English Translation

April 28, 2020

To whom it may concern

Name of the company NIPPON EXPRESS CO., LTD.
Name of representative Mitsuru Saito
President, CEO
(Code No. 9062
First Section of the Tokyo Stock Exchange)

Notice Concerning Extraordinary Losses and Non-Operating Expenses; Differences Compared to Consolidated Results Forecasts

Nippon Express Co., Ltd. has posted extraordinary losses and non-operating expenses in our consolidated financial statements for the fiscal year ended March 2020 as described below.

These accounting transactions have resulted differences between fiscal year-end March 2020 financial results forecasts published January 31, 2020, and the financial results we announced today.

1. Extraordinary Losses (Impairment Loss on Goodwill and Non-Current Assets)
In January 2020, we conducted a management integration for Nippon Express subsidiary Traconf S.r.l. (Italy), Franco Vago S.p.A., which has operations in Italy, and Nippon Express Italia S.r.l. In so doing, we made a major move toward accelerating and maximizing synergies, while launching a new organizational structure capable of generating greater profits.

However, the latest earnings of Traconf underperformed initial plans made during the acquisition of the firm. Having revised business plans to reflect the business environment and economic status of Traconf, as well as conditions surrounding COVID-19, we now expect recoverable future cash flows to be less than the carrying amounts of Traconf goodwill and non-current assets. Therefore, we have recorded ¥12.7 billion in impairment loss for the fourth quarter of the fiscal year ended March 2020.

2. Non-Operating Expenses (Equity in Losses of Affiliates)
As of the end of the fiscal year ended March 2020, shares of equity method affiliate Future Supply Chain Solutions Limited (India) have decreased in value significantly compared to the time of acquisition. Therefore, the company recorded ¥7.6 billion in equity in losses of affiliates during the fourth quarter of the fiscal year ending March 2020.

3. Differences Compared to Consolidated Financial Results Forecasts

Differences Compared to Consolidated Financial Results Forecasts for the Fiscal Year Ended March 2020

(April 1, 2019 to March 31, 2020) (Rounded down to the nearest million)

	Revenues	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Basic Earnings per Share
Previous Forecast (A) (Announced January 1, 2020)	Million yen 2,080,000	Million yen 60,000	Million yen 65,000	Million yen 40,000	Yen 426.55
Results (B)	2,080,352	59,224	57,434	17,409	185.06
Increase/Decrease (B-A)	352	-775	-7,565	- 22,590	
Change (%)	0.0	-1.3	-11.6	- 56.5	
(Reference) Prior-Year Results (FY 2018)	2,138,501	79,598	85,802	49,330	515.13

4. Reasons for Differences Compared to Financial Results Forecasts

Results for consolidated ordinary income differed from initial forecasts due to the equity in losses of affiliates described above.

Results for profit attributable to owners of parent differed from initial forecasts due to the equity in losses of affiliates and impairment losses described above.

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 April 28, 2020.