

May 12, 2022

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

Name of listed company: **NIPPON EXPRESS HOLDINGS, INC.**Code: **9147**

Listed stock exchanges: Tokyo

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

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: May 12, 2022

Scheduled date of dividend payment: —

Availability of supplementary briefing material on quarterly financial results: Available

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

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Three Months Ended March 31, 2022 (January 1, 2022 to March 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	%
Three Months Ended March 31, 2022	643,136	—	35,823	—	36,164	—	21,339	—
Three Months Ended March 31, 2021	—	—	—	—	—	—	—	—

(Note) Comprehensive income:

Three Months Ended March 31, 2022: ¥43,213 million [—%] Three Months Ended March 31, 2021: ¥—million [—%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Three Months Ended March 31, 2022	235.84	—
Three Months Ended March 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 same period in the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of March 31, 2022	1,628,612	686,117	40.8
As of December 31, 2021	—	—	—

(Reference) Equity: As of March 31, 2022: ¥664,610 million As of December 31, 2021: ¥—million

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

2. Dividends Information

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

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

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

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim	1,290,000	—	60,000	—	61,500	—	86,000	—	950.42
Full year	2,550,000	—	110,000	—	112,000	—	116,000	—	1,281.97

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

*Notes

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

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

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

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

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

1) Total number of issued shares at end of period (including treasury stock)	As of March 31, 2022	90,599,225 shares	As of December 31, 2021	—
2) Total number of treasury stocks at end of period	As of March 31, 2022	113,310 shares	As of December 31, 2021	—
3) Average number of shares during period	Three Months Ended March 31, 2022	90,484,033 shares	Three Months Ended March 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 March 31, 2022: 112,609 shares As of December 31, 2021: — shares
(These figures are included in *Total number of treasury stock at end of period*, above.)
The Company was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
Therefore, no historical or comparative results exist for the same period in the previous fiscal year.

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

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

- This earnings report revises the forecast of consolidated financial results announced on February 14, 2022 .

- The forward-looking statements and other results forecasts stated herein are based on information available at the time this report was prepared, as well as certain assumptions considered reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to 1. *Qualitative Information on Quarterly Financial Results*, (3) *Explanation of Consolidated Financial Results Forecasts and Other Forward-Looking Information* on page 2 for financial forecast assumptions and the use of the forecasts.
- We are scheduled to hold a conference call for institutional investors and analysts on May 12, 2022. The materials to be distributed at that meeting will be posted on our corporate website.
- The quarterly consolidated financial statements for the first quarter of the current fiscal year (January 1, 2022 through March 31, 2022) have been prepared by succeeding to the quarterly consolidated financial statements of Nippon Express Co., Ltd., which became a wholly owned subsidiary through a sole-share transfer.

Disclaimer:

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

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

In any legal matter, readers should refer to and rely upon the original Japanese text released May 12, 2022.

1. Qualitative Information on Quarterly Financial Results

The Company was established on January 4, 2022 as a pure holding company of Nippon Express Co., Ltd. and its subsidiaries through a sole-share transfer of Nippon Express Co., Ltd. There is no substantial change in the scope of consolidation from that of Nippon Express Co., Ltd.

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

(1) Explanation of Business Results

During the first quarter of the current consolidated fiscal year, the spread of Omicron variant of COVID-19 resulted in restrictions on movement and economic activities in certain countries and having a negative impact on the global economy, which had been tracing a gradual recovery to that point. In addition, the lifting of monetary easing policies in the U.S., the reduction of fiscal, monetary, and economic measures in various countries, and the Russian invasion of Ukraine amid increasing inflationary pressure resulted in rising energy and raw materials prices. These factors increased the risk of recession due to further increases in inflation rates, making for an unpredictable future for the economy.

In this economic environment, the logistics industry in Japan saw a steady recovery related to production machinery, electronics, and certain other commercial products. However, production adjustments continued in the automotive industry due to semiconductor shortages and the impact on restaurants, etc., of priority measures to prevent the spread of infections led to sluggish demand for fresh food products and a standstill in personal consumption. These factors combined to weak cargo movement overall. The situation for international trade continues to require close monitoring. Amid shortages of air cargo transportation supply associated with fewer flights, ocean container shortages, and soaring freight rates, aircraft flight path changes due to the invasion of Ukraine have reduced the number of flights and caused a reduction in available load weight. Further, suspensions of ocean cargo transportation to Russia have resulted in container stoppages and congestion in major ports throughout Europe.

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 and ocean transportation.

As a result, the group posted revenues of ¥643.1 billion, operating income of ¥35.8 billion, ordinary income of ¥36.1 billion, and profit attributable to owners of parent of ¥21.3 billion.

(2) Explanation of Financial Position

Total assets as of the end of the consolidated first quarter amounted to ¥1,628.6 billion.

The main components were current assets of ¥711.6 billion, including cash and deposits of ¥193.8 billion and accounts receivable-trade and contract assets of ¥425.5 billion. Non-current assets amounted to ¥916.9 billion, including property and equipment ¥665.2 billion and investment securities of ¥107.7 billion.

Total liabilities as of the end of the consolidated first quarter amounted to ¥942.4 billion.

The main components were current liabilities of ¥490.5 billion, including accounts payable - trade of ¥205.9 billion. Non-current liabilities amounted to ¥451.9 billion, including bonds payable of ¥140.0 billion.

Net assets as of the end of the consolidated first quarter amounted to ¥686.1 billion, and shareholders' equity ratio was 40.8%.

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

Based on recent trends in financial results, the Nippon Express Group has made the following revisions to consolidated financial results forecasts for the fiscal year ending December 2022, published originally on February 14, 2022.

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

1) Revisions to Financial Results Forecasts

A. Revisions to Forecast of Consolidated Financial Results for the Six Months Ending June 30, 2022 (January 1, 2022 to June 30, 2022)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (February 14, 2022)	¥ million 1,190,000	¥ million 52,000	¥ million 54,500	¥ million 81,000	¥ 895.20
Revised forecast (B)	1,290,000	60,000	61,500	86,000	950.42
Difference (B-A)	100,000	8,000	7,000	5,000	
Difference (%)	8.4	15.4	12.8	6.2	

B. Revisions to Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previously announced forecast (A) (February 14, 2022)	¥ million 2,360,000	¥ million 100,000	¥ million 103,000	¥ million 111,000	¥ 1,226.76
Revised forecast (B)	2,550,000	110,000	112,000	116,000	1,281.97
Difference (B-A)	190,000	10,000	9,000	5,000	
Difference (%)	8.1	10.0	8.7	4.5	

2) Reasons for Revision to Financial Results Forecasts

We have made an upward revision of forecasts for revenues, operating income, ordinary income, profit attributable to owners of the parent company, as we expect performance 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 do not anticipate lockdowns or other large-scale social restrictions due to the spread of COVID-19, and have not reflected such in our forecasts.

*Note Regarding Financial Results Forecasts

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

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	First Quarter of FY2022 (as of March 31, 2022)
ASSETS	
Current assets:	
Cash and deposits	193,861
Notes receivable – trade	21,072
Accounts receivable – trade, and contract assets	425,550
Inventories	16,292
Other	57,798
Less: allowance for doubtful accounts	(2,960)
Total current assets	711,615
Non-current assets:	
Property and equipment	
Vehicles, net	47,926
Buildings, net	271,522
Land	187,426
Other, net	158,336
Total property and equipment	665,211
Intangible assets	
Goodwill	3,752
Other	80,182
Total intangible assets	83,934
Investments and other assets	
Investment securities	107,728
Other	61,125
Less: allowance for doubtful accounts	(1,004)
Total investments and other assets	167,850
Total non-current assets	916,996
Total assets	1,628,612
LIABILITIES	
Current liabilities:	
Notes payable – trade	5,881
Accounts payable – trade	205,977
Short-term loans payable	53,123
Income taxes payable	15,087
Provision for bonuses	30,046
Other provisions	892
Other	179,542
Total current liabilities	490,552
Non-current liabilities:	
Bonds payable	140,000
Long-term loans payable	97,440
Other provisions	1,710
Net retirement benefit liability	115,424
Other	97,367
Total non-current liabilities	451,942
Total liabilities	942,494

(Unit: Millions of yen)

First Quarter of
FY2022
(as of March 31, 2022)

NET ASSETS	
Shareholders' equity:	
Common stock	70,175
Additional paid-in capital	22,621
Retained earnings	518,750
Treasury stock	(594)
Total shareholders' equity	610,951
Accumulated other comprehensive income:	
Valuation differences on available-for-sale securities	33,127
Deferred gains (losses) on hedges	(3)
Foreign currency translation adjustments	18,953
Remeasurements of retirement benefit plans	1,582
Total accumulated other comprehensive income	53,659
Non-controlling interests	21,506
Total net assets	686,117
Total liabilities and net assets	1,628,612

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Three Months Ended March 31, 2022 (January 1, 2022 to March 31, 2022)
Revenues	643,136
Operating costs	575,527
Gross profit	67,609
Selling, general and administrative expenses:	31,786
Operating income	35,823
Non-operating income:	
Interest income	76
Dividend income	151
Other	3,018
Total non-operating income	3,246
Non-operating expenses:	
Interest expenses	736
Equity in losses of unconsolidated subsidiaries and affiliates	1,515
Other	653
Total non-operating expenses	2,905
Ordinary income	36,164
Extraordinary income:	
Gain on sales of non-current assets	1,143
Gain on sales of investment securities	23
Other	2
Total extraordinary income	1,169
Extraordinary loss:	
Loss on disposal of non-current assets	1,853
Other	327
Total extraordinary loss	2,180
Profit before income taxes	35,153
Income taxes	12,663
Profit	22,489
Profit attributable to non-controlling interests	1,149
Profit attributable to owners of parent	21,339

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

Three Months Ended
March 31, 2022
(January 1, 2022 to
March 31, 2022)

Profit	22,489
Other comprehensive income:	
Valuation differences on available-for-sale securities	2,711
Deferred gains (losses) on hedges	64
Foreign currency translation adjustments	12,940
Remeasurements of retirement benefit plans	4,878
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	128
Other comprehensive income	20,724
Comprehensive income:	43,213
(Comprehensive income attributable to)	
Owners of parent	41,617
Non-controlling interests	1,596

(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 March 31, 2022, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

Three Months Ended March 31, 2022 (January 1, 2022 to March 31, 2022)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	354,206	26,565	45,788	55,131	51,729
Intersegment	5,728	6,096	2,569	4,764	9,977
Total	359,935	32,661	48,358	59,895	61,706
Segment Income	20,904	2,134	2,205	3,094	6,605

	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	17,287	8,186	84,240	643,136	—	643,136
Intersegment	17	31	20,933	50,118	(50,118)	—
Total	17,305	8,218	105,173	693,255	(50,118)	643,136
Segment Income	633	646	3,664	39,887	(4,064)	35,823

(Notes) 1 The segment income adjustment of ¥(4,064) million includes ¥(579) million for the elimination of intersegment income, and ¥(3,513) million of corporate expenses that are not attributable to any individual reportable segment. The most significant portion of corporate expenses relates to Company corporate image advertising (as the pure holding company) and our administration of group companies.

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

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

3.Reference Materials

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

			Three Months Ended March 31,2022	% of Sales
Revenues by business	Distribution & transportation business	Motor transportation	91,355	14.2
		Marine and harbor transportation	100,197	15.6
		Air transportation	178,921	27.8
		Warehousing & storage	79,094	12.3
		Security transportation	16,963	2.6
		Heavy haulage & construction	12,615	2.0
		Other	74,355	11.6
	Subtotal		553,504	86.1
	Goods sales business		79,724	12.4
Other		9,907	1.5	
Total			643,136	100.0
Operating costs	Personnel expenses		104,241	16.2
	Forwarding costs		175,340	27.3
	Vehicle chartering and subcontracting costs		112,209	17.4
	Other		183,735	28.6
	Total		575,527	89.5
Gross profit			67,609	10.5
	Personnel expenses		17,143	2.7
	Other		14,642	2.3
	Selling, general and administrative expenses		31,786	4.9
Operating income			35,823	5.6
	Interest income		76	0.0
	Dividend income		151	0.0
	Other		3,018	0.5
	Non-operating income		3,246	0.5
	Interest expenses		736	0.1
	Equity in losses of unconsolidated subsidiaries and affiliates		1,515	0.2
	Other		653	0.1
	Non-operating expenses		2,905	0.5
Ordinary income			36,164	5.6
	Gain on sales of non-current assets		1,143	0.2
	Gain on sales of investment securities		23	0.0
	Other		2	0.0
Extraordinary income			1,169	0.2
	Loss on disposal of non-current assets		1,853	0.3
	Other		327	0.1
	Extraordinary loss		2,180	0.3
Profit before income taxes			35,153	5.5
Income taxes			12,663	2.0
Profit			22,489	3.5
Profit attributable to non-controlling interests			1,149	0.2
Profit attributable to owners of parent			21,339	3.3

Total personnel expenses	Operating costs	104,241	16.2
	Selling, general and administrative expenses	17,143	2.7
	Total	121,384	18.9

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

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

(Unit: Millions of yen, %)

				Six Months Ending June 30, 2022	FY2022
Revenues	Reportable Segment	Logistics	Japan	705,100	1,415,600
			The Americas	67,100	139,200
			Europe	102,300	188,500
			East Asia	126,700	238,300
			South Asia & Oceania	104,900	193,800
		Subtotal	1,106,100	2,175,400	
		Security Transportation	34,300	69,000	
		Heavy Haulage & Construction	21,100	45,000	
		Logistics Support	207,800	416,100	
		Subtotal	1,369,300	2,705,500	
		Adjustment	(79,300)	(155,500)	
	Total			1,290,000	2,550,000
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.9] 34,600	[4.6] 64,600
			The Americas	[6.6] 4,400	[6.0] 8,400
			Europe	[4.5] 4,600	[4.7] 8,800
			East Asia	[4.5] 5,700	[4.4] 10,400
			South Asia & Oceania	[9.3] 9,800	[8.5] 16,400
		Subtotal	[5.3] 59,100	[5.0] 108,600	
		Security Transportation	[1.7] 600	[0.7] 500	
		Heavy Haulage & Construction	[10.4] 2,200	[10.9] 4,900	
		Logistics Support	[3.3] 6,800	[3.0] 12,500	
		Subtotal	[5.0] 68,700	[4.7] 126,500	
		Adjustment	(8,700)	(16,500)	
	Total			[4.7] 60,000	[4.3] 110,000

(Notes) Figures in brackets indicate operating income margin.