130,300	143,689	—	—
			South Asia & Oceania	106,400	114,738	—	—
			Subtotal	1,395,900	1,666,507	—	—
		Security Transportation	51,500	69,239	—	—	
		Heavy Haulage & Construction	37,000	45,877	—	—	
		Logistics Support	256,200	447,837	—	—	
		Subtotal	1,740,600	2,229,462	—	—	
		Adjustment	(90,600)	(150,266)	—	—	
	Total			1,650,000	2,079,195	—	—
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.9] 37,600	[4.3] 51,981	—	—
			The Americas	[5.0] 4,200	[0.6] 487	—	—
			Europe	[4.2] 4,400	[2.9] 3,404	—	—
			East Asia	[3.3] 4,300	[5.9] 8,445	—	—
			South Asia & Oceania	[7.0] 7,400	[8.6] 9,879	—	—
			Subtotal	[4.1] 57,900	[4.5] 74,197	—	—
		Security Transportation	[1.6] 800	[(1.3)] (907)	—	—	
		Heavy Haulage & Construction	[11.6] 4,300	[11.4] 5,219	—	—	
		Logistics Support	[2.3] 5,900	[3.0] 13,645	—	—	
		Subtotal	[4.0] 68,900	[4.1] 92,156	—	—	
		Adjustment	(12,900)	(14,055)	—	—	
	Total			[3.4] 56,000	[3.8] 78,100	—	—

(Notes)1. Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the consolidated financial forecasts for the fiscal year ending December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021.

As a result, percentage changes compared to the same period of the previous year are not stated herein.

2. Figures in brackets indicate operating income margin.

○Financial Results Forecast, First Half of the Fiscal Year Ending December 31, 2021

(Unit: Millions of yen, %)

				First Half of FYE December 2021	First Half of FY2020	Change	
						Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	641,100	561,072	—	—
			The Americas	55,700	37,312	—	—
			Europe	69,600	52,221	—	—
			East Asia	89,500	59,294	—	—
			South Asia & Oceania	74,800	49,203	—	—
			Subtotal	930,700	759,104	—	—
			Security Transportation	34,300	34,304	—	—
			Heavy Haulage & Construction	25,400	25,053	—	—
			Logistics Support	165,000	207,606	—	—
			Subtotal	1,155,400	1,026,069	—	—
			Adjustment	(65,400)	(61,604)	—	—
Total				1,090,000	964,464	—	—
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.4] 22,100	[2.5] 13,815	—	—
			The Americas	[5.7] 3,200	[(0.1)] (45)	—	—
			Europe	[4.0] 2,800	[0.9] 484	—	—
			East Asia	[3.4] 3,000	[4.8] 2,817	—	—
			South Asia & Oceania	[7.5] 5,600	[6.5] 3,197	—	—
			Subtotal	[3.9] 36,700	[2.7] 20,270	—	—
			Security Transportation	[1.7] 600	[(2.7)] (929)	—	—
			Heavy Haulage & Construction	[11.0] 2,800	[11.2] 2,817	—	—
			Logistics Support	[2.2] 3,600	[2.6] 5,387	—	—
			Subtotal	[3.8] 43,700	[2.7] 27,546	—	—
			Adjustment	(7,700)	(6,670)	—	—
Total				[3.3] 36,000	[2.2] 20,875	—	—

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As a result, percentage changes compared to the same period of the previous year are not stated herein.

2. Figures in brackets indicate operating income margin.

(2) Non- Consolidated Reference Materials

○ Revenues and Operating Expenses

(Unit: Millions of yen, %)

		Three Months Ended June 30, 2021		Three Months Ended June 30, 2020		Change		
			% of Sales		% of Sales	Amount	Ratio	
Revenues	Motor transportation	Railway utilization business	16,934	5.6	16,189	6.4	744	4.6
		Small-lot shipment business	10,288	3.4	10,038	3.9	250	2.5
		Chartered truck business	43,558	14.3	41,853	16.4	1,704	4.1
		Subtotal	53,847	17.7	51,892	20.3	1,955	3.8
	Marine and harbor transportation	Marine transportation business	29,994	9.8	21,506	8.4	8,487	39.5
		Harbor transportation business	17,301	5.7	15,150	6.0	2,150	14.2
		Subtotal	47,295	15.5	36,657	14.4	10,638	29.0
		(Exports)	[20,441]	—	[12,879]	—	[7,562]	58.7
		(Imports)	[13,669]	—	[11,854]	—	[1,815]	15.3
		(Domestic & other)	[13,184]	—	[11,923]	—	[1,260]	10.6
	Air transportation	Subtotal	71,842	23.6	41,929	16.4	29,913	71.3
		(Exports)	[48,707]	—	[20,836]	—	[27,870]	133.8
		(Imports)	[7,161]	—	[6,212]	—	[949]	15.3
		(Domestic & other)	[15,973]	—	[14,880]	—	[1,093]	7.3
	Warehousing & storage business		35,022	11.5	34,526	13.5	495	1.4
	In-factory business		13,864	4.5	12,137	4.8	1,727	14.2
	Moving & relocation business		14,016	4.6	11,077	4.3	2,938	26.5
	Security transportation business		16,900	5.5	16,544	6.5	356	2.2
	Heavy haulage & construction business		16,015	5.3	17,622	6.9	(1,607)	(9.1)
	Other businesses		19,016	6.2	16,474	6.5	2,542	15.4
	Total		304,755	100.0	255,052	100.0	49,703	19.5
Operating expenses	Forwarding costs	Total personnel expenses	64,508	21.2	64,929	25.4	(420)	(0.6)
		Railway	9,282	3.0	8,748	3.4	534	6.1
		Marine	12,126	4.0	7,017	2.8	5,108	72.8
		Air	36,035	11.8	11,032	4.3	25,003	226.6
		Subtotal	57,445	18.8	26,798	10.5	30,646	114.4
	Vehicle chartering and subcontracting costs		113,371	37.2	104,041	40.8	9,330	9.0
	Depreciation and amortization		7,925	2.6	7,363	2.9	562	7.6
	Facility usage charges		22,843	7.5	20,649	8.1	2,193	10.6
	Other		31,286	10.3	29,229	11.5	2,056	7.0
	Total		297,381	97.6	253,012	99.2	44,368	17.5
	Operating income		7,374	2.4	2,039	0.8	5,334	261.6
	Non-operating income		8,044	2.6	10,455	4.1	(2,411)	(23.1)
	Non-operating expenses		693	0.2	1,016	0.4	(322)	(31.8)
	Ordinary income		14,725	4.8	11,479	4.5	3,246	28.3
	Extraordinary income		465	0.2	10,924	4.3	(10,459)	(95.7)
	Extraordinary loss		758	0.3	1,364	0.6	(605)	(44.4)
	Profit before income taxes		14,432	4.7	21,039	8.2	(6,606)	(31.4)
Income taxes		4,017	1.3	5,844	2.2	(1,826)	(31.3)	
Profit		10,414	3.4	15,194	6.0	(4,780)	(31.5)	

○ Financial Results Forecast for the Nine Months Ending December 31, 2021

(Unit: Millions of yen, %)

		FYE December 2021 Forecast	% in Sales	FY2020 Actual	% in Sales	Change	
						Amount	Ratio
Revenues	Railway utilization business	52,500	5.8	70,999	6.3	—	—
	Motor transportation						
	Small-lot shipment business	32,000	3.5	41,637	3.7	—	—
	Chartered truck business	138,500	15.2	183,305	16.4	—	—
	Subtotal	170,500	18.7	224,942	20.1	—	—
	Marine and harbor transportation						
	Marine transportation business	86,500	9.5	93,114	8.3	—	—
	Harbor transportation business	50,000	5.5	62,382	5.6	—	—
	Subtotal	136,500	15.0	155,497	13.9	—	—
	(Exports)	[59,500]	—	[57,961]	—	[—]	—
	(Imports)	[39,000]	—	[48,842]	—	[—]	—
	(Domestic & other)	[38,000]	—	[48,693]	—	[—]	—
	Subtotal	210,000	23.1	217,158	19.4	—	—
	(Exports)	[142,000]	—	[120,187]	—	[—]	—
	(Imports)	[21,000]	—	[28,798]	—	[—]	—
	(Domestic & other)	[47,000]	—	[68,172]	—	[—]	—
	Warehousing & storage business	105,500	11.6	138,788	12.4	—	—
	In-factory business	43,000	4.7	53,465	4.8	—	—
	Moving & relocation business	35,000	3.8	48,919	4.3	—	—
	Security transportation business	50,500	5.6	67,484	6.0	—	—
	Heavy haulage & construction business	48,500	5.3	62,515	5.6	—	—
	Other businesses	58,000	6.4	80,942	7.2	—	—
	Total	910,000	100.0	1,120,712	100.0	—	—
Operating expenses	Total personnel expenses	194,300	21.4	257,987	23.0	—	—
	Forwarding costs						
	Railway	28,500	3.1	38,704	3.4	—	—
	Marine	33,500	3.7	32,211	2.9	—	—
	Air	100,400	11.0	75,710	6.8	—	—
	Subtotal	162,400	17.8	146,626	13.1	—	—
	Vehicle chartering and subcontracting costs	341,500	37.5	438,769	39.1	—	—
	Depreciation and amortization	23,600	2.6	30,780	2.7	—	—
	Facility usage charges	69,600	7.6	85,749	7.7	—	—
	Other	96,100	10.6	126,505	11.3	—	—
	Total	887,500	97.5	1,086,418	96.9	—	—
Operating income		22,500	2.5	34,293	3.1	—	—
Non-operating income		10,900	1.2	18,643	1.6	—	—
Non-operating expenses		1,900	0.2	3,598	0.3	—	—
Ordinary income		31,500	3.5	49,339	4.4	—	—
Extraordinary income		2,800	0.3	41,170	3.7	—	—
Extraordinary loss		4,000	0.5	27,810	2.5	—	—
Profit before income taxes		30,300	3.3	62,699	5.6	—	—
Income taxes		8,300	0.9	7,906	0.7	—	—
Profit		22,000	2.4	54,792	4.9	—	—

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○ Financial Results Forecast, First Half of the Fiscal Year Ending December 31, 2021

(Unit: Millions of yen, %)

		First Half of FYE December 2021		First Half of FY2020		Change	
			% in Sales		% in Sales	Amount	Ratio
Revenues	Railway utilization business	34,000	5.6	33,426	6.4	573	1.7
	Motor transportation						
	Small-lot shipment business	20,500	3.4	20,173	3.9	326	1.6
	Chartered truck business	90,000	14.9	88,474	17.0	1,525	1.7
	Subtotal	110,500	18.3	108,648	20.9	1,851	1.7
	Marine and harbor transportation						
	Marine transportation business	59,500	9.8	42,822	8.2	16,677	38.9
	Harbor transportation business	33,500	5.6	29,907	5.8	3,592	12.0
	Subtotal	93,000	15.4	72,729	14.0	20,270	27.9
	(Exports)	[41,000]	—	[25,172]	—	[15,827]	62.9
	(Imports)	[26,000]	—	[23,704]	—	[2,295]	9.7
	(Domestic & other)	[26,000]	—	[23,852]	—	[2,147]	9.0
	Subtotal	140,500	23.2	85,938	16.5	54,561	63.5
	(Exports)	[95,000]	—	[41,655]	—	[53,344]	128.1
	(Imports)	[14,000]	—	[12,262]	—	[1,737]	14.2
	(Domestic & other)	[31,500]	—	[32,020]	—	[(520)]	(1.6)
	Air transportation						
	Warehousing & storage business	70,000	11.6	69,503	13.4	496	0.7
	In-factory business	27,500	4.5	25,066	4.8	2,433	9.7
	Moving & relocation business	25,500	4.2	21,980	4.2	3,519	16.0
	Security transportation business	33,500	5.5	33,446	6.4	53	0.2
	Heavy haulage & construction business	32,500	5.4	33,854	6.5	(1,354)	(4.0)
	Other businesses	38,000	6.3	35,948	6.9	2,051	5.7
	Total	605,000	100.0	520,543	100.0	84,456	16.2
Operating expenses	Forwarding costs						
	Total personnel expenses	129,500	21.4	128,476	24.7	1,023	0.8
	Railway	18,500	3.1	18,082	3.5	417	2.3
	Marine	23,500	3.9	13,796	2.7	9,703	70.3
	Air	71,000	11.7	22,628	4.3	48,371	213.8
	Subtotal	113,000	18.7	54,507	10.5	58,492	107.3
	Vehicle chartering and subcontracting costs	224,600	37.1	212,212	40.7	12,387	5.8
	Depreciation and amortization	15,800	2.6	14,822	2.8	977	6.6
	Facility usage charges	45,800	7.6	41,634	8.0	4,165	10.0
	Other	62,300	10.3	60,240	11.6	2,059	3.4
	Total	591,000	97.7	511,893	98.3	79,106	15.5
	Operating income	14,000	2.3	8,649	1.7	5,350	61.9
	Non-operating income	10,100	1.7	14,267	2.7	(4,167)	(29.2)
	Non-operating expenses	1,100	0.2	1,718	0.3	(618)	(36.0)
	Ordinary income	23,000	3.8	21,198	4.1	1,801	8.5
	Extraordinary income	1,800	0.3	14,814	2.8	(13,014)	(87.8)
	Extraordinary loss	2,800	0.5	2,257	0.4	542	24.1
	Profit before income taxes	22,000	3.6	33,756	6.5	(11,756)	(34.8)
	Income taxes	6,000	1.0	9,270	1.8	(3,270)	(35.3)
	Profit	16,000	2.6	24,485	4.7	(8,485)	(34.7)