

Initiatives to Improve Corporate Value

NIPPON EXPRESS HOLDINGS, INC.

February 2024



"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

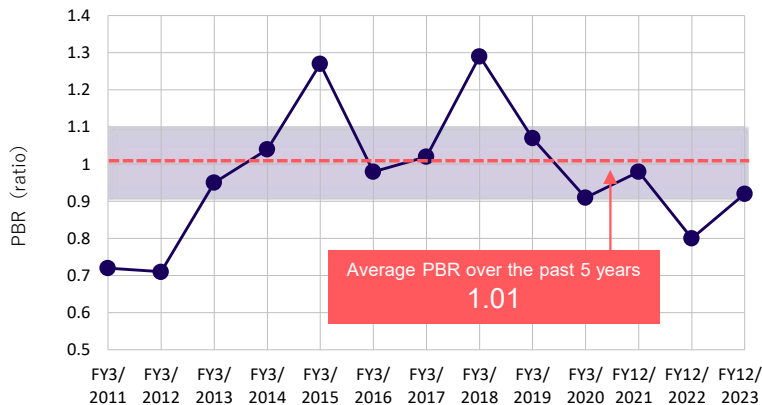
Analysis and Evaluation of Current Status

- PBR** • Over the past five years, the average P/B ratio has hovered around 1, without remaining consistently above 1, including most recently.
- ROE** • ROE has averaged 7.6% over the past five years, failing to continuously or stably exceed the roughly 8% cost of shareholder equity recognized by the Company. In addition, the low ROE in the most recent forecast of 6.2% is considered to be the reason why PBR remains at the current level.
- PER** • We believe that improving PER is a critical factor in improving PBR. While PER is currently on a par with the industry average (Prime Market, land transportation business), we recognize that there is room for improvement in market expectations for our business growth.

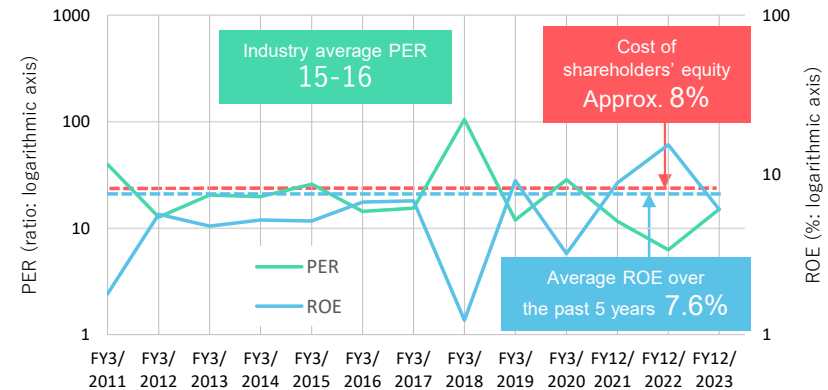
Regarding figures for FY12/2023: ROE is the forecast figure announced in November 2023, while PER and PBR figures are current as of February 2, 2024.

	FY3/2011	FY3/2012	FY3/2013	FY3/2014	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY12/2021	FY12/2022	FY12/2023 ※
PBR	0.72	0.71	0.95	1.04	1.27	0.98	1.02	1.29	1.07	0.91	0.98	0.80	0.97
ROE (%)	1.80	5.68	4.79	5.22	5.14	6.77	6.89	1.23	9.19	3.21	8.9	15.5	6.2
PER	39.68	12.73	20.46	19.71	25.98	14.38	15.4	104.63	11.96	28.59	11.58	6.27	15.9

NXHD (Nippon Express) PBR Trends



NXHD (Nippon Express) ROE/PER Trends

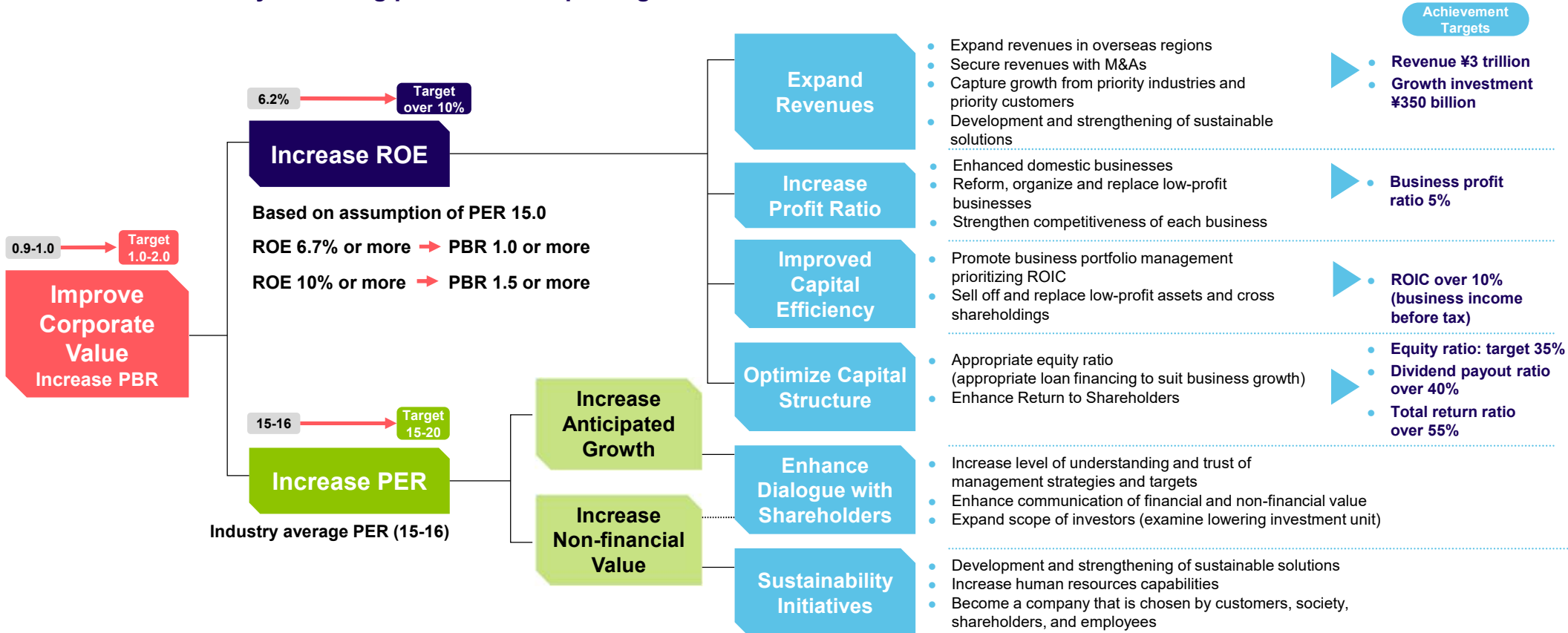


"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Improve Corporate Value (increase PBR)

Policies / Targets

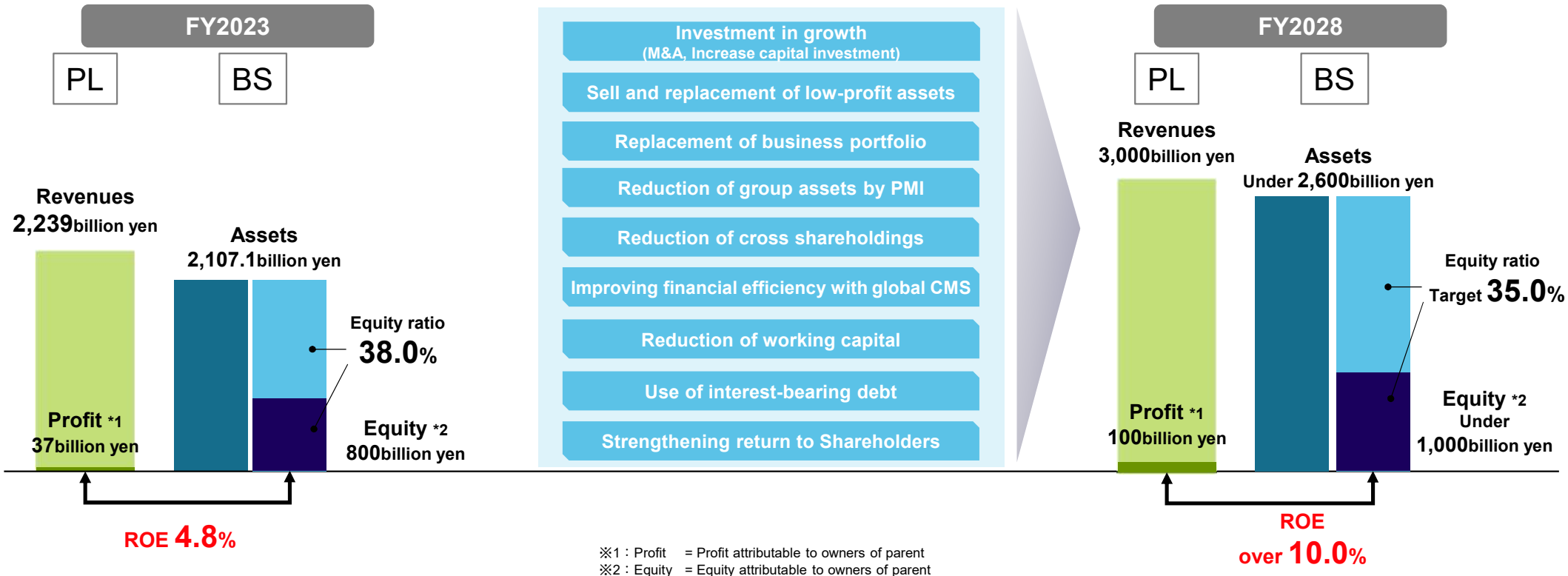
Achieve the over 10% ROE medium-term target stated in the business plan by steadily implementing the initiatives in the plan, including "increasing ROE" to consistently exceed the cost of capital (around 8%), and "increasing PER, thereby achieving potential anticipated growth."



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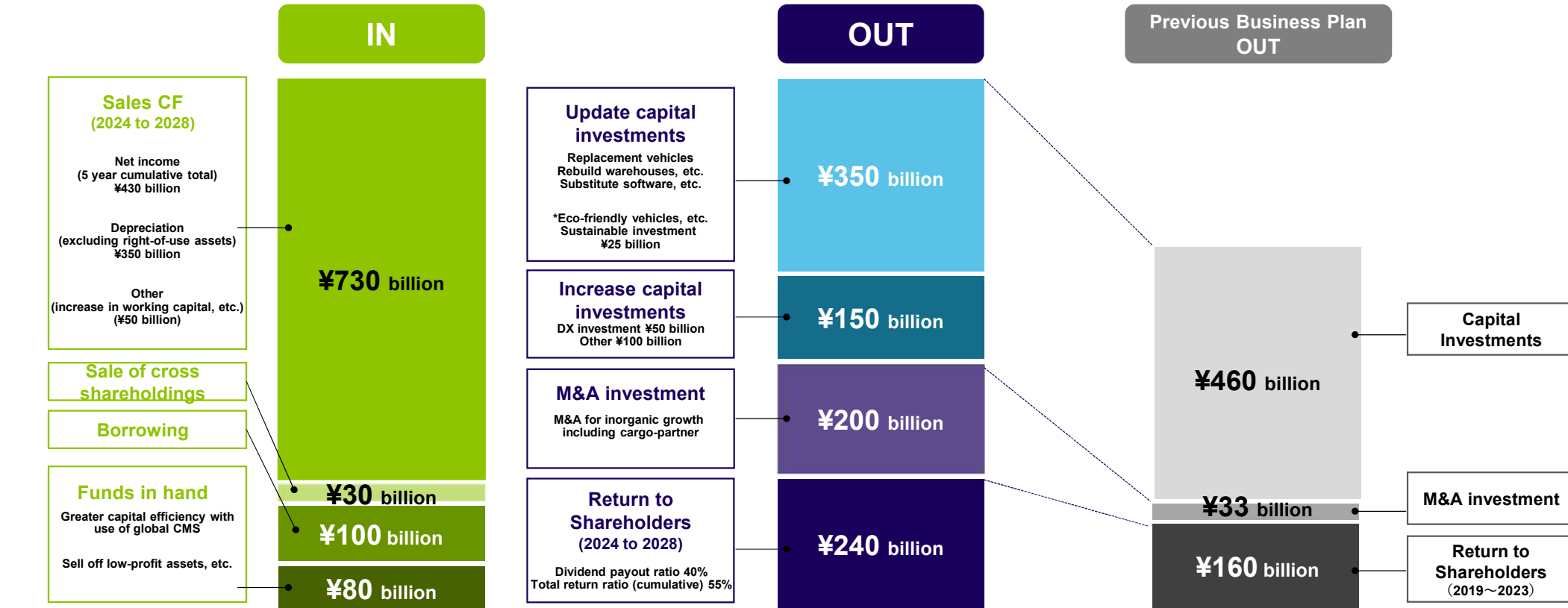
Strengthen BS management

- Improve profitability by investment in growth with a conscious of capital efficiency and accumulating high quality assets without bloating the balance sheet by replacing the business portfolio, reducing cross shareholdings, and selling low-profit assets.
- Achieve continuous improvement of ROE by optimizing the capital structure through the utilization of interest-bearing debt and strengthening return to shareholders.



Capital Policy

Cash Allocation (2024 to 2028 cumulative total)



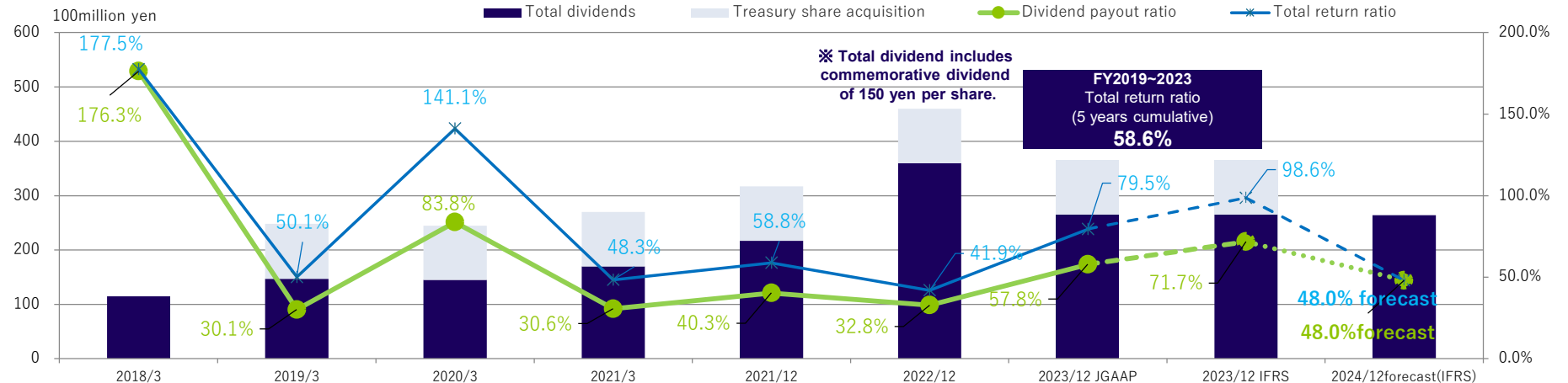
Capital Policy

Dividends/Return Ratio, Equity Ratio

Strengthen shareholder returns by raising the dividend payout ratio and total return ratio

Target Item	Business plan 2023 Target	Business plan 2028 Target
Dividend payout ratio	Over 30.0%	Over 40.0%
Total return ratio (5 years cumulative)	Over 50.0%	Over 55.0%
Equity Ratio	Target 35.0%	Target 35.0%

Changes in various results



Estimates represented on this page are based on targets or visions as of the present time and may differ significantly from the actual figures due to known and unknown risks, uncertainties, and other factors. The Company is not obligated to update such estimates under any circumstance going forward.

Promote Business Portfolio Management

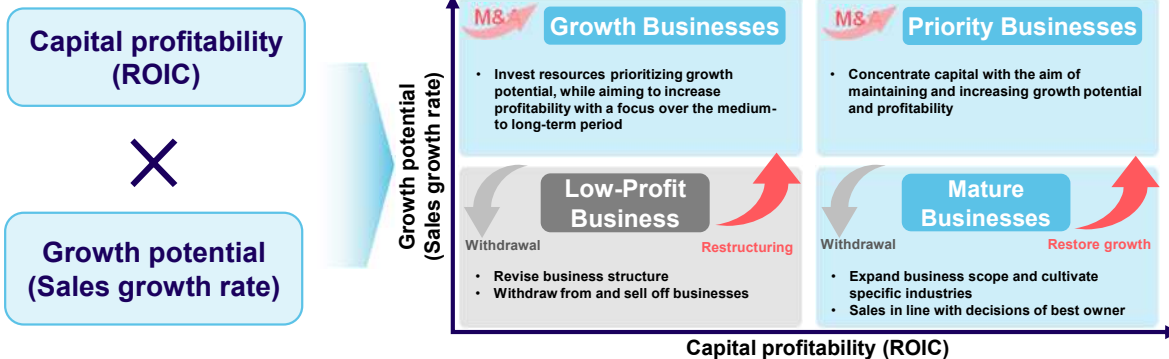
Basic policies underpinning the Business Portfolio

Basic Policy

- The NX Group has established the long-term vision of becoming “a logistics company with a strong presence in the global market” based on the NX Group Corporate Philosophy. Our business portfolio comprises operations that align with this corporate philosophy and long-term vision through business that supports sustainable social development.
- In working toward sustained growth of the Group, and increased corporate value over the medium to long term, we evaluate each business operation in terms of criteria that include capital profitability and potential for growth, positioning within the group and creation of synergy, as well as our future growth strategy.
- Having established a system for the implementation of our business portfolio management, the Board of Directors evaluates, reviews and amends the basic policy and strategy of our business portfolio and its implementation on a regular basis.

Quantitative Evaluation

Qualitative Evaluation



In addition to evaluations from the following perspectives for quantitative evaluations, examine strategies linked to increasing corporate value of NX Group

- Alignment with Corporate Philosophy and long-term vision
- Market trends and competitive tendencies
- Business growth potential, strengths/weaknesses
- Functionality and synergy within Group
- Sustainability and contribution to resolving social issues
- Best-owner perspective

Conduct quantitative analyses and mapping of each business to identify current position of businesses and overall direction

Promote Business Portfolio Management

Business Portfolio strategy to achieve sustainable growth and enhance corporate value

- Conduct analyses and evaluations of the current state of each business, align corporate philosophies and clarify roles for achieving long-term vision.
- Aim for sustainable growth with strategic allocation of investment (funds) into growth businesses and priority businesses.
- Spin off companies to strengthen business, and organize priority of businesses and functionalities within the Group.
- Utilize methods such as M&A, capital tie-ups and business transfers when strengthening business.

Strategic Orientation by Segment

Growth Drivers

Logistics Overseas

Use aggressive investment and M&A to accelerate growth

Expand sales while maintaining a high level of capital profitability

Foundation of Sales and Profit

Logistics Japan

Greatly increase profitability by restructuring operations
Strengthen alliances with respect to network business

Greatly improve capital profitability

Security Transportation

Enhance specialized expertise and profitability through company spin-off (implemented in January 2023)

Improve capital profitability

Heavy Haulage and Construction

Improve specialized expertise and expand scale
Consider strengthening business through company spin-offs

Expand sales while maintaining a high level of capital profitability

Logistics Support

Improve competitiveness and profitability
Promote portfolio management at the level of individual business units within a segment

Improve capital profitability

Future management will advance by subdividing each segment into finer units



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