

English Translation

January 18, 2021

To whom it may concern

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

**Notice Concerning Absorption-Type Split and Transfer of Shares of  
Newly Established Company in Connection With a Business Alliance  
Related to the Nittsu Shoji Co., Ltd. Leasing Business**

At a meeting held January 18, 2021, the Nippon Express Co., Ltd. board of directors resolved to conduct an absorption-type company split for the leasing business of Nippon Express consolidated subsidiary Nittsu Shoji Co., Ltd. (Hisao Taketsu, president), establishing a new preparatory company for the split as the successor company to be called NITTTSU Lease & Finance Co., Ltd. (tentative name). A portion of the stock of this new company will be transferred to Tokyo Century Corporation and Sompo Japan Insurance, Inc. as provided in an agreement signed by the relevant parties. The goal of this transaction is to secure the greater growth and development of the Nippon Express Group leasing business.

The share transfer will consist of a transfer of an equivalent of 49% of the newly established company's common stock to Tokyo Century, with an equivalent of 2% of the newly established company's stock transferred to Sompo Japan Insurance, Inc. as preferred stock.

The absorption-type company split and share transfer described herein are subject to the necessary approvals and authorizations of the relevant authorities in Japan and overseas, as well as other necessary approvals required at the time of the absorption-type company split and share transfer.

**1. Background and objectives of the business alliance**

Nittsu Shoji was established in 1964 as a combination of the trading, insurance agency, automobile maintenance, and automobile sales companies under the Nippon Express Group. Since that time, Nittsu Shoji has grown as a core company of the Nippon Express Group through many changes. Nittsu Shoji now boasts 186 locations bases in Japan and 12 overseas subsidiaries across 8 business divisions including business that is the subject of the current transaction. Nittsu Shoji aims for further development as a highly functional integrated trading company.

Currently, the Nippon Express Group is establishing an identity looking ahead to its 100th anniversary in 2037 as a logistics company with a strong presence in the global market as detailed in *Nippon Express Group Business Plan 2023~ Dynamic Growth~*. In so doing, the group pursues a three-axis approach focused on customers (industry), business, and area, working to achieve global

growth through strengths in a customer base and businesses cultivated in Japan.

The leasing business that is the subject of the current transaction engages in significant business not only with the Nippon Express Group, but also with government agencies, municipalities, and other entities outside the group. The business has grown steadily to a notable size, leveraging sales capacity developed over the years and a solid foundation of outstanding customers with strong credit.

Tokyo Century has developed a sophisticated screening system and functions, supported by a solid management base, and offers a variety of financing and other services. The Nippon Express Group expects that the business alliance with Tokyo Century will lead to synergies and stronger business through access to mutual customer bases, the business expertise of Tokyo Century, and that company's ability to provide financing.

Through the alliance with Tokyo Century, the Nippon Express Group expects the leasing business subject to this transaction to achieve a stronger management foundation through use, training, and development of human resources and advancements in risk management, secure stronger and expanded presence across business fields through expanded products and sales channels, and accurately identify customer and community social needs. In so doing, the company will grow into a business that combines business expertise and knowledge of specialty financing, becoming a company capable of providing services and products that contribute to the development of society and customers.

## 2. Details of the business alliance

Nippon Express will make the newly established company from the leasing business of Nittsu Shoji the successor company of the absorption-type company split. Once complete, a number of shares equivalent to 49% of the outstanding shares of common stock of this new company will be transferred to Tokyo Century. At the same time, a number of shares equivalent to 2% of the shares outstanding of the newly established company will be transferred to Sompo Japan as preferred stock. Under this mechanism, the newly established company will be converted into a joint venture company.

By forming an alliance with Tokyo Century, the newly established company aims for higher levels of corporate value, combining the creditworthiness and large customer base of the Nippon Express Group, the leasing business capabilities developed by Nittsu Shoji, and the asset value assessment, management skills, and other expertise of Tokyo Century.

In addition, the objective of the transfer of shares from the newly established company to Sompo Japan, with whom Nippon Express conducts business, is to maintain and further develop the relationship created between Nippon Express and Sompo Japan.

Through this share transfer, the Nippon Express Group will streamline its balance sheet and offer new solutions contributing to entering and expanding into growth fields targeted by the Nippon Express Group. In this way, the Nippon Express Group will make more effective use of group assets

and improve capital efficiency.

### 3. Overview of the parties to the transaction

#### (1) Overview of Nippon Express Co., Ltd.

1) Overview of Nippon Express Co., Ltd.

a.	Company name	Nippon Express Co., Ltd.		
b.	Location	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322, Japan		
c.	Representative name and title	Mitsuru Saito, president and chief executive officer		
d.	Business lines	Road freight transportation, railway freight transportation, ocean freight transportation, marine and harbor transportation, air conveyance, warehousing, travel, customs clearance, haulage, construction and installation of heavy equipment, specialty freight transportation, information processing and analysis, and other logistics and related businesses		
e.	Capital	70,175 million yen		
f.	Established	October 1, 1937		
g.	Major shareholders and ownership ratios (as of September 30, 2020)	The Master Trust Bank of Japan, Ltd. (Trust Account)		10.7%
		Custody Bank of Japan, Ltd. (Trust Account)		9.7%
		Asahi Mutual Life Insurance Company		6.0%
		Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)		4.5%
		Nippon Express Employees' Shareholding Association		4.1%
		Sompo Japan Insurance Inc.		3.8%
		Custody Bank of Japan, Ltd. (Trust Account No.4)		2.0%
		Custody Bank of Japan, Ltd. (Trust Account No.9)		1.8%
		MUFG Bank, Ltd.		1.6%
		Custody Bank of Japan, Ltd. (Trust Account No.5)		1.5%
h. Consolidated operating results and financial condition for the most-recent three fiscal years				
	Fiscal year end	March 2018	March 2019	As of March 31, 2020
	Total assets	1,517,060	1,536,677	1,518,037
	Net assets	547,494	560,444	556,506
	Net assets per share (yen)	5,519.09	5,749.60	5,805.12
	Revenues	1,995,317	2,138,501	2,080,352
	Operating income	70,269	79,598	59,224
	Ordinary income	74,395	85,802	57,434
	Profit attributable to owners of parent	6,534	49,330	17,409

Basic earnings per share (yen)	68.06	515.13	185.06
Dividends per share (yen)	120.00	155.00	155.00

(Notes) 1. As of March 31, 2020. Except as otherwise noted.

2. Ownership ratios calculated exclusive of treasury stock.

3. Units: millions of yen Except as otherwise noted.

(2) Tokyo Century Corporation

2) Tokyo Century Corporation

a.	Company name	Tokyo Century Corporation		
b.	Location	3 Kanda-neribeicho, Chiyoda-ku, Tokyo 101-0022, Japan		
c.	Representative name and title	Makoto Nogami, president and CEO, representative director		
d.	Business lines	Domestic leasing business, domestic auto business, specialty businesses, international business		
e.	Capital	81,129 million yen		
f.	Established	July 1, 1969		
g.	Major shareholders and ownership ratios (as of September 30, 2020)	ITOCHU Corporation		30.1%
		Nippon Tochi-Tatemono Co., Ltd.		12.9%
		Nippon Telegraph and Telephone Corporation		10.1%
		KSO Co., Ltd.		8.4%
		Mizuho Bank, Ltd.		3.8%
		Custody Bank of Japan, Ltd. (Trust Account)		3.6%
		Seiwa Sogo Tatemono Co., Ltd.		3.3%
		The Master Trust Bank of Japan, Ltd. (Trust Account)		2.2%
		Nippon Life Insurance Company		1.8%
		Mizuho Trust & Banking Co., Ltd. (Retirement Allowance Trust, Orient Corporation Account Custody Bank of Japan, Ltd. re-entrusted)		1.6%
h.	Relationships between the parties	Equity relationship	Not applicable.	
		Personnel relationships	Not applicable.	
		Business relationships	A business alliance has been concluded with Nippon Express 's consolidated subsidiary, Nittsu Shoji Co. Ltd. In addition, the Nippon Express Group and group companies engage in transactions such as lease transactions for office equipment.	
		Related-party status	Not applicable.	
i.	Consolidated operating results and financial condition for the most-recent three fiscal years			
	Fiscal year end	March 2018	March 2019	As of March 31, 2020
	Total assets	3,755,127	4,086,513	5,608,556

Net assets	456,036	524,372	660,145
Net assets per share (yen)	3,750.35	4,039.68	4,543.43
Revenues	1,012,200	1,067,612	1,166,599
Operating income	73,744	77,721	88,346
Ordinary income	79,031	86,337	91,126
Profit attributable to owners of parent	51,324	52,271	56,303
Basic earnings per share (yen)	486.09	494.93	524.96
Dividends per share (yen)	114.00	124.00	136.00

(Notes) 1. As of March 31, 2020. Except as otherwise noted.

2. Ownership ratios calculated exclusive of treasury stock.

3. Units: millions of yen Except as otherwise noted.

(3) Sompo Japan Insurance, Inc.

a. Company name	Sompo Japan Insurance, Inc.	
b. Location	26-1,Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-8338, Japan	
c. Representative name and title	Keiji Nishizawa, president and CEO	
d. Business lines	Non-life insurance business	
e. Capital	70,000 million yen	
f. Established	February 12, 1944	
g. Major shareholders and ownership ratios (as of March 31, 2020)	Sompo Holdings, Inc. 100.0%	
h. Relationships between the parties	Equity relationship	Sompo Japan owns a number of shares equivalent to 3.8% of Nippon Express outstanding shares. Nippon Express holds a number of shares equivalent to 2.2% of Sompo Japan Holdings, Inc. (as of September 30, 2020).
	Personnel relationships	Not applicable.
	Business relationships	Nippon Express and consolidated subsidiary Nittsu Shoji have signed agency agreements with Sompo Japan. In addition, Nippon Express and the Nippon Express Group provides insurance underwriting and warehouse services contracting to Sompo Japan.
	Related-party status	Not applicable.

i. Consolidated operating results and financial condition for the most-recent three fiscal years			
Fiscal year end	March 2018	March 2019	As of March 31, 2020
Total assets	8,949,190	8,776,390	8,542,050
Net assets	1,590,385	1,407,081	1,247,862
Net assets per share (yen)	1,588.05	1,408.17	1,252.86
Revenues	3,332,883	3,214,651	3,222,880
Ordinary income	139,088	190,313	187,124
Profit attributable to owners of parent	140,550	149,112	127,399
Basic earnings per share (yen)	142.82	151.52	129.46

(Notes) 1. As of March 31, 2020. Except as otherwise noted.

2. Ownership ratios calculated exclusive of treasury stock.

3. Units: millions of yen Except as otherwise noted.

(4) Overview of Nittsu Shoji Co., Ltd.

a. Company name	NITTSU SHOJI CO.,LTD.		
b. Location	1-14-22 Kaigan, Minato-ku, Tokyo 105-8338 Japan		
c. Representative name and title	Hisao Taketsu, president and CEO		
d. Business lines	Logistics-related products and packaging materials, logistics equipment and construction materials, oil and LP gas sales, leasing, insurance agency services, vehicle and construction machinery maintenance, trailer production, mounting and container production, logistics support (export packaging, international procurement), real estate leasing, etc.		
e. Capital	4,000 million yen		
f. Established	October 20, 1958		
g. Major shareholders and ownership ratios (as of September 30, 2020)	Nippon Express Co., Ltd. 100.0%		

(Notes) 1. As of March 31, 2020. Except as otherwise noted.

2. Ownership ratios calculated exclusive of treasury stock.

(5) Overview of the newly established company

a. Company name	NITTSU Lease & Finance Co., Ltd. (tentative)
b. Location	1-14-22 Kaigan, Minato-ku, Tokyo 105-8338 Japan (tentative)
c. Representative name and title	Plans call for the new company to have one individual each from Nittsu Shoji and Tokyo Century to be selected to serve as representatives.
d. Business lines	Leasing business
e. Capital	1,000 million yen (tentative)
f. Established	January 15, 2021

g. Fiscal year end	December 31 (tentative)	
Major shareholders and	Nippon Express Co., Ltd.	49.0%
h. ownership ratios	Tokyo Century Corporation	49.0%
(As of March 31, 2021)	Sompo Japan Insurance Inc.	2.0%

(Note) As of March 31, 2021 (tentative)

#### 4. Schedule

a. Date of establishment for the new company	January 15, 2021
b. Board of director resolution	January 18, 2021
c. Execution of share transfer agreement	January 18, 2021
d. Effective date of absorption-type company split	March 31, 2021 (tentative)
e. Share transfer date	March 31, 2021 (tentative)

#### 5. Future outlook

The Nippon Express Group is current examining the impact of this transaction on group consolidated earnings forecasts for the fiscal year ended March 2021. An announcement will be made as promptly as possible if revisions are required.

End

#### Disclaimer:

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