



# 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.

# 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

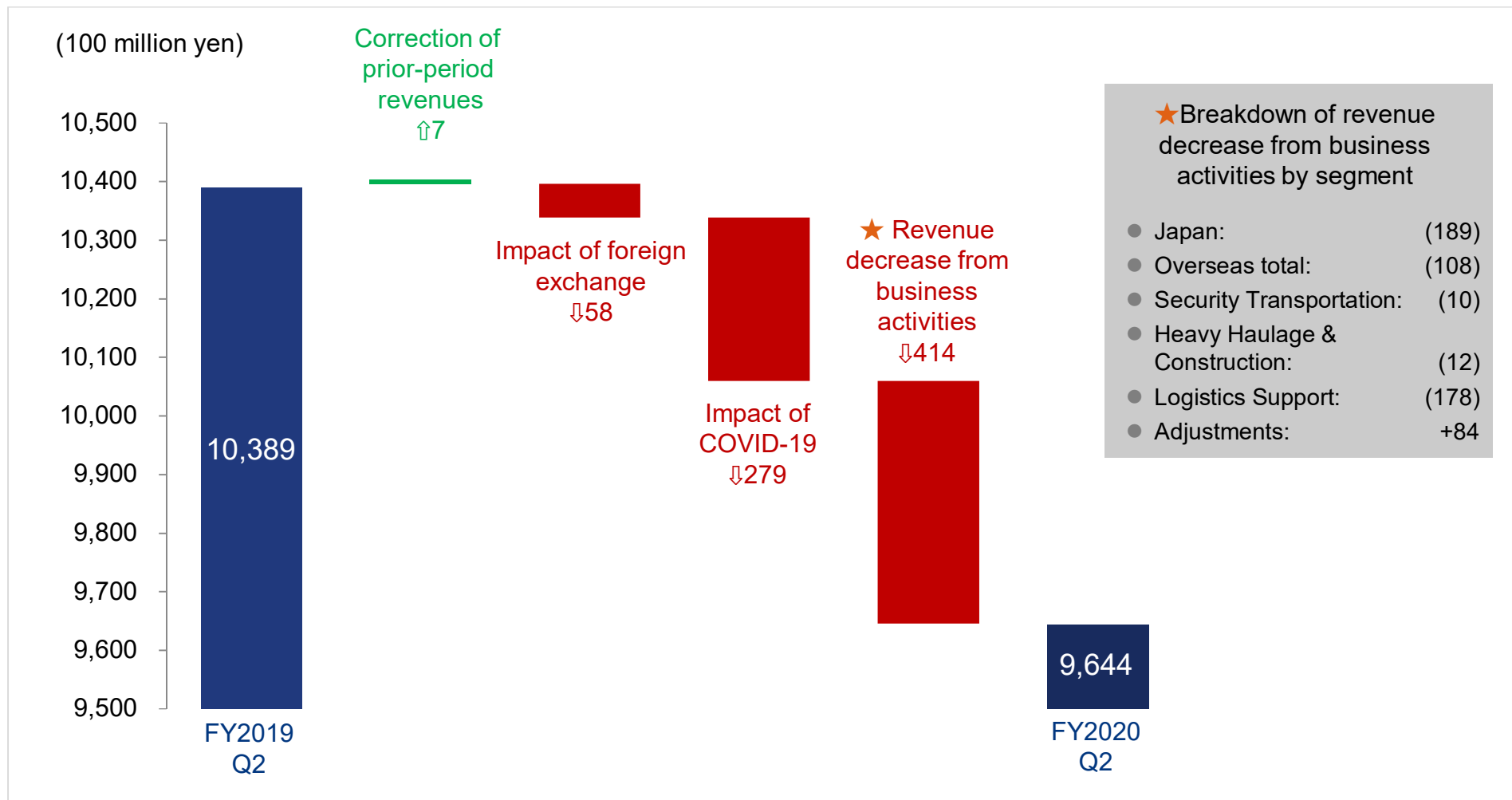
(100 million yen) (rounded down to 100 million yen)

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

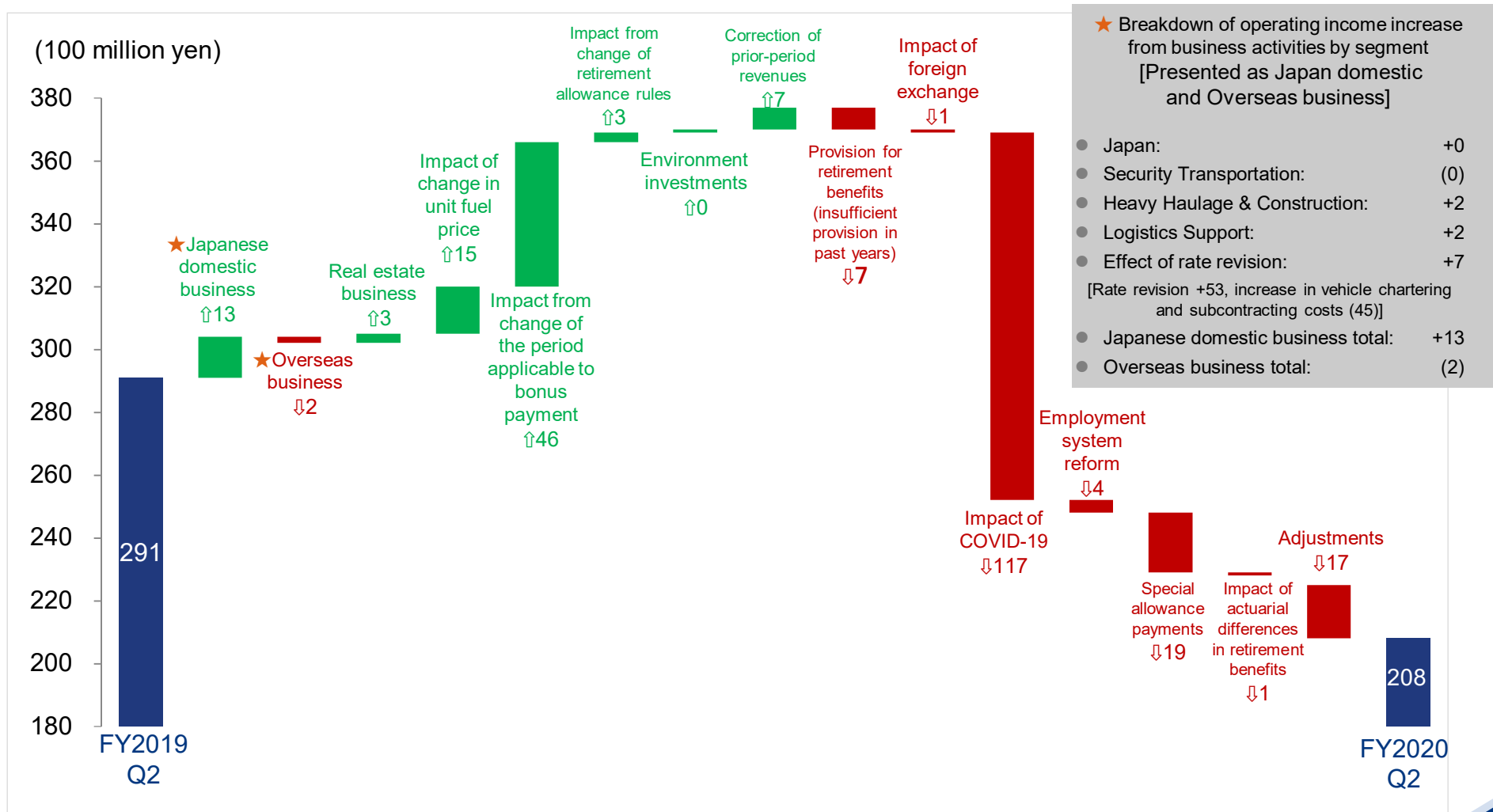
### 1. Revenues



# 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		
	FY2020 Results	July 31 Forecast	October 30 Forecast	Difference [%]
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]



## 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)

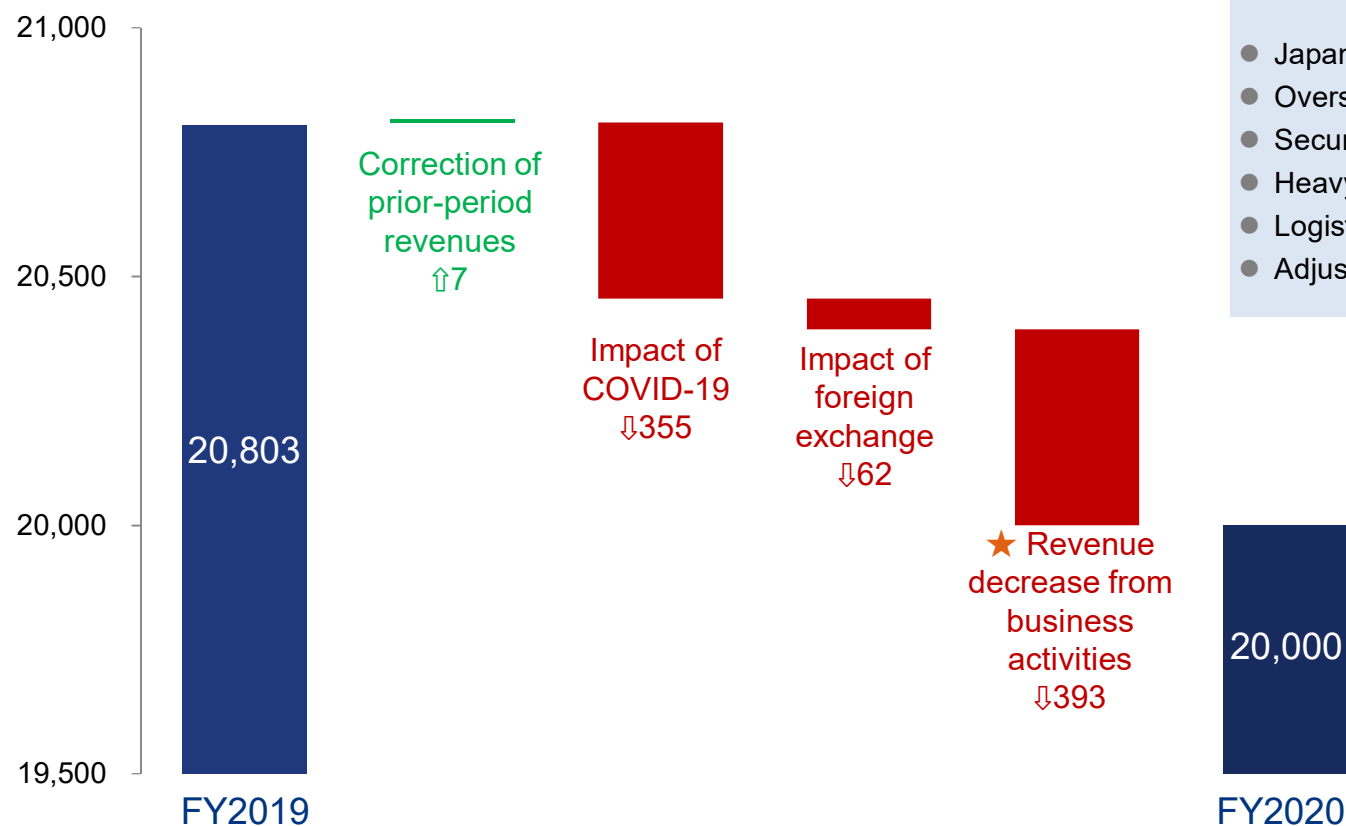
Segment	Item	FY2020 1H Results	2H Forecast					FY Forecast				
			FY2020 Revised Forecast	FY2019 Results	Difference	July 31 Forecast	Difference	FY2020 Revised Forecast	FY2019 Results	Difference	July 31 Forecast	Difference
Japan	Revenues	5,610	5,959	6,032	(73)	6,041	(81)	11,570	12,135	(565)	11,672	(102)
	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)



★ Breakdown of revenue decrease from business activities by segment

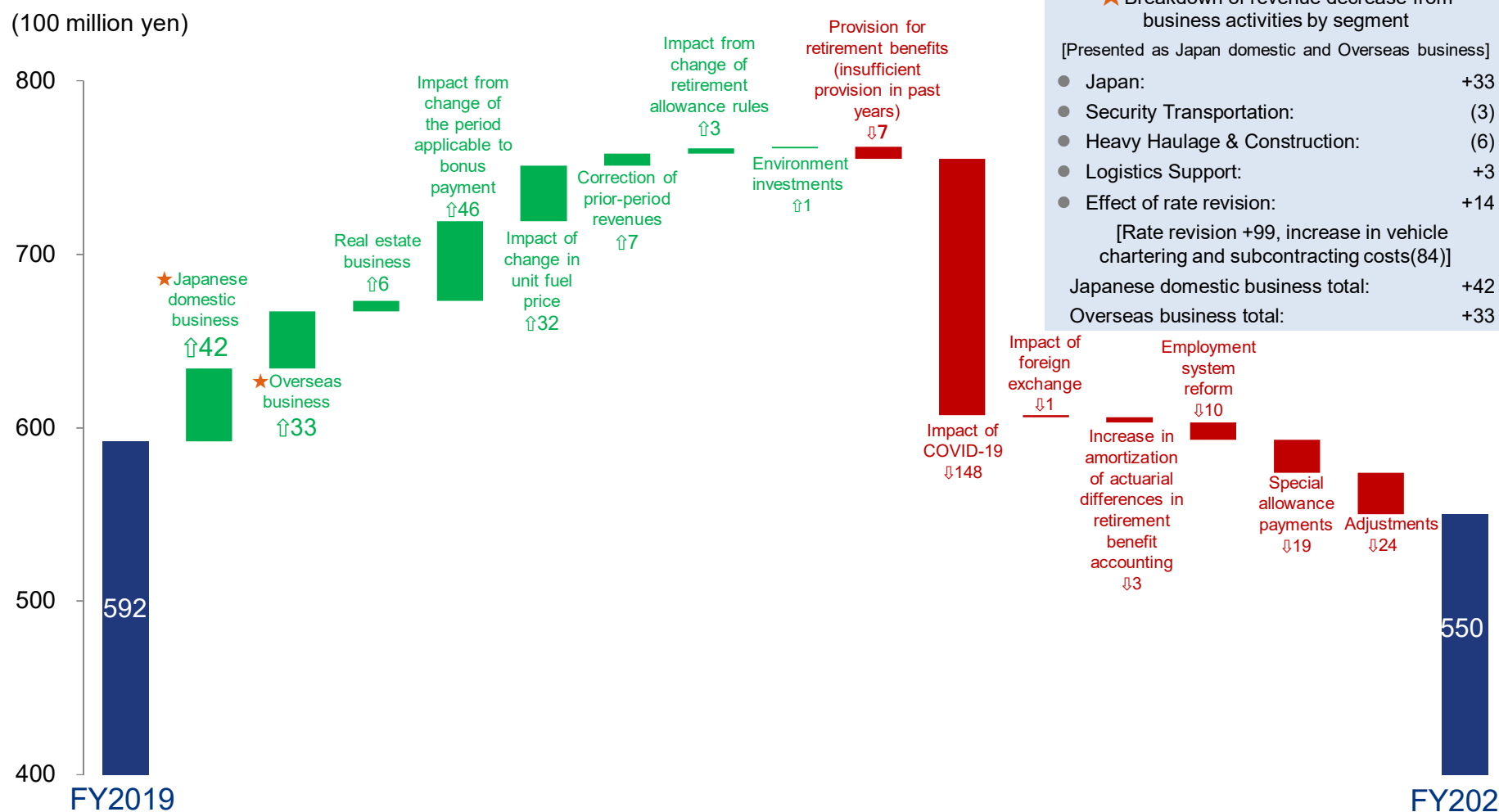
● Japan:	(152)
● Overseas total:	+23
● Security Transportation:	(21)
● Heavy Haulage & Construction:	(39)
● Logistics Support:	(290)
● Adjustments:	+86

# II. Financial Results Forecast for FY2020

## D Breakdown of Revenues and Operating Income

### 2. Operating Income

(100 million yen)



★ Breakdown of revenue decrease from business activities by segment

[Presented as Japan domestic and Overseas business]

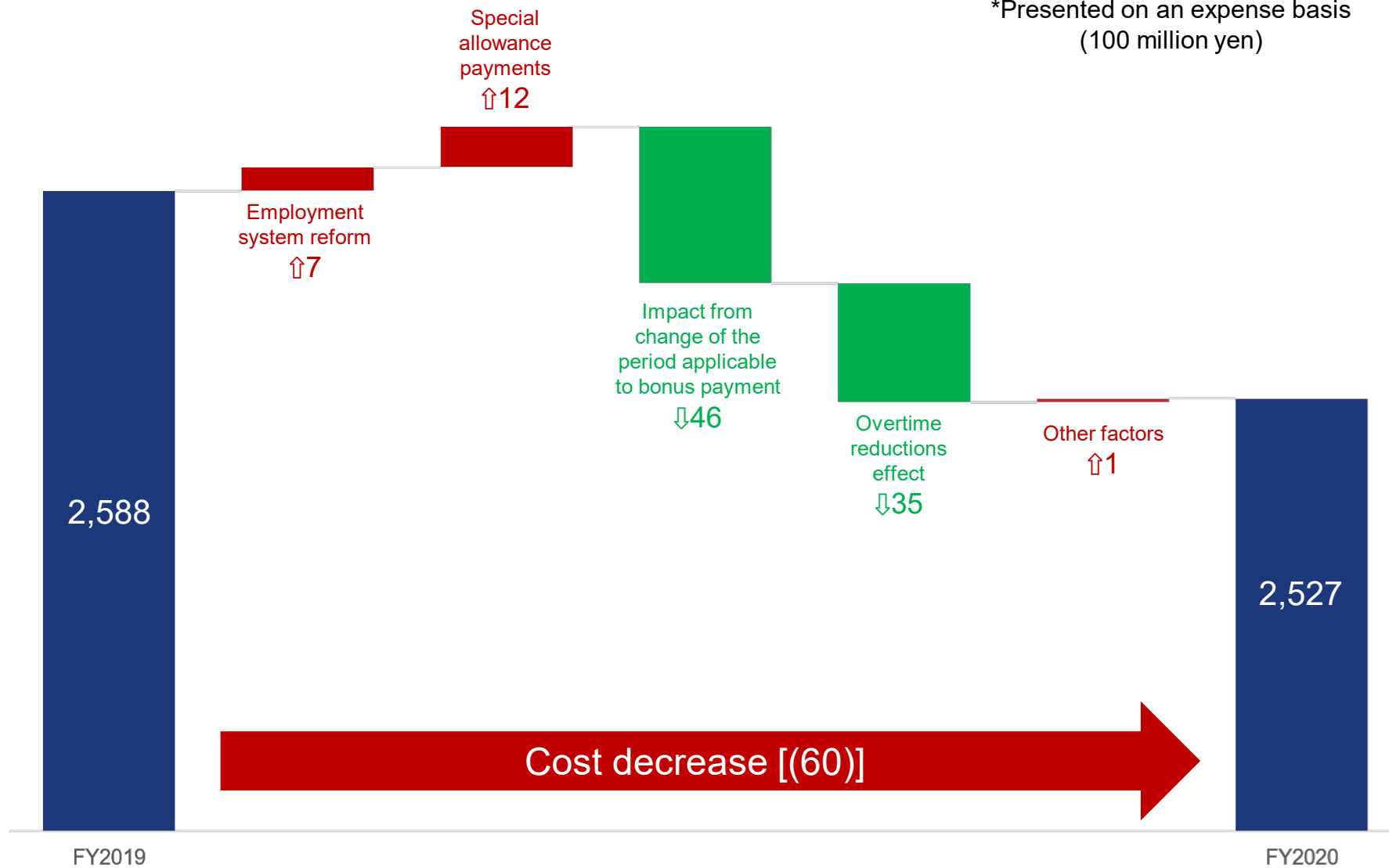
- Japan: +33
- Security Transportation: (3)
- Heavy Haulage & Construction: (6)
- Logistics Support: +3
- Effect of rate revision: +14

[Rate revision +99, increase in vehicle chartering and subcontracting costs(84)]

Japanese domestic business total: +42  
 Overseas business total: +33

# (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) (9.7)	(200) (6.5)	(492) (8.1)	—	—	(73) (1.2)	(565) (4.7)
Operating income	(49) (67.7)	(18) (13.7)	(67) (32.9)	—	—	19 8.6	(48) (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	—

# 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) (14.4)	(69) (29.4)	(104) (21.9)	—	—	11 2.7	(92) (10.2)
Operating income	(8) —	(11) —	(19) —	—	—	(2) (25.4)	(21) (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 0.7	1 0.1	5 —	(0) (0.1)	(1) (0.3)	0 —	6 1.5	2 0.5	4 —

Special Factor
<ul style="list-style-type: none"> <li>Impact of foreign exchange (stronger yen):                      [revenues] (7) [1H], (16) [year]                      [operating income] (0) [1H], (0) [year]</li> <li>Impact of COVID-19:                      [revenues] (16) [1H], (38) [year]                      [operating income] (6) [1H], (15) [year]</li> <li>Special allowance payments:                      [operating income] (0) [Q1, year]</li> </ul>

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			Q2 Highlights
		FY2019	Difference	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
Operating income	14	3	11	4	1	3	9	2	7
	1.2	0.3	—	0.9	0.2	—	1.5	0.4	—



# III. Segment Overview, FY2020

## D. East Asia Segment

(100 million yen)

### 1 Q2 Results

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	—	—	

### 2 Quarterly Results and Forecast

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) (3.6)	43 15.4	33 6.0	—	—	151 27.1	185 16.6
Operating income	(1) (20.2)	13 148.5	12 80.4	—	—	30 213.3	43 143.9

Special Factor
<ul style="list-style-type: none"> <li>Impact of foreign exchange (stronger yen):                      [revenues] (19) [1H], (17) [year]                      [operating income] (0) [1H], (0) [year]</li> <li>Impact of COVID-19:                      [revenues] +73 [1H], +120 [year]                      [operating income] +16 [1H], +27 [year]</li> <li>Special allowance payments:                      [operating income] (0) [Q1, year]</li> </ul>

### 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	1,306	1,192	114	592	579	13	713	613	100
Operating income	73 5.6	36 3.0	37 —	28 4.8	21 3.6	7 —	44 6.3	15 2.4	29 —

# III. Segment Overview, FY2020

## E. South Asia & Oceania Segment

(100 million yen)

### 1 Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	273	221	51	23.4
Operating income	24	8	16	197.8
Operating income margin	9.1	3.8	—	—

### Q2 Highlights

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.

### 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) (0.6)	51 23.4	50 11.5	— —	— —	65 14.2	115 12.9
Operating income	(0) (3.8)	16 197.8	16 102.2	— —	— —	19 122.5	35 112.3

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]

### 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		
		FY2019	Difference	Difference (%)
Revenues	173	180	(6)	(3.5)
Operating income	(0)	(0)	(0)	—
Operating income margin	(0.6)	(0.5)	—	—

### Q2 Highlights

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.

### 2 Quarterly Results and Forecast

Item	Results and Forecast for FY2020						
	Q1	Q2	1H	Q3 Forecast	Q4 Forecast	2H Forecast	FY Forecast
Revenues	169	173	343	—	—	347	691
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) (8.1)	(6) (3.5)	(21) (5.8)	—	—	(13) (3.8)	(34) (4.8)
Operating income	3 —	(0) —	3 —	—	—	(0) —	2 —

### 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]

### Forecast Overview

We expect the impact of COVID-19 to be limited in the second half of the year onwards. By continuing to manage variable costs, we plan to maintain profits at the same level as the year-ago period, even as sales decline.

### 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) (1.2)	(12) (1.7)	4 —	(9) (2.7)	(11) (3.2)	1 —	1 0.4	(1) (0.3)	2 —

# III. Segment Overview, FY2020

## G. Heavy Haulage & Construction Segment

(100 million yen)

### 1 Q2 Results

Item	FY2020 Q2, Results	Vs. FY2019		
		FY2019	Difference	Difference (%)
Revenues	119	138	(19)	(14.0)
Operating income	12	16	(3)	(21.0)
Operating income margin	10.7	11.6	—	—

### Q2 Highlights

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.

### 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)
	(1.9)	(14.0)	(8.0)	—	—	(14.2)	(11.0)
Operating income	4	(3)	1	—	—	(11)	(9)
	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]

### 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.

### 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)
	11.2	11.8	—	11.2	13.2	—	11.1	10.2	—

# 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

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

### 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]

### 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.

### 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	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)
	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 <sup>*1</sup>				Overseas <sup>*2</sup>			
	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 <sup>*3</sup>	310,000 TEU	340,000 TEU	(7%)
Air forwarding business <sup>*3</sup>	330,000 t	400,000 t	(18%)

Item Revenues	FY2020 1H, Results	FY2019 1H, Results	Difference (%)
Non-Japanese Customer Accounts (GAM · GTA <sup>*4</sup> )	¥19.9 billion	¥13.5 billion	47%

<sup>\*1</sup> Japan results, KPI figures are for non-consolidated Nippon Express. <sup>\*2</sup> Corrected figures for Overseas 1H FY2019 results

<sup>\*3</sup> Results, differences (%) rounded to the nearest whole number

<sup>\*4</sup> GAM: Global Account Management GTA: Global Target Accounts

# IV. Nippon Express Group Business Plan 2023 KPIs

## B Strategy to Enhance Domestic Businesses in Japan

### Major Initiatives

#### Improve Profitability

**Leveraging Company Strengths (Personnel, Vehicles) to the Fullest, Reducing Outsourcing Costs, and Pursuing Daily Cost Controls**

• FY2020, 1H YoY

Outsourcing costs reduced by ¥ 25.8 billion (-10.9%)

\*Reduced in excess of the decrease in revenues (-7.4%)

- Throughout 2H as well, we intend to continue leverage company strengths through integrated land, sea, and air operations and pursue cost structure reform to reduce outsourcing costs

#### Further Back Office Personnel Reassignments

• 91 employees during 1H (50 in block, 41 at head office)

• We plan to reassign 129 employees during 2H (59 in block, 70 at head office)

We are considering further reassignments through the use of RPA and other methods

#### Expand Sales of New Products

• Multi-mode unit product

Launch nation-wide sales of Protect BOX Arrow

• Expand Protect BOX to rail containers 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

• Pursuing an operating system in line with volume

#### Operational Labor-Savings and Automation

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

- Improve 23 operations specifically and roll out laterally

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

• Introduced the *Remomi* non-contact quotation system for customers

• Use enhanced capacity to capture weekend and seasonal demand by proving our operational capabilities

**Engage in Concentrated Pursuit of Enhancing Domestic Businesses in Japan**

# 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



# IV. Nippon Express Group Business Plan 2023 KPIs

## 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

### ~Implementation Case Study~

★ Operations related to work plans

★ Operations related to railway forwarding

★ Operations related to accounting

### Numerical Targets

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

● **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

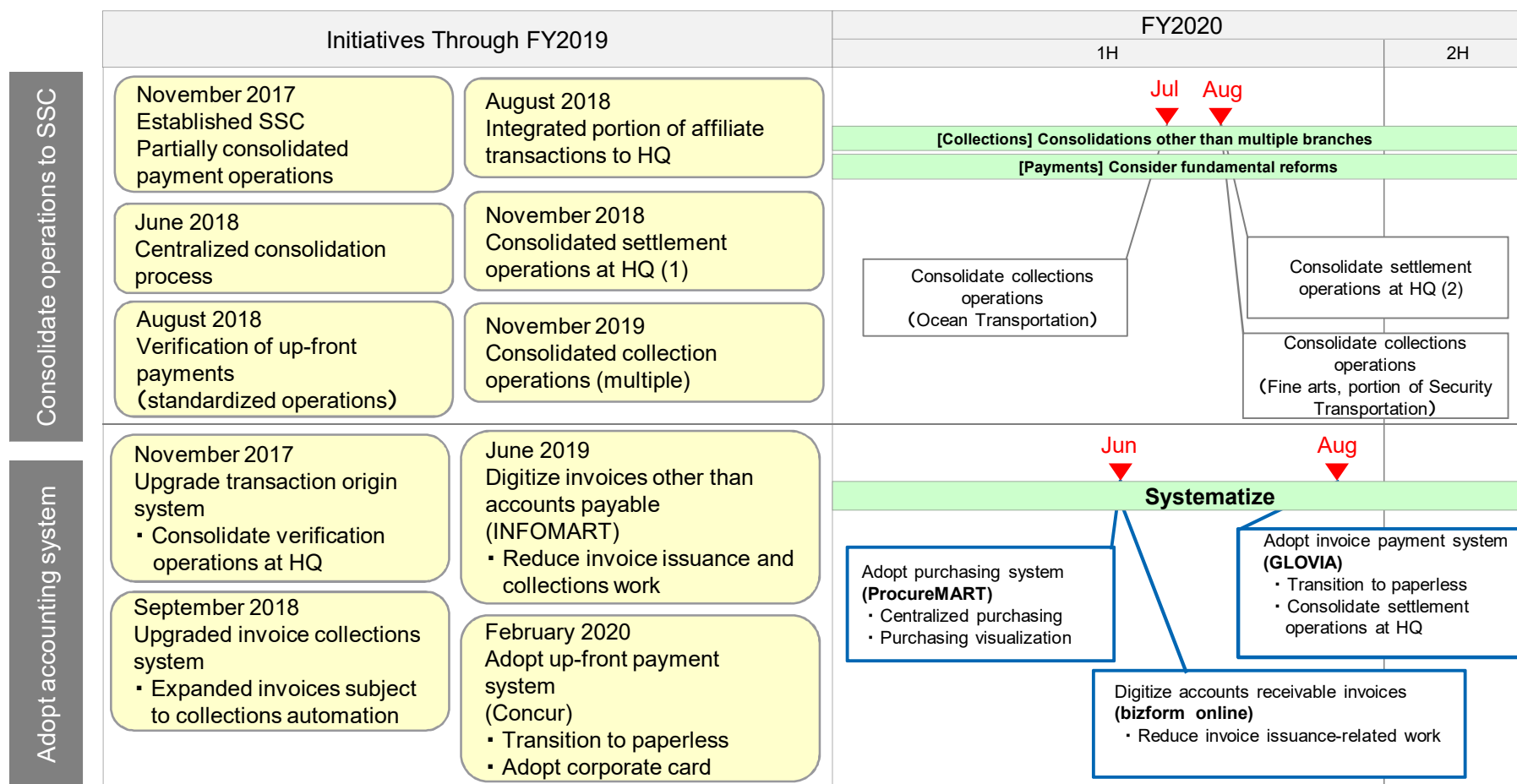
- Educational activities for all employees through **e-learning**
- Train and assign **RPA Masters** in each branch to analyze and standardize operations
- **Support introduction of RPA** in each overseas block and domestic affiliate

# IV. Nippon Express Group Business Plan 2023 KPIs

## C Cost Reduction Measures Pursuing SSC (Accounting)

### Consolidated operations to SSC and generate effectiveness at branches

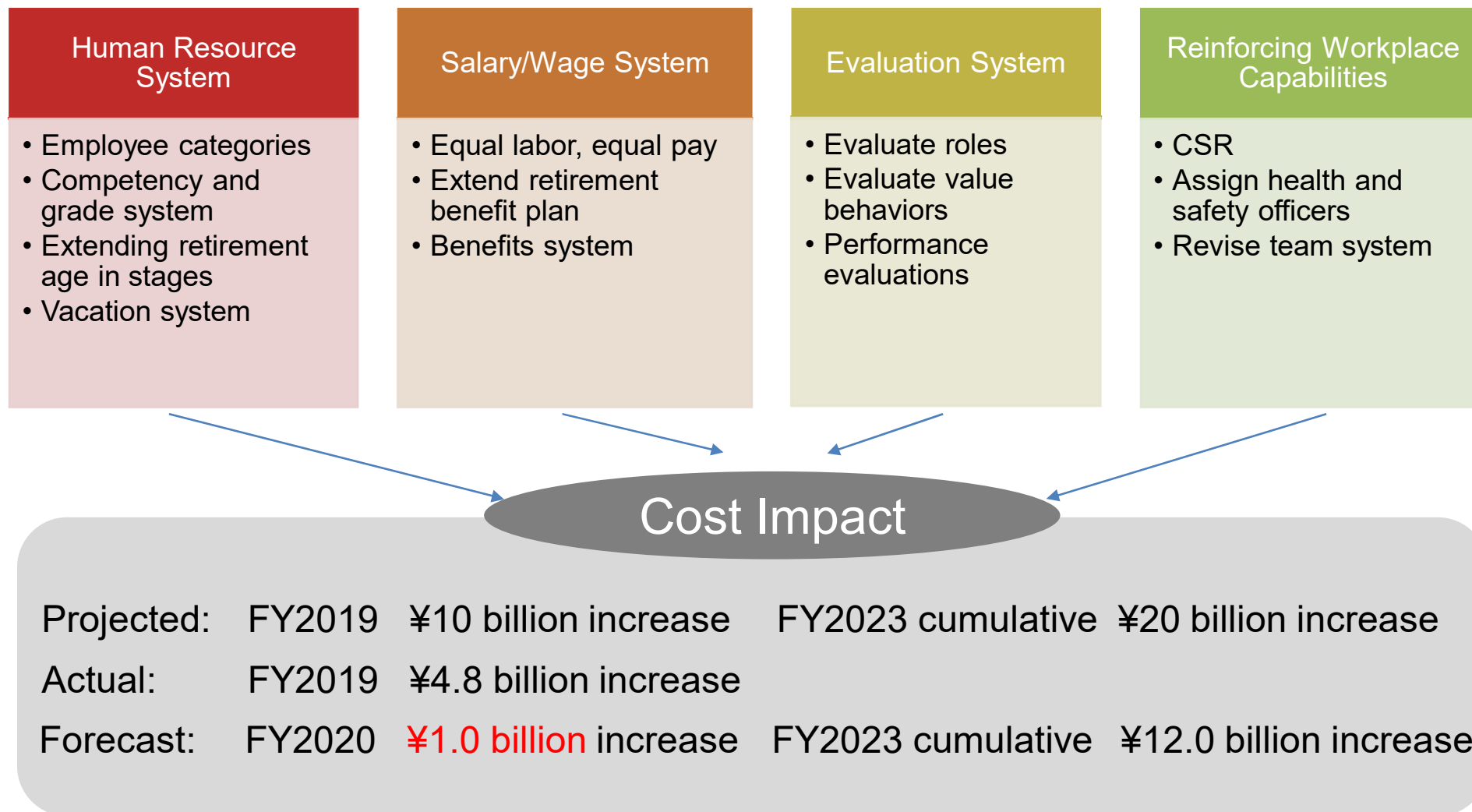
- Consolidate operations (payments, billing, collections, etc.) at SSC
- Upgrade existing systems and adopt new systems



# IV. Nippon Express Group Business Plan 2023 KPIs

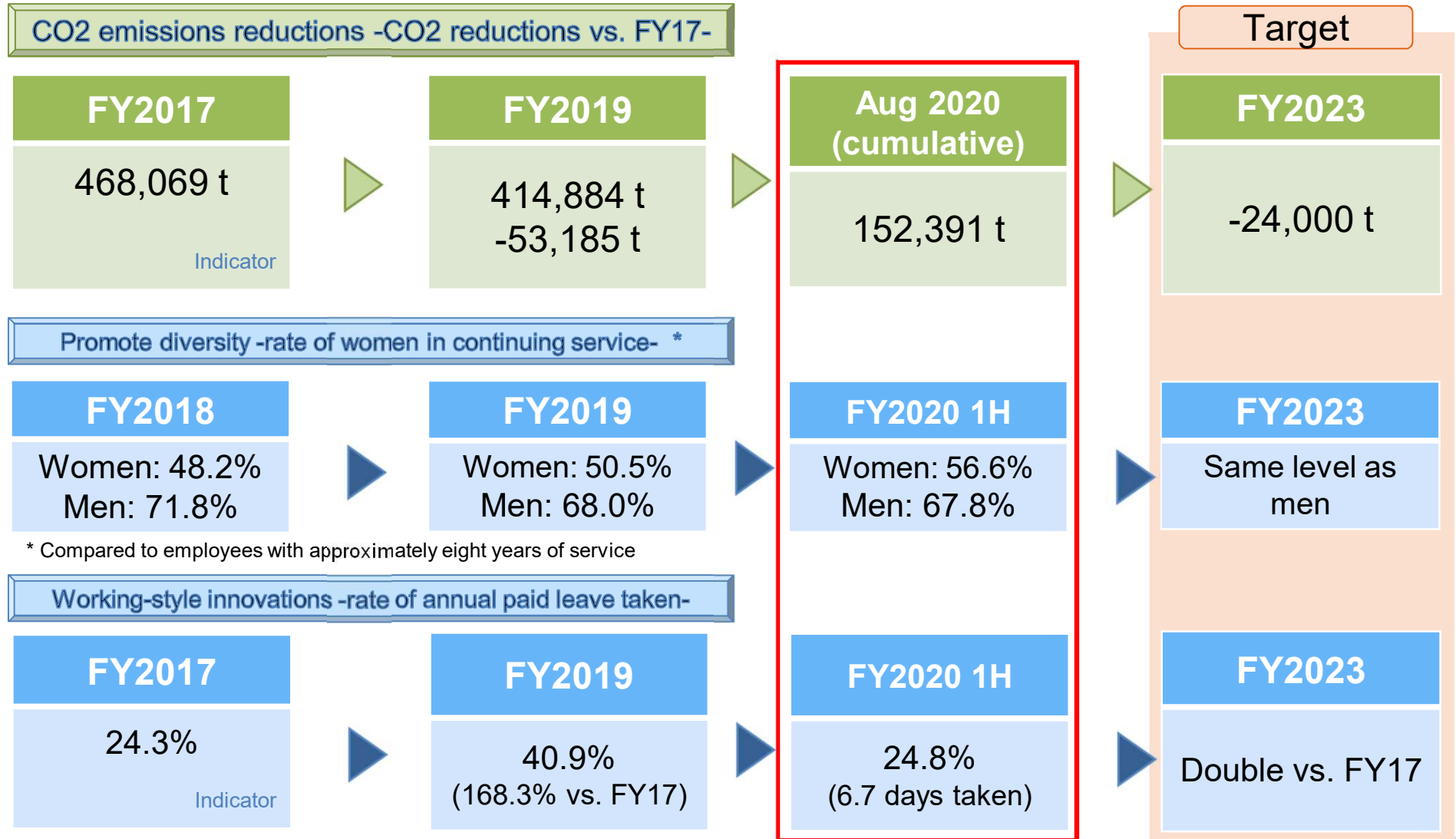
## D Employment System Reform Initiatives

### Overview



# IV. Nippon Express Group Business Plan 2023 KPIs

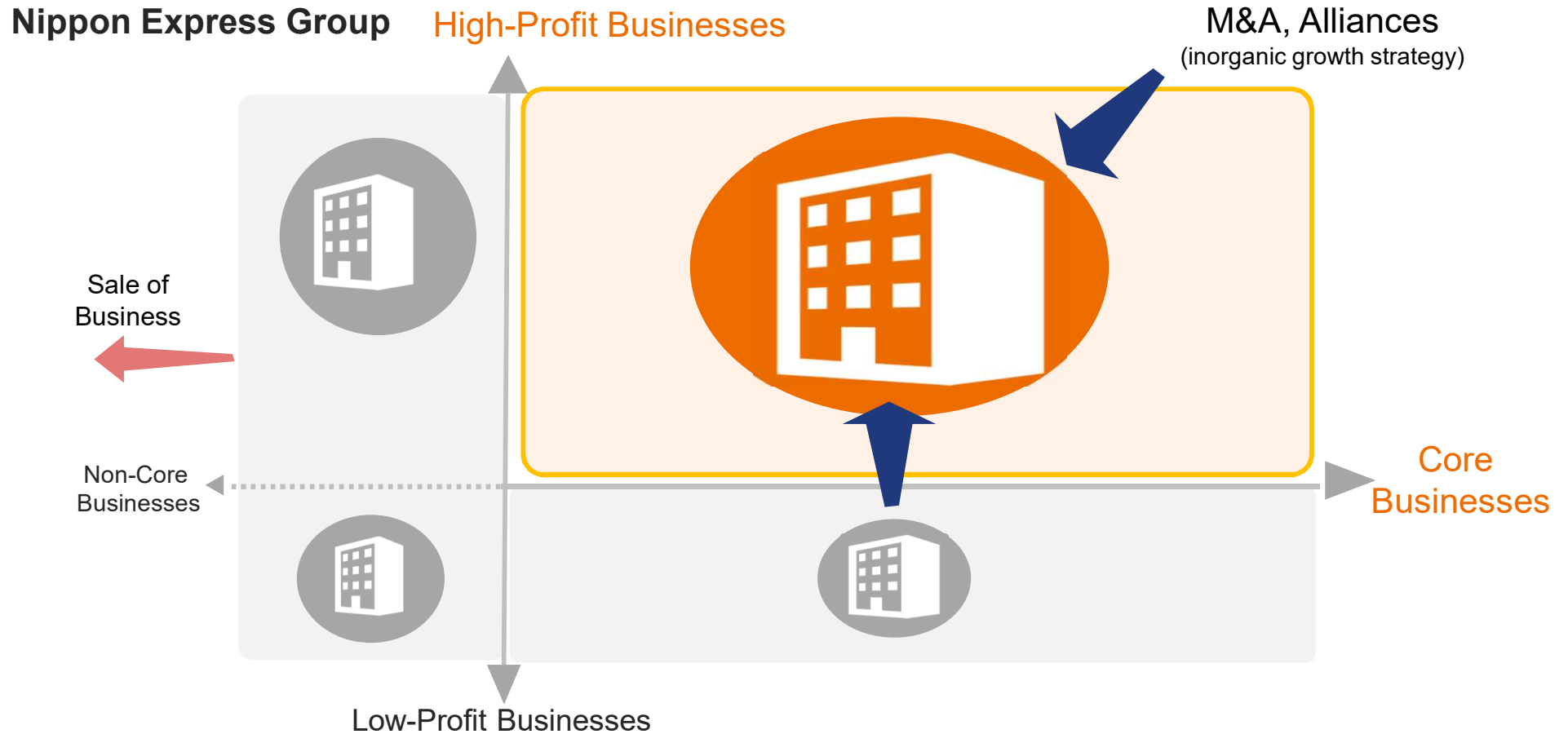
## E ESG-Oriented Business Management KPIs (Efforts to Implement Long-Term Vision)



# IV. Nippon Express Group Business Plan 2023 KPIs

## F Restructuring Business Portfolios

Initiatives to select and focus on core businesses



Q2 Progress in Initiatives

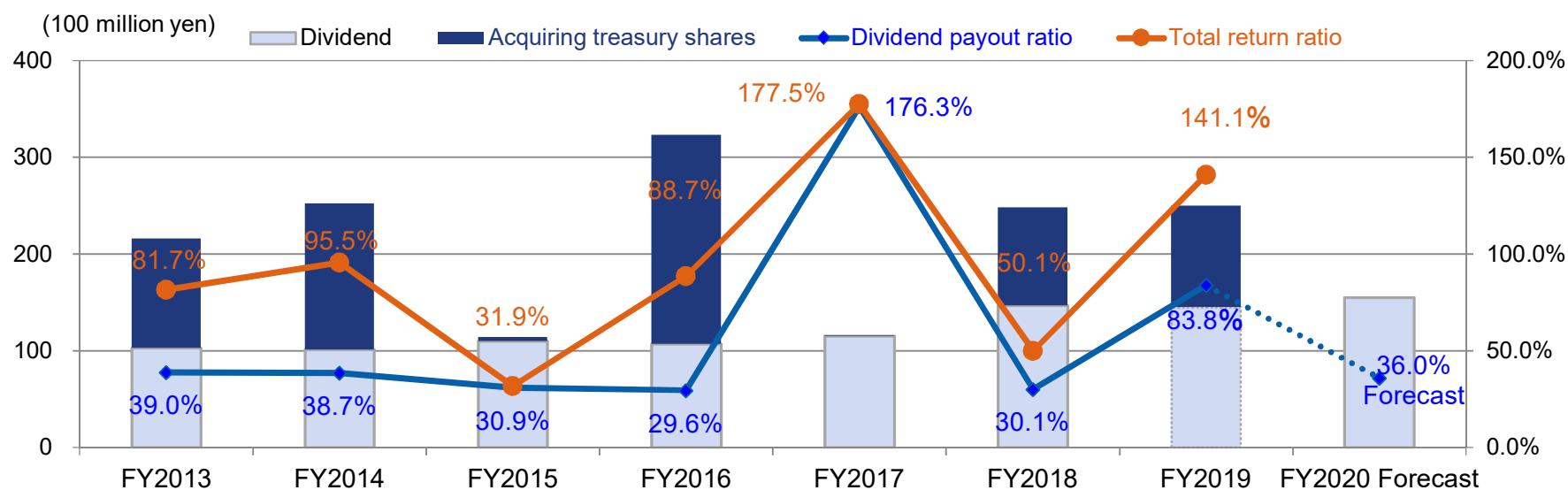
- Acquisition of U.S.-based logistics company (MD Express, LLC.)
- Transfer of ferry business (Kita-Nihon Kaiun Co., Ltd.)

# 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.

# 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	<p>Operating income:</p> <p><b>+¥1.57 billion</b></p> <p>Q1: +¥1.01 billion (cost decrease)</p> <p>Q2: +¥0.56 billion (cost decrease)</p>	<p>Unit price per ℓ [FY2019 Q2/Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil : ¥79.40 [¥100.89/¥76.30]</li> <li>• Gasoline : ¥117.89 [¥134.99/¥115.30]</li> <li>• Heavy oil : ¥45.39 [¥53.52/¥44.90]</li> </ul>
Impact of foreign exchange	<p>Revenues:</p> <p><b>¥(5.89) billion</b></p> <p>Operating income:</p> <p><b>¥(0.17) billion</b></p> <p>Q1:</p> <p>Revenues: ¥(2.34) billion</p> <p>Operating income: ¥(0.06) billion</p> <p>Q2:</p> <p>Revenues: ¥(3.54) billion</p> <p>Operating income: ¥(0.11) billion</p>	<p>Average cumulative exchange rate* [FY2019 Q2/Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD : ¥108.27 [¥110.05/¥108.00]</li> <li>• EUR : ¥119.30 [¥124.32/¥120.10]</li> <li>• HKD : ¥13.96 [¥14.03/¥13.90]</li> <li>• RMB : ¥15.39 [¥16.20/¥15.30]</li> </ul> <p>* The average annual exchange rates are reference rates.            For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</p>
Special allowance payments	<p>Operating income:</p> <p><b>¥(1.98) billion</b></p>	<ul style="list-style-type: none"> <li>• Japan : ¥(1.51) billion [Q1]</li> <li>• Overseas segment : ¥(0.04) billion [Q1]</li> <li>• Security Transportation segment : ¥(0.25) billion [Q1]</li> <li>• Heavy Haulage &amp; Construction segment : ¥(0.02) billion [Q1]</li> <li>• Logistics Support : ¥(0.14) billion [Q1]</li> </ul>



# (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"> <li>• Japan : ¥(0.38) billion</li> <li>• Security Transportation : ¥(0.05) billion</li> <li>• Heavy Haulage &amp; Construction : ¥(0.02) billion</li> <li>• Logistics Support : ¥(0.01) billion</li> </ul>
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.19) billion	<ul style="list-style-type: none"> <li>• Japan : ¥(0.15) billion</li> <li>• Security Transportation : ¥(0.03) billion</li> <li>• Heavy Haulage &amp; Construction : ¥(0.0) billion</li> </ul>
Impact from change of the period applicable to bonus payment	Operating income: +¥4.63 billion	<ul style="list-style-type: none"> <li>• Japan : +¥3.54 billion [Q1]</li> <li>• Security Transportation : +¥0.97 billion [Q1]</li> <li>• Heavy Haulage &amp; Construction : +¥0.11 billion [Q1]</li> </ul>
Provision for retirement benefits (insufficient provision in past years)	Operating income: ¥(0.74) billion	<ul style="list-style-type: none"> <li>• Japan : ¥(0.74) billion [Q1]</li> </ul>
Impact due to change in retirement allowance rules	Operating income: +¥0.33 billion	<ul style="list-style-type: none"> <li>• Japan : +¥0.3 billion</li> <li>• Security Transportation : +¥0.02 billion</li> <li>• Heavy Haulage &amp; Construction : +¥0.01 billion</li> </ul>

# (Appendix 1) Financial Results for Q2, FY2020

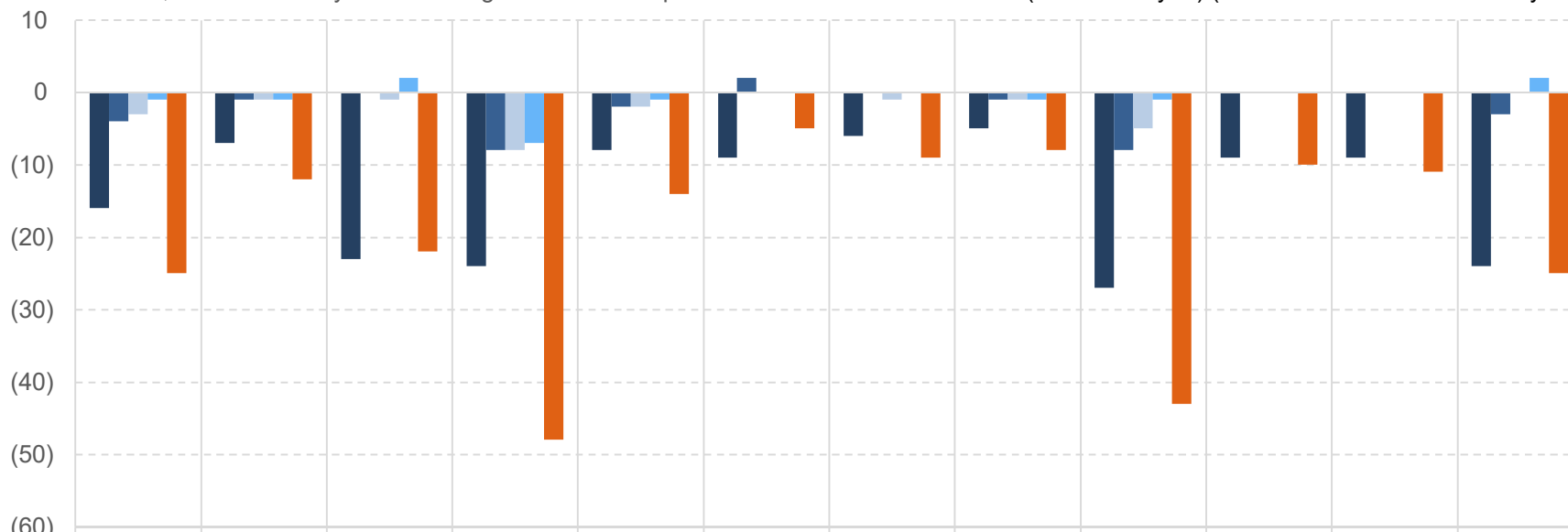
## A Changes Due to External Environmental and Other Factors

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

# (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)

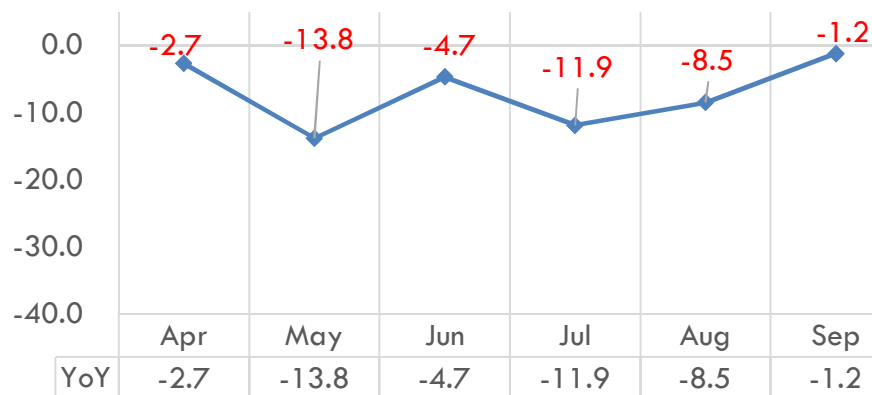
# (Appendix 1) Financial Results for Q2, FY2020

## C Volume in Priority Industries (YoY Sales)

(Unit: %)

### Domestic Priority Industries

#### Electric and Electronics



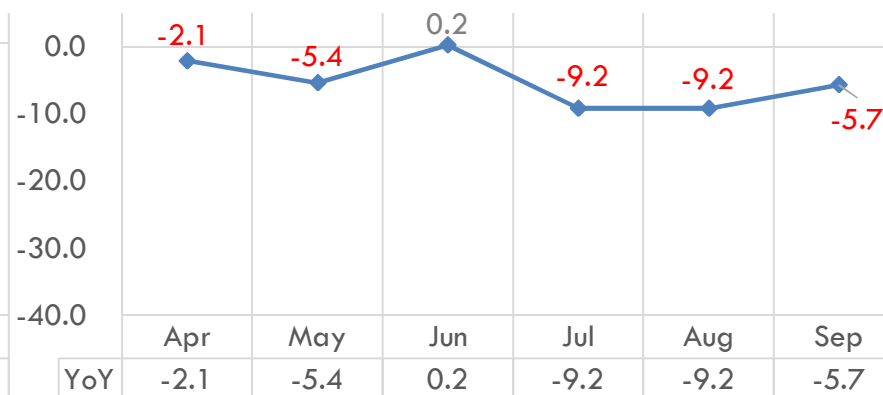
#### Apparel



#### Automotive



#### Pharmaceutical/Medical



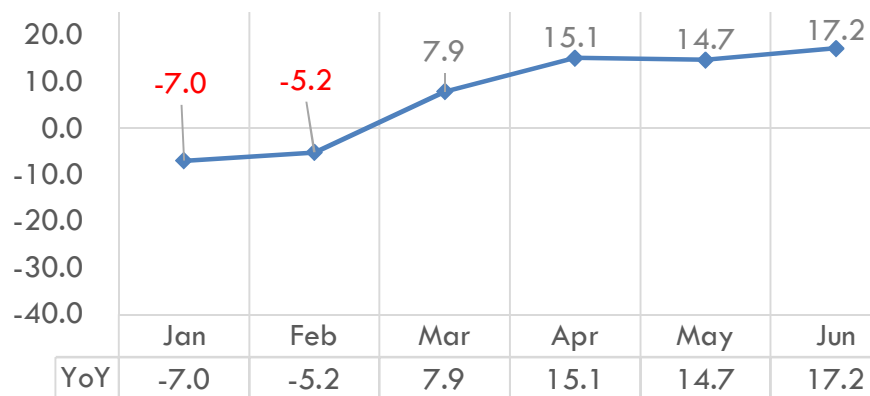
# (Appendix 1) Financial Results for Q2, FY2020

## C Volume in Priority Industries (YoY Sales)

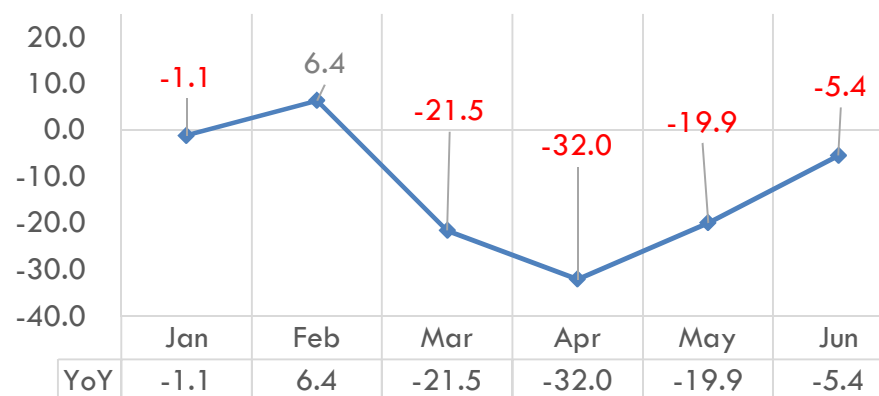
(Unit: %)

### Overseas Priority Industries

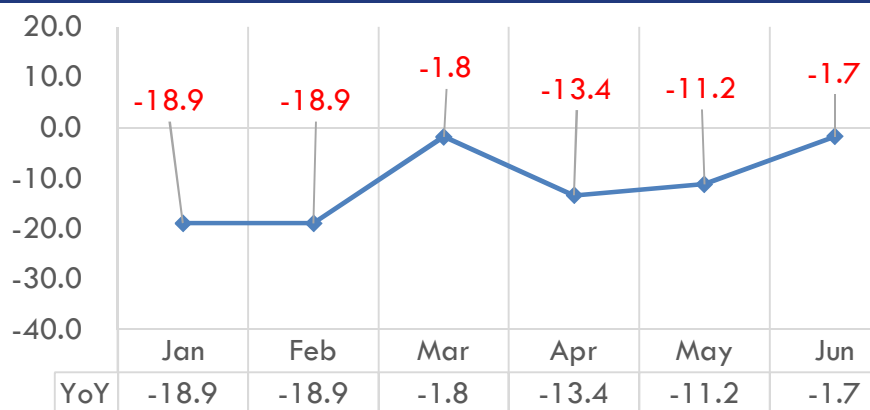
#### Electric and Electronics



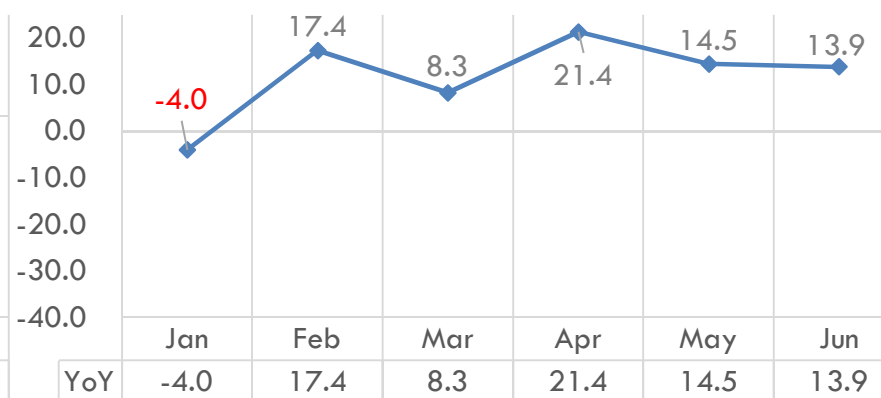
#### Apparel



#### Automotive








#### Pharmaceutical/Medical



# (Appendix 1) Financial Results for Q2, FY2020

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

**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><b>+¥3.28 billion</b> (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"> <li>• Light oil : ¥80.40 [¥100.22/¥76.30]</li> <li>• Gasoline : ¥120.00 [¥134.37/¥115.30]</li> <li>• Heavy oil : ¥45.20 [¥56.47/¥44.90]</li> </ul>
Impact of foreign exchange	<p>Revenues:  <b>¥(6.28) billion</b></p> <p>Operating income:  <b>¥(0.14) billion</b></p> <p>*1H:            Revenues : ¥(5.89) billion            Operating income : ¥(0.17) billion</p> <p>2H:            Revenues : ¥(0.39) 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"> <li>• USD : ¥107.10 [¥109.05/¥108.00]</li> <li>• EUR : ¥121.70 [¥122.08/¥120.10]</li> <li>• HKD : ¥13.82 [¥13.92/¥13.90]</li> <li>• RMB : ¥15.42 [¥15.79/¥15.30]</li> </ul> <p>* The average annual exchange rates are reference rates.            For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</p>
Environment investments	<p>Operating income:  <b>+¥0.17 billion</b></p>	<ul style="list-style-type: none"> <li>• Japan : +¥0.17 billion</li> </ul>

## (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 <b>+¥0.78 billion</b>	<ul style="list-style-type: none"> <li>Japan : +¥0.78 billion [Q2]</li> </ul>
Change due to employment system reform (same pay for same work, impact of extended retirement age, adoption of team system)	Operating income: <b>¥(1.0) billion</b>	<ul style="list-style-type: none"> <li>Japan : ¥(0.78) billion</li> <li>Security Transportation : ¥(0.14) billion</li> <li>Heavy Haulage &amp; Construction : ¥(0.0) billion</li> <li>Logistics Support : ¥(0.06) billion</li> </ul>
Impact due to change in period applicable to bonus payment	Operating income: <b>+¥4.63 billion</b>	<ul style="list-style-type: none"> <li>Japan : +¥3.54 billion [Q1]</li> <li>Security Transportation : +¥0.97 billion [Q1]</li> <li>Heavy Haulage &amp; Construction : +¥0.11 billion [Q1]</li> </ul>
Special allowance payments	Operating income: <b>¥(1.98) billion</b>	<ul style="list-style-type: none"> <li>Japan : ¥(1.51) billion [Q1]</li> <li>Overseas : ¥(0.04) billion [Q1]</li> <li>Security Transportation : ¥(0.25) billion [Q1]</li> <li>Heavy Haulage &amp; Construction : ¥(0.02) billion [Q1]</li> <li>Logistics Support : ¥(0.14) billion [Q1]</li> </ul>



## (Appendix 2) Financial Results Forecast for FY2020

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

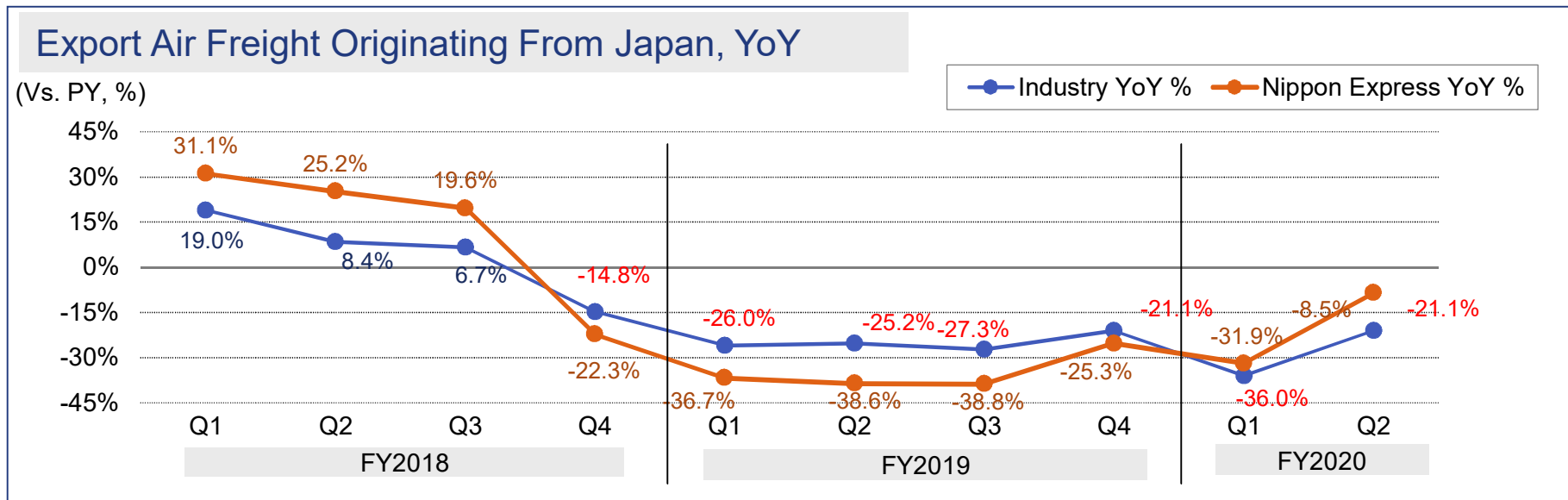
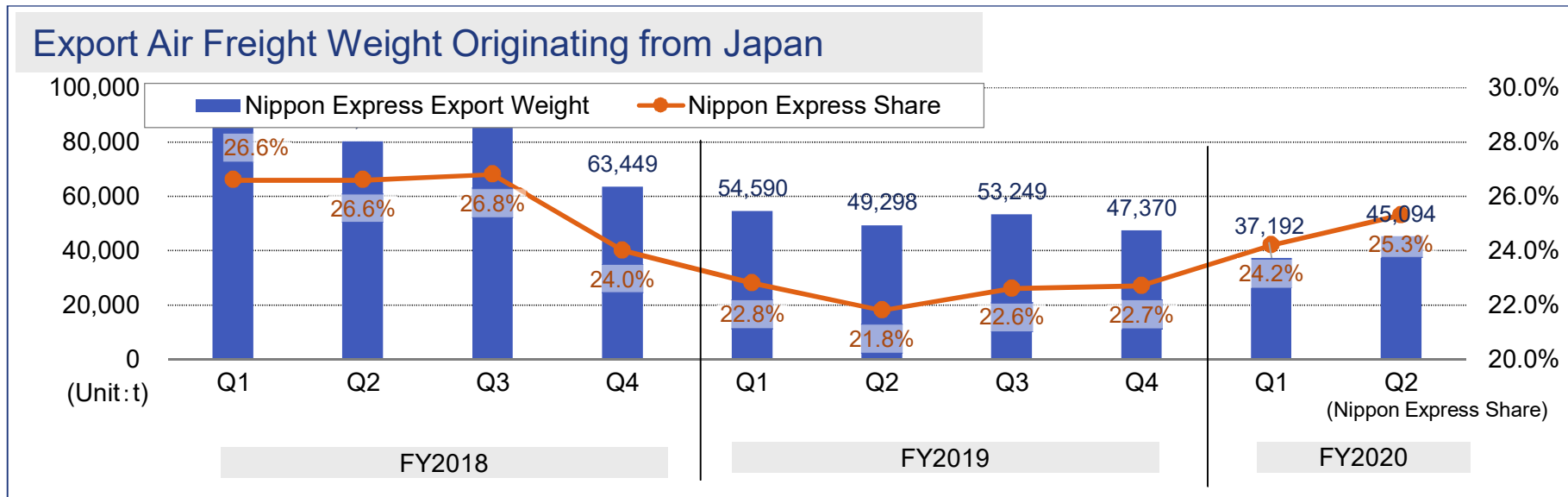
Variable Factors	Impact on Consolidated Results (Full-year forecast)	Reference
Provision for retirement benefits (insufficient provision in past years)	Operating income: ¥(0.74) billion	<ul style="list-style-type: none"> <li>Japan : ¥(0.74) billion [Q1]</li> </ul>
Impact due to change in retirement allowance rules	Operating income: +¥0.33 billion	<ul style="list-style-type: none"> <li>Japan : +¥0.3 billion</li> <li>Security Transportation : +¥0.02 billion</li> <li>Heavy Haulage &amp; Construction : +¥0.01 billion</li> </ul>
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.39) billion	<ul style="list-style-type: none"> <li>Japan : ¥(0.31) billion</li> <li>Security Transportation : ¥(0.07) billion</li> <li>Heavy Haulage &amp; Construction : ¥(0.0) billion</li> </ul>

# (Appendix 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	<p>Revenues  <b>¥(35.54) billion</b></p> <p>Operating income  <b>¥(14.87) billion</b></p>	<ul style="list-style-type: none"> <li>• Japan                      Revenues                      : ¥(42.17) billion                                              Operating income            : ¥(14.00) billion</li> <li>• The Americas            Revenues                      : ¥(3.83) billion                                              Operating income            : ¥(1.55) billion</li> <li>• Europe                     Revenues                      : ¥(3.97) billion                                              Operating income            : ¥(1.37) billion</li> <li>• East Asia                 Revenues                      : +¥12.06 billion                                              Operating income            : +¥2.70 billion</li> <li>• South Asia &amp; Oceania   Revenues                      : +¥15.03 billion                                              Operating income            : +¥2.37 billion</li> <li>• Security Transportation Revenues                      : ¥(1.30) billion                                              Operating income            : ¥(0.88) billion</li> <li>• Heavy Haulage &amp; Construction Revenues                      : ¥(1.82) billion                                              Operating income            : ¥(0.49) billion</li> <li>• Logistics Support        Revenues                      : ¥(9.53) billion                                              Operating income            : ¥(1.63) billion</li> </ul>

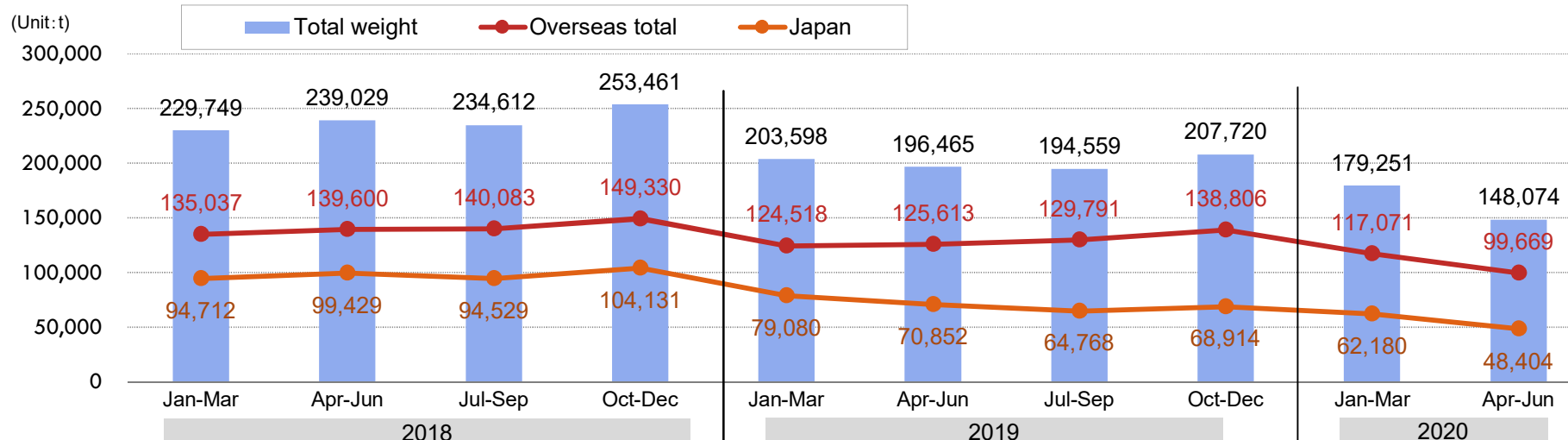
# (Appendix 3) Export Air Freight Weight Originating From Japan



# (Appendix 4) Export Freight (Air Freight Forwarding)

(Unit: t/chargeable)

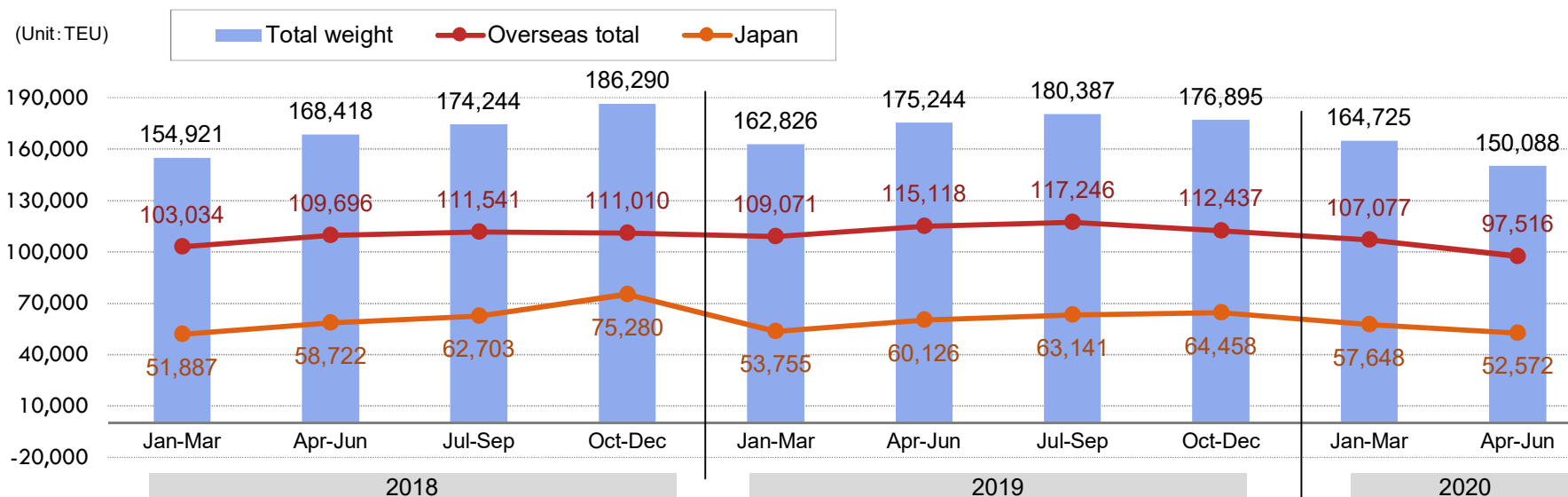
Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan (consolidated)	90,513	94,814	89,545	99,401	374,273	75,277	67,156	60,847	65,084	268,363	58,841	45,579			
Japan (excluding consolidated)	4,199	4,615	4,983	4,730	18,528	3,803	3,696	3,922	3,831	15,252	3,339	2,825			
<b>Japan Total</b>	<b>94,712</b>	<b>99,429</b>	<b>94,529</b>	<b>104,131</b>	<b>392,801</b>	<b>79,080</b>	<b>70,852</b>	<b>64,768</b>	<b>68,914</b>	<b>283,615</b>	<b>62,180</b>	<b>48,404</b>			
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	43,648	43,963	44,810	44,416	176,837	39,535	39,881	43,853	44,106	167,375	37,725	30,611			
<b>Overseas Total</b>	<b>135,037</b>	<b>139,600</b>	<b>140,083</b>	<b>149,330</b>	<b>564,050</b>	<b>124,518</b>	<b>125,613</b>	<b>129,791</b>	<b>138,806</b>	<b>518,727</b>	<b>117,071</b>	<b>99,669</b>			
<b>Total Weight</b>	<b>229,749</b>	<b>239,029</b>	<b>234,612</b>	<b>253,461</b>	<b>956,851</b>	<b>203,598</b>	<b>196,465</b>	<b>194,559</b>	<b>207,720</b>	<b>802,342</b>	<b>179,251</b>	<b>148,074</b>			



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

(Unit: TEU)

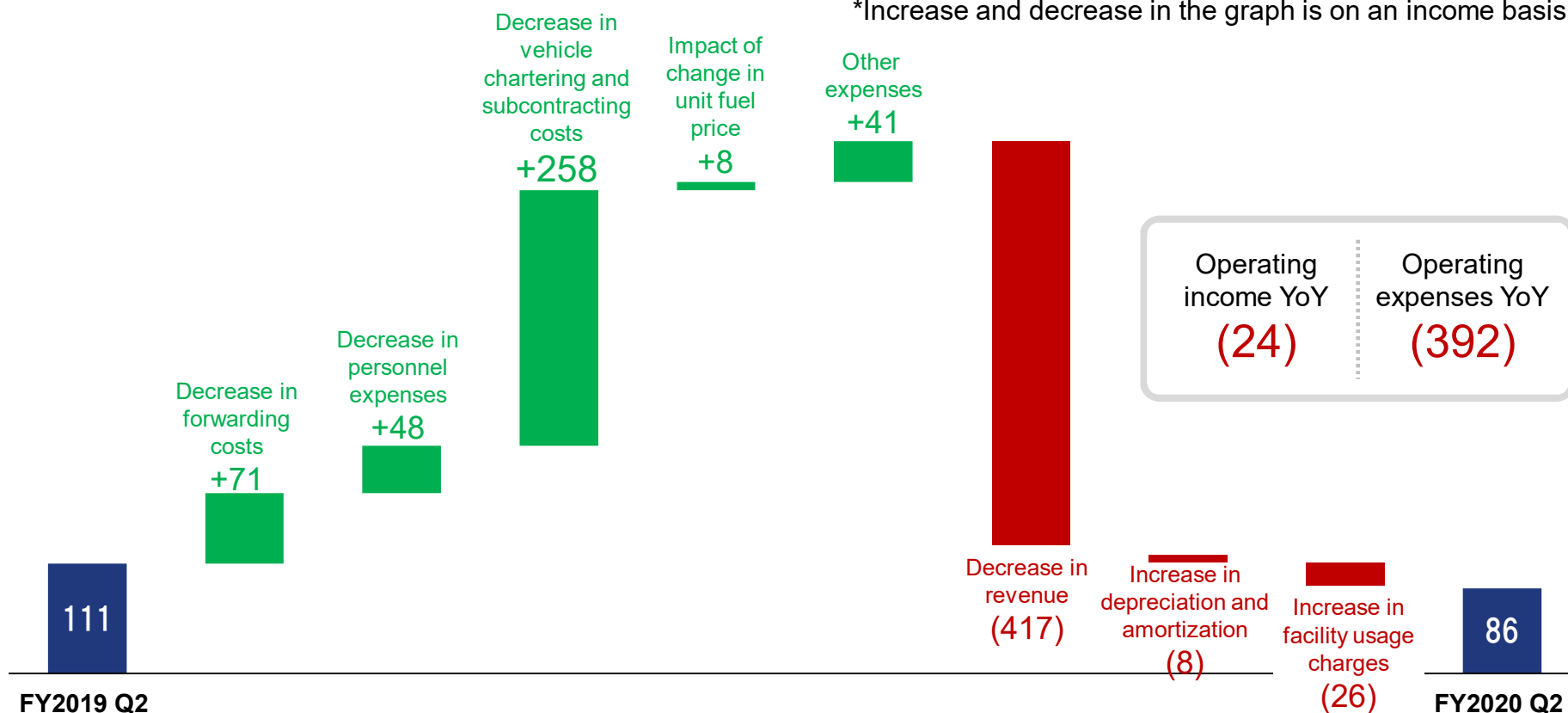
Originating Region	2018					2019					2020				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	51,887	58,722	62,703	75,280	248,592	53,755	60,126	63,141	64,458	241,480	57,648	52,572			
The Americas	8,982	9,807	9,006	9,637	37,431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



Operating income YoY	(24)
Operating expenses YoY	(392)

### Breakdown of Various Expense (Q2)

\*presented on an expense basis

### Breakdown of Various Expense (Q2 Cumulative)

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%]

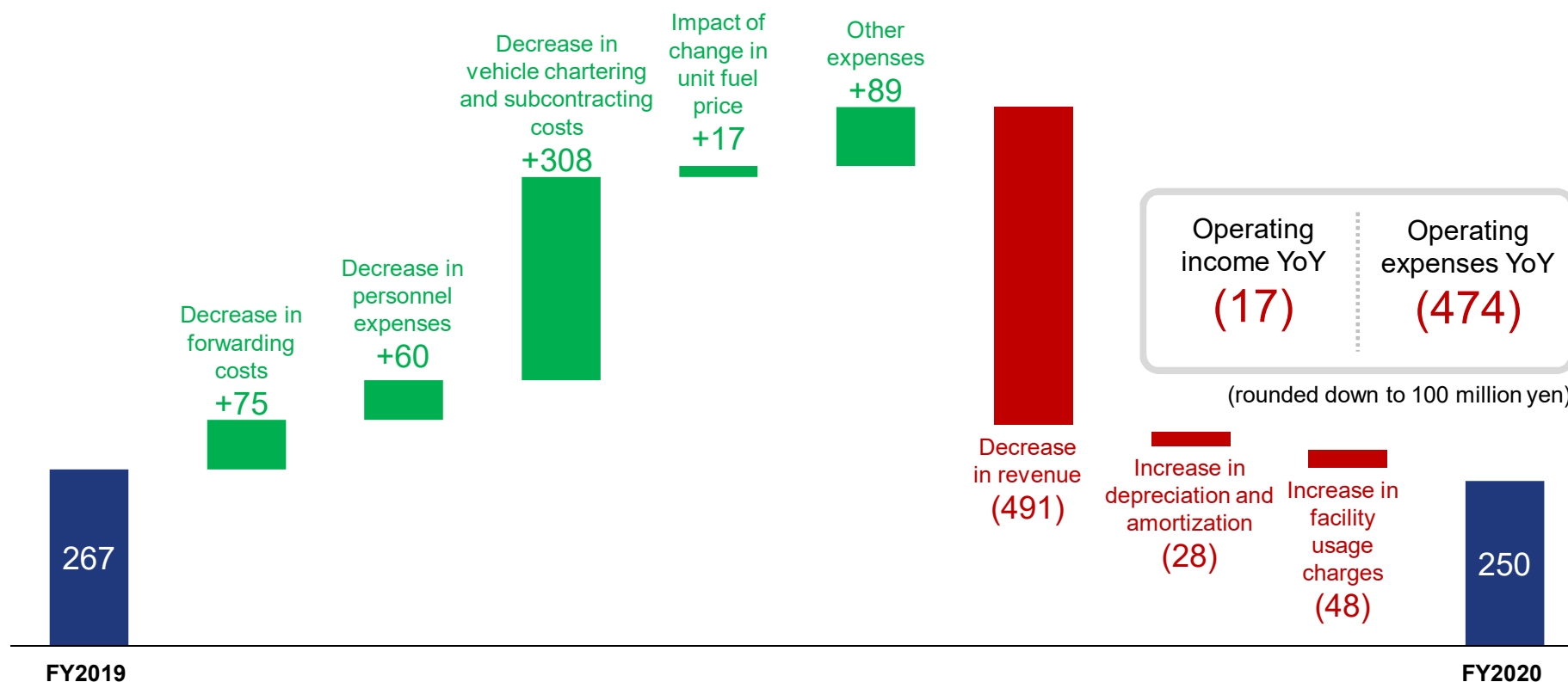
Decrease in forwarding costs (25) [(8.5%)]	
Railway forwarding costs	(14) [(13.6%)]
Ocean forwarding costs	(15) [(18.4%)]
Air forwarding costs	+4 [3.8%]

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)

(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 (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%]

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