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**We Find the Way**  
**NIPPON EXPRESS**

## Financial Results Presentation for the Fiscal Year Ended March 2021

April 28, 2021  
Nippon Express Co., Ltd.  
Investor Relations Promotion Group  
Corporate Planning Division

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## I. Financial Results for FY2020

# 1. Financial Results for FY2020

## A Financial Highlights for FY2020

### 1. Overview (Consolidated)

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

Item	FY2020 Results	FY2019 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced January 29)	Difference	Progress (%)
Revenue	20,791	20,803	(11)	(0.1)	20,500	291	101.4
Operating income	781	592	188	31.9	720	61	108.5
Ordinary income	812	574	238	41.5	760	52	106.9
Profit attributable to owners of parent	561	174	386	222.3	530	31	105.9

### 2. Key Consolidated Business Indicators

Item	FY2020 Results	FY2019 Results	Item	FY2020 Results	FY2019 Results
Operating income margin	3.8%	2.8%	ROA	3.6%	1.1%
Ordinary income margin	3.9%	2.8%	ROE	10.0%	3.2%

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• The Nippon Express consolidated financial results for the fiscal year ended March 31, 2021 are as shown in our presentation materials.

After reaching a low point in May last year due to the outbreak of COVID-19, we observed a trend toward recovery. However, the contraction in demand for freight forwarding and other factors had a negative impact on our consolidated financial results compared to the previous fiscal year. Meanwhile, operating income and other income measures rose, mainly due to the impact of cost reductions, as well as increased profit in our air export freight forwarding business.

• The larger increases in ordinary income and net income are attributable to the absence of the prior-year write-down of Future Supply Chain Solutions in India and the impairment loss associated with Traconf in Italy. Other factors included the gain on transfer of business related to the transfer of the Nittsu Shoji leasing business and the Nittsu Driving School conducted during the current year under review, and a gain on sale of strategic shareholdings. Extraordinary loss for the year amounted to ¥12.8 billion, including ¥10.7 in impairment loss related to our Security Transportation business.

• Net sales, operating income, and other profit measures outperformed our forecasts announced on January 29. While we expected the second declaration of a state of emergency during the second half of the fiscal year to have a negative impact on economic activities, the actual impact was limited. At the same time, our air forwarding business performed better than we projected. These were the main factors behind our performance results versus forecasts.

• In terms of more details regarding our financial results, the lockdowns in the Americas had a significant impact on slowing production activities, leading to lower revenues and profits. In Europe, sales declined due to lower volume in our warehousing and distribution business, while profits rose, stemming from firm performance in air export freight forwarding volume beginning in the second quarter, as well as from warehouse lease reductions and other cost reductions.

• In East Asia, meanwhile, sales and profits rose due to an increase in automobile- and semiconductor-related volume as production activities quickly returned to normal. In addition, air chartered transportation of game consoles for the U.S. and Europe during the Christmas shopping season contributed to positive results. These factors combined to drive both higher revenues and higher profits. South Asia also recorded higher revenues and profits by capturing emergency charter transportation for automobile parts and other cargo. As a result, the overseas totals for Logistics in both revenues and profits rose compared to the previous fiscal year.

In Japan, sales unit prices remain at high levels in the air forwarding business in conjunction with rising air forwarding unit costs. Further, our in-factory business performed solidly due to the expansion of e-commerce. However, volume in our railway utilization business and motor-transportation business, etc., had fallen below pre-COVID-19 levels, leading to lower revenues. Meanwhile, profits rose due to strong performance in the air forwarding business, capture of emergency transportation demand, and the impact of cost reductions.

• The preceding explanation covered the highlights of our financial results. However, this performance was largely due to the impact of special factors, including the external environment. These factors included air forwarding costs, rising sales unit prices, and an increase in spot volume for emergency freight forwarding. While we expect economic activity to recover and expand in the future, dealing with a reactionary decrease to these special factors will be one of the most important topics going forward.

# 1. Financial Results for FY2020

## B Japan and Overseas Results (not including adjustments)

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

Segment	Item	FY2020 Results	FY2019 Results	Difference YoY	Difference YoY (%)
Japan Total	Revenues	17,757	18,097	(339)	(1.9)
	Segment Income	699	603	96	15.9
Overseas Total	Revenues	4,537	4,125	411	10.0
	Segment Income	222	107	114	107.2

**Overseas sales ratio**  
(Ratio of overseas revenues to consolidated revenues)

21.8%

# 1. Financial Results for FY2020

## C Results by Reportable Segment

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

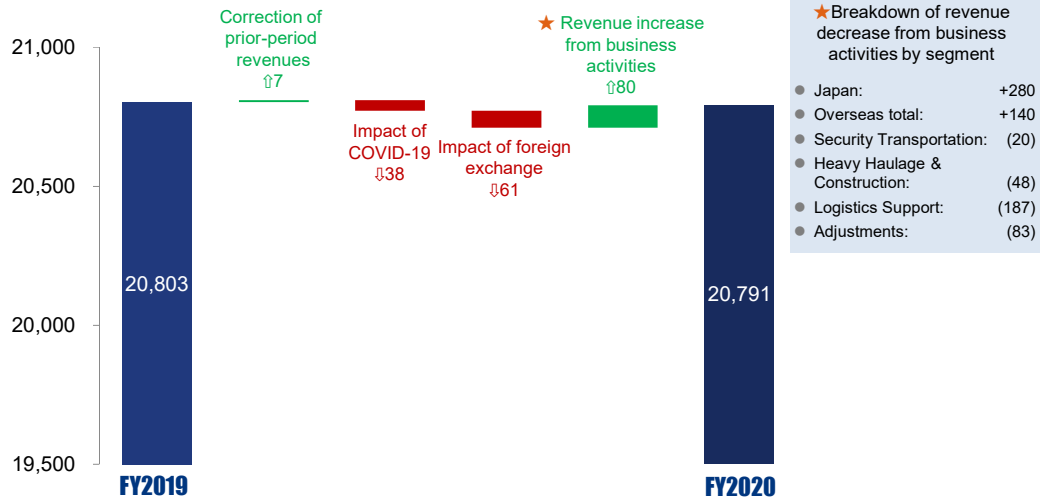
Segment	Item	FY2020 Results	FY2019 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced January 29)	Difference	Progress (%)
Japan	Revenues	12,128	12,135	(7)	(0.1)	11,853	275	102.3
	Segment Income	519	428	91	21.3	479	40	108.5
The Americas	Revenues	781	910	(129)	(14.2)	831	(49)	94.0
	Segment Income	4	27	(23)	(82.6)	8	(3)	60.9
Europe	Revenues	1,171	1,193	(22)	(1.8)	1,157	14	101.2
	Segment Income	34	17	16	91.5	26	8	130.9
East Asia	Revenues	1,436	1,120	316	28.2	1,408	28	102.1
	Segment Income	84	29	54	182.2	83	1	101.8
South Asia & Oceania	Revenues	1,147	901	246	27.3	1,143	4	100.4
	Segment Income	98	31	67	213.1	97	1	101.9
Security Transportation	Revenues	692	725	(33)	(4.6)	691	1	100.2
	Segment Income	(9)	(10)	1	—	(6)	(3)	—
Heavy Haulage & Construction	Revenues	458	523	(64)	(12.4)	466	(7)	98.4
	Segment Income	52	61	(9)	(15.7)	52	0	100.4
Logistics Support	Revenues	4,478	4,712	(233)	(5.0)	4,325	153	103.5
	Segment Income	136	123	12	10.4	117	19	116.6

# 1. Financial Results for FY2020

## D Breakdown of Revenues and Operating Income

### 1. Revenues

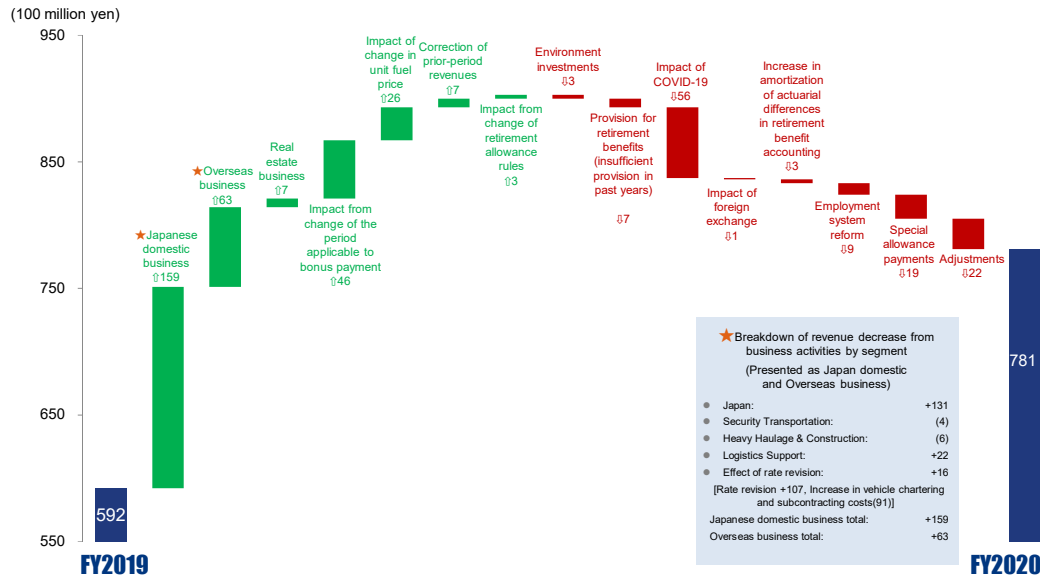
(100 million yen)



# 1. Financial Results for FY2020

## D Breakdown of Revenues and Operating Income

### 2. Operating income





## II. Segment Overview, FY2020

### A. Japan Segment

(100 million yen, %)

#### 1 Q4 Results

Item	FY2020 Q4 Results	Vs. FY2019			Difference (%)	Q4 Highlights
		FY2019	Difference	Difference (%)		
Revenues	3,299	2,950	348	11.8	Although the railway utilization business experienced sluggish cargo movement due to the suspension of operations caused by snow damage, the motor transportation business saw a recovery to the same level as the previous year. The air export freight forwarding business saw a recovery in demand for semiconductors and automobiles, while delays in ocean cargo transportation caused by a shortage of containers drove movement of air cargo rapidly higher, resulting in continued strong cargo movement since Q3. Freight rate levels rose in our ocean cargo transportation business, while volume remained strong. We saw a further contraction in the impact of COVID-19 on revenue, resulting in increased revenue and profit.	
Operating income	166	104	62	59.7		
Operating income margin	5.1	3.5	—	—		

#### 2 Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	2,733	2,877	5,610	3,217	3,299	6,517	12,128
Operating income	23	114	138	214	166	381	519
Operating income margin	0.9	4.0	2.5	6.7	5.1	5.9	4.3

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	3,025	3,077	6,103	3,082	2,950	6,032	12,135
Operating income	73	132	205	118	104	222	428
Operating income margin	2.4	4.3	3.4	3.8	3.5	3.7	3.5

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(291)	(200)	(492)	135	348	484	(7)
Operating income	(9.7)	(6.5)	(8.1)	4.4	11.8	8.0	(0.1)
Operating income margin	(49)	(18)	(67)	96	62	158	91
	(67.7)	(13.7)	(32.9)	81.7	59.7	71.4	21.3

Special Factors	
• Decrease in fuel unit cost:	[operating income] +21 [year]
• Impact due to actuarial differences in retirement benefits:	[operating income] (3) [year]
• Impact due to change in retirement allowance rules:	[operating income] +3 [Q1, year]
• Change in period applicable to bonus payment:	[operating income] +35 [Q1, year]
• Cost increase associated with employee system reform:	[operating income] (7) [year]
• Impact of COVID-19:	[revenues] (295) [year]
	[operating income] (89) [year]
• Provision for retirement benefits:	[operating income] (7) [Q1, year]
• Impact of special allowance payments:	[operating income] (15) [Q1, year]
• Environment investments:	[operating income] (3) [year]
• Correction of prior-period revenues:	+7 [Q2, year]
• Real estate business:	[operating income] +7 [year]

#### 3 Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	12,128	11,853	275	5,610	5,631	(20)	6,517	6,242	275
Operating income	519	479	40	138	101	37	381	340	40
	4.3	4.0	—	2.5	1.8	—	5.9	5.5	—

## II. Segment Overview, FY2020

### B. The Americas Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	221	213	7	3.7
Operating income	5	1	4	328.9
Operating income margin	2.5	0.6	—	—

#### Q4 Highlights

The segment saw an overall recovery in cargo movement due to the rising number of COVID-19 vaccinations and economic recovery in the wake of government economic policies. Automotive-related customers showed substantial growth in air export freight forwarding, while air cargo transportation for precision equipment, including game consoles from East Asia, also made a positive contribution. Cost reduction measures, including reductions in force and the cancellation of facility lease contracts contributed to higher revenues and profits.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	205	167	373	187	221	408	781
Operating income	(0)	(0)	(0)	(0)	5	5	4
Operating income margin	(0.0)	(0.2)	(0.1)	(0.1)	2.5	1.3	0.6

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	240	237	477	219	213	433	910
Operating income	8	10	19	7	1	8	27
Operating income margin	3.6	4.5	4.0	3.4	0.6	2.0	3.1

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(34)	(69)	(104)	(32)	7	(24)	(129)
	(14.4)	(29.4)	(21.9)	(14.8)	3.7	(5.7)	(14.2)
Operating income	(8)	(11)	(19)	(7)	4	(3)	(23)
	—	—	—	—	328.9	(38.4)	(82.6)

Special Factors	
• Impact of foreign exchange (stronger yen):	[revenues] (18) [year] [operating income] (0) [year]
• Impact of COVID-19:	[revenues] (32) [year] [operating income] (13) [year]
• Special allowance payments:	[operating income] (0) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	781	831	(49)	373	382	(8)	408	457	(49)
Operating income	4	8	(3)	(0)	(1)	0	5	8	(3)
	0.6	1.0	—	(0.1)	(0.3)	—	1.3	1.8	—

## II. Segment Overview, FY2020

### C. Europe Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	348	310	38	12.4
Operating income	19	1	17	—
Operating income margin	5.5	0.4	—	—

#### Q4 Highlights

Due to the shortage of space caused by the suspension of passenger flights, fee unit prices remained high, resulting in higher revenue compared to the previous year. Profit was higher than the prior fiscal year, owing to cost reduction measures such as reductions in force and warehouse lease reductions.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	274	247	522	300	348	649	1,171
Operating income	2	2	4	10	19	29	34
Operating income margin	0.9	0.9	0.9	3.4	5.5	4.5	2.9

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	298	289	588	294	310	604	1,193
Operating income	7	4	12	4	1	5	17
Operating income margin	2.4	1.7	2.1	1.4	0.4	0.9	1.5

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(24)	(42)	(66)	5	38	44	(22)
	(8.2)	(14.6)	(11.3)	2.0	12.4	7.4	(1.8)
Operating income	(4)	(2)	(7)	5	17	23	16
	(64.6)	(54.4)	(60.5)	140.1	—	429.7	91.5

#### Special Factors

- Impact of foreign exchange (stronger yen):  
[revenues] (4) [year]  
[operating income] (0) [year]
- Impact of COVID-19:  
[revenues] (17) [year]  
[operating income] (6) [year]
- Special allowance payments:  
[operating income] (0) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	1,171	1,157	14	522	527	(4)	649	634	14
Operating income	34	26	8	4	1	3	29	21	8
	2.9	2.2	—	0.9	0.2	—	4.5	3.3	—

## II. Segment Overview, FY2020

### D. East Asia Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	552	279	272	97.3
Operating income	39	5	34	642.2
Operating income margin	7.1	1.9	—	—

#### Q4 Highlights

Revenue increased across all business segments with the exception of the domestic moving and relocation business. In particular, air export freight forwarding volume for game consoles and other precision equipment during the Christmas shopping season and soaring fees stemming from a shortage of container space in the marine export freight forwarding business had a large impact on performance, resulting in higher revenues and profits.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	265	327	592	291	552	843	1,436
Operating income	5	23	28	16	39	56	84
Operating income margin	1.9	7.1	4.8	5.8	7.1	6.7	5.9

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	275	283	559	281	279	561	1,120
Operating income	6	9	15	8	5	14	29
Operating income margin	2.3	3.3	2.8	3.2	1.9	2.5	2.7

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(9)	43	33	10	272	282	316
	(3.6)	15.4	6.0	3.7	97.3	50.4	28.2
Operating income	(1)	13	12	7	34	41	54
	(20.2)	148.5	80.4	87.2	642.2	293.4	182.2

#### Special Factors

- Impact of foreign exchange (stronger yen):  
[revenues] (15) [year]  
[operating income] (0) [year]
- Impact of COVID-19:  
[revenues] +170 [year]  
[operating income] +36 [year]
- Special allowance payments:  
[operating income] (0) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	1,436	1,408	28	592	579	13	843	815	28
Operating income	84	83	1	28	21	7	56	54	1
	5.9	5.9	—	4.8	3.6	—	6.7	6.7	—

## II. Segment Overview, FY2020

### E. South Asia & Oceania Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	360	229	131	57.1
Operating income	39	7	31	439.5
Operating income margin	10.8	3.2	—	—

#### Q4 Highlights

Demand for chartered transport continued to be strong since the third quarter. Marine export freight forwarding volume increased year on year, while revenue rose due to a recovery in automobile transportation, leading to higher revenue and operating income.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	218	273	492	294	360	655	1,147
Operating income	7	24	31	27	39	66	98
Operating income margin	3.3	9.1	6.5	9.4	10.8	10.2	8.6

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	219	221	441	230	229	459	901
Operating income	7	8	15	8	7	15	31
Operating income margin	3.4	3.8	3.6	3.7	3.2	3.4	3.5

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(1)	51	50	64	131	195	246
	(0.6)	23.4	11.5	28.0	57.1	42.5	27.3
Operating income	(0)	16	16	19	31	51	67
	(3.8)	197.8	102.2	226.1	439.5	324.5	213.1

#### Special Factors

- Impact of foreign exchange (stronger yen):  
[revenues] (21) [year]  
[operating income] (0) [year]
- Impact of COVID-19:  
[revenues] +210 [year]  
[operating income] +37 [year]
- Special allowance payments:  
[operating income] (0) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	1,147	1,143	4	492	491	1	655	650	4
Operating income	98	97	1	31	33	(1)	66	65	1
	8.6	8.5	—	6.5	6.7	—	10.2	10.0	—

## II. Segment Overview, FY2020

### F. Security Transportation Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	174	179	(5)	(2.8)
Operating income	(3)	4	(7)	—
Operating income margin	(1.7)	2.5	—	—

#### Q4 Highlights

Although the impact of COVID-19 on revenue reached a low point after the third quarter, volume continued to decrease. Profits declined, despite efforts to reduce costs through improved operating efficiencies.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	169	173	343	174	174	349	692
Operating income	(8)	(0)	(9)	3	(3)	0	(9)
Operating income margin	(4.9)	(0.6)	(2.7)	1.9	(1.7)	0.1	(1.3)

#### Special Factors

- Decrease in fuel unit cost: [operating income] +3 [year]
- Impact due to actuarial differences in retirement benefits: [operating income] (0) [year]
- Impact due to change in retirement allowance rules: [operating income] +0 [Q1, year]
- Change in period applicable to bonus payment: [operating income] +9 [Q1, year]
- Cost increase associated with the employment system reform: [operating income] (0) [year]
- Impact of COVID-19: [revenues] (12) [year]  
[operating income] (9) [year]
- Impact of special allowance payments: [operating income] (2) [Q1, year]

3  
Forecast  
Change

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	184	180	364	182	179	361	725
Operating income	(11)	(0)	(12)	(2)	4	2	(10)
Operating income margin	(6.5)	(0.5)	(3.5)	(1.3)	2.5	0.6	(1.5)

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(14)	(6)	(21)	(7)	(5)	(12)	(33)
Operating income	(8.1)	(3.5)	(5.8)	(4.0)	(2.8)	(3.4)	(4.6)
Operating income margin	3	(0)	3	5	(7)	(1)	1
	—	—	—	—	—	(89.3)	—

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	692	691	1	343	343	0	349	347	1
Operating income	(9)	(6)	(3)	(9)	(11)	1	0	3	(3)
Operating income margin	(1.3)	(0.9)	—	(2.7)	(3.2)	—	0.1	0.9	—

## II. Segment Overview, FY2020

### G. Heavy Haulage & Construction Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	95	109	(13)	(12.7)
Operating income	9	11	(1)	(13.4)
Operating income margin	10.2	10.3	—	—

#### Q4 Highlights

The negative impact of COVID-19 contracted during the fourth quarter. While wind power-related freight and installation results were firm, the reactionary decrease stemming from large-scale spot projects involving shutdown maintenance in the previous fiscal year resulted in lower revenue this quarter.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	131	119	250	112	95	208	458
Operating income	15	12	28	14	9	24	52
Operating income margin	11.8	10.7	11.2	12.6	10.2	11.5	11.4

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	133	138	272	141	109	251	523
Operating income	10	16	26	23	11	35	61
Operating income margin	7.9	11.6	9.8	16.9	10.3	14.0	11.8

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(2)	(19)	(21)	(29)	(13)	(42)	(64)
Operating income	(1.9)	(14.0)	(8.0)	(20.5)	(12.7)	(17.1)	(12.4)
Operating income margin	4	(3)	1	(9)	(1)	(11)	(9)
	45.9	(21.0)	5.7	(40.6)	(13.4)	(31.9)	(15.7)

#### Special Factors

- Decrease in fuel unit cost: [operating income] +0 [year]
- Impact due to actuarial differences in retirement benefits: [operating income] (0) [year]
- Impact due to change in retirement allowance rules: [operating income] +0 [Q1, year]
- Change in period applicable to bonus payment: [operating income] +1 [Q1, year]
- Cost increase associated with the employment system reform: [operating income] (0) [year]
- Impact of COVID-19: [revenues] (16) [year]  
[operating income] (3) [year]
- Impact of special allowance payments: [operating income] (0) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	458	466	(7)	250	273	(22)	208	215	(7)
Operating income	52	52	0	28	36	(7)	24	23	0
Operating income margin	11.4	11.2	—	11.2	13.2	—	11.5	11.1	—

## II. Segment Overview, FY2020

### H. Logistics Support Segment

(100 million yen, %)

1  
Q4  
Results

Item	FY2020 Q4 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	1,263	1,229	33	2.7
Operating income	51	38	13	34.2
Operating income margin	4.1	3.1	—	—

#### Q4 Highlights

The petroleum division experienced sluggish performance and lower profits. However, the segment recorded overall increases in revenue and profits due to a recovery in LS business volume and strong performance in logistics equipment.

2  
Quarterly  
Results  
and  
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	1,017	1,058	2,076	1,138	1,263	2,402	4,478
Operating income	27	26	53	30	51	82	136
Operating income margin	2.7	2.5	2.6	2.7	4.1	3.4	3.0

Item	FY2019 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	1,145	1,138	2,283	1,198	1,229	2,428	4,712
Operating income	27	30	57	27	38	65	123
Operating income margin	2.4	2.7	2.5	2.3	3.1	2.7	2.6

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(128)	(79)	(207)	(59)	33	(26)	(233)
	(11.2)	(7.0)	(9.1)	(5.0)	2.7	(1.1)	(5.0)
Operating income	0	(4)	(3)	3	13	16	12
	2.4	(14.9)	(6.8)	13.3	34.2	25.5	10.4

#### Special Factors

- Impact of foreign exchange (stronger yen):  
[revenues] (1) [year]  
[operating income] (0) [year]
- Cost increase associated with the employment system reform:  
[operating income] (0) [year]
- Impact of COVID-19:  
[revenues] (44) [year]  
[operating income] (7) [year]
- Impact of special allowance payments:  
[operating income] (1) [Q1, year]

3  
Forecast  
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	January 29 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Results	January 29 Forecast	Difference
Revenues	4,478	4,325	153	2,076	2,001	75	2,402	2,248	153
Operating income	136	117	19	53	51	2	82	63	19
	3.0	2.7	—	2.6	2.5	—	3.4	2.8	—



## II . Financial Results Forecast for FY2021 (A. Summary)

# 1. Financial Results Forecast for the Fiscal Year Ending December 31, 2021 (Change in Fiscal Year-End)

## Change in fiscal year end

As a result of the change in fiscal year-end, we will disclose our consolidated statements of income on a financial reporting basis (summary) and on a supplementary converted 12-month basis (beginning on page 24 of our financial results presentation).

### ■ Financial Reporting (Summary)

Japanese Domestic Business: FY2020 Apr-Mar (12 months), FY2021 Apr-Dec (9 months), FY2022 Jan-Dec (12 months)  
 Overseas Business: FY2020 Jan-Dec (12 months), FY2021 Apr-Dec (9 months), FY2022 Jan-Dec (12 months)  
\*The period from January through March, 2021, for overseas subsidiaries will be included as retained earnings in the consolidated statement of changes in shareholders' equity.

	2020				2021				2022				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	
Japanese Domestic Business	FY2020				FY2021				FY2022				
Overseas Business					*								

# 1. Financial Results Forecast for FY2021 (Summary)

Summary

## 1. Overview (Consolidated)

### A Forecast for the Fiscal Year Ending December 31, 2021

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

Item	Full-Year Forecast (Japan and overseas: Apr-Dec 2021) *Financial reporting basis	FY2020 Results (Japan: Apr 2020- Mar 2021) (Overseas: Jan-Dec 2020) *Financial reporting basis	Difference
Revenues	15,600	20,791	(5,191)
Operating income	560	781	(221)
Operating income margin	3.6	3.8	—
Ordinary income	580	812	(232)
Profit attributable to owners of parent	390	561	(171)
Overseas sales	3,766	4,537	(771)

# 1. Financial Results Forecast for FY2021 (Summary)

Summary

## B Japan and Overseas Results Forecast (not including adjustments)

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

Segment	Item	Full-Year Forecast	FY2020 Results	Difference YoY	Difference YoY (%)	[Reference] FY2021 Interim Target
Japan Total	Revenues	12,839	17,757	(4,918)	(27.7)	19,300
	Segment Income	523	699	(176)	(25.2)	690
Overseas Total	Revenues	3,766	4,537	(771)	(17.0)	5,200
	Segment Income	166	222	(56)	(25.3)	200

Overseas sales ratio  
(Ratio of overseas revenues to consolidated revenues)

24.1% (Interim Target : 23.1%)

# 1. Financial Results Forecast for FY2021 (Summary)

Summary

## C Forecasts by Reportable Segment

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

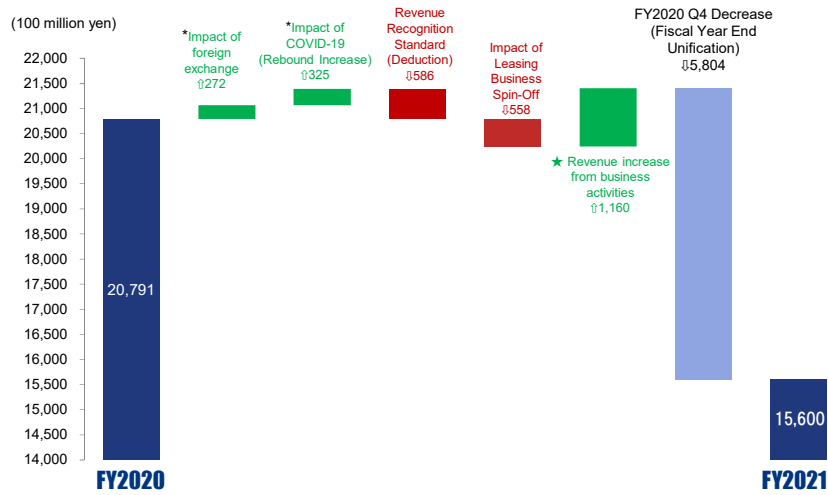
Segment	Item	Full-Year Forecast	FY2020 Results	Difference YoY	Difference YoY (%)	[Reference] FY2021 Interim Target
Japan	Revenues	9,560	12,128	(2,568)	(21.2)	13,000
	Segment Income	409	519	(110)	(21.3)	520
The Americas	Revenues	783	781	1	0.2	1,200
	Segment Income	27	4	22	454.4	62
Europe	Revenues	977	1,171	(194)	(16.6)	1,350
	Segment Income	42	34	7	23.4	46
East Asia	Revenues	1,084	1,436	(352)	(24.6)	1,500
	Segment Income	35	84	(49)	(58.6)	41
South Asia & Oceania	Revenues	922	1,147	(225)	(19.6)	1,150
	Segment Income	62	98	(36)	(37.2)	51
Security Transportation	Revenues	515	692	(177)	(25.6)	750
	Segment Income	8	(9)	17	—	3
Heavy Haulage & Construction	Revenues	370	458	(88)	(19.3)	500
	Segment Income	44	52	(8)	(15.7)	40
Logistics Support	Revenues	2,394	4,478	(2,084)	(46.5)	5,050
	Segment Income	62	136	(74)	(54.6)	127

# 1. Financial Results Forecast for FY2021 (Summary)

Summary

## D Breakdown of Revenues and Operating Income

### 1. Revenues



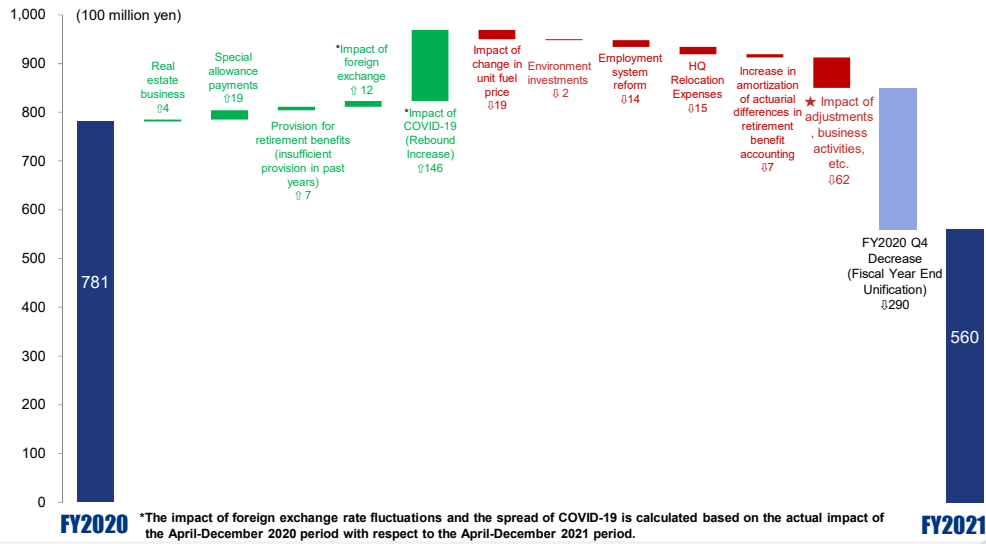
\*The impact of foreign exchange rate fluctuations and the spread of COVID-19 is calculated based on the actual impact of the April-December 2020 period with respect to the April-December 2021 period.

# 1. Financial Results Forecast for FY2021 (Summary)

Summary

## D Breakdown of Revenues and Operating Income

### 2. Operating income



## II. Financial Results Forecast for FY2021 B. Converted to 12-Month Basis (Pro Forma)



## 2. Financial Results Forecast for FY2021 (Converted 12-Month Basis)

As a result of the change in fiscal year-end, we will disclose our consolidated statements of income on a financial reporting basis (summary) and on a supplementary converted 12-month basis (\*estimated).

\*Forecasts 2021 have been calculated using simplified methods, including historical elimination ratios.  
Figures are unaudited and for reference only.

### ■ Converted 12-Month Basis

Domestic Business: FY2020 Jan-Dec (12 months), FY2021 Jan-Dec (12 months), FY2022 Jan-Dec (12 months)  
Overseas Business: FY2020 Jan-Dec (12 months), FY2021 Jan-Dec (12 months), FY2022 Jan-Dec (12 months)

	2020				2021				2022			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Domestic Business	FY2020				FY2021				FY2022			
Overseas Business												

▪ Nippon Express has decided to change our fiscal year end from March 31 to December 31, resulting in a January-to-December fiscal year.

The purpose of this change is to unify the fiscal year end of domestic and overseas group companies to December 31, which is the global standard. In so doing, we aim to finalize and disclose group earnings in a timely manner, while also improving management transparency. This change will also strengthen governance as a global company in conjunction with our transition to a holding company structure.

In these presentation materials, our explanations will use figures from pro forma financial statements calculated for the calendar year from January to December.

Fiscal 2021 marks the third year of our business plan, and is a benchmark year for which we have announced official interim targets. We will consider revising our business plan as necessary in light of progress this fiscal year and progress toward our final-year targets.

However, we intend to evaluate and measure our progress toward our interim targets and final-year targets based on the calendar year from January to December 2021.

## 2. Financial Results Forecast for FY2021 (Converted 12-Month Basis)



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

### A Forecast for the Fiscal Year Ending December 31, 2021

Converted 12-Month  
Basis

Item	Full-Year Forecast (Jan-Dec 2021)	Prior-Year Results (Jan-Dec 2020)	Difference [Difference %]
Revenues	21,400	20,522	877 [4.3]
Operating income	830	729	100 [13.8]
Operating income margin	3.9	3.6	—
Ordinary income	870	692	177 [25.7]
Profit attributable to owners of parent	530	503	26 [5.3]
Overseas sales	5,247	4,537	709 [15.6]

\*Comparison of full-year forecast (converted 12-month period) and previous performance (converted 12-month period)

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• We expect the following year-on-year results based on our calculations that consider our current circumstances and forecasts from a comprehensive standpoint:

Increase of ¥87.7 billion for net sales

Increase of ¥10.0 billion for operating income

Increase of ¥17.7 billion for ordinary income

and

Increase of ¥2.6 billion for net income

• As the fourth wave of COVID-19 infections is spreading in Japan, exactly when infections will calm down and the future of our economy are still uncertain. In addition, we expect the effect of special factors on boosting earnings to decline.

We believe it will take time for a recovery in passenger flights and that dealing with this fact via belly charters for air forwarding will continue at least through the second half of 2021.

However, we have prepared our forecasts based on the assumption that the impact of a rebound decline in spot handling of emergency freight forwarding and other factors will emerge early on. Accordingly, one of the important themes will be to respond to this rebound decline. The foundation of our efforts will be to secure sales and control costs, mainly outsourcing costs, in the short term. From a medium- to long-term perspective, we will work toward our long-term vision by expanding and strengthening our earnings base through growth strategy for core businesses and strategy to enhance domestic businesses in Japan.

## 2. Financial Results Forecast for FY2021 (Converted 12-Month Basis)

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

### B Forecasts by Reportable Segment

Converted 12-Month  
Basis

Segment	Item	Full-Year Forecast (Jan-Dec 2021)	Prior-Year Results (Jan-Dec 2020)	Difference YoY	Difference YoY (%)
Japan	Revenues	12,858	11,779	1,078	9.2
	Segment Income	576	457	118	25.9
The Americas	Revenues	1,021	781	239	30.7
	Segment Income	38	4	33	680.1
Europe	Revenues	1,340	1,171	168	14.4
	Segment Income	52	34	17	52.7
East Asia	Revenues	1,558	1,436	121	8.4
	Segment Income	68	84	(16)	(19.5)
South Asia & Oceania	Revenues	1,328	1,147	180	15.7
	Segment Income	88	98	(10)	(10.9)
Security Transportation	Revenues	689	697	(8)	(1.2)
	Segment Income	5	(1)	6	—
Heavy Haulage & Construction	Revenues	465	472	(7)	(1.6)
	Segment Income	54	53	0	0.5
Logistics Support	Revenues	3,657	4,444	(787)	(17.7)
	Segment Income	114	123	(9)	(7.5)

## 2. Financial Results Forecast for FY2021 (Converted 12-Month Basis)

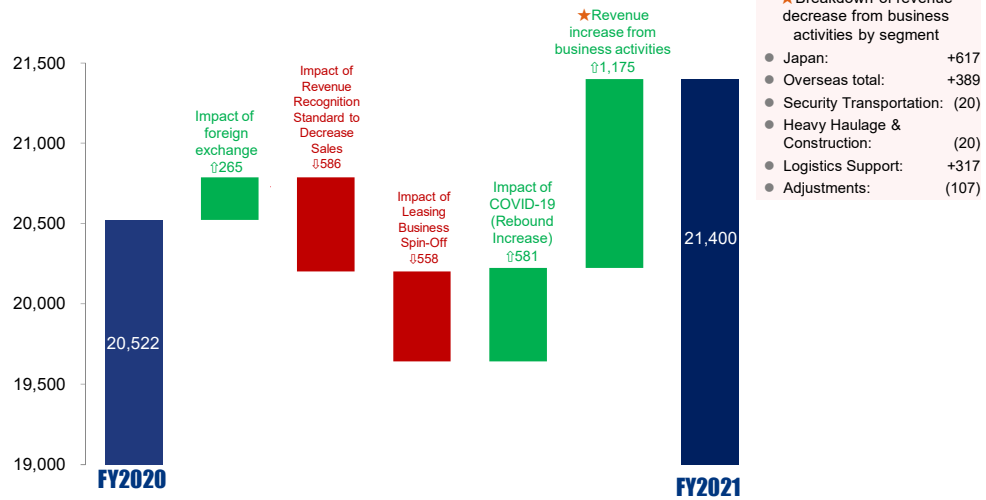
\*Domestic and overseas total for January through December compared to the same period in the previous year

### C Breakdown of Revenues and Operating Income

Converted 12-Month Basis

#### 1. Revenues

(100 million yen)



- ★Breakdown of revenue decrease from business activities by segment
- Japan: +617
  - Overseas total: +389
  - Security Transportation: (20)
  - Heavy Haulage & Construction: (20)
  - Logistics Support: +317
  - Adjustments: (107)

\*Comparison of full-year forecast (converted 12-month period) and previous performance (converted 12-month period)

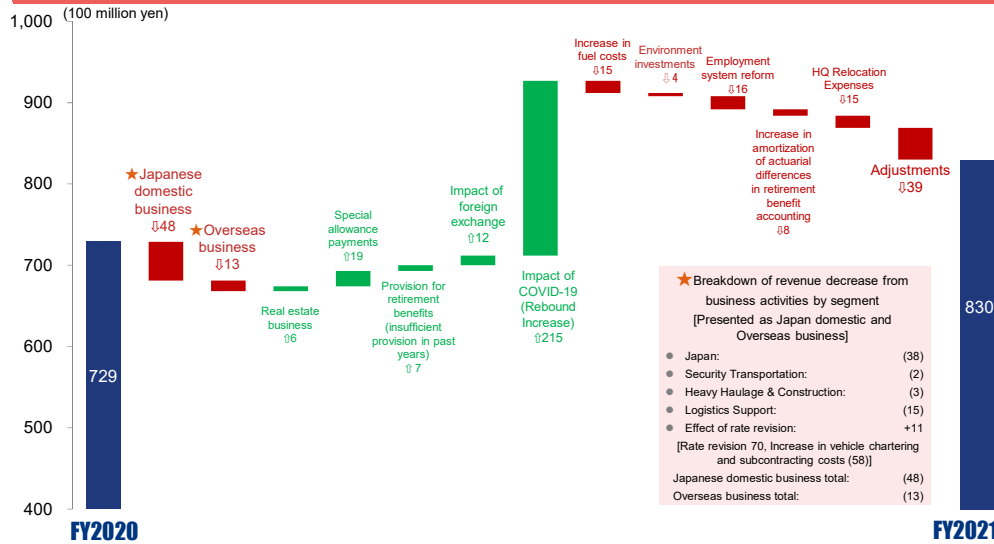
## 2. Financial Results Forecast for FY2021 (Converted 12-Month Basis)

\*Domestic and overseas total for January through December compared to the same period in the previous year

### C Breakdown of Revenues and Operating Income

Converted 12-Month Basis

#### 2. Operating Income



\*Comparison of full-year forecast (converted 12-month period) and previous performance (converted 12-month period)

### 3. Segment Overview for FY12/2021 (Converted 12-Month Basis)

#### A Japan Segment

##### 1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	12,858	11,779	1,078	9.2
Operating income*	576 [4.5]	457 [3.9]	118	25.9

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

\* Figures in brackets indicate operating income margin (%)

##### Overview

We expect to see a rebound in revenue stemming from the negative impact of COVID-19 on revenue in the previous fiscal year and a recovery in demand for each transportation mode (railway, motor, air, ocean) in the first half. Our air export freight forwarding business in particular should see strong cargo movement continuing from late last fiscal year, which should extend through at least the first half of FY12/2021. We forecast higher revenue and profit, despite an annual expected increase of ¥1.5 billion in costs related to equal pay for equal labor and employee system reform.

##### Special Factors

- Impact of fuel unit cost: [operating income] (13) [year]
- Cost increase associated with employee system reform: [operating income] (15) [year]
- Impact of COVID-19: [revenues] +461 [year] [operating income] +174 [year]
- Provision for retirement benefits: [operating income] +7 [Q1, year]
- Impact of special allowance payments: [operating income] +15 [Q1, year]
- Environment investments: [operating income] (4) [year]
- Real estate business: [operating income] +6 [year]
- HQ Relocation Expenses: [operating income] (15) [year]
- Impact of Revenue Recognition Standard: [revenues] (0) [year]
- Impact due to actuarial differences in retirement benefits: [operating income] (6) [year]

#### B The Americas Segment

##### 1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	1,021	781	239	30.7
Operating income*	38[3.7]	4 [0.6]	33	680.1

##### Overview

We expect to see a significant increase in revenues as wider vaccinations spur a continued economic recovery and activity should rebound from the impact of COVID-19 in the previous year. We also expect a significant increase in profit owing to the ongoing effect of the cost reductions we have pursued since the previous year.

##### Special Factors

- Impact of foreign exchange (weaker yen): [revenues] +17 [year] [operating income] +0 [year]
- Impact of COVID-19: [revenues] +36 [year] [operating income] +15 [year]
- Special allowance payments: [operating income] +0 [Q1, year]

### 3. Segment Overview for FY12/2021 (Converted 12-Month Basis)

#### C Europe Segment

1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	1,340	1,171	168	14.4
Operating income*	52 [3.9]	34 [2.9]	17	52.7

#### D East Asia Segment

1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	1,558	1,436	121	8.4
Operating income*	68 [4.4]	84 [5.9]	(16)	(19.5)

(100 million yen) (rounded down to 100 million yen)  
\* Figures in brackets indicate operating income margin (%)

Overview
We expect the economic recovery to continue, while activity should rebound from the spread of COVID-19 in the previous year. As a result, air, ocean, warehousing, and motor cargo transportation businesses should each outperform respective results in previous year. Profit should increase due to the ongoing effect of the cost reductions we have pursued since the previous year.

Special Factors
• Impact of foreign exchange (weaker yen): [revenues] +106 [year] [operating income] +2 [year]
• Impact of COVID-19: [revenues] +73 [year] [operating income] +24 [year]
• Special allowance payments: [operating income] +0 [Q1, year]

Overview
In addition to a rebound from the impact of COVID-19 in the previous year, unit prices in air export freight forwarding should decline, resulting in a reactionary decline in spot orders for the Christmas sales season. We expect revenues and profits to decrease compared to the previous year.

Special Factors
• Impact of foreign exchange (weaker yen): [revenues] +94 [year] [operating income] +5 [year]
• Impact of COVID-19: [revenues] (33) [year] [operating income] (14) [year]
• Special allowance payments: [operating income] +0 [Q1, year]

### 3. Segment Overview for FY12/2021 (Converted 12-Month Basis)

#### E South Asia & Oceania Segment

(100 million yen) (rounded down to 100 million yen)  
\* Figures in brackets indicate

1. Full-Year Forecast				
Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	1,328	1,147	180	15.7
Operating income*	88 [6.6]	98 [8.6]	(10)	(10.9)

**Overview**

While we will continue to make charter arrangements in our air export freight forwarding business, unit prices should be lower compared to the previous year. We forecast lower profit in response to expected increases in business and personnel expenses.

Special Factors	
• Impact of foreign exchange (weaker yen):	[revenues] +47 [year] [operating income] +4 [year]
• Impact of COVID-19:	[revenues] (22) [year] [operating income] (1) [year]
• Special allowance payments:	[operating income] +0 [Q1, year]

#### F Security Transportation Segment

1. Full-Year Forecast				
Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	689	697	(8)	(1.2)
Operating income*	5 [0.7]	(1) [(0.2)]	6	—

**Overview**

Over the first half of year, we expect to see a recovery in demand and a rebound in performance due to the prior-year negative impact of COVID-19. However, we forecast lower revenues for the 12-month period. While revenues decline, profits should increase as we achieve cost reductions through our ongoing efforts to improve operational efficiencies, etc.

Special Factors	
• Impact of fuel unit cost:	[operating income] (2) [year]
• Cost increase associated with the employment system reform:	[operating income] (0) [year]
• Impact of COVID-19:	[revenues] +12 [year] [operating income] +8 [year]
• Impact of special allowance payments:	[operating income] +2 [Q1, year]
• Impact due to actuarial differences in retirement benefits:	[operating income] (1) [year]



### 3. Segment Overview for FY12/2021 (Converted 12-Month Basis)

#### G Heavy Haulage & Construction Segment

##### 1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	465	472	(7)	(1.6)
Operating income*	54[11.6]	53 [11.4]	0	0.5

#### H Logistics Support Segment

##### 1. Full-Year Forecast

Item	FY12/2021	Vs. Prior Year		
		FY12/2020	Difference	Difference (%)
Revenues	3,657	4,444	(787)	(17.7)
Operating income*	114[3.1]	123 [2.8]	(9)	(7.5)

(100 million yen) (rounded down to 100 million yen)  
\* Figures in brackets indicate operating income margin (%)

##### Overview

We expect plant maintenance and wind power-related freight and installations to be the major drivers of results. Wind power-related business should increase, as should other renewable energy-related businesses, such as biomass.

##### Special Factors

- Decrease in fuel unit cost: [operating income] (0) [year]
- Cost increase associated with the employment system reform: [operating income] +0 [year]
- Impact of COVID-19: [revenues] +13 [year]  
[operating income] +3 [year]
- Impact of special allowance payments: [operating income] +0 [Q1, year]
- Impact due to actuarial differences in retirement benefits: [operating income] (0) [year]

##### Overview

Although we expect revenues in the LS business segment and logistics equipment to be strong, the spin-off of our leasing business and changes in revenue recognition standards are likely to drive revenue lower.

##### Special Factors

- Impact of foreign exchange (stronger yen): [revenues] (0) [year]  
[operating income] (0) [year]
- Cost increase associated with the employment system reform: [operating income] (0) [year]
- Impact of COVID-19: [revenues] +40 [year]  
[operating income] +4 [year]
- Impact of special allowance payments: [operating income] +1 [Q1, year]
- Impact of Revenue Recognition Standard: [revenues] (586) [year]
- Impact of Leasing Business Spin-Off: [revenues] (558) [year]

### III. Challenges of the Business Plan (Results)

# 1. Nippon Express Group Business Plan 2023 KPIs (Results)

## A Growth Strategy for Core Businesses

Item Revenues	Domestic *1				
	FY3/2021 Results *2	FY3/2020 Results *2	Vs. Prior Year	FY3/2021 Forecast	Vs. Forecast, %
Electric and Electronics Industry	¥108.7 billion	¥103.8 billion	4.7%	¥99.0 billion	9.8%
Automotive Industry	¥67.9 billion	¥66.2 billion	2.6%	¥53.5 billion	26.9%
Apparel Industry	¥17.2 billion	¥15.6 billion	10.3%	¥17.0 billion	1.2%
Pharmaceutical/Medical Industry	¥14.5 billion	¥14.7 billion	(1.4%)	¥15.0 billion	(3.3%)

Item Revenues	Overseas				
	FY3/2021 Results *2	FY3/2020 Results *2	Vs. Prior Year	FY3/2021 Forecast	Vs. Forecast, %
Electric and Electronics Industry	¥144.5 billion	¥107.8 billion	34.0%	¥109.5 billion	32.0%
Automotive Industry	¥69.7 billion	¥68.0 billion	2.5%	¥61.5 billion	13.3%
Apparel Industry	¥53.1 billion	¥54.1 billion	(1.8%)	¥43.0 billion	23.5%
Pharmaceutical/Medical Industry	¥13.3 billion	¥10.2 billion	30.4%	¥11.0 billion	20.9%

\*1 Japan results, KPI figures are for non-consolidated Nippon Express. \*2 Domestic reflects April 2020 - March 2021; Overseas reflects January - December 2021  
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•With respect to our efforts in priority industries, as described in our financial presentation materials, we achieved the forecasts presented in our IR presentation last August, with the exception of our business related to the pharmaceutical/medical industry in Japan. We believe that the decline in outpatients due to the COVID-19 pandemic had a negative impact on our pharmaceuticals/medical industry business. In other priority industries, we accurately captured logistics needs, including demand in air cargo transportation, seeing and reacting to changes in the COVID-19 market and supply chains.

•Next, I want to address three priority industries that we will focus on in particular in the future.

•The first is the pharmaceuticals/medical industry. During fiscal 2021, we will finally launch full-scale global sales in Japan and overseas. In February this year, four warehouses dedicated to pharmaceuticals became fully operational in Japan. These warehouses not only secure domestic inventory of prescription drugs via temperature control, but also offer global pharmaceutical logistics functions including bonding and export for overseas markets.

In the future, we will form a global network together with CFS, which has acquired GDP certification and operates overseas, becoming responsible for the stable supply of pharmaceuticals. The two domestic gateways, Narita Airport and Kansai Airport, have quality standards that are both CEIV and GDP certified. We intend to establish a network capable of responding to pharmaceutical manufacturers, API manufacturers, and import/export for new biotechnology-related pharmaceuticals. Nippon Express will take on the challenge to rise to a new stage through an organization and quality standards that meet PIC/S GDP global standards in temperature control quality for pharmaceutical logistics.

Overseas, we have already began sales to approximately 200 companies on our list. This fiscal year, we narrowed our focus to eight global pharmaceutical manufacturers that have head offices in Europe and the U.S., initiating account sales to these companies. In this way, our approach to the pharmaceutical/medical industry has entered the implementation stage at the global level, and we look forward to future results.

•Next, I want to address about our efforts in the automotive industry.

The automotive industry is in the midst of a once-in-a-century transformation, and we see various changes taking place. The supply chain is changing and expanding in response to an accelerating movement toward decarbonization around the world.

Particularly in Europe, where the shift to EVs is underway, Central and Eastern Europe has become a hub for EV battery factories. Japanese companies related to this industry have begun to move into the region. We have already expanded our warehousing operations in Hungary, and we will continue to develop optimal solutions for the supply chain in Europe as the shift to EVs continues. With the evolution of AI technology and the spread of 5G, we expect self-driving vehicles to enter the market in a substantive way. In the midst of these developments, we see IT companies and companies from different industries enter the automotive industry. Assembly plants and suppliers are going through drastic changes. A horizontal supply chain is also forming in the automotive industry. In response to these changes in the automotive industry, we intend to develop global logistics proposals that take advantage of our network.

•Third, I want to address the semiconductor industry.

Since the fall of 2020, the IT industry has been experiencing a shortage of semiconductors, which has developed into a major problem for the automotive industry and other industries. This development marked the beginning of a 180-degree change in the market environment for semiconductors. In connection with the US-China frictions triggered by the semiconductor shortage, both the U.S. and China have announced plans to invest heavily and provide subsidies for the domestic production of semiconductors, and the world map of semiconductors is expected to change with the U.S. and Chinese camps taking center stage. Recently in the Americas, Intel Corporation announced that it plans to build a 2 trillion yen plant and enter the foundry business. TSMC is also building a new plant. We have already launched a project to respond to this development, and we will propose solutions to these companies regarding production and logistics. Japanese companies have an advantage in semiconductor manufacturing equipment in connection with the semiconductor situation. Here, we intend to use our expertise in international transportation to take an aggressive stance in growing sale in response to the changes in the semiconductor market. I have just explained the three priority industries in which we plan to focus. Our 2021 outlook for these priority industries is shown on page 49 of these materials. In the past, we have viewed the semiconductor industry as part of our Electric and Electronics industry business. Beginning in 2021, we will observe the semiconductor industry on its own.

# 1. Nippon Express Group Business Plan 2023 KPIs (Results)

## A Growth Strategy for Core Businesses

Item	FY2020 Jan-Dec Results	FY2019 Jan-Dec Results	Difference (%)
Ocean forwarding business*1	660,000 TEU	700,000 TEU	(5%)
Air forwarding business*1	720,000 t	800,000 t	(10%)

Item Revenues	FY2020 Jan-Dec Results	FY2019 Jan-Dec Results	Difference (%)
Non-Japanese Customer Accounts (GAM · GTA*2)	¥40.6 billion	¥29.9 billion	36%

\*1 Results, differences (%) rounded to the nearest whole number \*2 GAM: Global Account Management GTA: Global Target Accounts

\* Next, I will discuss our forwarding business.

Air and ocean forwarding volume decreased from the previous year, but both are on a track toward recovery. For details, please refer to page 36, which shows quarterly trends.

In air forwarding, most of the world's air passenger flights have been suspended due to COVID-19. Transportation continues to focus on belly charters, which use the cargo space on passenger flights. As a result, air freight unit costs have soared and remain at high levels.

According to IATA reports, the passenger supply as of February was at 40% of the level before the outbreak of COVID-19. It is estimated that the number of passengers will not return to the pre-COVID-19 levels until 2024, which means that it will still take some time to recover.

Given these circumstances, and to maintain the supply chain for our customers, we made aggressive use of belly charters to secure space in countries around the world ahead of our competitors.

We conducted more than 1,400 chartered flights to and from Japan during fiscal 2020, and our market share is increasing. Our market share for this past March was 25.2%, up 2.8 points compared to the same month in the previous fiscal year.

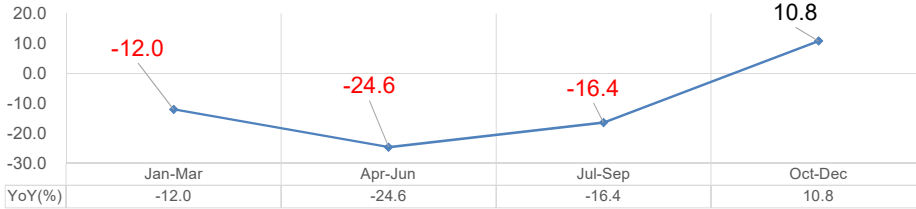
As a result, our air transportation business recorded a 29.8% increase in net sales compared to the previous fiscal year on a consolidated basis. Operating income also rose significantly, helping boost consolidated results.

(Reference) Air/Marine Freight Forwarding Business Trends

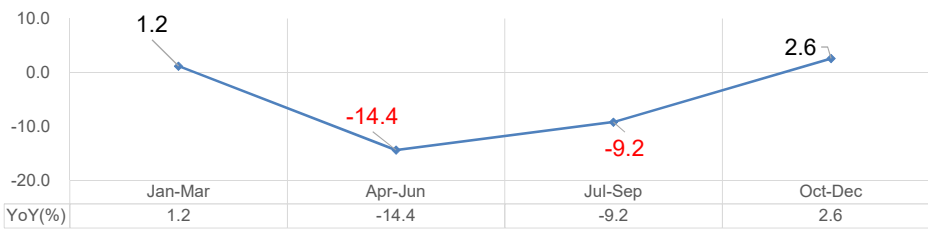
\*1  
 Air/Marine Freight Forwarding Business (Vs. 2020 Volume by Weight, Units)

(Unit: %)

**Air Forwarding Business**



**Marine Freight Forwarding Business**



\*1. Volume by weight and unit are global totals for Japan and overseas

# 1. Nippon Express Group Business Plan 2023 KPIs

## B Strategy to Enhance Domestic Businesses in Japan

FY2020	Results of Major Initiatives	FY2021	Major Initiatives
	<p><b>Improve Profitability</b> Leverage Company Strengths to the Fullest, Reducing Outsourcing Costs, and Pursue Daily Cost Controls</p> <ul style="list-style-type: none"> <li>Cumulative FY3/2021 annual results (YoY) Outsourcing costs reduced by ¥32.4 billion (-6.9%)</li> <li>* Second Half Revenues increased (+7.8%), while we reduced outsourcing costs by ¥6.6 billion (-2.8%) Outsourcing cost ratio 37.7% (-4.2 points YoY)</li> </ul>		<p><b>Improve Profits</b></p> <ul style="list-style-type: none"> <li>Raise the level of marginal profit from operations (continue to reduce subcontracting cost ratio)</li> <li>Maximize the use of company strengths</li> <li>Increase profits at operating companies under branches</li> </ul>
	<p><b>Further Back Office Personnel Reassignments</b></p> <ul style="list-style-type: none"> <li>Reassign 247 employees during the year (156 in block, 91 at head office)</li> </ul>		<p><b>Improve Productivity</b></p> <ul style="list-style-type: none"> <li>Raise overall level of warehouse operations</li> <li>Automate, streamline office work (Accelerate RPA initiatives)</li> </ul>
	<p><b>Automate, Streamline Office Work</b></p> <ul style="list-style-type: none"> <li>Streamline work site tasks via RPA (78 projects underway)</li> </ul>		<p><b>Strengthen Network Transportation Products</b></p> <ul style="list-style-type: none"> <li>Structural Reform of the Moving &amp; Relocation Business</li> <li>Strengthen and pursue Arrow delivery business</li> <li>Increase sales of Protect BOX</li> <li>Expand sales of domestic air transportation</li> <li>Increase sales of domestic air cargo containers</li> <li>Expand sales of railroad containers</li> </ul>
	<p><b>Strengthen Network Transportation Products</b></p> <ul style="list-style-type: none"> <li>Begin deployment of Protect BOX nationwide, across all modes</li> </ul>		<p><b>Deepen Integration of Land, Sea, and Air</b></p> <ul style="list-style-type: none"> <li>Pursue cross-mode sales</li> <li>Integrate locations and facilities further</li> </ul>

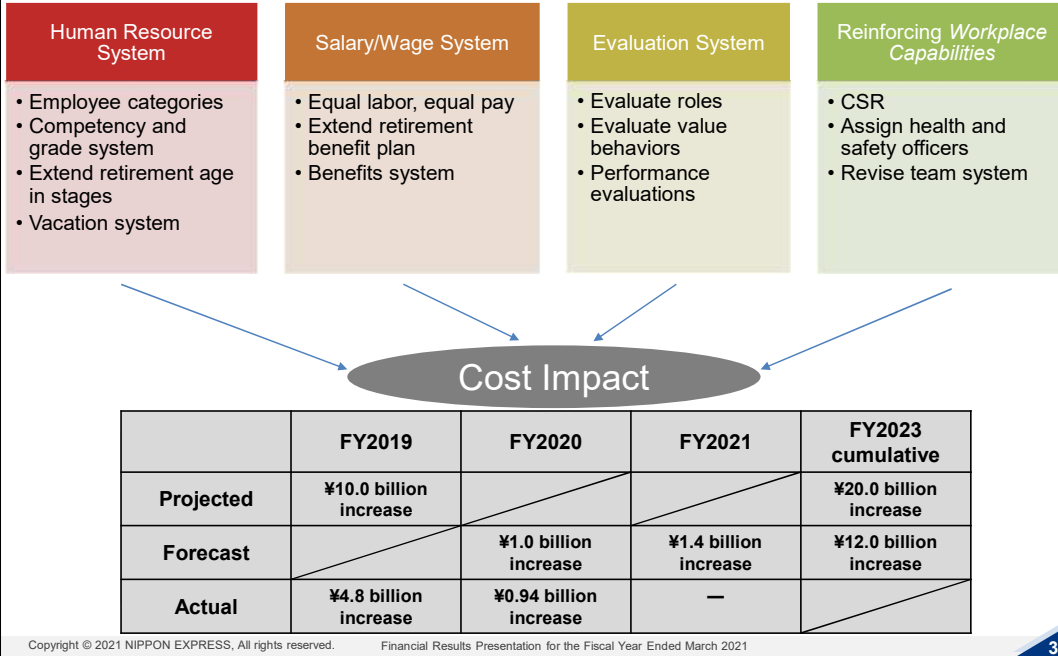
We are pursuing a variety of initiatives as part of our strategy to enhance domestic businesses in Japan. A few of our major initiatives are noted here. First, I will discuss how we will improve profitability. During fiscal 2020, the COVID-19 pandemic caused overall weakness in domestic cargo movement, particularly during the first half of the year. However, we focused on cost control, reducing outsourcing costs by ¥32.4 billion yen (-6.9%) in total for the year. During the second half of the year in particular, even though net sales increased by 7.8%, we reduced subcontracting costs by ¥6.6 billion. As a result, our subcontracting cost ratio for the second half of the year decreased by 4.2 points compared to the previous year, amounting to 37.7%. We believe that our cost control is functioning well, even as we experience phases of increased revenues. We will continue to pursue cost control vigorously in fiscal 2021.

Our presentation materials describe results related to our efforts to engage in further back office personnel reassignments, to automate and streamline office work (RPA), and strengthen our network transportation products.

During fiscal 2021, we will intend to strengthen and build on our initiatives to date, making efforts to pursue these measures more broadly, as described on the right side of the page. In particular, we plan to implement measures in all warehouses to improve general warehouse operations productivity. At the same time, we will expand network transportation products through stronger multi-modal products, leveraging our comprehensive strengths. As the domestic economy continues to struggle with COVID-19, the future remains extremely uncertain. However, we will continue our efforts to enhance our domestic business in Japan.

# 1. Nippon Express Group Business Plan 2023 KPIs

## C Progress in FY2020 Back Office Cost Reductions (as of March 31, 2021)



This slide shows the status of cost increases related to employee system reform. We indicated previously that the impact for fiscal 2020 would be ¥1.0 billion; however, the actual amount was an increase of ¥940 million.

We expect the impact for fiscal 2021 to be an increase of ¥1.4 billion, consisting of ¥600 million on a non-consolidated basis due to the extension of retirement age and ¥800 million due to equal pay for equal labor at consolidated subsidiaries. We expect the cumulative impact over the next five years to be a maximum of ¥12 billion.

# 1. Nippon Express Group Business Plan 2023 KPIs

## C Progress in FY2020 Back Office Cost Reductions (as of March 31, 2021)

Enhancing Japanese Domestic Businesses	FY2023 Targets	Item	FY2019 Results	FY2020 1H [YoY]	FY2020 2H [YoY]	FY2020 Results	Cumulative [FY2019 + FY2020]	FY2021 Target (Apr-Dec)
Further reorganization of organizations/ streamlining of administrative departments	-¥4.5 billion [-500 employees]	Further branch back office personnel reassignments	-¥1.10 billion [-124 employees]	-¥0.45 billion [-50 employees]	-¥0.95 billion [-106 employees]	-¥1.40 billion [-156 employees]	-¥3.32 billion [-371 employees]	-
		Reassign HQ employees	-	-¥0.37 billion [-41 employees]	-¥0.45 billion [-50 employees]	-¥0.82 billion [-91 employees]		-¥0.07 billion [-8 employees]
Reform back office processes	-¥5.0 billion	Overtime [back office personnel]	-¥1.10 billion	-¥0.85 billion	-¥0.47 billion	-¥1.32 billion	-¥3.31 billion	-¥0.47 billion
		Personnel dispatching cost [back office]	+¥0.15 billion	-¥0.32 billion	-¥0.72 billion	-¥1.04 billion		-¥1.08 billion
Total	-¥9.5 billion	Total	-¥2.05 billion	-¥1.99 billion	-¥2.59 billion	-¥4.58 billion	-¥6.63 billion	-¥1.62 billion

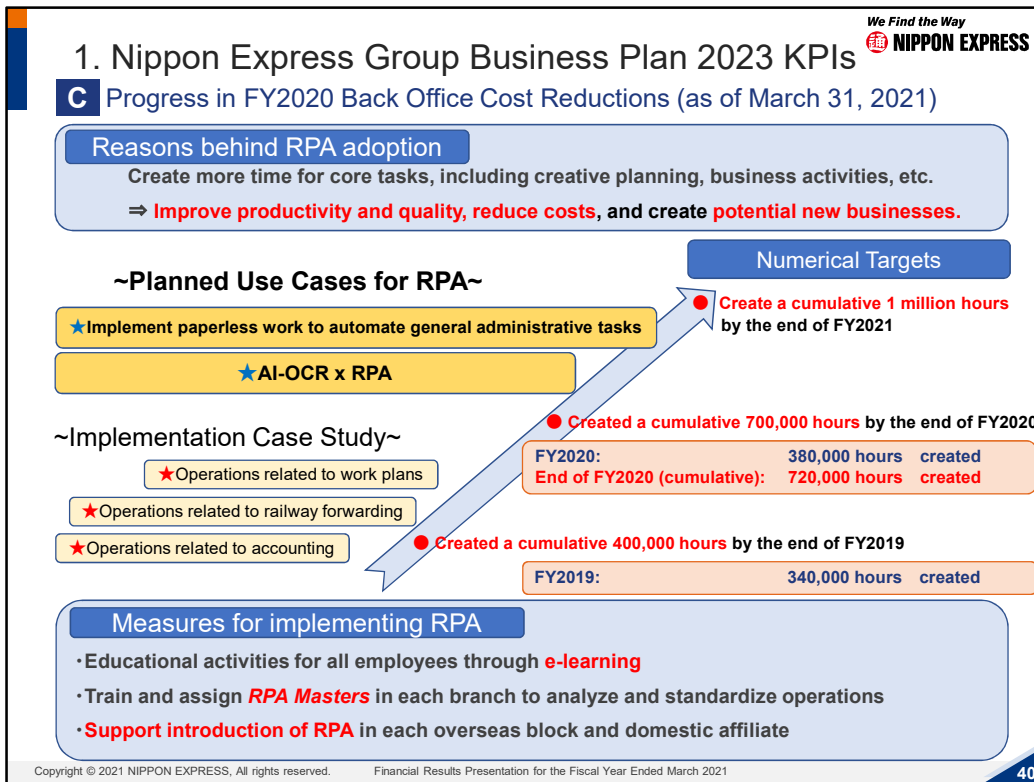
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As of fiscal 2020, we have reassigned a total of 247 employees, resulting in a cost reduction of ¥2.22 billion for our back office departments. In addition, administrative process reforms and other factors have helped us reduce overtime by ¥1.32 billion and personnel dispatch costs by ¥1.04 billion, allowing us to reduce administrative department costs by ¥4.58 billion for fiscal 2020.

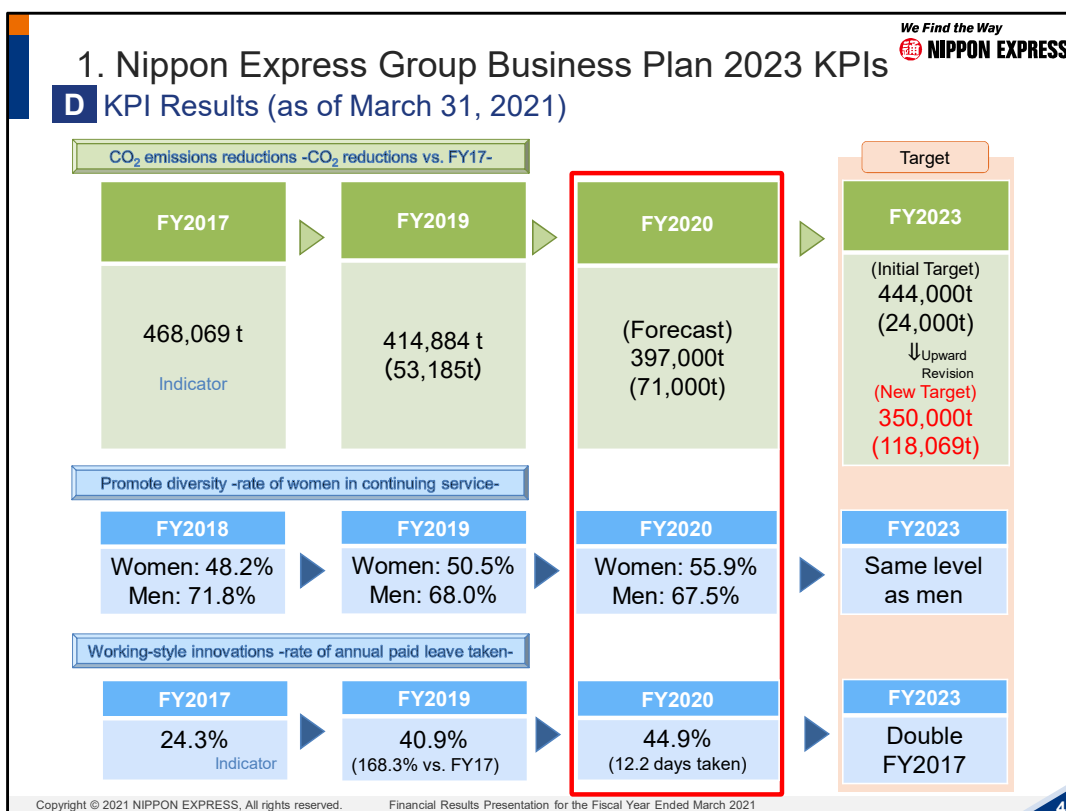
Since fiscal 2019, our cumulative savings has amounted to ¥6.63 billion, which is approximately 70% of our target of ¥9.5 billion. In fiscal 2021, we are aiming for a total of ¥1.62 billion over the nine months through December





This slide shows our RPA initiatives as part of our office process reforms. In fiscal 2020, we automated 380,000 hours of office work. In fiscal 2021, we are working to achieve 300,000 hours over 9 months, and we plan to achieve our initial goal of 1 million hours by the end of fiscal 2021. There are still areas that can be automated in fiscal 2022 and beyond, so we will set new targets and dig deeper in our efforts.

In addition, with respect to our accounting operations we are pursuing workload reductions for on-site administrative tasks, bringing visibility to indicators of efficient use of systematization for each local branch office. This systematization includes the automation of expense reimbursement and the computerization of invoices. We are putting SSC (*Shared Service Center*) to use for personnel and payroll operations.



This slide shows how far we have achieved our KPIs related to ESG management.

We are making good progress toward our targets in all three areas, but I want to provide further explanation on CO<sub>2</sub> emissions. Conscious of the government's target in response to the Paris Agreement, we have set a long-term goal of reducing our CO<sub>2</sub> emissions in 2030 by 30% compared to 2013. Our main efforts to date include the introduction of environmentally friendly vehicles, replacement of domestic vessels, and the use of LED lighting in our facilities. Our efforts are progressing smoothly, and we have already achieved a reduction of 71,000 tons, far exceeding the final target of 24,000 tons in our business plan.

Based on this situation, we have decided to step up our efforts to achieve our long-term target of a 30% reduction by 2030 (350,000 tons of emissions), moving our schedule up seven years to the year 2023, three years from now. As a recent development, the government has declared that Japan will be carbon neutral by the year 2050. The government set an interim target of a 46% reduction by 2030. We believe our new schedule is consistent with this movement. In the future, we will consider setting new long-term targets and initiatives in light of these and other developments.

## 2. Inorganic Growth Strategy

Strategies for Business Selection and Focus, Strategies to Slim Down Balance Sheet (FY3/2021 Initiatives)

### Business Selection and Focus



### Slim Down Balance Sheet

#### First Effort by Nippon Express

Mizonokuchi Distribution Center and other land, buildings owned by Nippon Express

Transferred Assets	Location	Site area	Total floor space	Current status
Mizonokuchi Distribution Center	Koyasu-cho, Niigata Prefecture	Approx. 41,700sq	Approx. 49,000sq	Used as a distribution center
East Japan Pharmaceutical Center	Utsunomiya City, Saitama Prefecture	Approx. 59,800sq	Approx. 65,000sq	Under construction as a dedicated pharmaceutical warehouse
West Japan Pharmaceutical Center	Nogahara-cho, Osaka	Approx. 32,400sq	Approx. 63,000sq	Under construction as a dedicated pharmaceutical warehouse
Kyushu Pharmaceutical Center	Kiyokawa-cho, Fukuoka Prefecture	Approx. 34,200sq	Approx. 37,000sq	Under construction as a dedicated pharmaceutical warehouse

\*Nippon Express intends to continue using facilities based on a separately signed lease agreement

#### Purpose for Liquidizing Facilities

Generate Cash    Slim Down Balance Sheet    Diversify Assets, Procurement



Our Inorganic Growth Strategy is simply a way for us to grow into a global mega-forwarder through M&A. We are preparing to move forward with this strategy, optimizing our portfolio through selection and concentration and creating funds for M&A by slimming down our balance sheet.

We believe it will be important for us to pursue these two points in a consistent manner.

At the same time, we must aim to improve capital efficiency as we focus on ROIC in making management decisions.

Given this perspective, we transferred the Kita-Nihon Kaiun Co., Ltd. ferry business and Nittsu Driving School business during fiscal 2020. In addition, we liquidated Nippon Express Travel and the NTS travel business, while acquiring MD Logistics, a company with strengths in the pharmaceutical logistics business in the United States.

As part of our efforts to slim down our balance sheet, we modified our distribution centers through a liquidation mechanism and spun off the Nittsu Shoji leasing business to Tokyo Century Corporation and Sampo Japan Insurance, Inc. At the same time, we expect to see synergy effects from an alliance with Century Tokyo.

We will continue to work aggressively on optimizing our business portfolio through selection and concentration, while slimming down our balance sheet to create funds for M&A.

### 3. Transition to a Pure Holding Company Structure

#### Transition to a Pure Holding Company Structure (January 2022)

**Make Major Changes in Our Group Management Structure to Accelerate  
Toward Our Long-Term Vision**

#### Purpose of Transition to a Holding Company Structure (Ideal Group Management Structure)

##### 1. Reinforce Group Management

Holding company formulates group policies, drives group growth, optimizes group business portfolios, and creates group synergies (maximize value as a group)

##### 2. Strengthen global governance structure for greater overseas business growth

Holding company establishes governance system that accelerates investment of management resources into overseas businesses (growth areas) and strengthens overseas controls in cooperation with overseas regional headquarters (strengthen global governance in terms of "offensive" and "defensive" governance)

##### 3. Enhance Corporate Management

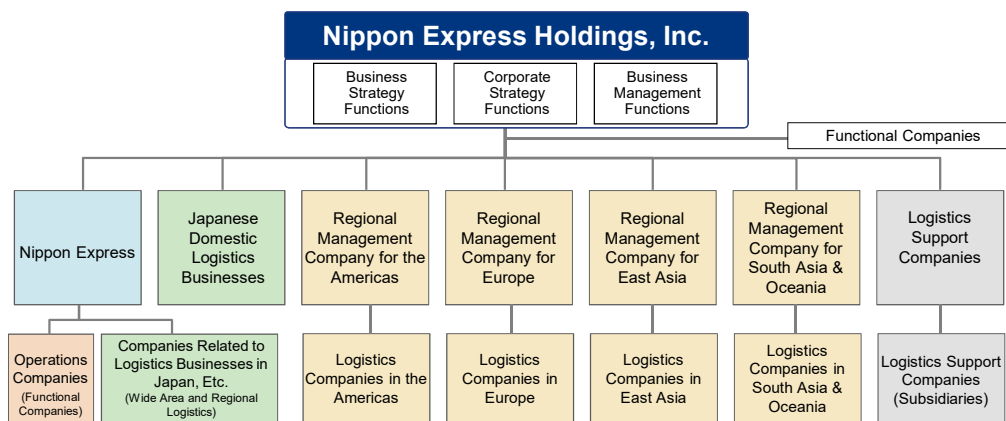
Holding company ensures progress of corporate strategy and advancement of appropriate business portfolio and other business management systems. The holding company will also adopt KPIs and initiatives (group database advancements) that leads to customer-driven group-wide optimization and global business growth

\*We will provide more information at a future date regarding the holding company structure and overview/details of the holding company following our share transfer plan announcement scheduled for April 2021.

### 3. Transition to a Pure Holding Company Structure

Transition to a Pure Holding Company Structure (January 2022)

#### Establish Nippon Express Holdings, Inc.



**Pursue a stable transition to the new system and establish the necessary governance mechanisms  
Aim to maximize group value as one Nippon Express Group team**

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• To reinforce functions to support challenges, in January, we announced a *Notice Concerning the Commencement of Preparations to Transition to a Holding Company*. We have decided to name the new holding company Nippon Express Holdings, Inc. For our group to grow dramatically toward becoming a logistics company with a strong presence in the global market, we must make the global market our main battlefield. With this in mind, we understand that we must not only strengthen Nippon Express as an individual company, but also achieve growth as a group through cooperation among group companies around the world, including those in Japan. A mountain of issues remain to be tackled on a global level, including sustainability management and digital transformation.

In light of these issues, it is increasingly difficult for Nippon Express, as the parent company of the group companies, to develop strategies rapidly while conducting its own business. This transformation is one topic in transformation toward this new structure. We want to divide group functions into two categories: (1) functions to build strategies from a high-altitude view of our entire business and (2) functions to conduct business. We intend to maintain coordination while strengthening these functions in a new organization.

Currently, we are preparing to make the transition to a new structure in January of next year. Nippon Express will be organized directly under the holding company, as will be four overseas regional management companies, Nittsu Shoji, and other logistics support companies.

Each Nippon Express business will continue to play a central role within the group, while Nippon Express serves to unify the logistics businesses in Japan.

At the same time, subsidiaries with a high ratio of external sales and independent strengths will be placed directly under the holding company to ensure coordination and synergies with the rest of the group outside Nippon Express. First, we must secure a steady transition to a holding company structure. To this end, we will refrain from making major structural changes during the first stage of the transition, but rather continue with our reorganization while forming a concrete picture of a structure that will enable us to achieve further global growth and stronger group management. I will explain the details of our reorganization at another time, once the details are determined.

## 4. Consideration of Security Transportation Business Spin-off

### Commencement of Consideration of Security Transportation Business Spin-Off

#### Current Status

- The Security Transportation Business posted a second-consecutive operating loss, despite special factors such as the impact of COVID-19
- 1. The business environment for financial institutions (our customers) is becoming more challenging, with likely restructuring ahead
- 2. The shift to cashless transactions will likely continue

#### Objective of the Spin-Off

1. Clarify the roles and responsibilities of the operating company
2. Strengthen the company's expertise and competitiveness in response to the changing times

#### Future Vision

Create services demanded by the times for flexible and timely decision-making

• Today, we announced *Notice Concerning Commencement of Consideration on Security Transportation Business Spin-Off*. This announcement is part of the ongoing considerations to transitioning to the new structure I just explained. We recorded an impairment loss for this business in our current financial statements.

The business environment is changing, and we are pursuing structure change to create services demanded by the times for flexible and timely decision-making, aiming to clarify the roles and responsibilities of our operating companies, as well as strengthen our expertise and competitiveness in response to the changing times.

• In exercising ESG-oriented business management to realize sustainable development and improve corporate value, we have seen results in work-style reform and the reduction of CO2 emissions, among other progress. With rising interest across the world in the global environment, Nippon Express has undertaken initiatives toward carbon neutrality, which will intend to accelerate.

In addition, we are aware of global standards, and we have launched a project to consider how to respond to digital transformation. We hope to present more details in our integrated report and briefing materials toward the end of July this year.

## IV. Business Plan Initiatives (Forecast) Converted 12-Month Basis (Pro Forma)

# 1. Medium-Term Business Plan Progress (Forecast)

Converted  
 12-Month Basis

## A Medium-Term Business Plan: Interim Goals

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

Item	Full-Year Forecast (Jan-Dec 2021)	Medium-Term Business Plan Interim Goals FY2021	Vs. Medium-Term Business Plan (%)
Revenues	21,400	22,500	(1,100) [(4.9)]
Operating income	830	830	— [—]
Operating income margin	3.9	3.7	—
Overseas sales	5,247	5,200	47 [0.9]



# 1. Medium-Term Business Plan Progress (Forecast)

## B Numerical Targets by Segment

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

Segment	Item	Full-Year Forecast (Jan-Dec 2021)	Medium-Term Business Plan Interim Goals FY2021	Difference
Japan	Revenues	12,858	13,000	(142)
	Segment Income	576	500	76
	Operating income margin	4.5	4.0	—
The Americas	Revenues	1,021	1,200	(179)
	Segment Income	38	62	(24)
	Operating income margin	3.7	5.2	—
Europe	Revenues	1,340	1,350	(10)
	Segment Income	52	46	6
	Operating income margin	3.9	3.4	—
East Asia	Revenues	1,558	1,500	58
	Segment Income	68	41	27
	Operating income margin	4.4	2.7	—
South Asia & Oceania	Revenues	1,328	1,150	178
	Segment Income	88	51	37
	Operating income margin	6.6	4.4	—
Security Transportation	Revenues	689	750	(61)
	Segment Income	5	3	2
	Operating income margin	0.7	0.4	—
Heavy Haulage & Construction	Revenues	465	500	(35)
	Segment Income	54	40	14
	Operating income margin	11.6	8.0	—
Logistics Support	Revenues	3,657	5,050	(1,393)
	Segment Income	114	127	(13)
	Operating income margin	3.1	2.5	—

# 1. Medium-Term Business Plan Progress (Forecast)

## C Nippon Express Group Business Plan 2023 KPIs of Growth Strategy for Core Businesses

Item Revenues	Domestic <sup>*1</sup>				
	FY12/2021 Forecast (12 months)	2020 Jan-Dec (Actual)	Difference (%)	KPIs (2023)	Forecast vs. KPI Progress
Electric and Electronics Industry	¥97.0 billion	¥94.3 billion	3%	¥120.0 billion	81%
Automotive Industry	¥74.0 billion	¥62.5 billion	18%	¥110.0 billion	67%
Apparel Industry	¥16.5 billion	¥16.5 billion	0%	¥24.5 billion	67%
Pharmaceutical/Medical Industry	¥15.0 billion	¥14.4 billion	4%	¥36.0 billion	42%
Strengthen initiatives with respect to semiconductor-related industries <sup>*2</sup>	¥21.5 billion	¥19.2 billion	12%	¥45.5 billion	47%

Item Revenues	Overseas				
	FY12/2021 Forecast (12 months)	2020 Jan-Dec (Actual)	Difference (%)	KPIs (2023)	Forecast vs. KPI Progress
Electric and Electronics Industry	¥137.5 billion	¥135.2 billion	2%	¥130.0 billion	106%
Automotive Industry	¥85.0 billion	¥69.7 billion	22%	¥110.0 billion	77%
Apparel Industry	¥55.0 billion	¥53.1 billion	4%	¥80.0 billion	69%
Pharmaceutical/Medical Industry	¥18.5 billion	¥13.3 billion	39%	¥40.0 billion	46%
Strengthen initiatives with respect to semiconductor-related industries <sup>*2</sup>	¥11.0 billion	¥9.4 billion	17%	¥15.0 billion	73%

\*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.

# 1. Medium-Term Business Plan Progress (Forecast)



## C Nippon Express Group Business Plan 2023 KPIs of Growth Strategy for Core Businesses

Item (Forwarding Volume)	FY12/2021 Forecast (Jan- Dec)	FY3/2022 Business Plan Interim Targets	Progress	KPI (2023)	Progress
Ocean forwarding business	860,000 TEU	1,000,000 TEU	86%	1,300,000 TEU	66%
Air forwarding business*1	865,000 t	1,200,000 t	72%	1,400,000 t	62%

Item Revenues	FY12/2021 Forecast (12 months)	KPI (2023)	Progress
Non-Japanese Customer Accounts (GAM · GTA*2)	¥44.0 billion	¥43.0 billion	102%

\*1 Progress rounded to the nearest whole number

\*2 GAM: Global Account Management, GTA: Global Target Accounts

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

Strategy to Enhance Domestic Businesses in Japan	FY2019 Results	FY2020 Results	FY12/2021 Cumulative Forecast (Apr- Dec)	Cumulative (Apr 2019 to Dec 2021)	FY3/2022 Business Plan Interim Targets	Progress
Further reorganization of organizations/ streamlining of administrative departments	¥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%

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Financial Results Presentation for the Fiscal Year Ended March 2021

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The *Fiscal 2021 Economic and Cargo Transportation Outlook*, published by Nittsu Research Institute and Consulting on March 30, reported that air freight export forwarding volume from Japan for fiscal 2021 increased 16.5% over the previous fiscal year. Among the priority industries I made special mention of earlier, this report indicates that the automotive industry and the electric and electronics industry—industries in which we have a high volume share—are expected to grow steadily. With the shortage of ocean cargo transportation containers and schedule confusion, a significant number of shipments are likely to shift to air cargo transportation.

By capturing these demands, we expect our volume to exceed the average growth rate of 16.5%, and we forecast an increase of about 50% for shipments from Japan. Also, we expect an increase of about 20% in volume from overseas, leading to a 30% increase for volume in fiscal 2021 on a global basis, returning to around 900,000 tons, which was the same level as in 2018 when our air export freight forwarding business performed very well.

As I mentioned earlier, however, it will take some time for the number of passenger flights to recover. For this reason, we expect to continue to deal mainly with belly charters, a condition likely to last until at least the second half of 2021.

Our challenge, therefore, will be to secure and provide stable air capacity. To this end, we will make effective use of charter brokers in addition to block space agreements to meet air cargo demand and contribute to maintaining supply chains.

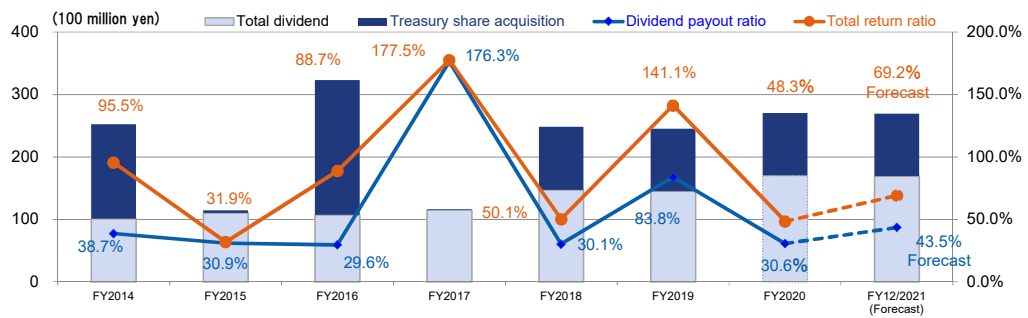
At the same time, we view FY2021 as a year to determine the changes brought about by the COVID-19 pandemic. In other words, the key point is to understand the changes in market trends and industrial structure, and how we will stake our position as a leader in the new logistics. We will continue to engage aggressively with this topic.

## V. Return to Shareholders

### A Capital Policies

- ROE: 10%
- Dividend payout ratio 30%
- Total return ratio: Over 50% (cumulative total 2019-2023)
- Equity ratio: Target 35%

### B Key Indicators



Dividend per Share (Full-Year)	10	11	11	120*	155	155	185	185 (Forecast)
ROE	5.1	6.8	6.9	1.2	9.2	3.2	10.0	6.7 (forecast)

\* The Company conducted a ten-for-one reverse stock split effective October 1, 2017.  
The amounts of dividends from FY2017 onwards reflect this reverse split.

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We have decided to pay an annual dividend of ¥185 in shareholder returns for the fiscal year ended March 31, 2021 due to the increase in net income. This represents an increase of ¥30 compared to the previous fiscal year. Our dividend payout ratio will be 30.6%, and the total return ratio, including share buybacks, will be 48.3%, bringing the total return ratio to 70.3% over the two-year period beginning fiscal 2019.

For the fiscal year ending December 31, 2021, we forecast an annual dividend of ¥185, which will be the same as for the current fiscal year. We also announced today that we will conduct a share buyback of up to ¥10 billion.

We will continue to strive to expand shareholder returns, keeping in mind a dividend payout ratio of 30% or more as provided in our business plan, based on profit excluding special factors such as asset sales and impairment loss, etc. We will also maintain awareness of the five-year cumulative 50% or more in total return ratio, as defined in our current business plan.

# Supplemental Documents

The information presented in this document provides data trends for each category. However, the data used is pre-close data and may differ from figures presented in our financial reports.

Please be aware that this document has been produced to provide a better understanding of current business conditions.

# (Appendix 1) Financial Results for FY2020

## A Changes Due to External Environmental and Other Factors (Results)

Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Impact of change in unit fuel price	<p><b>+¥2.60 billion</b> (cost decrease)</p> <p>* 1H : +¥1.57 billion (cost decrease) 2H : +¥1.03 billion (cost decrease)</p>	<p>Unit price per ℓ [Yearly average in FY2019/ Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil : ¥84.32 [¥100.22/¥82.10]</li> <li>• Gasoline : ¥121.10 [¥134.37/¥119.50]</li> <li>• Heavy oil : ¥47.13 [¥56.47/¥45.40]</li> </ul>
Impact of foreign exchange	<p>Revenues: <b>¥(6.14) billion</b></p> <p>Operating income: <b>¥(0.14) billion</b></p> <p>*1H: Revenues: ¥(5.89) billion Operating income: ¥(0.17) billion</p> <p>2H: Revenues: ¥(0.25) billion Operating income: +¥0.03 billion</p>	<p>Average annual exchange rate* [Yearly average in FY2019/ Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD : ¥106.82 [¥109.15/¥106.80]</li> <li>• EUR : ¥121.81 [¥122.66/¥121.80]</li> <li>• HKD : ¥13.77 [¥13.92/¥13.70]</li> <li>• RMB : ¥15.48 [¥15.90/¥15.40]</li> </ul> <p>* The average annual exchange rates are reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</p>
Environment investments	<p>Operating income: <b>¥(0.33) billion</b></p>	<ul style="list-style-type: none"> <li>• Japan : ¥(0.33) billion</li> </ul>

# (Appendix 1) Financial Results for FY2020

## A Changes Due to External Environmental and Other Factors (Results)

Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Correction of excessively recorded revenues in the past periods (rebound increase of fiscal 2019)	Revenues and Operating Income: +¥0.78 billion	<ul style="list-style-type: none"> <li>Japan : +¥0.78 billion [Q2]</li> </ul>
Change due to employee system reform (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: ¥(0.93) billion	<ul style="list-style-type: none"> <li>Japan : ¥(0.77) billion</li> <li>Security Transportation : ¥(0.09) billion</li> <li>Heavy Haulage &amp; Construction : ¥(0.04) billion</li> <li>Logistics Support : ¥(0.02) billion</li> </ul>
Impact from change of the period applicable to bonus payment (rebound increase of fiscal 2019)	Operating income: +¥4.63 billion	<ul style="list-style-type: none"> <li>Japan : +¥3.54 billion [Q1]</li> <li>Security Transportation : +¥0.97 billion [Q1]</li> <li>Heavy Haulage &amp; Construction : +¥0.11 billion [Q1]</li> </ul>
Special allowance payments	Operating income: ¥(1.98) billion	<ul style="list-style-type: none"> <li>Japan : ¥(1.51) billion [Q1]</li> <li>Overseas : ¥(0.04) billion [Q1]</li> <li>Security Transportation : ¥(0.25) billion [Q1]</li> <li>Heavy Haulage &amp; Construction : ¥(0.02) billion [Q1]</li> <li>Logistics Support : ¥(0.14) billion [Q1]</li> </ul>

## (Appendix 1) Financial Results for FY2020

### A Changes Due to External Environmental and Other Factors (Results)

Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Provision for retirement benefits (insufficient prior-period provisions)	Operating income: ¥(0.74) billion	<ul style="list-style-type: none"> <li>Japan : ¥(0.74) billion [Q1]</li> </ul>
Impact due to change in retirement allowance rules	Operating income: +¥0.33 billion	<ul style="list-style-type: none"> <li>Japan : +¥0.3 billion</li> <li>Security Transportation : +¥0.02 billion</li> <li>Heavy Haulage &amp; Construction : +¥0.01 billion</li> </ul>
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.39) billion	<ul style="list-style-type: none"> <li>Japan : ¥(0.31) billion</li> <li>Security Transportation : ¥(0.07) billion</li> <li>Heavy Haulage &amp; Construction : ¥(0.0) billion</li> </ul>



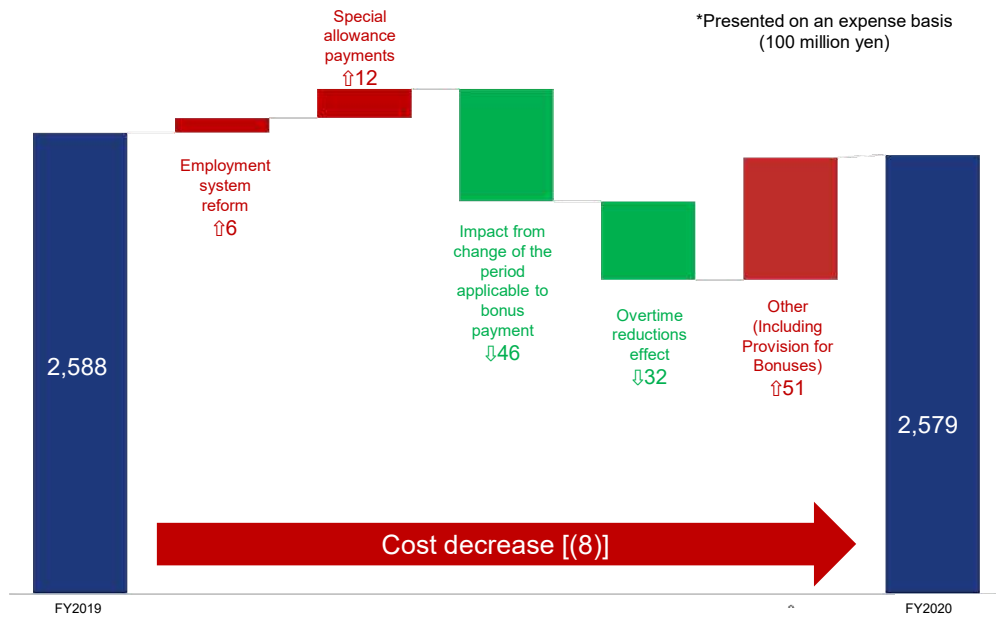
# (Appendix 1) Financial Results for FY2020

## A Changes Due to External Environmental and Other Factors (Results)

Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Impact of COVID-19	Revenues ¥(3.86) billion	<ul style="list-style-type: none"> <li>Japan                             <ul style="list-style-type: none"> <li>Revenues : ¥(29.59) billion</li> <li>Operating income : ¥(8.97) billion</li> </ul> </li> <li>The Americas                             <ul style="list-style-type: none"> <li>Revenues : ¥(3.29) billion</li> <li>Operating income : ¥(1.37) billion</li> </ul> </li> <li>Europe                             <ul style="list-style-type: none"> <li>Revenues : ¥(1.70) billion</li> <li>Operating income : ¥(0.63) billion</li> </ul> </li> <li>East Asia                             <ul style="list-style-type: none"> <li>Revenues : +¥17.04 billion</li> <li>Operating income : +¥3.65 billion</li> </ul> </li> <li>South Asia &amp; Oceania                             <ul style="list-style-type: none"> <li>Revenues : +¥21.01 billion</li> <li>Operating income : +¥3.72 billion</li> </ul> </li> <li>Security Transportation                             <ul style="list-style-type: none"> <li>Revenues : ¥(1.27) billion</li> <li>Operating income : ¥(0.91) billion</li> </ul> </li> <li>Heavy Haulage &amp; Construction                             <ul style="list-style-type: none"> <li>Revenues : ¥(1.61) billion</li> <li>Operating income : ¥(0.37) billion</li> </ul> </li> <li>Logistics Support                             <ul style="list-style-type: none"> <li>Revenues : ¥(4.43) billion</li> <li>Operating income : ¥(0.79) billion</li> </ul> </li> </ul>
		Operating income ¥(5.69) billion

(Appendix 1) FY3/2021 Increase in Total Non-Consolidated Personnel Expenses

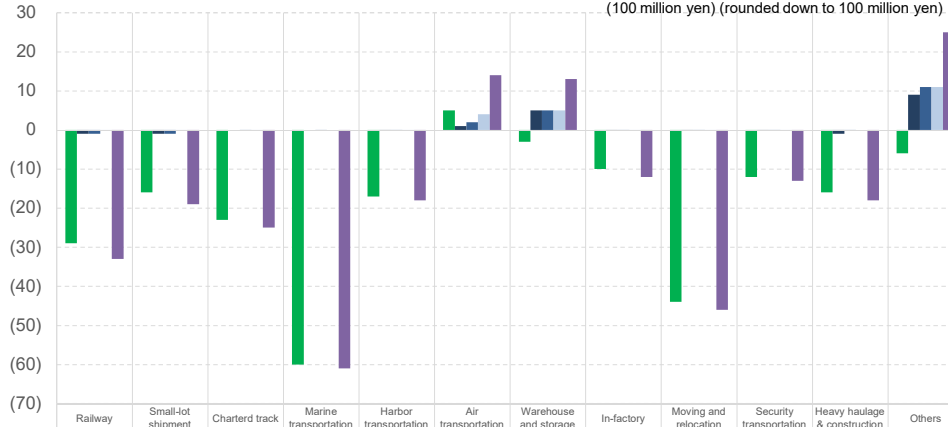
\*Presented on an expense basis  
 (100 million yen)



# (Appendix 1) Financial Results for FY2020

## B Impact of COVID-19 on Sales by Business (Non-Consolidated)

■ Q3 cumulative results ■ January 2021 ■ February 2021 ■ March 2021 ■ Total  
 (100 million yen) (rounded down to 100 million yen)



	Railway	Small-lot shipment	Chartered truck	Marine transportation	Harbor transportation	Air transportation	Warehouse and storage	In-factory	Moving and relocation	Security transportation	Heavy haulage & construction	Others
■ Q3 cumulative results	(29)	(16)	(23)	(60)	(17)	5	(3)	(10)	(44)	(12)	(16)	(6)
■ January 2021	(1)	(1)	0	(0)	(0)	1	5	(0)	(0)	(0)	(1)	9
■ February 2021	(1)	(1)	(0)	(0)	(0)	2	5	(0)	(0)	(0)	(0)	11
■ March 2021	(0)	(0)	(0)	0	(0)	4	5	(0)	(0)	(0)	0	11
■ Total	(33)	(19)	(25)	(61)	(18)	14	13	(12)	(46)	(13)	(18)	25

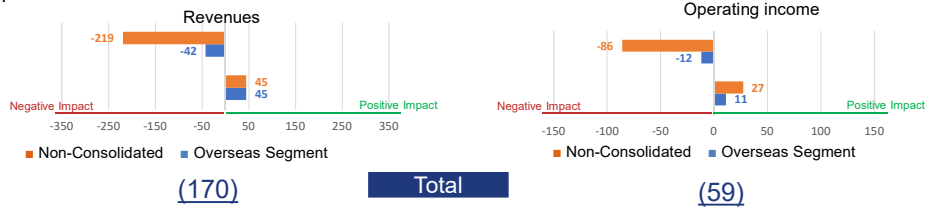
# (Appendix 1) Financial Results for FY2020

## C FY2020 Impact of COVID-19 (Non-Consolidated, Overseas)

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

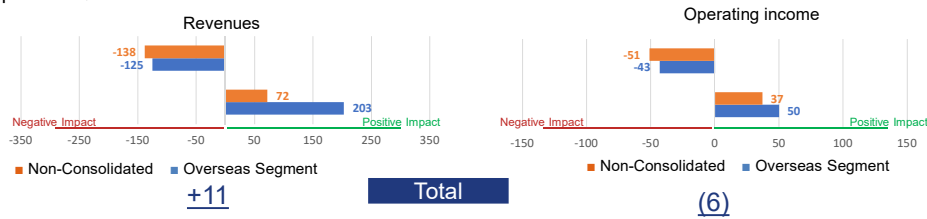
### Stand-Alone Q1 Results

#### Impact on Q1



### Stand-Alone Q2 Results

#### Impact on Q2



# (Appendix 1) Financial Results for FY2020

## C FY3/2021 Impact of COVID-19 (Non-Consolidated, Overseas)

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

### Stand-Alone Q3 Results

#### Impact on Q3



### Stand-Alone Q4 Results

#### Impact on Q4



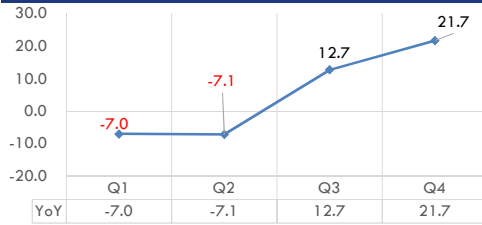
# (Appendix 1) Financial Results for FY2020

## D Volume in Priority Industries (YoY Sales)

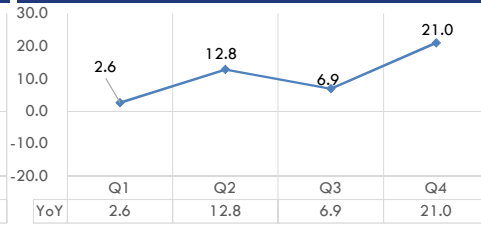
(Unit: %)

### Domestic Priority Industries\*

#### Electric and Electronics



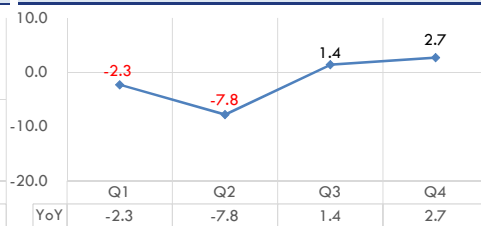
#### Apparel



#### Automobiles



#### Pharmaceutical/Medical



\* Period for domestic priority industries: April 2020 to March 2021

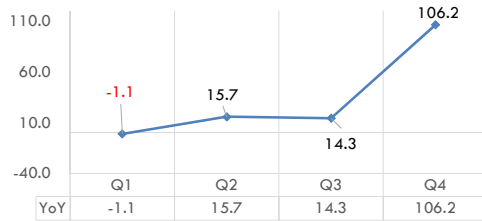
# (Appendix 1) Financial Results for FY2020

## D Volume in Priority Industries (YoY Sales)

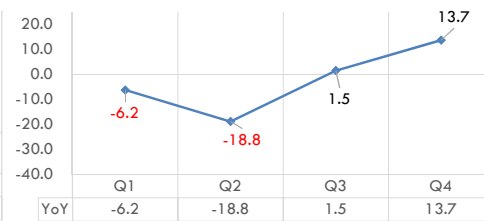
(Unit: %)

### Domestic Priority Industries\*

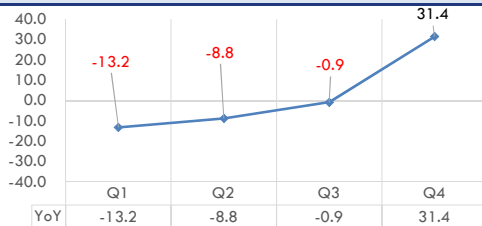
#### Electric and Electronics



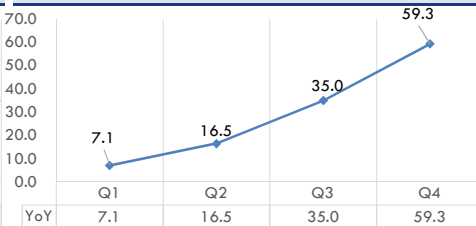
#### Apparel



#### Automobiles



#### Pharmaceutical/Medical



\* Period for overseas priority industries: January 2020 to December 2020






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Financial Results Presentation for the Fiscal Year Ended March 2021

# (Appendix 1) Financial Results for FY2020

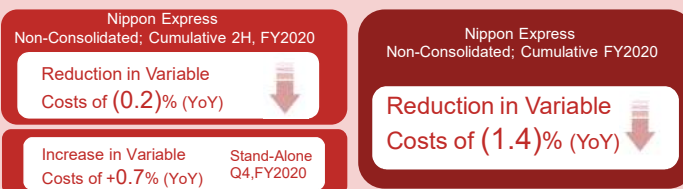
## E Initiatives to Reduce Costs in Japan and Overseas (Details for Q1, FY2020 and Beyond)

### 1. Cost Reduction Measures (Japan, Overseas)

 Air Cargo Transportation	 Railway and Ocean Cargo	 Motor Transportation	 Small-lot Shipment	 Facility Usage Charges
<ul style="list-style-type: none"> <li>Reduce air forwarding costs</li> </ul>	<ul style="list-style-type: none"> <li>Leverage company strengths, maximize infrastructure strengths</li> </ul>	<ul style="list-style-type: none"> <li>Reduce no. of collection and delivery vehicles with shipping volume</li> <li>Leverage company strengths, maximize infrastructure strengths</li> <li>Reduce overtime by using empty space in other work vehicles for shipping services</li> </ul>	<ul style="list-style-type: none"> <li>Reduce no. of low-capacity routes</li> <li>Functional integration in nearby terminals</li> <li>Expand relay functions</li> <li>Leverage company strengths</li> </ul>	<ul style="list-style-type: none"> <li>Consolidate locations, reduce size to lower rent expense</li> </ul>
<b>Employee Temporary Leave Program</b>	<b>Reduction in Force (suspend hiring overseas)</b>		<b>Reduce General and Administrative Expenses</b>	

### 2. Variable Cost Ratios (Non-Consolidated)

These reductions resulted in...





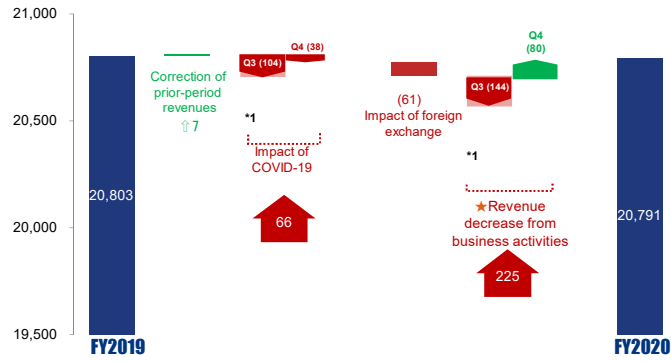
# (Appendix 1) Financial Results for FY2020

## F A Breakdown of Revenues and Operating Income (vs. Q3 Earnings Announcement)

### 1. Revenues

- Negative impact of COVID-19 improved to -¥6.6 billion
- Negative impact of revenue decrease from business activities improved to -¥22.5 billion

(100 million yen)

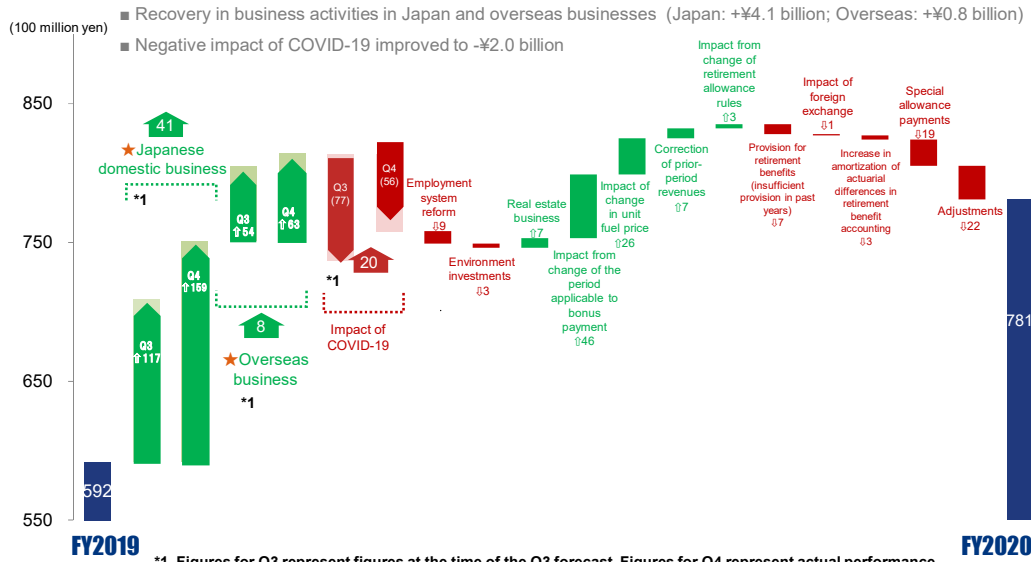


\*1 Figures for Q3 represent figures at the time of the Q3 forecast. Figures for Q4 represent actual performance

# (Appendix 1) Financial Results for FY2020

## F A Breakdown of Revenues and Operating Income (vs. Q3 Earnings Announcement)

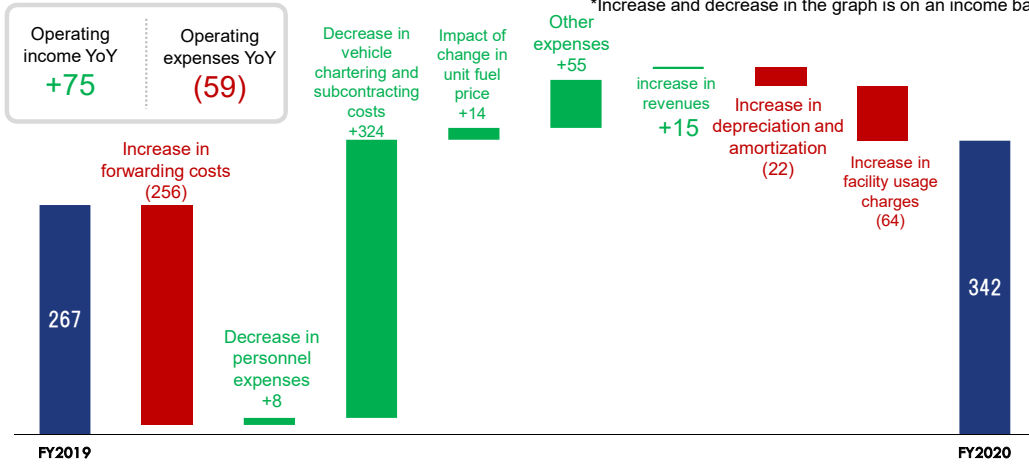
### 2. Operating Income



(Appendix 1) FY3/2021 Financial Results Change in Profit  
(Non-Consolidated)

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

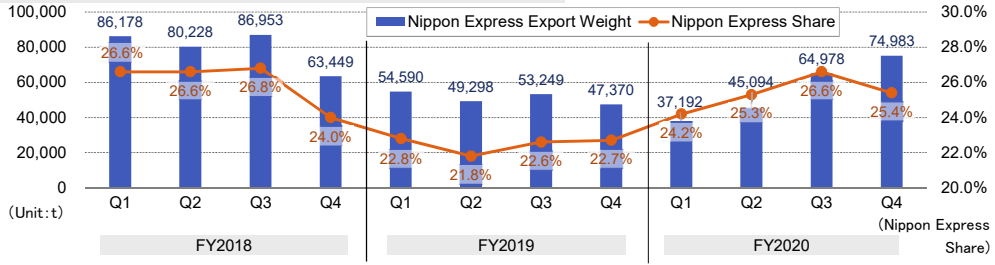
\*Increase and decrease in the graph is on an income basis



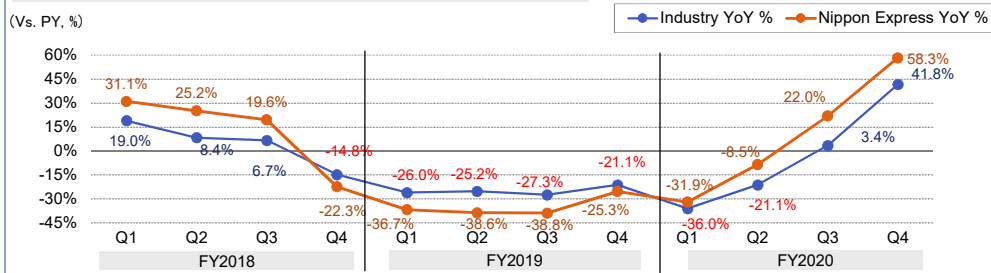
Expense Detail (FY Results)	*presented on an expense basis
Decrease in vehicle chartering and subcontracting costs (324) [(6.9%)]	Increase in forwarding costs +256 [+21.2%]
Vehicle chartering cost (169) [(8.2%)]	Railway forwarding costs (41) [(9.8%)]
Subcontracting cost (161) [(6.4%)]	Ocean forwarding costs (5) [(1.7%)]
Personnel dispatching cost +6 [+5.4%]	Air forwarding costs +303 [66.9%]

(Appendix 2) Export Air Freight Weight Originating From Japan

Export Air Freight Weight Originating from Japan



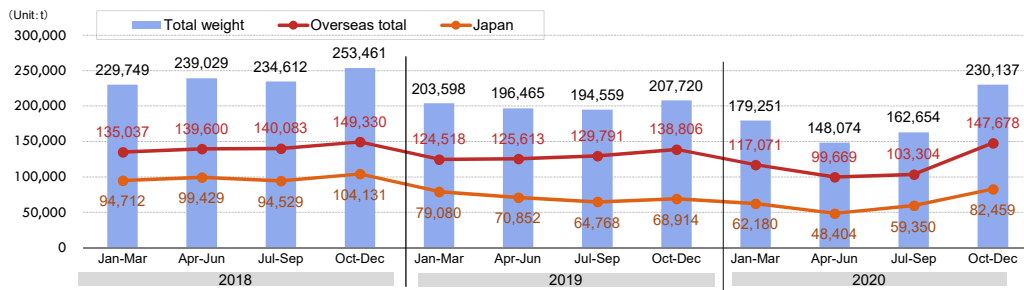
Export Air Freight Originating From Japan, YoY



### (Appendix 3) Export Freight (Air Freight Forwarding)

(Unit: t/chargeable)

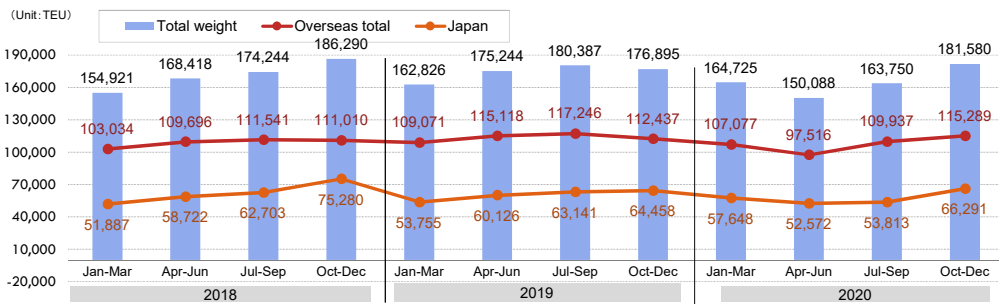
Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan (consolidated)	90,513	94,814	89,545	99,401	374,273	75,277	67,156	60,847	65,084	268,363	58,841	45,579	55,874	78,048	238,343
Japan (excluding consolidated)	4,199	4,615	4,983	4,730	18,528	3,803	3,696	3,922	3,831	15,252	3,339	2,825	3,475	4,411	14,050
Japan Total	94,712	99,429	94,529	104,131	392,801	79,080	70,852	64,768	68,914	283,615	62,180	48,404	59,350	82,459	252,394
The Americas	21,149	22,915	22,532	21,193	87,789	19,868	19,718	18,490	20,242	78,318	19,739	15,838	15,070	20,003	70,651
Europe	29,479	30,638	31,618	37,874	129,609	29,856	29,131	29,067	33,250	121,304	24,166	18,954	20,721	28,205	92,045
East Asia	40,761	42,084	41,122	45,847	169,814	35,258	36,883	38,381	41,208	151,730	35,441	34,266	33,277	56,424	159,407
South Asia & Oceania	43,648	43,963	44,810	44,416	176,837	39,535	39,881	43,853	44,106	167,375	37,725	30,611	34,236	43,046	145,618
Overseas Total	135,037	139,600	140,083	149,330	564,050	124,518	125,613	129,791	138,806	518,727	117,071	99,669	103,304	147,678	467,721
Total Weight	229,749	239,029	234,612	253,461	956,851	203,598	196,465	194,559	207,720	802,342	179,251	148,074	162,654	230,137	720,115



### (Appendix 3) Export Freight (Marine & Harbor Transportation)

(Unit: TEU)

Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	51,887	58,722	62,703	75,280	248,592	53,755	60,126	63,141	64,458	241,480	57,648	52,572	53,813	66,291	230,324
The Americas	8,982	9,807	9,006	9,637	37,431	9,157	9,539	8,760	9,452	36,908	9,794	9,191	9,322	9,208	37,514
Europe	11,745	13,663	11,067	11,173	47,648	10,943	12,330	11,932	12,058	47,263	13,193	10,656	11,072	13,545	48,465
East Asia	52,653	56,702	59,401	58,141	226,898	59,122	62,103	62,232	58,079	241,536	52,033	52,497	53,609	55,447	213,586
South Asia & Oceania	29,653	29,524	32,067	32,060	123,304	29,847	31,145	34,321	32,847	128,160	32,057	25,172	35,933	37,099	130,261
Overseas Total	103,034	109,696	111,541	111,010	435,281	109,071	115,118	117,246	112,437	453,872	107,077	97,516	109,937	115,289	429,827
Total Weight	154,921	168,418	174,244	186,290	683,873	162,826	175,244	180,387	176,895	695,352	164,725	150,088	163,750	181,580	660,152



## (Appendix 4) Financial Results Forecast for FY12/2021

### A Changes Due to External Environmental and Other Factors (Forecast)

Converted  
12-Month Basis

Variable factors	Impact on consolidated results (12-Month Forecast)	Reference
Impact of change in unit fuel price	<p>¥(1.56) billion (cost increase) (Reference: ¥(1.95) billion/9 months) *Prior period (FY3/2021, 12 months) +¥2.60 billion (cost decrease)</p>	<p>Unit price per ℓ [Prior period 9-month average]</p> <ul style="list-style-type: none"> <li>• Light oil : ¥97.60 [¥84.32]</li> <li>• Gasoline : ¥129.55 [¥121.10]</li> <li>• Heavy oil : ¥51.67 [¥47.13]</li> </ul>
Impact of foreign exchange	<p>Revenues: +¥26.55 billion Operating income: +¥1.28 billion (Reference: 9 months Revenues: +¥27.29 billion, Operating income: ¥ 1.27 billion)</p> <p>*Prior period (FY3/2021, 12 months) Revenues: ¥(6.14) billion Operating income: ¥(0.14) billion</p>	<p>9-month avg. foreign exchange rate (April - December)* (prior-period 9-month avg.)</p> <ul style="list-style-type: none"> <li>• USD : ¥110.71 [¥106.12]</li> <li>• EUR : ¥129.80 [¥122.38]</li> <li>• HKD : ¥14.24 [¥13.69]</li> <li>• RMB : ¥16.84 [¥15.44]</li> </ul> <p>* 9-month foreign exchange rate avg. is for reference. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</p>
Environment investments	Operating income: ¥(0.47) billion	<ul style="list-style-type: none"> <li>• Japan : ¥(0.47) billion</li> </ul>
HQ Relocation Expenses	Operating income: ¥(1.50) billion	<ul style="list-style-type: none"> <li>• Japan : ¥ (1.50) billion</li> </ul>

## (Appendix 4) Financial Results Forecast for FY12/2021

### A Changes Due to External Environmental and Other Factors (Forecast)

Converted  
12-Month Basis

Variable factors	Impact on consolidated results (12-Month Forecast)	Reference
<b>Changes associated with employee system reform</b> (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: <b>¥(1.63) billion</b>  (Reference: ¥(1.42)billion/9 months)	<ul style="list-style-type: none"> <li>• Japan : ¥(1.59) billion</li> <li>• Security Transportation : ¥(0.07) billion</li> <li>• Heavy Haulage &amp; Construction : +¥0.04 billion</li> <li>• Logistics Support : ¥(0.01) billion</li> </ul>
<b>Special allowance payments</b> (rebound increase of FY2020)	Operating income: <b>+¥1.98 billion</b>	<ul style="list-style-type: none"> <li>• Japan : +¥1.51 billion [Q1]</li> <li>• Overseas : +¥0.04 billion [Q1]</li> <li>• Security Transportation : +¥0.25 billion [Q1]</li> <li>• Heavy Haulage &amp; Construction : +¥0.02 billion [Q1]</li> <li>• Logistics Support : +¥0.14 billion [Q1]</li> </ul>
<b>Provision for retirement benefits</b> (insufficient prior-period provisions) (rebound increase of FY2020)	Operating income: <b>+¥0.74 billion</b>	<ul style="list-style-type: none"> <li>• Japan : +¥0.74 billion [Q1]</li> </ul>



## (Appendix 4) Financial Results Forecast for FY12/2021

### A Changes Due to External Environmental and Other Factors (Forecast)

Converted  
12-Month Basis

Variable factors	Impact on consolidated results (12-Month Forecast)	Reference
Impact of revenue recognition standard to Decrease Sales	Revenues: ¥(58.64) billion	<ul style="list-style-type: none"> <li>Japan Revenues: ¥(0.04) billion</li> <li>Logistics Support Revenues: ¥(58.60) billion</li> </ul>
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.84) billion  (Reference: ¥(0.74) billion/9 months)	<ul style="list-style-type: none"> <li>Japan : ¥(0.65) billion</li> <li>Security Transportation: ¥(0.16) billion</li> <li>Heavy Haulage &amp; Construction: ¥(0.01) billion</li> </ul>
Spin off leasing business of Nittsu Shoji	Revenues: ¥(55.89) billion	<ul style="list-style-type: none"> <li>Logistics Support Revenues :¥(55.89) billion</li> </ul>

## (Appendix 4) Financial Results Forecast for FY12/2021

### A Changes Due to External Environmental and Other Factors (Forecast)

Converted  
12-Month Basis

Variable factors	Impact on consolidated results (12-Month Forecast)	Reference
Impact of COVID-19	Revenues: <b>+¥58.19 billion</b> (Reference: +¥32.52 billion/9 months)  Operating income: <b>+¥21.56 billion</b> (Reference: +¥14.60 billion/9 months)	<ul style="list-style-type: none"> <li>• Japan Revenues: + ¥46.15 billion Operating income: +¥17.48 billion</li> <li>• The Americas Revenues: +¥3.69 billion Operating income: +¥1.51 billion</li> <li>• Europe Revenues: +¥7.36 billion Operating income: +¥2.49 billion</li> <li>• East Asia Revenues: ¥(3.31) billion Operating income: ¥(1.44) billion</li> <li>• South Asia &amp; Oceania Revenues: ¥(2.26) billion Operating income: ¥(0.14) billion</li> <li>• Security Transportation Revenues : +¥1.21 billion Operating income: +¥0.84 billion</li> <li>• Heavy Haulage &amp; Construction Revenues : +¥1.32 billion Operating income: +¥0.32 billion</li> <li>• Logistics Support Revenues: +¥4.01 billion Operating income: +¥0.49 billion</li> </ul>

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