

Summary of Consolidated Earnings Report for the Third Quarter of the Fiscal Year Ending December 31, 2023 (IFRS)

November 13, 2023

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/ja/> (Japanese)
 Representative: President and Representative Director Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: November 13, 2023

Scheduled date of dividend payment: -

Availability of supplementary briefing material on quarterly financial results: Available

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

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(1) Consolidated Business Results (%: compared with the previous period)

| | Revenue | | Operating profit | | Income before tax | | Profit attributable to owners of parent | | Total comprehensive income | |
|--------------------------------------|-----------|--------|------------------|--------|-------------------|--------|---|--------|----------------------------|--------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % |
| Nine Months Ended September 30, 2023 | 1,675,352 | (14.6) | 51,442 | (67.3) | 52,449 | (67.7) | 30,520 | (72.7) | 68,701 | (56.3) |
| Nine Months Ended September 30, 2022 | 1,962,464 | — | 157,369 | — | 162,295 | — | 111,757 | — | 157,158 | — |

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | ¥ | ¥ |
| Nine Months Ended September 30, 2023 | 344.07 | — |
| Nine Months Ended September 30, 2022 | 1,236.50 | — |

(Note) Nippon Express Holdings, Inc. was established on January 4, 2022 via sole-share transfer by Nippon Express Co., Ltd.
 Therefore, no historical results exist for the third quarter of the fiscal year ended December 31, 2022.

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets |
|--------------------------|--------------|--------------|---|--|
| | ¥ million | ¥ million | ¥ million | % |
| As of September 30, 2023 | 1,967,846 | 809,635 | 787,542 | 40.0 |
| As of December 31, 2022 | 2,075,197 | 779,150 | 756,513 | 36.5 |

2. Dividends Information

| | Annual dividend per share | | | | |
|---|---------------------------|----------------|---------------|----------|--------|
| | First Quarter | Second Quarter | Third Quarter | Year End | Yearly |
| | ¥ | ¥ | ¥ | ¥ | ¥ |
| Fiscal Year Ended December 31, 2022 | — | 250.00 | — | 150.00 | 400.00 |
| Fiscal Year Ending December 31, 2023 | — | 150.00 | — | | |
| Fiscal Year Ending December 31, 2023 (Forecast) | | | | 150.00 | 300.00 |

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

The interim dividend for the fiscal year ended December 31, 2022 includes a commemorative dividend of 150 yen per share.

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

(%: compared with the previous period)

| | Revenue | | Operating profit | | Income before tax | | Profit attributable to owners of parent | | Basic earnings per share |
|-----------|-----------|--------|------------------|--------|-------------------|--------|---|--------|--------------------------|
| | ¥ million | % | ¥ million | % | ¥ million | % | ¥ million | % | ¥ |
| Full year | 2,270,000 | (13.3) | 74,000 | (52.4) | 75,000 | (53.2) | 48,000 | (55.7) | 545.83 |

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

*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

1) Change in accounting policies required under IFRS: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

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

| | | | | |
|--|---|----------------------|---|----------------------|
| 1) Total number of issued shares at end of period (including treasury shares) | As of September 30, 2023 | 90,599,225 shares | As of December 31, 2022 | 90,599,225 shares |
| 2) Total number of treasury shares at end of period | As of September 30, 2023 | 2,659,149 shares | As of December 31, 2022 | 1,441,856 shares |
| 3) Average number of shares during period | Fiscal Year Ended September 30, 2023 | 88,706,614 shares | Fiscal Year Ended September 30, 2022 | 90,382,362 shares |

(Note) The Company introduced an Executive Compensation BIP (Board Incentive Plan) Trust. Company shares owned by the Trust were included the treasury shares at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of September 30, 2023: 96,519 shares As of December 31, 2022: 111,175 shares

(These figures are included the total number of treasury shares 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 document contains a revised consolidated earnings forecast compared with the forecast announced on August 9, 2023.
- 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 4 for financial forecast assumptions and the use of the forecasts.
- We plan to hold a briefing session online for institutional investors and analysts on November 13, 2023. The materials to be distributed at that meeting will be posted on our corporate website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the cumulative consolidated third quarter of the current fiscal year, the global showed signs of gradual recovery in certain major countries, including resilience in the service sector and strength in the labor market. However, the outlook remained uncertain due to monetary tightening, inflation, the prolonged invasion of Ukraine by Russia, and the deepening of the real estate recession in China.

In this economic climate, the logistics industry experienced the negative impact of an extended economic recession across major countries. In terms of international logistics as well, cargo movement remained sluggish due to ongoing weakness in the manufacturing industries of major countries, despite a partial recovery in certain regions and industries as inventory adjustments ran their course. In our domestic business, cargo movement lacked strength overall, despite a recovery in automobile production and certain other sectors in response to the easing of semiconductor and other materials supply restrictions.

In addition to continuing geopolitical and economic security risks, the situation in Japan requires close monitoring of trends that include rising procurement costs due to the weakening of the yen.

Given this business environment, Nippon Express Group business performance for the cumulative consolidated third quarter of the current fiscal year saw revenues and profit increase year on year in the Heavy Haulage & Construction segment driven by firm volume in the wind power-related and industrial machinery-related areas. Each logistics segment recorded lower revenues and profits were negatively affected overall by generally sluggish cargo movement due to a decrease in air and ocean cargo transportation, mainly in the semiconductor- and automobile-related sectors, and a decline in unit sales prices, among other factors.

As a result, the group posted revenues of ¥1,675.3 billion, down ¥287.1 billion, or 14.6%, year on year. Operating income amounted to ¥51.4 billion, down ¥105.9 billion, or 67.3%, year on year. Profit before income taxes amounted to ¥52.4 billion, down ¥109.8 billion, or 67.7%, year on year, while profit attributable to owners of parent amounted to ¥30.5 billion, down ¥81.2 billion, or 72.7%.

(2) Explanation of Financial Position

1) Assets, Liabilities, and Equity

Total assets as of the end of the third quarter of the current consolidated fiscal year amounted to ¥1,967.8 billion, down ¥107.3 billion, or 5.2%, compared with the end of the previous consolidated fiscal year.

Current assets decreased ¥142.9 billion, or 15.8%, to ¥764.8 billion, while non-current assets increased ¥35.6 billion, or 3.1%, to ¥1,203.0 billion.

The decrease in current assets was mainly due to a decrease in cash and cash equivalents.

The increase in non-current assets was mainly due to an increase in right-of-use assets.

Current liabilities amounted to ¥524.6 billion, down ¥171.2 billion, or 24.6%, compared with the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥633.5 billion, up ¥33.4

billion, or 5.6%.

The decrease in current liabilities was mainly due to a decrease in bonds and borrowings.

The increase in non-current liabilities was mainly due to an increase in bonds and borrowings.

Total equity as of the end of the third quarter of the current consolidated fiscal year amounted to ¥809.6 billion, up ¥30.4 billion, or 3.9%, compared with the end of the previous consolidated fiscal year.

2) Cash Flows

Cash and cash equivalents as of the end of the first quarter of the current consolidated fiscal year amounted to ¥191.3 billion, down ¥85.2 billion compared with the end of the previous consolidated fiscal year.

Net cash provided by operating activities amounted to ¥134.1 billion, representing a decrease in proceeds of ¥82.6 billion compared to the year-ago period. This result was mainly due to a decline in profit before income taxes.

Net cash used in investing activities amounted to ¥50.8 billion, representing an increase in outlays of ¥65.3 billion compared to the year-ago period. This result was mainly due to a decline in proceeds from sale of property, plant and equipment.

Net cash used in financing activities amounted to ¥182.2 billion, representing an increase in outlays of ¥65.1 billion compared to the year-ago period. This result was mainly due to an increase in repayments of long-term borrowings and redemptions of bonds.

(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 31, 2023, published originally on August 9, 2023.

For more related to consolidated financial results forecasts, see 3. Reference Materials: Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023.

1) Revisions to Financial Results Forecasts

Revisions to Forecasts of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023

(January 1, 2023 to December 31, 2023)

(Millions of yen, rounded down)

| | Revenue | Operating income | Income before income taxes | Profit attributable to owners of parent | Basic earnings per share |
|---|------------------------|---------------------|----------------------------|---|--------------------------|
| Previously announced forecast (A) (August 9, 2023) | ¥ million 2,330,000 | ¥ million 84,000 | ¥ million 84,000 | ¥ million 55,000 | ¥ 620.77 |
| Revised forecast (B) | 2,270,000 | 74,000 | 75,000 | 48,000 | 545.83 |
| Difference (B-A) | (60,000) | (10,000) | (9,000) | (7,000) | |
| Difference (%) | (2.6) | (11.9) | (10.7) | (12.7) | |

2) Reasons for Revision to Financial Results Forecasts

We expect revenue, operating income, income before income taxes, and profit attributable to owners of parent for the fiscal year ending December 31, 2023 to be lower than forecasts announced previously, mainly due to slower-than-expected demand for international freight. Therefore, we have decided to revise forecasts downward.

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

In addition, 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. Condensed Quarterly Consolidated Financial Statement

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Millions of yen)

| | FY2022 (As of December 31, 2022) | Third Quarter of FY2023 (as of September 30, 2023) |
|---|-------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 276,679 | 191,390 |
| Trade and other receivables | 497,746 | 428,666 |
| Inventories | 15,381 | 11,328 |
| Income taxes receivable | 468 | 19,667 |
| Other financial assets | 82,835 | 74,417 |
| Other current assets | 34,546 | 39,286 |
| Subtotal | 907,656 | 764,757 |
| Non-current assets held for sale | 170 | 86 |
| Total current assets | 907,827 | 764,844 |
| Non-current assets | | |
| Property, plant and equipment | 535,478 | 538,794 |
| Investment property | 70,759 | 75,100 |
| Goodwill and intangible assets | 60,604 | 61,593 |
| Right-of-use assets | 305,475 | 320,269 |
| Investments accounted for using equity method | 40,635 | 41,818 |
| Other financial assets | 120,454 | 133,490 |
| Deferred tax assets | 29,110 | 25,213 |
| Other non-current assets | 4,851 | 6,722 |
| Total non-current assets | 1,167,370 | 1,203,001 |
| Total assets | 2,075,197 | 1,967,846 |

(Unit: Millions of yen)

| | FY2022 (As of December 31, 2022) | Third Quarter of FY2023 (as of September 30, 2023) |
|---|-------------------------------------|--|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 257,303 | 206,608 |
| Bonds and borrowings | 94,466 | 16,174 |
| Lease liabilities | 84,870 | 96,197 |
| Other financial liabilities | 82,943 | 62,367 |
| Income taxes payable | 29,717 | 7,891 |
| Provisions | 9,169 | 10,954 |
| Other current liabilities | 137,456 | 124,496 |
| Total current liabilities | 695,929 | 524,691 |
| Non-current liabilities | | |
| Bonds and borrowings | 170,504 | 185,412 |
| Lease liabilities | 281,825 | 296,512 |
| Other financial liabilities | 18,171 | 19,190 |
| Retirement benefit liability | 105,646 | 106,454 |
| Provisions | 10,503 | 11,552 |
| Deferred tax liabilities | 6,865 | 7,244 |
| Other non-current liabilities | 6,600 | 7,152 |
| Total non-current liabilities | 600,118 | 633,519 |
| Total liabilities | 1,296,047 | 1,158,210 |
| Equity | | |
| Share capital | 70,175 | 70,175 |
| Capital surplus | 22,928 | 22,839 |
| Treasury shares | (10,604) | (20,538) |
| Other components of equity | 75,590 | 112,708 |
| Retained earnings | 598,423 | 602,357 |
| Total equity attributable to owners of parent | 756,513 | 787,542 |
| Non-controlling interests | 22,636 | 22,093 |
| Total equity | 779,150 | 809,635 |
| Total liabilities and equity | 2,075,197 | 1,967,846 |

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed quarterly consolidated statement of profit or loss

(Unit: Millions of yen)

| | Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022) | Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023) |
|---|---|---|
| Revenue | 1,962,464 | 1,675,352 |
| Cost of sales | 1,757,114 | 1,507,670 |
| Gross profit | 205,350 | 167,682 |
| Selling, general and administrative expenses | 100,858 | 107,304 |
| Other income | 62,519 | 11,143 |
| Other expenses | 9,385 | 21,582 |
| Share of profit (loss) of investments accounted for using equity method | (255) | 1,503 |
| Operating profit | 157,369 | 51,442 |
| Finance income | 8,402 | 5,587 |
| Finance costs | 3,477 | 4,580 |
| Income before tax | 162,295 | 52,449 |
| Income tax expense | 48,112 | 21,942 |
| Operating income | 114,182 | 30,507 |
| Profit attributable to | | |
| Owners of parent | 111,757 | 30,520 |
| Non-controlling interests | 2,424 | (13) |
| Profit from continuing operations | 114,182 | 30,507 |
| Earnings per share | | |
| Basic earnings per share (yen) | 1,236.50 | 344.07 |

Condensed quarterly consolidated statement of comprehensive income

| | (Unit: Millions of yen) | |
|--|---|---|
| | Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022) | Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023) |
| Profit | 114,182 | 30,507 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Equity instruments measured at fair value through other comprehensive income | 3,413 | 7,784 |
| Share of other comprehensive income of investments accounted for using equity method | 21 | 21 |
| Total of items that will not be reclassified to profit or loss | 3,434 | 7,805 |
| Items that may be reclassified to profit or loss | | |
| Fair value of effective portion of cash flow hedges | (10) | (27) |
| Exchange differences on translation of foreign operations | 39,184 | 28,449 |
| Share of other comprehensive income of investments accounted for using equity method | 367 | 1,967 |
| Total of items that may be reclassified to profit or loss | 39,541 | 30,389 |
| Total other comprehensive income after tax | 42,975 | 38,194 |
| Comprehensive income: | 157,158 | 68,701 |
| Comprehensive income attributable to | | |
| Owners of parent | 153,129 | 67,748 |
| Non-controlling interests | 4,029 | 952 |
| Comprehensive income: | 157,158 | 68,701 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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

(Unit: Millions of yen)

| | Equity attributable to owners of parent | | | | | | |
|---|---|-----------------|-------------------|-----------------|--|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | | |
| | | | | | Financial assets measured at fair value through other comprehensive income | Exchange differences on translation of foreign operations | Fair value of effective portion of cash flow hedges |
| Balance as of January 1, 2022 | 70,175 | 22,870 | 501,079 | (611) | 44,923 | 6,048 | (68) |
| Profit | | | 111,757 | | | | |
| Other comprehensive income | | | | | 3,411 | 37,581 | (10) |
| Comprehensive income: | - | - | 111,757 | - | 3,411 | 37,581 | (10) |
| Purchase of treasury shares | | | | (5,253) | | | |
| Disposal of treasury shares | | - | | 20 | | | |
| Cancellation of treasury shares | | | (0) | 0 | | | |
| Dividends | | | (36,239) | | | | |
| Transfer from share capital to capital surplus | (0) | 0 | | | | | |
| Share-based compensation transactions | | 9 | | | | | |
| Changes in ownership interests in subsidiaries | | (8) | 31 | | | | |
| Transfer from other components of equity to retained earnings | | | 1,048 | | (1,048) | | |
| Total transactions with owners | (0) | 1 | (35,160) | (5,231) | (1,048) | - | - |
| Balance as of September 30, 2022 | 70,175 | 22,871 | 577,677 | (5,842) | 47,286 | 43,630 | (78) |

| | Equity attributable to owners of parent | | | | |
|---|--|---------|----------|---------------------------|--------------|
| | Other components of equity | | Total | Non-controlling interests | Total equity |
| | Share of other comprehensive income of investments accounted for using equity method | Total | | | |
| Balance as of January 1, 2022 | 220 | 51,124 | 644,638 | 19,814 | 664,453 |
| Profit | | - | 111,757 | 2,424 | 114,182 |
| Other comprehensive income | 388 | 41,371 | 41,371 | 1,604 | 42,975 |
| Comprehensive income | 388 | 41,371 | 153,129 | 4,029 | 157,158 |
| Purchase of treasury shares | | - | (5,253) | | (5,253) |
| Disposal of treasury shares | | - | 20 | | 20 |
| Cancellation of treasury shares | | - | - | | - |
| Dividends | | - | (36,239) | (1,306) | (37,545) |
| Transfer from share capital to capital surplus | | - | - | | - |
| Share-based compensation transactions | | - | 9 | | 9 |
| Changes in ownership interests in subsidiaries | | - | 22 | 94 | 117 |
| Transfer from other components of equity to retained earnings | | (1,048) | - | | - |
| Total transactions with owners | - | (1,048) | (41,439) | (1,212) | (42,651) |
| Balance as of September 30, 2022 | 609 | 91,447 | 756,328 | 22,631 | 778,959 |

Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)

(Unit: Millions of yen)

| | Equity attributable to owners of parent | | | | | | |
|---|---|-----------------|-------------------|-----------------|--|---|---|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Other components of equity | | |
| | | | | | Financial assets measured at fair value through other comprehensive income | Exchange differences on translation of foreign operations | Fair value of effective portion of cash flow hedges |
| Balance as of January 1, 2023 | 70,175 | 22,928 | 598,423 | (10,604) | 46,676 | 30,480 | 10 |
| Profit (loss) | | | 30,520 | | | | |
| Other comprehensive income | | | | | 7,780 | 27,486 | (27) |
| Comprehensive income: | - | - | 30,520 | - | 7,780 | 27,486 | (27) |
| Purchase of treasury shares | | | | (10,011) | | | |
| Disposal of treasury shares | | (0) | | 77 | | | |
| Cancellation of treasury shares | | | - | - | | | |
| Dividends | | | (26,694) | | | | |
| Transfer from share capital to capital surplus | - | - | | | | | |
| Share-based compensation transactions | | (88) | | | | | |
| Changes in ownership interests in subsidiaries | | (0) | (1) | | | | |
| Transfer from other components of equity to retained earnings | | | 109 | | (109) | | |
| Total transactions with owners | - | (89) | (26,586) | (9,934) | (109) | - | - |
| Balance as of September 30, 2023 | 70,175 | 22,839 | 602,357 | (20,538) | 54,347 | 57,966 | (17) |

| | Equity attributable to owners of parent | | | | |
|---|--|---------|----------|---------------------------|--------------|
| | Other components of equity | | Total | Non-controlling interests | Total equity |
| | Share of other comprehensive income of investments accounted for using equity method | Total | | | |
| Balance as of January 1, 2023 | (1,577) | 75,590 | 756,513 | 22,636 | 779,150 |
| Profit (loss) | | - | 30,520 | (13) | 30,507 |
| Other comprehensive income | 1,988 | 37,227 | 37,227 | 966 | 38,194 |
| Comprehensive income: | 1,988 | 37,227 | 67,748 | 952 | 68,701 |
| Purchase of treasury shares | | - | (10,011) | | (10,011) |
| Disposal of treasury shares | | - | 77 | | 77 |
| Cancellation of treasury shares | | - | - | | - |
| Dividends | | - | (26,694) | (1,483) | (28,177) |
| Transfer from share capital to capital surplus | | - | - | | - |
| Share-based compensation transactions | | - | (88) | | (88) |
| Changes in ownership interests in subsidiaries | | - | (2) | (13) | (15) |
| Transfer from other components of equity to retained earnings | | (109) | - | | - |
| Total transactions with owners | - | (109) | (36,720) | (1,496) | (38,216) |
| Balance as of September 30, 2023 | 411 | 112,708 | 787,542 | 22,093 | 809,635 |

(4) Condensed Quarterly Consolidated Statement of Cash Flows

| | (Unit: Millions of yen) | |
|--|---|---|
| | Nine months ended September 30, 2022 (January 1, 2022 to September 30, 2022) | Nine months ended September 30, 2023 (January 1, 2023 to September 30, 2023) |
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 162,295 | 52,449 |
| Depreciation and amortization | 101,724 | 109,526 |
| Losses (gains) on sales and valuation of investment securities | (709) | (31) |
| Loss (gain) on sale of property, plant and equipment | (52,906) | 3,487 |
| Impairment losses (reversal of impairment losses) | 93 | - |
| Increase (decrease) in provision for bonuses | 14,945 | 14,574 |
| Increase (decrease) in retirement benefit liability | (256) | 455 |
| Interest and dividend income | (2,407) | (3,860) |
| Interest expenses | 3,322 | 4,283 |
| Share of loss (profit) of investments accounted for using equity method | 255 | (1,503) |
| Decrease (increase) in trade receivables | 14,725 | 106,513 |
| Decrease (increase) in inventories | (2,215) | 4,116 |
| Increase (decrease) in trade payables | (14,712) | (60,847) |
| Increase (decrease) in consumption taxes payable | 17,507 | (28,011) |
| Other | (7,544) | (7,706) |
| Subtotal | 234,117 | 193,444 |
| Interest and dividends received | 2,481 | 3,968 |
| Interest paid | (3,328) | (4,218) |
| Income taxes paid | (16,464) | (59,002) |
| Net cash provided by (used in) operating activities | 216,806 | 134,192 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (5,212) | (13,995) |
| Proceeds from withdrawal of time deposits | 3,532 | 6,199 |
| Purchase of property, plant and equipment | (32,610) | (32,248) |
| Purchase of intangible assets | (11,187) | (10,037) |
| Proceeds from sale of property, plant and equipment | 64,452 | 5,858 |
| Purchase of equity instruments | (1,245) | (438) |
| Proceeds from sale and redemption of equity financial instruments | 1,428 | 305 |
| Proceeds from sale of shares accompanying the change in the scope of consolidation | 1,453 | - |
| Collection of loans receivable | 16 | 109 |
| Other | (6,145) | (6,619) |
| Net cash provided by (used in) investing activities | 14,480 | (50,866) |
| Net cash provided by (used in) financing activities | | |
| Proceeds from short-term borrowings | 80,721 | 63,676 |
| Repayments of short-term borrowings | (85,140) | (70,419) |
| Proceeds from long-term borrowings | - | 25,000 |
| Repayments of long-term borrowings | (18,066) | (52,849) |
| Repayments of lease liabilities | (51,838) | (79,597) |
| Redemption of bonds | - | (30,000) |
| Dividends paid | (36,221) | (26,663) |
| Payments for purchase of treasury shares | (5,253) | (10,011) |
| Other | (1,298) | (1,423) |
| Net cash provided by (used in) financing activities | (117,097) | (182,289) |
| Effect of exchange rate change on cash and cash equivalents | 13,243 | 13,674 |
| Net increase (decrease) in cash and cash equivalents | 127,432 | (85,288) |
| Cash and cash equivalents at beginning of year | 133,922 | 276,679 |
| Cash and cash equivalents at end of the quarter | 261,355 | 191,390 |

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

Not applicable.

(Segment Information, etc.)

[Segment Information]

Nine Months Ended September 30, 2022 (January 1, 2022 to September 30, 2022)
Revenues and segment income (loss) by reportable segment

(Unit: Millions of yen)

| | Logistics | | | | |
|---|-----------|--------------|---------|-----------|----------------------|
| | Japan | The Americas | Europe | East Asia | South Asia & Oceania |
| Revenue | | | | | |
| Revenue from external customers | 1,069,965 | 97,134 | 149,670 | 174,969 | 149,657 |
| Intersegment sales | 20,373 | 21,972 | 8,278 | 14,405 | 23,534 |
| Total | 1,090,338 | 119,107 | 157,948 | 189,374 | 173,192 |
| Segment income (business income) | 52,130 | 9,966 | 9,372 | 10,525 | 16,716 |
| Other income | | | | | |
| Other expenses | | | | | |
| Share of profit (loss) of investments accounted for using equity method | | | | | |
| Operating profit | | | | | |
| Finance income | | | | | |
| Finance costs | | | | | |
| Income before income taxes | | | | | |

| | Security Transportation | Heavy Haulage & Construction | Logistics Support | Total | Adjustment (Note) | Amount in condensed quarterly consolidated financial statement |
|---|-------------------------|------------------------------|-------------------|-----------|-------------------|--|
| Revenue | | | | | | |
| Revenue from external customers | 51,137 | 32,409 | 237,519 | 1,962,464 | - | 1,962,464 |
| Intersegment sales | 53 | 134 | 68,610 | 157,363 | (157,363) | - |
| Total | 51,190 | 32,543 | 306,130 | 2,119,827 | (157,363) | 1,962,464 |
| Segment income (business income) | 2,329 | 4,169 | 12,225 | 117,435 | (12,943) | 104,491 |
| Other income | | | | | | 62,519 |
| Other expenses | | | | | | 9,385 |
| Share of profit (loss) of investments accounted for using equity method | | | | | | (255) |
| Operating profit | | | | | | 157,369 |
| Finance income | | | | | | 8,402 |
| Finance costs | | | | | | 3,477 |
| Income before income taxes | | | | | | 162,295 |

(Note) The segment income (business income) adjustment of ¥(12,943) million includes ¥(1,643) million for the elimination of intersegment income and ¥(11,300) 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.

Nine Months Ended September 30, 2023 (January 1, 2023 to September 30, 2023)
Revenues and segment income (loss) by reportable segment

(Unit: Millions of yen)

| | Logistics | | | | |
|---|-----------|--------------|---------|-----------|----------------------|
| | Japan | The Americas | Europe | East Asia | South Asia & Oceania |
| Revenue | | | | | |
| Revenue from external customers | 925,162 | 96,888 | 133,221 | 105,707 | 95,915 |
| Intersegment sales | 18,187 | 15,741 | 7,923 | 9,456 | 10,384 |
| Total | 943,350 | 112,630 | 141,145 | 115,163 | 106,300 |
| Segment income (business income) | 32,890 | 7,381 | 7,537 | 3,203 | 6,961 |
| Other income | | | | | |
| Other expenses | | | | | |
| Share of profit (loss) of investments accounted for using equity method | | | | | |
| Operating profit | | | | | |
| Finance income | | | | | |
| Finance costs | | | | | |
| Income before income taxes | | | | | |

| | Security Transportation | Heavy Haulage & Construction | Logistics Support | Total | Adjustment (Note) | Amount in condensed quarterly consolidated financial statement |
|---|-------------------------|------------------------------|-------------------|-----------|-------------------|--|
| Revenue | | | | | | |
| Revenue from external customers | 50,357 | 39,837 | 228,262 | 1,675,352 | - | 1,675,352 |
| Intersegment sales | 438 | 34 | 82,700 | 144,867 | (144,867) | - |
| Total | 50,795 | 39,872 | 310,962 | 1,820,220 | (144,867) | 1,675,352 |
| Segment income (business income) | 3,107 | 4,950 | 9,653 | 75,686 | (15,308) | 60,377 |
| Other income | | | | | | 11,143 |
| Other expenses | | | | | | 21,582 |
| Share of profit (loss) of investments accounted for using equity method | | | | | | 1,503 |
| Operating profit | | | | | | 51,442 |
| Finance income | | | | | | 5,587 |
| Finance costs | | | | | | 4,580 |
| Income before income taxes | | | | | | 52,449 |

(Note) The segment income adjustment of ¥(15,308) million includes ¥(912) million for the elimination of intersegment income, and ¥(14,396) 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.

3. Reference Materials

Consolidated Reference Materials

○ Reportable Segment Financial Results

(Unit: Millions of yen, %)

| | | | | Nine Months Ended September 30, 2023 | Nine Months Ended September 30, 2022 | Change | |
|--------------------------------------|--------------------|------------------------------|----------------------|---|---|-----------|--------|
| | | | | | | Amount | Ratio |
| Revenues | Reportable Segment | Logistics | Japan | 943,350 | 1,090,338 | (146,988) | (13.5) |
| | | | The Americas | 112,630 | 119,107 | (6,476) | (5.4) |
| | | | Europe | 141,145 | 157,948 | (16,803) | (10.6) |
| | | | East Asia | 115,163 | 189,374 | (74,211) | (39.2) |
| | | | South Asia & Oceania | 106,300 | 173,192 | (66,892) | (38.6) |
| | | Subtotal | 1,418,589 | 1,729,962 | (311,372) | (18.0) | |
| | | Security Transportation | 50,795 | 51,190 | (394) | (0.8) | |
| | | Heavy Haulage & Construction | 39,872 | 32,543 | 7,328 | 22.5 | |
| | | Logistics Support | 310,962 | 306,130 | 4,832 | 1.6 | |
| | | Subtotal | 1,820,220 | 2,119,827 | (299,606) | (14.1) | |
| | Adjustment | (144,867) | (157,363) | 12,495 | — | | |
| Total | | | 1,675,352 | 1,962,464 | (287,111) | (14.6) | |
| Segment Income (Operating Income) | Reportable Segment | Logistics | Japan | [3.5] 32,890 | [4.8] 52,130 | (19,240) | (36.9) |
| | | | The Americas | [6.6] 7,381 | [8.4] 9,966 | (2,584) | (25.9) |
| | | | Europe | [5.3] 7,537 | [5.9] 9,372 | (1,835) | (19.6) |
| | | | East Asia | [2.8] 3,203 | [5.6] 10,525 | (7,321) | (69.6) |
| | | | South Asia & Oceania | [6.5] 6,961 | [9.7] 16,716 | (9,754) | (58.4) |
| | | Subtotal | [4.1] 57,974 | [5.7] 98,711 | (40,736) | (41.3) | |
| | | Security Transportation | [6.1] 3,107 | [4.6] 2,329 | 777 | 33.4 | |
| | | Heavy Haulage & Construction | [12.4] 4,950 | [12.8] 4,169 | 781 | 18.7 | |
| | | Logistics Support | [3.1] 9,653 | [4.0] 12,225 | (2,571) | (21.0) | |
| | | Subtotal | [4.2] 75,686 | [5.5] 117,435 | (41,749) | (35.6) | |
| | Adjustment | (15,308) | (12,943) | (2,364) | — | | |
| Total | | | [3.6] 60,377 | [5.3] 104,491 | (44,114) | (42.2) | |

(Note) Figures in brackets indicate operating income margin.

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

| | | | Nine Months Ended September 30, 2023 | | Nine Months Ended September 30, 2022 | | Change | |
|---|--|----------------------------------|---|---------------|---|---------------|-----------|--------|
| | | | | % of Sales | | % of Sales | Amount | Ratio |
| Revenues by business | Distribution & transportation business | Motor transportation | 281,862 | 16.8 | 279,054 | 14.2 | 2,807 | 1.0 |
| | | Marine and harbor transportation | 231,156 | 13.8 | 323,829 | 16.5 | (92,672) | (28.6) |
| | | Air transportation | 321,517 | 19.2 | 536,799 | 27.4 | (215,282) | (40.1) |
| | | Warehousing & storage | 265,395 | 15.8 | 252,831 | 12.9 | 12,563 | 5.0 |
| | | Security transportation | 50,198 | 3.0 | 50,748 | 2.6 | (550) | (1.1) |
| | | Heavy haulage & construction | 57,462 | 3.4 | 50,428 | 2.6 | 7,034 | 13.9 |
| | | Other | 221,429 | 13.2 | 215,303 | 11.0 | 6,125 | 2.8 |
| | Subtotal | | 1,429,021 | 85.3 | 1,708,995 | 87.1 | (279,973) | (16.4) |
| | Goods sales business | | 218,352 | 13.0 | 221,443 | 11.3 | (3,091) | (1.4) |
| | Other | | 27,978 | 1.7 | 32,025 | 1.6 | (4,046) | (12.6) |
| Total | | 1,675,352 | 100.0 | 1,962,464 | 100.0 | (287,111) | (14.6) | |
| Operating costs | Personnel expenses | | 330,204 | 19.7 | 322,774 | 16.4 | 7,429 | 2.3 |
| | Forwarding costs | | 261,954 | 15.6 | 533,752 | 27.2 | (271,797) | (50.9) |
| | Vehicle chartering and subcontracting costs | | 352,609 | 21.0 | 354,682 | 18.1 | (2,073) | (0.6) |
| | Other | | 562,902 | 33.6 | 545,904 | 27.8 | 16,998 | 3.1 |
| | Total | | 1,507,670 | 90.0 | 1,757,114 | 89.5 | (249,443) | (14.2) |
| Gross profit | | 167,682 | 10.0 | 205,350 | 10.5 | (37,667) | (18.3) | |
| | Personnel expenses | | 58,689 | 3.5 | 56,172 | 2.9 | 2,517 | 4.5 |
| | Other | | 48,615 | 2.9 | 44,686 | 2.3 | 3,929 | 8.8 |
| | Selling, general and administrative expenses | | 107,304 | 6.4 | 100,858 | 5.1 | 6,446 | 6.4 |
| | Segment profit (business profit) | | 60,377 | 3.6 | 104,491 | 5.3 | (44,114) | (42.2) |
| | Gain on sales of non-current assets | | 6,787 | 0.4 | 58,021 | 3.0 | (51,234) | (88.3) |
| | Other | | 4,356 | 0.3 | 4,497 | 0.2 | (140) | (3.1) |
| | Total other income | | 11,143 | 0.7 | 62,519 | 3.2 | (51,375) | (82.2) |
| | Loss on disposal of non-current assets | | 10,304 | 0.6 | 5,378 | 0.3 | 4,925 | 91.6 |
| | Other | | 11,277 | 0.7 | 4,007 | 0.2 | 7,270 | 181.4 |
| | Total other expenses | | 21,582 | 1.3 | 9,385 | 0.5 | 12,196 | 129.9 |
| Equity in (earnings) losses of unconsolidated subsidiaries and affiliates | | 1,503 | 0.1 | (255) | (0.0) | 1,758 | — | |
| Operating income | | 51,442 | 3.1 | 157,369 | 8.0 | (105,927) | (67.3) | |
| Total finance income | | 5,587 | 0.3 | 8,402 | 0.4 | (2,815) | (33.5) | |
| Total finance costs | | 4,580 | 0.3 | 3,477 | 0.2 | 1,102 | 31.7 | |
| Income before income taxes | | 52,449 | 3.1 | 162,295 | 8.3 | (109,845) | (67.7) | |
| Income tax expense | | 21,942 | 1.3 | 48,112 | 2.5 | (26,170) | (54.4) | |
| Profit | | 30,507 | 1.8 | 114,182 | 5.8 | (83,675) | (73.3) | |
| Profit attributable to | | | | | | | | |
| Owners of parent | | 30,520 | 1.8 | 111,757 | 5.7 | (81,236) | (72.7) | |
| Non-controlling interests | | (13) | 0.0 | 2,424 | 0.1 | (2,438) | — | |
| Profit | | 30,507 | 1.8 | 114,182 | 5.8 | (83,675) | (73.3) | |

| | | | | | | | |
|--------------------------|--|---------|------|---------|------|-------|-----|
| Total personnel expenses | Operating costs | 330,204 | 19.7 | 322,774 | 16.4 | 7,429 | 2.3 |
| | Selling, general and administrative expenses | 58,689 | 3.5 | 56,172 | 2.9 | 2,517 | 4.5 |
| | Total | 388,893 | 23.2 | 378,947 | 19.3 | 9,946 | 2.6 |

○ Financial Results Forecast, FY2023

(Unit: Millions of yen, %)

| | | | | FY 2023 | FY2022 | Change | |
|--------------------------------------|--------------------|------------------------------|----------------------|---------------|--------------|-----------|--------|
| | | | | | | Amount | Ratio |
| Revenues | Reportable Segment | Logistics | Japan | 1,264,800 | 1,450,991 | (186,191) | (12.8) |
| | | | The Americas | 150,300 | 162,080 | (11,780) | (7.3) |
| | | | Europe | 186,400 | 215,707 | (29,307) | (13.6) |
| | | | East Asia | 159,300 | 241,529 | (82,229) | (34.0) |
| | | | South Asia & Oceania | 146,800 | 221,886 | (75,086) | (33.8) |
| | | Subtotal | 1,907,600 | 2,292,195 | (384,595) | (16.8) | |
| | | Security Transportation | 68,100 | 68,088 | 11 | 0.0 | |
| | | Heavy Haulage & Construction | 49,500 | 44,542 | 4,957 | 11.1 | |
| | | Logistics Support | 425,900 | 421,609 | 4,290 | 1.0 | |
| | | Subtotal | 2,451,100 | 2,826,435 | (375,335) | (13.3) | |
| | Adjustment | (181,100) | (207,775) | 26,675 | — | | |
| Total | | | 2,270,000 | 2,618,659 | (348,659) | (13.3) | |
| Segment Income (Operating Income) | Reportable Segment | Logistics | Japan | [3.7] 46,200 | [4.9] 71,444 | (25,244) | (35.3) |
| | | | The Americas | [6.8] 10,200 | [8.5] 13,751 | (3,551) | (25.8) |
| | | | Europe | [5.5] 10,200 | [5.8] 12,546 | (2,346) | (18.7) |
| | | | East Asia | [2.8] 4,500 | [5.3] 12,818 | (8,318) | (64.9) |
| | | | South Asia & Oceania | [6.4] 9,400 | [9.1] 20,098 | (10,698) | (53.2) |
| | | Subtotal | [4.2] 80,500 | [5.7] 130,660 | (50,160) | (38.4) | |
| | | Security Transportation | [5.0] 3,400 | [4.6] 3,110 | 289 | 9.3 | |
| | | Heavy Haulage & Construction | [14.1] 7,000 | [14.3] 6,391 | 608 | 9.5 | |
| | | Logistics Support | [3.4] 14,300 | [3.9] 16,435 | (2,135) | (13.0) | |
| | | Subtotal | [4.3] 105,200 | [5.5] 156,597 | (51,397) | (32.8) | |
| | Adjustment | (20,200) | (19,047) | (1,152) | — | | |
| Total | | | [3.7] 85,000 | [5.3] 137,550 | (52,550) | (38.2) | |

(Note) Figures in brackets indicate operating income margin.