



Financial Results Presentation for Q2, Fiscal Year Ending March 2021

October 30, 2020
Nippon Express Co., Ltd.
Investor Relations Promotion Group
Corporate Planning Division

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I. Financial Results for Q2, FY2020

A Financial Highlights for Q2, FY2020

1. Overview (Consolidated)

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

Item	FY2020 Cumulative Q2 Results	FY2019 Cumulative Q2 Results	Difference YoY	Difference YoY (%)	1H Forecast (Announced July 31)	Difference	Progress (%)
Revenue	9,644	10,389	(744)	(7.2)	9,600	44	100.5
Operating income	208	291	(82)	(28.3)	165	43	126.5
Ordinary income	240	328	(87)	(26.7)	190	50	126.7
Profit attributable to owners of parent	230	190	40	21.4	190	40	121.5

2. Key Consolidated Business Indicators

Item	FY2020 Cumulative Q2 Results	FY2019 Cumulative Q2 Results	Item	Forecast (Reference)	FY2019 Results
Operating income margin	2.2%	2.8%	ROA	2.6%	1.1%
Ordinary income margin	2.5%	3.2%	ROE	7.3%	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.

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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

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The spread of COVID-19 continues on a global scale, with no signs of a predictable end in Japan and other countries.

We do see signs of a gradual economic recovery, but the future remains uncertain. Amid these circumstances, Nippon Express consolidated business performance was affected by a contraction in freight forwarding demand, resulting in lower revenues, operating income, and ordinary income year on year. Net income for the quarter rose due to the sale of distribution centers in Q1 for the purpose of generating asset liquidity. At the same time, revenues, operating income, and each profit measure outperformed our July 31 forecast.

Sales were higher than expected due to strong performance in our air transportation business, stemming from our capture of emergency transportation cargo in Japan and Asia, among other regions. In addition, we exercised a steady stream of cost controls, including the optimal allocation of vehicles and personnel in response to volume, lower outsourcing costs through the efficient use of company strengths, and other measures. While expectations hold for a steady future recovery in economic activity, we believe our ability to unify behind cost reduction measures and achieve the targets announced in July under these difficult conditions is an achievement. We will continue to strengthen our cost management to ensure this effect is not just temporary.

I. Financial Results for Q2, FY2020

B Japan and Overseas Results

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

Segment	Item	FY2020 Cumulative Q2 Results	FY2019 Cumulative Q2 Results	Difference YoY	Difference YoY (%)	1H Forecast (Announced July 31)	Difference	Progress (%)
Japan Total	Revenues	8,280	9,023	(742)	(8.2)	8,248	32	100.4
	Segment Income	210	277	(66)	(24.0)	177	33	119.2
Overseas Total	Revenues	1,980	2,067	(86)	(4.2)	1,979	1	100.1
	Segment Income	64	62	1	2.5	54	10	119.5

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

20.5%

I. Financial Results for Q2, FY2020

C Results by Reportable Segment

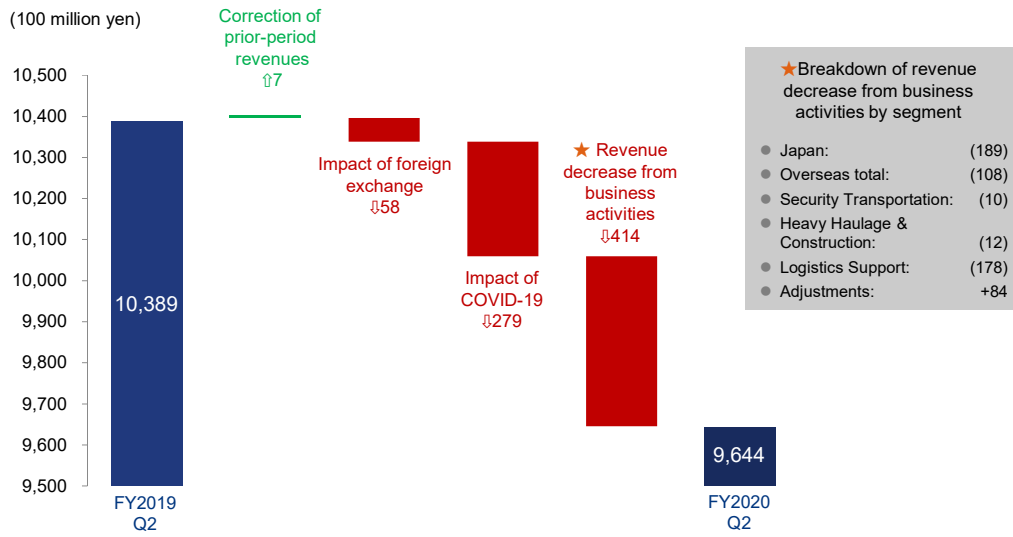
(100 million yen) (rounded down to 100 million yen)

Segment	Item	FY2020 Cumulative Q2 Results	FY2019 Cumulative Q2 Results	Difference YoY	Difference YoY (%)	1H Forecast (Announced July 31)	Difference	Progress (%)
Japan	Revenues	5,610	6,103	(492)	(8.1)	5,631	(20)	99.6
	Segment Income	138	205	(67)	(32.9)	101	37	136.8
The Americas	Revenues	373	477	(104)	(21.9)	382	(8)	97.7
	Segment Income	(0)	19	(19)	—	(1)	0	—
Europe	Revenues	522	588	(66)	(11.3)	527	(4)	99.1
	Segment Income	4	12	(7)	(60.5)	1	3	484.9
East Asia	Revenues	592	559	33	6.0	579	13	102.4
	Segment Income	28	15	12	80.4	21	7	134.2
South Asia & Oceania	Revenues	492	441	50	11.5	491	1	100.2
	Segment Income	31	15	16	102.2	33	(1)	96.9
Security Transportation	Revenues	343	364	(21)	(5.8)	343	0	100.0
	Segment Income	(9)	(12)	3	—	(11)	1	—
Heavy Haulage & Construction	Revenues	250	272	(21)	(8.0)	273	(22)	91.8
	Segment Income	28	26	1	5.7	36	(7)	78.3
Logistics Support	Revenues	2,076	2,283	(207)	(9.1)	2,001	75	103.8
	Segment Income	53	57	(3)	(6.8)	51	2	105.6

I. Financial Results for Q2, FY2020

D Breakdown of Revenues and Operating Income

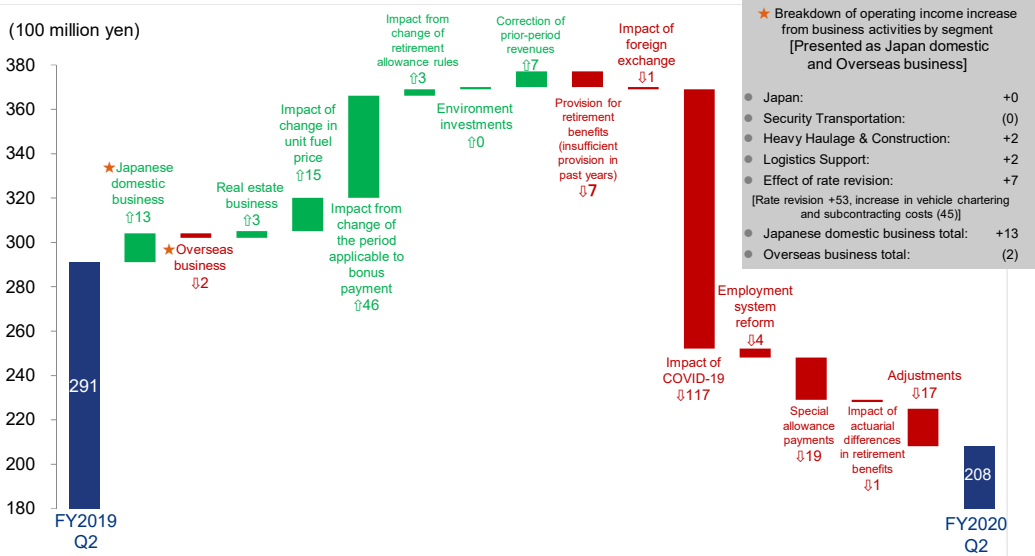
1. Revenues



I. Financial Results for Q2, 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 October 30)	FY2019 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced July 31)	Difference [Difference %]
Revenues	20,000	20,803	(803)	(3.9)	20,000	— [—]
Operating Income	550	592	(42)	(7.1)	450	100 [22.2]
Operating income margin	2.8	2.8	—	—	2.3	—
Ordinary income	590	574	15	2.7	490	100 [20.4]
Profit attributable to owners of parent	400	174	225	129.8	330	70 [21.2]

Item	1H	2H		Difference [%]
	FY2020 Results	July 31 Forecast	October 30 Forecast	
Revenues	9,644	10,400	10,355	(44) [(0.4)]
Operating income [Operating income margin]	208 [2.2]	285 [2.7]	341 [3.3]	56 [19.7]

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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

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We calculated our forecasts based on a comprehensive view of the current circumstances, assuming the spread of COVID-19 will remain localized and that economic activity will continue to recover gradually.

We expect revenues and operating income to decline ¥80.3 billion and ¥4.2 billion, respectively, year on year. We forecast higher ordinary income and profit attributable to owners of parent, reflecting the absence of prior-year factors such as the valuation loss related to Future Supply Chain Solutions Limited (India) and the impairment treatment of Traconf S.r.l. (Italy).

We left our full-year revenue forecast unchanged from our July 31 announcement. However, we raised our forecast for operating income and ordinary income by ¥10.0 billion each, while raising our forecast for net income by ¥7.0 billion.

With the impact of COVID-19 being less than we expected, we revised our forecasts to reflect the revenue recovery being within the range of our projections, the steady results of our cost reduction measures, and our expectations of associated income margin improvements.

We will continue to strengthen cost management, mainly in variable costs, to reduce expenditures, and we intend to leverage the situation with COVID-19 as an opportunity to revise our profit structure.

Nippon Express will move forward in a definitive restructuring of our facilities and operations that do not show profit improvements. We will allocate resources freed here to our priority businesses, including pharmaceutical/medical, semiconductor, and e-commerce. We will also allocate resources to areas lacking sufficient personnel.

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 October 30)	FY2019 Results	Difference YoY	Difference YoY (%)	[Reference] FY2021 Interim Target
Japan Total	Revenues	17,052	18,097	(1,045)	(5.8)	19,300
	Segment Income	533	603	(70)	(11.7)	690
Overseas Total	Revenues	4,281	4,125	155	3.8	5,200
	Segment Income	160	107	52	49.3	200

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

21.4%

II. Financial Results Forecast for FY2020

C Forecasts by Reportable Segment

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

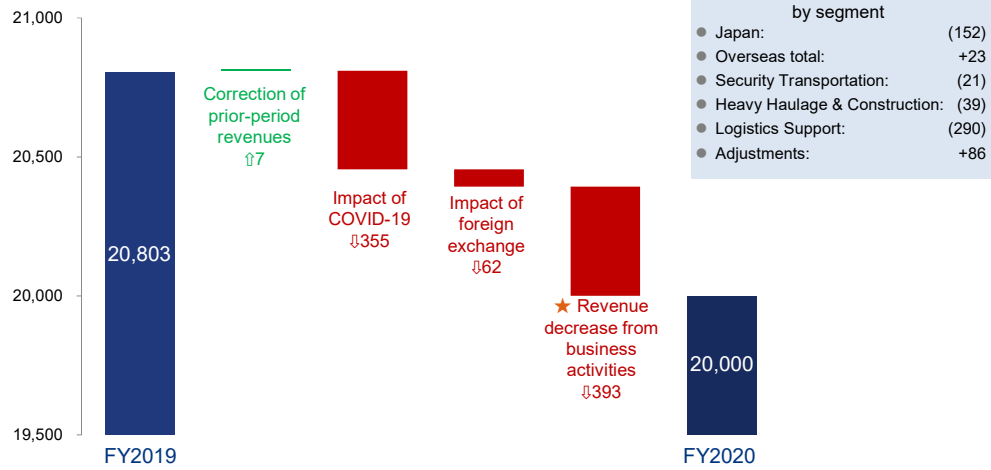
Segment	Item	FY2020 1H Results	2H Forecast					FY Forecast				
			FY2020 Revised Forecast	FY2019 Results	Difference	July 31 Forecast	Difference	FY2020 Revised Forecast	FY2019 Results	Difference	July 31 Forecast	Difference
Japan	Revenues	5,610	5,959	6,032	(73)	6,041	(81)	11,570	12,135	(565)	11,672	(102)
	Segment Income	138	241	222	19	230	11	380	428	(48)	331	49
The Americas	Revenues	373	444	433	11	435	9	818	910	(92)	817	1
	Segment Income	(0)	6	8	(2)	2	4	6	27	(21)	1	5
Europe	Revenues	522	617	604	13	545	72	1,140	1,193	(53)	1,072	68
	Segment Income	4	9	5	3	2	7	14	17	(3)	3	11
East Asia	Revenues	592	713	561	151	613	100	1,306	1,120	185	1,192	114
	Segment Income	28	44	14	30	15	29	73	29	43	36	37
South Asia & Oceania	Revenues	492	524	459	65	481	43	1,017	901	115	972	45
	Segment Income	31	35	15	19	16	19	67	31	35	49	18
Security Transportation	Revenues	343	347	361	(13)	357	(9)	691	725	(34)	700	(9)
	Segment Income	(9)	1	2	(0)	(1)	2	(8)	(10)	2	(12)	4
Heavy Haulage & Construction	Revenues	250	215	251	(35)	236	(20)	466	523	(57)	509	(43)
	Segment Income	28	23	35	(11)	24	(0)	52	61	(9)	60	(8)
Logistics Support	Revenues	2,076	2,248	2,428	(179)	2,331	(82)	4,325	4,712	(387)	4,332	(7)
	Segment Income	53	55	65	(10)	58	(2)	109	123	(14)	109	—

II. Financial Results Forecast for FY2020

D Breakdown of Revenues and Operating Income

1. Revenues

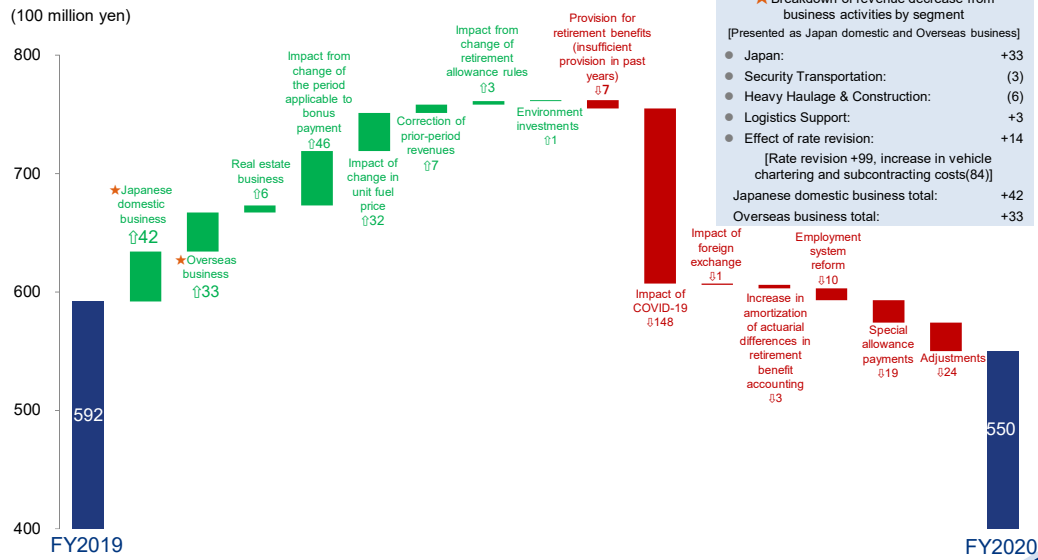
(100 million yen)



II. Financial Results Forecast for FY2020

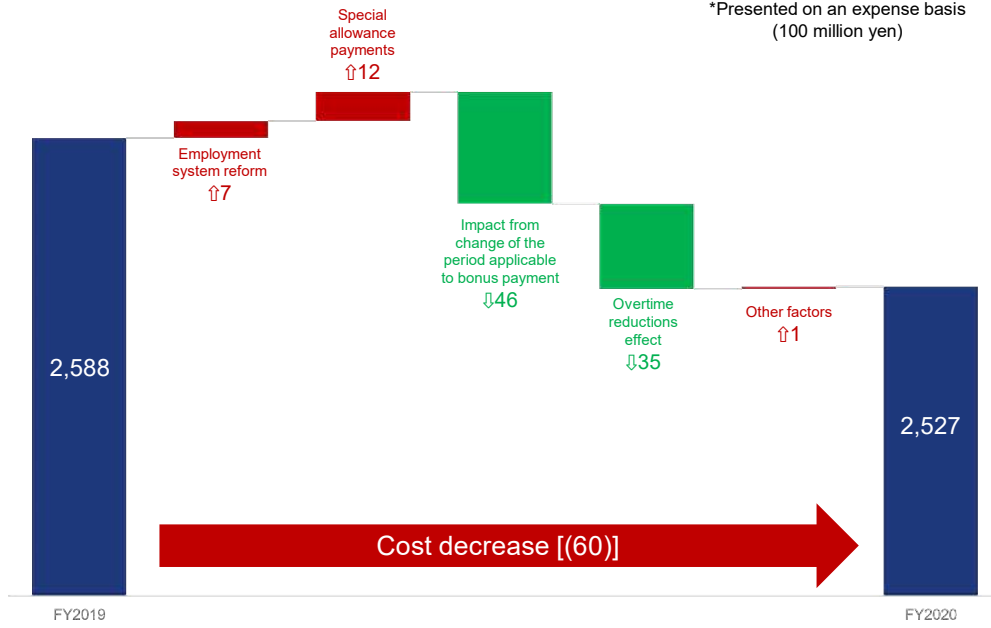
D Breakdown of Revenues and Operating Income

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)

1
Q2
Results

Item	FY2020 Q2 Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	2,877	3,077	(200)	(6.5)
Operating income	114	132	(18)	(13.7)
Operating income margin	4.0	4.3	—	—

Q2 Highlights

Although the impact of COVID-19 was smaller compared to Q1, steel and automobile cargo movement was sluggish, resulting in lower volumes in both the railway utilization business and motor transportation business. Our railway utilization business, in particular experienced sharply lower results than Q1 in the equipment, beverage, and paper and pulp transportation categories. The air transportation business showed signs of recovery in Q2, mainly driven by cargo movement related to automobiles and semiconductors. The warehousing and storage business and in-factory business reported firm performance again in Q2; however, these businesses could not fully compensate for decreases in railway utilization, motor transportation, and moving and relocation, resulting in lower revenues and operating income.

2
Quarterly
Results
and
Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	2,733	2,877	5,610	—	—	5,959	11,570
Operating income	23	114	138	—	—	241	380
Operating income margin	0.9	4.0	2.5	—	—	4.1	3.3

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 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	(291)	(200)	(492)	—	—	(73)	(565)
	(9.7)	(6.5)	(8.1)	—	—	(1.2)	(4.7)
Operating income	(49)	(18)	(67)	—	—	19	(48)
	(67.7)	(13.7)	(32.9)	—	—	8.6	(11.3)

Special Factor	
• Decrease in fuel unit cost:	[operating income] +13 [1H], +27 [year]
• Impact due to actuarial differences in retirement benefits:	[operating income] (1) [1H], (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 employment system reform:	[operating income] (3) [1H], (7) [year]
• Impact of COVID-19:	[revenues] (310) [1H], (421) [year] [operating income] (109) [1H], (140) [year]
• Provision for retirement benefits:	[operating income] (7) [Q1, year]
• Impact of special allowance payments:	[operating income] (15) [Q1, year]
• Environmental investments:	[operating income] +0 [1H], +1 [year]
• Restatement of prior year revenues:	+7 [Q2, year]
• Real estate business:	[operating income] +3[1H], +6 [year]

3
Forecast
Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	11,570	11,672	(102)	5,610	5,631	(20)	5,959	6,041	(81)
Operating income	380	331	49	138	101	37	241	230	11
	3.3	2.8	—	2.5	1.8	—	4.1	3.8	—

Forecast Overview

We expect continued firm performance in the air transportation business, warehousing and storage business, and in-factory business. We forecast our other business to record higher results as the impact of COVID-19 lessens.

III. Segment Overview, FY2020

B. The Americas Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019			Q2 Highlights
		FY2019	Difference	Difference (%)	
Revenues	167	237	(69)	(29.4)	Warehouse, automobile transportation, and air cargo sales, etc., were affected by the COVID-19 lockdown, resulting in lower revenues. In particular, the impact of customer production activity suspension in automobile-related, and lower volume contributed to another quarter of significantly lower revenues. Despite efforts to cut costs, including the cancellation of facility lease contracts, etc., the impact was not significant on quarterly performance, and the segment recorded lower revenues.
Operating income	(0)	10	(11)	—	
Operating income margin	(0.2)	4.5	—	—	

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020							
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	205	167	373	—	—	444	818	
Operating income	(0)	(0)	(0)	—	—	6	6	
Operating income margin	(0.0)	(0.2)	(0.1)	—	—	1.5	0.7	

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 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	(34)	(69)	(104)	—	—	11	(92)	
Operating income	(8)	(11)	(19)	—	—	(2)	(21)	
Operating income margin	—	—	—	—	—	(25.4)	(78.5)	

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	818	817	1	373	382	(8)	444	435	9
Operating income	6	1	5	(0)	(1)	0	6	2	4
Operating income margin	0.7	0.1	—	(0.1)	(0.3)	—	1.5	0.5	—

Special Factor
• Impact of foreign exchange (stronger yen): [revenues] (7) [1H], (16) [year] [operating income] (0) [1H], (0) [year]
• Impact of COVID-19: [revenues] (16) [1H], (38) [year] [operating income] (6) [1H], (15) [year]
• Special allowance payments: [operating income] (0) [Q1, year]

Forecast Overview
We expect the impact of COVID-19 on shipment volume to lessen gradually. We forecast higher revenues in Q3 due to a gradual recovery in automobile transportation customer volume. At the same time, we forecast profits to decrease.

III. Segment Overview, FY2020

C. Europe Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019		Difference (%)	Q2 Highlights
		FY2019	Difference		
Revenues	247	289	(42)	(14.6)	Revenues increased year on year due to air export freight forwarding volume and spot performance related to e-cigarettes; however, apparel cargo movement continued to be sluggish. Revenues decreased sharply for storage, distribution, and motor transportation. Despite efforts to cut costs, including negotiating for lower warehouse rents, lower revenues resulted in the segment recording a significant decline in profits.
Operating income	2	4	(2)	(54.4)	
Operating income margin	0.9	1.7	—	—	

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	274	247	522	—	—	617	1,140
Operating income	2	2	4	—	—	9	14
Operating income margin	0.9	0.9	0.9	—	—	1.5	1.2

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 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	(24)	(42)	(66)	—	—	13	(53)
	(8.2)	(14.6)	(11.3)	—	—	2.2	(4.5)
Operating income	(4)	(2)	(7)	—	—	3	(3)
	(64.6)	(54.4)	(60.5)	—	—	66.0	(21.2)

Special Factor
• Impact of foreign exchange (stronger yen): [revenues] (19) [1H], (6) [year] [operating income] (0) [1H], (0) [year]
• Impact of COVID-19: [revenues] (31) [1H], (39) [year] [operating income] (10) [1H], (13) [year]
• Special allowance payments: [operating income] (0) [Q1, year]

Forecast Overview
Heading toward recovery from the impact of COVID-19 in the second half of Q2, we expect to see a normalization in Q3. We forecast air export freight forwarding and railway transportation to see another quarter of year-on-year growth. We project increases in revenues and profits.

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	1,140	1,072	68	522	527	(4)	617	545	72
	14	3	11	4	1	3	9	2	7
Operating income	1.2	0.3	—	0.9	0.2	—	1.5	0.4	—

III. Segment Overview, FY2020

D. East Asia Segment

(100 million yen)

Item	FY2020 Q2, Results	Vs. FY2019			Q2 Highlights
		FY2019	Difference	Difference (%)	
Revenues	327	283	43	15.4	In China, where the country has contained COVID-19 successfully, customers have resumed operations. As a result, we received orders for the emergency transportation of personal protective equipment (masks, etc.) and precision equipment, etc. (PC-related). Air export freight forwarding segment volume increased significantly, while revenues and profits increased.
Operating income	23	9	13	148.5	
Operating income margin	7.1	3.3	—	—	

Item	Results and Forecast for FY2020							
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	265	327	592	—	—	713	1,306	
Operating income	5	23	28	—	—	44	73	
Operating income margin	1.9	7.1	4.8	—	—	6.3	5.6	

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 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	(9)	43	33	—	—	151	185	
	(3.6)	15.4	6.0	—	—	27.1	16.6	
Operating income	(1)	13	12	—	—	30	43	
	(20.2)	148.5	80.4	—	—	213.3	143.9	

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	1,306	1,192	114	592	579	13	713	613	100
Operating income	73	36	37	28	21	7	44	15	29
	5.6	3.0	—	4.8	3.6	—	6.3	2.4	—

Special Factor	
• Impact of foreign exchange (stronger yen):	[revenues] (19) [1H], (17) [year] [operating income] (0) [1H], (0) [year]
• Impact of COVID-19:	[revenues] +73 [1H], +120 [year] [operating income] +16 [1H], +27 [year]
• Special allowance payments:	[operating income] (0) [Q1, year]

Forecast Overview	
We expect to continue to capture reconstruction demand related to exports of medical devices, PCs, and PC peripherals. We expect air export freight forwarding segment volume to continue to perform well, leading to a significant increase in revenues and profits.	

Forecast Change	
Revenues	1,306
Operating income	73

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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

III. Segment Overview, FY2020

E. South Asia & Oceania Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019			Q2 Highlights
		FY2019	Difference	Difference (%)	
Revenues	273	221	51	23.4	We saw strong demand for chartered transport for emergency COVID-19-related shipments, etc. in Singapore, Thailand, and other markets. Meanwhile, certain locations within the region continued to suffer the negative impact of lockdowns. Warehouse and automotive transport volume decreased significantly. Within the segment, air transportation volume rose, leading to significant increases in revenues and profits.
Operating income	24	8	16	197.8	
Operating income margin	9.1	3.8	—	—	

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020							
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	218	273	492	—	—	524	1,017	
Operating income	7	24	31	—	—	35	67	
Operating income margin	3.3	9.1	6.5	—	—	6.7	6.6	

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 Forecast	Q4 Forecast	2H Forecast	FY Forecast	
Revenues	(1)	51	50	—	—	65	115	
	(0.6)	23.4	11.5	—	—	14.2	12.9	
Operating income	(0)	16	16	—	—	19	35	
	(3.8)	197.8	102.2	—	—	122.5	112.3	

Item	Full-Year Financial Results Forecast				1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference		Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	1,017	972	45		492	491	1	524	481	43
Operating income	67	49	18		31	33	(1)	35	16	19
	6.6	5.0	—		6.5	6.7	—	6.7	3.3	—

Special Factor
• Impact of foreign exchange (stronger yen): [revenues] (12) [1H], (21) [year] [operating income] (0) [1H], (0) [year]
• Impact of COVID-19: [revenues] +54 [1H], +150 [year] [operating income] +7 [1H], +23 [year]
• Special allowance payments: [operating income] (0) [Q1, year]

Forecast Overview
Although we expect to continue to see the impact of lockdowns cause a decrease in production activities in certain areas, we intend to cover the decrease in volume and generate higher revenue and operating income by capturing reconstruction demand, including export air freight, etc., from South Asia regions to Japan.

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	1,017	972	45	492	491	1	524	481	43
Operating income	67	49	18	31	33	(1)	35	16	19
	6.6	5.0	—	6.5	6.7	—	6.7	3.3	—

III. Segment Overview, FY2020

F. Security Transportation Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019			Q2 Highlights
		FY2019	Difference	Difference (%)	
Revenues	173	180	(6)	(3.5)	The volume decline in cash collection and delivery service, which had been affected by COVID-19 at the beginning of Q2, recovered significantly. Despite a certain negative impact due to COVID-19, the segment was able to maintain profits at the same level as the prior fiscal year. This result was accomplished through efficient operations of collection and delivery vehicles (fewer vehicles in service), control of delivery vehicle driver overtime, reductions in hiring, and other cost reduction effects.
Operating income	(0)	(0)	(0)	—	
Operating income margin	(0.6)	(0.5)	—	—	

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020								Special Factor
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast		
Revenues	169	173	343	—	—	347	691		Special Factor • Decrease in fuel unit cost: [operating income] +2 [1H], +4 [year] • Impact due to actuarial differences in retirement benefits: [operating income] (0) [1H], (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) [1H], (1) [year] • Impact of COVID-19: [revenues] (10) [1H], (13) [year] [operating income] (7) [1H], (8) [year] • Impact of special allowance payments: [operating income] (2) [Q1, year]
Operating income	(8)	(0)	(9)	—	—	1	(8)		
Operating income margin	(4.9)	(0.6)	(2.7)	—	—	0.4	(1.2)		
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 Forecast	Q4 Forecast	2H Forecast	FY Forecast		
Revenues	(14)	(6)	(21)	—	—	(13)	(34)		
Operating income	(8.1)	(3.5)	(5.8)	—	—	(3.8)	(4.8)		
Operating income	3	(0)	3	—	—	(0)	2		
Operating income	—	—	—	—	—	—	—		

3

Forecast Change

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	691	700	(9)	343	343	0	347	357	(9)
Operating income	(8)	(12)	4	(9)	(11)	1	1	(1)	2
Operating income	(1.2)	(1.7)	—	(2.7)	(3.2)	—	0.4	(0.3)	—

III. Segment Overview, FY2020

G. Heavy Haulage & Construction Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019			Q2 Highlights
		FY2019	Difference	Difference (%)	
Revenues	119	138	(19)	(14.0)	Orders for shutdown maintenance and plant construction were strong. Meanwhile, volume was sluggish. Revenues and profits were down due to sluggish wind power freight and, installations, and substation jobs. The impact of COVID-19 was minimal.
Operating income	12	16	(3)	(21.0)	
Operating income margin	10.7	11.6	—	—	

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	131	119	250	—	—	215	466
Operating income	15	12	28	—	—	23	52
Operating income margin	11.8	10.7	11.2	—	—	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 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	(2)	(19)	(21)	—	—	(35)	(57)
Operating income	4	(3)	1	—	—	(11)	(9)
Operating income margin	45.9	(21.0)	5.7	—	—	(32.5)	(16.0)

Special Factor	
• Decrease in fuel unit cost:	[operating income] +0 [1H], +0 [year]
• Impact due to actuarial differences in retirement benefits:	[operating income] (0) [1H], (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) [1H], (0) [year]
• Impact of COVID-19:	[revenues] (9) [1H], (18) [year]
	[operating income] (2) [1H], (4) [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	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	466	509	(43)	250	273	(22)	215	236	(20)
Operating income	52	60	(8)	28	36	(7)	23	24	(0)
Operating income margin	11.2	11.8	—	11.2	13.2	—	11.1	10.2	—

Forecast Overview	
We expect plant maintenance and shutdown maintenance to be the major drivers of results. We forecast revenues and profits to decrease, as revenues are likely to underperform prior year.	

III. Segment Overview, FY2020

H. Logistics Support Segment

(100 million yen)

1

Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	1,058	1,138	(79)	(7.0)
Operating income	26	30	(4)	(14.9)
Operating income margin	2.5	2.7	—	—

Q2 Highlights

Continuing from Q1, sales unit price declines in petroleum and LP gas, the impact of U.S. - China trade frictions on our LS business, and lower volume due to the impact of COVID-19, combined to decrease revenue. Operating income was lower due to the impact of decreases in revenues and profit margins in the LS business and LP gas business, as well as decreases in maintenance and repairs in our maintenance and manufacturing businesses.

2

Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	1,017	1,058	2,076	—	—	2,248	4,325
Operating income	27	26	53	—	—	55	109
Operating income margin	2.7	2.5	2.6	—	—	2.5	2.5

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

Special Factor

- Impact of foreign exchange (stronger yen):
[revenues] (0) [1H], (1) [year]
[operating income] (0) [1H], (0) [year]
- Cost increase associated with the employment system reform:
[operating income] (0) [1H], (0) [year]
- Impact of COVID-19:
[revenues] (28) [1H], (95) [year]
[operating income] (5) [1H], (16) [year]
- Impact of special allowance payments:
[operating income] (1) [Q1, year]

3

Forecast Change

Item	Comparison with FY2019 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	(128)	(79)	(207)	—	—	(179)	(387)
	(11.2)	(7.0)	(9.1)	—	—	(7.4)	(8.2)
Operating income	0	(4)	(3)	—	—	(10)	(14)
	2.4	(14.9)	(6.8)	—	—	(16.2)	(11.8)

Forecast Overview

We forecast lower revenues and profits due to the impact of lower sales unit prices in petroleum and LP gas, as well as the impact of lower volume for automobile-related export jobs in LS.

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Revised Forecast	Previous Forecast	Difference	Results	Previous Forecast	Difference	Revised Forecast	Previous Forecast	Difference
Revenues	4,325	4,332	(7)	2,076	2,001	75	2,248	2,331	(82)
Operating income	109	109	—	53	51	2	55	58	(2)
Operating income margin	2.5	2.5	—	2.6	2.5	—	2.5	2.5	—

IV. Nippon Express Group Business Plan 2023 KPIs

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

Item Revenues	Japan ¹				Overseas ²			
	FY2020 1H, Results	FY2019 1H, Results	Difference (%)	FY2020 Forecast	FY2020 1H, Results	FY2019 1H, Results	Difference (%)	FY2020 Forecast
Electric and Electronics Industry	¥49.0 billion	¥52.5 billion	(7%)	¥99.0 billion	¥57.0 billion	¥53.0 billion	8%	¥109.5 billion
Automotive Industry	¥27.0 billion	¥33.5 billion	(19%)	¥53.5 billion	¥30.0 billion	¥33.5 billion	(10%)	¥61.5 billion
Apparel Industry	¥8.5 billion	¥8.0 billion	6%	¥17.0 billion	¥22.5 billion	¥25.5 billion	(12%)	¥43.0 billion
Pharmaceutical/Medical Industry	¥7.0 billion	¥7.0 billion	—	¥15.0 billion	¥5.5 billion	¥5.0 billion	10%	¥11.0 billion

Item	FY2020 Jan-Jun Results	FY2019 Jan-Jun Results	Difference (%)
Ocean forwarding business ³	310,000 TEU	340,000 TEU	(7%)
Air forwarding business ³	330,000 t	400,000 t	(18%)

Item Revenues	FY2020 1H, Results	FY2019 1H, Results	Difference (%)
Non-Japanese Customer Accounts (GAM • GTA ⁴)	¥19.9 billion	¥13.5 billion	47%

¹ Japan results, KPI figures are for non-consolidated Nippon Express. ² Corrected figures for Overseas 1H FY2019 results

³ Results, differences (%) rounded to the nearest whole number

⁴ GAM: Global Account Management GTA: Global Target Accounts

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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

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• Initiatives in Priority Industries

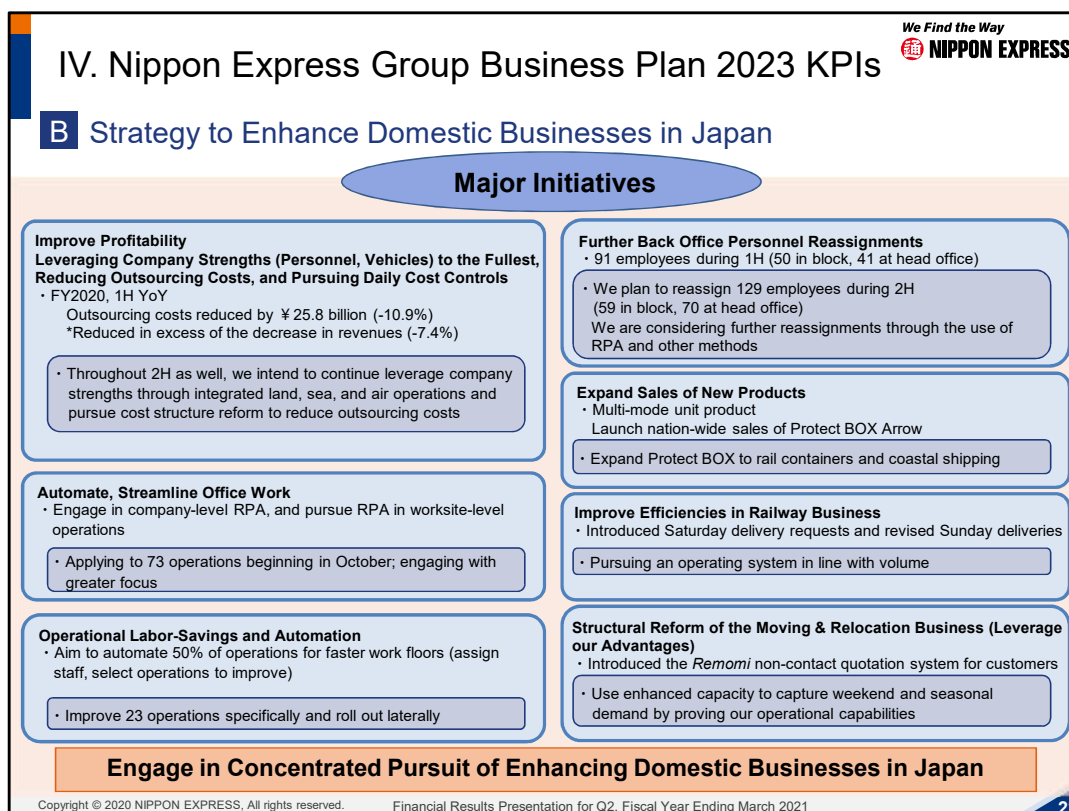
The top row of this chart describes the results of our initiatives in priority industries during the first half of the year.

First half results reflect performance between April and September in Japan and between January and June overseas. We also provide year-on-year comparisons and forecasts for FY2020. The chart indicates double-digit year-on-year decreases in automotive industry revenues for Japan and overseas. Looking back at 2019, we saw a decline in global automotive production due to U.S.-China trade frictions, Brexit, and other uncertain social developments, as well as economic recession in India and other factors.

In fiscal 2020, the major countries of the world introduced policies to stimulate the adoption of electric vehicles, India experienced an economic recovery, and auto makers are expected to increase production. Amid these circumstances the spread of COVID-19 has forced factory shutdowns around the world, resulting in production plan delays. The spread of COVID-19 has affected industries other than the automotive industry. Even so, the semiconductor industry has seen rapid growth in cargo movement due to increased demand for remote work and the securing of manufacturing equipment and components for the domestic production of semiconductors in China. Since July, cargo movement began activity in the automotive and other industries, while sales have been recovering steadily. We expect to achieve the sales forecasts for our priority industries in FY2020 as announced in our August presentation.

• Expansion of air forwarding business, first half

The lower section of the chart shows forwarding business volume for the first half of the fiscal year. These figures represent volume between January and June for shipments originating both in Japan and overseas. Air forwarding volume in the first half was 330,000 tons, down 18% year on year. Of this amount, air forwarding volume in Japan was 110,000 tons, air forwarding volume overseas was 220,000 tons. Although volume was lower year on year for all regions, Europe and South Asia, in particular, continued to experience a slump in cargo volume due to prolonged lockdowns and delays in the resumption of economic activity.



We are pursuing a variety of measures as part of our strategy to enhance domestic businesses in Japan. This chart describes our major strategies. Amid the COVID-19 pandemic, all divisions and departments are engaged in daily initiatives to leverage company strengths and reduce outsourcing costs.

As a result of these efforts, Nippon Express non-consolidated outsourcing costs for the first half of the year amounted to ¥25.8 billion (-10.9%), significantly greater than the decrease in revenues (-7.4%). Outsourcing cost ratio amounted to 40.7%, which was 1.6 points lower year on year. We are making steady progress in improving our cost structure toward higher profitability in our Japan business.

We are addressing office work automation and streamlining (RPA), as well as other operational labor-savings and automation. Here, we have already assigned persons at each block to drive initiatives and we are moving projects forward, with 73 specific RPA projects and 23 specific projects under way.

The right side of the page includes a description of further back office personnel reassignments. Last fiscal year (FY2019), we reassigned 116 employees. During the first half of the current fiscal year, we reassigned 91 more employees (50 across seven domestic block, 41 at head office). By the end of the second half of the year, we plan to reassign 129 employees (59 in block, 70 at head office). This will bring the total number of reassignments to 336 over two years.

IV. Nippon Express Group Business Plan 2023 KPIs



C Cost Reduction Measures

Progress in FY2020 Back Office Cost Reductions
(as of September 30, 2020)

Enhancing Japanese Domestic Businesses	FY2023 Targets		FY2019 Results	FY2020 Targets [YoY]	FY2020 1H [YoY]	FY2020 2H Forecast [YoY]	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]	-¥0.53 billion [-59 employees]	-¥0.98 billion [-109 employees]	-¥3.08 billion
		Reassign HQ employees	—	-¥0.9 billion [-100 employees]	-¥0.37 billion [-41 employees]	-¥0.63 billion (-70 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	-¥0.35 billion	-¥1.2 billion	-¥2.99 billion
		Personnel dispatching cost [back office]	+¥0.15 billion	-¥0.3 billion	-¥0.32 billion	-¥0.52 billion	-¥0.84 billion	
Total	-¥9.5 billion	Total	-¥2.05 billion	-¥3.1 billion	-¥1.99 billion	-¥2.03 billion	-¥4.02 billion	-¥6.07 billion

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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

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The end goal of our group business plan is to save ¥4.5 billion via reorganization of our block and streamlining administrative departments and ¥5.0 billion through reform in business processes for a total of ¥9.5 billion in cost reductions.

The upper section of the chart refers to reorganization of block and streamlining administrative departments. As I explained on P.22, we will have reassigned 336 employees over the past two years. Including departments outside our Japan Business Headquarters, we will have reassigned 344 employees over the period of two years, achieving roughly ¥3.1 billion in back office cost reductions.

The lower section of the chart describes reform in our business processes. Here, we are striving to mitigate the burden of front-line office work through RPA, SSC, and other means. We believe we are seeing positive results in less overtime and lower personnel dispatching costs at our block. Overtime costs for the first half were ¥0.85 billion lower than the same period in the prior year.

We reduced costs by more than 10% each month in the second half of last year; therefore, in the second half of this year, which is the second year of the plan, we expect to achieve ¥0.35 billion in savings for a fiscal year total of ¥1.2 billion. Personnel dispatching costs decreased by ¥0.32 billion. The reduction in personnel dispatching costs began in earnest in the second quarter, and we expect to reduce costs by ¥0.52 billion over the second half of the fiscal year. In total, the fiscal year impact will be ¥0.84 billion. As a result, we project roughly ¥2.0 billion in cost reductions stemming from business process reform in FY2020. In combination with FY2019 savings of ¥0.95 billion, we will have reduced costs by approximately ¥3.0 billion over the course of two years. Adding employee reassignments and business process reform together, we will have saved ¥6.1 billion in costs over two years, which represents 64% of our goal of ¥9.5 billion.

IV. Nippon Express Group Business Plan 2023 KPIs We Find the Way NIPPON EXPRESS

C Cost Reduction Measures 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 1H:	90,000 hours	created
FY2020 2H (forecast):	270,000 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

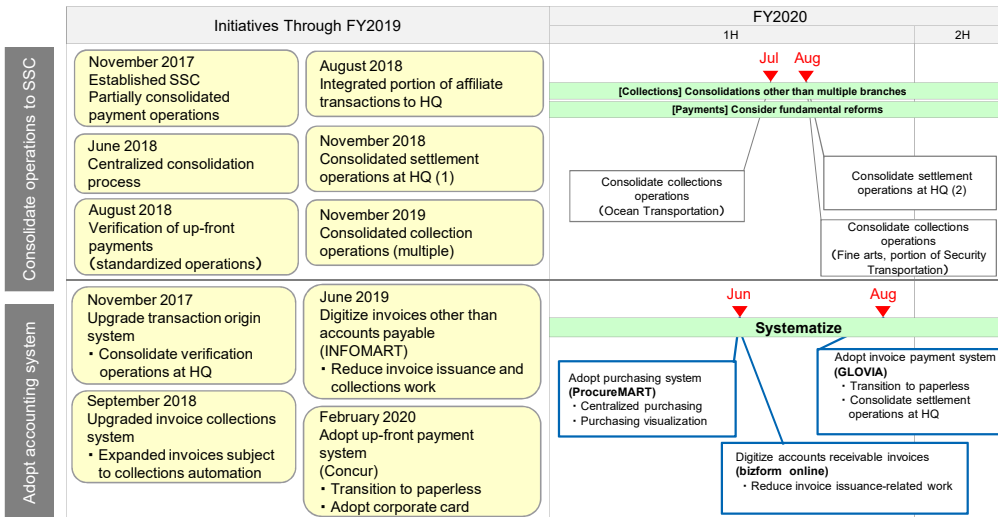
Our efforts to move forward with RPA slowed somewhat during the first half of the year due to the impact of COVID-19, reaching only 90,000 hours; however, we expect to see another 270,000 hours over the second half of the year.

IV. Nippon Express Group Business Plan 2023 KPIs We Find the Way NIPPON EXPRESS

C Cost Reduction Measures Pursuing SSC (Accounting)

Consolidated operations to SSC and generate effectiveness at branches

- Consolidate operations (payments, billing, collections, etc.) at SSC
- Upgrade existing systems and adopt new systems



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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

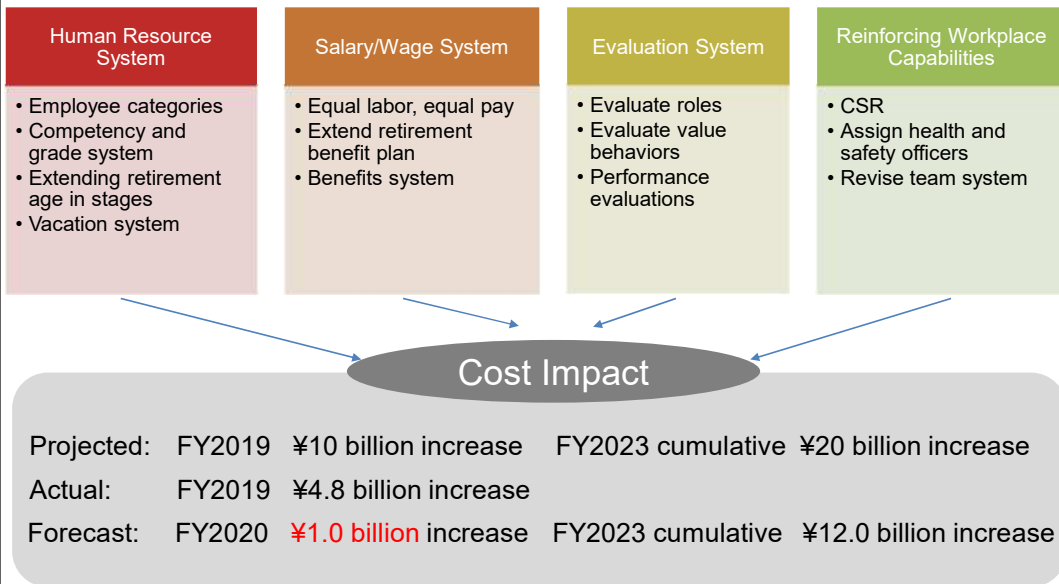
25

The SSC has steadily increased the number of block targeted for consolidation. As shown in the lower part of this slide, Nippon Express is systematizing our accounting operations. During the second half, we plan to introduce permanent changes in operations that have been systematized, reducing the burden of administrative work on our front lines.

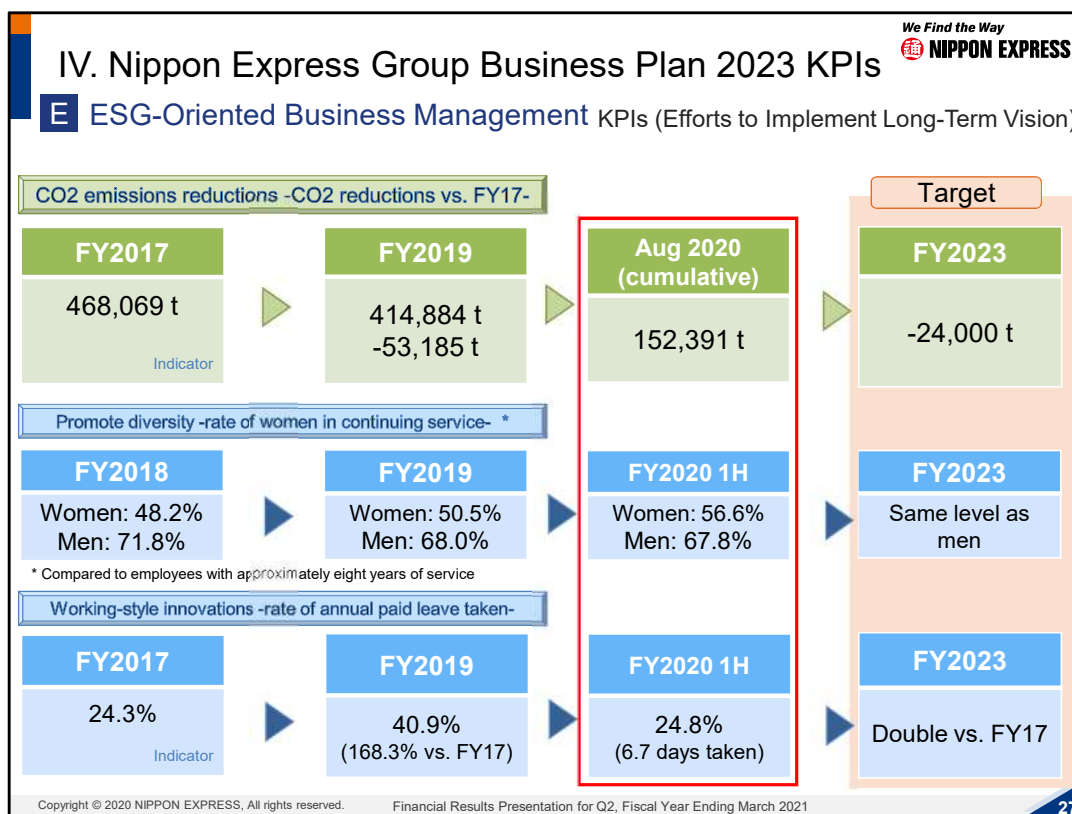
IV. Nippon Express Group Business Plan 2023 KPIs

D Employment System Reform Initiatives

Overview



In our August presentation, we indicated that the impact on this fiscal year would be ¥1.1 billion. However, we have adjusted our expectations to ¥1.0 billion in impact. We project the total amount of impact to be as much as ¥12.0 billion over five years.



We are making good progress in all three areas.

Over the past two years we have reduced our CO2 emissions by 53,000 tons, and we have already surpassed our final goal of reducing CO2 emissions by 24,000 tons.

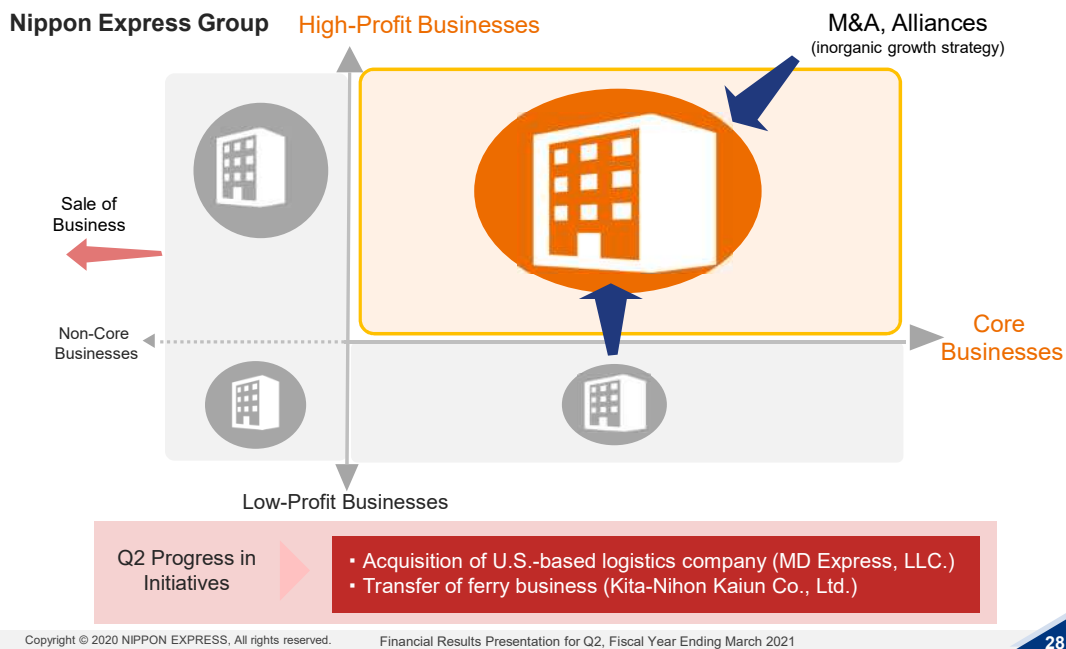
Our progress is largely due to the introduction of environmentally friendly vehicles, replacing coastal vessels, and using LED lighting in facilities. To a certain extent, reducing CO2 emissions in our power generation process has also had a positive impact. Meanwhile, our pharmaceuticals/medical business will begin operating four dedicated warehouses and 127 dedicated vehicles, which will consume a large amount of electricity. At that point, we will have to conduct a detailed analysis of the situation and consider whether to revise our targets upward in the next fiscal year and later.

We are making good progress toward achieving our final targets for women employees in continued service and annual paid leave utilization rate.

IV. Nippon Express Group Business Plan 2023 KPIs

F Restructuring Business Portfolios

Initiatives to select and focus on core businesses



We have been reviewing our business portfolio to focus on our core businesses. In September of this year, we divested our ferry business to Kuribayashi Steamship Co., Ltd. via stock transfer of Kita-Nihon Kaiun Co., Ltd. Also in September, we completed the acquisition of MD Express, LLC., a company with strengths in the pharmaceutical logistics business in the U.S. In this way, we are demonstrating our belief that it is important to pursue measures to achieve the goals of our business plan, even during the COVID-19 pandemic.

Together with SoftBank Corp., Nippon Express established a new company, MeeTruck K. K., to support the digital transformation (DX) of the logistics industry. MeeTruck began offering services this month. This is our move into a new platform business that uses digital technology.

Society is on the verge of major changes at an even faster pace due to COVID-19. In this context, experts believe DX will advance faster than expected, which could change the world dramatically.

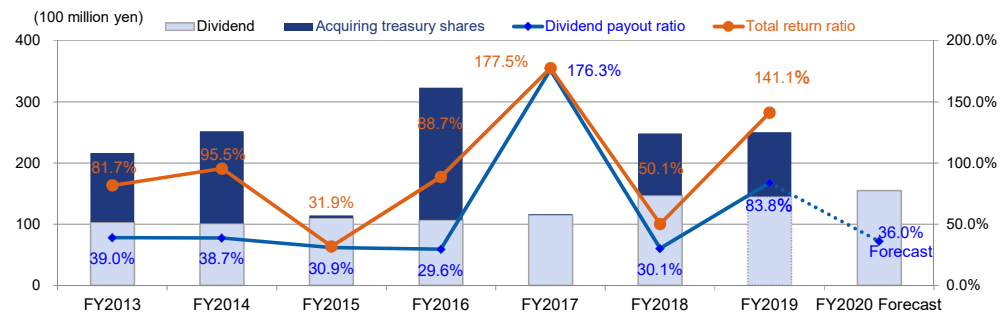
This is both a risk and an opportunity. But if we don't make efforts in changing, we will be left behind. We believe that creating new value through innovation, all while maintaining our unchanging values, is what will lead us to achieve our long-term vision.

V. 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



Dividend per Share (Full-Year)	10	10	11	11	120*	155	155	155 (forecast)
ROE	5.2	5.1	6.8	6.9	1.2	9.2	3.2	7.3 (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.

We forecast shareholder returns for FY2020 to be the same as FY2019, namely, an interim dividend per share of ¥75 and a year-end dividend per share of ¥80 per share for a total ¥155 per share. This will represent a payout ratio of 36%.

In addition, we consider share buybacks, while taking the need for continuity into consideration.

In the future, we will continue striving to increase shareholder returns, aiming for the targets defined in our business plan, which include a dividend payout ratio of 30% or more and a total return ratio of 50% or more as a cumulative five-year total.

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 Q2, FY2020

A Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q2, cumulative)	Reference
Impact of change in unit fuel price	Operating income: +¥1.57 billion Q1: +¥1.01 billion (cost decrease) Q2: +¥0.56 billion (cost decrease)	Unit price per ℓ [FY2019 Q2/Previous forecast] <ul style="list-style-type: none"> • Light oil : ¥79.40 [¥100.89/¥76.30] • Gasoline : ¥117.89 [¥134.99/¥115.30] • Heavy oil : ¥45.39 [¥53.52/¥44.90]
Impact of foreign exchange	Revenues: ¥(5.89) billion Operating income: ¥(0.17) billion Q1: Revenues: ¥(2.34) billion Operating income: ¥(0.06) billion Q2: Revenues: ¥(3.54) billion Operating income: ¥(0.11) billion	Average cumulative exchange rate* [FY2019 Q2/Previous forecast] <ul style="list-style-type: none"> • USD : ¥108.27 [¥110.05/¥108.00] • EUR : ¥119.30 [¥124.32/¥120.10] • HKD : ¥13.96 [¥14.03/¥13.90] • RMB : ¥15.39 [¥16.20/¥15.30] <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>
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 Q2, FY2020

A Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q2, cumulative)	Reference
Change due to employment system reform (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: ¥(0.47) billion	<ul style="list-style-type: none"> • Japan : ¥(0.38) billion • Security Transportation : ¥(0.05) billion • Heavy Haulage & Construction : ¥(0.02) billion • Logistics Support : ¥(0.01) billion
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.19) billion	<ul style="list-style-type: none"> • Japan : ¥(0.15) billion • Security Transportation : ¥(0.03) 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 provision in past years)	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 Q2, FY2020

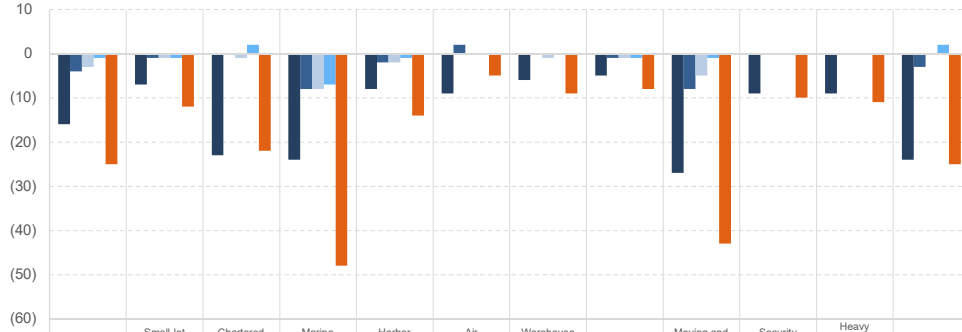
A Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q2, cumulative)	Reference
Impact of COVID-19	Revenues: ¥(27.90) billion Operating income: ¥(11.79) billion	Revenues/Operating Income <ul style="list-style-type: none"> • Japan : ¥(31.09) billion/¥(10.96) billion • The Americas : ¥(1.62) billion/¥(0.65) billion • Europe : ¥(3.14) billion/¥(1.09) billion • East Asia : +¥7.38 billion/+¥1.63 billion • South Asia & Oceania : +¥5.42 billion/+¥0.78 billion • Security Transportation : ¥(1.06) billion/¥(0.72) billion • Heavy Haulage & Construction : ¥(0.91) billion/¥(0.23) billion • Logistics Support : ¥(2.87) billion/¥(0.52) billion
Environment investments	Operating income: +¥0.08 billion	<ul style="list-style-type: none"> • Japan : +¥0.08 billion
Correction of excessively recorded revenues in the past periods	Revenues and Operating Income +¥0.78 billion	<ul style="list-style-type: none"> • Japan : +¥0.78 billion [Q2]

(Appendix 1) Financial Results for Q2, FY2020

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

■ FY2020 Q1, Results ■ July 2020 ■ August 2020 ■ September 2020 ■ 1H 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
■ FY2020 Q1, Results	(16)	(7)	(23)	(24)	(8)	(9)	(6)	(5)	(27)	(9)	(9)	(24)
■ July 2020	(4)	(1)	0	(8)	(2)	2	(0)	(1)	(8)	(0)	(0)	(3)
■ August 2020	(3)	(1)	(1)	(8)	(2)	0	(1)	(1)	(5)	(0)	(0)	(0)
■ September 2020	(1)	(1)	2	(7)	(1)	0	(0)	(1)	(1)	(0)	(0)	2
■ 1H Total	(25)	(12)	(22)	(48)	(14)	(5)	(9)	(8)	(43)	(10)	(11)	(25)

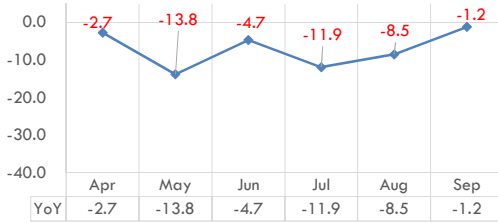
(Appendix 1) Financial Results for Q2, FY2020

C Volume in Priority Industries (YoY Sales)

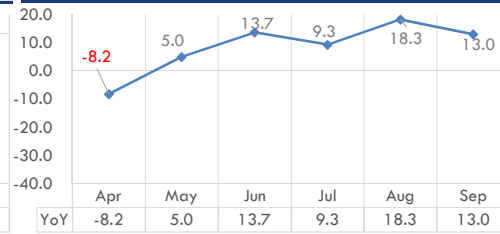
(Unit: %)

Domestic Priority Industries

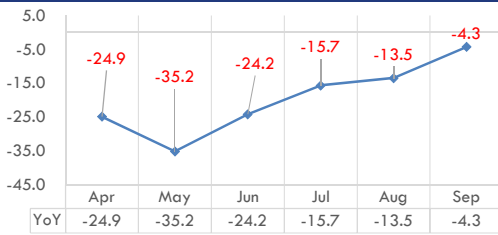
Electric and Electronics



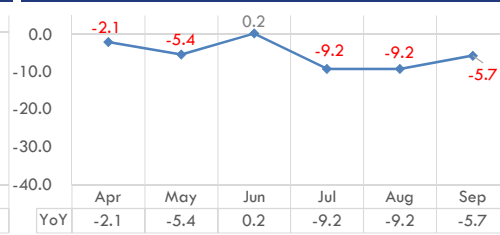
Apparel



Automotive



Pharmaceutical/Medical



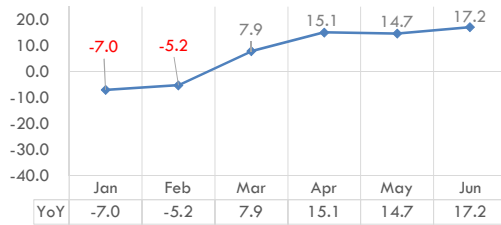
(Appendix 1) Financial Results for Q2, FY2020

C Volume in Priority Industries (YoY Sales)

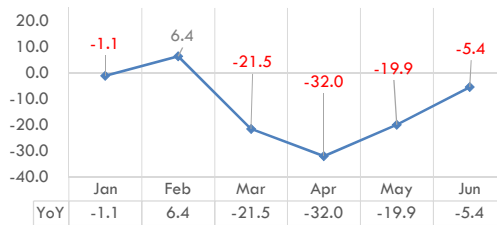
(Unit: %)

Overseas Priority Industries

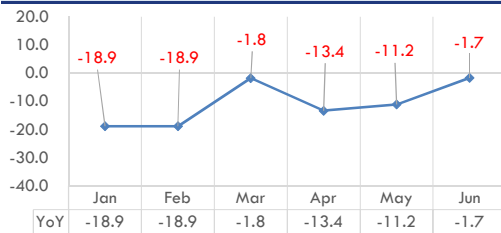
Electric and Electronics



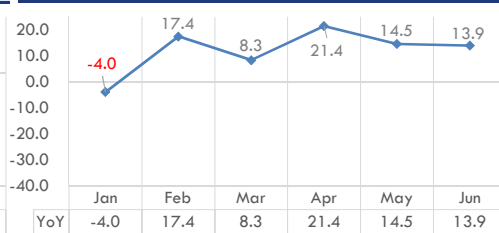
Apparel



Automotive








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; FY2020 Q2
Reduction in Variable Costs of 2.8% (YoY)

Nippon Express
Non-Consolidated; 1H Total
Reduction in Variable Costs of 2.7% (YoY)

(Appendix 2) Financial Results Forecast for FY2020

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>+¥3.28 billion (cost decrease)</p> <p>* 1H : +¥1.57 billion (cost decrease) 2H : +¥1.70 billion (cost decrease)</p>	<p>Unit price per ℓ [Yearly average in FY2019/ Previous forecast]</p> <ul style="list-style-type: none"> • Light oil : ¥80.40 [¥100.22/¥76.30] • Gasoline : ¥120.00 [¥134.37/¥115.30] • Heavy oil : ¥45.20 [¥56.47/¥44.90]
Impact of foreign exchange	<p>Revenues: ¥(6.28) billion</p> <p>Operating income: ¥(0.14) billion</p> <p>*1H: Revenues : ¥(5.89) billion Operating income : ¥(0.17) billion</p> <p>2H: Revenues : ¥(0.39) 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"> • USD : ¥107.10 [¥109.05/¥108.00] • EUR : ¥121.70 [¥122.08/¥120.10] • HKD : ¥13.82 [¥13.92/¥13.90] • RMB : ¥15.42 [¥15.79/¥15.30] <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: +¥0.17 billion</p>	<ul style="list-style-type: none"> • Japan : +¥0.17 billion

(Appendix 2) Financial Results Forecast for FY2020

Changes Due to External Environmental and Other Factors (Forecast)

Variable Factors	Impact on Consolidated Results (Full-year forecast)	Reference
Correction of excessively recorded revenues in the past periods	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: ¥(1.0) billion	<ul style="list-style-type: none"> Japan : ¥(0.78) billion Security Transportation : ¥(0.14) billion Heavy Haulage & Construction : ¥(0.0) billion Logistics Support : ¥(0.06) 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

Changes Due to External Environmental and Other Factors (Forecast)

Variable Factors	Impact on Consolidated Results (Full-year forecast)	Reference
Provision for retirement benefits (insufficient provision in past years)	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

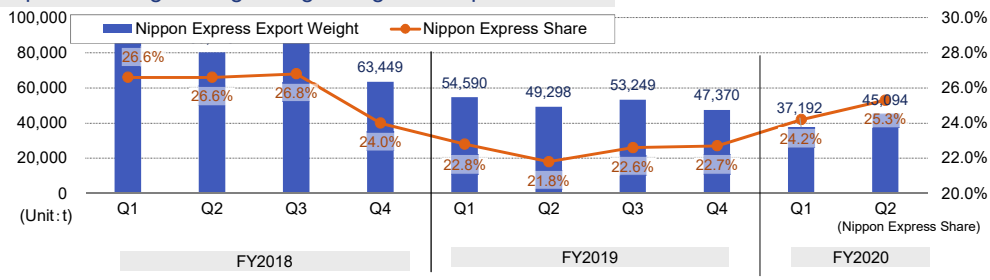
(Appendix 2) Financial Results Forecast for FY2020

Changes Due to External Environmental and Other Factors (Forecast)

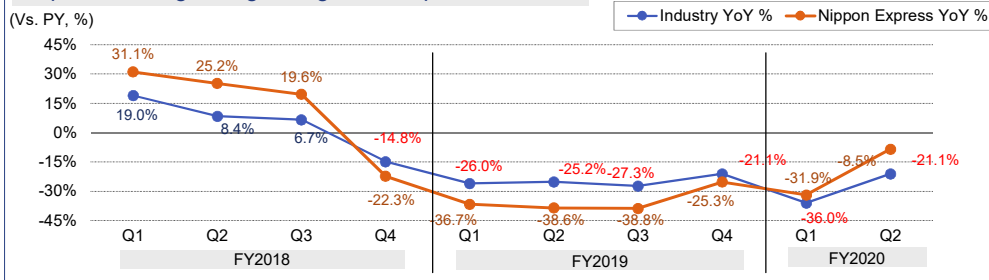
Variable Factors	Impact on Consolidated Results (Full-year forecast)	Reference
Impact of COVID-19	Revenues ¥(35.54) billion Operating income ¥(14.87) billion	<ul style="list-style-type: none"> • Japan Revenues : ¥(42.17) billion Operating income : ¥(14.00) billion • The Americas Revenues : ¥(3.83) billion Operating income : ¥(1.55) billion • Europe Revenues : ¥(3.97) billion Operating income : ¥(1.37) billion • East Asia Revenues : +¥12.06 billion Operating income : +¥2.70 billion • South Asia & Oceania Revenues : +¥15.03 billion Operating income : +¥2.37 billion • Security Transportation Revenues : ¥(1.30) billion Operating income : ¥(0.88) billion • Heavy Haulage & Construction Revenues : ¥(1.82) billion Operating income : ¥(0.49) billion • Logistics Support Revenues : ¥(9.53) billion Operating income : ¥(1.63) billion

(Appendix 3) Export Air Freight Weight Originating From Japan

Export Air Freight Weight Originating from Japan



Export Air Freight Originating From Japan, YoY



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Financial Results Presentation for Q2, Fiscal Year Ending March 2021

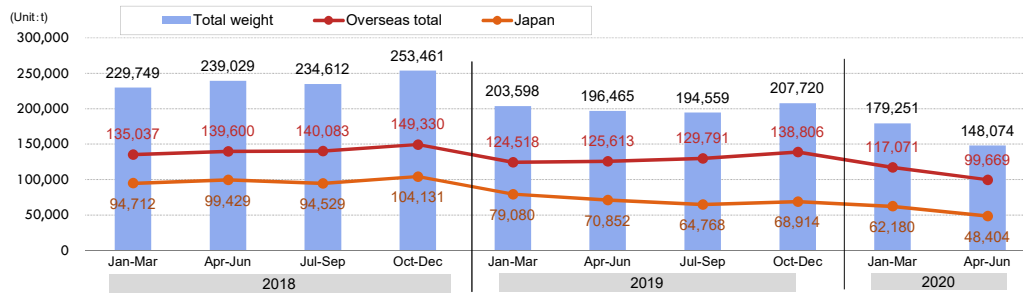
Firm semiconductor industry-related shipments contributed to volume originating from Japan as September volume rose year on year for the first time in 21 months at 7.8%. One challenge facing the air freight industry is the continued decline in passenger flights worldwide. Reports say that as of August, the number of global passenger flights was down about 90% year on year. Currently, business passenger travel has started to resume gradually, particularly in Asia; however, it is likely to take some time for the number of flights to recover. The International Air Transport Association (IATA) estimates that passenger traffic will not return to pre-COVID-19 levels until 2024.

In the air freight market, 65% of the total volume is loaded on passenger flights, while only 35% is loaded on dedicated freighters. In these market conditions, we continue to actively pursue cargo use on passenger flights that are out of service to secure space. Incidentally, there were 2,728 charter flights to and from Japan between February and July. Of those flights, we were involved in 883. The use of extra flights has resulted in soaring airfare unit costs, which remain at a high level.

(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			
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			
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			
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			
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			
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			
South Asia & Oceania	43,848	43,963	44,810	44,416	176,837	39,535	39,881	43,853	44,106	167,375	37,725	30,611			
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			
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			



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•Expansion of air freight forwarding business, second half trends

Our forecast for second-half volume reflects the recovery in cargo movement since July. Demand for air cargo transportation of automotive production parts from Japan to North America and other regions is rising. In particular, air cargo transportation from Japan to the U.S. and Mexico commenced as Japanese automakers resumed operations at their production plants in North America. East Asia is acting as the main driver of semiconductor demand. In Europe and the U.S., server-related demand for data centers was sluggish. As a result, semiconductor-related cargo movement was not as strong as expected, experiencing a lull. Meanwhile, Chinese semiconductor manufacturers have moved ahead with domestic production, securing equipment and materials to increase production. We expect shipments to East Asia to rise sharply in the future. Accordingly, we expect shipments originating from Japan in the second half of the fiscal year to exceed the previous year in terms of volume. At the same time, overseas air cargo originating from Asia is also trending upward. This development was due to the full-scale production of automobiles in Japan, causing a sharp rise in emergency shipments from the Philippines, Thailand, Vietnam, and other countries where economic activities have resumed. In addition, air shipments of devices and other items from China have begun in preparation for the Christmas shopping season. This demand for air cargo is expected to continue until next spring.

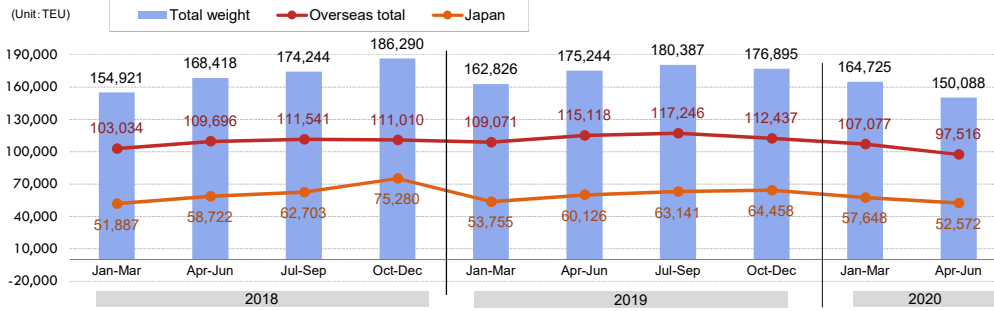
•Expansion of the air forwarding business and trends in FY2021 and beyond

The automotive industry is experiencing a strengthening trend toward electrification and automation to create a sustainable society. Japan and other countries are moving forward with vehicle electrification, aiming to achieve low-carbon societies. China, for example, has announced a policy to make all new vehicles sold environmentally friendly by 2035. As more vehicles are equipped with electric modules and batteries, development and manufacturing of these products will become more active in each region. This will further accelerate the need for transportation to support global supply chains. In addition, the development of self-driving technologies and related legislation are nearing the level of practical application. The introduction of vehicles equipped with Level 3 technology will begin this fiscal year. Therefore, auto makers will likely begin full-scale production of self-driving cars next year. Demand for the sensors and other components necessary for self-driving technology will increase in the future. Nippon Express will be keeping a close eye on developments in collaborations with semiconductor-related industries.

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

(Unit: TEU)

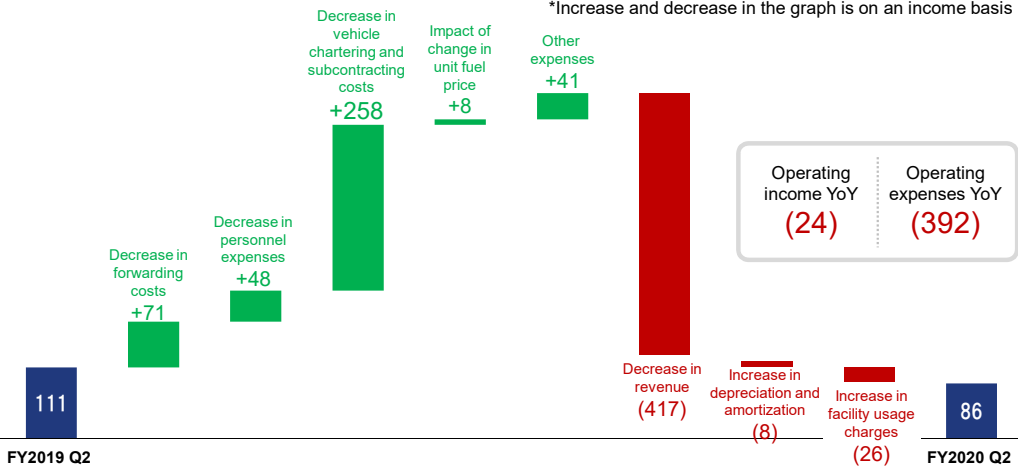
Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	51,887	58,722	62,703	75,280	248,592	53,755	60,126	63,141	64,458	241,480	57,648	52,572			
The Americas	8,982	9,807	9,006	9,637	37,431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



(Appendix 6) Change in Non-Consolidated Income
(FY2020 Q2 Cumulative)

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

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



Breakdown of Various Expense (Q2)

*presented on an expense basis

Decrease in personnel expenses (0) [(0.1%)]	
Personnel expenses	(0) [(0.1%)]

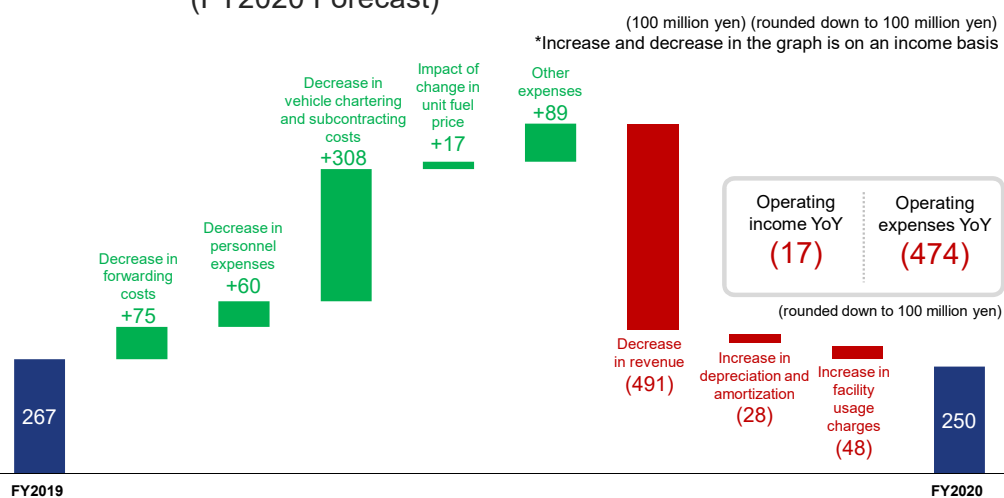
Decrease in vehicle chartering and subcontracting costs (124) [(10.4%)]	
Vehicle chartering cost	(56) [(10.7%)]
Subcontracting cost	(72) [(11.1%)]
Personnel dispatching cost	+4 [+14.1%]

Decrease in forwarding costs (25) [(8.5%)]	
Railway forwarding costs	(14) [(13.6%)]
Ocean forwarding costs	(15) [(18.4%)]
Air forwarding costs	+4 [3.8%]

Breakdown of Various Expense (Q2 Cumulative)

Decrease in vehicle chartering and subcontracting costs (258) [(10.9%)]	
Vehicle chartering cost	(114) [(11.2%)]
Subcontracting cost	(152) [(11.8%)]
Personnel dispatching cost	+8 [+16.1%]

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



Expense Detail (FY Forecast)

*presented on an expense basis

Decrease in personnel expenses (60) [(2.4%)]		Decrease in vehicle chartering and subcontracting costs (308) [(6.5%)]		Decrease in forwarding costs (75) [(6.2%)]	
Personnel expenses	(60) [(2.4%)]	Vehicle chartering cost	(143) [(7.0%)]	Railway forwarding costs	(43) [(10.1%)]
		Subcontracting cost	(181) [(7.1%)]	Ocean forwarding costs	(42) [(13.0%)]
		Personnel dispatching cost	+16 [+13.0%]	Air forwarding costs	+10 [2.4%]

We Find the Way



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