We Find the Way

Business Report for the 112th Interim Term

From April 1, 2017 to September 30, 2017
NIPPON EXPRESS Group marked the 80th anniversary of its founding this year, and 145 years since it started business. Throughout our history, we have contributed to the development of society through transportation.

Our commitment to that mission has never changed. We have consistently exercised innovative thinking to find and deliver the best way to serve our customers.

On our 80th anniversary, we manifest our commitment to customers in our Corporate Message: “We Find the Way.”

In the future as in the past, we will continue to open new roads to bring better possibilities to reality.
Our unified strength makes us unique, driving everything we do on the frontline and in the background to deliver unparalleled logistics services. The word “we” speaks to a complex system of individuals with specialized skills that work together to become an unstoppable force.

Every client, project, and task is different, and sometimes we have to innovate to achieve our goals. Our work demands exploration and thinking outside the box. It’s how we find the best way. The verb “find” in its present form tells a story of a company willing to dig deeper for the best results.

Sure, there are many solutions, but there’s only one best way. We don’t find a way or some way; we find the best way, and we do it with passion and perseverance. Our efforts build connections to and between individuals and businesses.
During the second quarter of the fiscal year ending March 31, 2018, the Japanese economy remained on a moderate recovery track as production activities and capital investment by companies showed signs of picking up amid gradual recovery in overseas economies. Under these economic conditions, in the field of logistics, domestic freight saw an increase in transportation demand, including for automobile parts and steel, although freight movements continued to lack vigor. International freight was strong overall primarily due to sustained robust airfreight for electronics components, mainly to Asia.

In this business environment, the Nippon Express Group made united efforts to improve growth and profitability by steadily implementing the key “area strategies” and “functional strategies” under its three-year management plan “Nippon Express Group Corporate Strategy 2018 – New Sekai-Nittsu –.”

“In Japan, the Group carried out reorganization of domestic regional blocks aimed at further strengthening the domestic business and continued to promote optimal allocation of management resources and organizational integration. Overseas, the Group pursued growth on the global level by concentrating investment of management resources in Southeast Asia where ongoing growth is anticipated, and expanding freight transactions to and from Asia.
“Functional strategies”

We worked to strengthen and upgrade core businesses through measures such as thoroughly reinforcing one-stop sales integrating land, sea and air and account management based on customer-oriented sales activities, as well as opening the Logistics Engineering Strategy Division as an organization for research and development of cutting-edge technologies in the logistics field. The Group also worked on strengthening management infrastructure by launching the new Diversity Promotion Group, in an effort to raise awareness and enhance its working environment with the aim of being a company where all employees can achieve job satisfaction.

As a result of the above, our consolidated business results for the first six months of the 112th term were as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues of</td>
<td>¥956.1 billion</td>
<td>up 5.2% year-on-year</td>
</tr>
<tr>
<td>Operating income of</td>
<td>¥32.2 billion</td>
<td>up 31.8% year-on-year</td>
</tr>
<tr>
<td>Ordinary income of</td>
<td>¥34.4 billion</td>
<td>up 22.4% year-on-year</td>
</tr>
<tr>
<td>Profit attributable to owners of parent of</td>
<td>¥21.5 billion</td>
<td>up 17.9% year-on-year</td>
</tr>
</tbody>
</table>

Concerning the interim dividend payments for the 112th term, it was decided at the Board of Directors meeting held on October 31, 2017 to pay an interim dividend of ¥6 per common share with the starting day for payment being December 4, 2017.

In terms of the economic trend for the second half of the fiscal year, overseas economies are on a recovery trend overall. However, in addition to rising geopolitical risks, there are many potential areas of uncertainty, including the unstable economic outlook in China and other emerging countries in Asia and uncertainty with regard to political situations and government policies. In the Japanese economy, while domestic demand continues to be driven mainly by capital investment, the pace of growth in external demand is expected to weaken.

In light of these economic trends, transportation demand is expected to remain firm in the logistics field for both domestic and international freight. However, this field as a whole is being called upon to transform into a value creation-oriented industry, which includes implementation of work-style reforms and efforts to secure and nurture human resources, in addition to development of labor-saving logistics services that incorporate cutting-edge technologies.

To respond swiftly to such a business environment, the Nippon Express Group will strive for greater growth and further enhance our corporate value, with the aim of becoming a truly global logistics company that can compete on the world stage, in order to meet the expectations of all shareholders. We would be grateful for your continued understanding and support.

December 2017
Nippon Express Company, Ltd. was established on October 1, 1937 in line with the Act on Nippon Express Company, Ltd., as a so-called semi-government (half-public, half-private) transportation enterprise. In 1942, as World War II progressed, the need for a centralized approach to transport deepened throughout Japan, and the government combined the transportation companies operating in all the nation’s major cities into what would later become Nippon Express. In 1950, under the Express Business Act, the Company was relaunched as a purely private concern, and, since that time, Nippon Express has expanded and developed its business along with the reconstruction and growth of the Japanese economy.
1980
- NIPPON EXPRESS (ITALIA), S.R.L. is established
- NIPPON EXPRESS (SCHWEIZ) AG is established
- NIPPON EXPRESS DE ESPAÑA, S.A. and NIPPON EXPRESS (TAIWAN) CO., LTD. are established
- Number of overseas employees exceeds 8,000

1981
- NIPPON EXPRESS (U.K.) LTD. and NIPPON EXPRESS (DEUTSCHLAND) GMBH are established
- Global network expands to more than 200 operational bases

1983
- NIPPON EXPRESS (BELGIUM) N.V./S.A. and NIPPON EXPRESS CANADA LTD. are established
- Shanghai Express International Co., Ltd. and NIPPON EXPRESS (SHENZHEN) CO., LTD. are established

1984
- NIPPON EXPRESS (MALAYSIA) SDN. BHD. is established

1985
- NIPPON EXPRESS (AUSTRALIA) PTY., LTD. and NIPPON EXPRESS FRANCE, S.A.S. are established

1986
- NIPPON EXPRESS (THAILAND) CO., LTD. is established

1987
- Performs services for International Exposition in Tsukuba

1988
- Connecting severed lifelines

1989
- The Great Hanshin-Awaji Earthquake

1990
- Nippon Express De Mexico, S.A. DE C.V is established

1991
- Historical mark used on pass permits or as signs for express messenger chiefs since the Edo era. The photo above shows the corporate flag of Naikoku Tsu-un (Domestic Express), Nippon Express’s predecessor, featuring capital “E”s (“E” for “Express”) on either side of the Japanese character 丸. When Nippon Express was established, the “E”s were removed to create the logo used today.

1992
- Number of overseas employees exceeds 10,000

1994
- Performs services for Aichi Expo

1995
- NIPPON EXPRESS PHILIPPINES CORPORATION is established

1997
- NIPPON EXPRESS (ZHUHAI) CO., LTD. and PT. NITTSU LEMO INDOENESIA LOGISTIK are established

1998
- Opens the Fine Arts Business Division

1999
- Number of overseas employees exceeds 8,000

2000
- Nippon Express (St. Petersburg) LLC is established

2001
- Nippon Express (India) Private Limited is established

2005
- Nippon Express marks the 50th anniversary of its overseas expansion

2006
- Renews vehicle paint design

2007
- The Great East Japan Earthquake

2008
- Major internal reorganization for the first time in 53 years

2009
- Nippon Express marks the 80th anniversary of its founding

2010
- Nippon Express (St. Petersburg) LLC is reorganized

2015
- Performs emergency transport of relief supplies

2017
- Building a one-stop sales management structure spanning land, sea and air

2010
- Establishes “NEX-TEC Shibaura” Human Resources Center
Mobile blood collection units (blood donation buses) donated to the Japanese Red Cross Society

The history of Nippon Express has paralleled the development of society, which the Company has supported through logistics. To demonstrate our commitment to continue fulfilling that responsibility in the future, and express our gratitude as we celebrate the 80th anniversary of our founding, we have provided financial assistance for blood donation activities as a social contribution project.

The number of blood donors has continued to decline in recent years, in step with an aging society and declining birth rate. To enable and encourage blood donation, one of society’s most accessible volunteer activities, we donated three mobile blood collection units (blood donation buses) to the Japanese Red Cross Society. Each of the units will be assigned to the blood collection centers in Tokyo, Aichi Prefecture and Osaka Prefecture, and are expected to play an active role for many years providing a new source of mobility for blood donation.
We Find the Way

Nippon Express formulated its Corporate Message to be a company that continuously grows by constantly taking up the challenge of creating new value through logistics. Since we do not have products that can be seen, the answer to the question “What is Nippon Express?” is embodied in each and every employee. It is the accumulated daily actions and attitudes of our employees that generate the distinctive character of Nippon Express.

We therefore set forth “We Find the Way” as a phrase that straightforwardly expresses the unique value that we provide, or in other words, the Nippon Express brand. We are carrying out initiatives to make “We Find the Way” take root both internally and externally in order to encourage all employees to think about and understand the value provided by Nippon Express, and, as a result, make changes in their day-to-day actions.

Refurbishment of Izu Training & Education Center
“NEX-TEC Izu”

In order to continue to be a company that is needed and trusted by society, the Company will implement the refurbishment of the Izu Training & Education Center as a project to enhance its systems related to safety and quality, which are the sources of our pride.

The Center is a facility that symbolizes the enhancement of safety and quality skills of Nippon Express. Every year, many employees strive to hone and pass on their skills, and to generate new ideas there. On the occasion of this 80th anniversary, we will develop the Center into a new skills training facility that considers the environment and diversity of human resources, so as to be a source of pride for Nippon Express Group employees in the future.

New name: NEX-TEC Izu
(NIPPON EXPRESS Training & Education Center)
Nippon Express
JUST NOW!

New multifunctional logistics hub opened in Myanmar Special Economic Zone

~Thilawa Logistics Center~

Nittsu Logistics Myanmar Co., Ltd. opened the Thilawa Logistics Center, a new multifunctional logistics hub, which commenced operations on June 1. The two-story facility with a floor area of 4,518m² is located in the Thilawa Special Economic Zone, Myanmar’s first special economic zone, which has excellent access to downtown Yangon and the nearest port. Increased demand for logistics is anticipated as many companies are expected to move into the zone in the future, which offers tax incentives including reduced import taxes for construction materials, production equipment and raw materials. The facility is also equipped with a 1,000m² (to be expanded to 2,000m² in the future) air-conditioned room and other features addressing Myanmar’s hot and humid climate, making it possible to meet a wide range of customer needs.
Holding of Nittsu Group 2017 Nationwide Contest for Drivers and Forklift Operators

Nippon Express held its Nationwide Contest for Drivers and Forklift Operators at the NIPPON EXPRESS Izu Training & Education Center on May 20 and 21. Through the contest, Nippon Express seeks to improve driving skills incorporating fuel-efficient driving and maintenance inspection skills, and to further promote prevention of traffic and workplace accidents and reduction of environmental impact.

Pitcher Abe achieved a no-hitter Captain Urabe received the flag at the victory ceremony

Nippon Express Baseball Team Runners-up at 88th Intercity Baseball Championship

The Nippon Express baseball team advanced to the finals for the first time in 20 years at the 88th Inter-city National Baseball Championships held at Tokyo Dome. Players and fans at the stands were united as the team earned consecutive wins, with a notable no-hitter by pitcher Abe in the second round. Although defeated just inches away from their first championship victory in 53 years at the end of a fierce match against NTT East in the finals on July 25, the team took the runner-up spot for the fourth time.

Other Topics (April 1, 2017 through September 30, 2017)

Launch of Diversity Promotion Group to be a company where all employees can achieve job satisfaction

Nippon Express promoted awareness-raising and enhancement of the environment with a view to cultivating a corporate culture where all employees can make the most of their abilities and which fosters interaction between diverse individuals.

Research and development of cutting-edge technologies in the logistics field

Nippon Express promoted research and development aimed at practical application of cutting-edge technologies such as truck platooning, unattended operation and labor saving at logistics centers, logistics solutions using artificial intelligence (AI), and multi-purpose utilization of drones.

Tree-planting activities in Shanghai and Seoul

Tree-planting activities were carried out at local subsidiaries, NIPPON EXPRESS GLOBAL LOGISTICS (SHANGHAI) and NIPPON EXPRESS KOREA, as part of Nippon Express’s Global CSR, which promotes environmental conservation and CO₂ reduction across the Group, including overseas.

[ Narita Temperature Controlled HUB ]

Opening of “Narita Temperature Controlled HUB,” a new large-scale freezer/refrigerator facility in the Narita area

Nippon Express developed a temperature control system in accordance with global quality standards and expanded its transport and storage services for international airfreight such as pharmaceuticals that require strict temperature control.

Opening of Kenya Branch as first business location in Africa

With the opening of the Kenya Branch, Nippon Express will improve the sales management structure that can swiftly respond to an increasing number of companies moving into the country, and growing logistics needs.

Please access our press release on our Group website for further details.

http://www.nittsu.co.jp/press/ (Japanese only)
Consolidated Business Results Highlight
(First six months of the fiscal year ending March 31, 2018)

Full-year Forecasts

<table>
<thead>
<tr>
<th>Revenues</th>
<th>¥956.1 billion</th>
<th>¥1,940.0 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥32.2 billion</td>
<td>¥69.0 billion</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>¥34.4 billion</td>
<td>¥72.0 billion</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>¥21.5 billion</td>
<td>¥43.0 billion</td>
</tr>
</tbody>
</table>

Logistics Support
19.9%

Logistics
74.9%

Revenues Composition by Segment

- Japan: 76.2%
- The Americas: 5.8%
- Europe: 5.7%
- East Asia: 7.1%
- South Asia & Oceania: 5.2%

*Compositions in the above chart exclude adjustments.

Revenues
(Unit: 100 millions of yen)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>1H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>17,524</td>
<td>19,400 (Forecast)</td>
</tr>
<tr>
<td>2016</td>
<td>19,249</td>
<td>19,091</td>
</tr>
<tr>
<td>2015</td>
<td>19,091</td>
<td>18,643</td>
</tr>
<tr>
<td>2014</td>
<td>9,192</td>
<td>9,532</td>
</tr>
<tr>
<td>2013</td>
<td>8,357</td>
<td>9,092</td>
</tr>
</tbody>
</table>

Operating Income
(Unit: 100 millions of yen)

<table>
<thead>
<tr>
<th>Operating Income</th>
<th>1H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>408</td>
<td>690 (Forecast)</td>
</tr>
<tr>
<td>2016</td>
<td>508</td>
<td>574</td>
</tr>
<tr>
<td>2015</td>
<td>547</td>
<td>244</td>
</tr>
<tr>
<td>2014</td>
<td>231</td>
<td>223</td>
</tr>
<tr>
<td>2013</td>
<td>174</td>
<td>174</td>
</tr>
</tbody>
</table>

Ordinary Income
(Unit: 100 millions of yen)

<table>
<thead>
<tr>
<th>Ordinary Income</th>
<th>1H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>254</td>
<td>322</td>
</tr>
<tr>
<td>2016</td>
<td>364</td>
<td>574</td>
</tr>
<tr>
<td>2015</td>
<td>182</td>
<td>547</td>
</tr>
<tr>
<td>2014</td>
<td>364</td>
<td>508</td>
</tr>
<tr>
<td>2013</td>
<td>74</td>
<td>408</td>
</tr>
</tbody>
</table>

Profit Attributable to Owners of Parent
(Unit: 100 millions of yen)

<table>
<thead>
<tr>
<th>Profit Attributable to Owners of Parent</th>
<th>1H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>263</td>
<td>430 (Forecast)</td>
</tr>
<tr>
<td>2016</td>
<td>263</td>
<td>356</td>
</tr>
<tr>
<td>2015</td>
<td>356</td>
<td>364</td>
</tr>
<tr>
<td>2014</td>
<td>152</td>
<td>182</td>
</tr>
<tr>
<td>2013</td>
<td>160</td>
<td>74</td>
</tr>
</tbody>
</table>

Net Income per Share
(Unit: Yen)

<table>
<thead>
<tr>
<th>Net Income per Share</th>
<th>1H</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>25.62</td>
<td>447.85 (Forecast)</td>
</tr>
<tr>
<td>2016</td>
<td>25.87</td>
<td>37.13</td>
</tr>
<tr>
<td>2015</td>
<td>35.61</td>
<td>18.36</td>
</tr>
<tr>
<td>2014</td>
<td>37.13</td>
<td>224.66</td>
</tr>
<tr>
<td>2013</td>
<td>15.19</td>
<td>7.22</td>
</tr>
</tbody>
</table>

Total Assets and Net Assets
(Unit: 100 millions of yen)

<table>
<thead>
<tr>
<th>Total Assets and Net Assets</th>
<th>Total assets</th>
<th>Net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>13,774</td>
<td>5,099</td>
</tr>
<tr>
<td>2016</td>
<td>14,536</td>
<td>5,501</td>
</tr>
<tr>
<td>2015</td>
<td>14,849</td>
<td>5,380</td>
</tr>
<tr>
<td>2014</td>
<td>15,218</td>
<td>5,529</td>
</tr>
<tr>
<td>2013</td>
<td>15,352</td>
<td>5,763</td>
</tr>
</tbody>
</table>

*The effect of share consolidation is taken into account for FY2017.
### Status of Revenues by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>1H of FY2017 (Millions of yen)</th>
<th>1H of FY2016 (Millions of yen)</th>
<th>Difference YoY (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Segment income</td>
<td></td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>584,247</td>
<td>20,087</td>
<td>566,292</td>
</tr>
<tr>
<td></td>
<td>44,833</td>
<td>2,708</td>
<td>41,919</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>43,827</td>
<td>1,728</td>
<td>39,123</td>
</tr>
<tr>
<td></td>
<td>54,787</td>
<td>768</td>
<td>47,648</td>
</tr>
<tr>
<td><strong>East Asia</strong></td>
<td>39,538</td>
<td>1,633</td>
<td>34,138</td>
</tr>
<tr>
<td><strong>South Asia &amp; Oceania</strong></td>
<td>28,693</td>
<td>879</td>
<td>27,428</td>
</tr>
<tr>
<td><strong>Security Transport</strong></td>
<td>24,866</td>
<td>2,345</td>
<td>22,253</td>
</tr>
<tr>
<td><strong>Heavy Haulage &amp; Construction</strong></td>
<td>204,296</td>
<td>5,326</td>
<td>192,032</td>
</tr>
<tr>
<td><strong>Logistics Support</strong></td>
<td>(68,958)</td>
<td>(3,244)</td>
<td>(61,557)</td>
</tr>
<tr>
<td></td>
<td>Revenues</td>
<td>Segment income</td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td>(68,958)</td>
<td>(3,244)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>956,131</td>
<td>32,232</td>
<td>909,278</td>
</tr>
</tbody>
</table>

### Nippon Express Group Corporate Strategy 2018

**Vision of the Nippon Express Group**

“Global Logistics Company”

Our key strategies are developed in line with a vertical axis formed by the “area strategies” covering each region, and a horizontal axis formed by the “functional strategies” targeting reinforcement and reform. We will focus investment on B2B in the priority business fields and growth regions, and promote Group management emphasizing earnings.
<table>
<thead>
<tr>
<th>Item</th>
<th>First Six Months of 112th Term (As of September 30, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Assets)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>686,265</td>
</tr>
<tr>
<td>Cash and cash in banks</td>
<td>184,408</td>
</tr>
<tr>
<td>Notes receivable-trade</td>
<td>24,767</td>
</tr>
<tr>
<td>Accounts receivable-trade</td>
<td>295,547</td>
</tr>
<tr>
<td>Inventories</td>
<td>7,715</td>
</tr>
<tr>
<td>Other</td>
<td>174,917</td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>(1,090)</td>
</tr>
<tr>
<td><strong>Noncurrent assets</strong></td>
<td>848,954</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>546,785</td>
</tr>
<tr>
<td>Vehicles, net</td>
<td>29,984</td>
</tr>
<tr>
<td>Buildings, net</td>
<td>256,925</td>
</tr>
<tr>
<td>Land</td>
<td>187,341</td>
</tr>
<tr>
<td>Other, net</td>
<td>72,534</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>116,564</td>
</tr>
<tr>
<td>Goodwill</td>
<td>41,537</td>
</tr>
<tr>
<td>Other</td>
<td>75,027</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td>185,603</td>
</tr>
<tr>
<td>Investment securities</td>
<td>136,257</td>
</tr>
<tr>
<td>Other</td>
<td>50,472</td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>(1,126)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,535,220</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>

Note: Amounts less than one million yen are disregarded.
Quarterly Consolidated Statements of Income (Unit: Millions of yen)

<table>
<thead>
<tr>
<th>Item</th>
<th>First Six Months of 112th Term (April 1, 2017 to September 30, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>956,131</td>
</tr>
<tr>
<td>Operating costs</td>
<td>870,564</td>
</tr>
<tr>
<td>Gross profit</td>
<td>85,567</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>53,334</td>
</tr>
<tr>
<td>Operating income</td>
<td>32,232</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>4,833</td>
</tr>
<tr>
<td>Interest income</td>
<td>247</td>
</tr>
<tr>
<td>Dividends income</td>
<td>2,086</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>392</td>
</tr>
<tr>
<td>Other</td>
<td>2,107</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td>2,583</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>1,650</td>
</tr>
<tr>
<td>Other</td>
<td>933</td>
</tr>
<tr>
<td>Ordinary income</td>
<td>34,482</td>
</tr>
<tr>
<td>Extraordinary income</td>
<td>2,221</td>
</tr>
<tr>
<td>Gain on sales of noncurrent assets</td>
<td>2,099</td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>64</td>
</tr>
<tr>
<td>Other</td>
<td>56</td>
</tr>
<tr>
<td>Extraordinary loss</td>
<td>2,699</td>
</tr>
<tr>
<td>Loss on disposal of noncurrent assets</td>
<td>2,598</td>
</tr>
<tr>
<td>Other</td>
<td>100</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>34,004</td>
</tr>
<tr>
<td>Income taxes</td>
<td>11,949</td>
</tr>
<tr>
<td>Profit</td>
<td>22,055</td>
</tr>
<tr>
<td>Profit attributable to non-controlling interests</td>
<td>484</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>21,570</td>
</tr>
</tbody>
</table>

Note: Amounts less than one million yen are disregarded.

Quarterly Consolidated Statements of Cash Flows (Unit: Millions of yen)

<table>
<thead>
<tr>
<th>Item</th>
<th>First Six Months of 112th Term (April 1, 2017 to September 30, 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>45,965</td>
</tr>
<tr>
<td>Cash flows from investment activities</td>
<td>(65,790)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(21,353)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>(379)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(41,557)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>163,386</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>121,829</td>
</tr>
</tbody>
</table>

Note: Amounts less than one million yen are disregarded.

Cash Flows from Operating Activities
Cash flows from operating activities resulted in a net inflow of ¥45.9 billion, remaining flat year on year.

Cash Flows from Investment Activities
Cash flows from investment activities resulted in a net outflow of ¥65.7 billion, a year-on-year increase of ¥32.2 billion. This was mainly due to the increase in payment for purchase of property and equipment.

Cash Flows from Financing Activities
Cash flows from financing activities resulted in a net outflow of ¥21.3 billion, a year-on-year increase of ¥71.5 billion. This was mainly due to the decrease in proceeds from issuance of bonds.

Please access our IR information for details on business results:
http://www.nipponexpress.com/hq/ir/
Directors, Officers and Corporate Auditors  (As of September 30, 2017)

Directors

Representative Director and Chairman
Kenji Watanabe

Representative Director, President and Chief Executive Officer
Mitsuru Saitou

Representative Director, Executive Vice President and Chief Operating Officer
Yutaka Ito
Takaaki Ishii
Hisao Taketsu

Director and Senior Managing Executive Officer
Takumi Shimauchi
Katsuhiro Terai

Director and Managing Executive Officer
Fumihiko Sakuma
Susumu Akita

Director and Executive Officer
Naoya Hayashida
Satoshi Horikiri
Yoshiyuki Matsumoto

Director
Masahiro Sugiyama
Shigeo Nakayama
Sadako Yasuoka

* Directors Masahiro Sugiyama, Shigeo Nakayama and Sadako Yasuoka are Outside Directors.
Corporate Auditors

Audit & Supervisory Board Member

Takashi Wada  Tatsuya Suzuki  Tadashi Kanki

Audit & Supervisory Board Member

Toshiaki Nojiri  Yoshio Aoki

* Audit & Supervisory Board Members Tadashi Kanki, Toshiaki Nojiri and Yoshio Aoki are Outside Audit & Supervisory Board Members.

Officers

Managing Executive Officer
Yukio Yokoo
Yasunori Takahashi
Akira Kondo
Norifumi Ide
Kazushi Tanaka
Yoichi Aoyama
Tatsuo Sugiyama
Eiichi Nakamura

Executive Officer
Mitsuru Uematsu
Executive Officer
Suguru Yoshioka
Executive Officer
Toshiro Uchida
Executive Officer
Makoto Ikeda
Executive Officer
Takeshi Sato
Executive Officer
Ichiro Miyawaki
Executive Officer
Masato Nakagawa
Executive Officer
Hiroshi Kandori
Executive Officer
Hirofumi Funaki
Executive Officer
Shigeru Umino
Executive Officer
Yutaka Nagai

Profile (As of September 30, 2017)

Company name: Nippon Express Co., Ltd. (NIPPON EXPRESS CO., LTD.)

Formal establishment: October 1, 1937

Paid-in capital: ¥70,175 million

Employees: 32,533

Headquarters: 1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322
Tel. +81-3-6251-1111
http:// www.nipponexpress.com/

Consolidated subsidiaries and companies accounted by the equity-method:

Consolidated subsidiaries: 266
Companies accounted by the equity-method: 24
### Status of the Company’s Shares

- **Number of shares**
  - Total number of shares authorized: 3,988,000,000 shares
  - Total number of shares issued: 998,000,000 shares

- **Number of shareholders**: 53,911 persons

### Distribution of Shares by Type of Shareholder

#### <Number of shareholders and percentage>
- Individuals, others: 52,313 97.0%
- Overseas corporate: 606 1.1%
- Financial institutions: 118 0.2%
- Financial instruments and exchange dealers: 38 0.1%
- Other corporate: 835 1.6%
- Treasury stock: 1 0.0%

#### <Number of shares and percentage>
- **Total**: 998,000 (Unit: Thousands of shares)
- **Treasury stock**: 166,627 16.7%
- **Other corporate**: 238,441 23.9%
- **Financial institutions**: 463,357 46.4%
- **Financial instruments and exchange dealers**: 16,304 1.7%
- **Overseas corporate**: 76,152 7.6%
- **Individuals, others**: 37,116 3.7%

*Although Nippon Express holds 37,116 thousand shares of treasury stock, it is excluded from the major shareholders listed above.*
Notice Concerning the Consolidation of Shares and Changes to the Number of Shares Constituting One Share Unit

Effective October 1, 2017, the Company consolidated its common shares at the ratio of 10 shares to 1 share, and changed the number of shares constituting one share unit from 1,000 shares to 100 shares. No specific procedures need to be taken by the shareholders for this consolidation of shares and the change in the number of shares constituting one share unit.

Effects of the consolidation of shares
While the consolidation of shares will decrease the number of shares held by the shareholders to one-tenth of the current number, the value of net assets per share will increase by 10 times compared to that prior to the share consolidation, and the asset value of the Company’s shares held by the shareholders will not change, unless due to factors such as changes in the stock market, etc.

Handling of fractional shares of less than one share
If there was any fraction of less than one share as a result of the consolidation of shares, the Company disposed of all of such fractional shares together in accordance with the Companies Act, and the proceeds therefrom was distributed to the former holders of such fractional shares in amounts proportional to the former holdings of said shareholders.

Contact for inquiries
If you have any inquiries about the consolidation of shares and the changes to the number of shares constituting one share unit, please contact the securities company with which you have an account or the following administrator of shareholder registry.

[Administrator of shareholder registry]
Mitsubishi UFJ Trust and Banking Corporation
Tel. 0120-232-711 (Toll-free in Japan)

Memos for Shareholders

<table>
<thead>
<tr>
<th>Fiscal Year:</th>
<th>From April 1 to March 31 of each year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary General Meeting of Shareholders:</td>
<td>June of each year</td>
</tr>
<tr>
<td>Dates of Record:</td>
<td>March 31 for Ordinary General Meeting of Shareholders</td>
</tr>
<tr>
<td></td>
<td>March 31 for year-end dividend</td>
</tr>
<tr>
<td></td>
<td>September 30 for interim dividend</td>
</tr>
<tr>
<td>Share Trade Unit:</td>
<td>100 shares (As of October 1, 2017)</td>
</tr>
<tr>
<td>Stock Exchanges:</td>
<td>Tokyo</td>
</tr>
<tr>
<td>Securities Code Number:</td>
<td>9062</td>
</tr>
</tbody>
</table>

Administrator of Shareholder Registry/Account Managing Institution of Special Account:
Mitsubishi UFJ Trust and Banking Corporation

Contact
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
1-1, Nikkocho, Fuchu-shi, Tokyo
Tel. 0120-232-711
Mailing address: Koto Shin-Tokyo Post Office Box No. 29 137-8081
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division

Method of Announcement:
Electronic announcement
If the Company is unable to make electronic announcement due to an accident or any other compelling circumstance, it will make an alternative announcement on the Nihon Keizai Shimbun circulated in Tokyo.

URL for electronic announcement
http://www.nittsu.com/
世界日通。
日本通運は侍ジャパンを応援しています。