



February 28 2023

To Whom It May Concern

Name of the company NIPPON EXPRESS HOLDINGS, INC.
Name of Representative Mitsuru Saito, President and Chief Executive Officer
(Code No. 9147 Tokyo Stock Exchange Prime Market)
Contact Hideshi Otsuki, Managing Executive Officer and
General Manager, Financial Planning Division
(TEL. 03-5801-1000)

(Revisions, Revision of Numerical Data) Summary of Consolidated Earnings Report for the Fiscal Year
Ended December 31, 2022 (Japanese GAAP)

Nippon Express Holdings, Inc. has made certain revisions to Summary of Consolidated Earnings Report for the Fiscal Year Ended December 31, 2022 (Japanese GAAP), published February 14, 2023. We have also revised certain numerical data, with the updated figures provided below.

1. Revisions and Reasons for Revisions

After we published earnings on February 14, 2023, we discovered certain items requiring correction as identified in the course of an audit conducted under the Companies Act by our financial statement auditor for the fiscal year ended December 31, 2022. Accordingly, we revised certain items.

The main revisions are to correct the amounts stated under net retirement benefit liability, remeasurements of retirement benefit plans, and deferred tax assets in our consolidated financial statements.

The resulting balances for total assets, total liabilities, and net assets are as follows.

(Millions of yen)

	Before revision	After revision
Total assets	1,736,785	1,730,922
Total liabilities	978,807	959,647
Net assets	757,977	771,274

2. Revised Figures

Due to the large number of revisions made as a result of the preceding, we attached the full text of the revised information herein. The revised sections are indicated underlines.

We have made no corrections to revenues, operating income ordinary income, or profit attributable to owners of parent.

End

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

Company name: **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 General Shareholders' Meeting: March 30, 2023

Scheduled date of dividend payment: March 13, 2023

Scheduled date for release of Securities Report: March 30, 2023

Availability of supplementary briefing material on annual 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 Fiscal Year Ended December 31, 2022 (January 1, 2022 to December 31, 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	%
Fiscal Year Ended December 31, 2022	2,619,746	—	128,716	—	137,323	—	109,809	—
Fiscal Year Ended December 31, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income:

Fiscal Year Ended December 31, 2022: ¥161,903 million [—%] Fiscal Year Ended December 31, 2021: — million [—%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to asset ratio	Operating income margin
	¥	¥	%	%	%
Fiscal Year Ended December 31, 2022	1,218.89	—	15.9	8.2	4.9
Fiscal Year Ended December 31, 2021	—	—	—	—	—

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended December 31, 2022: ¥183 million Fiscal Year Ended 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) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2022	1,730,922	771,274	43.2	8,391.95
As of December 31, 2021	—	—	—	—

(Reference) Equity: As of December 31, 2022: ¥748,204 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.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	¥ million	¥ million	¥ million	¥ million
Fiscal Year Ended December 31, 2022	241,107	14,936	(120,491)	274,075
Fiscal Year Ended December 31, 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 previous fiscal year.

2. Dividends Information

	Annual dividend per share					Total dividend (Annual)	Dividend payout ratio (Consolidated)	Dividend payout ratio on net assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal Year Ended December 31, 2021	—	—	—	—	—	—	—	—
Fiscal Year Ended December 31, 2022	—	250.00	—	150.00	400.00	36,039	32.8	5.2
Fiscal Year Ended December 31, 2023 (Forecast)	—	150.00	—	150.00	300.00		35.7	

(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.

The interim dividend for the fiscal year ended December 31, 2022 includes a commemorative dividend of 150 yen per share. We plan to finalize the year-end dividend for the year ended December 31, 2022 upon approval of the company's financial statements at a board of directors meeting to be held March 3, 2023.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(%: 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	1,224,000	(5.8)	53,000	(21.8)	55,000	(23.3)	36,000	(62.0)	403.78
Full year	2,450,000	(6.5)	110,000	(14.5)	114,000	(17.0)	75,000	(31.7)	841.21

(Note) The Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 noted above has been prepared in accordance with Japanese GAAP.

The Company intends to adopt *International Financial Reporting Standards (IFRS)* beginning with our Annual Securities Report for the fiscal year ending December 31, 2022. We plan to announce consolidated financial results forecasts for the fiscal year ending December 31, 2023 based on this standard as soon as we clarify the impact of transition.

*Notes

- (1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No
- (2) 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

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

1) Total number of issued shares at end of period (including treasury stock)	As of December 31, 2022	90,599,225 shares	As of December 31, 2021	—
2) Total number of treasury stock at end of period	As of December 31, 2022	1,441,856 shares	As of December 31, 2021	—
3) Average number of shares during period	Fiscal Year Ended December 31, 2022	90,090,024 shares	Fiscal Year Ended December 31, 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 December 31, 2022: 111,175 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 results exist for 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

- 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. Overview of Business Results*, (4) *Forecasts of Future Performance* on page 9 for financial forecast assumptions and the use of the forecasts.
- We plan to hold a briefing session online for institutional investors and analysts on February 14, 2023. The materials to be distributed at that meeting will be posted on our corporate website.
- The consolidated financial statements for the current fiscal year have been prepared by succeeding to the 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 February 14, 2023.

1. Overview of Business Results

NIPPON EXPRESS HOLDINGS was established on January 4, 2022 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.

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

(1) Overview of Business Results for Fiscal Year Ended December 31, 2022

During the consolidated fiscal year ended December 31, 2022, the outbreak of the Omicron strain of COVID-19 resulted in certain countries and regions adopting restrictions on economic activities, which had a negative impact on the supply chain. At the same time, these restrictions caused a reversal in long-standing quantitative easing policies and reductions in fiscal and monetary stimulus measures in the U.S. and among other developed countries in response to high inflationary pressures and other factors. These factors put the brakes on the global economy, which has been undergoing a gradual recovery. The military invasion of Ukraine by Russia in February led to a sharp rise in global prices for energy and raw materials for food. Concerns arose about procurement, and the resulting further rise in prices cooled consumer confidence, stoking fears of a global economic recession. With the resulting uncertainties, the global business environment was challenging in general.

Amid this economic climate, the logistics industry underwent a change compared with the previous year, in which cargo movement showed signs of recovery due to an overall gradual economic recovery. Conditions remained lackluster, with the exception of a few sectors such as production machinery in connection with corporate capital investment, or electrical and information and telecommunications equipment, which were affected by a reactionary increase following the lockdowns. Overall, cargo movement remained weak. The automotive industry failed to achieve an expected full recovery due to global shortages of semiconductors that continued since the previous year, as well as stagnation in parts procurement from overseas due to lockdowns. Personal consumption remained weak, as consumer prices rose due to inflation and other factors, while demand for food services and other services stagnated due to priority measures taken in Japan to prevent the spread of COVID-19.

International ocean cargo transportation suffered from the significant negative impact of container stoppages at major European ports due to the suspension of ocean cargo transportation to Russia, as well as a temporary imbalance between supply and demand due to lockdowns in Shanghai, China. International air cargo transportation experienced the further negative impact of fewer flights due to delays in travel demand in connection with COVID-19 and flight cancellations due to route changes caused by flight restrictions over Russia. As a result, ocean and air cargo transportation freight rates continued to soar, as had been the case since the previous year. During the second half of the fiscal year, however, the supply-demand balance for ocean and air eased in certain areas, and although fuel costs remained high. Overall, there have been noticeable signs toward resolution of the freight rate situation.

This fiscal year marked the fourth year of the five-year Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, which the Nippon Express Group began executing in April 2019. As we have

endeavored to create a firmer management foundation, we have come together as a united group to achieve the targets defined in our fiscal 2023 business plan and become a logistics company with a strong presence in the global market, as described in long-term vision as we head toward our 100th anniversary in the year 2037.

Business Growth Strategy

Under the growth strategy for our core businesses, we have pursued one-stop service and account management businesses, establishing a global sales structure. We have put into place a global account management system that serves as the center of our sales strategy as we strengthen our sales structure and sales organization further. By identifying the values important to customers and offering products and services that meet these needs, we strengthen our customer (industry)-focused approach. At the same time, we strengthen our business- and area-focused approaches to accomplish the growth strategies for our core businesses. We seek new growth in the supply chains of industries we expect to grow and change in the future as we continue to strengthen our businesses. These industries include the pharmaceutical and medical industry, which demands advanced quality management under GDP and other practices, the semiconductor industry, which has been designated for strengthening by various countries as a national industry, and the mobility industry, including automobile manufacturers and other mobility business that pursue SCM reforms under CASE and other environmental changes. Aiming to expand our global business further, in July, Nippon Express Co., Ltd. transferred the control functions of its global businesses to the Global Business Headquarters (GBHQ) within the Nippon Express Holdings, Inc. This move improved the integration and strength of global business control functions for the group.

As a result, the international freight forwarding business and overseas business performed particularly well, although we experienced certain changes due to disruptions and revisions in the global supply chain. At the same time, freight forwarding demand in Japan remained lackluster overall due factors including the stagnation of production in certain industries and the impact of measures to fight the spread of COVID-19. However, we noted signs of recovery in certain businesses.

The following data tracks our progress for KPIs related to Customers (Industry) and Business focuses.

Item (Revenues)	Japan*			Overseas		
	2022 Jan-Dec Results	2021 Jan-Dec Results	Difference (%)	2022 Jan-Dec Results	2021 Jan-Dec Results	Difference (%)
Electric and Electronics Industry	¥118.3 billion	¥112.3 billion	5%	¥208.3 billion	¥186.5 billion	12%
Automotive Industry	¥92.8 billion	¥85.4 billion	9%	¥131.7 billion	¥108.1 billion	22%
Apparel Industry	¥16.7 billion	¥15.5 billion	8%	¥114.7 billion	¥78.7 billion	46%
Pharmaceutical/ Medical Industry	¥19.4 billion	¥15.9 billion	22%	¥41.9 billion	¥24.1 billion	74%
Semiconductor- Related Industries	¥53.5 billion	¥28.5 billion	88%	¥23.9 billion	¥16.7 billion	43%

*Japan results, KPI figures are for non-consolidated Nippon Express Co., Ltd.

Item (Forwarding Volume)	2022 Jan-Dec Results	2021 Jan-Dec Results	Difference (%)
Ocean forwarding business*1	760,000 TEU	750,000 TEU	1%
Air forwarding business*1	870,000 t	970,000 t	(11%)
Item Revenues	2022 Jan-Dec Results	2021 Jan-Dec Results	Difference (%)
Expand non-Japanese customers (GAM/GTA)*2	¥113.1 billion	¥74.1 billion	53%

*1 Results, differences (%) rounded to the nearest whole number

*2 GAM is an abbreviation for global account management. GTA: Global Target Accounts

The domestic logistics business lies at the core of our strategy to enhance domestic businesses in Japan. To improve profits further and to strengthen the foundation of this business, we have made progress in reassigning back office personnel, introducing advanced technologies in warehouse operations and other work sites, training core human resources, and striving to improve operational efficiencies and productivity through specific activities. At the same time, we are bolstering NX Train operations (dedicated railway transportation cars) and stepping up cross-mode sales. We have also endeavored to strengthen our management foundation by restructuring sub-agent operations and to curb outsourcing costs by maximizing the use of the workforce within the group and by controlling costs in a conscientious manner.

The following are the KPIs related to our strategy to enhance domestic businesses in Japan.

Strategy to Enhance Domestic Businesses in Japan	Item	FY 2019 Results	FY 2020 Results	FYE December 2021 Results (Apr-Dec)	FY 2022 Results (Jan-Dec)	Cumulative (Apr 2019 to Dec 2022)	FY2023 Business Plan Targets (5-Year Cumulative)
Further reorganization of organizations streamlining of administrative departments	Further branch back office personnel reassignments	-¥1.1 billion [-124 employees]	-¥1.4 billion [-156 employees]	—	—	-¥3.7 billion [-417 employees]	-¥4.5 billion [-500 employees]
	Reassign HQ employees	—	-¥0.8 billion [-91 employees]	-¥0.04 billion [-4 employees]	-¥0.4 billion [-42 employees]		
Reform back office processes	Overtime [back office personnel]	-¥1.1 billion	-¥1.3 billion	¥0.5 billion	¥0.3 billion	-¥1.8 billion	-¥5.0 billion
	Personnel dispatching cost [back office]	¥0.1 billion	-¥1.0 billion	-¥0.2 billion	¥0.9 billion		
Total		-¥2.1 billion	-¥4.5 billion	¥0.3 billion	¥0.8 billion	-¥5.5 billion	-¥9.5 billion

Efforts to Implement Our Long-Term Vision

We are innovating our public relations strategy to reinforce functions in support of our initiatives. To this end, our first step in branding strategy for building global competitive advantage consisted of a promoting the global use and recognition of NX as the group brand logo, which we introduced in January 2022.

In terms of innovation in IT strategy, we strengthened global information security and advanced the development of group-wide and global communications infrastructure.

We engage in ESG management for sustainable growth and enhance corporate value. In the first year of transition to a pure holding company structure, we endeavored to implement and effectively operate a global governance system, in addition to enhancing risk and crisis management functions, to strengthen our group's management structure. At the same time, the Nippon Express Group built a structure to address various sustainability issues and conduct sustainability management to achieve sustainable growth of the Nippon Express Group and to contribute to sustainable societies. In particular, we identified addressing climate change as one of our materialities. We expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD), and we are pursuing measures to address climate change based on the recommendations of the TCFD.

We believe our human resources are the source of our competitiveness and ability to achieve our Long-Term Vision. The Nippon Express Group is committed to becoming a company that makes employees happy, and we created a group Diversity Promotion Policy as one means toward this end. We engage in initiatives to raise awareness, promote cultural innovation, encourage work-style reform, and foster behavioral change, and, as part of our human resources strategy for global growth, we hire multinational personnel and professionals with high-level experience in law, accounting, and other areas.

As a result, the group posted revenues of ¥2,619.7 billion, operating income of ¥128.7 billion, ordinary income of ¥137.3 billion, and profit attributable to owners of parent of ¥109.8 billion.

Financial results by reportable segment are summarized below.

1. Japan (Logistics)

Despite soaring fuel prices and other factors, unit selling prices continued to rise for air and ocean freight, resulting in revenues and operating income of ¥1,457.2 billion and ¥65.8 billion, respectively

2. The Americas (Logistics)

Air and ocean freight volume remained strong, particularly in automobile-related and medical-related sectors, resulting in revenues and operating income of ¥162.0 billion and ¥13.3 billion, respectively.

3. Europe (Logistics)

Despite the impact of the Russian invasion of Ukraine, unit selling prices continued to rise for air and ocean freight, resulting in revenues and operating income of ¥215.6 billion and ¥12.4 billion, respectively.

4. East Asia (Logistics)

Despite the impact of lockdowns in Shanghai, volume across other regions in China and other countries remained strong, resulting in revenues and operating income of ¥242.0 billion and ¥12.4 billion, respectively.

5. South Asia & Oceania (Logistics)

Air and ocean freight volume remained firm for automobile-related and electric- and electronics-related sectors, as well as higher unit selling prices stemming from surging freight rates, resulting in revenues and operating income of ¥221.8 billion and ¥20.0 billion, respectively.

6. Security Transportation

Despite declines in scheduled flights and cash collection services, cost reductions and other factors resulted in revenues and operating income of ¥68.4 billion and ¥0.9 billion, respectively.

7. Heavy Haulage & Construction

Despite a decrease in plant-related construction work, growth in wind power-related and industrial machinery-related construction resulted in revenues and operating income of ¥44.5 billion and ¥6.3 billion, respectively.

8. Logistics Support

Revenues and operating income amounted to ¥414.8 billion and ¥16.3 billion, respectively, mainly due to an increase in the petroleum business and higher unit selling prices.

(2) Overview of Financial Position for Fiscal Year Ended December 31, 2022

Total assets as of the end of the consolidated fiscal year amounted to ¥1,730.9 billion.

The main components were current assets of ¥849.0 billion, including cash and deposits of ¥334.7 billion and accounts receivable-trade and contract assets of ¥414.4 billion. Non-current assets amounted to ¥881.8 billion, including tangible fixed assets ¥645.5 billion and investment securities of ¥107.3 billion.

Total liabilities as of the end of the consolidated fiscal year amounted to ¥959.6 billion.

This balance consisted mainly of ¥592.1 billion in current liabilities, including ¥207.1 billion in accounts payable-trade, ¥82.1 billion in deposits, and ¥30.0 billion in short-term redeemable

corporate bonds. Non-current liabilities amounted to ¥367.4 billion, including ¥110.0 billion in bonds.

Net assets as of the end of the consolidated fiscal year amounted to ¥771.2 billion, and shareholders' equity ratio was 43.2%.

(3) Overview of Cash Flows for Fiscal Year Ended December 31, 2022

Cash and cash equivalents at the end of the fiscal year ended December 2022 amounted to ¥274.0 billion.

Net cash provided by operating activities amounted to ¥241.1 billion. This result was mainly due to profit before income taxes.

Net cash provided by investing activities amounted to ¥14.9 billion. This result was mainly due to proceeds from the sale of the former headquarters building of Nippon Express Co., Ltd., etc.

Net cash used in financing activities amounted to ¥120.4 billion. This result was mainly due to repayments of long-term loans payable and cash dividends paid.

(4) Forecasts of Future Performance

Our forecasts for the fiscal year ending December 31, 2021 have been prepared taking into consideration such factors as crude oil price trends and foreign exchange fluctuation risks.

As described in *1. Overview of Business Results (1) Overview of Business Results for Fiscal Year Ended December 31, 2022*, we expect future economic trends to continue to be uncertain. Since three years have passed since the first outbreak of COVID-19 and socioeconomic activities have begun to normalize. However, concerns remain about economic slowdowns due to rising energy costs and global inflation.

Further, the logistics industry faces many challenges surrounding sustainability. These challenges include labor shortages due to declines in the working-age populations, the use of advanced technologies such as IoT, AI, automation, and labor-saving devices, and the response to a changing world through digital transformation. Other challenges include the response to climate change, respect for employee human rights, and work-style reform.

Amid this business environment, the Nippon Express Group will continue concerted efforts to achieve the goals of our five-year ~Nippon Express Group Management Plan 2023: Dynamic Growth~.

The following are our performance forecasts for the fiscal year ending December 31, 2023.

We expect the impact of the spread of COVID-19 on Nippon Express Group businesses to be limited. In addition, we have not reflected lockdowns or other large-scale social restrictions due to the spread of COVID-19 in our forecasts.

Consolidated Financial Results Forecast (Fiscal Year)

Revenues:	¥2,450 billion
Operating income:	¥110 billion
Ordinary income:	¥114 billion
Profit attributable to owners of parent:	¥75 billion

* Prepared based on Japanese GAAP.

* The financial results forecasts above have been prepared according to judgments deemed rational and based on information available at the time. Results may differ from forecasts.

2. Basic View on the Adoption of Accounting Policies

Nippon Express Holdings, Inc. plans to voluntarily adopt International Financial Reporting Standards (IFRS), scheduled to begin with the annual securities report for the fiscal year ended December 31, 2022. The adoption of IFRS will replace Japanese generally accepted accounting principles (Japanese GAAP) for the purpose of conducting global management and improving comparability of financial information in capital markets by unifying Nippon Express Group accounting standards.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

FY2022

(as of December 31, 2022)

ASSETS	
Current assets	
Cash and deposits	334,775
Notes receivable - trade	22,137
Accounts receivable – trade and contract assets	414,448
Inventories	14,625
Advance payments - trade	9,366
Prepaid expenses	20,427
Short-term loans receivable	84
Others	36,538
Less: allowance for doubtful accounts	(3,350)
Total current assets	849,053
Non-current assets:	
tangible fixed assets	
Vehicles	168,141
Less: accumulated depreciation	(122,204)
Vehicles, net	45,936
Buildings	645,744
Less: accumulated depreciation	(394,202)
Buildings, net	251,541
Structures	71,557
Less: accumulated depreciation	(57,237)
Structures, net	14,320
Machinery and equipment	96,778
Less: accumulated depreciation	(68,600)
Machinery and equipment, net	28,177
Tools, furniture and fixtures	84,559
Less: accumulated depreciation	(65,441)
Tools, furniture and fixtures, net	19,118
Vessels	18,427
Less: accumulated depreciation	(8,727)
Vessels, net	9,700
Land	187,548
Leased assets	162,495
Less: accumulated depreciation	(76,316)
Leased assets, net	86,178
Construction in progress	3,065
Total tangible fixed assets	645,589
Intangible assets	
Leasehold rights	5,378
Goodwill	664
Others	59,803
Total intangible assets	65,846

(Unit: Millions of yen)

FY2022
(as of December 31, 2022)

Investments and other assets	
Investment securities	107,327
Long-term loans receivable	357
Long-term loans to employees	34
Long-term prepaid expenses	2,206
Security deposits	26,995
Net retirement benefit asset	2,583
Deferred tax assets	22,809
Others	9,096
Less: allowance for doubtful accounts	(976)
Total investments and other assets	<u>170,433</u>
Total non-current assets	<u>881,868</u>
Total assets	<u>1,730,922</u>
LIABILITIES	
Current liabilities:	
Notes payable - trade	7,189
Accounts payable - trade	207,168
Short-term loans payable	57,885
Other payables	20,570
Income taxes payable	34,900
Consumption taxes payable	37,159
Unpaid expenses	30,101
Advances received	26,202
Lease obligations	28,853
Deposits	82,143
Deposits from employees	310
Provision for bonuses	17,253
Provision for directors' bonuses	167
Others	42,246
Total current liabilities	<u>592,152</u>
Non-current liabilities:	
Bonds	110,000
Long-term loans payable	60,724
Long-term lease obligations	60,848
Deferred tax liabilities	6,673
Provision for directors' retirement benefits	206
Provision for special repairs	119
Provision for loss on guarantees	448
Other provisions	1,251
Net retirement benefit liability	<u>95,005</u>
Others	32,216
Total non-current liabilities	<u>367,494</u>
Total liabilities	<u>959,647</u>

(Unit: Millions of yen)

FY2022

(as of December 31, 2022)

NET ASSETS	
Shareholders' equity:	
Common stock	70,175
Additional paid-in capital	22,621
Retained earnings	584,570
Treasury stock	(10,604)
Total shareholders' equity	666,762
Accumulated other comprehensive income:	
Valuation differences on available-for-sale securities	33,014
Deferred gains (losses) on hedges	10
Foreign currency translation adjustments	28,161
Remeasurements of retirement benefit plans	<u>20,254</u>
Total accumulated other comprehensive income	<u>81,441</u>
Non-controlling interests	23,070
Total net assets	<u>771,274</u>
Total liabilities and net assets	<u>1,730,922</u>

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

	(Unit: Millions of yen)
	FY2022
	(January 1, 2022 to December 31, 2022)
Revenues	2,619,746
Operating costs	2,353,938
Gross profit	265,807
Selling, general and administrative expenses	
Personnel expenses	73,837
Depreciation and amortization	13,573
Advertising expenses	4,657
Provision of allowance for doubtful accounts	492
Others	44,531
Total selling, general and administrative expenses	137,091
Operating Income:	128,716
Non-operating income:	
Interest income	696
Dividend income	2,912
Gain on sales of vehicles	294
Share of profit of entities accounted for using equity method	183
Gain on foreign exchange	4,716
Others	5,453
Total non-operating income	14,255
Non-operating expenses:	
Interest expenses	3,153
Loss on sale and retirement of vehicles	82
Others	2,413
Total non-operating expenses	5,649
Ordinary income	137,323
Extraordinary income:	
Gain on sales of non-current assets	70,182
Gain on sales of investment securities	3,833
Others	155
Total extraordinary income	74,170
Extraordinary loss:	
Loss on disposal of non-current assets	7,232
Expense for changing brand symbol	2,455
Loss on sales of investment securities	5
Loss on valuation of investment securities	3
Impairment loss	37,287
Others	412
Total extraordinary loss	47,397
Profit (loss) before income taxes	164,096
Income taxes-current	59,858
Income taxes-deferred	(8,821)
Total Income taxes	51,036
Profit	113,059
Profit (loss) attributable to non-controlling interests	3,250
Profit (loss) attributable to owners of parent	109,809

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2022 (January 1, 2022 to December 31, 2022)
Profit	113,059
Other comprehensive income:	
Valuation differences on available-for-sale securities	2,599
Deferred gains (losses) on hedges	78
Foreign currency translation adjustments	21,897
Remeasurements of retirement benefit plans	<u>23,625</u>
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	642
Other comprehensive income (loss)	<u>48,843</u>
Comprehensive income:	<u>161,903</u>
(Comprehensive income attributable to)	
Owners of parent	<u>157,869</u>
Non-controlling interests	4,034

(3) Consolidated Statements of Changes in Net Assets

FY2022 (January 1, 2022 to December 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity:				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	70,175	22,628	511,001	(611)	603,193
Changes during the year					
Cash dividends			(36,239)		(36,239)
Transfer to other capital surplus from capital stock	(0)	0			-
Profit (loss) attributable to owners of parent			109,809		109,809
Changes in equity due to transactions with non-controlling shareholders		(7)			(7)
Increase in treasury stock				(10,023)	(10,023)
Decrease in treasury stock		0		29	29
Retirement of treasury stock			(0)	0	-
Net changes in items other than shareholders' equity					-
Total changes during the year	(0)	(6)	73,569	(9,992)	63,569
Balance at end of the year	70,175	22,621	584,570	(10,604)	666,762

	Accumulated other comprehensive income:					Non-controlling interests	Total net assets
	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year	30,414	(68)	6,343	(3,308)	33,381	20,376	656,952
Changes during the year							
Cash dividends							(36,239)
Transfer to other capital surplus from capital stock							-
Profit (loss) attributable to owners of parent							109,809
Changes in equity due to transactions with non-controlling shareholders							(7)
Increase in treasury stock							(10,023)
Decrease in treasury stock							29
Retirement of treasury stock							-
Net changes in items other than shareholders' equity	2,599	78	21,818	<u>23,563</u>	<u>48,059</u>	2,693	<u>50,753</u>
Total changes during the year	2,599	78	21,818	<u>23,563</u>	<u>48,059</u>	2,693	<u>114,322</u>
Balance at end of the year	33,014	10	28,161	<u>20,254</u>	<u>81,441</u>	23,070	<u>771,274</u>

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2022 (January 1, 2022 to December 31, 2022)
Cash flows from operating activities	
Profit (loss) before income taxes	164,096
Depreciation and amortization	84,964
Amortization of goodwill	1,162
Loss (gain) on sale or write-down of securities, net	(3,824)
Loss (gain) on sale or disposal of tangible fixed assets, net	(63,161)
Impairment loss	37,287
Increase (decrease) in provision for bonuses	67
Increase (decrease) in net retirement benefit liability	4,641
Interest and dividend income	(3,608)
Interest expenses	3,153
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(183)
(Increase) decrease in trade receivables	21,981
(Increase) decrease in inventories	(719)
Increase (decrease) in accounts payable	(13,401)
Increase (decrease) in consumption taxes payable	25,971
Others	17,032
Sub-total	275,459
Interest and dividends received	3,752
Interest paid	(3,282)
Income taxes paid	(34,823)
Cash flows from operating activities	241,107
Cash flows from investing activities	
Payment for purchase of tangible fixed assets	(59,221)
Proceeds from sales of tangible fixed assets	69,708
Payment for purchase of investment securities	(1,407)
Proceeds from sales of investment securities	4,660
Collection of loans receivable	76
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,453
Others	(334)
Cash flows from investing activities	14,936

(Unit: Millions of yen)

FY2022

(January 1, 2022 to
December 31, 2022)

Cash flows from financing activities:	
Net increase (decrease) in short-term loans payable	(11,071)
Payment for long-term loans payable	(28,399)
Cash dividends	(36,193)
Payment for purchase of treasury stock	(10,031)
Others	(34,795)
Cash flows from financing activities:	(120,491)
Effect of exchange rate changes on cash and cash equivalents	6,685
Net increase (decrease) in cash and cash equivalents	142,237
Cash and cash equivalents at beginning of year	131,837
Cash and Cash Equivalents at End of Year	274,075

(5) Notes to Consolidated Financial Statements
(Notes Regarding Going Concern Assumption)

Not applicable.

(Segment Information, etc.)
[Segment Information]

1. Overview of reportable segments

Reportable segments of the Nippon Express Group are organizational units combining area segments and business segments whose individual financial results are available separately, and serve as the basis and subject of regular review by the board of directors for the purpose of allocating management resources and evaluating business performance.

The Logistics business consists of five reportable area segments: Japan, The Americas, Europe, East Asia, and South Asia & Oceania. Reportable segments outside of the Logistics business are specialized businesses of Security Transportation, Heavy Haulage & Construction, and Logistics Support, which conducts sales and real estate business related to each business.

The main products and services and main business of each reportable segment are as follows.

Reportable segments	Main products and services	Main businesses
Japan (Logistics)	Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, marine and harbor transportation, moving and relocation, warehousing and distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, heavy haulage and construction	Railway forwarding, motor cargo transportation, air freight forwarding, marine transportation, harbor transportation, warehousing, in-factory work, information asset management, real estate
The Americas (Logistics)	Air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services	Air freight forwarding, harbor transportation, warehousing, motor cargo transportation
Europe (Logistics)	Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation
East Asia (Logistics)	Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation
South Asia & Oceania (Logistics)	Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, heavy haulage and construction	Railway forwarding, air freight forwarding, harbor transportation, warehousing, motor cargo transportation, heavy haulage and construction
Security Transportation	Security transportation	Security guard, motor cargo transportation
Heavy Haulage & Construction	Heavy Haulage & Construction	Heavy haulage and construction

Logistics Support	Sale of petroleum, etc., sale of others, real estate, finance, others	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, employee dispatching
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2. Method for calculating the amounts of revenues, income (loss), assets, liabilities and other items by reportable segment

The accounting method used for reported business segments is the same as used in the most recent quarterly report (submitted November 9, 2022).

Income (loss) in each reportable segment is stated on the basis of operating income. Intersegment revenues and money transfers are based on current market prices.

3. Revenues, income (loss), assets, liabilities and other items by reportable segment
FY2022 (January 1, 2022 to December 31, 2022)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,437,294	132,633	204,536	222,765	191,006
Intersegment revenues and money transfers	19,989	29,446	11,161	19,244	30,848
Total	1,457,283	162,080	215,697	242,009	221,854
Segment income	65,848	13,300	12,431	12,426	20,019
Segment assets	931,909	110,787	134,056	108,503	134,844
Other items					
Depreciation and amortization	44,901	7,285	9,261	8,045	8,005
Amortization of goodwill	584	353	100	80	—
Impairment loss on non-current assets	34,417	2,704	—	—	—
Investment in equity method affiliates	12,192	162	—	1,724	307
Increase in tangible fixed assets and intangible assets	42,886	12,211	8,636	6,290	8,602

	Security transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	68,407	44,381	318,721	2,619,746	—	2,619,746
Intersegment revenues and money transfers	70	161	96,115	207,037	(207,037)	—
Total	68,478	44,542	414,836	2,826,783	(207,037)	2,619,746
Segment income	990	6,301	16,333	147,652	(18,936)	128,716
Segment assets	163,468	25,540	348,055	1,957,164	(226,242)	1,730,922
Other items						
Depreciation and amortization	2,470	1,110	4,018	85,097	(133)	84,964
Amortization of goodwill	—	—	43	1,162	—	1,162
Impairment loss on non-current assets	—	—	166	37,287	—	37,287
Investment in equity method affiliates	—	365	20,177	34,930	—	34,930
Increase in tangible fixed assets and intangible assets	1,669	783	2,678	83,760	647	84,408

(Notes) 1.Details of Adjustment are as follows:

- (1) The segment income adjustment of ¥(18,936) million includes ¥(2,633) million for the elimination of intersegment income, and ¥(16,400) 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 asset adjustment of ¥(226,242) million includes ¥(804,033) million for the elimination of intersegment income and ¥577,790 million of corporate assets not allocated to each reportable segment. Corporate assets consist mainly of investment securities held by the pure holding company not attributable to any individual reportable segment.
 - (3) Depreciation and amortization adjustment mainly represents depreciation and amortization within the pure holding company not attributable to any individual reportable segment.
 - (4) Adjustment to increase tangible fixed assets and intangible assets mainly represent capital expenditures within the pure holding company not attributable to any individual reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.

(Per Share Information)

	FY2022 (January 1, 2022 to December 31, 2022)
Net assets per share (yen)	<u>8,391.95</u>
Basic earnings per share (yen)	1,218.89

(Notes) 1. 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. Diluted earnings per share is not stated as there were no residual securities.

3. The Company's shares owned by the Executive Compensation BIP Trust are included in the treasury stock to be deducted from the total number of issued shares during the period for the purpose of computing net assets per share. In calculating basic earnings per share, the aforementioned Company shares have been included in the treasury stock to be deducted from the average number of shares during the period. In the current fiscal year, the total number of shares of treasury stock held in the trust at end of the period was 111,000 shares, and the average number of shares during the period was 113,000 shares.

4. The following provides our basis for computing basic earnings per share.

	FY2022 (January 1, 2022 to December 31, 2022)
Basic earnings per share	
Profit attributable to owners of parent (million yen)	109,809
Amount not attributable to common shareholders (million yen)	—
Profit attributable to owners of parent related to common stock (million yen)	109,809
Weighted average number of common stock during the year (1,000 shares)	90,090

5. The following provides our basis for computing net assets per share.

	FY2022 (As of December 31, 2022)
Total net assets (million yen)	<u>771,274</u>
Amount to deduct from total net assets (million yen)	23,070
[Non-controlling interests (million yen)]	(23,070)
Net assets at end of year related to common stock (million yen)	<u>748,204</u>
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	89,157

(Significant Subsequent Events)

Not applicable.

4. Reference Materials

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			FY2022	% of Sales
Revenues by business	Distribution & transportation business	Motor transportation	380,095	14.5
		Marine and harbor transportation	422,395	16.1
		Air transportation	702,167	26.8
		Warehousing & storage	345,822	13.2
		Security transportation	67,550	2.6
		Heavy haulage & construction	65,805	2.5
		Other	294,086	11.2
	Subtotal		2,277,924	87.0
	Goods sales business		297,051	11.3
	Other		44,770	1.7
Total		2,619,746	100.0	
Operating costs	Personnel expenses		436,428	16.7
	Forwarding costs		685,932	26.2
	Vehicle chartering and subcontracting costs		482,958	18.4
	Other		748,617	28.6
Total		2,353,938	89.9	
Gross profit		265,807	10.1	
	Personnel expenses		73,837	2.8
	Other		63,254	2.4
Selling, general and administrative expenses		137,091	5.2	
Operating income		128,716	4.9	
	Interest income		696	0.0
	Dividend income		2,912	0.1
	Equity in earnings of unconsolidated subsidiaries and affiliates		183	0.0
	Other		10,464	0.4
Non-operating income		14,255	0.5	
	Interest expenses		3,153	0.1
	Other		2,496	0.1
Non-operating expenses		5,649	0.2	
Ordinary income		137,323	5.2	
	Gain on sales of non-current assets		70,182	2.7
	Gain on sales of investment securities		3,833	0.1
	Other		155	0.0
Extraordinary income		74,170	2.8	
	Loss on disposal of non-current assets		7,232	0.3
	Other		40,164	1.5
Extraordinary loss		47,397	1.8	
Profit before income taxes		164,096	6.3	
Income taxes		51,036	1.9	
Profit		113,059	4.3	
Profit attributable to non-controlling interests		3,250	0.1	
Profit attributable to owners of parent		109,809	4.2	

Total personnel expenses	Operating costs	436,428	16.7
	Selling, general and administrative expenses	73,837	2.8
	Total	510,265	19.5

(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.

(Unit: Millions of yen, %)

(Unit: Millions of Yen, %)

				FY 2023		FY2022		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	1,405,400	1,457,283	(51,883)	(3.6)		
			The Americas	158,100	162,080	(3,980)	(2.5)		
			Europe	181,300	215,697	(34,397)	(15.9)		
			East Asia	203,100	242,009	(38,909)	(16.1)		
			South Asia & Oceania	160,200	221,854	(61,654)	(27.8)		
		Subtotal	2,108,100	2,298,926	(190,826)	(8.3)			
		Security Transportation	69,000	68,478	521	0.8			
		Heavy Haulage & Construction	47,000	44,542	2,457	5.5			
		Logistics Support	422,200	414,836	7,363	1.8			
		Subtotal	2,646,300	2,826,783	(180,483)	(6.4)			
	Adjustment	(196,300)	(207,037)	10,737	—				
Total			2,450,000	2,619,746	(169,746)	(6.5)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.4] 62,000	[4.5] 65,848	(3,848)	(5.8)		
			The Americas	[7.1] 11,300	[8.2] 13,300	(2,000)	(15.0)		
			Europe	[5.0] 9,000	[5.8] 12,431	(3,431)	(27.6)		
			East Asia	[4.4] 8,900	[5.1] 12,426	(3,526)	(28.4)		
			South Asia & Oceania	[6.5] 10,400	[9.0] 20,019	(9,619)	(48.1)		
		Subtotal	[4.8] 101,600	[5.4] 124,027	(22,427)	(18.1)			
		Security Transportation	[3.5] 2,400	[1.4] 990	1,409	142.2			
		Heavy Haulage & Construction	[11.9] 5,600	[14.1] 6,301	(701)	(11.1)			
		Logistics Support	[3.5] 14,600	[3.9] 16,333	(1,733)	(10.6)			
		Subtotal	[4.7] 124,200	[5.2] 147,652	(23,452)	(15.9)			
	Adjustment	(14,200)	(18,936)	4,736	—				
Total			[4.5] 110,000	[4.9] 128,716	(18,716)	(14.5)			

(Notes) 1. Figures in brackets indicate operating income margin.

2. Prepared based on Japanese GAAP.

The Company intends to adopt *International Financial Reporting Standards (IFRS)* beginning with our Annual Securities Report for the fiscal year ending December 31, 2022. We plan to announce consolidated financial results forecasts for the fiscal year ending December 31, 2023 based on this standard as soon as we clarify the impact of transition.

○ Financial Results Forecast, First Half of FY2023

(Unit: Millions of yen, %)

(Unit: Millions of Yen, %)

				First Half of FY2023	First Half of FY2022	Change	
						Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	694,300	725,495	(31,195)	(4.3)
			The Americas	78,700	74,725	3,974	5.3
			Europe	92,100	104,016	(11,916)	(11.5)
			East Asia	99,400	122,523	(23,123)	(18.9)
			South Asia & Oceania	83,000	117,210	(34,210)	(29.2)
		Subtotal	1,047,500	1,143,971	(96,471)	(8.4)	
		Security Transportation	34,500	34,424	75	0.2	
		Heavy Haulage & Construction	26,000	19,988	6,011	30.1	
		Logistics Support	213,500	204,667	8,832	4.3	
		Subtotal	1,321,500	1,403,052	(81,552)	(5.8)	
		Adjustment	(97,500)	(104,120)	6,620	—	
	Total			1,224,000	1,298,932	(74,932)	(5.8)
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.4] 30,600	[4.9] 35,368	(4,768)	(13.5)
			The Americas	[6.7] 5,300	[6.9] 5,148	151	3.0
			Europe	[4.2] 3,900	[5.8] 6,014	(2,114)	(35.2)
			East Asia	[4.0] 4,000	[5.2] 6,373	(2,373)	(37.2)
			South Asia & Oceania	[6.3] 5,200	[9.8] 11,452	(6,252)	(54.6)
		Subtotal	[4.7] 49,000	[5.6] 64,357	(15,357)	(23.9)	
		Security Transportation	[3.8] 1,300	[2.0] 677	622	91.8	
		Heavy Haulage & Construction	[10.4] 2,700	[11.0] 2,200	499	22.7	
		Logistics Support	[3.3] 7,000	[4.1] 8,469	(1,469)	(17.4)	
		Subtotal	[4.5] 60,000	[5.4] 75,705	(15,705)	(20.7)	
		Adjustment	(7,000)	(7,969)	969	—	
	Total			[4.3] 53,000	[5.2] 67,735	(14,735)	(21.8)

(Notes) 1. Figures in brackets indicate operating income margin.

2. Prepared based on Japanese GAAP.

The Company intends to adopt *International Financial Reporting Standards (IFRS)* beginning with our Annual Securities Report for the fiscal year ending December 31, 2022. We plan to announce consolidated financial results forecasts for the fiscal year ending December 31, 2023 based on this standard as soon as we clarify the impact of transition.

○ Changes in Number of Employees as of December 31, 2022

(Unit: Persons)

	December 31, 2022
Logistics	61,227
Security Transportation	6,453
Heavy Haulage & Construction	959
Logistics Support	4,546
Adjustment	297
Total	73,482

(Note) The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FY2022
Vehicles	10,645
Buildings	11,170
Land	24
Leased assets	30,899
Other	31,149
Total	83,889

Major investment

(Unit: Millions of yen)

Company	Note
Logistics Japan	Operations support system-related (system, digital tachometers, etc.), etc.

(Unit: Millions of yen)

	Plan amount in FY 2023
Vehicles	12,000
Buildings	20,000
Land	500
Leased assets	20,000
Other	27,500
Total	80,000

Major investment

(Unit: Millions of yen)

Company	Note
Logistics Japan	Island City International Cargo Warehouse
	New Hamamatsu Branch Warehouse
Logistics Americas	New Illinois Warehouse opening, etc.
Logistics South Asia & Oceania	Haiphong Warehouse, etc.