



I would like to take this opportunity to thank our stakeholders for their continued support and understanding. I would also like to express my deepest sympathy and condolences for those who have lost their lives to COVID-19, as well as those who have contracted the disease, and all others impacted by the pandemic. Our thoughts are with you.

Nippon Express has decided that it is time to issue an integrated report. In creating this report, we have reviewed our thoughts on what it means to create new value. As a result, we have come to believe that our mission as a key component in the social infrastructure, something we have cultivated since our founding, and our commitment to contributing to society through logistics will endure unchanged as we move forward. As we publish our integrated report for the first time, I would like to offer my thoughts concerning our long-term vision, ESG management, and efforts to create new value. We hope that this report will help our stakeholders better understand the overall state of the Company's management.

Long-Term Vision

The Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~, which covers the period from fiscal 2019 to fiscal 2023 was formulated with the idea of answering the question of what the Nippon Express Group wanted to be as it approached the 100th anniversary of its founding in 2037. The plan also established the goal of being "a logistics company with a strong presence in the global market" as our long-term vision. The image for growth targets sales in fiscal 2037 of about ¥4.0 trillion and an overseas sales ratio of 50%, equating to overseas sales of roughly ¥2.0 trillion. In working to achieve this long-term vision, our framework is built on our efforts creating new value through innovation while cherishing our unchanging values and meeting the expectations of our stakeholders. We believe "transformation" is key to achieving our long-term vision and are accordingly moving forward with changes to our business, organization, and corporate culture. With this in mind, I

would like to discuss in greater detail the concepts and direction of our long-term vision.

As the population of Japan shrinks, logistics volume is also expected to decline, though I believe we can at the same time expect an increasing number of business opportunities in the overseas business. In particular, I believe emerging economies may represent a real opportunity for Nippon Express. We have already launched operations in India and see a number of opportunities in Africa, which could be considered the last frontier in logistics. As examples, we have moved into the markets of Morocco and Kenya, but note that Japanese companies lag behind their European and Chinese competitors in Africa as a whole. We believe a number of Japanese manufacturers, including automakers, are likely to expand operations on the continent moving forward, and think that this could represent a significant opportunity for the company to get in at an early stage.

We are also strengthening our efforts in industries in which we have not participated thus far, including pharmaceuticals, semiconductors, and apparels. The semiconductor industry is characterized by complex production and manufacturing processes, and we believe we can increase our handling volume in the industry by offering solutions that simplify sector supply chains. On the other hand, the pharmaceutical industry is moving toward tighter and more optimal management standards in the distribution process. In light of these challenges and changes, we believe we can create new value and expand logistics volume by making effective use of cutting-edge technologies, including IoT and blockchain, and by proposing strategic and global solutions.

That being said, achieving the goals of our long-term vision require us to not only ensure organic growth, but also to achieve non-continuous growth through M&A activity, as well as growth as a company that is different than that seen to date. We also note the increasing trend toward dominance by just a few companies, particularly

The Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~

Implementing the Business Plan

- Defines a three-dimensional (Customer (Industry) , Business, and Area) approach as a growth strategy for our core business
- Defines a realization of the high profitability to build the base of our growth strategy as a strategy to enhance domestic businesses in Japan
- Defines M&A as an inorganic growth strategy to reinforce and expand our global management base
- Establishes ESG-oriented business management to realize sustainable development (e.g., global governance) and improve corporate value



the so-called mega forwarders in the market, which poses something of a threat to Nippon Express. In the face of this challenge, we believe that we need to further bolster top-line earnings, improve corporate value, and compete face-to-face with the mega forwarders not only in Asia, but in Europe and the US as well. Nippon Express is not particularly well known in the world at present and the scale of our business is rather different to that of the European and US mega forwarders. With the aim of achieving growth on a global basis, we are currently working to expand our business from Asia, where we have already established a firm presence. Today, Asia accounts for the bulk of global logistics and we believe taking the lead in the region gives us a significant leg up in the drive toward a global expansion. While there is no real difference between Nippon Express and the European and US mega forwarders in air cargo volume, there is a sharp difference in maritime freight volume. We have established a maritime shipping network that covers China and Southeast Asia, but we also intend to further expand the volume of maritime freight handled in Asia moving forward. Moreover, we are placing an emphasis on bolstering handling volume for not only Japanese companies and their affiliates, but also for non-Japanese firms. In addition to logistics, the Group is operating in a wide range of businesses and we believe our operating portfolio under the long-term vision requires revisions to include more core and highly profitable businesses.

This explains for the most part the core of the long-term vision, but to achieve the goals of the vision, we need to enact a variety of reforms, including to strengthen the global governance system. Moreover, to generate the funds for M&A activity, we need to enact financial strategies that include asset sales or liquidations. We also face a number of other issues and challenges, in such areas as IT, R&D, human resources development, brand strategies, and strengthening our management base. The current business plan outlines what we need to do now in order to achieve our long-term vision and sets forth the strategies and measures necessary to ensure sustainable growth moving forward while promoting their steady and rapid implementation.

Creating New Value and the ESG Management That Supports This Creation

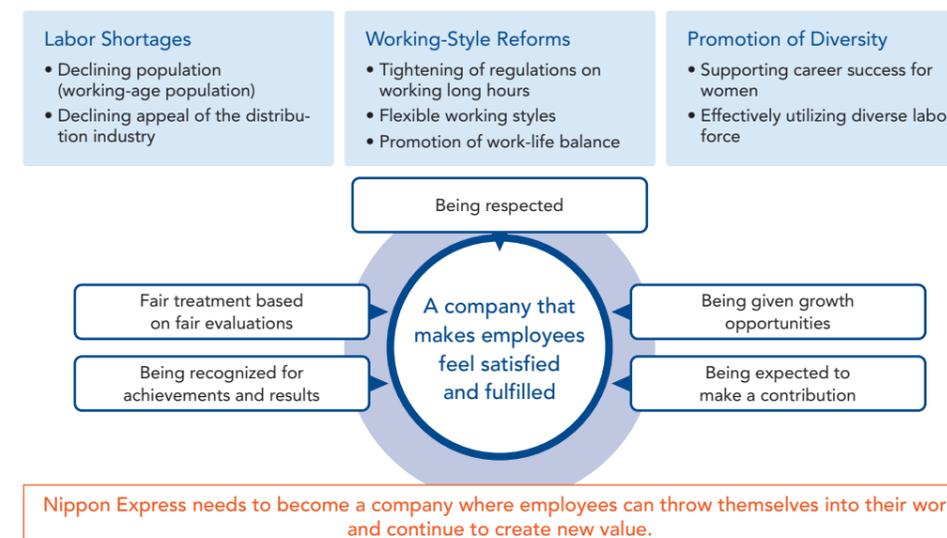
Nippon Express has created new value thus far by supporting the advancement of society and people's lives through its efforts to improve the efficiency and sophistication of our customers' supply chains and enhance the added value of their goods. Our strengths include "a variety of transport modes," "a global network," and "strength in front-line capabilities," where we always put the needs of the customer first and maintain a strong awareness of safety, compliance, and quality. Combining these three strengths allows us to handle a wide variety of logistics needs, and though there may often be many solutions, only one way is *the way*. We believe this represents our true strength and is a key component in our corporate message, "We Find the Way." Effective ESG management allows our company to contribute to a sustainable society through its business activities, while ensuring improvements in corporate value and sustainable growth moving forward.

The "E" in ESG stands for environment, and as a logistics company in this field, Nippon Express is committed to reducing CO₂ emissions and promoting modal shifts and joint transportation operations. In particular, we note that our efforts to promote co-loaded deliveries with manufacturers and advance the efficiency of our distribution network are beginning to take root. There are currently more than 60,000 trucking companies in Japan, with more than 99% of these being small and medium-sized companies. In contrast, there are only ten major distribution companies in the country. We believe the major logistics companies can take the lead in contributing to society, the environment, and their customers through the joint operations of warehouses and deliveries. Nippon Express uses a variety of transport modes, including railways, trucks, ships, and airplanes, though we also note the necessity of offering proposals to customers that align with their needs and reduce the overall impact of business activities on the environment and society. We believe that offering the optimal transportation mode for each industry's unique supply chain allows us to contribute not only to customer cost savings, but also a reduced environmental impact. As an example of this, our long-term vision touches on supply chains in the semiconductor industry, and we believe that we can reduce the environmental impact of business activity in this sector through the simplification of its supply chains.

The "S" in ESG stands for social, and in this area Nippon Express plays its role as a designated public institution by fulfilling its responsibilities in any and all situation, even amid the COVID-19 pandemic. Moreover, with the goal of transforming Nippon Express into a company where employees are satisfied and fulfilled in their work, we are working to promote diversity and work style reforms. Given the closeness of our business with our stakeholders, we believe it is vitally important to value each of our stakeholders. That said, we consider our employees especially important stakeholders as they represent the true source of new value creation for both our customers and society. In the three years since I became president of Nippon Express, I have devoted myself to making sure we are a company where employees are satisfied and fulfilled in their work. I believe that if a company has employees that are happy and have a proactive attitude towards their work, then that company is also one that can play a useful role to its customers and shareholders, and ultimately society. With an eye toward global development, we launched the Human Resources Strategy Division in April 2020. This division will be focusing on the establishment of compensation systems, welfare benefits, and personnel changes under a uniform standard that encompasses not only Japan, but overseas locations as well.

The "G" in ESG, of course, stands for governance. Given their importance to our overall strength, we believe entrenchment of "safety, compliance, and quality" forms the foundation of our management efforts. Moreover, we believe it important to have mechanisms that boost the awareness of our employees in these areas, and we are promoting the strengthening of our governance through the incorporation of effective human resources and external knowledge. More specifically, our focus is on establishing a thorough level of compliance among Nippon Express employees. While I will on many occasions provide direct guidance, I also believe it important that leaders at the head of each organizational level, branch managers being an example, make a strong commitment to the creation of an organization with open communication and where employee education is an ongoing effort. We are currently considering revisions to our management structure, including a transition to a pure holding company structure, as part of our effort to strengthen Group management and global governance as we focus on expanding our overseas business. Our goal is to build a better system and one with mechanisms capable of supporting sustainable improvements in corporate value.

A Company Aiming for Sustainable Growth



Changes in the External Environment and Our Responses

In addition to the growing protectionism in the world, as evidenced in US-China trade friction, society as a whole and Nippon Express in particular are being sharply impacted by the effects from the COVID-19 pandemic. In response to the COVID-19 threat, Nippon Express moved to fulfill its responsibilities as a designated public institution and assisted in the transportation of medical supplies. We believe our mission in this respect is not just to follow the requests of the national government, but to serve the needs of society at large. In a world where economies are globally intertwined, so are supply chains, and we recognize that disruptions in any portion of these chains can result in their complete breakdown. Since the maintenance of supply chains is essential to the continuation of social activities, we believe our responsibility as a part of the social infrastructure includes giving our full support to these supply chains on the logistics side. While we have been working to review and revise our organization, areas of strength, and overall business, and have made some level of progress, I believe that progress has been insufficient in the face of the current changes in the operating environment. It appears that we need to lower our break-even point further, including through a renewed review of our earnings structure, by entrenching variable costs management, and by reducing fixed costs even more than we already have. On the other hand, we have made significant progress in work style reforms. In terms of improving efficiency through the use of IT, the head office has taken the lead in the use of a variety of tools and has made steady progress in this respect, with remote meetings becoming an established in-house occurrence. At present, about 70% of head office employees work from home, and we believe this has given us important insights into which operations are essential to our day-to-day efforts and which may be superfluous. Based on the lessons learned in this experience, we intend to continue pursuing work style reforms and improvements in efficiency. We believe this will prove one of the Company's key assets as we move forward.

While the COVID-19 pandemic is expected to eventually be brought under control through the development of treatments, including a vaccine, there is also a strong likelihood that the experience will result in business and lifestyle changes, which could change our customers' outlook on supply chains. While we believe the launch of



efforts aimed at logistics reforms is likely to expand both in Japan and overseas, we are making no changes to our long-term vision. Our focus in fact is on how we can best provide support during these major changes. We are at the start of a new kind of business environment, one which offers significant opportunities if we can provide the best solutions to the changing requirements of our customers. Accordingly, we will continue to move forward in the implementation and realization of our current business plan strategies.

New Technologies and the Path Forward for Logistics

Logistics has always evolved in line with the times. However, in today's world, logistics is more than the simple movement of goods. As seen with pharmaceuticals, it is increasingly important for logistics operations to effectively manage information, which includes strict traceability, quality management, and the transportation process for raw materials through to finished products, with control over the environment in which items are transported, how they are stored, and when they are delivered. For high added-value products other

than pharmaceuticals as well, the use of technologies such as IoT and blockchain allow us to clearly understand the product's position in transportation and ensure product quality through the digitization of data related to storage, transport status, temperature, humidity, product code and vibration. We have high expectations for new businesses that can make the best use of these cutting-edge technologies. We also note that the development of autonomous driving is progressing in developed economies such as Japan that is suffering from truck driver shortages, and believe this could contribute to further improvements in logistics-based added value moving forward as its introduction to warehousing operations contributed to reduced personnel, labor, and space requirements.

Collaboration with external parties will be vital if we are to develop businesses that can make the best use of open innovation, digitization, and digital transformation, which will all be essential to management moving forward. With this in mind, we are working to accelerate development by forming partnerships and alliances with companies specializing in a variety of different areas, including high-tech and IT companies both in Japan and overseas. We also believe it important to promote diversity, but note that our efforts so far still appear somewhat insufficient. For particularly specialized fields, our goal is to bring together highly knowledgeable individuals, including mid-career workers, that can help shape the

future as they work as an advanced group of professionals to improve added value by more than ever before. That being said, even at this technological turning point, we must hold close the basic skills and techniques of transporting goods. We believe this is where the core quality of our logistics business lies, and where we place our strongest commitment.

"Creating new value through innovation while cherishing our unchanging values"

The Nippon Express group will continue to strive to contribute to society and achieve the goals of its long-term vision. We gratefully look forward to your continued heartfelt support and understanding.



The Nippon Express Group Business Plan 2023

~“Dynamic Growth”~

Looking Back on Our Previous Three Corporate Strategies

	The Nippon Express Group Corporate Strategy 2012 April 1, 2010–March 31, 2013	The Nippon Express Group Corporate Strategy 2015 April 1, 2013–March 31, 2016	The Nippon Express Group Corporate Strategy 2018 April 1, 2016–March 31, 2019
Positioning	— Towards New Growth — Enhancement of management infrastructure	– Innovation and Moving Forward –	— New Sekai-Nittsu — Foundation for growth
Framework Plan	<p>Establishment of long-term goals for global growth and structural reforms</p> <ul style="list-style-type: none"> Growth as a Global Logistics Company Promotion of Strategic Environmental Management Enhancement of Management Infrastructure Promotion of Corporate Social Responsibility (CSR) Management 	<p>Raised the profit ratio of combined business in Japan to 3%</p> <ul style="list-style-type: none"> Further Expanding Our Global Logistics Business Strengthening Management Practices for Our Domestic Businesses Expanding Business by Utilizing the Diversity of Group Companies Contributing to Society through Our Businesses in Accordance with CSR Management 	<p>Expanded transactions in Tokyo, Nagoya, and Osaka, and concentrated investment in South Asia</p> <p>Area Strategies:</p> <ul style="list-style-type: none"> Japan: Achieve both growth and profitability Overseas: Drive growth of the Nippon Express Group <p>Functional Strategies:</p> <ul style="list-style-type: none"> Thoroughly strengthen sales activities Strengthen and upgrade core businesses Enhance Group management Reinforce the management infrastructure Further strengthen the Group's CSR management
Major Results	<ul style="list-style-type: none"> Growth as a Global Logistics Company Overseas-related business sales ratio: [+2.7 points*] Overseas base expansion* <ul style="list-style-type: none"> Number of countries: +4 Number of locations: +55 Employees: +1,970 Warehousing space: +470,000 m² Promotion of Strategic Environmental Management <ul style="list-style-type: none"> Increased the number of eco-friendly vehicles: [+1,646*] Enhancement of Management Infrastructure <ul style="list-style-type: none"> Consolidated bases in the Tokyo Metropolitan Area Promotion of Corporate Social Responsibility (CSR) Management <ul style="list-style-type: none"> Reviewed business continuity plans (BCP) <p>* Compared to fiscal 2009</p>	<ul style="list-style-type: none"> Further Expanding Our Global Logistics Business <ul style="list-style-type: none"> Expanded the transport network in Southeast Asia [Overseas-related business sales ratio: +6.5 points*] Strengthening Management Practices for Our Domestic Businesses <ul style="list-style-type: none"> Operating income ratio for combined business segments in Japan: [+2.1%*] Expanding Business by Utilizing the Diversity of Group Companies <ul style="list-style-type: none"> M&A and business alliances with domestic logistics companies Contributing to Society through Our Businesses in Accordance with CSR Management <ul style="list-style-type: none"> Average CO₂ emissions reduction during the corporate strategy period: 4.1% [Numerical target: Annual average of 1% or more] <p>* Compared to fiscal 2012</p>	<p>Area Strategies:</p> <ul style="list-style-type: none"> Japan: Build a foundation that can ensure both growth and profitability [Revenues: +¥229.3 billion*] Overseas: Strengthen the network and expand sales to non-Japanese companies [Overseas revenues: +¥63.5 billion*] <p>Functional Strategies:</p> <ul style="list-style-type: none"> Thoroughly strengthen sales activities <ul style="list-style-type: none"> Promoted one-stop sales and account management Strengthen and upgrade core businesses <ul style="list-style-type: none"> Strengthened the purchasing power of global freight forwarding Implement Group management <ul style="list-style-type: none"> M&A and optimized internal Group management resources Reinforce the management infrastructure <ul style="list-style-type: none"> Improved productivity through use of IT, etc. Further strengthen the Group's CSR management <ul style="list-style-type: none"> Promoted diversity management and rectified long working hours <p>* Compared to fiscal 2015</p>
Major Issues	<ul style="list-style-type: none"> Expanding Our Global Logistics Business <ul style="list-style-type: none"> Expand Our Global Logistics Business in Japan and overseas Implement M&A to accelerate the speed of growth Nurture global personnel Strengthening Management Practices for Our Domestic Businesses <ul style="list-style-type: none"> Improve profitability of our domestic businesses Expanding Business by Utilizing the Diversity of Group Companies Contributing to Society through Our Businesses <ul style="list-style-type: none"> Establish a system that is resilient to disasters and safe for the environment 	<ul style="list-style-type: none"> Ensure both growth and profitability for our domestic businesses Overseas business growth <ul style="list-style-type: none"> Bolster customer-oriented sales capabilities through one-stop sales and account management Strengthen and enhance the global forwarding business and logistics business Optimize management resources for the entire Group 	<ul style="list-style-type: none"> Expand areas of contribution in customer supply chains by thoroughly implementing one-stop sales and account management Strengthen sales to non-Japanese accounts Strengthen global forwarding Utilize IT and advanced technologies Strengthen governance as a global corporate group Improve productivity of sales and business process Implement specific initiatives for achieving long-term environmental targets Address diversity and working-style reforms

In anticipation of our centennial in 2037, the Nippon Express Group has formulated a new long-term vision that details the kind of corporate group we hope to be in the near future. To achieve our vision of becoming “a logistics company with a strong presence in the global market,” we created the Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, our new five-year plan launched in April 2019.

A Scenario for Achieving Our Vision

In terms of sales, the Nippon Express Group is a top-tier logistics company in Japan. However, when looking at the world today, it is clear that the major European and US distribution companies are achieving growth by expanding their distribution networks as the global logistics market grows larger. For the Nippon Express Group to take on these global players and establish for itself a presence in the worldwide market, we will need to not only expand our business in Japan, particularly in the major metropolitan areas, but also create an enhanced management structure capable of generating funds for growth investment and the building of a business foundation with the ability to compete on a global basis.

The Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, launched in April 2019, outlines the efforts we need to take over the next five years that will mark the first steps in achieving our long-term vision. Moreover, as part of our drive to realize our long-term vision, the Nippon Express Group will fundamentally revise its approach and way of thinking in order to become a corporate group that creates new value through innovation, the company of choice for customers around the world, and establish for itself a strong presence in the global logistics market.



An Outline of the Nippon Express Group Business Plan 2023 Initiatives		
<p>Growth Strategies for Our Core Businesses</p> <p>Expansion in Sales</p> <ul style="list-style-type: none"> Growth in the global market Focus on management resources in large Japanese cities <p>Approach based on customer (industry), business, and area</p>	<p>Strategies to Enhance Domestic Businesses in Japan</p> <p>Improving Profitability</p> <ul style="list-style-type: none"> Improving specialty business profitability Improving sales and business profitability Promoting fundamental reform in low profit businesses 	
<p>Efforts to Implement Our Long-Term Vision</p> <ul style="list-style-type: none"> Inorganic growth strategies Reinforcing functions to support challenges Establish ESG-oriented business management to realize sustainable development and improve corporate value 		

Outline of Initiatives

Growth Strategies for Our Core Businesses

In the core businesses, we will promote the expansion of our business and the customer base cultivated in Japan on a global level through a three-dimensional approach focused on “customer (industry),” “business,” and “area.”

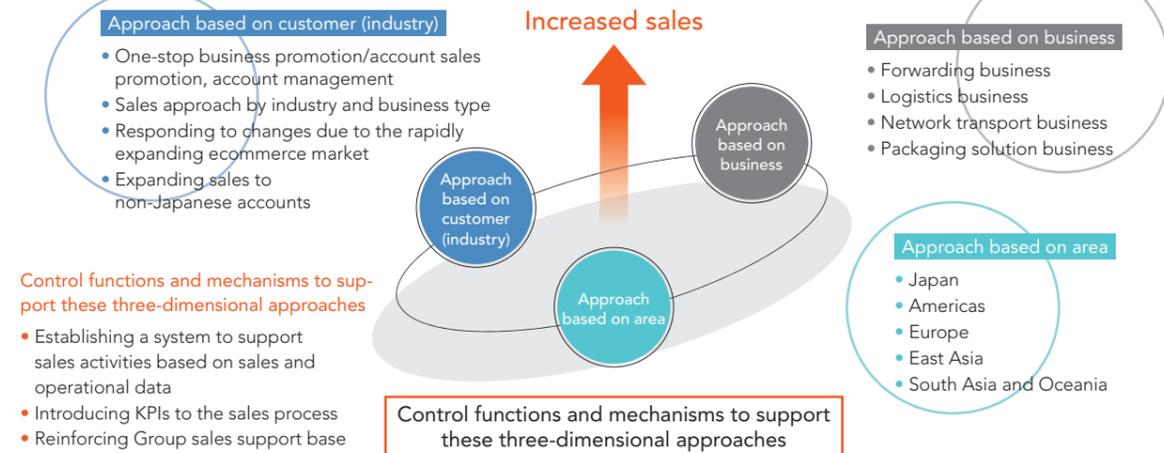
In the customer (industry) approach, we are further strengthening customer-based sales, including in the one-stop business promotion and account management fields we have been working on to date, while simultaneously identifying the five priority industries (electric and

The Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~

electronics, automotive, apparel, pharmaceutical/medical, semiconductor) where we will focus the efforts of the Nippon Express Group around the world. In particular, we will focus on changes in these areas and respond accordingly in order to capture new logistics demand. In the approach based on business, we look to strengthen

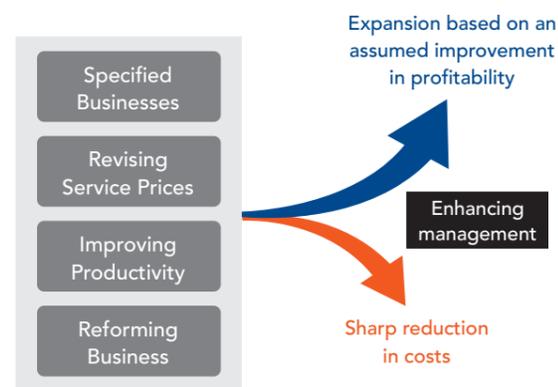
our ocean cargo and air cargo forwarding businesses, and implement measures designed to strengthen the logistics sales and strategic functions. In the approach based on area, we are strongly promoting core business growth initiatives through the implementation of strategies tailor-made to each regions' specific characteristics.

Priority Measures



Strategies to Enhance Domestic Businesses in Japan

For businesses in Japan, the Nippon Express Group aims to improve profitability in specified businesses such as the heavy haulage & construction, security transportation, and fine art transportation businesses, while simultaneously bolstering productivity in the sales and operations by reforming the business process through the utilization of cutting-edge AI and RPA technologies and reorganizing the domestic organizations and operational support systems. As part of fundamental reforms to low profit businesses, the company aims to enhance its businesses through operating portfolio revisions and service price adjustments.



Efforts to Implement Our Long-Term Vision

We intend to continue the three major efforts (implementing an inorganic growth strategy, reinforcing functions to support challenges, and establishing ESG-oriented management to realize sustainable development and improve corporate value) even after the end of the current five-year business plan. In terms of implementing an inorganic growth strategy, we aim to achieve this type of growth through M&A to become a mega forwarder with a strong presence in the global market, create a global network and business base, and secure non-Japanese global customers.

In terms of reinforcing functions to support challenges, we are using IT strategy-based innovations to bolster value offered to customers and realize improved

productivity and work style reforms, while also promoting innovation in our management base, including in areas such as research and development, human resources, and brand strategies. Finally, as part of our effort to establish ESG-oriented management to realize sustainable development and improve corporate value, we are committed to reducing CO₂ emissions while entrenching employee awareness of safety, compliance, and quality. Our goal is to contribute to a sustainable society by addressing social issues, and to become a company where a diverse workforce can play an active role in the company and each employee can feel satisfaction and fulfillment in their work.

Business Plan 2023 Progress

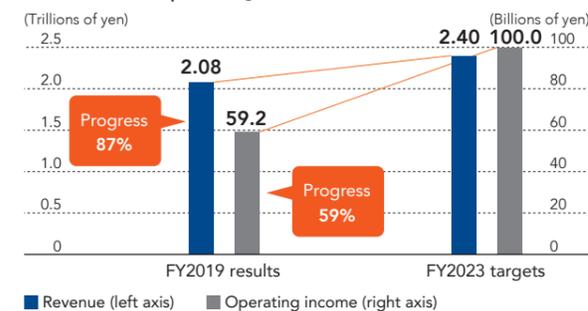
Financial Targets and Progress Update

	FY2019 Results	FY2023 Targets
Revenues	¥2,080.3 billion	¥2,400.0 billion
Operating income	¥59.2 billion	¥100.0 billion
Operating income ratio	2.8%	4.2%
Net income	¥17.4 billion	¥63.0 billion
Overseas sales	¥412.5 billion	¥600.0 billion
ROE	3.2%	10%
Forwarding volume	Ocean cargo 690,000 TEU/ Air cargo 800,000 tons	Ocean cargo 1.3 million TEU/ Air cargo 1.4 million tons

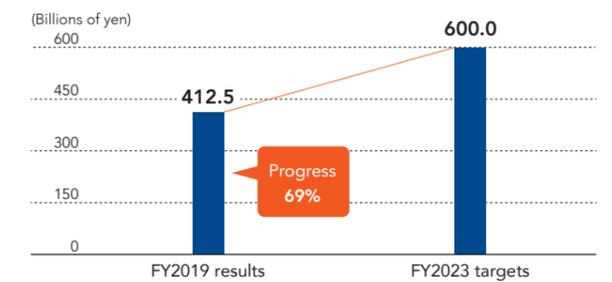
Numerical targets by segment		FY2019 Results			FY2023 Targets		
		Revenues	Operating income	Operating income ratio	Revenues	Operating income	Operating income ratio
Logistics	Japan	¥1,213.5 billion	¥42.8 billion	3.5%	¥1,340.0 billion	¥62.0 billion	4.6%
	Americas	¥91.0 billion	¥2.7 billion	3.1%	¥135.0 billion	¥7.2 billion	5.3%
	Europe	¥119.3 billion	¥1.7 billion	1.5%	¥160.0 billion	¥6.4 billion	4.0%
	East Asia	¥112.0 billion	¥2.9 billion	2.7%	¥170.0 billion	¥5.1 billion	3.0%
	South Asia & Oceania	¥90.1 billion	¥3.1 billion	3.5%	¥135.0 billion	¥6.3 billion	4.7%
Security Transportation		¥72.5 billion	¥(1.0) billion	(1.5%)	¥76.0 billion	¥1.1 billion	1.4%
Heavy Haulage & Construction		¥52.3 billion	¥6.1 billion	11.8%	¥54.0 billion	¥4.5 billion	8.3%
Logistics Support		¥471.2 billion	¥12.3 billion	2.6%	¥530.0 billion	¥14.4 billion	2.7%

Note: Before elimination of intersegment transactions

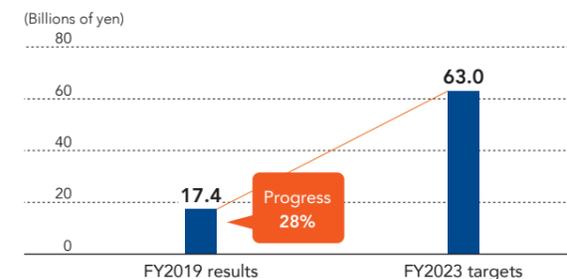
Revenues/Operating Income



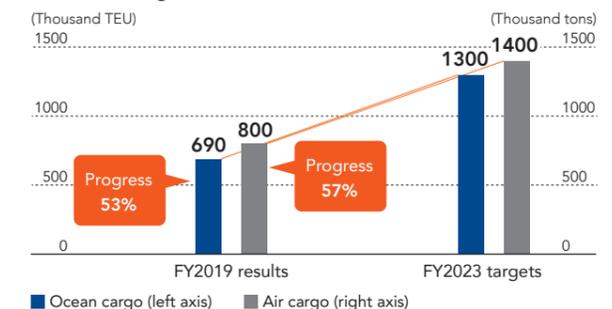
Overseas Sales



Net Income



Forwarding Volume



Growth Strategies for Businesses

Growth Strategies for Our Core Businesses

Looking back on the first year in the current business plan
In our approach based on customer (industry), we fortified our efforts with non-Japanese companies while strengthening measures targeting the five priority industries, including by offering group-based sales proposals to companies in the semiconductor industry and launching the pharmaceutical products business.
In our approach based on business, we expanded handling volume in ocean and air cargo forwarding while boosting logistics-related efforts, starting with our warehouses. Despite an expansion in new customers and strength in logistics operations centering on warehousing and deliveries for industries and businesses, freight transport demand

slumped on reduced trade due to the rise of protectionism, a downturn in automobile sales volume, and a slowdown in the global economy, particularly in China, which contributed to a slump in overall handling volume.
In our approach based on area, as part of our drive to invest in India, where growth is indeed strong, we cemented a capital tie-up with Future Supply Chain Solutions Limited, a leading consumer-based logistics company in the country. We also moved to expand our business in emerging markets, completing construction of new warehouses in a number of Southeast Asian countries, and establishing new bases in the Central Asian country of Kazakhstan, as well as in Morocco in Africa.

(Rounded to the nearest ¥100 million)

Japan	Sales	FY2019 Actual	FY2019 Estimate	Achievement Rate	FY2023 KPI	Progress Rate
	Further development with the electric and electronics industries	¥103.8 billion	¥116.0 billion	89%	¥120.0 billion	87%
	Further development with the automobile industry	¥66.2 billion	¥85.0 billion	78%	¥110.0 billion	60%
	Further development with the apparel industry	¥15.6 billion	¥17.5 billion	89%	¥24.5 billion	64%
	Further development with the pharmaceutical/medical industry	¥14.7 billion	¥18.0 billion	82%	¥36.0 billion	41%
Domestic + Overseas 	Increase in non-Japanese customers (GAM, GTA *)	¥29.9 billion	¥29.8 billion	100%	¥43.0 billion	70%
	(Forwarding Volume **)					
	Expansion in ocean cargo forwarding	690,000 TEU	760,000 TEU	91%	1,300,000 TEU	53%
	Expansion in air cargo forwarding	800,000 t	760,000 t	105%	1,400,000 t	57%
Overseas 	Sales	FY2019 Actual	FY2019 Estimate	Achievement Rate	FY2023 KPI	Progress Rate
	Further development with the electric and electronics industries	¥107.0 billion	¥111.0 billion	96%	¥145.0 billion	74%
	Further development with the automobile industry	¥59.3 billion	¥67.0 billion	89%	¥110.0 billion	54%
	Further development with the apparel industry	¥59.0 billion	¥53.0 billion	111%	¥80.0 billion	74%
	Further development with the pharmaceutical/medical industry	¥11.6 billion	¥12.0 billion	97%	¥40.0 billion	29%

Note: Domestic figures, KPI targets are for the Nippon Express parent only.
*1 GAM is Global Account Management. GTA is Global Target Accounts.
**2 Forwarding volume on a cumulative calendar-year basis.

Strategies and initiatives for the second year
We will continue to promote a three-dimensional strategy with approaches based on customer (industry), business, and area. For the approach based on customer (industry), in addition to accelerating our efforts in the electric and electronics, automobile, apparel, pharmaceutical and medical, and semiconductor industries, we are creating a digital platform, mainly for use in pharmaceutical and medical product logistics. We will also focus on accurately predicting changes in the supply chains of customers after the COVID-19 pandemic is brought

under control, and adapting quickly to those changes.
In our approach based on business, we are working to expand air cargo and ocean cargo forwarding volume while utilizing network transport products to expand modal shifts.
In our approach based on area, we will promote business growth in each block by adopting strategies based on the special characteristics of each area. We are also working to expand our business in emerging economies such as India and countries in Africa.

Strategies to Enhance Domestic Businesses in Japan

Looking back on the first year in the current business plan
With the aim of solving the labor shortage problem and further improving profitability in the logistics business in Japan that forms the core of the Nippon Express Group's business, in October 2019 we consolidated our branches through a large-scale reshuffling of the domestic organizational structure.

- **Strengthen integration of land, sea, and air**
Pursue greater synergies among organizations, human resources, and capital equipment
(Restructure sales teams, consolidated physical locations, share operations)
- **Further personnel reassignments**
Reassign personnel by consolidating offices, engaging in RPA and other streamlining
(Major reorganization to eliminate 74 branches, from 188 to 114)
- **Automate, streamline office work**
Operate offices under simplified RPA for streamlined office work
(Assign 29 staff)
- **Operational labor-savings and automation**
Aim to automate 50% of operations for faster work floors
(Assign 37 staff)

Strategies and initiatives for the second year
We will work to improve the profitability of our business in Japan by enhancing productivity, strengthening governance and our capabilities in sales, and promoting the relocation of human resources by way of a large-scale reshuffling of the domestic organizational structure.

- **Structural reform of the moving & relocation business**
Strengthen moving capacity to leverage Nippon Express advantages
(Add 425 planners, 786 workers)
- **Improve efficiencies in route motor transportation business**
Prioritize efficient cargo, improve gross profit ratios
(Revise long or unusual cargo sizes; revise fees for optimal freight fees)
- **Strengthen operating companies under branches**
Reinforce human resources for group workforce; adapt to work style reform and labor laws
- **Expand sales of new products**
Protect Box, Sea & Rail
(Develop integrated land/sea/air products at the Network Transport Business Promotion Headquarters)

Figures in parentheses () are FY2019 results

Efforts to Implement Our Long-Term Vision

Looking back on the first year in the current business plan
"Innovation in IT strategy" as part of our effort in "reinforcing functions to support challenges" included an acceleration in measures aimed at introducing and increasing the use of RPA systems to boost sales office productivity as well as efforts designed to strengthen the Group governance through enhancements to IT security. "Innovation in research and development" has focused on promoting the commercialization of cutting-edge logistics technologies, including through demonstration testing in cooperation with customers and external organization, as well as introductions to warehouse facilities.
"Establishing ESG-oriented business management to realize sustainable development and improve corporate value" is centered on our commitment to reducing CO2 emissions (the "E" in ESG is for "environment") and in line with this commitment we worked to expand sales of combined transport products and promote modal shifts, which included efforts to promote the increased use of rail-based transport between China and Europe. We aim to transform the company into one in which employees feel satisfied and fulfilled in their work (the "S" in ESG is for "social"), and in this area we worked to create an organization where each member of a diverse workforce can actively contribute to the whole, an employment system in which equal work was rewarded with equal pay, and where long working hours were a thing of the past. In line with our aim of improving corporate value (the "G" in ESG is for "governance"), we sought to improve

the dissemination of information and the quality of our briefings as part of our IR activities, while simultaneously launching a variety of measures, including in regard to the Group's management structure.

Strategies and initiatives for the second year
In implementing "Innovation in IT strategy" as part of our effort in "reinforcing functions to support challenges," we will expand the use of RPA to boost sales and business productivity while actively working to achieve work style reforms.

Our efforts in "Innovation in research and development" will involve putting cutting-edge technologies to practical use in order to further advance automation and reduced labor in operations. We will also work actively to ensure our competitive advantages in the logistics industry.

In "Establishing ESG-oriented business management to realize sustainable development and improve corporate value," we remain committed to reducing CO2 emissions and will accelerate the expansion of modal shifts and joint transport sales. On the social front, we are focused on becoming a company in which employees feel satisfied and fulfilled in their work and will work actively to promote diversity management and work style reforms through the head office relocation project.

Finally, in terms of governance, we will work to broaden our IR activities and continue our investigations into how the Group can be optimally managed moving forward.

Capital Policy/Dividend Policy

Improving Corporate Value

The Nippon Express Group Business Plan 2023 revises our key management indicator from ROA, which we have used in past business plans, to ROE. In this new plan, we have established an ROE target of 10%. We are targeting operating income in the last year of the plan of ¥100.0 billion, and aim not only to return cash generated to our shareholders, but also to aggressively invest in order to ensure future growth while also maintaining a certain level of financial discipline. In addition to considering the off-balance sheet financing of assets through liquidation, we will continue to take an active approach to the management of our balance sheets, including reducing our strategic shareholdings. We

target cumulative investment over the five years through fiscal 2023 of ¥450.0 billion (including planned asset liquidation, e.g., ¥70.0 billion for the new headquarters). This investment includes capex aimed at bolstering our efforts in the pharmaceutical and medical industry, which we view as particularly important among the business plan growth strategies.

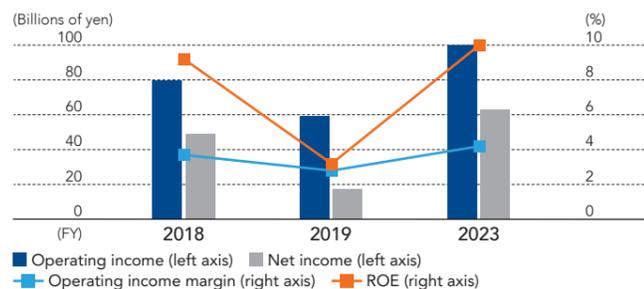
We are also focused on further improving asset and capital efficiency. While maintaining a goal for equity ratio in the past of 40%, our goal moving forward is to further improve capital efficiency while maintaining a stable financial base in line with shareholders' equity ratio target of about 35%.

Our Thoughts on Shareholder Returns

We recognize that returning profits to shareholders is one of our most important management functions. Our policy is to increase sales and strengthen our corporate structure in line with the goal of increasing shareholder equity, improving profit margins, and enhancing profitable returns. With that in mind, our current business plan focuses on maintaining stable dividends and establishes

a dividend payout ratio target of at least 30% and a total returns ratio target of at least 50% (cumulative total for the fiscal 2019–fiscal 2023 period). We have continued to purchase treasury stock, but we will continue to flexibly carry out strategic investment for business growth while meeting the expectations of our investors.

The Road to ROE of 10%



Investment Target	Planned Amount (Five-year cumulative total)
Equipment	¥360.0 billion
IT	¥40.0 billion
Vehicles	¥50.0 billion
Group total	¥450.0 billion

Note: Includes planned asset securitization (e.g., ¥70.0 billion for the new headquarters)

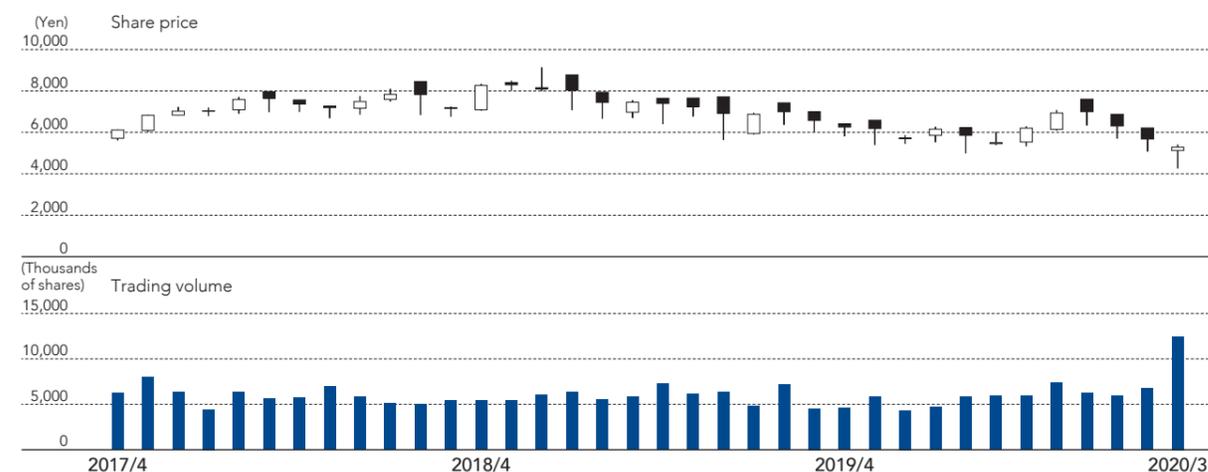
Financial Trends

	FY2012	FY2015	FY2018	FY2019
Total assets (Billions of yen)	1,247.6	1,484.9	1,536.6	1,518.0
Shareholders' equity (Billions of yen)	513.6	522.2	543.6	539.4
Cash and cash equivalents at end of year (Billions of yen)	113.6	146.0	102.0	96.1
Free cash flow (Billions of yen)	31.0	(44.0)	(18.2)	6.3
Return on equity (ROE) (%)	4.8	6.8	9.2	3.2
Dividend payout ratio (%)	43.7	30.9	30.1	83.8
Total return ratio (%)	81.4	31.9	50.1	141.1
Shareholders' equity ratio (%)	41.2	35.2	35.4	35.5

Shareholder Dividends and Treasury Stock Acquisition



Stock Price Movement



Note: Nippon Express executed a share consolidation on October 1, 2017, at a ratio of 10 shares to one. Figures for all periods in the above graph are calculated based on the assumption that this consolidation had already occurred.

Stock Price, Dividends and Dividend Yields Over the Last Five Years

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Annual dividend per share (Yen)	10	11	11	120	155	155
Dividend yield (As of the end of the year)	1.49%	2.15%	1.92%	1.69%	2.52%	2.93%
High (Yen)	702	773	645	770	9,130	7,070
Low (Yen)	421	464	420	563	5,660	4,280
End of the year (Yen)	672	512	572	7,120	6,160	5,290

Note: Ten shares of common stock were consolidated into one share effective as of October 1, 2017. The highest and lowest stock prices before the share consolidation are listed for the stock price for the fiscal year ended March 31, 2018, and the highest and lowest stock prices after the share consolidation are listed in brackets.

ESG Management Supporting Sustainable Growth and Improvements in Corporate Value

Our Thoughts on ESG

In line with our corporate philosophy, the Nippon Express Group believes that creating new value alongside our stakeholders and contributing to society through our business activities will lead to sustainable growth and an ongoing improvement in our corporate value.

As we target growth as part of our long-term vision ahead of the 100th anniversary of the company's founding, we are focused on becoming a "logistics company with a strong presence in the global market" and view ESG management as essential to this effort. Based on this recognition, the Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~ positions ESG management targeting "establishing ESG-oriented business management to realize sustainable development and improve corporate value" as central to the foundation of our growth strategy and efforts that need to be strengthened over the medium to long term. We have also identified priority issues for action in each of the ESG components (Environment, Social, and Governance) and have clarified our involvement with the Sustainable Development Goals (SDGs).

In terms of the environment (E) aspect, the Nippon Express Group operates a logistics business that emits a substantial volume of CO₂. We view the reduction of CO₂ emissions as part of our social responsibility and with the theme of a "commitment to reducing CO₂ emissions as a logistics company," see this as an area in which we can make a contribution not only to our customers, but to society as well. Alongside the establishment of concrete measures aimed at achieving our independently set long-term environmental targets, we believe that if we can provide to our

customers solutions focused on working together to reduce CO₂ in logistics operations, it will prove a competitive advantage and allow us to actively contribute to CO₂ reductions through our business activities.

In regard to the social (S) aspect, our theme of "transforming into a company that makes employees feel satisfied and fulfilled" is based on the idea that the active participation of a diverse workforce is key to achieving our long-term vision. With this in mind, we are working to change our way of working and thinking so that employees can work to the best of their abilities. At the same time, we will continue to contribute through our business to the betterment of society in countries and regions by utilizing cutting-edge technologies to deal with logistics crisis and by fulfilling our role as a designated public institution.

Finally, in terms of governance (G) aspect, we have built our efforts around a theme of "establishing a mechanism to support the sustainable improvement of corporate value." While we believe safety, compliance, and quality to be the main goals of corporate management, we are also working to entrench and improve achievements in these areas as not only the source of our strength but also the foundation supporting sustainable growth. In order to realize our long-term vision, we believe it is essential to maximize Group corporate value and will continue to consider changes to the Group's management structure with the aim of strengthening in Group management and enhancing our global governance system in order to further expand our business overseas.

The Nippon Express Group Corporate Philosophy



Contributing to customers and society through businesses
Contributing for resolving social issues through business
Collaboration and co-creation with stakeholders

Realizing Sustainable Development and Improving Corporate Values



E Environment

- Commitment to reducing CO₂ emissions as a logistics company
- Facilitating more use of LED lighting at facilities
- Reducing waste produced by Nippon Express

Contributing through business operations

- Promoting modal shifts and co-loaded delivery
- Engaging in recycling-oriented sales activities



G Governance

- Establishing a mechanism to support sustainable improvement of corporate value
- Strong commitment to safety, compliance, and quality
- Considering advancing global governance by holding company system
- Capital policies (ROE of 10%)
- Information disclosure

S Social

- Transform the company that makes employees feel satisfied and fulfilled
- Promoting diversity
- Working-style innovations

Contributing through business operations

- Serving as designated public institution for disaster response
- Contributing to local communities through job creation and resolving social issues



The Nippon Express Group Initiatives

Environment Commitment to Reducing CO₂ Emissions as a Logistics Company

Initiatives	Contribution through business operations	Related SDGs
<p>Establishment of Long-Term Group Targets</p> <p>Nippon Express Parent: Reduce CO₂ emission by 30% vs. the FY2013 level by FY2030</p> <p>Domestic Group Companies: Reduce CO₂ emission by 20% vs. the FY2013 level by FY2030</p> <p>Overseas Group Companies: Establish voluntary targets in accordance with the standard for Japan while taking into account the local conditions</p> <ul style="list-style-type: none"> Promote a shift to LED lighting in facilities, an incremental shift to environmentally friendly vehicles, and the use of solar power generation (investment to promote environmental management over five years: ¥5.0 billion) Reduce copier paper use through increased use of electronic documentation 	<ul style="list-style-type: none"> Use cutting-edge technologies to pursue research and development, as well as the commercialization of logistics operations with low environmental impacts Contribute to a lower environmental impact in customer logistics through modal shifts and co-loaded delivery operations Contribute to increased use of renewable energy through the construction and installation of wind power generation facilities Contribute to resolution of global environmental issues through the promotion of recycling-oriented sales activities Promote eco-driving 	

Social Transform the Company that Makes Employees Feel Satisfied and Fulfilled

Initiatives	Contribution through business operations	Related SDGs
<ul style="list-style-type: none"> Promoting Diversity <ul style="list-style-type: none"> Create an environment where members of a diverse workforce can play an active role Promote the participation of women in the workplace and expand recruitment of foreign nationals Working-Style Innovations <ul style="list-style-type: none"> Transform work styles to promote the self-driven creation of value while continuing to deliver maximum performance Achieve flexibility in work styles Eliminate long working hours and increase the percentage of annual leave taken Ensure equal treatment (take a proactive stance on equal pay for equal work) Ensure the complete elimination of harassment Promote Health and Productivity Management 	<ul style="list-style-type: none"> Role as a designated public institution during disasters Participate in international social contribution projects Contribute to the development of countries and regions through employment and engagement with partner companies Address social issues through the promotion of innovation in logistics technologies 	

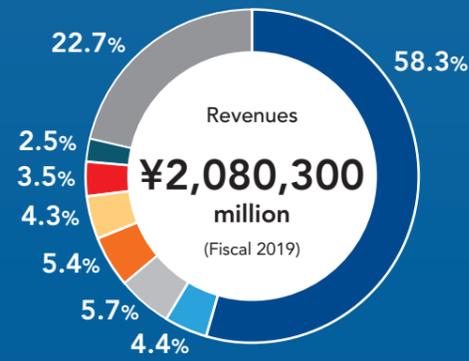
Governance Establishing a Mechanism to Support the Sustainable Improvement of Corporate Value

Initiatives	Related SDGs
<ul style="list-style-type: none"> Strong Commitment to Safety, Compliance, and Quality Capital Policies <ul style="list-style-type: none"> ROE: 10% Dividend payout ratio of 30% or more Total returns ratio of 50% or more (cumulative FY2019–FY2023) Equity ratio of about 35% Considering Advancing Global Governance by Holding Company System <ul style="list-style-type: none"> Strengthen Group strategic functions Strengthen global management functions Optimize Group businesses Establish Group financial governance (Consider use of ROIC*) Information Disclosure <ul style="list-style-type: none"> Increase the disclosure of information Promote dialogue with the market Shift to publishing an integrated report 	

* ROIC: Return on invested capital

The Nippon Express Group provides a range of services via diverse transport modes all regions in Japan and throughout the world to improve the efficiency and sophistication of our customers' supply chains and enhancing the added value of their goods.

Reportable Segment Breakdown



Note: Figures presented exclude adjustments.



Revenues by Reportable Segment/Reportable Segment Income (Billions of yen)

	Revenues	Segment Income (Operating Income)
Logistics		
Japan	1,213.5	42.8
Americas	91.0	2.7
Europe	119.3	1.7
East Asia	112.0	2.9
South Asia & Oceania	90.1	3.1
Security Transportation	72.5	(1.0)
Heavy Haulage & Construction	52.3	6.1
Logistics Support	471.2	12.3

Areas of Operation/Products and Services

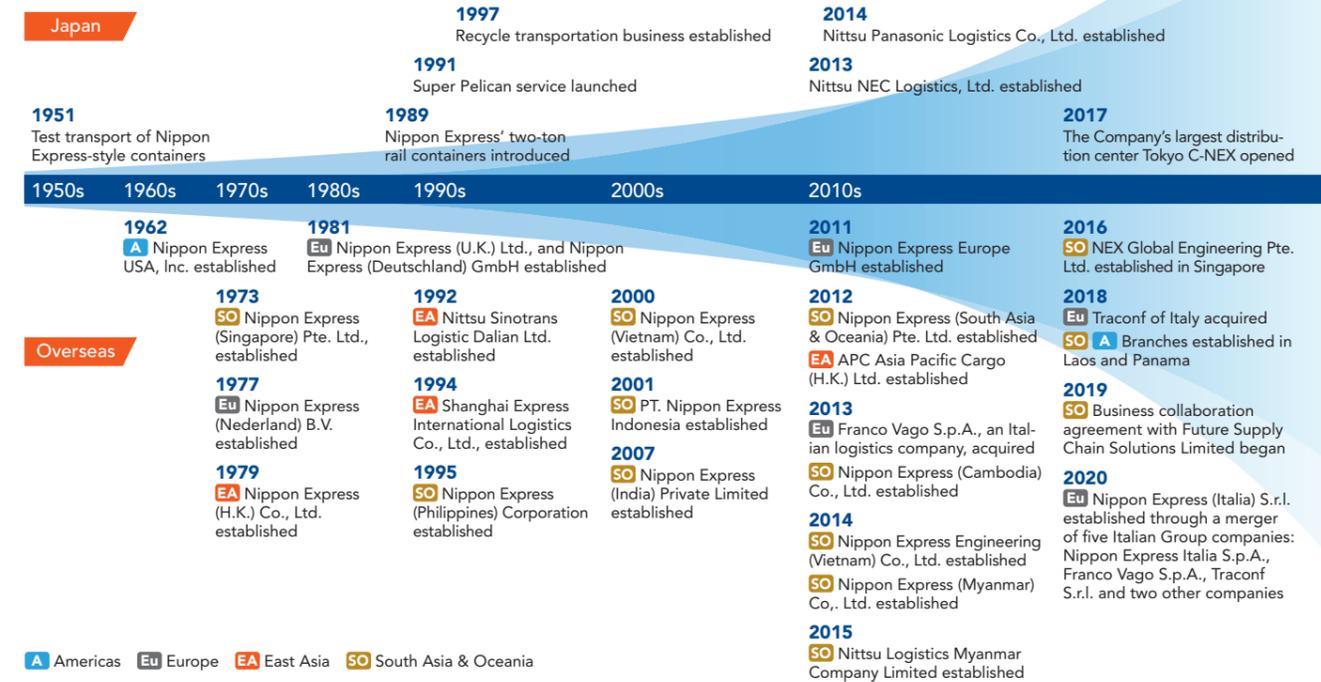
Segment	Areas of Operation											Main Products and Services
	Railway forwarding	Motor cargo transportation	Air freight forwarding	Marine transportation	Harbor transportation	Warehousing	Travel	In-factory work	Information asset management	Real estate	Heavy haulage and construction	
Logistics												Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, 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
Japan	●	●	●	●	●	●	●	●	●	●	●	
Americas		●	●	●	●	●	●					Air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel
Europe	●	●	●	●	●	●	●					Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel
East Asia	●	●	●	●	●	●	●					Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services
South Asia & Oceania	●	●	●	●	●	●	●				●	Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, heavy haulage and construction, travel
Security Transportation	Security guard, motor cargo transportation											Security Transportation
Heavy Haulage & Construction	Heavy haulage and construction											Heavy Haulage & Construction
Logistics Support	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching											Lease, sale of petroleum, etc., sale of others, real estate, finance, others

Logistics Segment

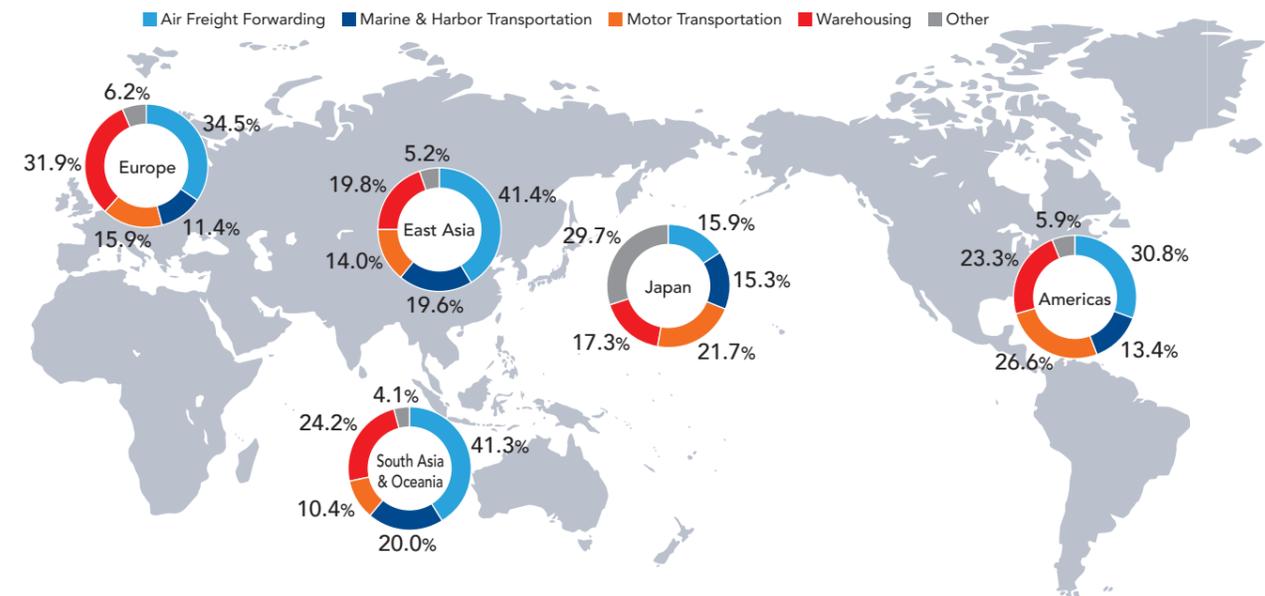
The Nippon Express Group logistics business has grown as transport modes have expanded from railways to automobiles, ships, and airplanes. In addition to extending our transport network to every corner of Japan, we have also ventured out to the rest of the world, first by moving into the Americas, followed by South Asia, Europe, East Asia, and today into India and Africa.

Along with this growth in scale, we also continue to adjust and change the content of our services to track the evolution in logistics that is coinciding with advancements in society.

Developments in the Logistics Segment

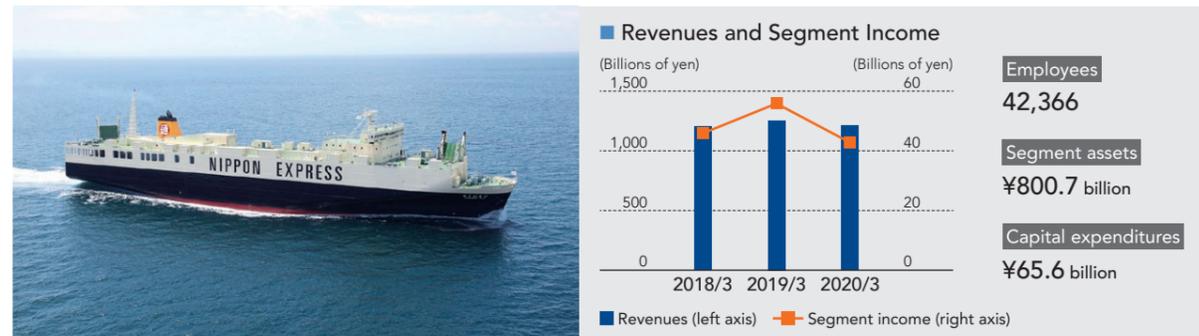


Breakdown by Business



Results by Reportable Segment

Japan



Business Overview

The Nippon Express Group through our employees—who maintain a strong awareness of safety, quality, and compliance, as well as a stance of placing the customer first—provides the optimal logistics service to the customer by leveraging our nationally available network and various transport modes, including railways, automobiles, ships, and airplanes. In addition, they provide the right solution for different needs in every area from business-to-business logistics to moving & relocation and transport of special goods, like fine arts and pharmaceuticals, by employing a logistics information system that combines our distribution centers, which boast one of the largest warehousing floor areas in Japan, with our experience and know-how.

Strategy and Policy

At the same time that we expand sales into those priority industries (electric and electronics, automotive, apparel, pharmaceutical/medical, and semiconductor) and we are working on aims for sustainable growth, for example by raising productivity through the improved efficiency of operations. We also work to expand the areas in which we can contribute to our customers by enhancing our customer-driven approach and account management, and work to acquire new businesses that see the transformation in the supply chains of our customers as an opportunity. Moreover, along with expanding sales by focusing management resources on the metropolitan areas of Tokyo, Nagoya, and Osaka, where needs are concentrated, we are also focused on providing services that address the needs of major customers in the region.

Fiscal 2019 Performance

Despite firm transactions in the warehousing & storage business, railway and motor cargo transport service rate revisions, and the impacts of overtime reductions, due to service suspensions caused by natural disasters, lower air freight exports stemming from a worsening global economy, and the impact of increased personnel expenses following Employee System Reform, as well as due to the spread of COVID-19 since February, revenues decreased ¥43.2 billion, or 3.4%, year on year to ¥1,213.5 billion. Similarly, sector income decreased ¥13.1 billion, or 23.4%, year on year to ¥42.8 billion.

Initiatives for Sustainable Growth

Establishment of a Pharmaceutical Transport System in the Narita Region

In October 2019, Nippon Express joined a community organized by the Narita International Airport Corporation to acquire "CEIV Pharma*," a pharmaceutical transport quality certification advocated by IATA. In February 2020, we acquired this certification for our "Good Distribution Practice" (GDP) storage services related to air transport of pharmaceuticals at the "Narita Temperature Controlled HUB," our temperature-controlled facility in our distribution center located nearby Narita Airport. The acquisition of these certifications is part of a series of improvements in export/import bases that will link bases specialized in pharmaceuticals being constructed in Japan with the rest of the world. In turn, this will enable the global provision of safe, high-quality pharmaceutical transport services.



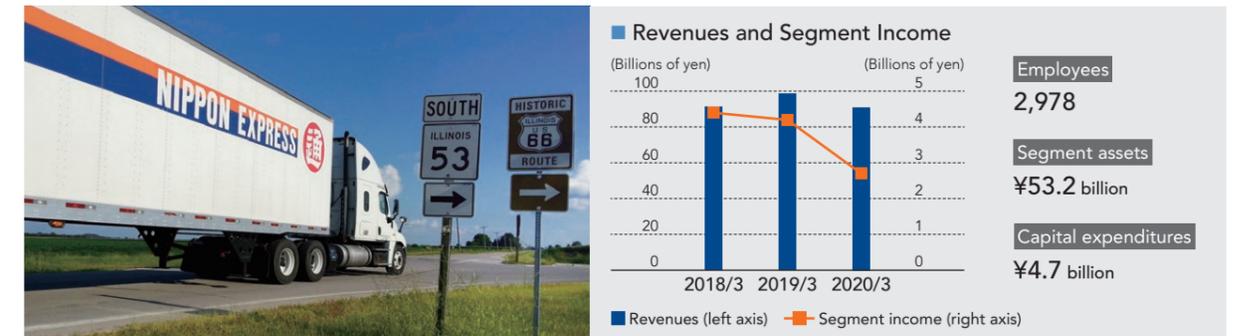
* CEIV Pharma (The Center of Excellence for Independent Validators in Pharmaceutical Logistics): This is a quality-certification system related to the air transport of pharmaceuticals that was formulated by the International Air Transport Association (IATA), and it sets high standards in various countries' different storage and transport standards for pharmaceuticals (GDP).

Reception of the First Ocean Cargo Modal Shift Award

In February 2020, together with Gekkeikan Sake Co., Ltd., Nippon Express received the "Ocean Cargo Modal Shift Award" established by the Ministry of Land, Infrastructure, Transport and Tourism. We received this award in recognition of having enabled a modal shift for products shipped by Gekkeikan Sake from Kyoto to six prefectures in northeastern Japan. This move was made in response to the desires of Gekkeikan Sake to reduce CO₂ emissions during product transport and to cope with truck driver shortages. Specifically, the move included pioneering new bases through a change in the transport format to an inventory-based system that relies on relay warehouses, establishing efficient inventory management, and moving from conventional truck transport for the entire volume to integrated ocean-land transport using ferries as a means to restock.



Americas



Business Overview

Nippon Express has operations in the United States, Canada, Mexico, Brazil, Colombia, and Panama, offering network services connecting Americas. We also provide transport services through agencies in countries where we do not operate local subsidiaries. One of the solutions we offer that leverages the characteristics of this region and that supports supply chain management among our customers, is a cross-border transport system that runs through the United States, Canada, and Mexico, three countries which have formed a free trade agreement.

Strategy and Policy

Nippon Express will further strengthen initiatives targeting automotive industry production and logistics networks by leveraging our long-distance cross-border transport system that links automotive industry hubs in Americas. In terms of the priority pharmaceutical/medical and perishable food industries, we will work to further expand transactions by acquiring GDP certification, improving temperature-control functions, and advancing other similar initiatives that improve facilities and reinforce functional aspects at our logistics centers. Moreover, we will implement measures to expand human resources, for example, in order to extend sales to non-Japanese customers and thereby reinforce the customer base.

Fiscal 2019 Performance

Primarily due to a decline in air freight exports related to automobiles resulting from US-China trade friction and a slowing trend in warehousing and deliveries, which had been robust during the first half, revenues decreased ¥7.6 billion, or 7.7%, year on year to ¥91.0 billion. Despite a decrease in forwarding costs due to lower air exports and a reduction in personal expenses and other administration costs, segment income declined ¥1.4 billion, or 34.5%, year on year to ¥2.7 billion.

Initiatives for Sustainable Growth

Warehouse Relocation to Long Beach, Los Angeles

Nippon Express USA relocated its principle location for West Coast ocean cargo transport and warehousing operations to Long Beach, California in January 2020. This consolidation of locations with another Group company is expected to produce considerable synergy by efficiently integrating the trunk transport of cargo to/from Los Angeles. The new site is equipped with temperature-control capabilities that enable storage of perishables, and is also designed to improve storage and operational efficiency. Moreover, the new location is in a district that does not require special authorization when shipping heavy loads, which we intend to use to further capture transactions for transport of large plant equipment and other heavy haulage.

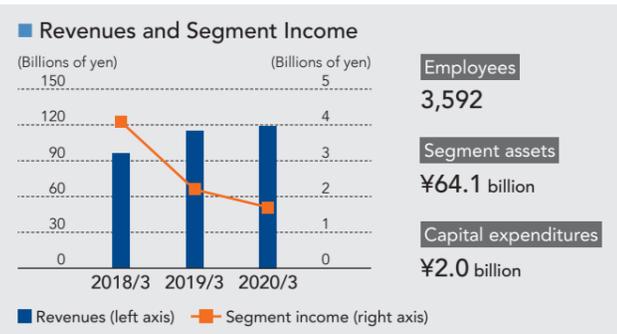


Construction of a New Warehouse in Guanajuato, Mexico

Nippon Express de Mexico is constructing a new warehouse within the Colinas de Apaseo Industrial Park in the Mexican state of Guanajuato. In recent years, Guanajuato has emerged as a major hub for the automotive industry in part due to the entry of many Japanese companies. This new facility was designed in-house using basic plans derived from NE Mexico's know-how in automotive-related logistics. Consolidating business locations will make it possible to improve efficiency and profitability while providing high value-added services synchronized with customers' production lines.



Europe



Business Overview

Nippon Express operates locations in Germany, the Netherlands, and other major countries in Europe, the Russian Federation, and the United Arab Emirates. In January 2020 we integrated Group companies with experience in apparel-related logistics, particularly luxury apparel and fashion items, into Nippon Express (Italia) and we are deploying logistics services that integrate every aspect, from international transport to product storage and delivery to market. Moreover, we are actively expanding emerging regions with the opening of bases in Kenya and Morocco in Africa.

Strategy and Policy

Leveraging our network that spans broadly throughout Central and Eastern Europe, the Middle East, and Africa, we will expand sales to the priority industries of luxury apparel and fashion items, automobiles, and pharmaceuticals/medical, while at the same time working to establish a sales system that targets the expansion of the non-Japanese account base. Meanwhile, initiatives for luxury apparel and fashion items are aimed at expanding sales to, and strengthening our presence in, the life-style industry. In addition to extending rail freight via China-Europe rail service and developing cross-border transport services to Africa by way of Europe, we will also work to expand warehousing and distribution at existing bases in hub ports and other business fields.

Fiscal 2019 Performance

Due to new business in China operated by Franco Vago, firm transactions in newly launched warehousing and distribution services by Traconf and Nippon Express (Deutschland), and robust chartered truck services, revenues rose ¥4.5 billion, or 3.9%, year on year to ¥119.3 billion. Meanwhile, primarily due to a decline in air freight forwarding transactions related to automobiles and an increase in personnel expenses, segment income decreased ¥400 million, or 21.7%, year on year to ¥1.7 billion.

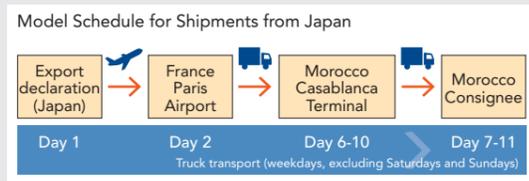
Initiatives for Sustainable Growth

Deployment of Service to Morocco in Africa via Europe

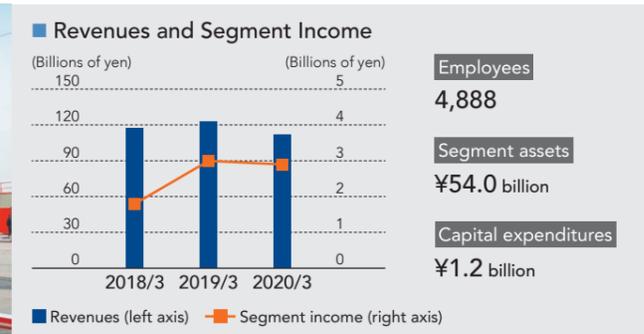
As its second base in the country, in June 2019 Nippon Express France completed construction of and began operations at the "Tanger Med Logistics Center," located in the Tanger Med Port in the northern part of Morocco. With connections to 186 ports in 77 countries, Tanger Med Port is one of the largest container ports in Africa. Likewise, automotive-related companies from around the world, including many Japanese companies, have set up production facilities in the neighboring Tanger Free Zone (TFZ).

Moreover, in February 2020, we began sales of "NEX-Forwarding Gibraltar Liner," a service offering consolidated air cargo transport from Japan to Casablanca and Tanger in Morocco via Paris, France. This service flies cargo from Japan to Paris and, once forwarding procedures have been completed,

ships and delivers the cargo by truck to Nippon Express business locations in Morocco. Utilizing space on one of the many regular flights to Paris enables us to offer lower costs and reliable scheduling.



East Asia



Business Overview

Nippon Express has built up a network in the closely intertwined economic sphere of China, Hong Kong, Taiwan, and Korea. In China, where domestic demand is large, we have extended mainline transport connecting major cities and other parts of our motor transport network in working to expand domestic and regional logistics solutions, particularly for electronics and automotive parts. Moreover, we are also building a cross-border transport system that extends beyond the region, including establishing overland routes between Shanghai, China, and Singapore, and offering transport services by railway between China and Europe.

Strategy and Policy

As a measure for expanding the logistics business within China, we will extend initiatives beyond Japanese companies to non-Japanese companies in the automobile industry, while at the same time strengthening our response to changes in the supply chain coinciding with the shift to electric vehicles. In regard to pharmaceuticals/medical, we will work to enhance quality by improving the facilities at our logistics bases. Moreover, we will also work to expand share by capturing China's global companies. Outside the region, we will deploy highly convenient cross-border transport using China-Europe rail service, while at the same time actively venturing into expanding business to areas along the line in Central Asia.

Fiscal 2019 Performance

Primarily due to a decline in air freight exports stemming from sluggish demand for international transport in China and a decline in ocean exports to Europe and Asia, which had been robust during the first half, revenues decreased ¥10.7 billion, or 8.7%, year on year to ¥112.0 billion. Meanwhile, due to continued cost reductions resulting from the success of air forwarding cost efficiency improvements at Nippon Express (H.K.), sector income remained steady year on year at ¥2.9 billion.

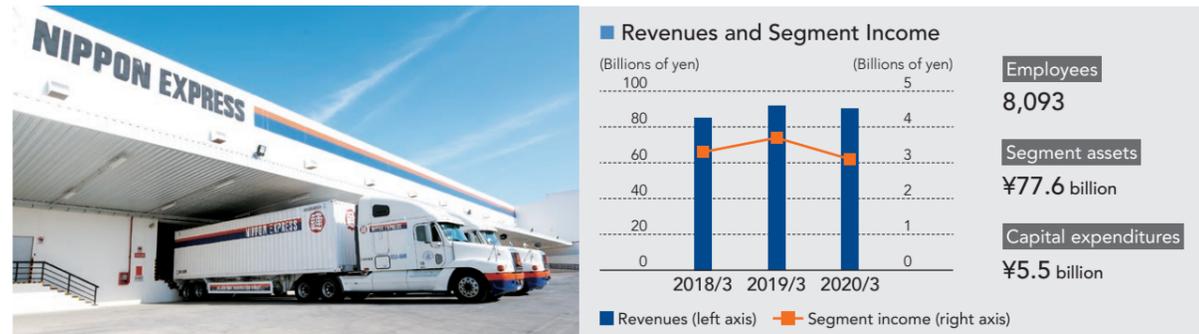
Initiatives for Sustainable Growth

Launch of BCP Solutions in Response to Logistics Restrictions

In March 2020, the East Asia Region of Nippon Express began providing BCP solutions that leverage collaborative services between international railways and domestic railways in China to cope with the various restrictions that have been imposed on logistics within China following the spread of COVID-19. As a solution for the temporary suspension/reduction of flights from China and the restrictions imposed on domestic trucking within China, this service links cross-border freight-only rail transport between China and Europe, which is not affected by domestic passengers, with domestic rail transport, thereby providing shorter lead times than maritime transport.



South Asia & Oceania



Business Overview

Nippon Express operates bases in nine ASEAN countries, including Singapore and Thailand, as well as in India and Australia. Against a backdrop of steadily growing activity in intraregional trade due to the strengthening of economic cooperation, we have built a cross-border transport network that connects the region by various transport routes and modes. In India, the largest economic sphere in the region, we are working to optimize the supply chain by offering milk run services for the efficient consolidation and delivery of automotive parts and JIT logistics. Moreover, we are obtaining GDP certification for pharmaceutical logistics and expanding temperature-controlled transport services.

Strategy and Policy

In response to expanding international logistics demand due to economic collaboration between countries within the region and the growing demand for consumables due to rising purchasing power, we will work to strengthen sales to the miscellaneous daily goods industry in addition to the priority industries of automobiles, electric and electronics, semiconductors, pharmaceuticals/medical, and apparel. Similarly, we will work to establish an intraregional operations foundation by developing new, high-quality services that leverage multifunctional warehouses. Moreover, we are working to capture the growing demand for logistics in India, which has the largest population in the region and a domestic economy with a very high prospect for growth.

Fiscal 2019 Performance

Despite firm transactions in ocean cargo and warehousing and distribution, primarily for the automotive- and apparel-related industries, due to a reactionary decrease in spot transactions for air freight exports and fewer transactions from existing customers, revenues decreased ¥1.7 billion, or 1.9%, year on year to ¥90.1 billion. Moreover, despite reduced forwarding costs coinciding with this decline in transactions, due to continued increases in strategic capital investment, personnel expenses and other overhead costs, sector income decreased ¥500 million, or 15.0%, year on year to ¥3.1 billion.

Initiatives for Sustainable Growth

Formation of a Strategic Partnership Agreement with FSC

In December 2019, Nippon Express entered a Business Collaboration Agreement with Future Supply Chain Solutions Limited (FSC) of Mumbai, India, to build a strategic partnership and business collaboration. This move aims to jointly leverage Nippon Express' know-how in a diverse range of sectors and to enable both companies to emerge as leaders in India's logistics sector. FSC will demonstrate its 3PL and express logistics operations, attracting potential new business opportunities from Nippon Express' existing Japanese and MNC clients.

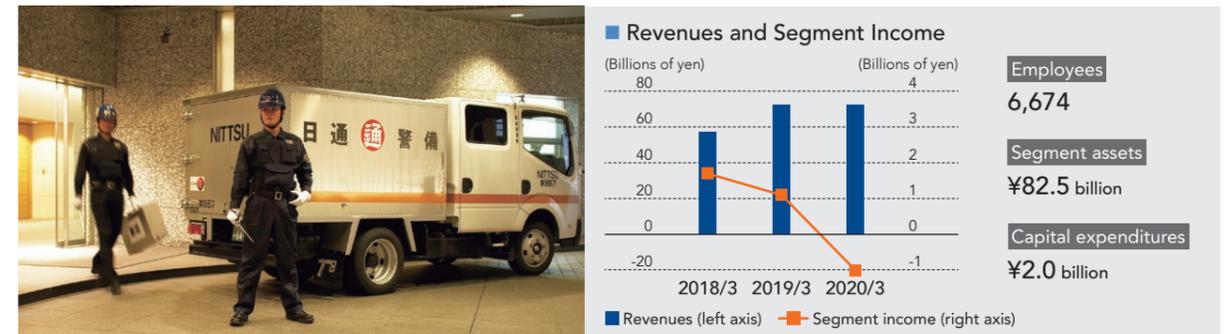


Completion of a Multifunctional Logistics Warehouse in Malaysia

In March 2020, Nippon Express (Malaysia) began operations at the Shah Alam Logistics Center, the most extensive single-structure Nippon Express warehouse outside Japan, in the Shah Alam Industrial Park in the Malaysian state of Selangor. Malaysia is experiencing remarkable growth in personal consumption, which has led to an outlook for increased demand for more sophisticated domestic logistics and warehousing services. This Center will further bolster its logistics functions and thereby meet increasingly diverse and sophisticated needs, including domestic sales logistics, manufacturing logistics (JIT delivery), temperature-controlled storage using air-conditioned facilities, and storage/delivery of halal products.



Security Transportation Segment



Business Overview

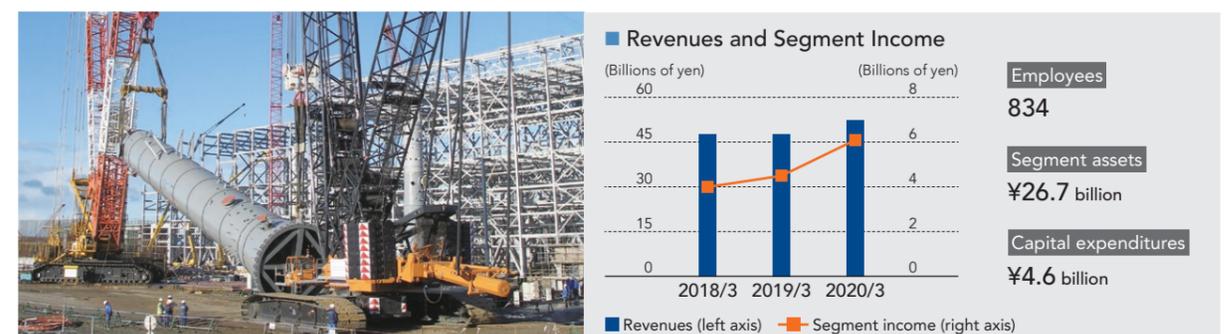
Since Nippon Express launched this business in 1965, we have prided ourselves as a pioneer in the security transport of valuables, having earned the largest market share in Japan. We ensure safe and secure transportation of customers' valuables by dispatching advanced security teams consisting of highly trained guards and advanced security devices in providing transportation between financial institutions as well as cash collection and delivery services for large retail stores and restaurants. In addition to transport services, we also address the needs for Cash Safety Delivery (CSD) services for online cash dispensers.

We will continue to develop the technologies we have acquired, thus far and deploy various solutions that offer total support for cash logistics.

Fiscal 2019 Performance

Due to increased sales of safety deposit machines to external customers and the success of service rate revision negotiations, revenues remained steady year on year at ¥72.5 billion. There was a reduction in deliveries resulting from branch consolidation among financial institutions, a reduction in ATM loading frequency, and increased personnel expenses resulting from employee system reform, however, sector loss was ¥1.0 billion, a decline of ¥2.3 billion year on year.

Heavy Haulage & Construction Segment



Business Overview

Nippon Express seamlessly carries out everything from the transportation of equipment to the installation and assembly for power plants, and petrochemical plants. In addition, Nippon Express uses its unique technology to transport and install precision equipment such as equipment for clean rooms at semiconductor manufacturing plants. Since 1999, Nippon Express has been fully engaged in the transportation and installation of wind power generation equipment, which is in high demand in recent years due to its environmental friendliness. The Company currently transports and installs about 70% of the wind power generation equipment in Japan and going forward the Company plans to continue to expand its handling in this field.

Fiscal 2019 Performance

Due to the growth in transport and installation related to wind turbines, and shutdown maintenance for petrochemical plants particularly in Japan, revenues grew ¥4.6 billion, or 9.6%, year on year to ¥52.3 billion, and sector income grew ¥1.6 billion, or 37.0%, year on year to ¥6.1 billion.

Initiatives for Sustainable Growth

Addressing Projects for Special Transport and Installation Work

The Nippon Express Group has been involved from our earliest days in the transport of heavy goods and construction with a strong public nature, including bridge erection and removal work, and transport of the high-speed Shinkansen and other railway vehicles from railway vehicle factories to rail yards. Leveraging our experience of continuous involvement in the transport and construction of Japan's high-speed railways since the beginning, we handled the track laying work and every aspect of international transport for the construction materials related to Taiwan's high-speed railway, which was built under the technical cooperation of Japan. We handle every aspect from transport to installation for all manner of goods, including ultra-heavy, high-tech, and uniquely shaped items.

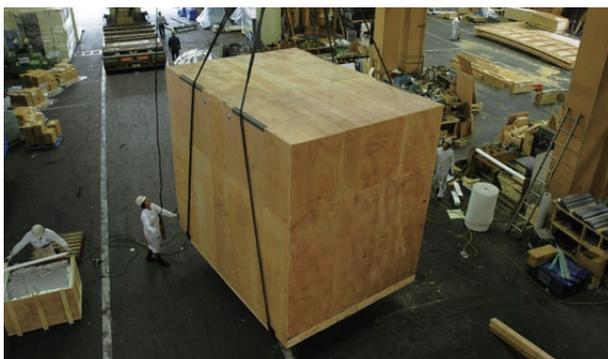


Top Share of Wind Turbine Transport in Japan

Many construction sites for wind turbine facilities are located near mountain ridge lines, so transporting the blades, which can be 40 to 60 meters in length, and the nacelles (turbine housing), which can weigh several tons, while avoiding obstacles requires sophisticated technologies. Nippon Express overcomes these challenges using unique trailers (blade standing systems) developed specifically for wind turbine facilities and detailed transport plans drafted by our highly experienced staff. We will continue to contribute to the greater use of renewable energy through wind turbine transportation and installation services.



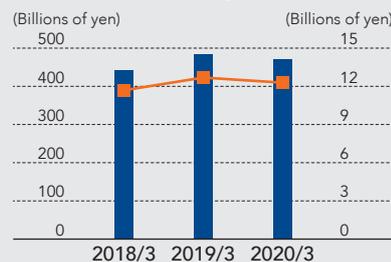
Logistics Support Segment



Business Overview

Nippon Express is developing businesses that make use of its network related to, or an extension of, its core business of logistics. Nittsu Shoji Co., Ltd., which sells various products that are indispensable for transportation such as packaging materials, vehicles, oil, LP gas, leasing, vehicle maintenance, and insurance agency business, and Nippon Express Japanese and overseas group companies conduct surveys and research into logistics needs, logistics finance, driver training, worker dispatch, and real estate.

Revenues and Segment Income



Employees

3,963

Segment assets

¥377.0 billion

Capital expenditures

¥7.7 billion

Fiscal 2019 Performance

In addition to a drop in the unit selling prices for oil, primarily due to the decrease in export packing service transactions for China as a result of the impact of US-China trade friction and the spread of COVID-19, revenues in the logistics support segment decreased ¥12.7 billion, or 2.6%, year on year to ¥471.2 billion. Segment income decreased ¥400 million, or 3.3%, year on year to ¥12.3 billion.