



We Find the Way

September 9, 2021

IR Day 2021: Progress and future of our business plan for achieving
our long-term vision

Opening

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September 9, 2021

Overseas and Domestic Economic Trends (Business Environment)

■ Overseas Economic Trends

GDP growth rate of 6.0% in 2021, and of 4.9% in 2022 (IMF World Economic Outlook, revised in July 2021)

- Forecasts for 2021 are unchanged from the previous forecasts (released in April 2021), with a GDP growth rate of 6.0%.
 - This has been revised upwards for advanced economies, and downwards for emerging economies, meaning it remains unchanged overall.
 - The U.S. has been revised upwards 0.6 points to 7.0% for 2021, and 1.4% points to 4.9% for 2022.
 - Japan has been revised downwards 0.5 points to 2.8% for 2021.
 - For 2022, the GDP growth rate for the U.S. has been revised upwards 0.5 points to 4.9%, and for Japan upwards 0.5% to 3.0%.
- High downside risks in the growth forecast.
 - (Downside risks) Increase in mutations of the COVID-19 virus due to vaccination delays in emerging countries, and a reduction in economic growth in the U.S. due to reduced fiscal support measures.
 - (Upside risks) Prevention of infection and new viral mutations through global cooperation in vaccinations.

■ Domestic Economic Trends

Economic assessment unchanged due to weaking economic improvements
(Cabinet Office, July 2021 Monthly Economic Report)

- The overall economic assessment remained unchanged, with individual assessments on business conditions revised upwards.
 - Despite the first upwards revision in four months of corporate business conditions, there was weak consumer spending, with the overall outlook remaining unchanged.
 - In Exports, while automobile-related goods have seen production adjustments attributable to semiconductor shortages and thus remained flat, a recovery in overseas economies has led to a moderate increase in exports driven by information-related goods and capital goods, therefore the overall judgment remains unchanged.
 - The forecast of “picking up” remains for Production given the continuing recovery in particular for electronic components and devices, and for production machinery for capital investment.
- Domestic real GDP for FY2021 has been revised downwards by 0.2% from previously, to 3.8% (Outlook for the Economy and Prices, Bank of Japan)
 - The impact of COVID-19 continues, meaning that the growth rate for real GDP has been revised downwards by 0.2%.
 - In the short term, consumer prices are expected to increase gradually due to both the impact of increased energy prices, and because of the impact of the stripping away of reductions in cell phone charges.

Financial Results Forecast for FYE December 31, 2021

(Converted to 9-month Pro Forma)

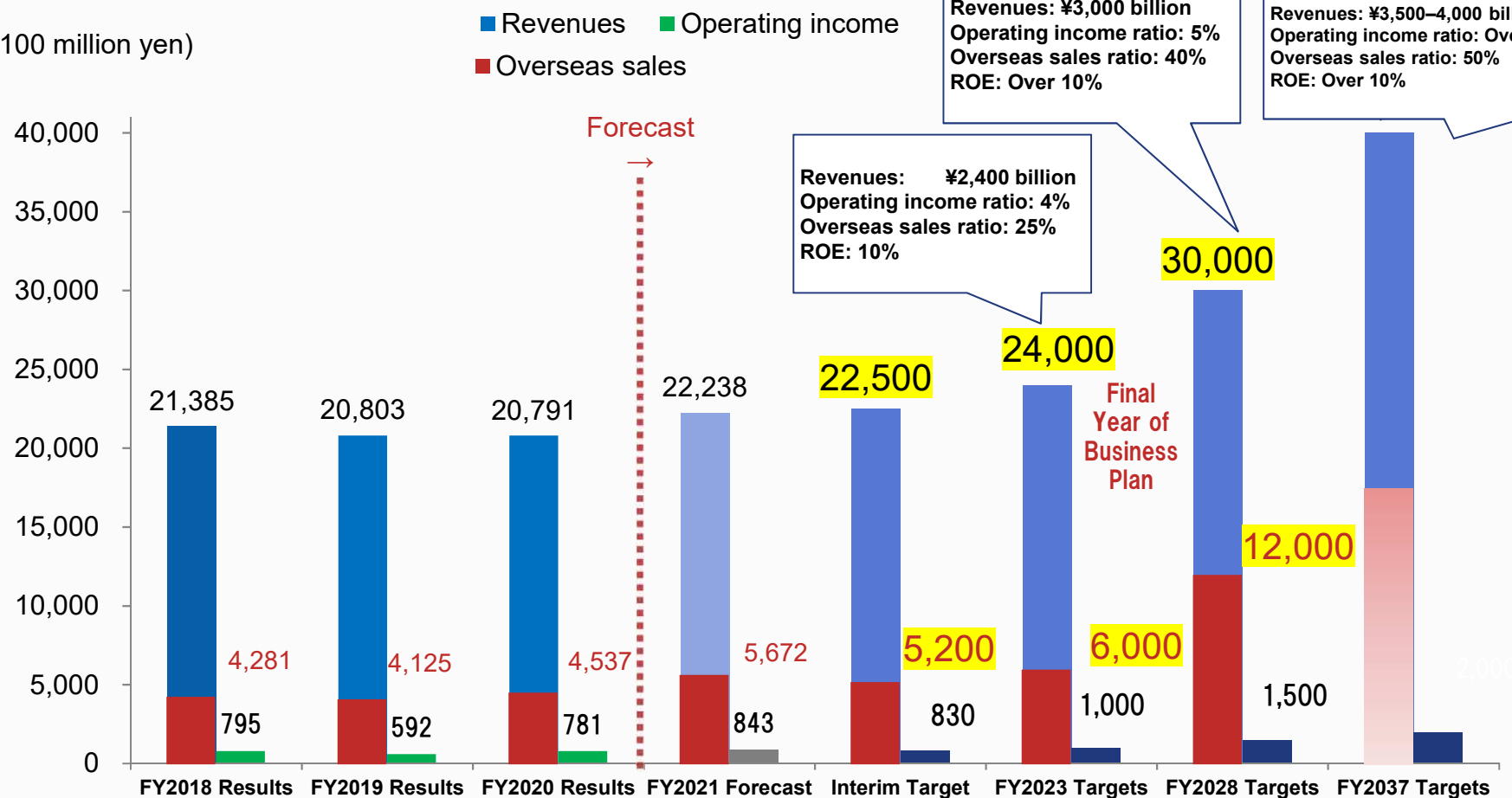
Forecast for the FYE December 2021 (Apr-Dec 2021)

(100 million yen, %) (rounded down to 100 million yen)

| Item | Revised Forecast Apr-Dec 2021 (Announced August 13) | Previous Forecast (Announced April 28) | Difference | Results for Apr-Dec 2020 | Difference YoY | Difference YoY (%) |
|--|--|---|------------|-----------------------------|-------------------|-----------------------|
| Revenues | 16,500 | 15,600 | 900 | 15,450 | 1,049 | 6.8 |
| Operating income | 560 | 560 | — | 581 | (21) | (3.7) |
| Operating income margin | 3.4 | 3.6 | — | 3.8 | - | - |
| Ordinary income | 580 | 580 | — | 617 | (37) | (6.1) |
| Profit attributable to owners of parent | 390 | 390 | — | 486 | (96) | (19.9) |
| Overseas sales | 4,255 | 3,766 | 489 | 3,572 | 682 | 19.1 |

President: Business Plan, Progress in Achieving our Long-term Vision, and Future Initiatives Growth (Nippon Express Group Business Plan 2023)

(100 million yen)



| Progress | FY2018 Results | FY2019 Results | FY2020 Results | FY2021 Forecast | Interim Target |
|-------------------------|------------------|------------------|------------------|------------------|------------------|
| Revenues | ¥2,138.5 billion | ¥2,080.3 billion | ¥2,079.1 billion | ¥2,223.8 billion | ¥2,250.0 billion |
| Operating income | ¥79.5 billion | ¥59.2 billion | ¥78.1 billion | ¥84.3 billion | ¥83.0 billion |
| Operating income margin | 3.7% | 2.8% | 3.8% | 3.8% | 3.7% |
| Overseas sales ratio | 20.0% | 19.8% | 21.8% | 25.5% | 23.1% |
| ROE | 9.2% | 3.2% | 10.0% | 8.6% | 9.0% |

President: Business Plan, Progress in Achieving our Long-term Vision, and Future Initiatives Inorganic Growth “Dynamic Growth”

·Current: Main Strategy is the Japan Segment⇒Global: A logistics company with a strong presence in the global market

| Facility/Time frame | Initiatives - April 2019 to present | Initiatives toward the 2023 |
|---|--|---|
| Business Growth Strategy | | |
| Growth Strategy of Core Businesses Three-axis approach | <ul style="list-style-type: none"> ·Three-axis approach focused on customers (industry), business, and area ·Promote one-stop business, account business ·Per-industry and sector initiatives ·Expanding business for non-Japanese customer businesses | Future initiatives (strategies) <ul style="list-style-type: none"> ·Shift to global account management ·Business expansion through the concept of market orientation ➡ Three-axis approach to drive a growth strategy for core businesses |
| Strategy to Enhance Domestic Businesses in Japan | <ul style="list-style-type: none"> ·Further expansion of domestic organization ·Streamline administrative organizations ·Reductions in outsourcing costs by maximizing use of company strengths ·Reform back office processes, rate revisions | <ul style="list-style-type: none"> ·Further initiatives to solidify base ·Operating and production efficiencies through the introduction of advanced technologies ➡ Promote growth strategy for core businesses + further strategy to enhance domestic businesses in Japan |

President: Business Plan, Progress in Achieving our Long-term Vision, and Future Initiatives Inorganic Growth “Dynamic Growth”

·Current: Main Strategy is the Japan Segment⇒Global: A logistics company with a strong presence in the global market

| Facility/Time frame | Initiatives - April 2019 to present | Initiatives toward the 2023 |
|---|--|---|
| Efforts to Implement Our Long-Term Vision | | Future initiatives (strategies) |
| Inorganic Growth Strategy (Pursue M&A strategies) (Streamline business portfolio, slim down balance sheet) | <ul style="list-style-type: none"> ·Business transfer, spin-off businesses (Focus on high profit and core businesses) ·Slim down balance sheet by liquidizing distribution centers | <ul style="list-style-type: none"> ·Reorganization and integration of overlapping businesses and functions amongst Group companies ➡ Use M&A to grow into a global mega-forwarder, towards achieving the long-term vision |
| Reinforcing functions to support challenges (Branding strategy) | <ul style="list-style-type: none"> ·Promoting IT, human resources, and PR strategies ·Establishing a New Group Brand Identity | <ul style="list-style-type: none"> ·Enhance corporate management information ·Develop branding for global markets ➡ Further promote IT, human resources, and PR strategies |
| Exercising ESG-oriented business management to realize sustainable development (ESG-oriented business, move to HD) | <ul style="list-style-type: none"> ·Transition to a holding company structure (announced) ·Work style reform ·Establishment of ESG-oriented business management ·New integrated locations (new head office building) | <ul style="list-style-type: none"> ·Create new value through ESG-oriented business management ·Carbon-neutral initiatives ·Promote work style reforms with the transition to the new integrated base ➡ Promote risk management and creating new value |

Medium-Term Business Plan Progress (KPI)

Nippon Express Group Business Plan 2023 KPIs (Growth Strategy for Core Businesses)

| Item revenues | Domestic*1 | | | Overseas | | |
|---|-----------------------|----------------|---------------------------|-----------------------|----------------|---------------------------|
| | 2021 Jan-Dec Forecast | KPI (FY2023) | Forecast vs. KPI Progress | 2021 Jan-Dec Forecast | KPI (FY2023) | Forecast vs. KPI Progress |
| Strengthen initiatives in electric and electronics Industries | ¥97.0 billion | ¥120.0 billion | 81% | ¥137.5 billion | ¥130.0 billion | 106% |
| Automotive Industry | ¥74.0 billion | ¥110.0 billion | 67% | ¥85.0 billion | ¥110.0 billion | 77% |
| Apparel Industry | ¥16.5 billion | ¥24.5 billion | 67% | ¥55.0 billion | ¥80.0 billion | 69% |
| Pharmaceutical/Medical Industry | ¥15.0 billion | ¥36.0 billion | 42% | ¥18.5 billion | ¥40.0 billion | 46% |
| Semiconductor-related industries*2 | ¥21.5 billion | ¥45.5 billion | 47% | ¥11.0 billion | ¥15.0 billion | 73% |

| Item | 2021 Jan-Dec Forecast | 2021 Business Plan Interim Goals (KPI) | Forecast vs. KPI Progress |
|------------------------------------|-----------------------|--|---------------------------|
| Expand ocean forwarding business*3 | 860,000 TEU | 1,000,000 TEU | 86% |
| Expand air forwarding business*3 | 865,000 t | 1,200,000 t | 72% |

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

*2 Revenues for the semiconductor-related industries represent a new figure combining semiconductor revenues in Electric and Electronics Industry with manufacturing equipment sales. We have left our initial figures for 2023 KPI and for the domestic Electric and Electronics Industry unchanged. *3 Forecast, differences(%) rounded to the nearest whole number

Medium-Term Business Plan Progress (KPI)

Nippon Express Group Business Plan 2023 KPIs (Growth Strategy for Core Businesses)

| Item Revenues | FYE December 2021 Forecast (12-Month) | KPI (FY2023) | Forecast vs. KPI Progress |
|--|---------------------------------------|---------------|---------------------------|
| Non-Japanese Customer Accounts (GAM・GTA*1) | ¥44.0 billion | ¥43.0 billion | 102% |

*1 GAM is an abbreviation for global account management. GTA: Global Target Accounts.

Nippon Express Group Business Plan 2023 KPIs (Back Office Cost)

| Strategy to Enhance Domestic Businesses in Japan | FY2019 Results | FY2020 Results | FYE December 2021 Cumulative Forecast (Apr-Dec) | Cumulative (Apr 2019 to Dec 2021) | FY2021 Business Plan Interim Goals (KPI) | Forecast vs. KPI (2021) Progress |
|---|----------------|----------------|---|-----------------------------------|--|----------------------------------|
| Further reorganization of organizations/ streamlining of administrative departments*2 | ¥1.1 billion | ¥2.22 billion | ¥0.07 billion | ¥3.39 billion | ¥3.0 billion | 113% |
| Reform back office processes | ¥0.95 billion | ¥2.36 billion | ¥1.55 billion | ¥4.86 billion | ¥3.0 billion | 162% |
| Rate revision | ¥2.4 billion | ¥1.6 billion | ¥0.8 billion | ¥4.8 billion | ¥3.0 billion | 160% |

*2. "Further reorganization of organizations/ streamlining of administrative departments" actual and forecast figures indicates the scale and approximate amounts for measures that are to be implemented.



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