



We Find the Way

IR day2024 Opening Session
「The initiatives of the management plan
to achieve the long-term vision」

NIPPON EXPRESS HOLDINGS,INC.
September 13 , 2024

Business Environment: Trends in Economic and Logistics Demand

● Global Economic Trends

The global economy shows no major changes as services price inflation continues to persist.
(IMF World Economic Outlook Update, July 2024)

- The GDP growth rate is expected to be in line with the previous forecast (April 2024) at +3.2% in 2024 and +3.3% in 2025. The world trade growth rate is expected to recover to approx. 3.25% annually after stagnation in 2023. Although inflation rates will continue to decline, the pace of disinflation is expected to slow in developed countries.
- GDP growth forecasts for each country are as follows.

U.S.: +2.6% in 2024, +1.9% in 2025	Europe: +0.9% in 2024, +1.5% in 2025	Japan: +0.7% in 2024, +1.0% in 2025
China: +5.0% in 2024, +4.5% in 2025	India: +7.0% in 2024, +6.5% in 2025	

● Logistics Demand (2024)

■ Global

- Ocean forwarding: Cargo volumes are expected to increase by +3.2% year on year due to the gradual recovery of the global economy. (Port Import and Export Reporting Service, Container Trade Statistics, and IHS Markit)
- Air forwarding: International air cargo transportation volume (ton-kilometers) is expected to increase +5% year on year (air cargo demand is recovering from the decline last year). (International Air Transport Association)

■ Japan

- Ocean export freight forwarding: Expected to increase for the second consecutive year by 2.7% year on year, in line with moderate positive growth in the global economy.
- Air export freight forwarding: Expected to increase by 3.4%, marking the first positive growth in three years, due to a recovery in semiconductor-related exports and a resurgence in the airline industry shift.
- Domestic: Transportation volume, excluding construction-related cargo, is expected decline by 0.6% year on year, but recover slightly in the second half of the year.

FY2024 Outlook for the Economy and Freight Forwarding, NX Logistics Research Institute and Consulting, Inc. (July 2024)

FY2024 Results Forecast

Item	1H Results	2H Forecasts	Full-Year Forecast	Prior-Full-Year Results	Difference YoY	Difference YoY (%)	Previous Full-Year Forecasts (Announced May 13)	Difference	Difference (%)
Revenues	12,498	13,201	25,700	22,390	3,309	14.8	25,000	700	2.8
Segment Income (Business Income)	255	444	700	812	(112)	(13.9)	850	(150)	(17.6)
Business Income Margin	2.0	3.4	2.7	3.6	-	-	3.4	-	-
Operating Income	192	457	650	600	49	8.2	820	(170)	(20.7)
Profit Attributable to Owners of Parent	114	285	400	370	29	8.0	550	(150)	(27.3)
Overseas Revenues(*)	4,699	5,170	9,870	6,424	3,445	53.6	8,960	910	10.2
ROE	-	-	4.9	4.8	-	-	6.7	-	-
ROIC (Business Profit Before Taxes)	-	-	4.5	5.6	-	-	5.6	-	-

(*)Figures for overseas revenues are presented before the elimination of intersegment transactions.

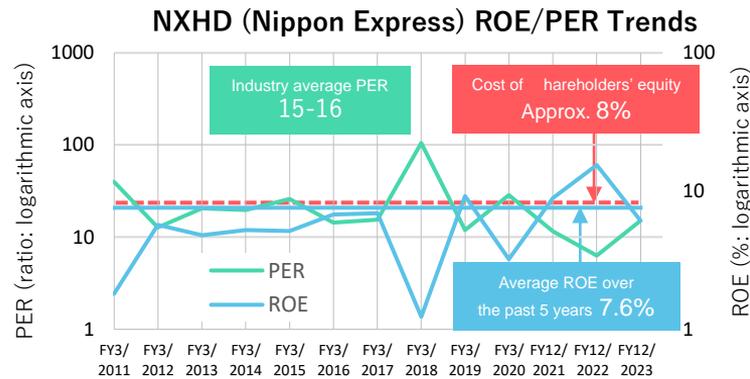
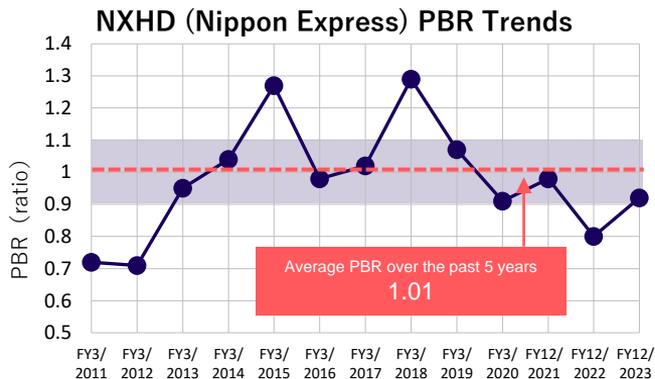
"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Analysis and Evaluation of Current ROE Status

- PBR** • Over the past five years, the average P/B ratio has hovered around 1, without remaining consistently above 1, including most recently.
- ROE** • ROE has averaged 7.6% over the past five years, failing to continuously or stably exceed the roughly 8% cost of shareholder equity recognized by the Company. In addition, the low ROE in the most recent forecast of 6.2% is considered to be the reason why PBR remains at the current level.
- PER** • We believe that improving PER is a critical factor in improving PBR. While PER is currently on a par with the industry average (Prime Market, land transportation business), we recognize that there is room for improvement in market expectations for our business growth.

Regarding figures for FY12/2023: ROE is the forecast figure announced in November 2023, while PER and PBR figures are current as of February 2, 2024.

	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY12/2021	FY12/2022	FY12/2023 ※
PBR	0.72	0.71	0.95	1.04	1.27	0.98	1.02	1.29	1.07	0.91	0.98	0.80	0.97
ROE (%)	1.80	5.68	4.79	5.22	5.14	6.77	6.89	1.23	9.19	3.21	8.9	15.5	6.2
PER	39.68	12.73	20.46	19.71	25.98	14.38	15.4	104.63	11.96	28.59	11.58	6.27	15.9

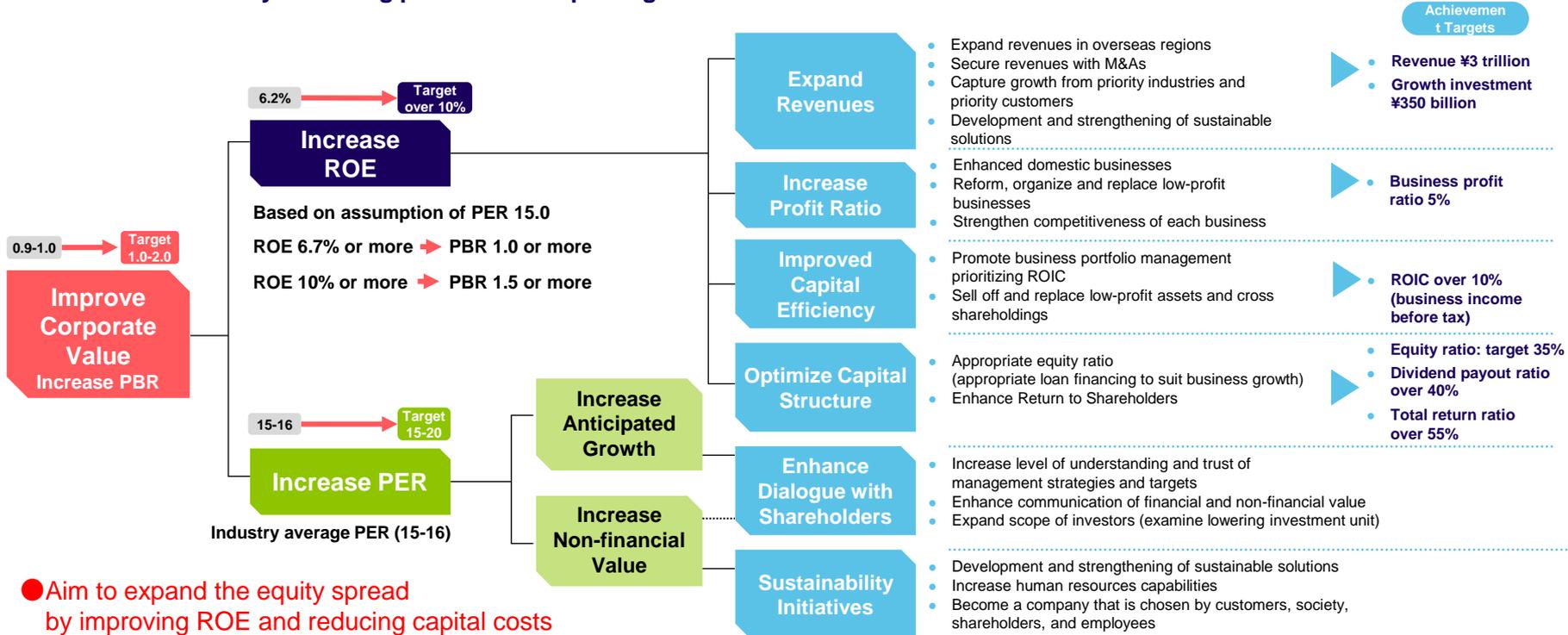


"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Improve Corporate Value (increase PBR)

Policies / Targets

Achieve the over 10% ROE medium-term target stated in the business plan by steadily implementing the initiatives in the plan, including "increasing ROE" to consistently exceed the cost of capital (around 8%), and "increasing PER, thereby achieving potential anticipated growth."



● Aim to expand the equity spread by improving ROE and reducing capital costs

Important Strategies and Policies in Business Plan 2028

NX Group Business Plan 2028 Dynamic Growth 2.0

~ Accelerating Sustainable Growth ~

Basic Policies

- Enhance global competitive edge and achieve business growth with a group-wide optimization approach.
- Increase competitiveness and profitability, and enhance corporate value based on clear business portfolios and separation of roles.
- Implement sustainability management helping to resolve social issues and achieve a sustainable society, and reform the company group to one that is chosen by customers, society, shareholders, and employees.

Revenue



Business Income



ROE



Accelerate Growth in the Global Market

⇒ Theme of Session 1

Rebuild Businesses in Japan

⇒ Theme of Session 2

Overseas sales



M&A ¥370 billion

Sustainability Management Promotion

⇒ Theme of Session 3

Business profit ratio



(Logistics Japan)

Improving ROE

Accelerate Growth in the Global Market

Rebuild Businesses in Japan

ROIC-Oriented Business Implement Portfolio Management

Capital Policies That Grow Business and Improve Return on Capital

$$ROE = \frac{\text{Net Income}}{\text{Revenues}} \times \frac{\text{Revenues}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Capital Stock}}$$

(100 million yen)

Results and Planned Figures	(1) 2023 Results	(2) Business Plan	(3) 2024 Forecast	(4) (2) vs. (1)	(5) (3) vs. (1)	(3) vs. (2)
Revenues	22,390	30,000	25,700	7,610	3,310	(4,300)
Net Income	370	1,000	400	630	30	(600)
Total Assets	21,071	26,000 or less	22,130	4,929	1,059	(3,870)
Capital Stock	8,000	10,000 or less	8,580	2,000	580	(1,420)
Sales Profit Ratio	1.65%	3.33%	1.56%	+1.68%	-0.09%	-1.77%
Total Assets Turnover	1.06 x	1.15 x	1.16 x	+0.09 x	+0.10 x	+0.01 x
Leverage	2.63 x	2.60 x	2.58 x	-0.03 x	-0.05 x	-0.02 x

1. Accelerating Growth in the Global Market: Session 1

- **Basic Concept**
 - Aim to expand client business areas by providing account management and end-to-end solutions.
- **Major Initiatives in Overseas Regions**
 - Conduct PMI with cargo-partner, position establishing a presence in the Indian market as a top priority issue, and focus on the entire group, including Japan.
 - Strengthen inter-regional collaboration, including responding to the China Plus One movement and expanding forwarding in Transatlantic.

2. Rebuilding Our Businesses in Japan: Session 2

- **Improve business income margin**
 - FY2023: 3.9%⇒FY2028: 5.9%
- **Nippon Express growth strategy**
 - Reorganize Nippon Express to achieve Business Plan 2028 goals
(Consider introducing an internal company system for January 2025)

"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Strengthen BS management

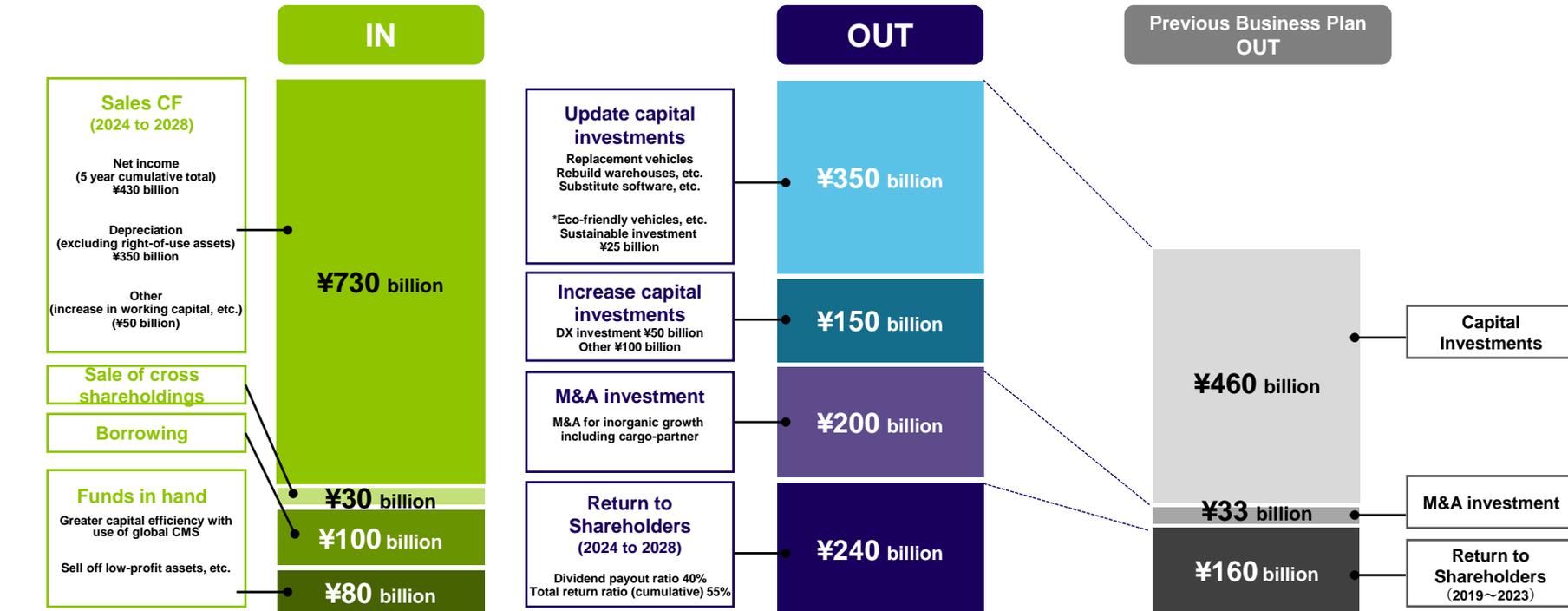
- Improve profitability by investment in growth with a conscious of capital efficiency and accumulating high quality assets without bloating the balance sheet by replacing the business portfolio, reducing cross shareholdings, and selling low-profit assets.
- Achieve continuous improvement of ROE by optimizing the capital structure through the utilization of interest-bearing debt and strengthening return to shareholders.



※1 : Profit = Profit attributable to owners of parent
 ※2 : Equity = Equity attributable to owners of parent

Capital Policy

Cash Allocation (2024 to 2028 cumulative total)



Optimizing Our Business Portfolio: Past Results and Current Initiatives

● Enhancing businesses in Japan

- Sold Seikan ferry business, sold driving school businesses, and liquidated travel business
- Spun off NX Shoji leasing business
- Spun off security transportation business
- Spin off Heavy Haulage & Construction business (in progress)
- Integrate our special combined delivery services with Meitetsu Transportation (in progress)

● Reorganizing and integrating overlapping businesses and functions within the group

- Reorganized logistics finance business
- Reorganized real estate business and functions
- Reorganized sub-agent operations

● M&A

- (Americas) MD: Pharmaceuticals, logistics
- (Europe) Tramo: High-end furniture, logistics
- (Europe) cargo-partner: Global, forwarding
- Achieve dynamic business growth through M&A, alliances, and strategic investments (ongoing consideration)

Promote Business Portfolio Management

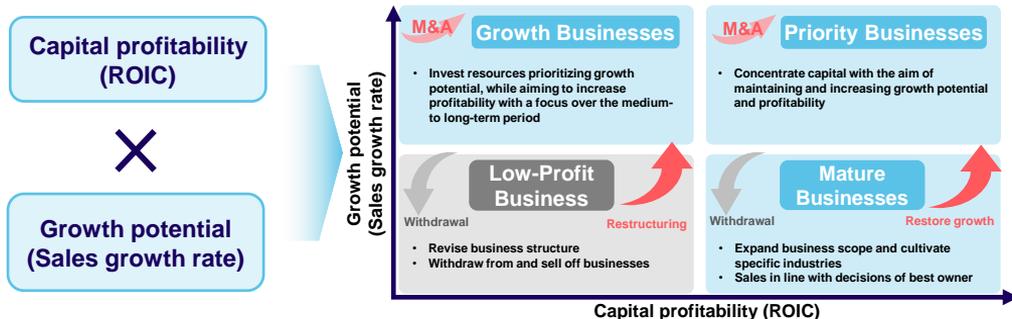
Basic policies underpinning the Business Portfolio

Basic Policy

- The NX Group has established the long-term vision of becoming “a logistics company with a strong presence in the global market” based on the NX Group Corporate Philosophy. Our business portfolio comprises operations that align with this corporate philosophy and long-term vision through business that supports sustainable social development.
- In working toward sustained growth of the Group, and increased corporate value over the medium to long term, we evaluate each business operation in terms of criteria that include capital profitability and potential for growth, positioning within the group and creation of synergy, as well as our future growth strategy.
- Having established a system for the implementation of our business portfolio management, the Board of Directors evaluates, reviews and amends the basic policy and strategy of our business portfolio and its implementation on a regular basis.

Quantitative Evaluation

Qualitative Evaluation



In addition to evaluations from the following perspectives for quantitative evaluations, examine strategies linked to increasing corporate value of NX Group

- Alignment with Corporate Philosophy and long-term vision
- Market trends and competitive tendencies
- Business growth potential, strengths/weaknesses
- Functionality and synergy within Group
- Sustainability and contribution to resolving social issues
- Best-owner perspective

Conduct quantitative analyses and mapping of each business to identify current position of businesses and overall direction

Business Portfolio Management Evaluation Units

✓ The following evaluation units are evaluated on a 4-point scale.

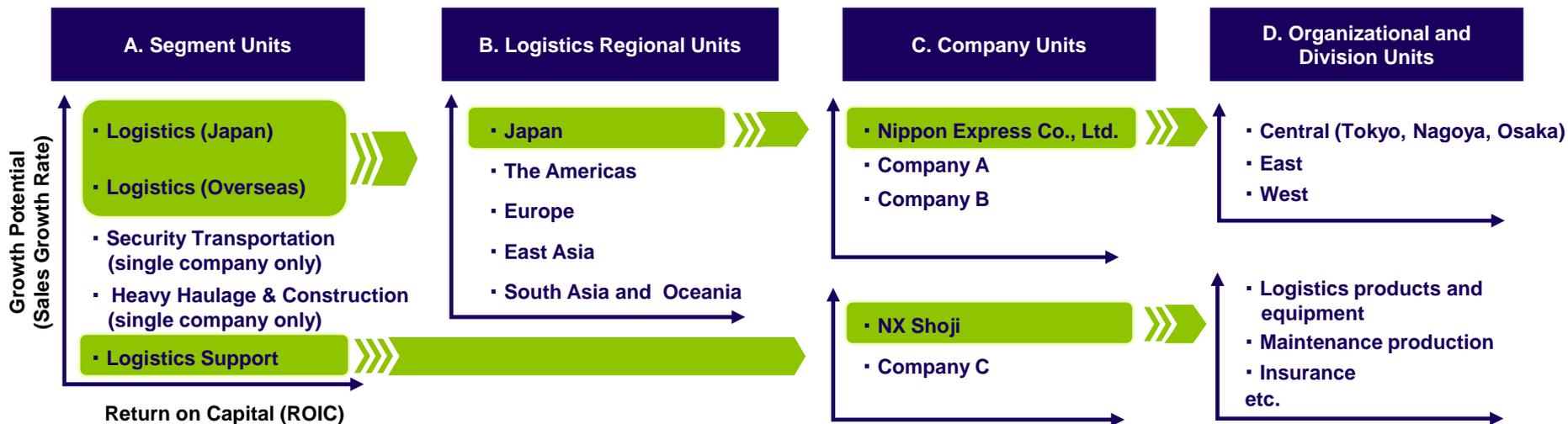
A. Segment units

B. Regional units for the logistics segment include Japan, the Americas, Europe, East Asia, and South Asia and Oceania

C. Company units include Logistics Japan and Logistics Support

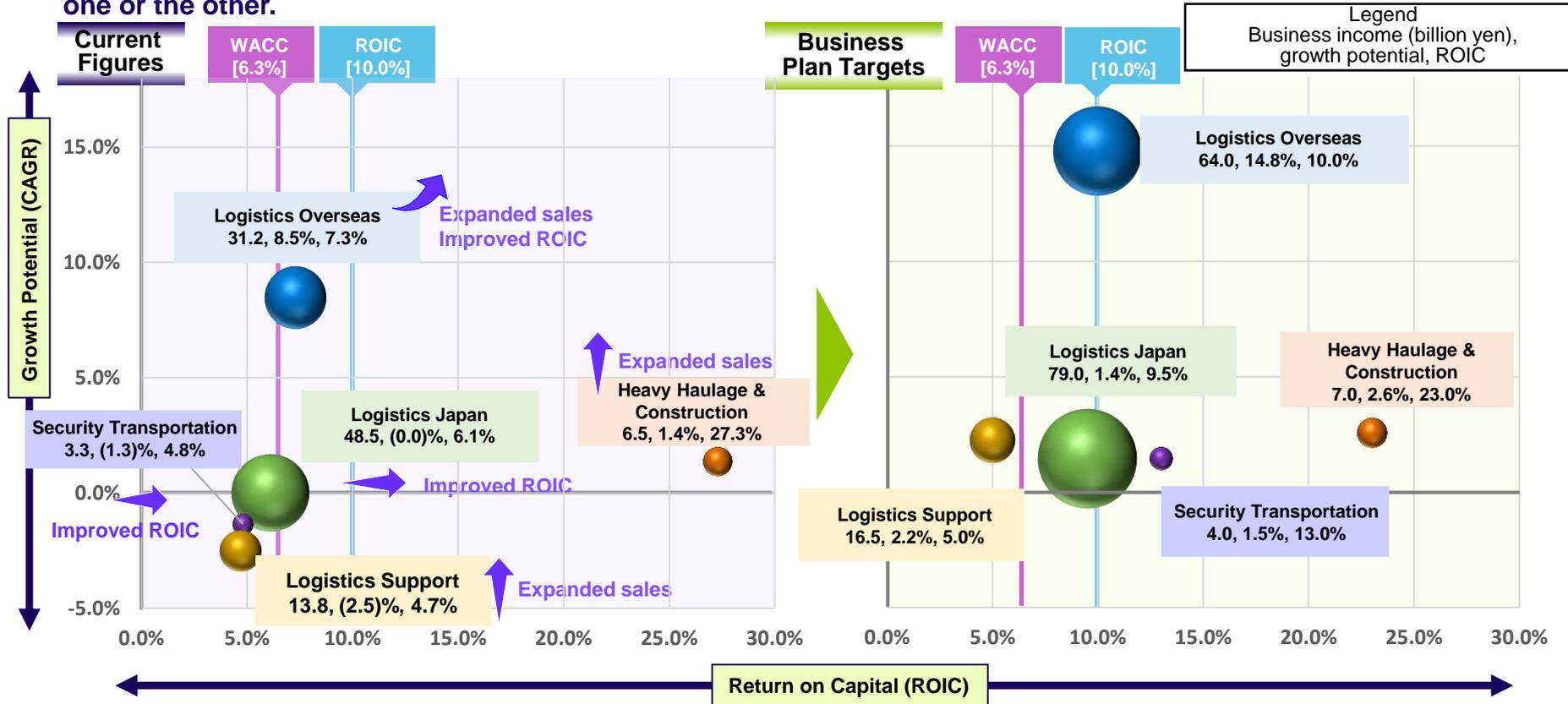
D. Nippon Express and NX Shoji are subdivided into organizational units and division units

*We currently use the above evaluation units for business segments, as the valuation of ROIC, etc. is limited to segments and individual companies.



Quantitative Evaluations (Segment Units)

✓ Logistics Overseas aims to expand sales and improve return on capital, while other segments aim to improve one or the other.



Sustainability Management Strategy

Materiality

These materialities are not limited to new initiatives, but are topics to confront if we are to improve corporate value in the present and future, based on ongoing efforts and intangible assets accumulated over time.

- Compliance
- Ensure Safety and Security
- Respect Human Rights

- Secure and train skilled human resources
- Enhance well-being
- DE&I promotion

- Reduce CO2 Emissions(Scope1,2,3)
 - Reduce Fossil Fuel Use
 - Reduce Electricity Consumption and Expand the Use of Renewable Energy
 - Reduce CO2 Emissions from Consigned Forwarding
 - Reduce Industrial Waste Emissions

KPI	FY2023	FY2026	FY2028
Reduction in CO ₂ emissions (SCOPE1-2)	Emissions 746,000 t * FY2022 results	Emissions 641,000t	Emissions 537,000t
Reduction in CO ₂ emissions (SCOPE3)		YoY 2.5% reduction	YoY 2.5% reduction



- Strengthen Materiality Solutions
- Strengthen Decarbonization Logistics Solutions
- Strengthen Logistics Solutions through DX Promotion

- Strengthen the Business Foundation for Risks
- Improve IT Infrastructure and Enhancing Security-Level
- High Efficiency, High Quality, and High Profitability Logistics through DX Promotion



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