



Financial Results Presentation for Q3, Fiscal Year Ending March 2021

January 29, 2021
Nippon Express Co., Ltd.
Investor Relations Promotion Group
Corporate Planning Division

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I. Financial Results for Q3, FY2020

A Financial Highlights for Q3, FY2020

1. Overview (Consolidated)

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

Item	FY2020 Cumulative Q3 Results	FY2019 Cumulative Q3 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced October 30)	Difference	Progress (%)
Revenue	14,987	15,666	(679)	(4.3)	20,000	(5,012)	74.9
Operating income	490	450	40	8.9	550	(59)	89.2
Ordinary income	528	505	23	4.6	590	(61)	89.6
Profit attributable to owners of parent	441	312	128	41.0	400	41	110.3

2. Key Consolidated Business Indicators

Item	FY2020 Cumulative Q3 Results	FY2019 Cumulative Q3 Results	Item	Forecast (Reference)	FY2019 Results
Operating income margin	3.3%	2.9%	ROA	3.5%	1.1%
Ordinary income margin	3.5%	3.2%	ROE	9.7%	3.2%

(Note) Profit is our full-year forecast, while equity and total assets are calculated using the average of year-end balances in the prior consolidated fiscal year and balances as of the end of the current consolidated period.

▪ At present, it is difficult to project when COVID-19 will be brought under control. We see signs of gradual recovery on the economic front. And while Japan is similar in this regard, the future remains uncertain, exemplified by a second declaration of a state of emergency.

▪ Amid these circumstances, our consolidated earnings showed a decline in revenues year on year, impacted by factors including a contraction in demand for freight forwarding.

On the other hand, we recorded higher profits due to cost reductions and increased profits in our air export freight forwarding business.

The large increase in net income was mainly due to the sale of distribution centers in Q1 in connection with asset liquidation measures.

I. Financial Results for Q3, FY2020

B Japan and Overseas Results

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

Segment	Item	FY2020 Cumulative Q3 Results	FY2019 Cumulative Q3 Results	Difference YoY	Difference YoY (%)
Japan Total	Revenues	12,924	13,628	(703)	(5.2)
	Segment income	474	444	29	6.6
Overseas Total	Revenues	3,054	3,092	(38)	(1.2)
	Segment income	118	92	26	29.2

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

20.4%

I. Financial Results for Q3, FY2020

C Results by Reportable Segment

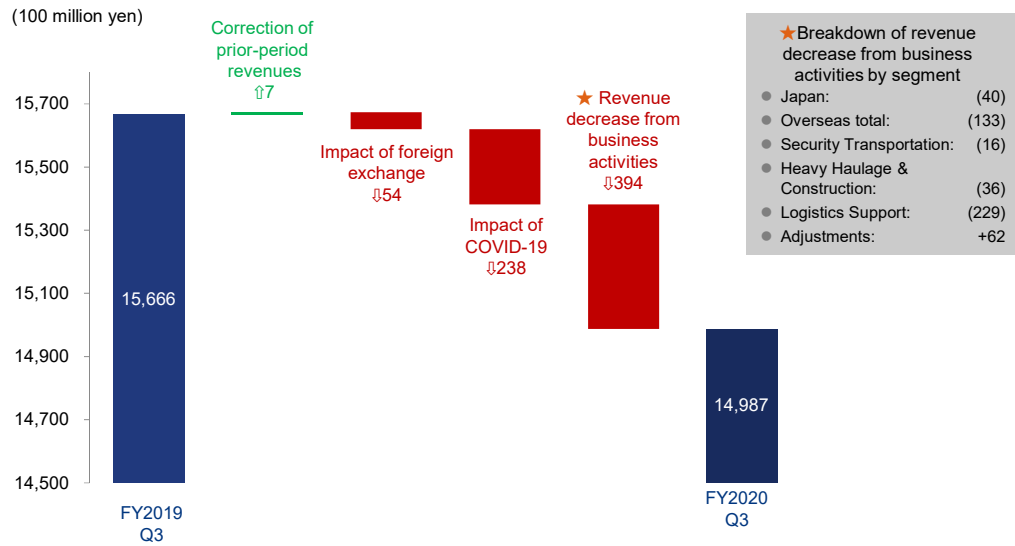
(100 million yen) (rounded down to 100 million yen)

Segment	Item	FY2020 Cumulative Q3 Results	FY2019 Cumulative Q3 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced October 30)	Difference	Progress (%)
Japan	Revenues	8,828	9,185	(356)	(3.9)	11,570	(2,741)	76.3
	Segment Income	352	324	28	8.9	380	(27)	92.9
The Americas	Revenues	560	697	(137)	(19.7)	818	(257)	68.5
	Segment Income	(0)	26	(27)	—	6	(6)	—
Europe	Revenues	822	883	(60)	(6.9)	1,140	(317)	72.1
	Segment Income	14	16	(1)	(9.4)	14	0	106.5
East Asia	Revenues	884	840	44	5.2	1,306	(421)	67.7
	Segment Income	45	24	20	82.9	73	(27)	61.7
South Asia & Oceania	Revenues	786	671	115	17.2	1,017	(230)	77.3
	Segment Income	59	24	35	145.5	67	(7)	89.0
Security Transportation	Revenues	517	546	(28)	(5.2)	691	(173)	75.0
	Segment Income	(6)	(15)	9	—	(8)	1	—
Heavy Haulage & Construction	Revenues	363	414	(50)	(12.3)	466	(102)	78.0
	Segment Income	42	50	(8)	(16.2)	52	(9)	81.6
Logistics Support	Revenues	3,214	3,482	(267)	(7.7)	4,325	(1,110)	74.3
	Segment Income	84	85	(0)	(0.4)	109	(24)	77.7

I. Financial Results for Q3, FY2020

D Breakdown of Revenues and Operating Income

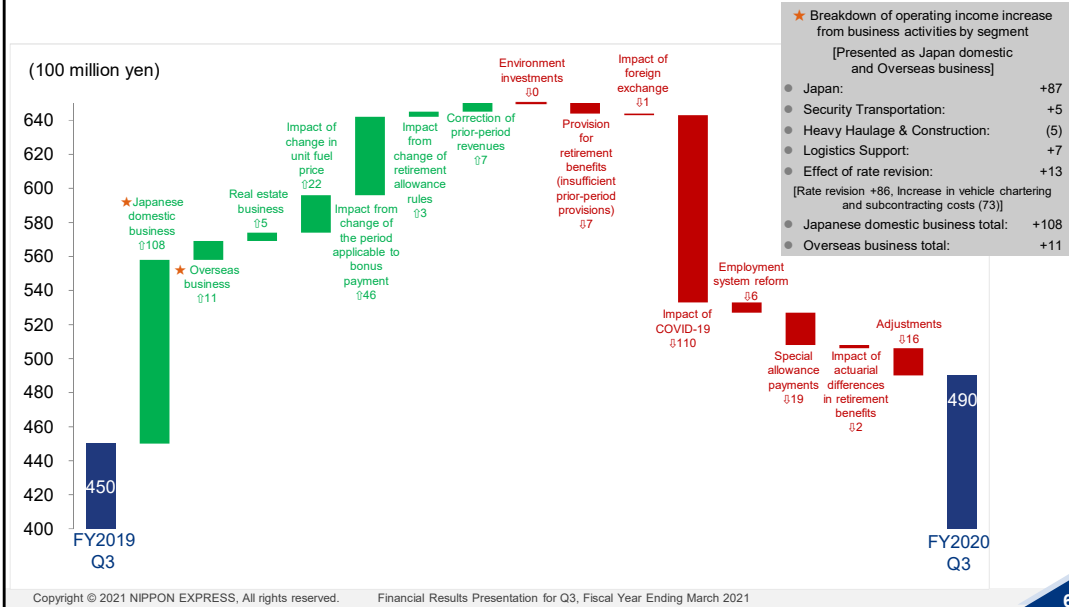
1. Revenues



I. Financial Results for Q3, FY2020

D Breakdown of Revenues and Operating Income

2. Operating income



II. Financial Results Forecast for FY2020

A Forecast for FY2020 (Revised)

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

Item	Full-Year Forecast (Announced January 29)	FY2019 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced October 30)	Difference [Difference %]
Revenues	20,500	20,803	(303)	(1.5)	20,000	500 [2.5]
Operating income	720	592	127	21.6	550	170 [30.9]
Operating income margin	3.5	2.8	—	—	2.8	—
Ordinary income	760	574	185	32.3	590	170 [28.8]
Profit attributable to owners of parent	530	174	355	204.4	400	130 [32.5]

Item	1H		2H		Difference [%]
	FY2020 Results	October 30 Forecast	January 29 Forecast		
Revenues	9,644	10,355	10,855		500 [4.8]
Operating income [Operating income margin]	208 [2.2]	341 [3.3]	511 [4.7]		170 [49.8]

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Financial Results Presentation for Q3, Fiscal Year Ending March 2021

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- We revised our full-year forecasts to reflect our overall outlook. Although we expect revenues to decrease year on year, operating income and other profit measures should increase. The significant increase to ordinary income and net income is mainly due to a valuation loss on Future Supply Chain Solutions (India) and impairment treatment of Traconf S.r.l. (Italy), both recorded in the prior year.
- At the same time, we raised our full-year forecasts for revenues, operating income, and ordinary income by ¥50.0 billion, ¥17.0 billion, and ¥13.0 billion, respectively, compared to our October 30 announcement.
- Revenues continued to recover in response to a recovery in production activities in the automobile industry and strong volume for game devices and other productions shipped from China during the Christmas shopping season. In addition, we implemented cost controls in a steady manner. These cost controls included the appropriate allocation of vehicles and personnel in line with volume and reduced outsourcing costs by making efficient use of company strengths. In response to these factors, we expect to see improved profit ratios, leading us to the aforementioned forecast revisions. We continue to handle volume through chartered transports in air forwarding. Increases in sales and usage fee unit prices, as well as increased spot volume for emergency freight forwarding and other services are examples of several external environmental factors that have had a significant impact. We intend to keep an eye on developments over the next fiscal year. When preparing our revised earnings forecasts, we anticipated that the Japan segment will be negatively affected by the impact of the current declaration of a state of emergency on economic activities.

II. Financial Results Forecast for FY2020

B Japan and Overseas Results Forecast

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

Segment	Item	Full-Year Forecast (Announced January 29)	FY2019 Results	Difference YoY	Difference YoY (%)	[Reference] FY2021 Interim Target
Japan Total	Revenues	17,335	18,097	(762)	(4.2)	19,300
	Segment Income	642	603	38	6.4	690
Overseas Total	Revenues	4,539	4,125	413	10.0	5,200
	Segment Income	214	107	106	99.6	200

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

22.1%

II. Financial Results Forecast for FY2020

C Forecasts by Reportable Segment

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

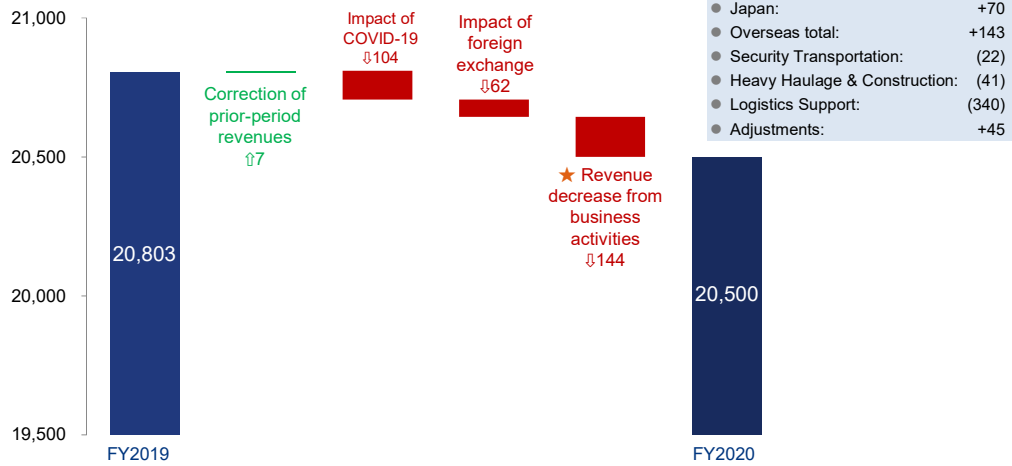
Segment	Item	FY2020 1H Results	2H Forecast					FY Forecast				
			FY2020 Revised Forecast	FY2019 Results	Difference	October 30 Forecast	Difference	FY2020 Revised Forecast	FY2019 Results	Difference	October 30 Forecast	Difference
Japan	Revenues	5,610	6,242	6,032	209	5,959	283	11,853	12,135	(282)	11,570	283
	Segment Income	138	340	222	118	241	99	479	428	50	380	99
The Americas	Revenues	373	457	433	24	444	13	831	910	(79)	818	13
	Segment Income	(0)	8	8	(0)	6	2	8	27	(19)	6	2
Europe	Revenues	522	634	604	30	617	17	1,157	1,193	(36)	1,140	17
	Segment Income	4	21	5	15	9	12	26	17	8	14	12
East Asia	Revenues	592	815	561	253	713	102	1,408	1,120	287	1,306	102
	Segment Income	28	54	14	40	44	10	83	29	53	73	10
South Asia & Oceania	Revenues	492	650	459	191	524	126	1,143	901	241	1,017	126
	Segment Income	31	65	15	49	35	30	97	31	65	67	30
Security Transportation	Revenues	343	347	361	(13)	347	—	691	725	(34)	691	—
	Segment Income	(9)	3	2	1	1	2	(6)	(10)	4	(8)	2
Heavy Haulage & Construction	Revenues	250	215	251	(35)	215	—	466	523	(57)	466	—
	Segment Income	28	23	35	(11)	23	—	52	61	(9)	52	—
Logistics Support	Revenues	2,076	2,248	2,428	(179)	2,248	—	4,325	4,712	(387)	4,325	—
	Segment Income	53	63	65	(2)	55	8	117	123	(6)	109	8

II. Financial Results Forecast for FY2020

D Breakdown of Revenues and Operating Income

1. Revenues

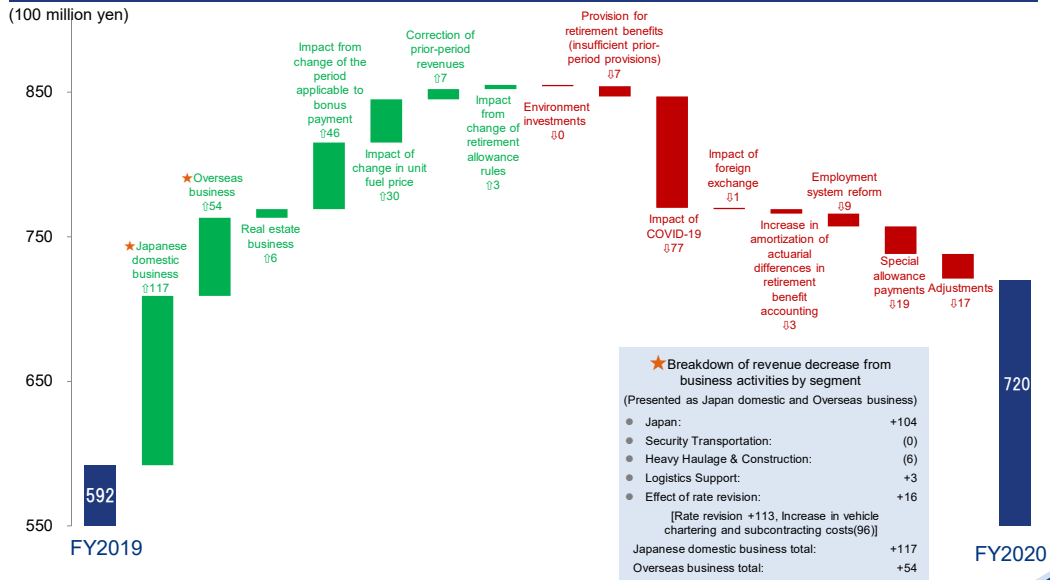
(100 million yen)



II. Financial Results Forecast for FY2020

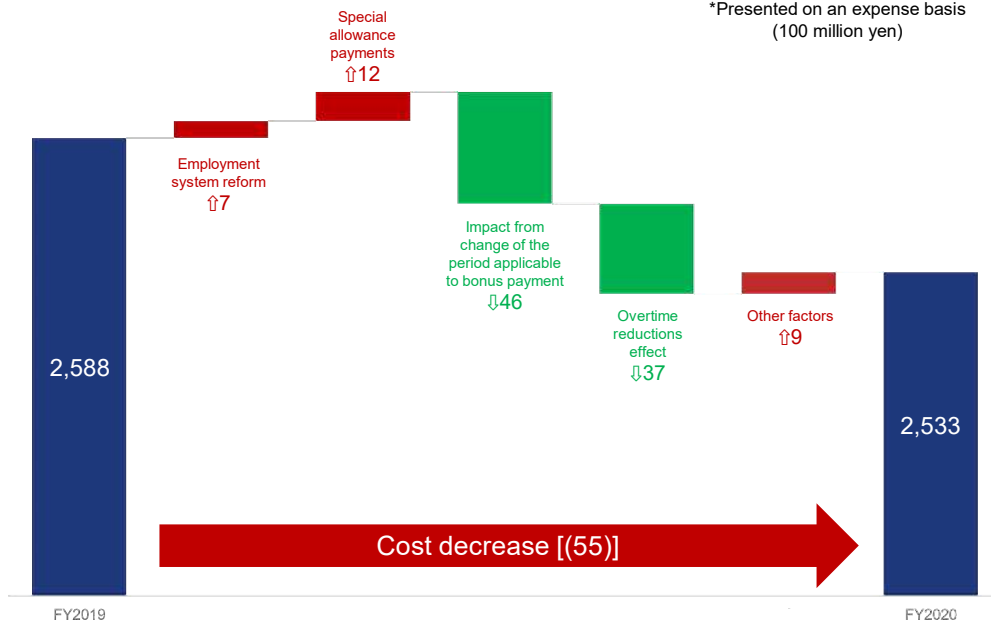
D Breakdown of Revenues and Operating Income

2. Operating income



(Reference) Change in Total Non-Consolidated Personnel Expense (Forecast)

*Presented on an expense basis
 (100 million yen)



III. Segment Overview, FY2020

A. Japan Segment

(100 million yen)

Item	FY2020 Q3 Results	Vs. FY2019			Q3 Highlights		
		FY2019	Difference	Difference (%)			
Revenues	3,217	3,082	135	4.4	The impact of COVID-19 continued to diminish in the second quarter, and declines halted across all businesses. Our railway utilization business recovered to same level as the previous year due to a rebound increase resulting from disasters in the previous year and automobile-related activity. Meanwhile, the beverage and paper and pulp transportation categories continued to be affected by the pandemic as in the second quarter. Steel-related cargo movement in the motor transportation business was weak, despite signs of a recovery. The air cargo transportation business saw volume increase by double digits in the third quarter compared to the same period in the previous year. In particular, we saw strong cargo movement in electric and electronic components, semiconductor equipment, and automobile-component related cargo. Our in-factory business remained strong from Q2, resulting in higher revenues and profits.		
Operating income	214	118	96	81.7			
Operating income margin	6.7	3.8	—	—			

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast
Revenues	2,733	2,877	5,610	3,217	3,024	6,242	11,853
Operating income	23	114	138	214	126	340	479
Operating income margin	0.9	4.0	2.5	6.7	4.2	5.5	4.0

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 Forecast	2H Forecast	FY Forecast
Revenues	(291)	(200)	(492)	135	73	209	(282)
Operating income	(9.7)	(6.5)	(8.1)	4.4	2.5	3.5	(2.3)
Operating income margin	(67.7)	(13.7)	(32.9)	81.7	20.6	53.0	11.8

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	11,853	11,570	283	5,610	5,631	(20)	6,242	5,959	283
Operating income	479	380	99	138	101	37	340	241	99
Operating income margin	4.0	3.3	—	2.5	1.8	—	5.5	4.1	—

Special Factor	
Decrease in fuel unit cost:	[operating income] +18 [Q3 cumulative], +25 [year]
Impact due to actuarial differences in retirement benefits:	[operating income] (2) [Q3 cumulative], (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] (4) [Q3 cumulative], (7) [year]
Impact of COVID-19:	[revenues] (323) [Q3 cumulative], (360) [year] [operating income] (108) [Q3 cumulative], (109) [year]
Provision for retirement benefits:	[operating income] (7) [Q1, year]
Impact of special allowance payments:	[operating income] (15) [Q1, year]
Environment investments:	[operating income] (0) [Q3 cumulative], (0) [year]
Correction of prior-period revenues:	+7 [Q2, year]
Real estate business:	[operating income] +5[Q3 cumulative], +6 [year]

Forecast Overview	
Although the impact of COVID-19 to affect railway transportation for beverages and paper and pulp, we expect air cargo transportation and in-factory business to remain strong. Accordingly, we forecast increased revenues and operating income.	

Our Japan segment experienced increased sales and expenses related to air forwarding. At the same time, in-factory business performance was firm in response to the growth of e-commerce. However, despite a gradual recover in production activities, cargo movement was weak for steel, beverages, and other daily necessities. Despite a decrease in the handling of railroad and automobile businesses, sales and profits increased.

Air export freight forwarding volume was firm, and our ability to capture emergency transportation demand while achieving cost reductions at levels greater than anticipated led us to make an upward revision to full-year earnings forecasts for both revenues and operating income. As a result, we now forecast lower revenues and higher profits for the full year.

III. Segment Overview, FY2020

B. The Americas Segment

(100 million yen)

1

Q3 Results

Item	FY2020 Q3, Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	187	219	(32)	(14.8)
Operating income	(0)	7	(7)	—
Operating income margin	(0.1)	3.4	—	—

Q3 Highlights

Revenues were lower in each business due to the impact of COVID-19 lockdowns. In particular, declining volume had a major effect on a significant decrease in revenues continuing from Q2, despite the resumption of production activities by automobile-related customers. In September, we incurred a one-time expense as an equity position in MD Logistics. Despite this and other efforts to reduce costs, including the cancellation of facility lease contracts, quarterly profits were lower year on year.

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast
Revenues	205	167	373	187	270	457	831
Operating income	(0)	(0)	(0)	(0)	8	8	8
Operating income margin	(0.0)	(0.2)	(0.1)	(0.1)	3.2	1.8	1.0

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 Forecast	2H Forecast	FY Forecast
Revenues	(34)	(69)	(104)	(32)	57	24	(79)
Operating income	(14.4)	(29.4)	(21.9)	(14.8)	26.9	5.7	(8.7)
Operating income margin	(8)	(11)	(19)	(7)	7	(0)	(19)
	—	—	—	—	572.5	(2.3)	(71.4)

Special Factors

- Impact of foreign exchange (stronger yen):
[revenues] (10) [Q3 cumulative], (18) [year]
[operating income] (0) [Q3 cumulative], (0) [year]
- Impact of COVID-19 :
[revenues] (28) [Q3 cumulative], (32) [year]
[operating income] (11) [Q3 cumulative], (13) [year]
- Special allowance payments:
[operating income] (0) [Q1, year]

Forecast Overview

Production activities should recover, pushing recovery in volume among automobile-related customers. Our air transportation business and warehousing and distribution business should record higher revenues leading to higher operating income.

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	831	818	13	373	382	(8)	457	444	13
Operating income	8	6	2	(0)	(1)	0	8	6	2
	1.0	0.7	—	(0.1)	(0.3)	—	1.8	1.5	—

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• In the Americas, lockdowns resulted in lower revenues for all of our businesses. In particular, the impact of decreased volume for automobile-related customers was a significant factor in driving down revenues. However, production activities resumed in Q3 and we are seeing trends toward recovery.

In September, we recorded a one-time expense related to MD Logistics, which contributed to the decrease in profits. Automobile-related volume is on an uptick, and we have made upward revisions to full-year earnings forecasts for revenues and operating income.

III. Segment Overview, FY2020

C. Europe Segment

(100 million yen)

1

Q3 Results

Item	FY2020 Q3, Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	300	294	5	2.0
Operating income	10	4	5	140.1
Operating income margin	3.4	1.4	—	—

Q3 Highlights

Continuing from Q2, air export freight forwarding continued to be strong in the third quarter. The impact of COVID-19 resulted in continued sluggishness for apparel cargo movement, leading to lower revenues in warehousing and distribution business and automobile transportation. We continued Q2 initiatives to reduce costs through warehouse lease reductions and other measures, recording revenues level with the same period in the prior fiscal year and significant higher operating income.

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast
Revenues	274	247	522	300	334	634	1,157
Operating income	2	2	4	10	11	21	26
Operating income margin	0.9	0.9	0.9	3.4	3.3	3.3	2.2

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 Forecast	2H Forecast	FY Forecast
Revenues	(24)	(42)	(66)	5	24	30	(36)
Operating income	(8.2)	(14.6)	(11.3)	2.0	7.8	5.0	(3.0)
Operating income margin	(4)	(2)	(7)	5	9	15	8
	(64.6)	(54.4)	(60.5)	140.1	739.2	283.8	46.3

Special Factors

- Impact of foreign exchange (stronger yen):
[revenues] (11) [Q3 cumulative], (5) [year]
[operating income] (0) [Q3 cumulative], (0) [year]
- Impact of COVID-19 :
[revenues] (35) [Q3 cumulative], (17) [year]
[operating income] (12) [Q3 cumulative], (6) [year]
- Special allowance payments:
[operating income] (0) [Q1, year]

Forecast Overview

We expect the impact of COVID-19 to subside in Q4, and we forecast air export freight forwarding and railway transportation to outperform Q3, while international moving service recovers. Accordingly, we project increases in revenues and profits.

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	1,157	1,140	17	522	527	(4)	634	617	17
Operating income	26	14	12	4	1	3	21	9	12
Operating income margin	2.2	1.2	—	0.9	0.2	—	3.3	1.5	—

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•In Europe, air export freight forwarding volume has been firm since Q2; however, despite seeing a recovery in apparel-related cargo movement, the warehousing and distribution business and automobile transportation experienced a decrease in revenues and profits.

Meanwhile, we have been seeking warehouse lease reductions and other cost-reduction measures. Revenues for the stand-alone third quarter were level with the same period in the prior fiscal year, while operating income rose.

Given these circumstances, we made an upward revision for our full-year earnings forecast for revenues and operating income, forecasting lower revenues and higher profits.

III. Segment Overview, FY2020

E. South Asia & Oceania Segment

(100 million yen)

Item	FY2020 Q3, Results	Vs. FY2019			Q3 Highlights
		FY2019	Difference	Difference (%)	
Revenues	294	230	64	28.0	Continuing from the second quarter, we saw strong demand for chartered transport for emergency COVID-19-related shipments, etc., in Singapore, Thailand, Vietnam, and other markets. Also, the impact of COVID-19 eased gradually. Some of our regional locations continued to be affected by lockdowns. Although warehousing and automobile transportation experienced lower revenues due to COVID-19, volume within the segment for air cargo transportation rose, leading to a significant increase in revenues and profits.
Operating income	27	8	19	226.1	
Operating income margin	9.4	3.7	—	—	

Item	Results and Forecast for FY2020							
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	218	273	492	294	356	650	1,143	
Operating income	7	24	31	27	37	65	97	
Operating income margin	3.3	9.1	6.5	9.4	10.5	10.0	8.5	

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 Forecast	2H Forecast	FY Forecast	
Revenues	(1)	51	50	64	126	191	241	
Operating income	(0.6)	23.4	11.5	28.0	55.1	41.6	26.8	
Operating income margin	(3.8)	197.8	102.2	226.1	414.7	313.1	207.4	

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	1,143	1,017	126	492	491	1	650	524	126
Operating income	97	67	30	31	33	(1)	65	35	30
Operating income margin	8.5	6.6	—	6.5	6.7	—	10.0	6.7	—

Item	Special Factors							
	<ul style="list-style-type: none"> Impact of foreign exchange (stronger yen): [revenues] (14) [Q3 cumulative], (21) [year] [operating income] (0) [Q3 cumulative], (0) [year] Impact of COVID-19 : [revenues] +104 [Q3 cumulative], +210 [year] [operating income] +16 [Q3 cumulative], +37 [year] Special allowance payments: [operating income] (0) [Q1, year] 							

Forecast Overview	
We expect the impact of COVID-19 to ease, while automobile transportation experiences a recovery. Air export freight forwarding and marine export freight forwarding should ongoing firm performance with increased revenues and profits.	

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	1,143	1,017	126	492	491	1	650	524	126
Operating income	97	67	30	31	33	(1)	65	35	30
Operating income margin	8.5	6.6	—	6.5	6.7	—	10.0	6.7	—

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• In South Asia, both revenues and profits increased as we captured emergency charter volume for automobiles, electronic components, and hygiene products, etc., in the wake of international flight cancellations.

We expect Q4 air export freight forwarding to continue to be firm, while we expect the impact of COVID-19 to mitigate and automobile transportation to recover. Therefore, we have made an upward revision to our full-year earnings forecasts, calling for higher revenues and operating income.

III. Segment Overview, FY2020

F. Security Transportation Segment

(100 million yen)

Item	FY2020 Q3, Results	Vs. FY2019			Q3 Highlights
		FY2019	Difference	Difference (%)	
Revenues	174	182	(7)	(4.0)	As in Q2, the decline in volume due to COVID-19 began recovering from a low point. Despite a certain impact stemming from the decrease in revenues, we continued with cost reductions, including more efficient collection and delivery vehicle operations, stricter management of driver overtime, revised staff assignments, and restraints on new hiring. The effects of these ongoing efforts resulted in higher Q3 profits, despite lower revenues.
Operating income	3	(2)	5	—	
Operating income margin	1.9	(1.3)	—	—	

Item	Results and Forecast for FY2020								Special Factors
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast		
Revenues	169	173	343	174	173	347	691		Special Factors • Decrease in fuel unit cost: [operating income] +3 [Q3 cumulative], +4 [year] • Impact due to actuarial differences in retirement benefits: [operating income] (0) [Q3 cumulative], (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 employee system reform: [operating income] (0) [Q3 cumulative], (1) [year] • Impact of COVID-19: [revenues] (11) [Q3 cumulative], (12) [year] [operating income] (8) [Q3 cumulative], (9) [year] • Impact of special allowance payments: [operating income] (2) [Q1, year]
Operating income	(8)	(0)	(9)	3	0	3	(6)		
Operating income margin	(4.9)	(0.6)	(2.7)	1.9	0.0	0.9	(0.9)		
FY2019 Results									
Item	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)		
Comparison with FY2019 (Upper: Difference / Lower: Difference (%))									
Item	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast		
Revenues	(14)	(6)	(21)	(7)	(6)	(13)	(34)		
Operating income	(8.1)	(3.5)	(5.8)	(4.0)	(3.6)	(3.8)	(4.8)		
Operating income margin	3	(0)	3	5	(4)	1	4		
	—	—	—	—	(99.2)	61.3	—		

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	691	691	—	343	343	0	347	347	—
Operating income	(6)	(8)	2	(9)	(11)	1	3	1	2
Operating income margin	(0.9)	(1.2)	—	(2.7)	(3.2)	—	0.9	0.4	—

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• Our Security Transportation segment saw some mitigation in volume declines due to COVID-19. The segment recorded lower revenues and higher profits, mainly due to more efficient delivery and collection vehicle operations, stricter management of driver overtime, revised staff assignments, and other cost-reduction measures

We expect the impact of COVID-19 on the business to be limited.

In terms of full-year earnings forecasts, we have left our forecast for revenues unchanged, while making an upward revision to our forecast for operating income.

III. Segment Overview, FY2020

G. Heavy Haulage & Construction Segment

(100 million yen)

Item	FY2020 Q3, Results	Vs. FY2019			Q3 Highlights
		FY2019	Difference	Difference (%)	
Revenues	112	141	(29)	(20.5)	Despite the postponement of some projects due to COVID-19, shutdown maintenance performed well, while wind power-related freight and installation results were firm. On the other hand, we saw a significant rebound decrease due to large-scale spot projects involving shutdown maintenance in the previous fiscal year, leading to lower revenues and profits for Q3.
Operating income	14	23	(9)	(40.6)	
Operating income margin	12.6	16.9	—	—	

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast
Revenues	131	119	250	112	102	215	466
Operating income	15	12	28	14	9	23	52
Operating income margin	11.8	10.7	11.2	12.6	9.3	11.1	11.2

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 Forecast	2H Forecast	FY Forecast
Revenues	(2)	(19)	(21)	(29)	(6)	(35)	(57)
Operating income	(1.9)	(14.0)	(8.0)	(20.5)	(6.0)	(14.2)	(11.0)
Operating income margin	4	(3)	1	(9)	(1)	(11)	(9)
	45.9	(21.0)	5.7	(40.6)	(15.1)	(32.5)	(16.0)

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	466	466	—	250	273	(22)	215	215	—
Operating income	52	52	—	28	36	(7)	23	23	—
Operating income margin	11.2	11.2	—	11.2	13.2	(7)	11.1	11.1	—

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	466	466	—	250	273	(22)	215	215	—
Operating income	52	52	—	28	36	(7)	23	23	—
Operating income margin	11.2	11.2	—	11.2	13.2	(7)	11.1	11.1	—

Special Factors	
• Decrease in fuel unit cost:	[operating income] +0 [Q3 cumulative], +0 [year]
• Impact due to actuarial differences in retirement benefits:	[operating income] (0) [Q3 cumulative], (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 employee system reform:	[operating income] (0) [Q3 cumulative], (0) [year]
• Impact of COVID-19 :	[revenues] (14) [Q3 cumulative], (16) [year]
	[operating income] (3) [Q3 cumulative], (4) [year]
• Impact of special allowance payments:	[operating income] (0) [Q1, year]

Forecast Overview	
We expect the impact of COVID-19 to be limited. While we project additional shutdown maintenance work, as well as wind power freight and installations, to drive performance in the main, we expect profits will fall below the results of the previous year.	

Forecast Change	
Revenues	—
Operating income	—

- The Heavy Haulage & Construction segment was impacted negatively by COVID-19, resulting in the delay of certain projects. However, shutdown maintenance and wind power-related freight and installation results were firm. On the other hand, revenues and profits decreased due to the absence of the type of large-scale shutdown maintenance projects we had in the previous fiscal year.
- We expect the impact of COVID-19 to be limited, leaving our full-year earnings forecasts unchanged for both revenues and operating income.

III. Segment Overview, FY2020

H. Logistics Support Segment

(100 million yen)

Item	FY2020 Q3, Results	Vs. FY2019			Q3 Highlights
		FY2019	Difference	Difference (%)	
Revenues	1,138	1,198	(59)	(5.0)	As in Q2, petroleum division was affected by a decline in unit sales price and volume. In November, LS revenues recovered and swung positive compared to the same period in the previous fiscal year; however, revenues declined overall. Operating income increased due to recovery in LS, despite a decline in petroleum gas sales volume and profit margins.
Operating income	30	27	3	13.3	
Operating income margin	2.7	2.3	—	—	

Item	Results and Forecast for FY2020							
	Q1	Q2	1H	Q3	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	1,017	1,058	2,076	1,138	1,110	2,248	4,325	
Operating income	27	26	53	30	32	63	117	
Operating income margin	2.7	2.5	2.6	2.7	2.9	2.8	2.7	

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 Forecast	2H Forecast	FY Forecast	
Revenues	(128)	(79)	(207)	(59)	(119)	(179)	(387)	
Operating income	0	(4)	(3)	3	(6)	(2)	(6)	
Operating income margin	2.4	(14.9)	(6.8)	13.3	(16.3)	(4.0)	(5.3)	

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	October 30 Forecast	Difference	Results	July 31 Forecast	Difference	Revised Forecast	October 30 Forecast	Difference
Revenues	4,325	4,325	—	2,076	2,001	75	2,248	2,248	—
Operating income	117	109	8	53	51	2	63	55	8
Operating income margin	2.7	2.5	—	2.6	2.5	—	2.8	2.5	—

Special Factors	
• Impact of foreign exchange (stronger yen):	[revenues] (0) [Q3 cumulative], (1) [year] [operating income] (0) [Q3 cumulative], (0) [year]
• Cost increase associated with the employee system reform:	[operating income] (0) [Q3 cumulative], (0) [year]
• Impact of COVID-19:	[revenues] (37) [Q3 cumulative], (45) [year] [operating income] (6) [Q3 cumulative], (8) [year]
• Impact of special allowance payments:	[operating income] (1) [Q1, year]

Forecast Overview	
We expect to see a recovery in volume related to LS machine tool and construction equipment exports. However, Petroleum and LP gas sales unit prices are likely to continue downward. Accordingly, we forecast revenues and profits to decrease.	

Forecast Change	
Revenues	4,325
Operating income	117

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• The Logistics Support segment recorded lower revenues year on year as Logistics Support business volume decreased, mainly due to a decline in unit sales prices in the petroleum and LP gas divisions, trade friction between the U.S. and China, and the impact of COVID-19.

Volume for machine tools, construction equipment, and other exports in the Logistics Support business began to recover in Q3. However, due to the ongoing impact of unit price declines in the petroleum and LP gas division, we have decided to leave our full-year earnings forecasts for revenues unchanged. We have made an upward revision to our forecast for operating income.

IV. Nippon Express Group Business Plan 2023 KPIs



A Growth Strategy for Core Businesses

Item Revenues	Japan ^{*1}				Overseas			
	FY2020 Q3 cumulative, Results ^{*2}	FY2019 Q3 cumulative, Results ^{*2}	Difference (%)	FY2020 Forecast	FY2020 Q3 cumulative, Results ^{*2}	FY2019 Q3 cumulative, Results ^{*2}	Difference (%)	FY2020 Forecast
Electric and Electronics Industry	¥78.9 billion	¥79.2 billion	(0%)	¥99.0 billion	¥88.3 billion	¥80.5 billion	10%	¥109.5 billion
Automotive Industry	¥46.3 billion	¥50.0 billion	(7%)	¥53.5 billion	¥46.6 billion	¥50.5 billion	(8%)	¥61.5 billion
Apparel Industry	¥13.1 billion	¥12.3 billion	7%	¥17.0 billion	¥37.2 billion	¥40.2 billion	(7%)	¥43.0 billion
Pharmaceutical/Medical Industry	¥10.7 billion	¥11.0 billion	(3%)	¥15.0 billion	¥9.0 billion	¥7.5 billion	19%	¥11.0 billion

Item	FY2020 Jan-Sep Results	FY2019 Jan-Sep Results	Difference (%)
Ocean forwarding business ^{*3}	480,000 TEU	520,000 TEU	(8%)
Air forwarding business ^{*3}	490,000 t	590,000 t	(18%)

Item Revenues	FY2020 Jan-Sep Results	FY2019 Jan-Sep Results	Difference (%)
Non-Japanese Customer Accounts (GAM + GTA ^{*4})	¥29.3 billion	¥21.7 billion	35%

^{*1} Japan results, KPI figures are for non-consolidated Nippon Express ^{*2} Figures for the cumulative third quarter represent Apr-Dec results for Japan and Jan-Sep results for overseas
^{*3} Results, differences (%) rounded to the nearest whole number ^{*4} GAM: Global Account Management GTA: Global Target Accounts

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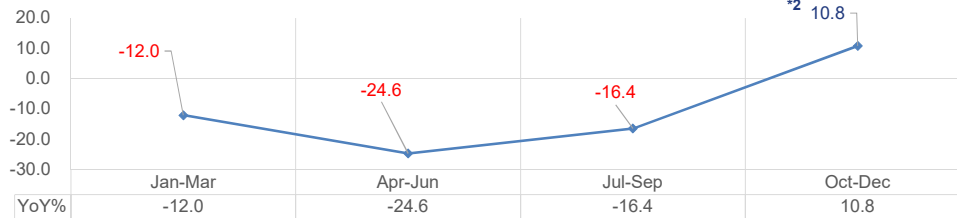
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- In terms of growth strategy for our core businesses, volume performance in designated priority industries and annual forecasts are as you see in this chart.
- In the electric and electronics industry, activity related to electronic equipment such as PCs and printers, etc., was firm, as reflected in semiconductor-related industries and telework-related demand. By capturing air demand originating in Japan and Asia, we secured Q3 performance in Japan nearly level with the same period in the prior fiscal year, while overseas outperformed by 10%, resulting in significant Q3 growth.
- In the automotive industry, we saw double-digit declines in Japan and overseas during the first half of the fiscal year. Since September, production has returned to pre-COVID-19 levels, and our results began to show a recovery beginning in Q3. Volume in production components originating in Asia for the Americas increased, leading to improvement in Japan and overseas.
- Although apparel industry demand via e-commerce and other channels remained firm in Japan, our most recent results have been level year on year, due in part to the expiration of some warehouse operations contracts. Meanwhile, overseas revenues that had been running 12% lower for the cumulative first half recovered to a 1.5% increase year on year as of Q3. Here, we contracted new e-commerce warehousing services in various Asian countries, saw growing demand for high-fashion apparel in China, and captured forwarding business for goods originating in Europe.
- In the pharmaceuticals/medical industry, demand for pharmaceutical transport was sluggish in Japan due to the decrease in non-COVID-19 visits and surgeries at medical institutions. While the same trend can be seen overseas, sales increased as we captured emergency transportation demand. As of February, we established full operations at four dedicated pharmaceutical warehouses in Japan. We are in the process of building a pharmaceutical logistics platform, and we are preparing a high-quality transportation services and management system in compliance with GDP for international forwarding services to/from overseas, aiming to expand our pharmaceutical-related volume in the future.

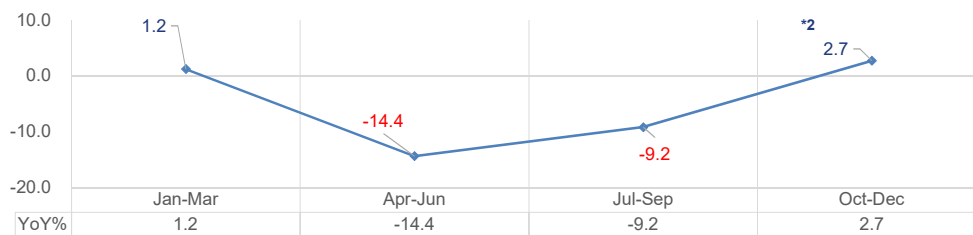
(Reference) Air/Marine Freight Forwarding Business Trends

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

Air Forwarding Business



Marine Freight Forwarding Business



*1. Volume by weight and unit are global totals for Japan and overseas
*2. Oct-Dec results for the current fiscal year are based on preliminary figures

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- Although air/marine freight forwarding volumes declined from the previous year, we are seeing a trend toward recovery.
 - While air freight forwarding declined significantly from the previous year, the decline in volume began to narrow in July, as customers resumed production activities.
 - By region, we see that September volume in Japan outperformed year on year, and has continued to do so every month since. We have seen the same trends for East Asia beginning in October, South Asia beginning in November, and Europe and the Americas beginning in December.
 - The IATA report for early 2021 forecasts that air cargo transportation will recover to 2019 levels in or around April 2021, and that the current prolonged shortage of ocean cargo transportation space could result in an early recovery of air transportation demand.
- Given these circumstances, we expect services originating in Japan for the mainstay automotive and semiconductor-related industries to be firm, resulting in considerable growth in terms of volume.

IV. Nippon Express Group Business Plan 2023 KPIs

B Strategy to Enhance Domestic Businesses in Japan

Major Initiatives

Improve Profitability Leveraging Group and Company Strengths to the Fullest, Continuing to Pursue Daily Cost Controls Through Outsourcing Cost Reductions

- Cumulative Q3 Results, FY2020 (YoY)
Outsourcing costs reduced by ¥31.3 billion (-8.7%)
*Increase in Q3 revenues (+4.2%) and decrease of ¥5.5 billion
in outsourcing costs (-4.6%)
Outsourcing cost ratio 40.0% (-2.3 points YoY)

- Continue with cost structure reform via stronger integration of land, sea and air operations (joint operations), etc.

Further Back Office Personnel Reassignments

- Working to reassign 129 employees during the second half (59 in block, 70 at head office)

- Consolidate administrative work and use RPA for further advancements

Expand Sales of New Products

- Multi-mode unit product
Measures to grow sales of Protect BOX Arrow

- Protect BOX Arrow
Expand volume across all modes, including air, rail, and coastal shipping

Automate, Streamline Office Work

- Engage in company-level RPA, and pursue RPA in worksite-level operations

- Applying to 73 operations beginning in October, engaging with greater focus

Improve Efficiencies in Railway Business

- Introduced Saturday delivery requests and revised Sunday deliveries

- Building an operating system that responds to changes in volume

Operational Labor-Savings and Automation

- Aim to automate 50% of operations for faster work floors (assign staff, select operations to improve)

- Improve 40 operations specifically and roll out laterally

Structural Reform of the Moving & Relocation Business (Leverage our Advantages)

- Reduce COVID-19-related concerns through *Remomi* (remote quotation system)

- Utilize company-wide operational capabilities (preliminary inspections, work) in full, capturing demand during seasonal peaks

Engage in Concentrated Pursuit of Building a More Robust Business in Japan

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• At present, we are pursuing various initiatives under our strategy to enhance domestic businesses in Japan, the most important of which is to revise our cost structure.

• First, we are doing our utmost to use our company strengths and reduce outsourcing costs. For the cumulative third quarter, we reduced outsourcing costs by ¥31.3 billion, or 8.7% year on year, significantly outpacing the 3.5% rate of decrease in revenues. Our outsourcing cost ratio amounted to 40.0%, down 2.3 points year on year.

• In fiscal 2019, we reassigned 116 back office employees. During the first half of the current fiscal year, we reassigned another 91 employees. In Q3, we reassigned 80 more, and we plan to conduct further adjustments in Q4, planning to reassign more than 129 back office employees over the second half of the fiscal year. As a result, we expect to have reassigned 336 back office employees over two years, or more than 344 employees when including business unit reassignments.

• In addition, we are expanding sales of new products and pursuing reform in our network businesses, including our Small-Lot Shipments and Moving & Relocation businesses. We intend to bring the full operational functions of the company to bear in capturing demand during the moving season. We intend to implement revised operating plans based on the challenging economic conditions in Japan, moving forward with initiatives to enhance our businesses in Japan.

IV. Nippon Express Group Business Plan 2023 KPIs



C Progress in FY2020 Back Office Cost Reductions (as of December 31, 2020)

Enhancing Japanese Domestic Businesses	FY2023 Targets		FY2019 Results	FY2020 Targets [YoY]	FY2020 1H [YoY]	FY2020 Q3 [YoY]	FY2020 Cumulative (as of December)	FY2020 Cumulative Forecast [YoY]	Cumulative [FY2019 + FY2020]
Further reorganization of organizations/streamlining of administrative departments	-¥4.5 billion [-500 employees]	Further branch back office personnel reassignments	-¥1.1 billion [-124 employees]	-¥0.9 billion [-100 employees]	-¥0.45 billion [-50 employees]	—	-¥0.45 billion [-50 employees]	-¥0.98 billion [-109 employees]	-¥3.08 billion
		Reassign HQ employees	—	-¥0.9 billion [-100 employees]	-¥0.37 billion [-41 employees]	—	-¥0.37 billion [-41 employees]	-¥1.0 billion [-111 employees]	
Reform in business processes	-¥5.0 billion	Overtime [back office personnel]	-¥1.1 billion	-¥1.0 billion	-¥0.85 billion	-¥0.26 billion	-¥1.11 billion	-¥1.2 billion	-¥3.05 billion
		Personnel dispatching cost [back office]	+¥0.15 billion	-¥0.3 billion	-¥0.32 billion	-¥0.37 billion	-¥0.69 billion	-¥0.9 billion	
Total	-¥9.5 billion	Total	-¥2.05 billion	-¥3.1 billion	-¥1.99 billion	-¥0.63 billion	-¥2.62 billion	-¥4.08 billion	-¥6.13 billion

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• The following summarizes the reductions we have achieved in back office costs. I explained that we expect to have reassigned 344 employees over two years across the company to broaden the scope of branch office organizations and streamline our management organization. We estimate that we will save nearly ¥3.1 billion in back office costs.

• We are striving to reform office work processes by reducing the burden of front-line administrative work through RPA, centralized accounting work, and other measures. We believe we will begin to see the effects of reducing overtime and personnel dispatch costs at branch offices. We expect to save a total annual ¥1.2 billion in overtime costs compared to last year, as well as ¥900 million in personnel dispatch costs.

• As a result of this office work process reform, we forecast savings of ¥3.1 billion between fiscal years 2019 and 2020. Adding personnel reassignments to this amount, we forecast ¥6.1 billion in savings for the two fiscal years, representing 65% of our ¥9.5 billion group business plan target.

IV. Nippon Express Group Business Plan 2023 KPIs

D Pursuing RPA

Reasons behind RPA adoption

Create more time for core tasks, including creative planning, business activities, etc.
 ⇒ **Improve productivity and quality, reduce costs, and create potential new businesses.**

~Planned Use Cases for RPA~

★ Implement paperless work to automate general administrative tasks

★ AI-OCR x RPA

Numerical Targets

● Create a cumulative 1 million hours by the end of FY2021

~Implementation Case Study~

★ Operations related to work plans

★ Operations related to railway forwarding

★ Operations related to accounting

● Created a cumulative 700,000 hours by the end of FY2020

FY2020 (Apr-Dec):	160,000 hours	created
FY2020 (forecast):	360,000 hours	created

● Created a cumulative 400,000 hours by the end of FY2019
 (Result : 340,000 hours created)

Measures for implementing RPA

- Educational activities for all employees through **e-learning**
- Train and assign **RPA Masters** in each branch to analyze and standardize operations
- **Support introduction of RPA** in each overseas block and domestic affiliate

IV. Nippon Express Group Business Plan 2023 KPIs

E Restructuring Business Portfolios

Initiatives to select and focus on core businesses

Nippon Express Group



• Due to the deteriorating environment in the travel industry and from the perspectives of selection and focus, Nippon Express believes that the best course of action for group growth is to dissolve or liquidate Nippon Express Travel and NTS, concentrating management resources (personnel, etc.) in the group's core logistics business.

• We are considering a number of other projects from the perspective of focusing on our its core businesses and reviewing our business portfolio to improve profitability.

IV. Nippon Express Group Business Plan 2023 KPIs

F Engage in Collaborative Efforts in Connection With the Leasing Business Spin-off

Spin off leasing business of Nittsu Shoji



• We intend to transfer the Nittsu Shoji leasing business in an absorption-type company split, leaving the newly established company as the successor and transferring a portion of this new company's shares to Tokyo Century Corporation and Sompo Japan Insurance, Inc.

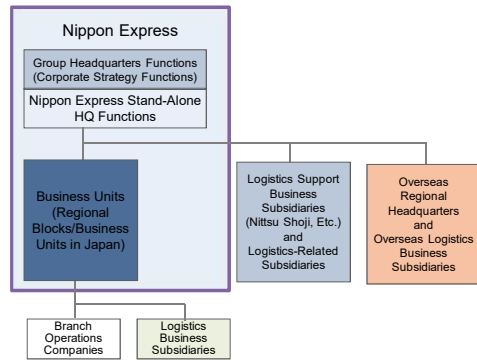
• We believe this alliance with Tokyo Century will help us grow into a business that combines business expertise and knowledge of specialty financing, becoming a company capable of providing services and products that contribute to the development of society and customers.

• At the same time, through this spin-off mechanism, the Nippon Express Group expects to streamline our balance sheet and offer new solutions contributing to entering and expanding into growth fields targeted by the Nippon Express Group. In this way, the Nippon Express Group will make more effective use of group assets and improve capital efficiency.

V. Transition to a Holding Company Structure

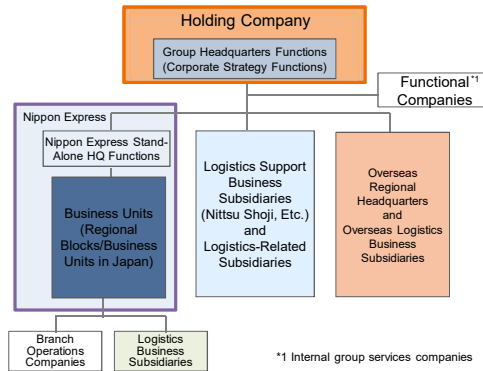
◆ Current Structure

Nippon Express provides functions as both group headquarters and stand-alone headquarters (business strategy and operational support); leads group management



◆ Holding Company Structure After January 2022

Holding company drives group business growth and reform as the group headquarters



(Note) Since the transition will take place through a share transfer, Nippon Express will hold the shares of other subsidiaries temporarily immediately after the transition.

Holding Company = Formulate group policies from a medium- to long-term perspective; optimize and upgrade group businesses; allocate management resources

Operating Company (Nippon Express) = Expand earnings through the growth of global businesses originating in Japan and strengthen domestic businesses in Japan

Accelerate group growth by clarifying the roles of the holding company and group operating companies

Today, we announced our decision and preparations to transition to a holding company structure.

To realize our long-term vision of becoming a logistics company with a strong presence in the global market, we must evolve group management from a medium- to long-term perspective, striving to maximize our value as a corporate group. By transitioning to this new structure, we aim to (1) reinforce group management; (2) strengthen global governance for greater overseas business growth; and (3) enhance group corporate management.

V. Transition to a 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 structure

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

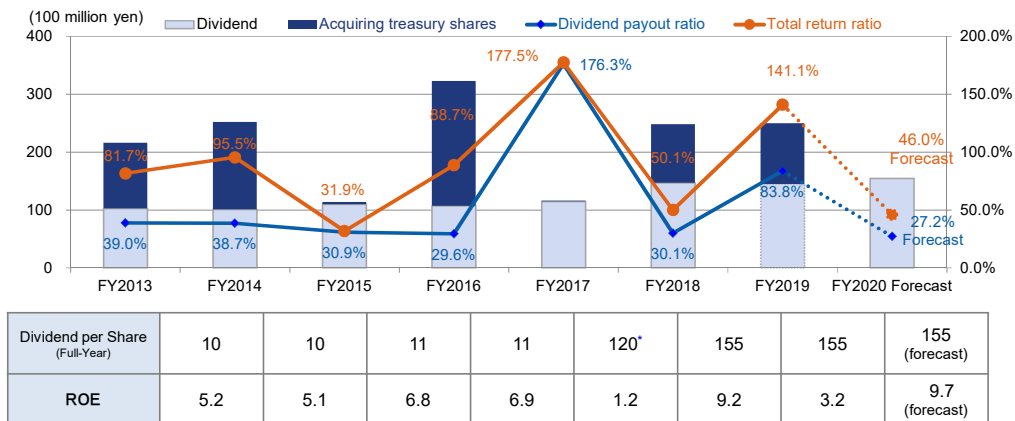
*We will provide more information at a future date regarding the holding company structure and overview/details of the holding company following our share transfer plan announcement scheduled for April 2021.

VI. Return to Shareholders

A Capital Policies

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

B Key Indicators



*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 intend to pay a total ¥155 per share in dividends for fiscal 2020 shareholder returns, consisting of a ¥75 per share interim dividend and a ¥80 per share year-end dividend. This dividend is equal to what we paid as an annual dividend for fiscal 2019.

Today, we announced that the company will repurchase up to ¥10 billion in treasury stock during the repurchase period from February 1, 2021 to March 24, 2021.

• In addition to striving for stable dividends, we will endeavor to achieve a dividend payout ratio of 30% or more, as provided in our group business plan, and achieve a total return ratio of 50% or more over the cumulative five-year period covered by our current management 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 Q3, FY2020

A Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q3, cumulative)	Reference
Impact of change in unit fuel price	Operating Income: +¥2.21 billion 1H: +¥1.57 billion (cost decrease) Q3: +¥0.64 billion (cost decrease)	Unit price per ℓ [FY2019 Q3/Previous forecast] <ul style="list-style-type: none"> • Light oil : ¥81.13 [¥100.40/¥79.40] • Gasoline : ¥118.94 [¥134.46/¥117.80] • Heavy oil : ¥45.48 [¥53.72/¥45.30]
Impact of foreign exchange	Revenues: ¥(5.40) billion Operating income: ¥(0.15) billion 1H: Revenues: ¥(5.89) billion Operating income: ¥(0.17) billion Q3: Revenues: +¥0.48 billion Operating income: +¥0.02 billion	Average cumulative exchange rate* [FY2019 Q3/Previous forecast] <ul style="list-style-type: none"> • USD : ¥107.59 [¥109.15/¥108.20] • EUR : ¥120.90 [¥122.66/¥119.30] • HKD : ¥13.87 [¥13.92/¥13.90] • RMB : ¥15.37 [¥15.90/¥15.30] * 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.
Special allowance payments	Operating income: ¥(1.98) billion	<ul style="list-style-type: none"> • Japan : ¥(1.51) billion [Q1] • Overseas segment : ¥(0.04) billion [Q1] • Security Transportation segment : ¥(0.25) billion [Q1] • Heavy Haulage & Construction segment : ¥(0.02) billion [Q1] • Logistics Support : ¥(0.14) billion [Q1]

(Appendix 1) Financial Results for Q3, FY2020

A Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q3, cumulative)	Reference
Changes associated with employee system reform (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: ¥(0.61) billion	<ul style="list-style-type: none"> • Japan : ¥(0.49) billion • Security Transportation : ¥(0.07) billion • Heavy Haulage & Construction : ¥(0.03) billion • Logistics Support : ¥(0.0) billion
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.29) billion	<ul style="list-style-type: none"> • Japan : ¥(0.23) billion • Security Transportation : ¥(0.05) billion • Heavy Haulage & Construction : ¥(0.0) billion
Impact from change of the period applicable to bonus payment	Operating income: +¥4.63 billion	<ul style="list-style-type: none"> • Japan : +¥3.54 billion [Q1] • Security Transportation : +¥0.97 billion [Q1] • Heavy Haulage & Construction : +¥0.11 billion [Q1]
Provision for retirement benefits (insufficient prior-period provisions)	Operating income: ¥(0.74) billion	<ul style="list-style-type: none"> • Japan : ¥(0.74) billion [Q1]
Impact due to change in retirement allowance rules	Operating income: +¥0.33 billion	<ul style="list-style-type: none"> • Japan : +¥0.3 billion • Security Transportation : +¥0.02 billion • Heavy Haulage & Construction : +¥0.01 billion

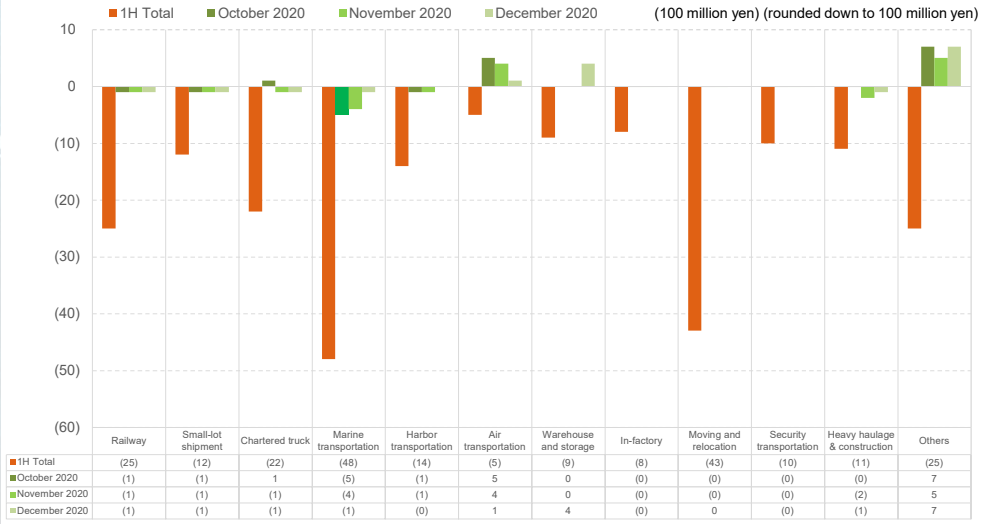
(Appendix 1) Financial Results for Q3, FY2020

A Changes Due to External Environmental and Other

Variable factors	Impact on consolidated results (Q3, cumulative)	Reference
Impact of COVID-19	Revenues: ¥(23.89) billion Operating income: ¥(11.00) billion	Revenues/Operating Income <ul style="list-style-type: none"> • Japan : ¥(32.37) billion/¥(10.87) billion • The Americas : ¥(2.80) billion/¥(1.16) billion • Europe : ¥(3.59) billion/¥(1.25) billion • East Asia : +¥10.79 billion/+¥2.46 billion • South Asia & Oceania : +¥10.48 billion/+¥1.68 billion • Security Transportation : ¥(1.18) billion/¥(0.83) billion • Heavy Haulage & Construction : ¥(1.46) billion/¥(0.36) billion • Logistics Support : ¥(3.74) billion/¥(0.66) billion
Environment investments	Operating income: ¥(0.06) billion	<ul style="list-style-type: none"> • Japan : ¥(0.06) billion
Correction of excessively recorded prior-period revenues	Revenues and Operating Income +¥0.78 billion	<ul style="list-style-type: none"> • Japan : +¥0.78 billion [Q2]

(Appendix 1) Financial Results for Q3, FY2020

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



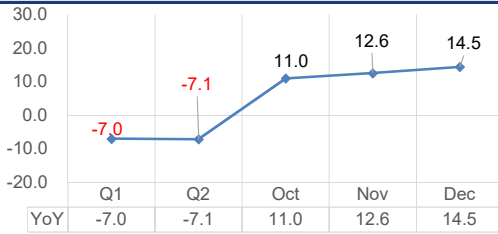
(Appendix 1) Financial Results for Q3, FY2020

C Volume in Priority Industries (YoY Sales)

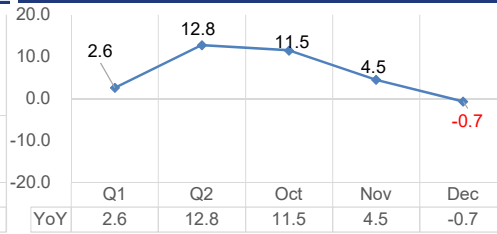
(Unit: %)

Domestic Priority Industries

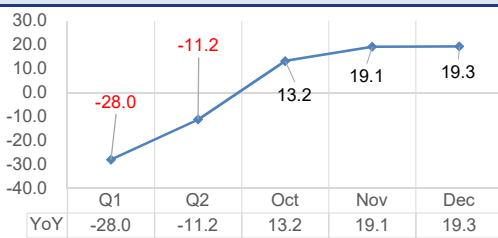
Electric and Electronics



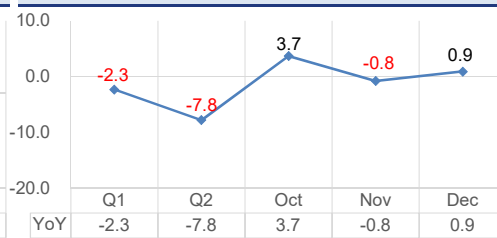
Apparel



Automobiles



Pharmaceutical/Medical



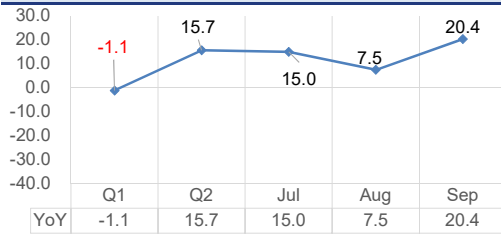
(Appendix 1) Financial Results for Q3, FY2020

C Volume in Priority Industries (YoY Sales)

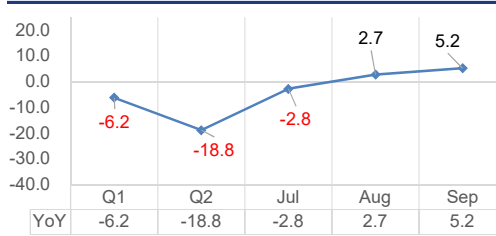
(Unit: %)

Overseas Priority Industries

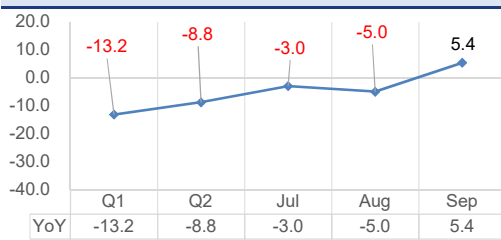
Electric and Electronics



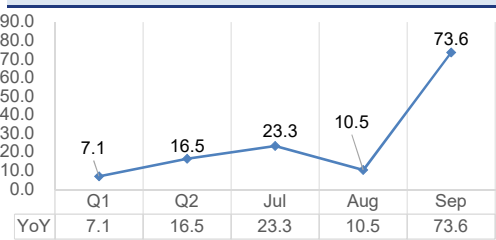
Apparel



Automobiles








Pharmaceutical/Medical



D 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"> Reduce air forwarding costs 	<ul style="list-style-type: none"> Leverage company strengths, maximize infrastructure strengths 	<ul style="list-style-type: none"> Reduce no. of collection and delivery vehicles with shipping volume Leverage company strengths, maximize infrastructure strengths Reduce overtime by using empty space in other work vehicles for shipping services 	<ul style="list-style-type: none"> Reduce no. of low-capacity routes Functional integration in nearby terminals Expand relay functions Leverage company strengths 	<ul style="list-style-type: none"> Consolidate locations, reduce size to lower rent expense

Employee Temporary Leave Program

Reduction in Force (suspend hiring overseas)

Reduce General and Administrative Expenses

2. Variable Cost Ratios (Non-Consolidated)

These reductions resulted in...

Nippon Express Non-Consolidated; Q3, FY2020

Reduction in Variable Costs of 1.1% (YoY) ↓

Nippon Express Non-Consolidated; Cumulative Q3, FY2020

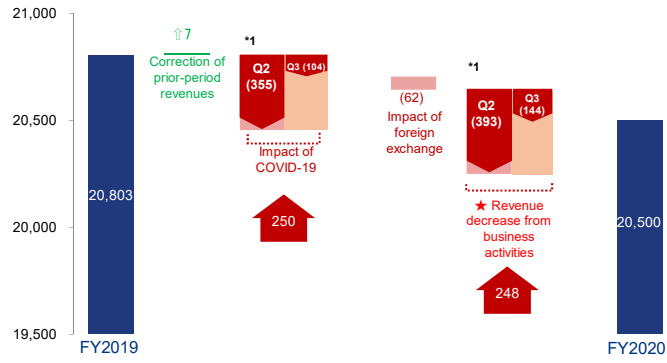
Reduction in Variable Costs of 2.1% (YoY) ↓

(Appendix 2) Financial Results Forecast for FY2020

A Breakdown of Revenues and Operating Income (vs. Q2 Earnings Announcement)

1. Revenues

- Negative impact of COVID-19 improved to -¥25.0 billion
- Negative impact of revenue decrease from business activities improved to -¥24.8 billion (100 million yen)

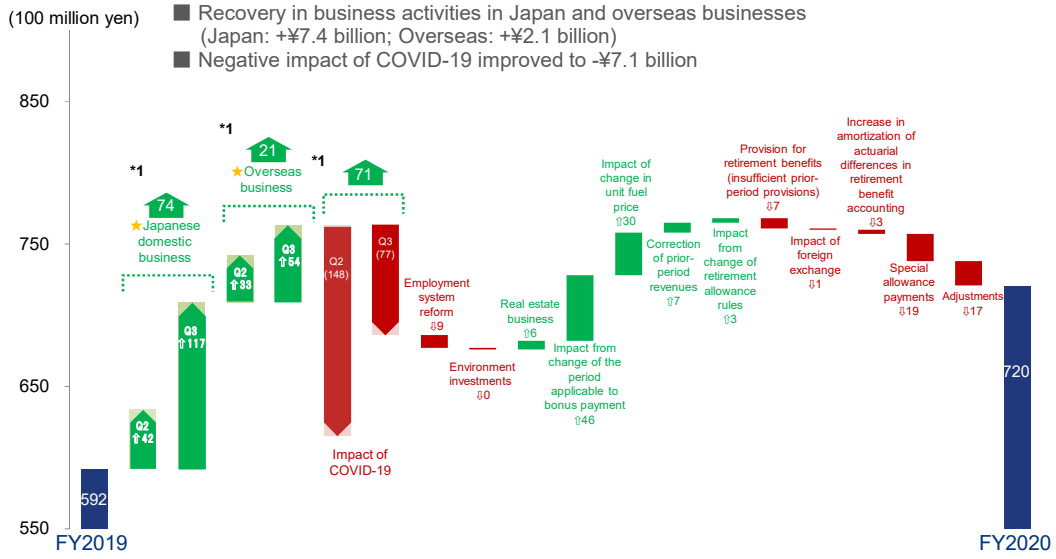


*1 Figures for Q2 represent figures at the time of the Q2 forecast. Figures for Q3 represent figures at the time of the Q3 forecast.

(Appendix 2) Financial Results Forecast for FY2020

A Breakdown of Revenues and Operating Income (vs. Q2 Earnings Announcement)

2. Operating income



*1 Figures for Q2 represent figures at the time of the Q2 forecast. Figures for Q3 represent figures at the time of the Q3 forecast

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Financial Results Presentation for Q3, Fiscal Year Ending March 2021

(Appendix 2) Financial Results Forecast for FY2020

B Changes Due to External Environmental and Other Factors (Forecast)

Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact of change in unit fuel price	<p>+¥3.01 billion (cost decrease)</p> <p>* 1H : +¥1.57 billion (cost decrease) 2H : +¥1.44 billion (cost decrease)</p>	<p>Unit price per ℓ [Yearly average in FY2019/ Previous forecast]</p> <ul style="list-style-type: none"> • Light oil : ¥82.15 [¥100.22/¥80.40] • Gasoline : ¥119.56 [¥134.37/¥120.00] • Heavy oil : ¥45.47 [¥56.47/¥45.20]
Impact of foreign exchange	<p>Revenues: ¥(6.22) billion</p> <p>Operating income: ¥(0.14) billion</p> <p>*1H: Revenues : ¥(5.89) billion Operating income : ¥(0.17) billion</p> <p>2H: Revenues : ¥(0.32) billion Operating income : +¥0.02 billion</p>	<p>Average annual exchange rate* [Yearly average in FY2019/ Previous forecast]</p> <ul style="list-style-type: none"> • USD : ¥106.82 [¥109.05/¥107.10] • EUR : ¥121.81 [¥122.08/¥121.70] • HKD : ¥13.77 [¥13.92/¥13.80] • RMB : ¥15.48 [¥15.79/¥15.40] <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: ¥(0.06) billion</p>	<ul style="list-style-type: none"> • Japan : ¥(0.06) billion

(Appendix 2) Financial Results Forecast for FY2020

B Changes Due to External Environmental and Other Factors (Forecast)

Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Correction of excessively recorded prior-period revenues	Revenues and Operating Income +¥0.78 billion	<ul style="list-style-type: none"> Japan : +¥0.78 billion [Q2]
Change due to employment system reform (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: ¥(0.99) billion	<ul style="list-style-type: none"> Japan : ¥(0.77) billion Security Transportation : ¥(0.14) billion Heavy Haulage & Construction : ¥(0.04) billion Logistics Support : ¥(0.02) billion
Impact due to change in period applicable to bonus payment	Operating income: +¥4.63 billion	<ul style="list-style-type: none"> Japan : +¥3.54 billion [Q1] Security Transportation : +¥0.97 billion [Q1] Heavy Haulage & Construction : +¥0.11 billion [Q1]
Special allowance payments	Operating income: ¥(1.98) billion	<ul style="list-style-type: none"> Japan : ¥(1.51) billion [Q1] Overseas : ¥(0.04) billion [Q1] Security Transportation : ¥(0.25) billion [Q1] Heavy Haulage & Construction : ¥(0.02) billion [Q1] Logistics Support : ¥(0.14) billion [Q1]

(Appendix 2) Financial Results Forecast for FY2020

B Changes Due to External Environmental and Other Factors (Forecast)

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

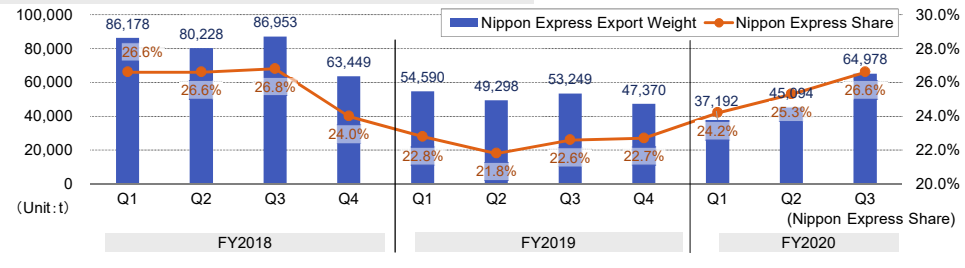
(Appendix 2) Financial Results Forecast for FY2020

B Changes Due to External Environmental and Other Factors (Forecast)

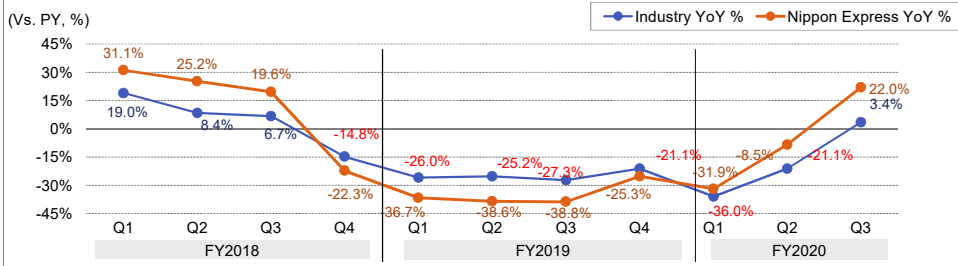
Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact of COVID-19	<p>Revenues ¥(10.46) billion</p> <p>Operating income ¥(7.75) billion</p>	<ul style="list-style-type: none"> • Japan Revenues : ¥(36.09) billion Operating income : ¥(10.94) billion • The Americas Revenues : ¥(3.29) billion Operating income : ¥(1.37) billion • Europe Revenues : ¥(1.70) billion Operating income : ¥(0.63) billion • East Asia Revenues : +¥17.04 billion Operating income : +¥3.65 billion • South Asia & Oceania Revenues : +¥21.01 billion Operating income : +¥3.72 billion • Security Transportation Revenues : ¥(1.27) billion Operating income : ¥(0.92) billion • Heavy Haulage & Construction Revenues : ¥(1.60) billion Operating income : ¥(0.44) billion • Logistics Support Revenues : ¥(4.55) billion Operating income : ¥(0.82) billion

(Appendix 3) Export Air Freight Weight Originating From Japan

Export Air Freight Weight Originating from Japan



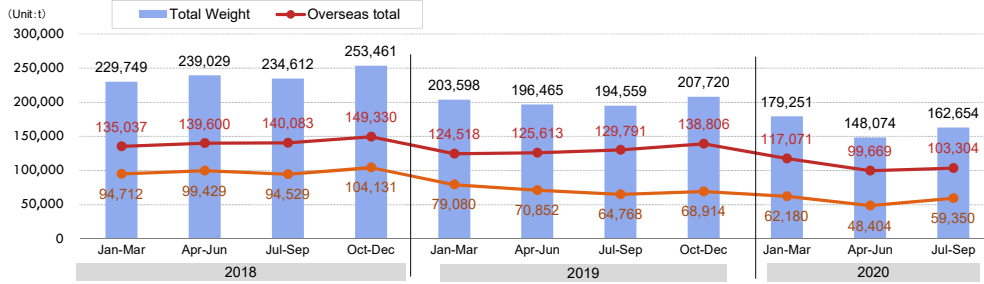
Export Air Freight Originating From Japan, YoY



(Appendix 4) 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		
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		
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		
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		
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		
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		
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		
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		
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		

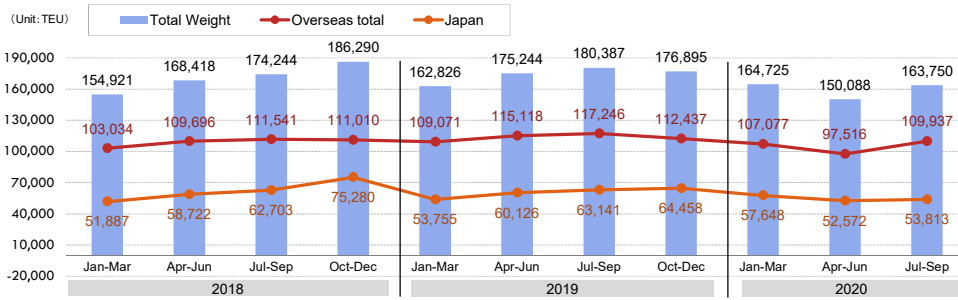


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(Appendix 5) Export Freight (Marine & Harbor Transportation)

(Unit: TEU)

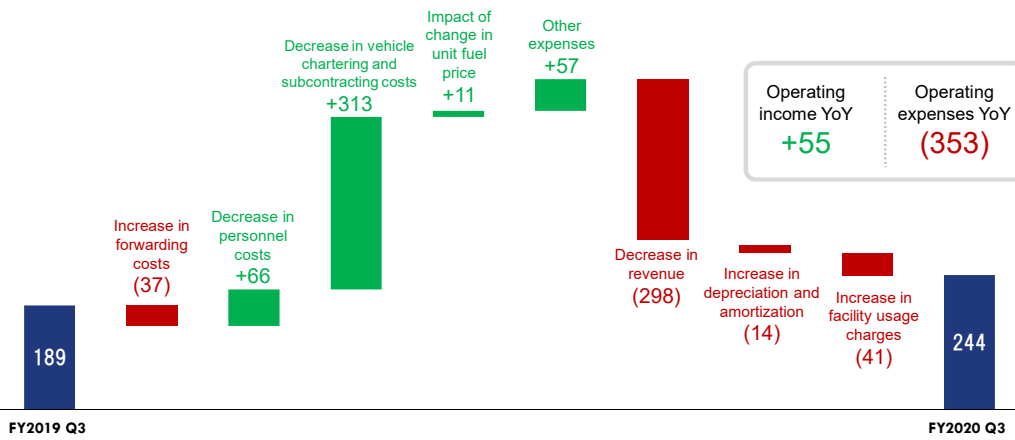
Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	51,887	58,722	62,703	75,280	248,592	53,755	60,126	63,141	64,458	241,480	57,648	52,572	53,813		
The Americas	8,982	9,807	9,006	9,637	37,431	9,157	9,539	8,760	9,452	36,908	9,794	9,191	9,322		
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		
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		
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		
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		
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		



(Appendix 6) Change in Non-Consolidated Income
(Q3 Cumulative for FY2020)

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

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



Breakdown of Various Expense (Q3)

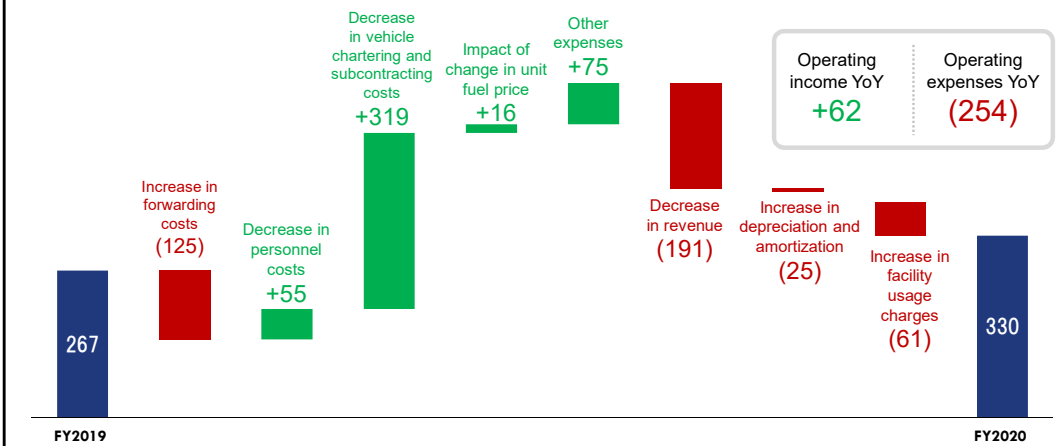
*presented on an expense basis

Breakdown of Various Expense
(Q3 cumulative)

Breakdown of Various Expense (Q3)		Breakdown of Various Expense (Q3 cumulative)	
Decrease in personnel expenses (17) [(2.8%)]	Decrease in vehicle chartering and subcontracting costs (55) [(4.6%)]	Increase in forwarding costs +109 [+36.0%]	Decrease in vehicle chartering and subcontracting costs (313) [(8.7%)]
Personnel expenses (17) [(2.8%)]	Vehicle chartering cost (35) [(6.7%)]	Railway forwarding costs +0 [+0.2%]	Vehicle chartering cost (150) [(9.7%)]
	Subcontracting cost (19) [(3.0%)]	Ocean forwarding costs (5) [(6.4%)]	Subcontracting cost (172) [(8.9%)]
	Personnel dispatching cost (0) [(0.4%)]	Air forwarding costs +114 [+102.8%]	Personnel dispatching cost +8 [+9.4%]

(Appendix 6) Change in Non-Consolidated Income
(FY2020 Forecast)

(100 million yen) (rounded down to 100 million yen)
*Increase and decrease in the graph is on an income basis



Expense Detail (FY Forecast)

*presented on an expense basis

Decrease in personnel expenses (65) [(2.2%)]		Decrease in vehicle chartering and subcontracting costs (319) [(6.8%)]		Increase in forwarding costs +125 [+10.4%]	
Personnel expenses	(55) [(2.2%)]	Vehicle chartering cost	(182) [(8.9%)]	Railway forwarding costs	(39) [(9.1%)]
		Subcontracting cost	(154) [(6.1%)]	Ocean forwarding costs	(42) [(13.0%)]
		Personnel dispatching cost	+16 [+13.5%]	Air forwarding costs	+207 [45.7%]

We Find the Way



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