



# Financial Results Presentation for the Fiscal Year Ended March 2020

April 28, 2020

Nippon Express Co., Ltd.

Investor Relations Promotion Group

Corporate Planning Division

# Contents

## I. Financial Results for FY2019

A. Financial Highlights for FY2019	P.2
B. Results by Reportable Segment	P.3
C. Trend for the Past Five Years	P.4-
D. Financial Position and Cash Flows	P.6
E. Changes Due to External Environmental and Other Factors	P.7-
F. Breakdown of Revenues and Operating Income	P.10-

## II. Segment Overview of FY2019

A. Japan Segment	P.13
B. The Americas Segment	P.14
C. Europe Segment	P.15
D. East Asia Segment	P.16
E. South Asia & Oceania Segment	P.17
F. Security Transportation Segment	P.18
G. Heavy Haulage & Construction Segment	P.19
H. Logistics Support Segment	P.20

## III. Nippon Express Group Business Plan 2023

A. Working Toward Our Centennial Anniversary (2037 Vision)	P.21
B. Challenges of the Business Plan	P.22
C. Review of Business Plan Year One (Business Growth Strategy)	P.23-
D. Review of Business Plan Year One (Efforts to Implement Our Long-Term Vision)	P.26
E. Review of Business Plan Year One (Employee System Reform Initiatives)	P.27
F. Initiative Progress	P.28

## IV. Financial Results Forecast for FY2020

Consolidated Results Forecast	P.29
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## V. Return to Shareholders

A. Capital Policies	B. Key Indicators	P.30
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## Supplemental Documents

(Appendix 1) Export Air Freight Weight Originating From Japan	P.32
(Appendix 2) Japan Segment Operating Income by Business	P.33-
(Appendix 3) Changes to Export Cargo Performance Evaluations	P.35-
(Appendix 4) Export Freight (Marine & Harbor Transportation)	P.38
(Appendix 5) Non-Consolidated Expenses	P.39
(Appendix 6) Initiatives to Generate Asset Liquidity	P.40

# I. Financial Results for FY2019

## A Financial Highlights for FY2019

### 1. Overview (Consolidated)

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

Item	FY2019 Results	FY2018 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced 01/31)	Difference	Progress (%)
Revenue	20,803	21,385	(581)	(2.7)	20,800	3	100.0
Operating income	592	795	(203)	(25.6)	600	(7)	98.7
Ordinary income	574	858	(283)	(33.1)	650	(75)	88.4
Profit attributable to owners of parent	174	493	(319)	(64.7)	400	(225)	43.5

### 2. Recording of Extraordinary Losses and Non-Operating Expenses

- Extraordinary Losses Impairment Loss on Goodwill and Non-Current Assets  
 Traconf S.r.l. (Italian Consolidated Subsidiary) ¥(12.7) billion
- Non-Operating Expenses Equity in Losses of Affiliates Future Supply Chain Solutions Limited ¥(7.6) billion

### 3. Key Consolidated Business Indicators (YoY Results)

- Operating Income Margin 2.8% [3.7%]
  - Ordinary Income Margin 2.8% [4.0%]
  - ROA 1.1% [3.2%]
  - ROE 3.2% [9.2%]
- Figures in parentheses indicate prior-year same-period results

# I. Financial Results for FY2019

## B Results by Reportable Segment

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

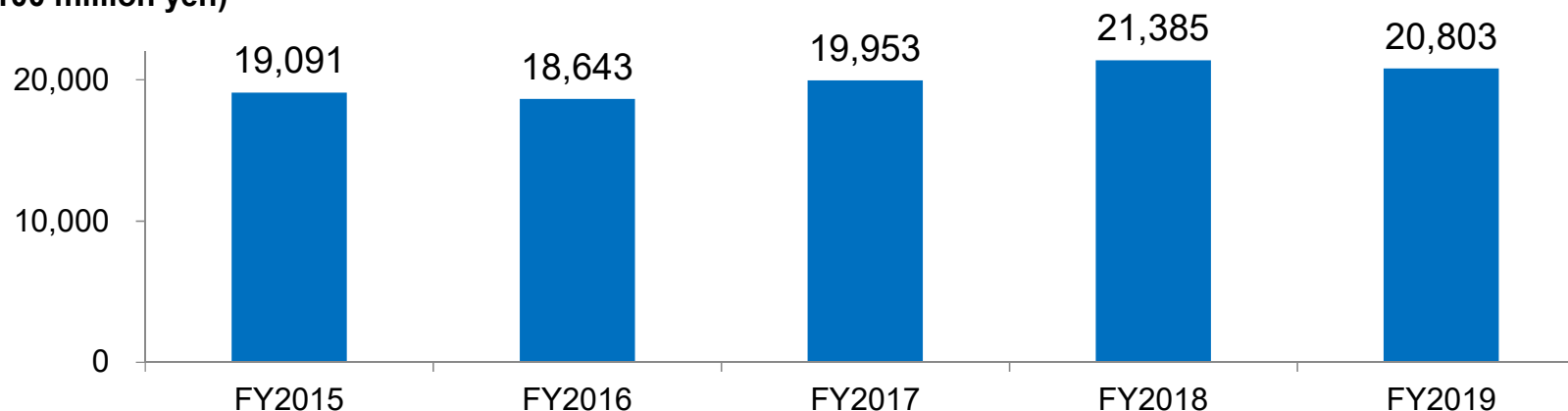
Segment	Item	FY2019 Results	FY2018 Results	Difference YoY	Difference YoY (%)	Full-Year Forecast (Announced 01/31)	Difference	Progress (%)
Japan	Revenues	12,135	12,568	(432)	(3.4)	12,196	(60)	99.5
	Segment Income	428	559	(131)	(23.4)	440	(11)	97.4
The Americas	Revenues	910	986	(76)	(7.7)	910	0	100.1
	Segment Income	27	42	(14)	(34.5)	28	(0)	99.8
Europe	Revenues	1,193	1,148	45	3.9	1,189	4	100.4
	Segment Income	17	22	(4)	(21.7)	19	(1)	93.6
East Asia	Revenues	1,120	1,227	(107)	(8.7)	1,115	5	100.5
	Segment Income	29	30	(0)	(0.5)	30	(0)	99.8
South Asia & Oceania	Revenues	901	918	(17)	(1.9)	906	(4)	99.5
	Segment Income	31	37	(5)	(15.0)	32	(0)	98.6
Security Transportation	Revenues	725	726	(0)	(0.1)	728	(2)	99.7
	Segment Income	(10)	12	(23)	—	(14)	3	—
Heavy Haulage & Construction	Revenues	523	477	46	9.6	502	21	104.3
	Segment Income	61	45	16	37.0	60	1	103.2
Logistics Support	Revenues	4,712	4,839	(127)	(2.6)	4,697	15	100.3
	Segment Income	123	127	(4)	(3.3)	119	4	103.8

# I. Financial Results for FY2019

## C Trend for the Past Five Years

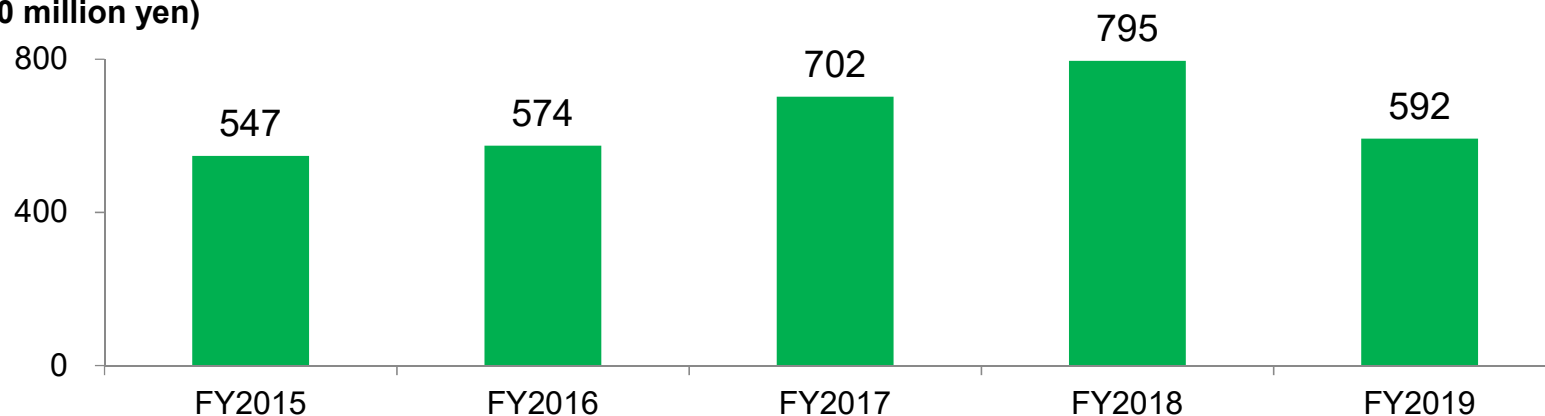
### 1. Revenues

(100 million yen)



### 2. Operating income

(100 million yen)

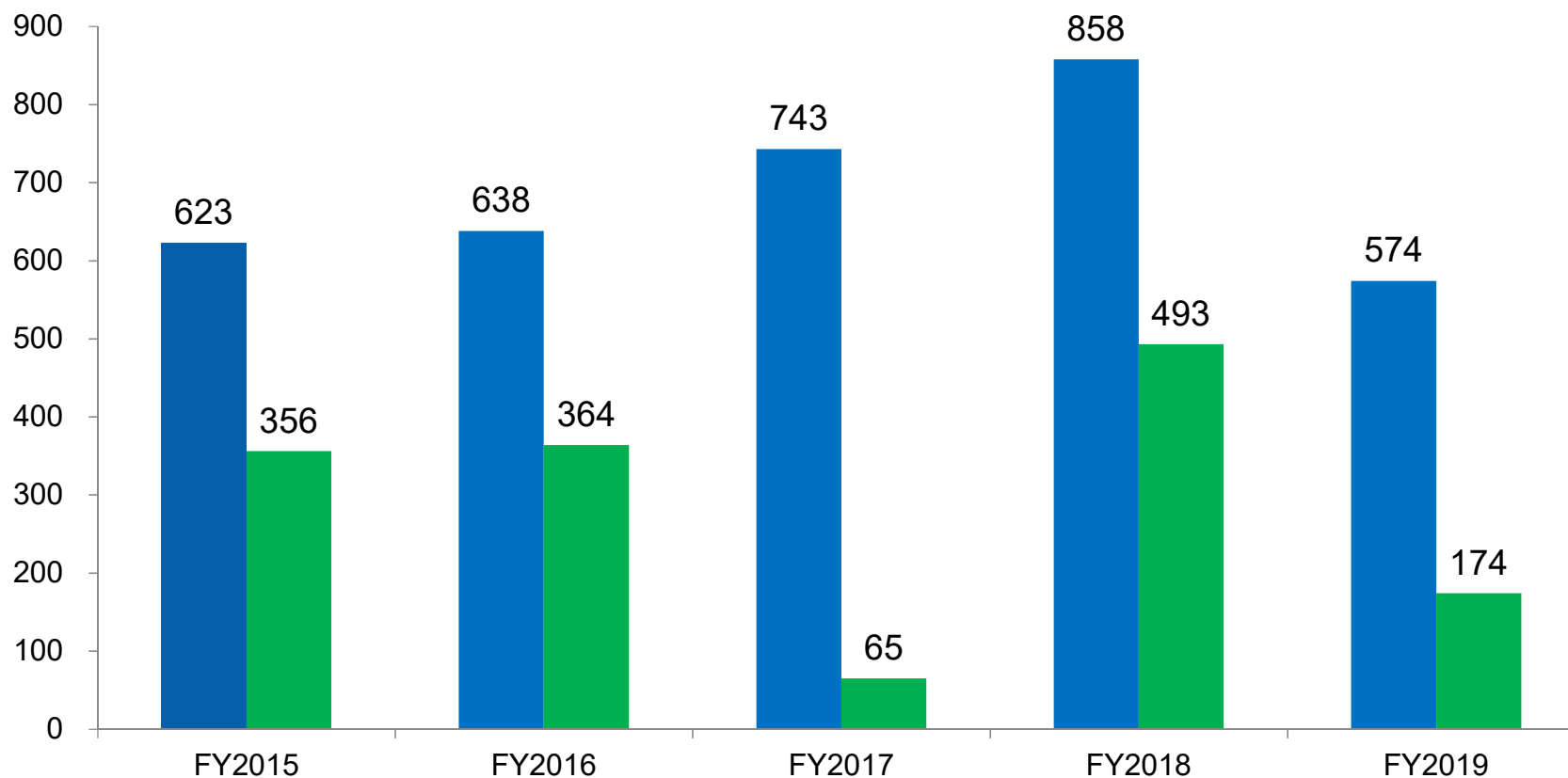


# I. Financial Results for FY2019

## C Trend for the Past Five Years

### 3. Ordinary income and profit attributable to owners of parent

(100 million yen)      ■ Ordinary income (consolidated)      ■ Profit attributable to owners of parent



# I. Financial Results for FY2019

## D Financial Position and Cash Flows

### 1. Financial position

(100 million yen)

Item	End of FY2019	End of FY2018	Difference
Total Assets	15,180	15,366	(186)
Equity	5,394	5,436	(41)
Equity Ratio (%)	35.5	35.4	0.1

### 2. Cash flows

(100 million yen)

Item	FY2019	FY2018	Difference
Cash Flows from Operating Activities (A)	982	726	255
Cash Flows from Investing Activities (B)	(918)	(909)	(8)
Free Cash Flows (A+B)	63	(182)	246
Cash Flows from Financing Activities	(117)	(146)	29
Cash and Cash Equivalents at End of Year	961	1,020	(59)

(rounded down to 100 million yen)

# I. Financial Results for FY2019

## E Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Full year)	Reference
Impact of change in unit fuel price	<p>Operating Income: ¥0.46 billion (cost decrease)</p> <p>*Q4 stand-alone quarter: ¥(0.25) billion (cost increase)</p> <p>Q3 cumulative ¥0.71 billion (cost decrease)</p>	<p>Unit price per ℓ [Yearly average in FY2018/ Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil: ¥100.22 [¥104.09 / ¥100.60]</li> <li>• Gasoline: ¥134.37 [¥137.30 / ¥134.40]</li> <li>• Heavy oil: ¥56.47 [¥55.71 / ¥53.60]</li> </ul>
Impact of foreign exchange	<p>Revenues: ¥(15.12) billion</p> <p>Operating income: ¥(0.52) billion</p> <p>*Q4 stand-alone quarter:</p> <p>Revenues: ¥(4.69) billion</p> <p>Operating income: ¥(0.17) billion</p> <p>Q3 cumulative:</p> <p>Revenues: ¥(10.43) billion</p> <p>Operating income: ¥(0.35) billion</p>	<p>Average annual exchange rate* [Yearly average in FY2018/ Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD: ¥109.65 [¥110.43 / ¥109.00]</li> <li>• EUR: ¥122.08 [¥130.42 / ¥122.00]</li> <li>• HKD: ¥13.92 [¥14.09 / ¥13.90]</li> <li>• RMB: ¥15.79 [¥16.72 / ¥15.70]</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>
Increase in amortization of actuarial differences in retirement benefit accounting	<p>Operating income: ¥(1.73) billion</p> <p>*Q4 stand-alone quarter: ¥(0.43) billion</p> <p>Q3 cumulative: ¥(0.13) billion</p>	<ul style="list-style-type: none"> <li>• Japan: ¥(1.38) billion</li> <li>• Security Transportation: ¥(0.30) billion</li> <li>• Heavy Haulage &amp; Construction: ¥(0.04) billion</li> </ul>



# I. Financial Results for FY2019

## E Changes Due to External Environmental and Other Factors

Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Impact of disasters (Special Factors in FY2018)	Operating income: ¥1.01 billion *Q4 stand-alone quarter: - billion Q3 cumulative: ¥1.01 billion	[Reference] Impact in FY2018 <ul style="list-style-type: none"> <li>• Transportation opportunity loss due to suspension of operations at customer factories as a result of disasters: ¥(2.43) billion</li> <li>• Response to non-routine transportation needs, such as substitute transportation: ¥1.41 billion</li> </ul>
Changes associated with employee system reform	Operating income: ¥(4.83) billion *Q4 stand-alone quarter: ¥(0.98) billion Q3 cumulative: ¥(3.84) billion	<ul style="list-style-type: none"> <li>• Japan: ¥(3.91) billion</li> <li>• Security Transportation: ¥(0.89) billion</li> <li>• Heavy Haulage &amp; Construction: ¥(0.02) billion</li> </ul>
Environment investments	Operating income: ¥(0.40) billion *Q4 stand-alone quarter: ¥(0.14) billion Q3 cumulative: ¥(0.26) billion	<ul style="list-style-type: none"> <li>• Japan: ¥(0.40) billion</li> </ul>
Impact due to change in 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>
Impact due to change in retirement allowance rules	Operating income: ¥1.05 billion *Q4 stand-alone quarter: ¥0.33 billion Q3 cumulative: ¥0.72 billion	<ul style="list-style-type: none"> <li>• Japan: ¥0.96 billion</li> <li>• Security Transportation: ¥0.06 billion</li> <li>• Heavy Haulage &amp; Construction: ¥0.03 billion</li> </ul>

# I. Financial Results for FY2019

## E Changes Due to External Environmental and Other Factors

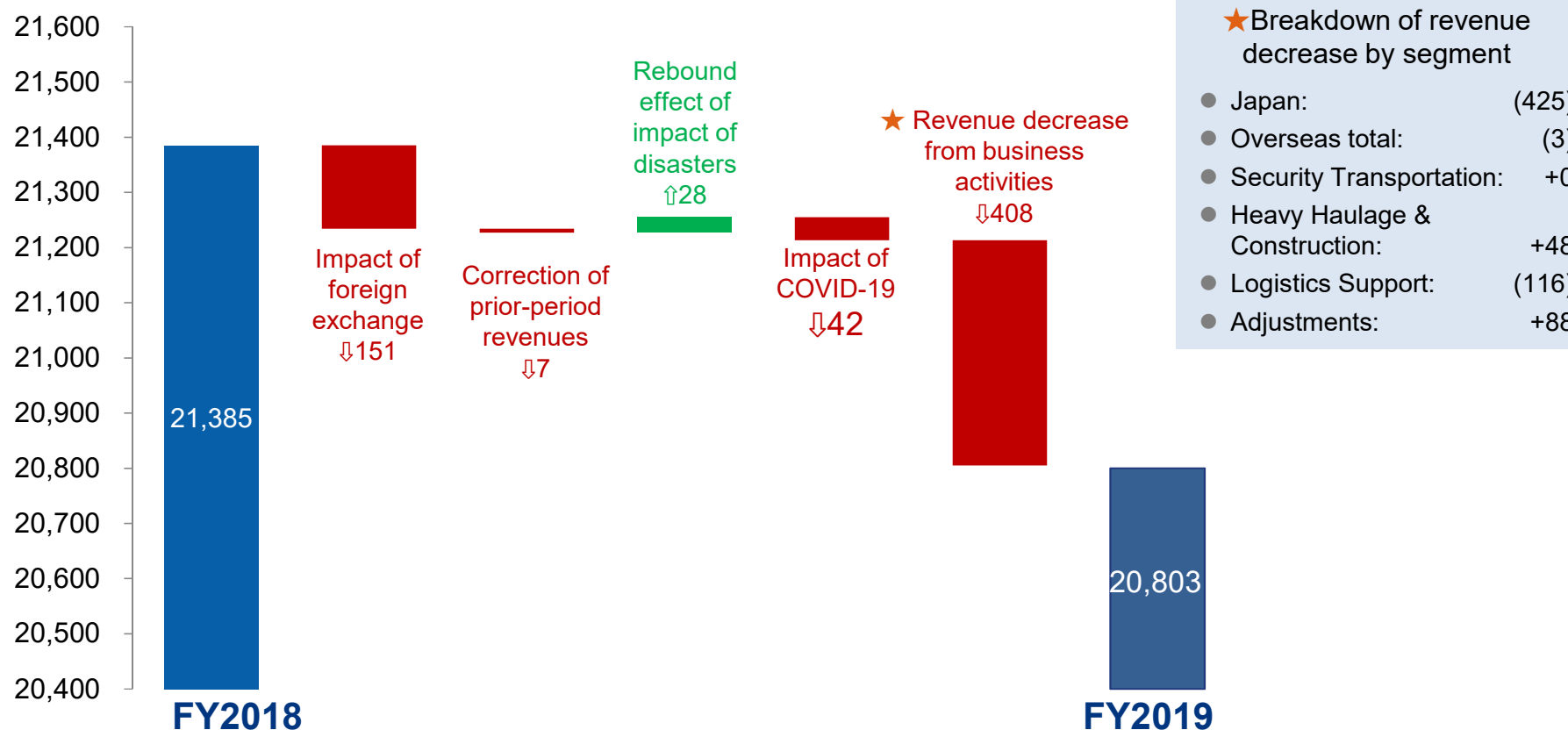
Variable factors	Impact on consolidated results (Q4, cumulative)	Reference
Correction of excessively recorded revenues in the past periods	Revenues and Operating Income: ¥(0.78) billion	<ul style="list-style-type: none"> <li>Japan: ¥(0.78) billion (Q2)</li> </ul>
Impact of COVID-19	Revenues: ¥(4.21) billion  Operating income: ¥(1.35) billion	<ul style="list-style-type: none"> <li>Japan               <ul style="list-style-type: none"> <li>Revenues: ¥(2.66) billion</li> <li>Operating income: ¥(1.15) billion</li> </ul> </li> <li>Security Transportation               <ul style="list-style-type: none"> <li>Revenues: ¥(0.11) billion</li> <li>Operating income: ¥(0.09) billion</li> </ul> </li> <li>Heavy Haulage &amp; Construction               <ul style="list-style-type: none"> <li>Revenues: ¥(0.22) billion</li> <li>Operating income: ¥(0.03) billion</li> </ul> </li> <li>Logistics Support               <ul style="list-style-type: none"> <li>Revenues: ¥(1.20) billion</li> <li>Operating income: ¥(0.06) billion</li> </ul> </li> </ul>

# I. Financial Results for FY2019

## F Breakdown of Revenues and Operating Income

### 1. Revenues

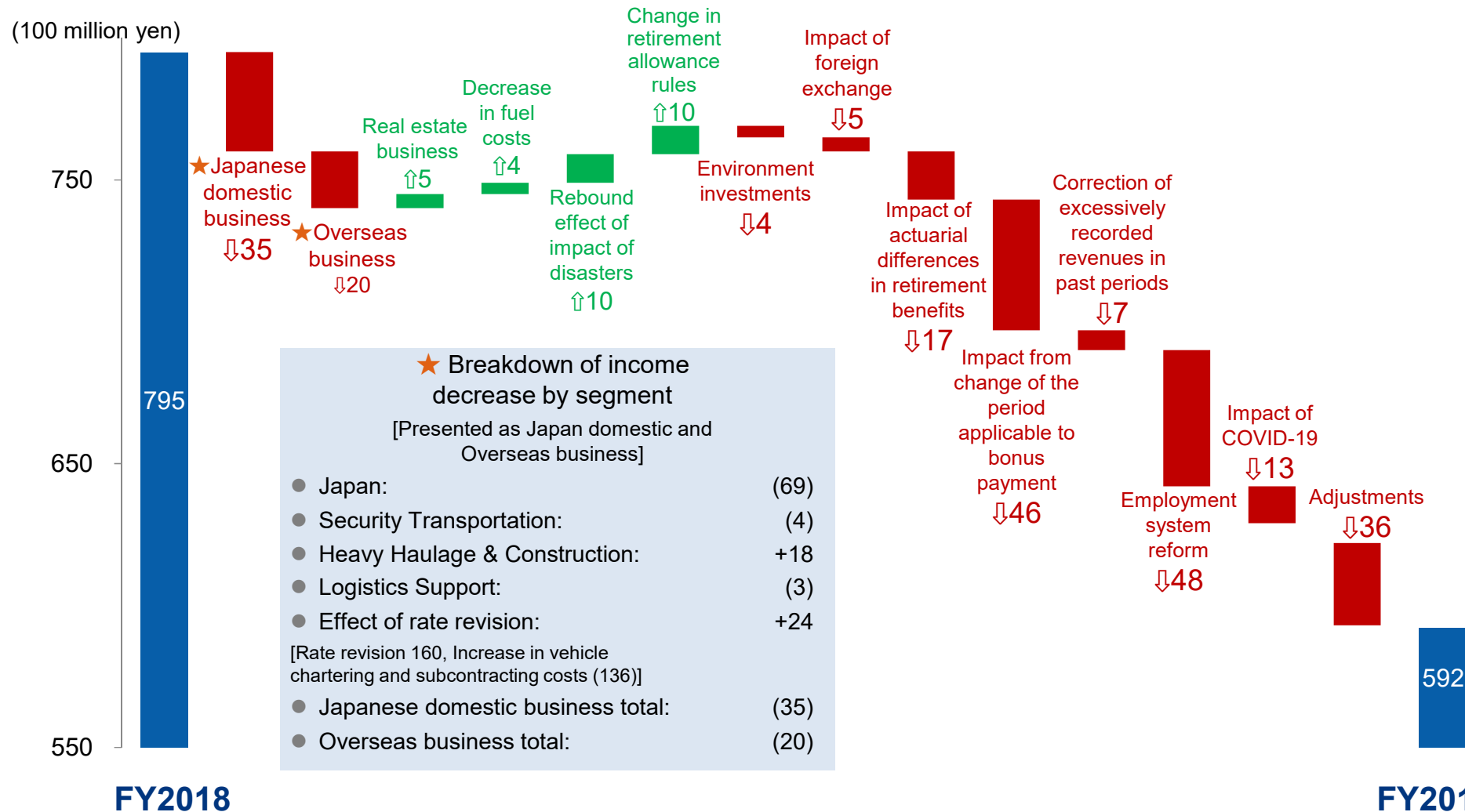
(100 million yen)



# I. Financial Results for FY2019

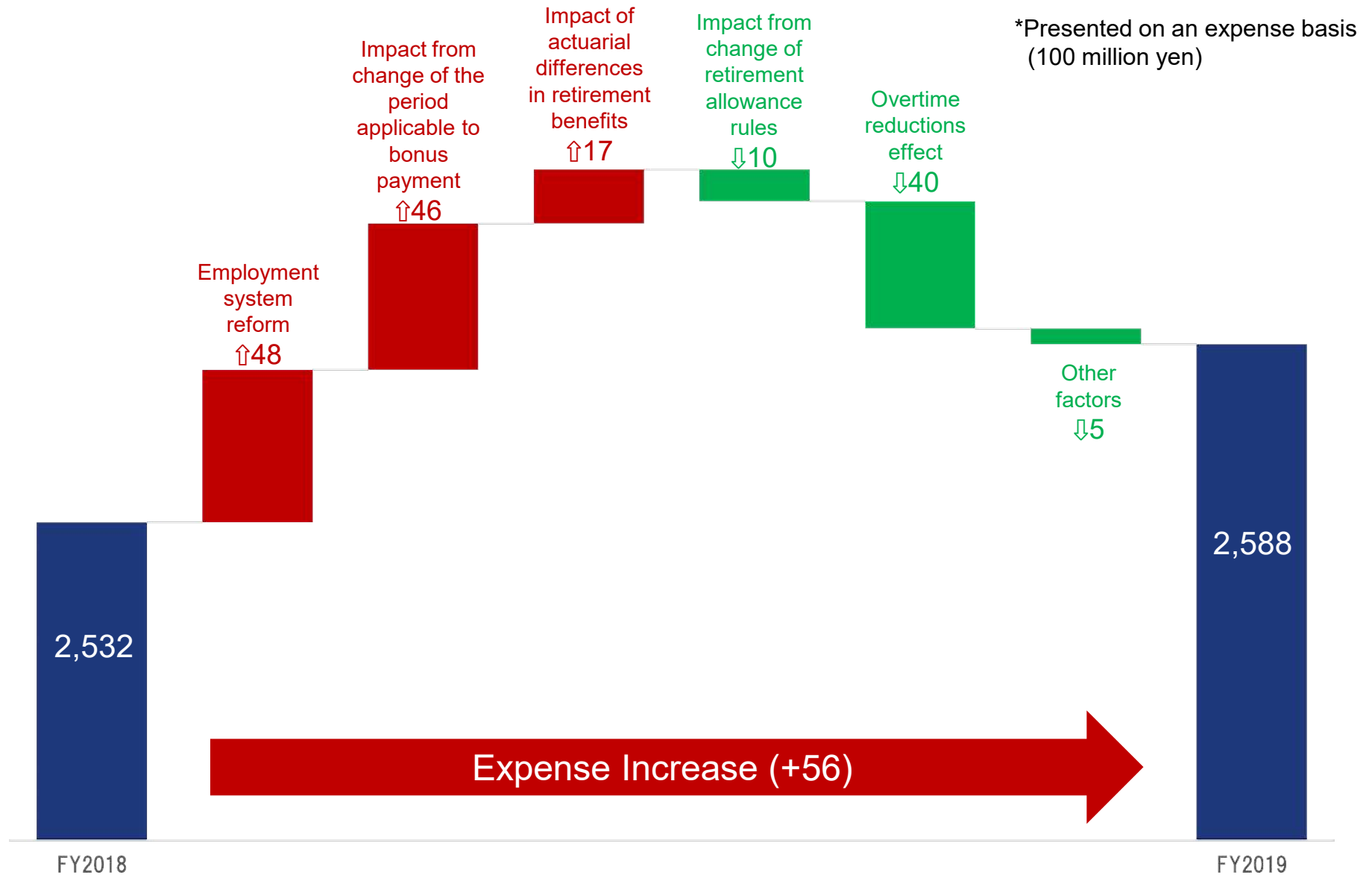
## F Breakdown of Revenues and Operating Income

### 2. Operating income





# (Reference) Change in Total Personnel Expenses (Non-Consolidated)



# II. Segment Overview of FY2019

## A Japan Segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	2,950	3,063	(113)	(3.7)
Operating income*	104 [3.5]	133 [4.3]	(28)	(21.4)

### Overview

Railway transportation recorded higher revenues due to strong automobile parts volume, despite lower volume in paper and pulp products. Truck Transportation recorded lower revenues due to slow cargo movement in steel, despite favorable performance in agricultural products and beverages. Air freight forwarding recorded lower revenues due to the impact of rebound from the prior period. Warehousing and storage recorded higher revenues year on year.

### 2. Quarterly Results

Item	Results for FY2019						
	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 [2.4]	132 [4.3]	205 [3.4]	118 [3.8]	104 [3.5]	222 [3.7]	428 [3.5]

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	3,073	3,084	6,157	3,346	3,063	6,410	12,568
Operating income*	119 [3.9]	118 [3.8]	238 [3.9]	188 [5.6]	133 [4.3]	321 [5.0]	559 [4.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(48) (1.6)	(6) (0.2)	(54) (0.9)	(264) (7.9)	(113) (3.7)	(377) (5.9)	(432) (3.4)
Operating Income	(46) (39.0)	14 11.9	(32) (13.7)	(69) (37.2)	(28) (21.4)	(98) (30.7)	(131) (23.4)

### Special Factors

- Correction of excessively recorded revenues in past periods:  
[revenues/operating income] (7) [Q2]
- Rebound from impact of disasters in prior year:  
[revenues] 28 [Q2]  
[operating income] 9 [Q2], 1 [Q3]
- Decrease in fuel unit cost:  
[operating income] 3 [year]
- Impact due to change in retirement benefit rules:  
[operating income] 9 [year]
- Impact due to actuarial differences in retirement benefits:  
[operating income] (13) [year]
- Change in period applicable to bonus payment:  
[operating income] (35) [Q1]
- Cost increase associated with employee system reform:  
[operating income] (39) [year]
- Impact of COVID-19:  
[revenues] (26) [Q4]  
[operating income] (11) [Q4]

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	12,135	12,196	(60)	6,103	6,196	(92)	6,032	6,092	(60)
Operating income*	428 [ 3.5 ]	440 [ 3.6 ]	(11)	205 [ 3.4 ]	186 [ 3.0 ]	19	222 [ 3.7 ]	234 [ 3.8 ]	(11)

# II. Segment Overview of FY2019

## B The Americas Segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	213	262	(49)	(18.8)
Operating income*	1 [0.6]	8 [3.3]	(7)	(85.1)

### Overview

Lower revenues due to decreased automobile-related volume caused by U.S.-China trade frictions and decrease in certain pharmaceutical/medical-related cargo. Decreases also in automobile transportation and warehousing and distribution, which had compensated for other performance decreases until now.

### 2. Quarterly Results

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

Special Factors
• Foreign exchange impact: <div style="text-align: right;">                         [revenues] (13) [year]                          [operating income] (0) [year]                     </div>

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	231	240	472	251	262	514	986
Operating income*	8 [3.7]	13 [5.7]	22 [4.7]	11 [4.7]	8 [3.3]	20 [4.0]	42 [4.3]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	8 3.7	(3) (1.3)	5 1.1	(32) (12.8)	(49) (18.8)	(81) (15.9)	(76) (7.7)
Operating Income	0 0.6	(3) (22.1)	(2) (13.3)	(4) (37.5)	(7) (85.1)	(11) (57.6)	(14) (34.5)

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	910	910	0	477	475	2	433	432	0
Operating income*	27 [ 3.1 ]	28 [ 3.1 ]	(0)	19 [ 4.0 ]	20 [ 4.2 ]	(0)	8 [ 2.0 ]	8 [ 2.0 ]	(0)

# II. Segment Overview of FY2019

## C Europe Segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	310	313	(3)	(1.1)
Operating income*	1 [0.4]	10 (3.5)	(9)	(87.9)

### Overview

Lower revenues despite solid performance in automobile transportation and warehouse and distribution businesses, mainly due to rebound decrease in the air forwarding business. Lower profit due to increased personnel expense, despite a decrease in forwarding costs in our export air freight forwarding business.

### 2. Quarterly Results

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

Special Factors
• Foreign exchange impact: <div style="text-align: right;">[revenues] (73) [year]                      [operating income] (2) [year]</div>

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	285	274	559	274	313	588	1,148
Operating income*	5 [2.0]	1 [0.6]	7 [1.3]	4 [1.7]	10 [3.5]	15 [2.6]	22 [2.0]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	13 4.8	15 5.6	28 5.2	19 7.1	(3) (1.1)	16 2.8	45 3.9
Operating Income	1 30.7	3 202.8	5 69.7	(0) (8.9)	(9) (87.9)	(9) (64.5)	(4) (21.7)

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	1,193	1,189	4	588	595	(6)	604	600	4
Operating income*	17 [ 1.5 ]	19 [ 1.6 ]	(1)	12 [ 2.1 ]	13 [ 2.2 ]	(0)	5 [ 0.9 ]	6 [ 1.1 ]	(1)



# II. Segment Overview of FY2019

## D East Asia Segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	279	331	(51)	(15.5)
Operating income*	5 [1.9]	10 (3.1)	(5)	(48.9)

### Overview

Lower profit due to weakness in electric and electronics and automobiles air freight volume and sluggishness in marine export freight forwarding, which had been performing well until now.

### 2. Quarterly Results

Item	Results for FY2019						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	275	283	559	281	279	571	1,120
Operating income*	6 [2.3]	9 [3.3]	15 [2.8]	8[3.2]	5 [1.9]	14 [2.5]	29 [2.7]

Special Factors
• Foreign exchange impact: <div style="text-align: right;">                         [revenues] (53) [year]                          [operating income] (1) [year]                     </div>

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	283	304	588	308	331	639	1,227
Operating income*	3 [1.4]	7 [2.5]	11 [2.0]	8 [2.6]	10 [3.1]	18 [2.9]	30 [2.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	(8) (2.8)	(21) (6.9)	(29) (5.0)	(26) (8.7)	(51) (15.5)	(67) (10.6)	(107) (8.7)
Operating Income	2 63.3	1 20.2	4 34.5	0 11.5	(5) (48.9)	(4) (22.5)	(0) (0.5)

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	1,120	1,115	5	559	554	5	571	555	15
Operating income*	29 [ 2.7 ]	30 [ 2.7 ]	(0)	15 [ 2.8 ]	14 [ 2.5 ]	1	14 [ 2.5 ]	14 [ 2.6 ]	4

# II. Segment Overview of FY2019

## E South Asia & Oceania Segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	229	237	(8)	(3.4)
Operating income*	7 [3.2]	7 [3.2]	(0)	(4.9)

### Overview

Lower revenues, ultimately, due to the impact of spot operation rebound decrease and decreased volume for existing customers, which offset an increase in new business, etc. for air export freight forwarding. Significantly lower profits, despite decreases in air forwarding costs and ocean forwarding costs (due to reduced volumes), mainly caused by lower revenues.

### 2. Quarterly Results

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

Special Factors
*Foreign exchange impact: <div style="text-align: right;">                         [revenues] (12) [year]                          [operating income] (0) [year]                     </div>

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	218	226	444	236	237	474	918
Operating income*	8 [4.0]	10 [4.7]	19 [4.3]	10 [4.3]	7 [3.2]	17 [3.7]	37 [4.0]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	1 0.8	(5) (2.2)	(3) (0.8)	(6) (2.6)	(8) (3.4)	(14) (3.0)	(17) (1.9)
Operating Income	(1) (14.5)	(2) (21.2)	(3) (18.2)	(1) (16.4)	(0) (4.9)	(2) (11.4)	(5) (15.0)

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	901	906	(4)	441	439	2	459	464	(4)
Operating income*	31 [ 3.5 ]	32 [ 3.5 ]	(0)	15 [ 3.6 ]	20 [ 4.6 ]	(4)	15 [ 3.4 ]	16 [ 3.5 ]	(0)

## II. Segment Overview of FY2019

### F Security Transportation Segment

#### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	179	185	(6)	(3.2)
Operating income*	4 [2.5]	6 [3.3]	(1)	(28.2)

#### Overview

Lower revenues due the impact of a decrease in deliveries due to the consolidate of financial institution branches, a decrease in ATM load frequency, and the spread of COVID-19.  
 Lower profit due to the impact of higher expenses stemming from employee system reform.

#### 2. Quarterly Results

Item	Results for FY2019							Special Factors
	Q1	Q2	1H	Q3	Q4	2H	FY	
Revenues	184	180	364	182	179	371	725	<ul style="list-style-type: none"> <li>Decrease in fuel unit cost: [operating income] 0 [year]</li> <li>Impact due to change in retirement benefit rules: [operating income] 0 [year]</li> <li>Impact due to actuarial differences in retirement benefits: [operating income] (3) [year]</li> <li>Impact due to change in period applicable to bonus payment: [operating income] (9) (Q1)</li> <li>Cost increase associated with employee system reform: [operating income] (8) [year]</li> <li>Impact of COVID-19: [revenues] (1) [Q4] [operating income] (0) [Q4]</li> </ul>
Operating income*	(11) [(6.5)]	(0) [(0.5)]	(12) [(3.5)]	(2) [(1.3)]	4 [2.5]	2 [0.5]	(10) [(1.5)]	
Item	FY2018 Results							
	Q1	Q2	1H	Q3	Q4	2H	FY	
Revenues	180	179	359	181	185	366	726	
Operating income*	3 [1.8]	(0) [(0.2)]	2 [0.8]	3 [1.8]	6 [3.3]	9 [2.6]	12 [1.7]	
Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))							
	Q1	Q2	1H	Q3	Q4	2H	FY	
Revenues	3 2.0	0 0.4	4 1.2	1 0.6	(6) (3.2)	507 1.4	(0) (0.1)	
Operating Income	(15) —	(0) —	(15) —	(5) —	(1) (28.2)	(74) (78.5)	(23) —	

#### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	725	728	0	364	368	(3)	371	363	7
Operating income*	(10) [ (1.5) ]	(14) [ (1.9) ]	3	(12) [ (3.5) ]	(19) [ (5.2) ]	6	2 [ 0.5 ]	(1) [ (0.3) ]	3

## II. Segment Overview of FY2019

### G Heavy Haulage & Construction Segment

#### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	109	108	0	0.7
Operating income*	11 [10.3]	8 [8.0]	2	29.5

#### Overview

Higher profits, despite lower year-on-year revenues in overseas business, mainly due strong wind power freight, installations, and shutdown maintenance resulting in level year-on-year revenues.

#### 2. Quarterly Results

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

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	124	124	248	120	108	228	477
Operating income*	10 [8.6]	10 [8.2]	20 [8.4]	15 [13.0]	8 [8.0]	24 [10.6]	45 [9.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	9 7.8	14 11.3	23 9.6	21 17.8	0 0.7	22 9.7	46 9.6
Operating Income	(0) (0.5)	5 57.1	5 27.7	8 53.8	2 29.5	10 45.1	16 37.0

#### Special Factors

- Decrease in fuel unit cost:  
[operating income] 0 [year]
- Impact due to change in retirement benefit rules:  
[operating income] 0 [year]
- Impact due to actuarial differences in retirement benefits:  
[operating income] (0) [year]
- Expenditure increase due to change in period applicable to bonus payment:  
[operating income] (1) [Q1]
- Cost increase associated with employee system reform:  
[operating income] (0) [year]
- Impact of COVID-19:  
[revenues] (2) [Q4]  
[operating income] (0) [Q4]

#### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	523	502	21	272	270	2	251	229	21
Operating income*	61 [ 11.8 ]	60 [ 12.0 ]	1	26 [ 9.8 ]	22 [ 8.1 ]	4	35 [ 14.0 ]	33 [ 14.5 ]	1

# II. Segment Overview of FY2019

## H Logistics Support segment

### 1. Q4 Results

(100 million yen)  
 \* Figures in brackets indicate operating income margin (%).

Item	FY2019 Results	Vs. FY2018		
		FY2018	Difference	Difference (%)
Revenues	1,229	1,272	(42)	(3.3)
Operating income*	38 [3.1]	36 (2.9)	1	5.4

### Overview

Profit level year on year, due to sales unit price declines in petroleum and LP gas businesses, as well as decreases in volume in our LS business due to the impact of U.S.-China trade frictions and the spread of COVID-19, combined with lower sales of distribution equipment.

### 2. Quarterly Results

Item	Results for FY2019						
	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 [2.4]	30 [2.7]	57 [2.5]	27 [2.3]	38 [3.1]	65 [2.8]	123 [2.6]

Item	FY2018 Results						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	1,115	1,170	2,285	1,281	1,272	2,553	4,839
Operating income*	26 [2.4]	30 [2.6]	57 [2.5]	33 [2.6]	36 [2.9]	70 [2.7]	127 [2.6]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	Q1	Q2	1H	Q3	Q4	2H	FY
Revenues	29 2.7	(32) (2.8)	(2) (0.1)	(82) (6.5)	(42) (3.3)	(125) (4.9)	(127) (2.6)
Operating Income	0 0.8	(0) (0.2)	0 0.3	(6) (18.8)	1 5.4	(4) (6.2)	(4) (3.3)

### Special Factors

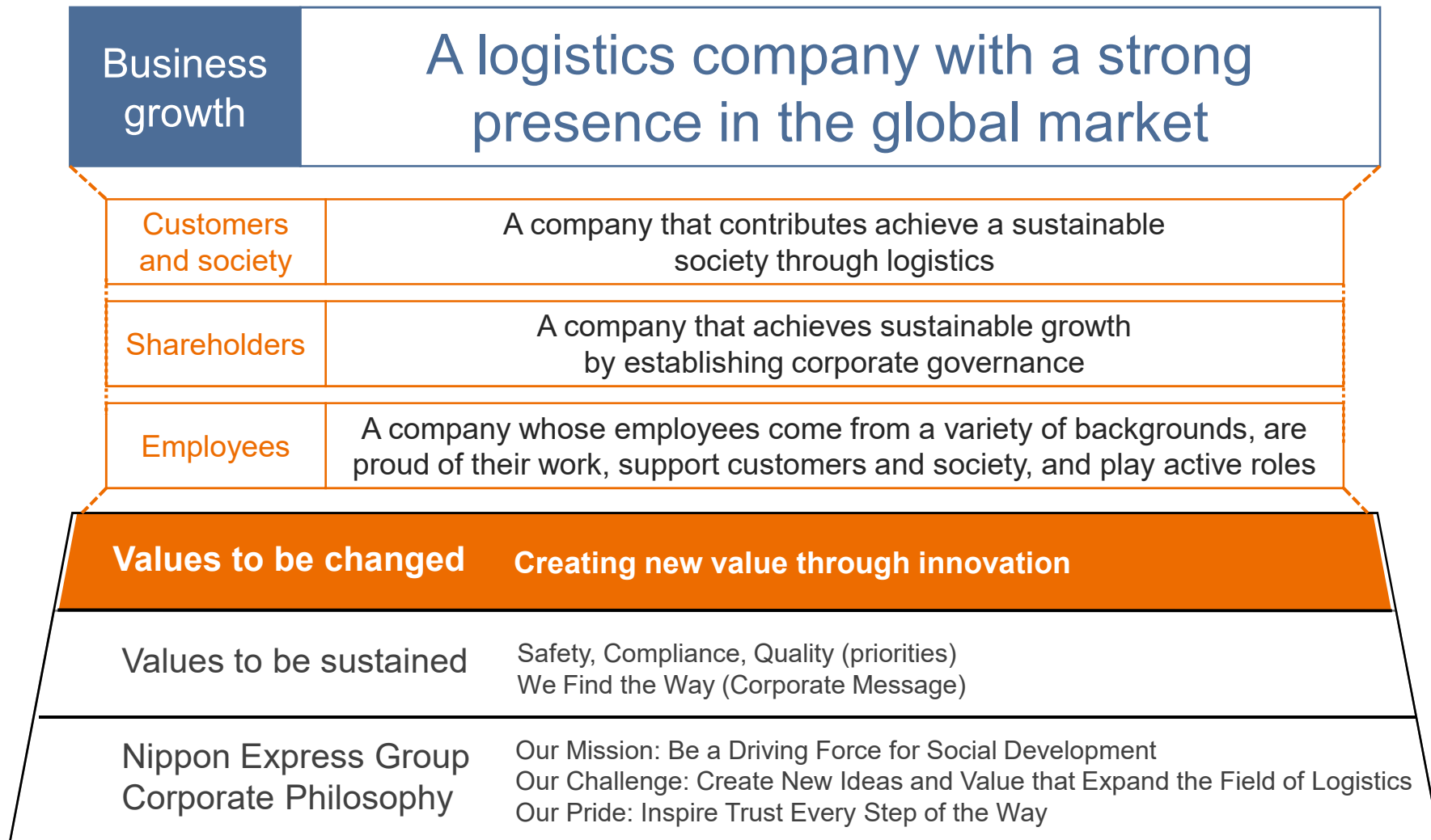
- Foreign exchange impact:
  - [revenues] 1 [year]
  - [operating income] 0 [year]
- Impact of COVID-19:
  - [revenues] (12) [Q4]
  - [operating income] (0) [Q4]

### 3. Financial Forecast

Item	Full-Year Financial Results Forecast			1H Forecast			2H Forecast		
	Results	January 31 Forecast	Difference	Results	July 31 Forecast	Difference	Results	January 31 Forecast	Difference
Revenues	4,712	4,697	15	2,283	2,366	(82)	2,428	2,413	15
Operating income*	123 [ 2.6 ]	119 [ 2.5 ]	4	57 [ 2.5 ]	58 [ 2.5 ]	(0)	65 [ 2.8 ]	61 [ 2.5 ]	4

# III. Nippon Express Group Business Plan 2023

## A Working Towards our Centennial Anniversary (2037 Vision)

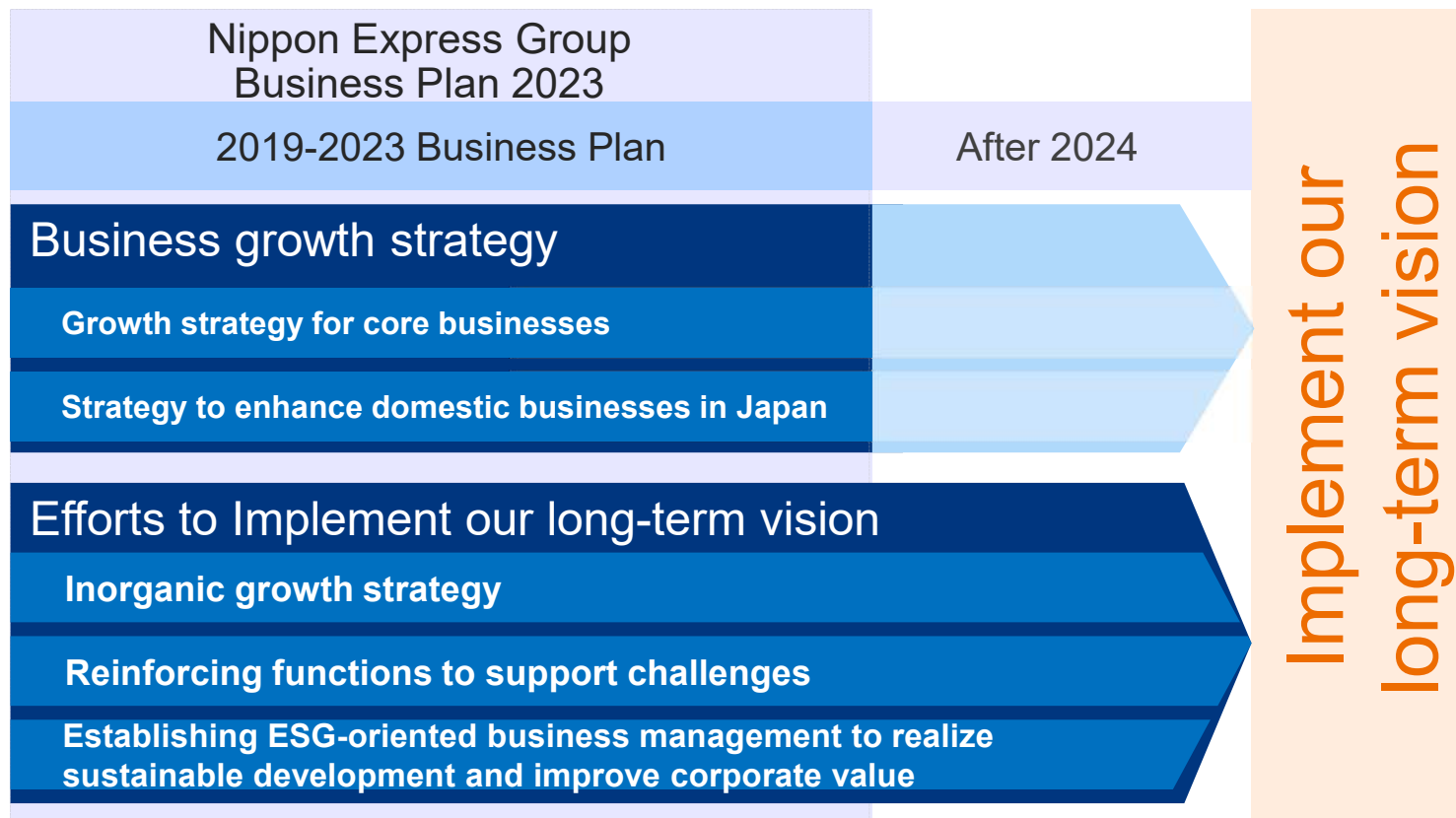


# III. Nippon Express Group Business Plan 2023 We Find the Way NIPPON EXPRESS

## ~ “Dynamic Growth” ~

### B Challenges of the Business Plan

- Defines a Three-Dimensional (Customer (Industry) , Business, and Area) approach as a **growth strategy for our core business**
- Defines a realization of the high profitability to build the base of our growth **strategy as a strategy to enhance domestic businesses in Japan**
- Defines M&A as a **inorganic growth strategy** to reinforce and expand our global management base
- Establishes **ESG-oriented business management to realize sustainable development** (e.g. ,global governance) and improve corporate value



# III. Nippon Express Group Business Plan 2023

## C Review of Business Plan Year One (Business Growth Strategy)




Growth Strategy for Core Businesses	Business Plan Implementation Year One
Customer-Based Approach	<p>~Account Sales Initiatives by Industry and Business Type~</p> <ul style="list-style-type: none"> <li>◆ Pursue initiatives both in Japan and overseas. Set KPIs and grow base of priority customers.</li> <li>◆ Expand sales to non-Japanese customers (using GAM, GTA)</li> </ul>
Business-Based Approach	<p>~Expand Forwarding Business Initiatives ~</p> <ul style="list-style-type: none"> <li>◆ Set and manage initiatives by KPIs. Achieved annual goal for marine and harbor transportation and air freight forwarding</li> <li>◆ Revise Marine and Harbor Transportation Business, Business Structure</li> </ul> <p>~Logistics Business~</p> <ul style="list-style-type: none"> <li>◆ Pursue Pharmaceutical Product Logistics Business</li> </ul>
Area-Based Approach	<p>~Area-Specific Growth Strategies~</p> <ul style="list-style-type: none"> <li>◆ (Japan) Enhance Domestic Businesses in Japan</li> <li>◆ (Europe) Integrate Three Companies in Italy</li> <li>◆ (South Asia) Business Alliance With Future Supply Chain Solutions Enter the Indian Market</li> </ul>



# III. Consolidated Financial Results for FY2019

## C Review of Business Plan Year One (Business Growth Strategy) KPI Progress

(rounded down to 100 million yen)

Japan	Item (Revenues)	FY2019 Results	FY2019 Forecast	Progress (%)	FY2023 KPI	Progress (%)
	Electric and Electronics Industry	¥103.8 billion	¥116.0 billion	89%	¥120.0 billion	87%
	Automotive Industry	¥66.2 billion	¥85.0 billion	78%	¥110.0 billion	60%
	Apparel Industry	¥15.6 billion	¥17.5 billion	89%	¥24.5 billion	64%
	Pharmaceutical/Medical Industry	¥14.7 billion	¥18.0 billion	82%	¥36.0 billion	41%
Japan + Overseas	Non-Japanese accounts (GAM, GTA*)	¥29.9 billion	¥29.8 billion	100%	¥43.0 billion	70%
	Item (Forwarding Volume)	FY2019 Results	FY2019 Forecast	Progress (%)	FY2023	Progress (%)
	Ocean forwarding business	690,000 TEU	760,000 TEU	91%	1,300,000 TEU	53%
	Air forwarding business	800,000 t	760,000 t	105%	1,400,000 t	57%
Overseas	Item (Revenues)	FY2019 Results	FY2019 Forecast	Progress (%)	FY2023 KPI	Progress (%)
	Electric and Electronics Industry	¥107.0 billion	¥111.0 billion	96%	¥145.0 billion	74%
	Automotive Industry	¥59.3 billion	¥67.0 billion	89%	¥110.0 billion	54%
	Apparel Industry	¥59.0 billion	¥53.0 billion	111%	¥80.0 billion	74%
	Pharmaceutical/Medical Industry	¥11.6 billion	¥12.0 billion	97%	¥40.0 billion	29%

\* Japan results, KPI figures are for non-consolidated Nippon Express.

\* GAM is an abbreviation for global account management. GTA is an abbreviation for global target accounts.

\* Forwarding volume represents results from January through December.

# III. Nippon Express Group Business Plan 2023

## C Review of Business Plan Year One (Business Growth Strategy) Strategy to Enhance Domestic Businesses in Japan

### Item

Figures in parentheses ( ) are FY2019 results

#### Strengthen Integration of Land, Sea, and Air

Pursue greater synergies among organizations, human resources, and capital equipment (restructure sales teams, consolidated physical locations, share operations)

#### Structural Reform of the Moving & Relocation Business

Strengthen moving capacity to leverage Nippon Express advantages (add 425 planners, 786 workers)

#### Further Personnel Reassignments

Reassign personnel by consolidating offices, engaging in RPA and other streamlining (major reorganization to eliminate 74 branches, from 188 to 114)

#### Improve Efficiencies in Route Motor Transportation Business

Prioritize efficient cargo, improve gross profit ratios (revise long or unusual cargo sizes; revise fees for optimal freight fees)

#### Automate, Streamline Office Work

Operate offices under simplified RPA for streamlined office work (assign 29 staff)

#### Strengthen Operating Companies under Branches

**Reinforce human resources** for group work force; adapt to work-style reform and labor laws

#### Operational Labor-Savings and Automation

Aim to automate 50% of operations for faster work floors (assign 37 staff)

#### Expand Sales of New Products

Protect BOX, Sea & Rail  
 (Develop integrated land/sea/air products at the Network Transport Business Promotion Headquarters)

**Engage in Concentrated Pursuit of Strategy to Enhance Domestic Businesses in Japan**

# III. Nippon Express Group Business Plan 2023

## D Review of Business Plan Year One (Efforts to Implement Our Long-Term Vision)

Business Strategies	Business Plan Implementation Year One
Dynamic Growth Strategy	<p>~Improve Implementation Structure, Generate Capital for Acquisitions~</p> <ul style="list-style-type: none"> <li>◆ Strengthened M&amp;A team</li> <li>◆ Engaged in asset sales (real estate) and real estate liquidity</li> </ul>
Strengthen Function to Support Initiatives	<p>~Automation, Labor-Savings, and Human Resources Strategy Initiatives Through Leading-Edge Technologies~</p> <ul style="list-style-type: none"> <li>◆ Adopted AGF in warehouse operations Conducted AGV proof-of-concept tests</li> <li>◆ Achieved cost reductions through RPA</li> <li>◆ Implemented work-style reforms (improve ratio of paid vacation days taken)</li> <li>◆ Boosted IT infrastructure</li> </ul>
ESG management for sustainable growth and improved corporate value	<p>~Contribute to Customers and Society, Be a Company That Encourages Employee Happiness~</p> <ul style="list-style-type: none"> <li>◆ Environmental investments (LED adoption, switch to eco-friendly vehicles)</li> <li>◆ Diversity management</li> <li>◆ Launched study of group management structure</li> </ul>

# III. Nippon Express Group Business Plan 2023

## E Review of Business Plan Year One (Employee System Reform Initiatives)

### A. FY2018 Initiatives

Item	Fiscal Impact *Cost basis
Employee System Reform <ul style="list-style-type: none"> <li>▪ Raise regular retirement age in stages (60 yrs → 61 yrs)</li> <li>▪ Major reform in general employee systems and wage systems</li> </ul>	¥4.8 billion
Revise bonus eligibility period	¥4.6 billion
Reduce overtime	¥(4.0) billion

### B. FY2019 Initiatives

Item	Fiscal Impact *Cost basis
Employee System Reform <ul style="list-style-type: none"> <li>▪ Raise regular retirement age in stages (61 yrs → 62 yrs)</li> <li>▪ Revise front-line management for improved floor operations</li> <li>▪ Equal work for equal pay at group companies</li> </ul>	¥2.4 billion

# III. Nippon Express Group Business Plan 2023 KPIs

## F Initiative Progress

Social (S) Items	Indicator	FY2019 Results	KPI	
			FY2021	FY2023
Work-style innovations	Rate of taking annual paid leave	168.7% (vs. FY2016 acquisition rate)	—	Double FY2016 (200%)

## IV. Financial Results Forecast for FY2020

We have not yet established financial results forecasts due to the difficulty at present in conducting rational calculations stemming from the impact of COVID-19.

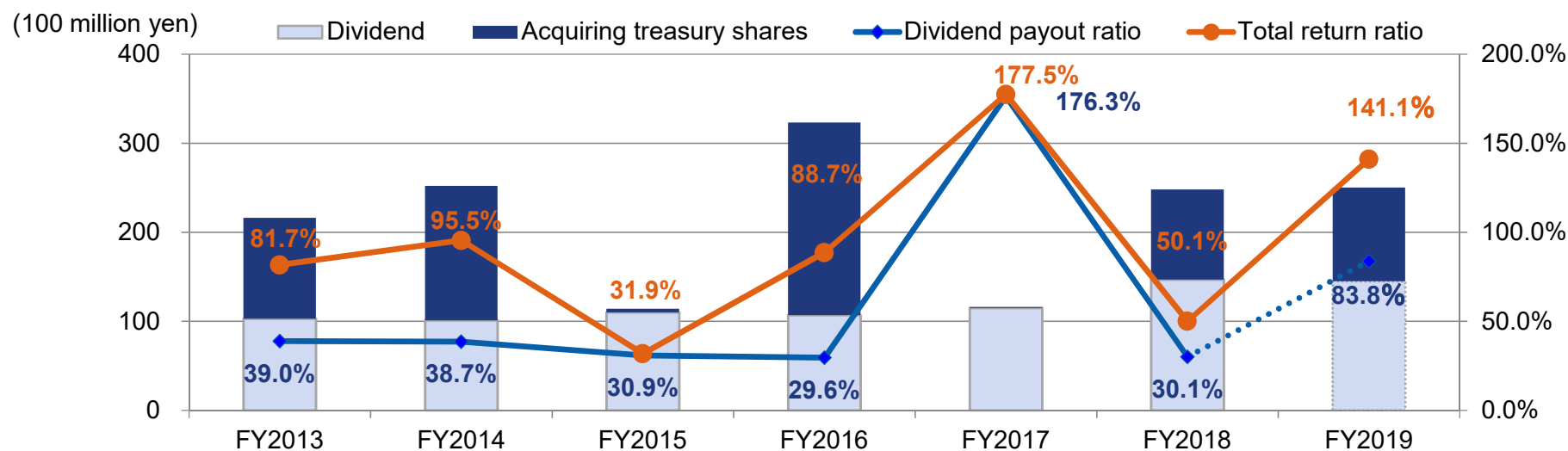
We will announce our financial results forecasts promptly when we are able provide these disclosures.

# V. Return to Shareholders

## A Capital Policy

- ROE: 10%
- Dividend 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
ROE	5.2	5.1	6.8	6.9	1.2	9.2	3.2

\*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

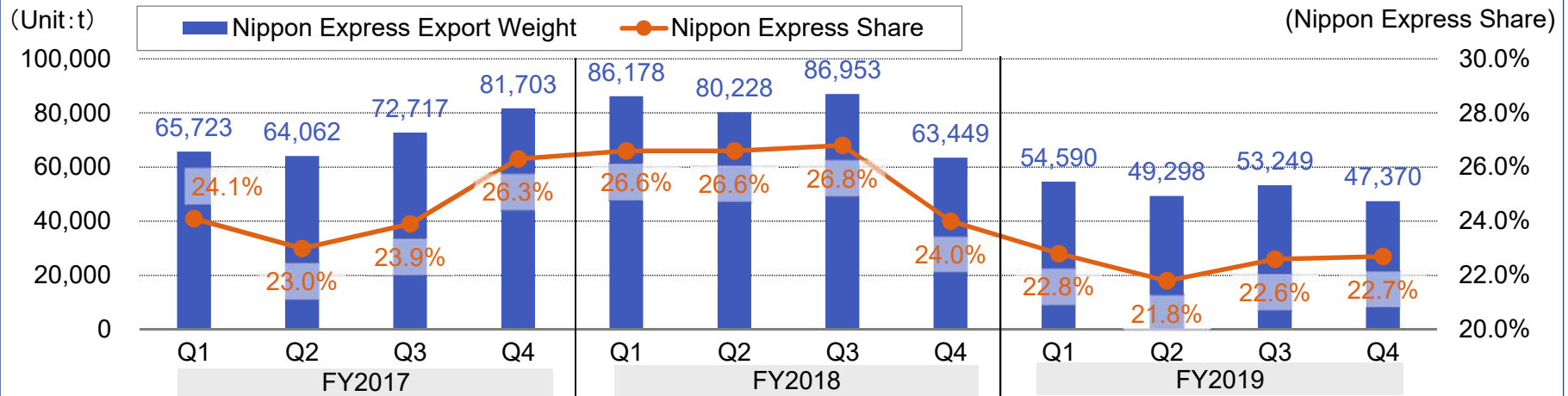
The information presented in this document provides data trends for each category. However, the data used is pre-close data and may differ from figures presented in our financial reports.

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

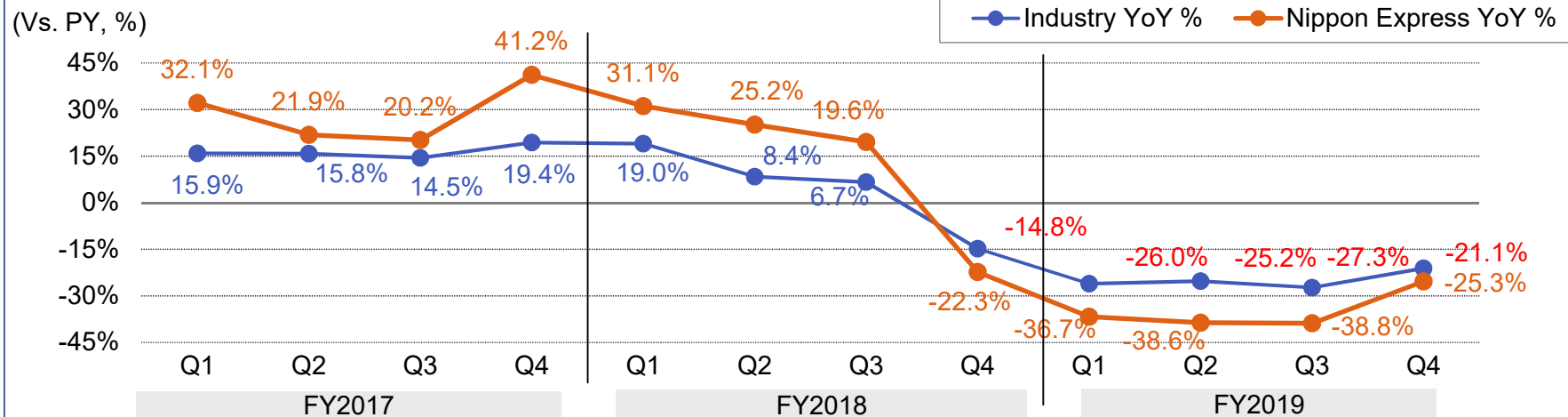


# (Appendix 1) Export Air Freight Weight Originating From Japan

## Export Air Freight Weight Originating from Japan



## Export Air Freight Originating From Japan, YoY



## (Appendix 2) Japan Segment Operating Income by Business (Cumulative, FY2019)

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

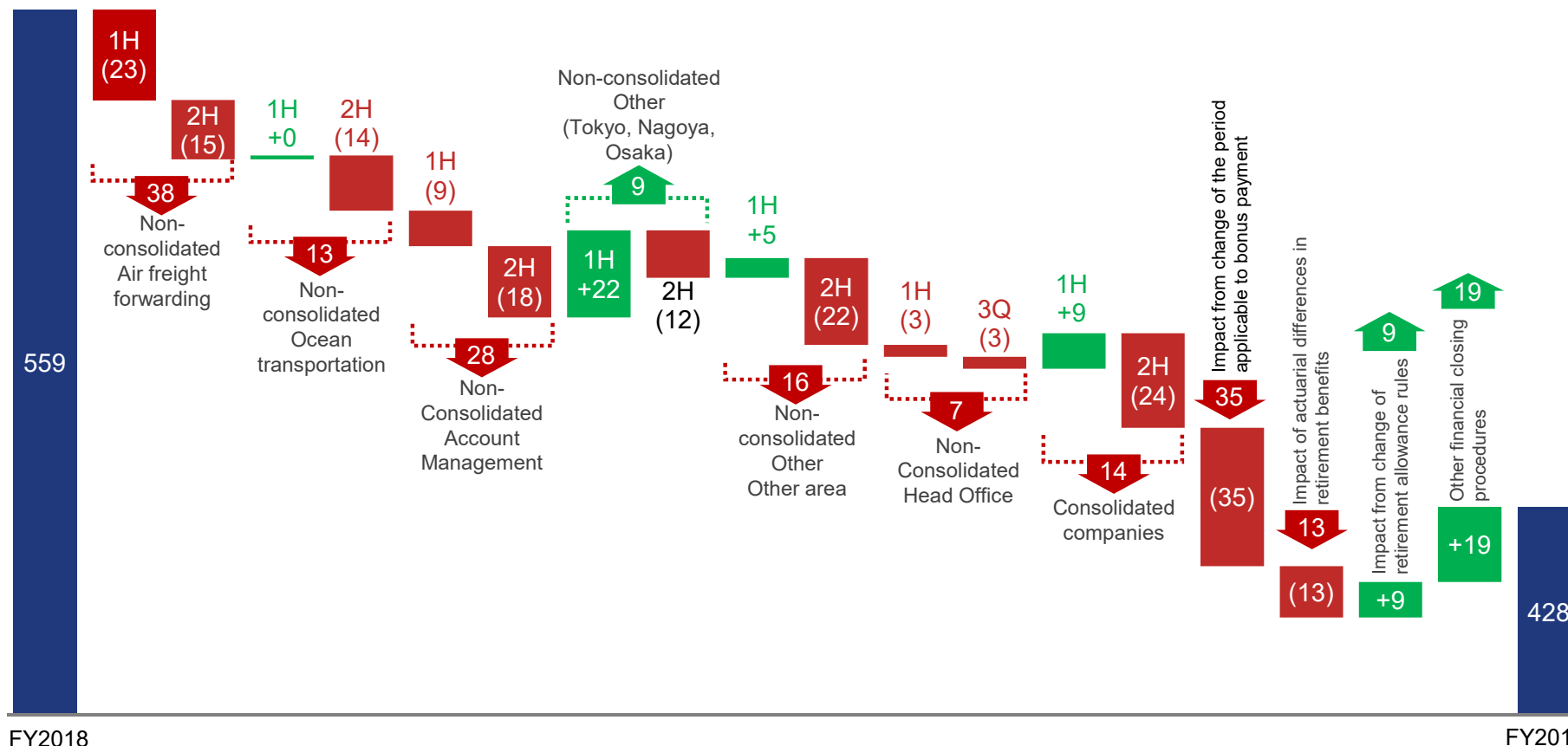
	Full-Year		
	Results	FY2018	Difference
Non-consolidated Air freight forwarding	96	135	(38)
Non-Consolidated Marine & Harbor Transportation	68	82	(13)
Non-consolidated Account Management	34	63	(28)
Non-consolidated Other (Tokyo, Nagoya, Osaka)	191	182	9
Non-consolidated Other (Other area)	93	110	(16)
Non-consolidated Head Office	(147)	(140)	(7)
Consolidated companies	125	140	(14)
Special Factors, Other financial closing procedures, etc.	(33)	(13)	(20)
Segment Income	428	559	(131)

### (Notes)

- Reference figures were calculated according to a method deemed reasonable in accordance with the data available through the Company's accounting system. Figures through the fiscal year ended March 2016 differ from those in reportable segments classified by transportation mode.
- Non-Consolidated Air Freight Forwarding represents the total for branches handling mainly air freight forwarding and related businesses (non-consolidated). This figure excludes branches that deal mainly in account management.
- Non-Consolidated Marine & Harbor Transportation represents the total for branches handling mainly marine transportation, harbor transportation, and related businesses (non-consolidated). This figure excludes branches that deal mainly in account management.
- Non-Consolidated Account Management represents the total for four branches dealing mainly in account management (Tokyo, Nagoya, and Osaka). This figure includes results from businesses such as air freight forwarding, marine and harbor transportation, automobile transportation, railway forwarding, warehousing, etc.
- Non-Consolidated Other represents the total for branches mainly engaged in automobile transportation, railway forwarding, warehousing, etc.
- Non-Consolidated Corporate represents the amount of non-consolidated corporate expenses attributable to the Japan segment.

# (Appendix 2) Japan Segment Operating Income by Business (Cumulative, FY2019)

(100 million yen)



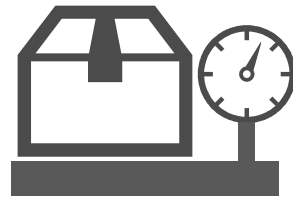
**(Notes)**

- Reference figures were calculated according to a method deemed reasonable in accordance with the data available through the Company's accounting system. Figures through the fiscal year ended March 2016 differ from those in reportable segments classified by transportation mode.
- Non-Consolidated Air Freight Forwarding represents the total for branches handling mainly air freight forwarding and related businesses (non-consolidated). This figure excludes branches that deal mainly in account management.
- Non-Consolidated Marine & Harbor Transportation represents the total for branches handling mainly marine transportation, harbor transportation, and related businesses (non-consolidated). This figure excludes branches that deal mainly in account management.
- Non-Consolidated Account Management represents the total for four branches dealing mainly in account management (Tokyo, Nagoya, and Osaka). This figure includes results from businesses such as air freight forwarding, marine and harbor transportation, automobile transportation, railway forwarding, warehousing, etc.
- Non-Consolidated Other represents the total for branches mainly engaged in automobile transportation, railway forwarding, warehousing, etc.
- Non-Consolidated Corporate represents the amount of non-consolidated corporate expenses attributable to the Japan segment.

# Changes to Export Cargo Performance Evaluations

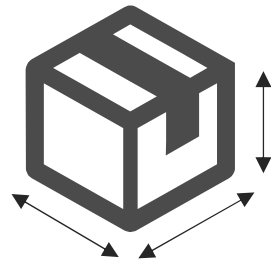
## Before

[Japan] Measured on actual

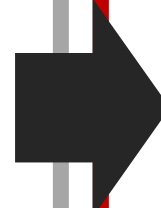


\*Volume measured by weight on scale

[Overseas] Measured on chargeable

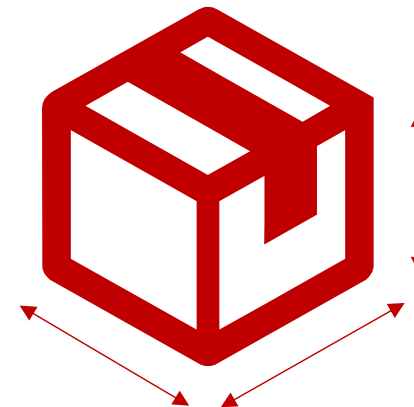


\*Determine based on the largest number between scale weight (actual weight) and weight converted by cargo size (volumetric weight)



## After Change

Both Japan + Overseas Chargeable

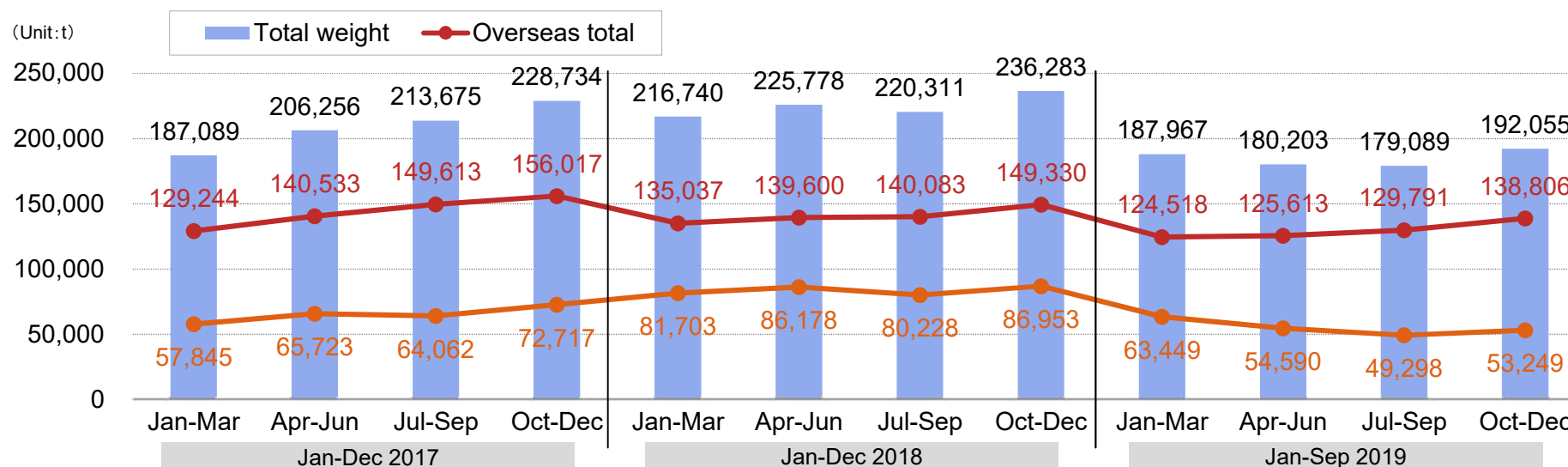


- Change to numerical management via chargeable for all Nippon Express internal KPIs (Data for past three years provided)
- We had evaluated consolidated cargo only in the past; we have decided to add chartered transport results as well (excluding consolidated)

# (Appendix 3) Export Cargo Trends (Former Evaluation Method)

(Unit: t)

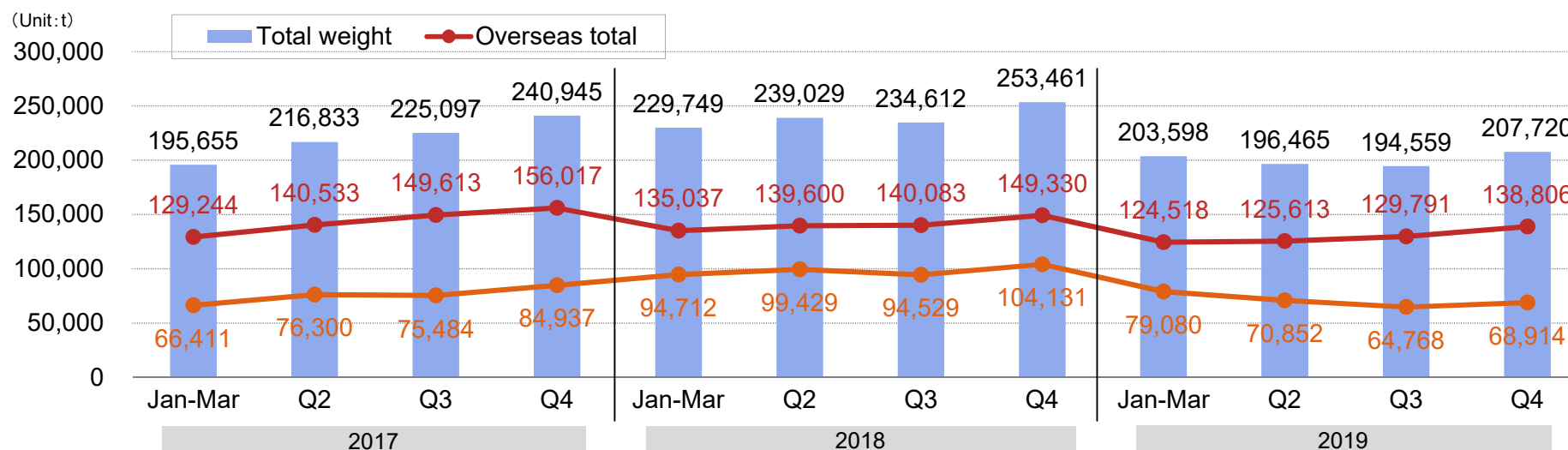
Originating Region	2017					2018					2019				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	57,845	65,723	64,062	72,717	260,347	81,703	86,178	80,228	86,953	335,062	63,449	54,590	49,298	53,249	220,586
The Americas	18,610	21,729	20,304	20,496	81,139	21,149	22,915	22,532	21,193	87,789	19,868	19,718	18,490	20,242	78,318
Europe	28,592	30,992	32,292	38,935	130,811	29,479	30,638	31,618	37,874	129,609	29,856	29,131	29,067	33,250	121,304
East Asia	40,917	45,648	46,197	48,532	181,294	40,761	42,084	41,122	45,847	169,814	35,258	36,883	38,381	41,208	151,730
South Asia & Oceania	41,124	42,164	50,819	48,053	182,160	43,648	43,963	44,810	44,416	176,837	39,535	39,881	43,853	44,106	167,375
Overseas Total	129,244	140,533	149,613	156,017	575,404	135,037	139,600	140,083	149,330	564,050	124,518	125,613	129,791	138,806	518,728
Total Weight	187,089	206,256	213,675	228,734	835,751	216,740	225,778	220,311	236,283	899,112	187,967	180,203	179,089	192,055	739,314



# (Appendix 3) Export Cargo Trends (new evaluation method)

(Unit: t)

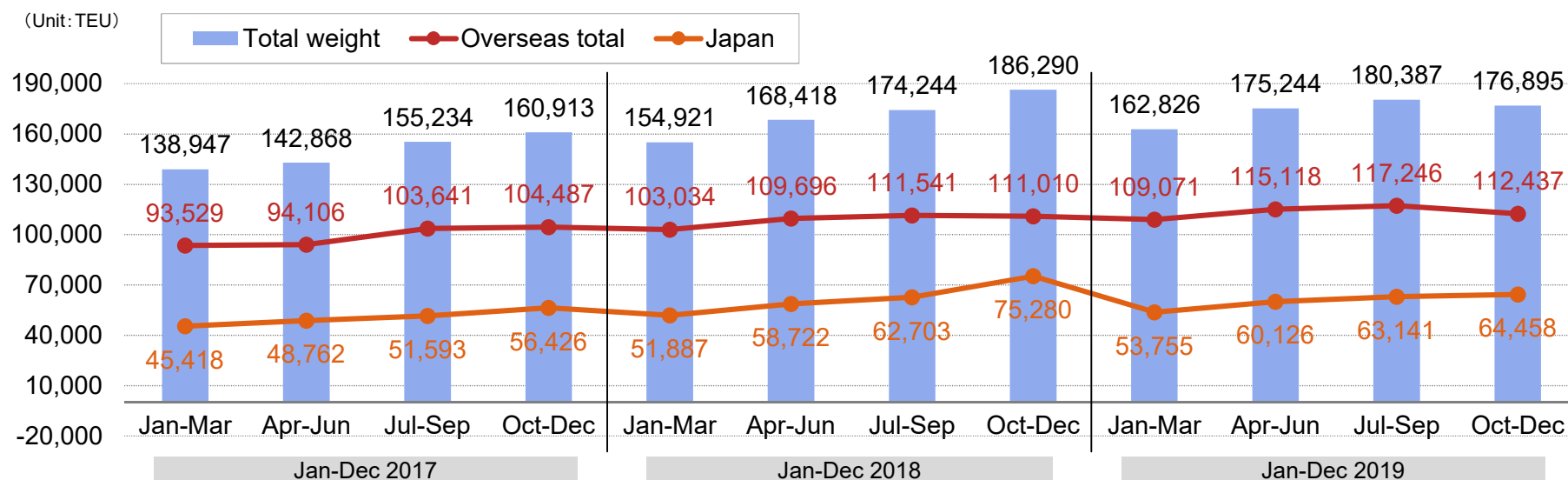
Originating Region	2017					2018					2019				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan (consolidated)	62,895	72,925	71,567	80,990	288,377	90,513	94,814	89,545	99,401	374,273	75,277	67,156	60,847	65,084	268,363
Japan (excluding consolidated)	3,515	3,375	3,917	3,946	14,754	4,199	4,615	4,983	4,730	18,528	3,803	3,696	3,922	3,831	15,252
<b>Japan Total</b>	<b>66,411</b>	<b>76,300</b>	<b>75,484</b>	<b>84,937</b>	<b>303,131</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>
The Americas	18,610	21,729	20,304	20,496	81,139	21,149	22,915	22,532	21,193	87,789	19,868	19,718	18,490	20,242	78,318
Europe	28,592	30,992	32,292	38,935	130,811	29,479	30,638	31,618	37,874	129,609	29,856	29,131	29,067	33,250	121,304
East Asia	40,917	45,648	46,197	48,532	181,294	40,761	42,084	41,122	45,847	169,814	35,258	36,883	38,381	41,208	151,730
South Asia & Oceania	41,124	42,164	50,819	48,053	182,160	43,648	43,963	44,810	44,416	176,837	39,535	39,881	43,853	44,106	167,375
<b>Overseas Total</b>	<b>129,244</b>	<b>140,533</b>	<b>149,613</b>	<b>156,017</b>	<b>575,404</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>Total Weight</b>	<b>195,655</b>	<b>216,833</b>	<b>225,097</b>	<b>240,954</b>	<b>878,538</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>



## (Appendix 4) Export Freight (Marine & Harbor Transportation)

(Unit: TEU)

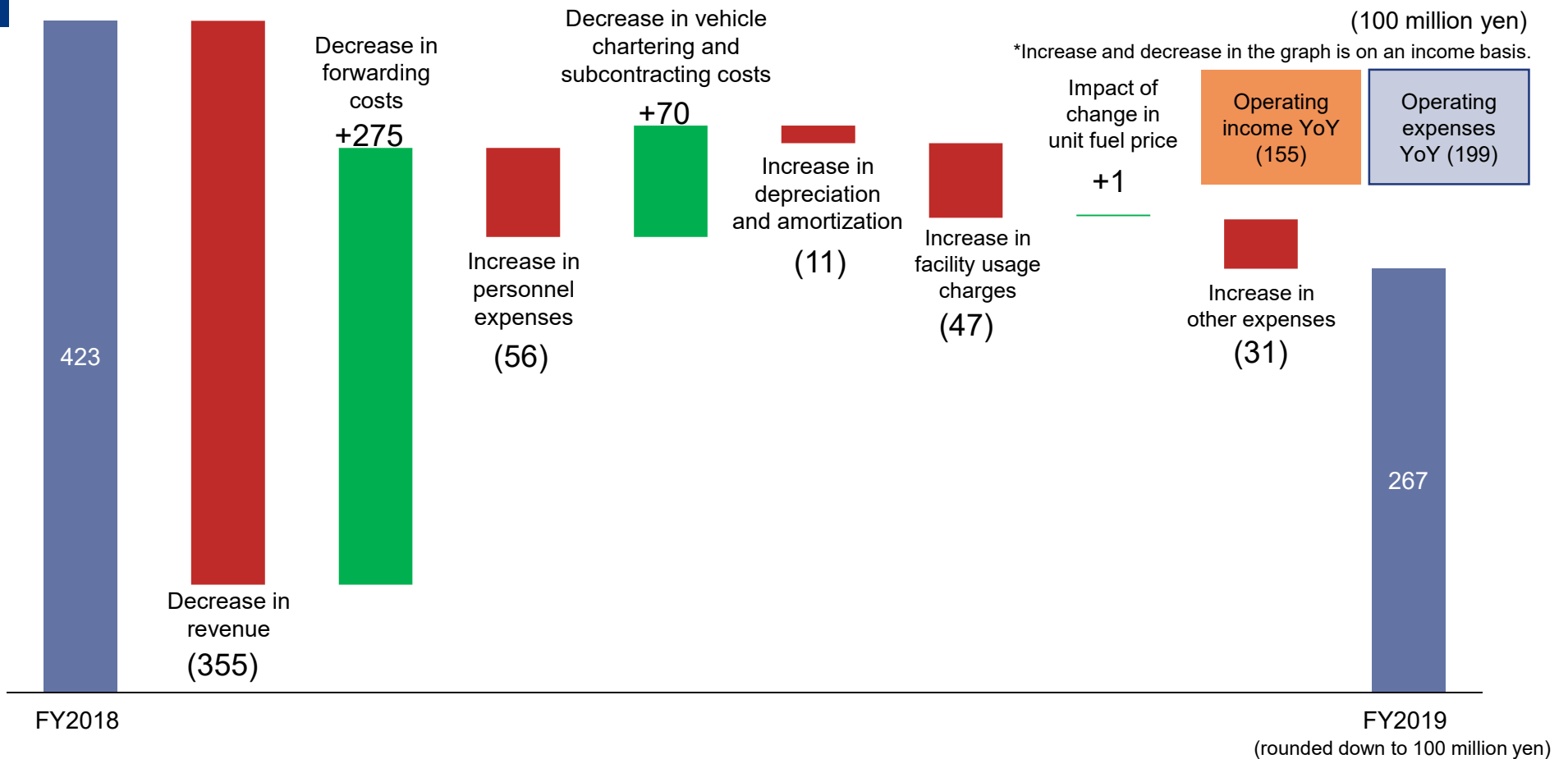
Originating Region	2017					2018					2019				
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full FY
Japan	45,418	48,762	51,593	56,426	202,199	51,887	58,722	62,703	75,280	248,592	53,755	60,126	63,141	64,458	241,480
The Americas	8,581	8,333	8,285	9,615	34,815	8,982	9,807	9,006	9,637	37,431	9,157	9,539	8,760	9,452	36,908
Europe	12,320	10,441	11,330	12,063	46,153	11,745	13,663	11,067	11,173	47,648	10,943	12,330	11,932	12,058	47,263
East Asia	47,411	49,142	53,948	52,030	202,531	52,653	56,702	59,401	58,141	226,898	59,122	62,103	62,232	58,079	241,536
South Asia & Oceania	25,218	26,189	30,079	30,779	112,264	29,653	29,524	32,067	32,060	123,304	29,847	31,145	34,321	32,847	128,160
Overseas Total	93,529	94,106	103,641	104,487	395,763	103,034	109,696	111,541	111,010	435,281	109,071	115,118	117,246	112,437	453,872
<b>Total Weight</b>	<b>138,948</b>	<b>142,867</b>	<b>155,234</b>	<b>160,913</b>	<b>597,962</b>	<b>154,921</b>	<b>168,418</b>	<b>174,244</b>	<b>186,290</b>	<b>683,873</b>	<b>162,826</b>	<b>175,244</b>	<b>180,387</b>	<b>176,895</b>	<b>695,352</b>



## (Appendix 5) Non-Consolidated Expenses (FY2020 (Full Year))

(100 million yen)

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



Breakdown of Various Expense (Q4) *presented on an expense basis			Breakdown of Various Expense (Q4 cumulative)		
<b>Increase in personnel expenses (11) [(1.8%)]</b>			<b>Decrease in vehicle chartering and subcontracting costs (70) [(1.5%)]</b>		
Personnel expenses	(11) [(1.8%)]		Vehicle chartering cost	(17) [(0.9%)]	
			Subcontracting cost	(59) [(2.3%)]	
			Personnel dispatching cost	7 [6.2%]	
<b>Decrease in vehicle chartering and subcontracting costs (26) [(2.3%)]</b>			<b>Decrease in forwarding costs (45) [(13.4%)]</b>		
		Vehicle chartering cost	(7) [(1.5%)]	Railway forwarding costs	(1) [(0.9%)]
		Subcontracting cost	(23) [(3.8%)]	Ocean forwarding costs	2 [3.5%]
		Personnel dispatching cost	4 [18.5%]	Air forwarding costs	(46) [(31.1%)]



## (Appendix 6) Initiatives to Generate Asset Liquidity

### First Effort by Nippon Express

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

Asset Liquidity



Transfer Price  
**¥50.0 billion (plan)**

Transferred Assets	Location	Site area	Total floor space	Current status
Mizonokuchi Distribution Center	Kawasaki City, Kanagawa Prefecture	Approx. 41,700m <sup>2</sup>	Approx. 49,900m <sup>2</sup>	Used as a distribution center
East Japan Pharmaceutical Center	Kuki City, Saitama Prefecture	Approx. 50,500m <sup>2</sup>	Approx. 65,400m <sup>2</sup>	Under construction as a dedicated pharmaceuticals warehouse
West Japan Pharmaceutical Center	Neyagawa City, Osaka	Approx. 32,400m <sup>2</sup>	Approx. 63,600m <sup>2</sup>	Under construction as a dedicated pharmaceuticals warehouse
Kyushu Pharmaceutical Center	Kitakyushu City, Fukuoka Prefecture	Approx. 14,200m <sup>2</sup>	Approx. 17,300m <sup>2</sup>	Under construction as a dedicated pharmaceuticals warehouse

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

## Purpose for Liquidizing Facilities

**Generate Cash**

**Slim Down Balance Sheet**

**Diversify Assets, Procurement**

***We Find the Way***



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