



English Translation

February 14, 2022

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 First Section of the Tokyo Stock Exchange)
Contact	Executive Officer and General Manager, Accounting Division Hideshi Otsuki (TEL. 03-5801-1000)

Notice Concerning Financial Results Disclosure of Delisted Subsidiary Company (Nippon Express Co., Ltd.)

Financial results for the fiscal year ended December 31, 2021 (April 1, 2021 to December 31, 2021) for Nippon Express Co., Ltd., a wholly owned subsidiary as of January 4, 2022, are as disclosed separately.

See *Notice Concerning Financial Results Forecast and Dividends Forecast for the Fiscal Year Ending December 31, 2022*, published February 14, 2022, for consolidated financial results forecasts for the fiscal year ending December 31, 2022 for Nippon Express Holdings, Inc.

End

February 14, 2022

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

Company name: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: —

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

Representative: President and CEO Mitsuru Saito

Scheduled date for General Shareholders' Meeting: March 30, 2022

Scheduled date of dividend payment: March 31, 2022

Scheduled date for release of Securities Report: March 30, 2022

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, 2021 (April 1, 2021 to December 31, 2021)

(1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended December 31, 2021	1,763,282	—	68,754	—	73,627	—	54,049	—
Fiscal Year Ended March 31, 2021	2,079,195	(0.1)	78,100	31.9	81,276	41.5	56,102	222.3

(Note) Comprehensive income:

Fiscal Year Ended December 31, 2021: ¥75,453 million [—%] Fiscal Year Ended March 31, 2021: ¥69,369 million [208.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to asset ratio	Operating income margin
	¥	¥	%	%	%
Fiscal Year Ended December 31, 2021	595.19	—	8.9	4.5	3.9
Fiscal Year Ended March 31, 2021	604.79	—	10.0	5.2	3.8

(Reference) Investment gain or loss on equity method:

Fiscal Year Ended December 31, 2021: ¥2,322 million Fiscal Year Ended March 31, 2021: ¥(38) million

(Note) Nippon Express Co., Ltd. changed fiscal year ends from March 31 to December 31 beginning with the fiscal year ended December 31, 2021. With the change, all companies in the Nippon Express Group will have a unified December 31 fiscal year end. The previous consolidated fiscal year reflects profit and loss results from April 1, 2020 to March 31, 2021 (12 months) for the company and consolidated subsidiaries with a March fiscal year end. We consolidated profit and loss results for the period from January 1, 2020 to December 31, 2020 (12 months) for consolidated subsidiaries with December fiscal year ends. However, for the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to December 31, 2021 (9 months) for the company and all consolidated subsidiaries. We adjusted retained earnings to reflect the profit and loss results for the period from January 1, 2021 to March 31, 2021 (3 months) for those consolidated subsidiaries with December fiscal year ends.

As a result, percentage changes compared to the previous fiscal year is not stated herein.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2021	1,618,221	656,952	39.3	7,035.33
As of March 31, 2021	1,631,855	600,707	35.7	6,354.98

(Reference) Equity: As of December 31, 2021: ¥636,575 million As of March 31, 2021: ¥582,512 million

(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, 2021	44,024	101,447	(196,867)	131,837
Fiscal Year Ended March 31, 2021	146,605	(49,325)	(23,597)	168,362

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 March 31, 2021	—	75.00	—	110.00	185.00	17,075	30.6	3.0
Fiscal Year Ended December 31, 2021	—	90.00	—	150.00	240.00	21,743	40.3	3.6

(Note) We have not provided financial results forecasts for Nippon Express Co., Ltd. in this document, as the company was delisted on December 29, 2021. See *Notice Regarding Financial Results Forecasts and Dividend Forecasts for the Fiscal Year Ending December 31, 2022*, published on February 14, 2022, for the financial results forecasts of Nippon Express Holdings, Inc., wholly owning parent company of Nippon Express Co., Ltd.

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

(January 1, 2022 to December 31, 2022)

We have not provided financial results forecasts for Nippon Express Co., Ltd. in this document, as the company was delisted on December 29, 2021.

See *Notice Regarding Financial Results Forecasts and Dividend Forecasts for the Fiscal Year Ending December 31, 2022*, published on February 14, 2022, for the financial results forecasts of Nippon Express Holdings, Inc., wholly owning parent company of Nippon Express Co., Ltd.

*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.: Yes

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

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, 2021	90,599,325 shares	As of March 31, 2021	96,000,000 shares
2) Total number of treasury stock at end of period	As of December 31, 2021	116,739 shares	As of March 31, 2021	4,337,612 shares
3) Average number of shares during period	Fiscal Year Ended December 31, 2021	90,810,523 shares	Fiscal Year Ended March 31, 2021	92,762,928 shares

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

Number of shares owned by the Executive Compensation BIP Trust:

As of December 31, 2021: 116,739 shares As of March 31, 2021: 122,354 shares

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

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(1) Non-Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal Year Ended December 31, 2021	938,653	—	23,333	—	32,361	—	32,378	—
Fiscal Year Ended March 31, 2021	1,120,712	0.1	34,293	28.1	49,339	33.9	54,792	150.7

	Basic earnings per share	Diluted earnings per share
	¥	¥
Fiscal Year Ended December 31, 2021	356.55	—
Fiscal Year Ended March 31, 2021	590.68	—

(Note) Nippon Express Co., Ltd. changed fiscal year ends from March 31 to December 31 beginning with the fiscal year ended December 31, 2021. With the change, all companies in the Nippon Express Group will have a unified December 31 fiscal year end. The previous consolidated fiscal year reflects profit and loss results from April 1, 2020 to March 31, 2021 (12 months) for the company and consolidated subsidiaries with a March fiscal year end. However, for the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to December 31, 2021 (9 months) for the company and all consolidated subsidiaries.

As a result, percentage changes compared to the previous fiscal year is not stated herein.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of December 31, 2021	1,064,887	376,704	35.4	4,163.28
As of March 31, 2021	1,023,088	374,444	36.6	4,085.04

(Reference) Equity: As of December 31, 2021: ¥376,704 million

As of March 31, 2021: ¥374,444 million

2. Forecast of Non-Consolidated Financial Results for the Fiscal Year Ending December 31, 2022

(January 1, 2022 to December 31, 2022)

We have not provided financial results forecasts for Nippon Express Co., Ltd. in this document, as the company was delisted on December 29, 2021.

*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

Nippon Express Holdings, Inc. has been established as a wholly owning parent company via sole-share transfer on January 4, 2022, and Nippon Express Co., Ltd. has become a wholly owned subsidiary of Nippon Express Holdings, Inc.

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, 2022.

1. Overview of Business Results

(1) Overview of Business Results for Fiscal Year Ended December 31, 2021

The economy continued to recover in Japan and other major countries around the world during the consolidated fiscal year. Vaccinations progressed among the advanced economies leading to the resumption of economic activities and financial support, etc., and the declining impact of COVID-19 infections. On the other hand, many emerging and developing economies continued to experience the negative impact of restrictions on economic activities due to the spread of infections. The risk of economic recession due to the reemergence of infections caused by variants, rising global inflation, and soaring resource prices added to the uncertain outlook, resulting in a generally challenging business environment.

Given this economic environment, the logistics industry experienced a sustained recovery in cargo movement, which had fallen sharply in the previous year, due to the resumption of production and sales activities in Japan and other countries around the world. Transportation volume in Asia expanded rapidly with demand for consumer goods rising in the U.S. and other countries. International trade also began to recover, led by the U.S. and China.

In Japan, demand for electronic commerce and digital-related products rose in line with the new normal. Demand for chemicals, non-ferrous metals, production machinery, electrical machinery, and other products remained strong throughout the fiscal year. At the same time, the automotive and other industries engaged in production adjustments due to the global shortage of semiconductors and slow parts procurement stemming from COVID-19 lockdowns overseas. Personal consumption came to a standstill. These factors caused weakness in overall cargo movement.

Global cargo movement recovered rapidly, resulting in container shortages, combined with backlogs in containers and container ships, mainly in the U.S. As a result, international transport continued to experience tight supply-demand constraints due to global space shortages and soaring ocean freight prices, which spurred a lack of vessel space and container shortages. Further, the air cargo business experienced chronic shortages of space due to the continued cancellation of international passenger flights which caused air freight feeds to rise dramatically.

This fiscal year marked the third year of the five-year Nippon Express 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 2021 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 in the future as we continue to strengthen our businesses. These growth industries include the pharmaceutical industry, which is expanding in response to our aging society, and the semiconductor industry, which has established a stronger foundation as a nationally important business.

International freight forwarding and our overseas businesses in particular performed well in response to demand for international trade resulting from a rapid recovery in global cargo movement. In Japan, however, freight forwarding has been sluggish due to stagnant production and the declarations of states of emergency. The

Japanese freight forwarding market began to recover gradually in the middle of the fiscal year, but volume was weak overall.

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

Item Revenues	Japan*			Overseas		
	2021 Jan-Dec Results	2020 Jan-Dec Results	Difference (%)	2021 Jan-Dec Results	2020 Jan-Dec Results	Difference (%)
Electric and Electronics Industry	¥112.3 billion	¥94.3 billion	19%	¥186.5 billion	¥135.2 billion	38%
Automotive Industry	¥85.4 billion	¥62.5 billion	37%	¥108.1 billion	¥69.7 billion	55%
Apparel Industry	¥15.5 billion	¥16.5 billion	(6%)	¥78.7 billion	¥53.1 billion	48%
Pharmaceutical/Medical Industry	¥15.9 billion	¥14.4 billion	10%	¥24.1 billion	¥13.3 billion	81%
Semiconductor-Related Industries	¥28.5 billion	¥19.2 billion	48%	¥16.7 billion	¥9.4 billion	79%

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

Item (Forwarding Volume)	2021 Jan-Dec Results	2020 Jan-Dec Results	Difference (%)
Ocean forwarding business*1	750,000 TEU	660,000 TEU	13%
Air forwarding business*1	970,000 t	720,000 t	35%
Item Revenues	2021 Jan-Dec Results	2020 Jan-Dec Results	Difference (%)
Non-Japanese Customer Accounts (GAM・GTA)*2	¥74.1 billion	¥40.6 billion	82%

*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 consolidating domestic organizations and reassigning back office personnel to other departments. Further, we have improved operational efficiencies and productivity through advanced technologies, strengthened CSR management, and increased the size of our sales force. We have also endeavored 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	FY2019 Results	FY2020 Results	FYE December 2021 Results (Apr-Dec)	Cumulative (Apr 2019 to Dec 2021)	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]	—	-¥3.3 billion [-375 employees]	-¥4.5 billion [-500 employees]
	Reassign HQ employees	—	-¥0.8 billion [-91 employees]	-¥0.04 billion [-4 employees]		
Back office process reform	Overtime [back office personnel]	-¥1.1 billion	-¥1.3 billion	¥0.5 billion	-¥2.9 billion	-¥5.0 billion
	Personnel dispatching cost [back office]	¥0.1 billion	-¥1.0 billion	-¥0.2 billion		
Total		-¥2.0 billion	-¥4.5 billion	¥0.3 billion	-¥6.3 billion	-¥9.5 billion

Efforts to Implement Our Long-Term Vision

In terms of innovation in IT strategy toward reinforcing functions to support initiatives, we have been striving to strengthen information security and make further advancements in RPA adoption, which will contribute to improved office productivity. We also improved our communications infrastructure to respond to the new normal during this time of the COVID-19 pandemic.

To achieve ESG management for sustainable growth and enhance corporate value, we strive for sustainable growth for the group as a whole. To this end, we have been preparing to transition to a pure holding company structure, and we have introduced a global brand identity program to strengthen our brand in conjunction with this change in organization, rebranding as the NX Group as of January 4, 2022. The group has engaged in further environmental management measures, including CO2 emissions reductions. Other efforts including eliminating long work hours and encouraging employees to take paid leave, measures that are preconditions to achieving diversity. At the same time, we are addressing flexible work styles to achieve a greater variety of work arrangements. The NX Group is working to improve capital efficiency by reviewing our business portfolio, including distribution center liquidization mechanisms to reduce assets and improve business locations, and the removal of the leasing business from consolidation. At the same time, we are looking into other ways to strengthen our group management structure.

As a result, the group posted revenues of ¥1763.2 billion, operating income of ¥68.7 billion, ordinary income of ¥73.6 billion, and profit attributable to owners of parent of ¥54.0 billion.

Our adoption of Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) resulted in a decrease of ¥59.6 billion in revenues. However, the impact on operating income, ordinary income, and profit attributable to owners of the parent was minimal.

Financial results by reportable segment are summarized below.

1. Japan (Logistics)

Revenues amounted to ¥1,008.2 billion, mainly due to an increase in air and ocean freight volume. On the other hand, operating income was ¥37.9 billion due to increases in air and ocean forwarding costs and fuel oil unit prices.

2. The Americas (Logistics)

Revenues amounted to ¥86.6 billion, mainly due to an increase in air and ocean freight volume. Operating income amounted to ¥5.2 billion.

3. Europe (Logistics)

Revenues amounted to ¥132.8 billion, mainly due to an increase in air freight and warehousing and distribution processing volume. Operating income amounted to ¥6.4 billion.

4. East Asia (Logistics)

Revenues amounted to ¥178.0 billion, mainly due to an increase in air freight volume. Operating income amounted to ¥5.0 billion, stemming from an increase in air forwarding costs.

5. South Asia & Oceania (Logistics)

Revenues amounted to ¥146.8 billion, mainly due to an increase in air and ocean freight volume. Operating income amounted to ¥13.0 billion.

6. Security Transportation

Revenues amounted to ¥51.3 billion, mainly due to decreases in scheduled flights and cash collection work. Operating income amounted to ¥0.1 billion, owing to the impact of various cost reduction measures.

7. Heavy Haulage & Construction

Revenues amounted to ¥35.8 billion, mainly due to a decrease in plant-related construction work. Operating income amounted to ¥4.9 billion.

8. Logistics Support

Although the unit selling price of oil increases and logistics equipment sales remained firm, the spin-off of the leasing business and adopting of new revenue-recognition standards during the consolidated fiscal year resulted in revenues of ¥267.1 billion and operating income of ¥7.7 billion.

(2) Overview of Financial Position for Fiscal Year Ended December 31, 2021

Total assets as of the end of the fiscal year ended December 2021 amounted to ¥1,618.2 billion, a decrease of ¥13.6 billion, or 0.8%, from the end of the previous fiscal year.

Current assets amounted to ¥708.5 billion, a decrease of ¥63.2 billion, or 8.2%, from the end of the previous fiscal year. Non-current assets totaled ¥909.6 billion, an increase of ¥49.6 billion, or 5.8%, from the end of the previous fiscal year.

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

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

Current liabilities amounted to ¥474.8 billion, a decrease of ¥40.6 billion, or 7.9%, compared to the end of the previous consolidated fiscal year. Non-current liabilities amounted to ¥486.4 billion, a decrease of ¥29.2 billion, or 5.7%.

The main reason for the decrease in current liabilities was a decrease in short-term loans payable and commercial

paper in conjunction with a decrease in short-term loans receivable related to the absorption-type split of the leasing business.

The decrease in non-current liabilities was mainly due to a decrease in long-term loans payable.

Net assets amounted to ¥656.9 billion at the end of the fiscal year ended December 2021, an increase of ¥56.2 billion, or 9.4%, from the end of the previous consolidated fiscal year.

The increase in non-current assets was mainly attributable to an increase in retained earnings.

(3) Overview of Cash Flows for Fiscal Year Ended December 31, 2021

Cash and cash equivalents at the end of the fiscal year ended December 2021, amounted to ¥131.8 billion, a decrease of ¥36.5 billion compared to the previous consolidated fiscal year.

Net cash provided by operating activities amounted to ¥44.0 billion, a decrease of ¥102.5 billion in proceeds year on year. This result was mainly due to a decrease stemming from payments of other liabilities, including consumption taxes payable, and a decrease in provision for bonuses in connection with the change in fiscal year end.

Net cash provided by operating activities amounted to ¥101.4 billion, an increase of ¥150.7 billion in proceeds year on year. This result was mainly due to an increase in proceeds from the collection of loans related to the absorption-type split of the leasing business.

Net cash used in financing activities amounted to ¥196.8 billion, an increase of ¥173.2 billion in expenditures. This result was mainly due to an increase in proceeds from the collection of loans related to the absorption-type split of the leasing business and the associated redemption of commercial paper. In addition, net cash proceeds decreased due to the issuance of corporate bonds.

(4) Forecasts of Future Performance

We have not provided financial results forecasts for Nippon Express Co., Ltd. in this document, as the company was delisted on December 29, 2021. See *Notice Regarding Financial Results Forecasts and Dividend Forecasts for the Fiscal Year Ending December 31, 2022*, published on February 14, 2022, for the financial results forecasts of Nippon Express Holdings, Inc., wholly owning parent company of Nippon Express Co., Ltd.

2. Basic View on the Adoption of Accounting Policies

In light of the trends of accounting standards in Japan, the NX Group is considering the adoption of IFRS.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2020 (as of March 31, 2021)	FYE Dec 2021 (as of December 31, 2021)
ASSETS		
Current assets		
Cash and deposits	217,774	193,094
Notes receivable - trade	22,281	22,158
Accounts receivable - trade	348,810	—
Accounts receivable – trade and contract assets	—	415,936
Inventories	8,296	13,759
Advance payments - trade	4,445	10,798
Prepaid expenses	14,232	17,628
Short-term loans receivable	138,486	67
Others	18,936	37,952
Less: allowance for doubtful accounts	(1,368)	(2,796)
Total current assets	771,894	708,598
Non-current assets:		
Property and equipment		
Vehicles	165,351	171,845
Less: accumulated depreciation	(123,498)	(123,869)
Vehicles, net	41,853	47,976
Buildings	633,637	663,059
Less: accumulated depreciation	(380,174)	(390,274)
Buildings, net	253,462	272,784
Structures	70,777	70,705
Less: accumulated depreciation	(55,611)	(55,687)
Structures, net	15,165	15,017
Machinery and equipment	87,892	96,217
Less: accumulated depreciation	(64,186)	(67,428)
Machinery and equipment, net	23,705	28,789
Tools, furniture and fixtures	79,248	84,502
Less: accumulated depreciation	(63,916)	(65,554)
Tools, furniture and fixtures, net	15,331	18,948
Vessels	20,676	18,430
Less: accumulated depreciation	(8,912)	(7,557)
Vessels, net	11,763	10,873
Land	188,009	187,310
Leased assets	70,699	135,031
Less: accumulated depreciation	(32,152)	(54,970)
Leased assets, net	38,546	80,060
Construction in progress	19,663	2,365
Net property and equipment	607,503	664,126
Intangible assets		
Leasehold rights	7,572	5,464
Goodwill	4,592	3,870
Others	70,552	73,699
Total intangible assets	82,717	83,034

(Unit: Millions of yen)

	FY2020 (as of March 31, 2021)	FYE Dec 2021 (as of December 31, 2021)
Investments and other assets		
Investment securities	107,275	104,187
Long-term loans receivable	363	359
Long-term loans to employees	28	24
Long-term prepaid expenses	2,652	2,677
Security deposits	23,749	25,110
Net retirement benefit asset	1,492	1,673
Deferred tax assets	26,006	21,186
Others	9,026	8,246
Less: allowance for doubtful accounts	(856)	(1,004)
Total investments and other assets	169,740	162,461
Total non-current assets	859,961	909,622
Total assets	1,631,855	1,618,221
LIABILITIES		
Current liabilities:		
Notes payable - trade	5,508	6,175
Accounts payable - trade	175,906	209,635
Short-term loans payable	37,918	27,419
Other payables	30,546	27,965
Income taxes payable	18,501	10,266
Consumption taxes payable	29,271	11,214
Unpaid expenses	22,177	28,290
Advances received	11,308	28,165
Lease obligations	11,740	24,746
Deposits	60,369	71,693
Deposits from employees	268	272
Provision for bonuses	30,185	16,994
Provision for directors' bonuses	144	92
Others	81,642	11,893
Total current liabilities	515,487	474,824
Non-current liabilities:		
Bonds	140,000	140,000
Long-term loans payable	193,616	129,427
Long-term lease obligations	28,544	58,726
Deferred tax liabilities	2,157	2,548
Provision for directors' retirement benefits	251	182
Provision for special repairs	107	161
Provision for loss on guarantees	390	403
Other provisions	742	964
Net retirement benefit liability	121,061	122,673
Others	28,790	31,357
Total non-current liabilities	515,660	486,444
Total liabilities	1,031,148	961,268

(Unit: Millions of yen)

	FY2020 (as of March 31, 2021)	FYE Dec 2021 (as of December 31, 2021)
NET ASSETS		
Shareholders' equity:		
Capital	70,175	70,175
Additional paid-in capital	22,614	22,628
Retained earnings	503,178	511,001
Treasury stock	(28,273)	(611)
Total shareholders' equity	567,695	603,193
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	32,272	30,414
Deferred gains (losses) on hedges	(51)	(68)
Foreign currency translation adjustments	(8,885)	6,343
Remeasurements of retirement benefit plans	(8,518)	(3,308)
Total accumulated other comprehensive income	14,817	33,381
Non-controlling interests	18,194	20,376
Total net assets	600,707	656,952
Total liabilities and net assets	1,631,855	1,618,221

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

	(Unit: Millions of yen)	
	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Revenues	2,079,195	1,763,282
Operating costs	1,885,888	1,603,177
Gross profit	193,307	160,104
Selling, general and administrative expenses:		
Personnel expenses	61,910	49,160
Depreciation and amortization	9,310	8,561
Advertising expenses	3,389	2,564
Provision of allowance for doubtful accounts	668	1,697
Others	39,928	29,366
Total selling, general and administrative expenses	115,206	91,350
Operating Income:	78,100	68,754
Non-operating income:		
Interest income	516	283
Dividend income	2,847	2,373
Gain on sales of vehicles	277	156
Equity in earnings of unconsolidated subsidiaries and affiliates	—	2,322
Gain on foreign exchange	—	809
Others	5,291	3,885
Total non-operating income	8,933	9,830
Non-operating expenses:		
Interest expenses	2,878	2,573
Loss on sale and retirement of vehicles	145	86
Equity in losses of unconsolidated subsidiaries and affiliates	38	—
Loss on foreign exchange	200	—
Compensation for damage and settlement package	593	332
Others	1,901	1,964
Total non-operating expenses	5,757	4,956
Ordinary income	81,276	73,627
Extraordinary income:		
Gain on sales of non-current assets	14,020	4,996
Gain on sales of investment securities	15,492	6,105
Gain on transfer of business	4,658	—
Others	103	264
Total extraordinary income	34,274	11,367
Extraordinary loss:		
Loss on disposal of non-current assets	15,641	3,180
Loss on sales of investment securities	98	531
Loss on valuation of investment securities	183	117
Impairment loss	12,835	1,110
Others	1,972	771
Total extraordinary loss	30,731	5,711
Profit before income taxes	84,819	79,283
Income taxes-current	34,675	19,280
Income taxes-deferred	(7,655)	3,616
Total Income taxes	27,019	22,896
Net income	57,799	56,386
Profit (loss) attributable to non-controlling interests	1,697	2,336
Profit attributable to owners of parent	56,102	54,049

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Net income	57,799	56,386
Other comprehensive income:		
Valuation differences on available-for-sale securities	2,712	(1,869)
Deferred gains (losses) on hedges	72	(16)
Foreign currency translation adjustments	(3,754)	15,457
Remeasurements of retirement benefit plans	12,719	5,246
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(180)	250
Other comprehensive income (loss)	11,570	19,067
Comprehensive income:	69,369	75,453
(Comprehensive income attributable to)		
Owners of parent	67,514	72,614
Non-controlling interests	1,855	2,839

(3) Consolidated Statements of Changes in Net Assets

FY2020 (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Shareholders' equity:				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	70,175	22,637	461,499	(18,251)	536,060
Cumulative effects of changes in accounting policies			—		—
Restated balance	70,175	22,637	461,499	(18,251)	536,060
Changes during the year					
Cash dividends			(14,423)		(14,423)
Profit attributable to owners of parent			56,102		56,102
Changes in equity due to transactions with non-controlling shareholders		(22)			(22)
Increase in treasury stock				(10,028)	(10,028)
Decrease in treasury stock		0	(0)	6	6
Retirement of treasury stock		—	—	—	—
Change in surplus of overseas consolidated subsidiaries, etc., due to change in accounting period					—
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during the year	—	(22)	41,679	(10,022)	31,634
Balance at end of the year	70,175	22,614	503,178	(28,273)	567,695

	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	29,573	(124)	(5,062)	(20,981)	3,404	17,041	556,506
Cumulative effects of changes in accounting policies							—
Restated balance	29,573	(124)	(5,062)	(20,981)	3,404	17,041	556,506
Changes during the year							
Cash dividends							(14,423)
Profit attributable to owners of parent							56,102
Changes in equity due to transactions with non-controlling shareholders							(22)
Increase in treasury stock							(10,028)
Decrease in treasury stock							6
Retirement of treasury stock							—
Change in surplus of overseas consolidated subsidiaries, etc., due to change in accounting period							—
Change in scope of consolidation							—
Net changes in items other than shareholders' equity	2,699	72	(3,822)	12,463	11,412	1,153	12,565
Total changes during the year	2,699	72	(3,822)	12,463	11,412	1,153	44,200
Balance at end of the year	32,272	(51)	(8,885)	(8,518)	14,817	18,194	600,707

FYE Dec 2021 (April 1, 2021 to December 31, 2021)

(Unit: Millions of yen)

	Shareholders' equity:				
	Capital	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	70,175	22,614	503,178	(28,273)	567,695
Cumulative effects of changes in accounting policies			415		415
Restated balance	70,175	22,614	503,594	(28,273)	568,110
Changes during the year					
Cash dividends			(18,250)		(18,250)
Profit attributable to owners of parent			54,049		54,049
Changes in equity due to transactions with non-controlling shareholders		13			13
Increase in treasury stock				(10,019)	(10,019)
Decrease in treasury stock		0	—	33	33
Retirement of treasury stock		(0)	(37,648)	37,648	—
Change in surplus of overseas consolidated subsidiaries, etc., due to change in accounting period			8,539		8,539
Change in scope of consolidation			716		716
Net changes in items other than shareholders' equity					
Total changes during the year	—	13	7,406	27,662	35,082
Balance at end of the year	70,175	22,628	511,001	(611)	603,193

	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	32,272	(51)	(8,885)	(8,518)	14,817	18,194	600,707
Cumulative effects of changes in accounting policies							415
Restated balance	32,272	(51)	(8,885)	(8,518)	14,817	18,194	601,122
Changes during the year							
Cash dividends							(18,250)
Profit attributable to owners of parent							54,049
Changes in equity due to transactions with non-controlling shareholders							13
Increase in treasury stock							(10,019)
Decrease in treasury stock							33
Retirement of treasury stock							—
Change in surplus of overseas consolidated subsidiaries, etc., due to change in accounting period							8,539
Change in scope of consolidation							716
Net changes in items other than shareholders' equity	(1,857)	(16)	15,228	5,210	18,564	2,182	20,746
Total changes during the year	(1,857)	(16)	15,228	5,210	18,564	2,182	55,829
Balance at end of the year	30,414	(68)	6,343	(3,308)	33,381	20,376	656,952

(4) Consolidated Statements of Cash Flows

	(Unit: Millions of yen)	
	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Net cash provided by operating activities		
Profit before income taxes	84,819	79,283
Depreciation and amortization	62,759	57,219
Amortization of goodwill	833	817
Loss (gain) on sale or write-down of securities, net	(15,105)	(5,456)
Loss (gain) on sale or disposal of property and equipment, net	(3,274)	(1,887)
Impairment loss	12,835	1,110
Increase (decrease) in provision for bonuses	4,317	(12,600)
Increase (decrease) in net retirement benefit liability	6,376	8,438
Interest and dividend income	(3,407)	(2,656)
Interest expenses	2,878	2,573
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	38	(2,322)
(Increase) decrease in trade receivables	(43,493)	(48,208)
(Increase) decrease in inventories	782	(4,693)
Increase (decrease) in accounts payable	12,524	24,561
Increase (decrease) in consumption taxes payable	22,327	(18,151)
Others	30,503	(7,207)
Sub-total	175,716	70,821
Interest and dividends received	3,569	2,786
Interest paid	(2,789)	(2,647)
Income taxes paid	(29,890)	(26,935)
Net cash provided by operating activities	146,605	44,024
Net cash used in investing activities		
Payment for purchase of property and equipment	(127,159)	(55,877)
Proceeds from sales of property and equipment	50,564	12,066
Payment for purchase of investment securities	(800)	(272)
Proceeds from sales of investment securities	12,210	7,256
Proceeds from long-term loans receivable	543	138,441
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	14,627	280
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,762)	—
Others	8,452	(448)
Net cash used in investing activities	(49,325)	101,447

(Unit: Millions of yen)

	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Net cash provided by (used in) financing activities		
Change in commercial paper (decrease)	24,000	(61,000)
Net increase (decrease) in short-term loans payable	(4,640)	(13,047)
Proceeds from long-term loans payable	11,475	642
Payment for long-term loans payable	(60,383)	(63,301)
Proceeds from issuance of bonds	50,000	—
Redemption of bonds	(10,000)	(10,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(85)	(64)
Cash dividends	(14,403)	(18,226)
Payment for purchase of treasury stock	(10,028)	(10,019)
Others	(9,531)	(21,850)
Net cash provided by (used in) financing activities	(23,597)	(196,867)
Effect of exchange rate changes on cash and cash equivalents	(1,492)	2,032
Net increase (decrease) in cash and cash equivalents	72,190	(49,363)
Cash and cash equivalents at beginning of year	96,171	168,362
Net increase (decrease) in cash and cash equivalents due to change in accounting period	—	10,294
Net increase (decrease) in cash and cash equivalents due to change in scope of consolidation	—	2,544
Cash and Cash Equivalents at End of Year	168,362	131,837

(5) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Additional Information)

(Matters related to change in scope of consolidation)

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

As a result of this change, we adjusted retained earnings to reflect the profit and loss results for the three-month period from January 1, 2021 to March 31, 2021, for those consolidated subsidiaries with December fiscal year ends. The adjustment is presented as a change in surplus of overseas consolidated subsidiaries resulting from change in fiscal year end in the consolidated statement of changes in net assets. Increases or decreases in cash and cash equivalents are presented as increases or decreases resulting from the change in fiscal year end in the consolidated statement of cash flows.

(Transfer of non-current assets)

At a meeting held December 21, 2021, the Nippon Express Co., Ltd. board of directors resolved to transfer the assets owned by the company as described below. Nippon Express Co., Ltd. concluded a purchase agreement on December 24, 2021.

1 Reasons for transfer

The decision to make this transfer is one part of the Nippon Express Group movement to create cash flows and to slim down the company's balance sheet toward executing dynamic growth strategies as set forth in Nippon Express Group Business Plan 2023~"Dynamic Growth"~.

The company intends to strive to enhance corporate value further by using funds obtained via this transfer in an effective manner.

2 Details of transferred assets

Transferred assets and location	Amount of transfer	Site area	Total floor space	Current status
Land and buildings Minato-ku, Tokyo	¥73.2 billion	5,518.54m ²	53,078.82 m ²	Company's former headquarters offices, other

3 Overview of transferee

(1) Name	MinebeaMitsumi Inc.
(2) Address	4106-73 Oaza Miyota, Miyota-machi, Kitasaku-gun, Nagano 389-0293
(3) Representative and title	Yoshihisa Kainuma, Representative Director, Chairman, and CEO

4 Transfer schedule

(1) Board of director resolution	December 21, 2021
(2) Conclusion of sale and purchase agreement	December 24, 2021
(3) Property delivery	April 15, 2022 (scheduled)

5 Impact on group earnings results

In conjunction with the transition of the Nippon Express Group to a holding company structure, we expect Nippon Express Holdings, Inc. to meet the financial results forecasts for the fiscal year ending December 31, 2022.

(Changes in Accounting Policies)

(Changes in important hedge accounting methods)

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

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

(Adoption of fair value measurement accounting standard)

We adopted Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) ("Fair Value Measurement Standard," below) as of the beginning of the current consolidated fiscal year. In accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy provided in Fair Value Measurement Standard prospectively. The application of this accounting standard will have no impact on consolidated financial statements.

(Adoption of revenue recognition accounting standard)

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

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

1 Revenue recognition for agent transactions

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

2 Revenue recognition for amounts to be collected for third parties

The Nippon Express Group previously recognized revenue for the sale of light oil based on the total

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

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

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

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

As a result, revenues for the current fiscal year decreased by ¥59,613 million and operating costs decreased by ¥59,679 million. The impact of this change on selling, general and administrative expenses, operating income, ordinary income, and profit before income taxes was minimal.

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

(Segment Information, etc.)

[Segment Information]

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, security 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

2. Method for calculating the amounts of revenues, income (loss), assets, liabilities and other items by reportable segment

Accounting treatment for reportable segments are the same as those stated in the most recent Securities Report (submitted June 29, 2021), with the exception of matters noted with respect to changes in 4. Overview of reportable segments.

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

FY2020 (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	1,197,935	64,927	111,174	133,747	105,747
Intersegment	14,868	13,214	5,959	9,942	8,991
Total	1,212,803	78,141	117,134	143,689	114,738
Segment Income (loss)	51,981	487	3,404	8,445	9,879
Segment assets	820,901	56,668	71,553	74,711	88,248
Other items					
Depreciation and amortization	36,236	1,667	3,191	3,020	4,609
Amortization of goodwill	584	94	89	65	—
Impairment loss on non-current assets	991	217	—	—	—
Investment in equity method affiliates	12,140	58	—	1,500	2,194
Increase in property and equipment and intangible assets	80,057	11,693	3,225	2,049	5,190

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	69,161	45,825	350,678	2,079,195	—	2,079,195
Intersegment	78	52	97,159	150,266	(150,266)	—
Total	69,239	45,877	447,837	2,229,462	(150,266)	2,079,195
Segment Income (loss)	(907)	5,219	13,645	92,156	(14,055)	78,100
Segment assets	93,170	25,330	396,121	1,626,704	5,151	1,631,855
Other items						
Depreciation and amortization	2,494	1,228	6,361	58,809	3,950	62,759
Amortization of goodwill	—	—	—	833	—	833
Impairment loss on non-current assets	10,773	852	—	12,835	—	12,835
Investment in equity method affiliates	—	334	16,185	32,413	—	32,413
Increase in property and equipment and intangible assets	2,201	1,848	7,314	113,580	19,223	132,804

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

- (1) Segment income adjustment of ¥(14,055) million includes ¥(364) million for the elimination of intersegment income and ¥(13,698) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
 - (2) Segment asset adjustment of ¥5,151 million includes ¥(220,986) million for the elimination of intersegment income and ¥226,137 million of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits, investment securities, and non-current assets held by the Company that are not attributable to any individual reportable segment.
 - (3) Depreciation and amortization adjustment mainly represents depreciation and amortization within the Company that are not attributable to any individual reportable segment.
 - (4) Adjustment to increase property and equipment and intangible assets mainly represent capital expenditures within the Company that is not attributable to any individual reportable segment.
2. Segment income (loss) has been reconciled with operating income in the consolidated financial statements.

FYE Dec 2021 (April 1, 2021 to December 31, 2021)

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	996,025	69,866	125,937	164,707	128,080
Intersegment	12,253	16,783	6,896	13,372	18,757
Total	1,008,278	86,650	132,834	178,079	146,838
Segment Income	37,966	5,273	6,401	5,033	13,001
Segment assets	829,887	87,581	117,816	107,598	118,731
Other items					
Depreciation and amortization	28,510	4,347	6,060	4,622	4,502
Amortization of goodwill	438	223	71	51	—
Impairment loss on non-current assets	113	—	—	—	997
Investment in equity method affiliates	12,535	74	—	1,601	1,930
Increase in property and equipment and intangible assets	33,151	2,394	10,487	4,153	4,039

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	51,306	35,760	191,598	1,763,282	—	1,763,282
Intersegment	55	45	75,533	143,699	(143,699)	—
Total	51,361	35,806	267,132	1,906,981	(143,699)	1,763,282
Segment Income	143	4,996	7,730	80,545	(11,791)	68,754
Segment assets	111,864	26,537	289,878	1,689,896	(71,674)	1,618,221
Other items						
Depreciation and amortization	1,415	843	2,945	53,247	3,971	57,219
Amortization of goodwill	—	—	32	817	—	817
Impairment loss on non-current assets	—	—	—	1,110	—	1,110
Investment in equity method affiliates	—	344	18,118	34,605	—	34,605
Increase in property and equipment and intangible assets	2,845	1,139	1,525	59,736	18,177	77,913

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

- (1) Segment income adjustment of ¥(11,791) million includes ¥(217) million for the elimination of intersegment income and ¥(11,590) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
 - (2) Segment asset adjustment of ¥(71,674) million includes ¥(300,270) million for the elimination of intersegment income and ¥228,595 million of corporate assets not allocated to each reportable segment. Corporate assets mainly consist of cash and deposits, investment securities, and non-current assets held by the Company that are not attributable to any individual reportable segment.
 - (3) Depreciation and amortization adjustment mainly represents depreciation and amortization within the Company that are not attributable to any individual reportable segment.
 - (4) Adjustment to increase property and equipment and intangible assets mainly represent capital expenditures within the Company that is not attributable to any individual reportable segment.
2. Segment income has been reconciled with operating income in the consolidated financial statements.

4. Overview of reportable segments

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

As a result of this change, revenues by segment for the current consolidated fiscal year decreased by ¥2,828 million and ¥56,784 million for Logistics (Japan) and Logistics Support, respectively, when compared with the previous accounting method. The impact of this change on segment income was minimal.

(Per Share Information)

	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Net assets per share (yen)	6,354.98	7,035.33
Basic earnings per share (yen)	604.79	595.19

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

2. 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 previous consolidated fiscal year, the total number of shares of treasury stock held in trust at the end of the period was 122,000 shares and the average number of shares during the period was 123,000 shares. In the current fiscal year, the total number of shares of treasury stock held in the trust at end of the period was 116,000 shares, and the average number of shares during the period was 117,000 shares.

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

	FY2020 (April 1, 2020 to March 31, 2021)	FYE Dec 2021 (April 1, 2021 to December 31, 2021)
Basic earnings per share		
Profit attributable to owners of parent	56,102	54,049
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent related to common stock	56,102	54,049
Weighted average number of common stock during the year (1,000 shares)	92,762	90,810

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

	FY2020 (As of March 31, 2021)	FYE Dec 2021 (As of December 31, 2021)
Total net assets	600,707	656,952
Amount to deduct from total net assets	18,194	20,376
[Non-controlling interests]	[18,194]	[20,376]
Net assets at end of year related to common stock	582,512	636,575
Number of common stock at end of year used to calculate net assets per share (1,000 shares)	91,662	90,482

(Significant Subsequent Events)

(Transition to a Holding Company Structure via Company Split)

At a meeting held January 18, 2022, the Nippon Express Holdings, Inc. board of directors resolved to transfer the rights and obligations of wholly owned subsidiary Nippon Express Co., Ltd. with respect to affiliate company management businesses and financial management businesses to Nippon Express Holdings by way of company split ("Company Split"), effective March 18, 2022 (scheduled). Nippon Express Co., Ltd. and Nippon Express Holdings, Inc. signed an agreement for said Company Split on the same day as the above-referenced meeting.

1 Objectives of Company Split

As announced in *Notice Concerning Transition to a Holding Company via Sole-Share Transfer*, published April 28, 2021, Nippon Express Co., Ltd. determined that a holding company structure separating management strategy functions from business execution functions would be optimal for the Nippon Express Group to evolve group management and maximize corporate value from a medium- to long-term perspective. As Step 1 in the transition to a holding company structure, Nippon Express Holdings Inc. was established on January 4, 2022 via sole-share transfer. As Step 2 in this transition, Nippon Express Holdings will engage in a group reorganization making certain major subsidiaries of Nippon Express Co., Ltd. direct subsidiaries of Nippon Express Holdings, Inc. In addition, bonds issued by Nippon Express Co., Ltd. will be transferred to Nippon Express Holdings, Inc.

The succession of the Nippon Express Co., Ltd. affiliate management and financial management businesses by Nippon Express Holdings, Inc. will allow Nippon Express Co., Ltd. to concentrate on its role of driving the logistics business in Japan and global business originating in Japan. At the same time, Nippon Express Holdings will hold shares or equity interests in domestic and overseas group companies engaged in various businesses. In this way, Nippon Express Holdings will formulate medium- to long-term policies for the group, pursue the reallocation of resources, and design functions and systems to optimize and maximize value for the group, driving group growth strategy.

2 Method of Company Split, Details of Allotment of Shares in Connection With Company Split, and Other Details of the Company Split Agreement

(1) Method of Company Split

An absorption-type company split in which Nippon Express Co., Ltd. is the splitting company and Nippon Express Holdings, Inc. is the successor company.

(2) Allotment of shares in connection with Company Split

As Nippon Express Holdings, Inc. is the parent company of Nippon Express Co., Ltd., there will be no allotment of shares or other monies in connection with Company Split.

(3) Schedule for Company and Related Procedures

Board of director meeting to approve Company Split agreement (Nippon Express Co., Ltd. and Nippon Express Holdings, Inc.)	January 18, 2022
Execution of Company Split agreement (Nippon Express Co., Ltd. and Nippon Express Holdings, Inc.)	January 18, 2022
Effective date of Company Split	March 18, 2022 (scheduled)

(Note 1) Company Split will be carried out without convening a general meeting of shareholders for approval, as Company Split falls under the category of a simplified absorption-type company split as stipulated in Article 784-1 of the Companies Act.

3 Overview of the Parties to Company Split

Affiliate management and financial management businesses of certain businesses owned by Nippon Express Co., Ltd.

4 Overview Accounting Treatment

Company Split will be treated as a transaction under common control in accordance with *Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019)* and *Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019)*.

5 Future Outlook

The impact of Company Split on the consolidated financial results of the Nippon Express Holdings, Inc. the fiscal year ending December 31, 2022 will be minor.

4. Reference Materials

(1) Consolidated Reference Materials

○ Reportable Segment Financial Results

(Unit: Millions of yen, %)

				FYE Dec 2021		FY2020		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	1,008,278	1,212,803	—	—		
			The Americas	86,650	78,141	—	—		
			Europe	132,834	117,134	—	—		
			East Asia	178,079	143,689	—	—		
			South Asia & Oceania	146,838	114,738	—	—		
		Subtotal	1,552,681	1,666,507	—	—			
		Security Transportation	51,361	69,239	—	—			
		Heavy Haulage & Construction	35,806	45,877	—	—			
		Logistics Support	267,132	447,837	—	—			
		Subtotal	1,906,981	2,229,462	—	—			
		Adjustment	(143,699)	(150,266)	—	—			
	Total			1,763,282	2,079,195	—	—		
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 37,966	[4.3] 51,981	—	—		
			The Americas	[6.1] 5,273	[0.6] 487	—	—		
			Europe	[4.8] 6,401	[2.9] 3,404	—	—		
			East Asia	[2.8] 5,033	[5.9] 8,445	—	—		
			South Asia & Oceania	[8.9] 13,001	[8.6] 9,879	—	—		
		Subtotal	[4.4] 67,675	[4.5] 74,197	—	—			
		Security Transportation	[0.3] 143	[(1.3)] (907)	—	—			
		Heavy Haulage & Construction	[14.0] 4,996	[11.4] 5,219	—	—			
		Logistics Support	[2.9] 7,730	[3.0] 13,645	—	—			
		Subtotal	[4.2] 80,545	[4.1] 92,156	—	—			
		Adjustment	(11,791)	(14,055)	—	—			
	Total			[3.9] 68,754	[3.8] 78,100	—	—		

(Notes) 1. Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. The previous consolidated fiscal year reflects profit and loss results from April 1, 2020 to March 31, 2021, for the company and consolidated subsidiaries with a March fiscal year end. We had consolidated profit and loss results for the period from January 1, 2020 to December 31, 2020, for consolidated subsidiaries with December fiscal year ends. However, for the current consolidated fiscal year, we have consolidated profit and loss results for the period from April 1, 2021 to December 31, 2021.

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

2. Figures in brackets indicate operating income margin.

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

							(Units: millions of yen, %)	
			FYE Dec 2021	% of Sales	FY2020	% of Sales	Change	
							Amount	Ratio
Revenues by business	Distribution & transportation business	Motor transportation	278,227	15.8	352,488	17.0	—	—
		Marine and harbor transportation	260,281	14.8	220,382	10.6	—	—
		Air transportation	468,025	26.5	419,425	20.2	—	—
		Warehousing & storage	230,483	13.1	285,133	13.7	—	—
		Security transportation	50,670	2.9	67,457	3.2	—	—
		Heavy haulage & construction	51,674	2.9	67,667	3.3	—	—
		Other	214,582	12.2	292,656	14.1	—	—
	Subtotal		1,553,945	88.1	1,705,211	82.0	—	—
	Goods sales business		181,007	10.3	311,772	15.0	—	—
	Other		28,329	1.6	62,211	3.0	—	—
Total		1,763,282	100.0	2,079,195	100.0	—	—	
Operating costs	Personnel expenses		322,415	18.3	413,471	19.9	—	—
	Forwarding costs		446,680	25.3	323,066	15.5	—	—
	Vehicle chartering and subcontracting costs		331,849	18.8	413,483	19.9	—	—
	Other		502,231	28.5	735,867	35.4	—	—
	Total		1,603,177	90.9	1,885,888	90.7	—	—
Gross profit			160,104	9.1	193,307	9.3	—	—
	Personnel expenses		49,160	2.8	61,910	3.0	—	—
	Other		42,189	2.4	53,296	2.6	—	—
	Selling, general and administrative expenses		91,350	5.2	115,206	5.5	—	—
Operating income			68,754	3.9	78,100	3.8	—	—
	Interest income		283	0.0	516	0.0	—	—
	Dividend income		2,373	0.1	2,847	0.1	—	—
	Equity in earnings of unconsolidated subsidiaries and affiliates		2,322	0.1	—	—	—	—
	Other		4,851	0.3	5,568	0.3	—	—
	Non-operating income		9,830	0.6	8,933	0.4	—	—
	Interest expenses		2,573	0.1	2,878	0.1	—	—
	Equity in losses of unconsolidated subsidiaries and affiliates		—	—	38	0.0	—	—
	Other		2,383	0.1	2,840	0.1	—	—
	Non-operating expenses		4,956	0.3	5,757	0.3	—	—
Ordinary income			73,627	4.2	81,276	3.9	—	—
	Gain on sales of non-current assets		4,996	0.3	14,020	0.7	—	—
	Gain on sales of investment securities		6,105	0.3	15,492	0.7	—	—
	Other		264	0.0	4,761	0.2	—	—
	Extraordinary income		11,367	0.6	34,274	1.6	—	—
	Loss on disposal of non-current assets		3,180	0.2	15,641	0.8	—	—
	Other		2,531	0.1	15,090	0.7	—	—
	Extraordinary loss		5,711	0.3	30,731	1.5	—	—
Profit before income taxes			79,283	4.5	84,819	4.1	—	—
Income taxes			22,896	1.3	27,019	1.3	—	—
Profit			56,386	3.2	57,799	2.8	—	—
Profit attributable to non-controlling interests			2,336	0.1	1,697	0.1	—	—
Profit attributable to owners of parent			54,049	3.1	56,102	2.7	—	—

Total personnel expenses	Operating costs	322,415	18.3	413,471	19.9	—	—
	Selling, general and administrative expenses	49,160	2.8	61,910	3.0	—	—
	Total	371,576	21.1	475,381	22.9	—	—

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

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

○ Changes in Number of Employees as of March 31, 2020 and 2021

(Unit: Persons, %)

	December 31, 2021	March 31, 2021	Change	
			Change	Ratio
Logistics	61,090	60,822	268	0.4
Security Transportation	6,588	6,555	33	0.5
Heavy Haulage & Construction	961	846	115	13.6
Logistics Support	4,526	3,990	536	13.4
Adjustment	185	153	32	20.9
Total	73,350	72,366	984	1.4

○ Capital Expenditures

(Unit: Millions of yen)

	Actual amount in FYE Dec 2021
Vehicles	12,114
Buildings	17,958
Land	78
Leased assets	20,140
Other	26,388
Total	76,678

Major investment

(Unit: Millions of yen)

Company	Amount	Note
Nippon Express	45,486	NX Group building, ¥11,698 million
		pharmaceuticals and medical business locations, etc., ¥4,156 million
		New international air freight core system, ¥1,649 million, etc.
Nippon Express (Nederland)	1,715	Warehouse construction in Schiphol Trade Park

* Amount for Nippon Express does not include leased assets.

(2) Non-Consolidated Reference Materials

○ Revenues and Operating Expenses, FYE Dec 2021

(Unit: Millions of yen, %)

		FYE Dec 2021		FY2020		Change		
			% of Sales		% of Sales	Amount	Ratio	
Revenues	Railway utilization business		51,210	5.5	70,999	6.3	—	—
	Motor transportation	Small-lot shipment business	30,925	3.3	41,637	3.7	—	—
		Chartered truck business	136,457	14.5	183,305	16.4	—	—
		Subtotal	167,383	17.8	224,942	20.1	—	—
	Marine and harbor transportation	Marine transportation business	106,796	11.4	93,114	8.3	—	—
		Harbor transportation business	51,823	5.5	62,382	5.6	—	—
		Subtotal	158,620	16.9	155,497	13.9	—	—
		(Exports)	[71,280]	—	[57,961]	—	[—]	[—]
		(Imports)	[41,722]	—	[48,842]	—	[—]	[—]
		(Domestic & other)	[45,617]	—	[48,693]	—	[—]	[—]
	Air transportation	Subtotal	221,027	23.5	217,158	19.4	—	—
		(Exports)	[145,829]	—	[120,187]	—	[—]	[—]
		(Imports)	[24,456]	—	[28,798]	—	[—]	[—]
		(Domestic & other)	[50,742]	—	[68,172]	—	[—]	[—]
	Warehousing & storage business		109,674	11.7	138,788	12.4	—	—
	In-factory business		44,008	4.7	53,465	4.8	—	—
	Moving & relocation business		34,598	3.7	48,919	4.3	—	—
	Security transportation business		50,689	5.4	67,484	6.0	—	—
	Heavy haulage & construction business		46,393	4.9	62,515	5.6	—	—
	Other businesses		55,048	5.9	80,942	7.2	—	—
	Total		938,653	100.0	1,120,712	100.0	—	—
	Operating expenses	Total personnel expenses		194,012	20.7	257,987	23.0	—
Forwarding costs		Railway	27,727	3.0	38,704	3.4	—	—
		Marine	45,948	4.9	32,211	2.9	—	—
		Air	104,488	11.1	75,710	6.8	—	—
		Subtotal	178,164	19.0	146,626	13.1	—	—
Vehicle chartering and subcontracting costs		348,876	37.1	438,769	39.1	—	—	
Depreciation and amortization		24,809	2.6	30,780	2.7	—	—	
Facility usage charges		69,169	7.4	85,749	7.7	—	—	
Other		100,286	10.7	126,505	11.3	—	—	
Total		915,319	97.5	1,086,418	96.9	—	—	
Operating income		23,333	2.5	34,293	3.1	—	—	

(Note) Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the non-consolidated financial results for the fiscal year ended December 31, 2021, which is a transitional period, is based on the nine-month period from April 1, 2021, to December 31, 2021. As a result, percentage changes compared to the same period of the previous year are not stated herein.

		FYE Dec 2021		FY2020		Change	
			% of Sales		% of Sales	Amount	Ratio
First half	Railway utilization business	32,732	5.4	33,426	6.4	(694)	(2.1)
	Motor transportation						
	Small-lot shipment business	20,081	3.3	20,173	3.9	(92)	(0.5)
	Chartered truck business	89,251	14.7	88,474	17.0	777	0.9
	Subtotal	109,332	18.0	108,648	20.9	684	0.6
	Marine and harbor transportation						
	Marine transportation business	64,890	10.7	42,822	8.2	22,068	51.5
	Harbor transportation business	33,990	5.6	29,907	5.8	4,083	13.7
	Subtotal	98,881	16.3	72,729	14.0	26,151	36.0
	[Exports]	[43,375]	—	[25,172]	—	[18,203]	[72.3]
	[Imports]	[27,036]	—	[23,704]	—	[3,331]	[14.1]
	[Domestic & other]	[28,469]	—	[23,852]	—	[4,616]	[19.4]
	Subtotal	139,399	23.0	85,938	16.5	53,460	62.2
	[Exports]	[91,867]	—	[41,655]	—	[50,211]	[120.5]
	[Imports]	[15,011]	—	[12,262]	—	[2,749]	[22.4]
	[Domestic & other]	[32,520]	—	[32,020]	—	[499]	[1.6]
	Warehousing & storage business	71,685	11.8	69,503	13.4	2,181	3.1
	In-factory business	28,045	4.6	25,066	4.8	2,979	11.9
	Moving & relocation business	24,848	4.1	21,980	4.2	2,868	13.0
	Security transportation business	33,840	5.6	33,446	6.4	394	1.2
	Heavy haulage & construction business	30,608	5.1	33,854	6.5	(3,246)	(9.6)
	Other businesses	36,813	6.1	35,948	6.9	865	2.4
	Total	606,187	100.0	520,543	100.0	85,643	16.5
Second half	Railway utilization business	18,478	5.6	37,573	6.2	—	—
	Motor transportation						
	Small-lot shipment business	10,844	3.3	21,463	3.6	—	—
	Chartered truck business	47,205	14.2	94,830	15.8	—	—
	Subtotal	58,050	17.5	116,294	19.4	—	—
	Marine and harbor transportation						
	Marine transportation business	41,905	12.6	50,292	8.4	—	—
	Harbor transportation business	17,832	5.4	32,475	5.4	—	—
	Subtotal	59,738	18.0	82,767	13.8	—	—
	[Exports]	[27,904]	—	[32,788]	—	[—]	[—]
	[Imports]	[14,685]	—	[25,137]	—	[—]	[—]
	[Domestic & other]	[17,148]	—	[24,841]	—	[—]	[—]
	Subtotal	81,628	24.5	131,219	21.9	—	—
	[Exports]	[53,962]	—	[78,531]	—	[—]	[—]
	[Imports]	[9,444]	—	[16,536]	—	[—]	[—]
	[Domestic & other]	[18,221]	—	[36,151]	—	[—]	[—]
	Warehousing & storage business	37,988	11.4	69,284	11.5	—	—
	In-factory business	15,962	4.8	28,398	4.7	—	—
	Moving & relocation business	9,749	2.9	26,938	4.5	—	—
	Security transportation business	16,849	5.1	34,038	5.7	—	—
	Heavy haulage & construction business	15,785	4.7	28,660	4.8	—	—
	Other businesses	18,234	5.5	44,994	7.5	—	—
	Total	332,465	100.0	600,168	100.0	—	—

(Note) Nippon Express Co., Ltd. changed our fiscal year end from March 31 to December 31, beginning with fiscal year 2021. Therefore, the non-consolidated second half of financial results for the fiscal year ended December 31, 2021, which is a transitional period, is based on the three-month period from October 1, 2021, to December 31, 2021. As a result, percentage changes compared to the same period of the previous year are not stated herein.