January 18, 2023

To Whom It May Concern


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| 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) |


# Notice Concerning the Recording of Extraordinary Losses and Revision of Financial Results Forecasts

At a meeting held today, the Nippon Express Holdings board of directors resolved to record extraordinary losses related to non-current assets and goodwill in the consolidated financial results (Japanese GAAP) for the fiscal year ended December 31, 2022. The board also resolved to revise full-year financial results forecast for the fiscal year ending December 31, 2022.

1. Recording of Extraordinary Losses (Recording of Impairment Losses in the Consolidated Financial Statements)

(1) New International Air Cargo Enterprise System

Nippon Express Co., Ltd., a subsidiary of Nippon Express Holdings, Inc. made the decision to abandon the development a new international air cargo enterprise system, which the company had been developing to establish a common global infrastructure in the air cargo transportation business. This decision was made due to anticipated increases in development costs and a longer development period than planned originally.

As a result, Nippon Express Co., Ltd. will record an impairment loss of 15.4 billion yen for non-current intangible assets (software in progress) incurred for system development to date.

(2) Pharmaceuticals/Medical Business

Nippon Express Co., Ltd., a subsidiary of Nippon Express Holdings, Inc., established four new warehouses in Japan that comply with the Japanese version of the Good Distribution Practices (GDP) guidelines. These new warehouses were designed to expand the company’s pharmaceuticals and medical business, serving as a pharmaceutical products supply network responding to changes in medical product distribution in anticipation of legal requirements for GDP, which are distribution standards tailored to pharmaceutical products.

The company conducted a review of the business plans, etc., of the Pharmaceutical/Medical Business in the context of a business environment experiencing the ongoing spread of COVID-19. Having considered the amount recoverable from the business, the company determined to record an impairment loss of 15.4 billion yen related to non-current assets.

(3) Security Transportation Business

After reviewing recoverable amounts for non-current assets, Nippon Express Co., Ltd., a subsidiary on Nippon Express Holdings, Inc., expects to record an impairment loss related to non-current assets of 2.5 billion yen. This decision was made in light of the business environment related to the Security Transportation Business and the profitability of the business due to changes in economic conditions.

(4) MD Logistics, Inc. and MD Express, Inc. (collectively, “MD”)

MD, which became a subsidiary in September 2020 via the acquisition of an equity interest, has a pharmaceutical product logistics network in the United States, which is the largest market in the world for pharmaceutical products. Combined with the NX Group international transport network, the group pursues high-quality transportation services conducted consistently across the U.S. and overseas.

However, MD has recently underperformed in light of the business plans created at the time of the equity interest acquisition. We revised business plans to reflect the current business and economic environment at MD, and assessed expected recoverable amounts. As a result, we expect to record goodwill-related impairment losses of 2.9 billion yen.

(5) Domestic subsidiaries

Certain domestic subsidiaries have estimated the value of non-current assets as less than the carrying amount of the assets based on past progress and future expectations, etc. Therefore, we expect to record impairment losses related to non-current assets in the amount of 1.0 billion yen.

2. Revisions to Financial Results Forecasts

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

(Millions of yen, rounded down)

| | Revenues | Operating income | Ordinary income | Profit attributable to owners of parent | Basic earnings per share |
|---|---|---|---|---|---|
| Previously announced forecast (A) (November 09, 2022) | ¥ million 2,650,000 | ¥ million 130,000 | ¥ million 138,000 | ¥ million 134,000 | ¥ 1,492.23 |
| Revised forecast (B) | 2,650,000 | 130,000 | 138,000 | 108,000 | 1,211.34 |
| Difference (B-A) | 0 | 0 | 0 | (26,000) | |
| Difference (%) | 0 | 0 | 0 | (19.4) | |

(2) Reasons for Revisions

Due to the expected extraordinary losses described in 1 above, we revised full-year forecasts for profit attributable to owners of parent downward.

The year-end dividend forecast for the fiscal year ended December 31, 2022 remains unchanged from the forecast most recently announced on November 9, 2022.

* The amounts of extraordinary losses for each item presented in this document are expected results, as the financial statement auditor has not completed audit procedures of the financial statements for the year ended December 31, 2022. Actual losses may differ from forecasts.

Financial results forecasts and other forward-looking statements 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.

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