

January 18, 2021

Nippon Express Co., Ltd.

Nittsu Shoji Co., Ltd.

Tokyo Century Corporation

Announcement of Business Alliance in Connection with the Spin-off of Nittsu Shoji Co., Ltd.'s Leasing Operations

Nippon Express Co., Ltd. (Head Office: Minato-ku, Tokyo; President: Mitsuru Saito; “Nippon Express”) and Tokyo Century Corporation (Head Office: Chiyoda-ku, Tokyo; President & CEO: Makoto Nogami; “Tokyo Century”) agreed on January 18, 2021 to acquire the stock of NITTSU Lease & Finance Co., Ltd. (tentative name) (“new company”), a preparatory company to be set up in connection with the spin-off of the leasing operations of Nittsu Shoji Co., Ltd. (Head Office: Minato-ku, Tokyo; President: Hisao Taketsu; “Nittsu Shoji”). Details of the agreement are as follows.

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.

Tokyo Century has been operating under a management environment free from regulatory constraints to develop and expand a business model that integrates the three spheres of “Finance × Services × Business Expertise” through co-creation with business partners in Japan and overseas. Specifically, it is expanding its financial services such as the operating lease business focused on the added value of assets in the areas of aviation, mobility & fleet management, real estate, the environment and energy as well as joint ventures with corporate partners. Tokyo Century's four

operating segments: Equipment Leasing, which serves a broad customer base; Mobility & Fleet Management, which includes auto leasing for corporate and individual customers as well as car rentals; Specialty Financing centered on aviation and real estate, which leads the way in its corporate growth; and International Business, which operates a global network encompassing over 30 countries and regions. Tokyo Century provides unique financial services that contribute to resolving social issues across broad areas of business.

Nittsu Shoji's leasing operations are not limited to transactions within the Nippon Express Group but extend to government agencies, municipalities, and other entities outside the group. The business has grown steadily to a notable size by leveraging its sales capacity developed over the years and a solid foundation of outstanding customers with strong credit.

Under this alliance, the Nippon Express Group and Tokyo Century will generate synergies for advancing the growth and development of the new company's leasing business, through the mutual sharing of customer bases, business expertise, and office networks, and ultimately contribute to resolving social issues and realizing a circular economy.

2. Details of the Business Alliance

Nippon Express will establish a new company and transfer the leasing operations of Nittsu Shoji in an absorption-type company split. Subsequently, Tokyo Century will acquire the new company's common stock equivalent to 49% of its outstanding shares from Nippon Express, and Sompo Japan Insurance Inc. (Head office: Shinjuku-ku, Tokyo; President: Keiji Nishizawa; "Sompo Japan") will acquire the new company's preferred stock equivalent to 2% of its outstanding shares. The new company will be jointly owned by Nippon Express, Tokyo Century, and Sompo Japan and is scheduled to become an equity method affiliate of Nippon Express and Tokyo Century.

Nippon Express, Nittsu Shoji, and Tokyo Century intend to provide optimal services that benefit both society in general and their customers to achieve growth for the business by combining the creditworthiness, diverse customer base, and leasing business capabilities of the Nippon Express Group with the expertise in financial services of Tokyo Century that have been fostered through joint ventures with corporate partners.

The new company will play an effective role in the balance sheet control of the Nippon Express Group and also contribute to improving capital efficiency and enhancing corporate value for the Nippon Express Group and Tokyo Century.

3. Overview of the Parties to the Transaction

(1) Nippon Express Co., Ltd.

a. Company name	Nippon Express Co., Ltd.
b. Head office	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo, Japan
c. Representative	Mitsuru Saito, President and CEO
d. Business	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. Paid-in capital	70,175 million yen
f. Founded	October 1, 1937
g. Major shareholders and shareholding ratio (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 Custody Bank of Japan, 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	March 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. Shareholding ratio calculated exclusive of treasury stock.
3. Units: millions of yen except as otherwise noted.

(2) Tokyo Century Corporation

a. Company name	Tokyo Century Corporation		
b. Head office	3 Kanda-neribeicho, Chiyoda-ku, Tokyo, Japan		
c. Representative	Makoto Nogami, President & CEO, Representative Director		
d. Business	Businesses in Equipment Leasing, Mobility & Fleet Management, Specialty Financing, and International Business		
e. Paid-in capital	81,129 million yen		
f. Founded	July 1, 1969		
g. Major shareholders and shareholding ratio (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. as trustee for Retirement Benefit Trust of Orient Corporation (re-entrusted by Custody Bank of Japan, Ltd.) 1.6%		
h. Consolidated operating results and financial condition for the most recent three fiscal years			
Fiscal year end	March 2018	March 2019	March 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. Shareholding ratio 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. Head office	26-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan
c. Representative	Keiji Nishizawa, President and CEO
d. Business	Non-life insurance business
e. Paid-in capital	70,000 million yen
f. Founded	February 12, 1944
g. Major shareholders and shareholding ratio (as of September 30, 2020)	Sompo Holdings, Inc. 100.0%

h. Consolidated operating results and financial condition for the most recent three fiscal years			
Fiscal year end	March 2018	March 2019	March 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
Ordinary revenue	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
Dividends per share (yen)	142.82	151.52	129.46

(Notes)

1. As of March 31, 2020. Except as otherwise noted.
2. Shareholding ratio calculated exclusive of treasury stock.
3. Units: millions of yen except as otherwise noted.

(4) Nittsu Shoji Co., Ltd.

a. Company name	Nittsu Shoji Co., Ltd.		
b. Head office	1-14-22 Kaigan, Minato-ku, Tokyo, Japan		
c. Representative	Hisao Taketsu, President and CEO		
d. Business	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. Paid-in capital	4,000 million yen		
f. Founded	October 20, 1958		
g. Major shareholders and shareholding ratio (as of September 30, 2020)	Nippon Express Co., Ltd. 100.0%		

(Notes)

1. As of March 31, 2020. Except as otherwise noted.
2. Shareholding ratio calculated exclusive of treasury stock.

(5) The newly established company

a. Company name	NITTSU Lease & Finance Co., Ltd. (tentative)	
b. Location	1-14-22 Kaigan, Minato-ku, Tokyo, Japan (tentative)	
c. Representatives	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	Leasing business	
e. Paid-in capital	1,000 million yen (tentative)	
f. Established	January 15, 2021	
g. Fiscal year-end	December 31 (tentative)	
h. Major shareholders and shareholding ratio (as of March 31, 2021)	Nippon Express Co., Ltd.	49.0%
	Tokyo Century Corporation	49.0%
	Sompo Japan Insurance Inc.	2.0%

(Note) Planned as of March 31, 2021

4. Schedule

a. Date of establishment for the new company	January 15, 2021
b. Execution of share transfer agreement	January 18, 2021
c. Share transfer date	March 31, 2021 (scheduled)
d. Start of operation of the new company	April 1, 2021 (scheduled)

(Note) This translation is prepared and provided for reference only. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.