

BUSINESS REPORT

 **NIPPON EXPRESS**
Securities Code No. 9062

For the 116th Interim Term From April 1, 2021 to September 30, 2021

We Find the Way



For Where You'll Go Next



I would like to take this opportunity to thank our shareholders for their continued support and understanding. I, hereby, present the Business Report for the 116th Interim Term.

President and Chief Executive Officer

Mitsuru Saito

During the six months ended September 30, 2021, the global economy experienced signs of economic recovery in major economies including Japan due to the resumption of economic activities as the rollout of vaccinations progressed in major advanced countries as well as financial support measures. However, the constraints on economic activities due to the spread of COVID-19 in many emerging countries continued to have a strong impact and the outlook for the global economy remained uncertain.

Under these economic conditions, the logistics industry saw an ongoing recovery in cargo movement due to the resumption of production and sales activities in major economies. However, overall cargo movements in Japan remained lackluster due to factors such as sluggish consumer spending and stagnation in the automobile industry caused by semiconductor shortages.

International trade is growing, led by the US and China, but we need to monitor the trend due to factors

such as the shortage of transportation space caused by the reduction and suspension of flights, the shortage of shipping containers destined for the US and Europe from Asia, and the higher price of freight.

In this business environment, the entire Nippon Express Group maintains our vision, and is working as one to achieve the various indicators set as interim targets for 2021 outlined in “Nippon Express Group Business Plan 2023 – Dynamic Growth –,” the five-year business plan launched on April 1, 2019. This is part of our efforts to strengthen the business foundation and achieve our long-term vision of becoming a logistics company with a strong presence in the global market.

“Business growth strategy”

- In our “growth strategy for core businesses,” we have set Global Account Management at the core of our sales strategy and implemented initiatives to further strengthen the global sales system and organization. We have enhanced our approach on the customer

(industry) axis through business development under the concept of market orientation, considering the “value sought by customers” and providing products and services that meet customer needs. We have also promoted the growth of core business through alignment with enhancements to the business axis and area axis approach. We have implemented initiatives for ongoing business enhancements, seeking new business growth in areas where expansion is expected, such as logistics for the pharmaceutical/medical industry, which addresses aging societies, as well as logistics for semiconductor industry, which is strengthening its foundation as a national business.

- In our “strategy to enhance domestic business in Japan,” we have been striving for operational and production efficiencies through the introduction of advanced technologies, aimed at improving and raising the level of operational efficiencies at 435 warehouse locations nationwide. In parallel with this, we also strengthened our CSR management and enhanced our sales force. In addition, we have worked to reduce outsourcing costs through maximum utilization of Group workforce and implement through cost controls.

“Efforts to implement our long-term vision”

- In our efforts to “establish ESG-oriented business management to realize sustainable development and improve corporate value,” we are preparing to transition to a pure holding company structure from January 4, 2022 to strengthen corporate governance and to realize sustainable growth for the entire Group. Furthermore, in conjunction with the transition to a holding company structure, we decided to implement the group brand “NX” as part of our efforts to bolster our brand power. We will promote the development of global branding across all group companies shifting away from the Nippon Express Group to the NX Group.

We have promoted environmental management such as through the implementation of modal shift and the use of LED lighting as initiatives to address climate change and realize our long-term vision. We have worked towards reducing long working hours and the acquisition of annual paid leave, while also implementing workstyle reforms through various initiatives such as the promotion of remote work to

enable flexible workstyles and a casual dress code. These initiatives promote diversity and assist with our transformation into a company that makes employees feel satisfied and fulfilled.

As a result, our consolidated business results for the first six months of the 116th term were as follows:

Revenues of ¥1,104.2 billion

Operating income of ¥36.3 billion

Ordinary income of ¥40.6 billion

Profit attributable to owners of parent of ¥30.6 billion

Concerning the interim dividend payments for the 116th term, it was decided at the Board of Directors meeting held on November 12, 2021 to pay an interim dividend of ¥90 per common share with the starting day for payment being December 2, 2021.

In terms of the economic trend for the second half of the fiscal year, major countries including the US and China are expected to continue driving the recovery of the economy overseas, but it is riddled with downside risks of economy such as a resurgence in infections through variant viruses and rising geopolitical risks, and the economic outlook remains uncertain. We expect a recovery trend for the domestic economy with the dual aims of achieving both the prevention of infections and resumption in economic activity. However, there will be lingering concerns about a resurgence of COVID-19, and downside risks of economy is likely to persist.

In this business environment, the logistics industry as a whole is being called upon to transform into a value-creation industry that supports sustainable growth of society, ranging from the conversion of management strategies in preparation for the era after COVID-19 to implementation of workstyle reforms and further promotion of initiatives to secure and nurture human resources. This also requires measures to address digitization, the development of new logistics services that incorporate cutting-edge technologies and measures to reduce the environmental impact. The Nippon Express Group will strive for greater growth and further enhance our corporate value in order to meet the expectations of all shareholders. We would be grateful for your continued understanding and support.

December 2021

Revenues

¥1,104.2 billion

Operating income

¥36.3 billion

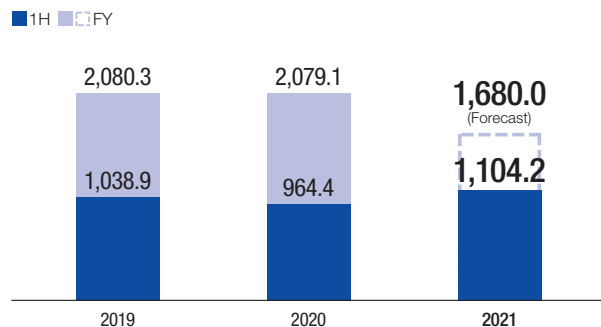
Profit attributable to owners of parent

¥30.6 billion

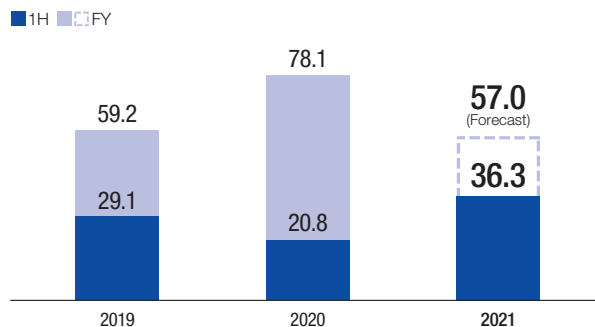
Interim dividend

¥90.0

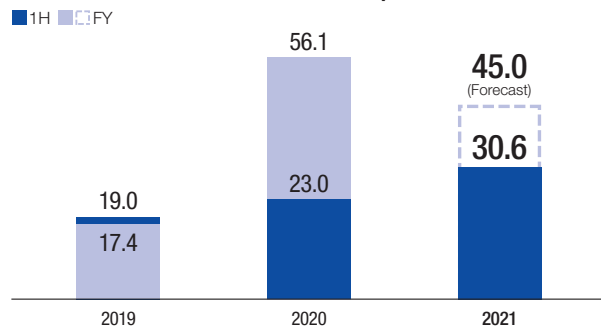
Revenues (Unit: Billions of yen)



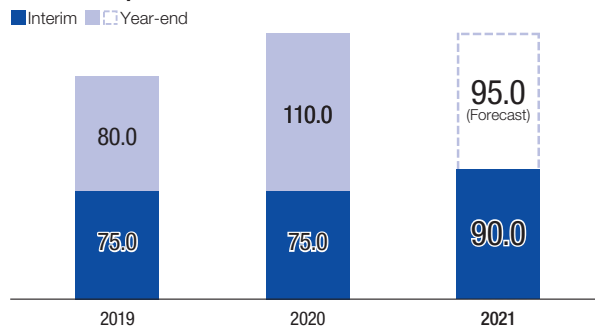
Operating income (Unit: Billions of yen)



Profit attributable to owners of parent (Unit: Billions of yen)

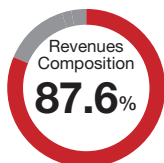


Dividend per share (Unit: Yen)



* The Company changed its fiscal year end from March 31 to December 31 from FY2021. Consequently, the consolidated financial results forecasts for the transition period ending December 31, 2021 shows 9 month figures covering the period from April 1, 2021 to December 31, 2021.

Logistics



Japan	58.9%
The Americas	5.0%
Europe	7.2%
East Asia	9.1%
South Asia & Oceania	7.4%

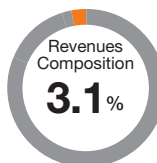
Revenues

¥967.1 billion

Operating income

¥35.4 billion

Security Transport



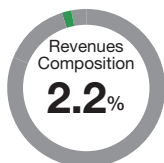
Revenues

¥34.2 billion

Operating income

¥0.1 billion

Heavy Haulage & Construction



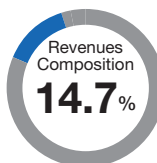
Revenues

¥23.8 billion

Operating income

¥3.0 billion

Logistics Support



Revenues

¥162.8 billion

Operating income

¥4.0 billion

* Compositions in the above chart exclude adjustments.

* The Company changed its fiscal year end from March 31 to December 31 from FY2021. Previously, the consolidation of the first six month period in the previous fiscal year for consolidated subsidiaries that had a fiscal year end of December 31 had been on the basis of the profit and loss for the period from January 1, 2020 to June 30, 2020. However, for the current fiscal year, the consolidation of profit and loss for the first six month period is for the period from April 1, 2021 to September 30, 2021. Therefore, there is no description of the year-on-year change or the percentage of change.

Implementation of New Group Branding

In conjunction with the transition to a pure holding company structure from January 4, 2022, the Company (and its group companies) has decided to implement a new brand identity that consolidates the Group as part of an effort to strengthen our brand.

We will use “NX,” the shortened form of NIPPON EXPRESS, which is the alphabetic form of NIPPON EXPRESS and the name of our new holding company, as our group brand. The symbol will be designed using “NX” and two new group colors, fresh green and navy blue, and will be used as the core of the global branding across all group companies.

Going forward, we will continue to promote the brand “NX,” making it familiar to everyone from the current nickname “Nittsu.”

● New Group Brand Symbol



<Vertical alignment>

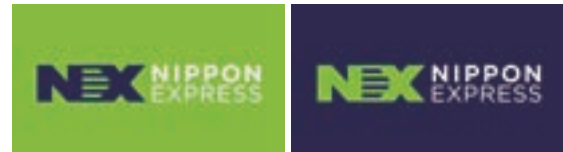


<Horizontal alignment>

● New Group Colors

In line with the establishment of the new brand symbol, we have adopted a combination of two colors, fresh green and navy blue, as the new group colors.

The combination of these two colors highlights the Group's presence in the global marketplace, and at the same time, expresses the principles that the Group has always and will continue to value in our future growth.



Construction of NX Group Building Completed

The Company has finished construction of the NX Group Building in Kanda-Izumicho, Chiyoda-ku, Tokyo, and it marked the occasion with a completion ceremony on Thursday, September 16. The location of Kanda-Izumicho holds a deep and special connection for Nippon Express, whose predecessor, Naikoku Express Co., Ltd., established a branch there which was later supplemented by facilities set up by Nippon Express as its business expanded. The Company since its founding has also had close ties with the Kintsuna Inari Shrine situated on the new location premises, a shrine that has long been a familiar presence for local residents looking to ward off misfortune, ensure safe travel and prosper in business.

The newly completed building will consolidate some of the branches and Nippon Express (NX) Group companies with ground, sea, and air freight functions as well as the Head Office functions currently performed at the Shiodome Head Office Building. By eliminating the barriers between companies and departments and integrating organizations by function, Nippon Express will be pressing further toward a one-stop structure enabling it to fully exercise its comprehensive strengths and enhance its Group management capabilities.



Exterior of NX Group Building



President Saito speaking at completion ceremony



Entrance



Reception areas

Stock related Q&A associated with the transition

Q

What will happen to shares of Nippon Express?

A

Shares of Nippon Express will cease to be listed, but if you continue to hold shares of Nippon Express, one common share of NIPPON EXPRESS HOLDINGS, INC. will be automatically allotted for each share of Nippon Express on January 4, 2022.

Q

What is the last day that shares of Nippon Express can be purchased and sold on the stock exchange?

A

Purchase and sales of shares of Nippon Express can be made up until December 28, 2021. Please note that no transactions will be possible on December 29 and onward.

Q

When will purchases and sales of shares of NIPPON EXPRESS Holdings commence on the stock exchange?

A

Purchases and sales are scheduled to start from January 4, 2022.

to a pure holding company structure

Q

What will happen to the next dividend?

A

Nippon Express changed its fiscal year end from FY2021, and the transition period of the 116th term will consist of the nine months from April 1, 2021 to December 31, 2021. Nippon Express will pay the year-end dividend to the shareholders or registered pledgees of shares stated or recorded in the final shareholder registry of Nippon Express as of December 31, 2021.

Q

Are there any procedures required when changing from Nippon Express to NIPPON EXPRESS HOLDINGS?

A

If you continue to hold shares of Nippon Express, shares of NIPPON EXPRESS HOLDINGS, INC. will be automatically allotted on January 4, 2022. Therefore, no special procedures are required.

Q

What will happen to the securities code?

A

When NIPPON EXPRESS HOLDINGS is listed, the current Nippon Express securities code (9062) can no longer be used, and a new securities code will be assigned.

Commencement of the “ONE-STOP NAVI” service able to provide an aggregated search of the optimal transport modes in Japan

“ONE-STOP NAVI” is a service that enables the instantaneous comparison and consideration of the available transportation modes anytime and anywhere, by simply entering the pickup and delivery locations, the number of units and the weight using a PC, smartphone or tablet. Using our strength as a comprehensive logistics business operator, the Company proposes the optimal transportation mode to the customer using our own transport network

based on various considerations such as the freight, lead time as well as CO₂ emissions.

In particular, CO₂ emissions can be accurately calculated by calculating the different pickup and delivery distances for each transportation mode using distances linked to map data. This scheme is the first in the logistics industry to receive third-party verification (from SGS Japan Inc.) and the resultant CO₂ emissions data can be used for official procedures for administrative institutions and others. We support the visualization of CO₂ and initiatives for reducing customers’ CO₂ emissions.

A new service able to conduct cross comparison and calculation of CO₂ emissions for each transportation mode, which is a first for the industry



https://www.nittsu.co.jp/logistics_solution/it/onestop-navi/
(in Japanese)





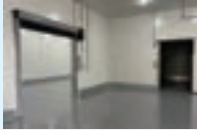
● Nippon Express (Nederland)

Nippon Express (Nederland) B.V. completes construction of Schiphol Airport Logistics Centre

Nippon Express (Nederland) B.V., a local subsidiary of Nippon Express Co., Ltd., has completed construction of its Schiphol Airport Logistics Centre in Schiphol Trade Park. As it aims to expand its logistics services in the Netherlands with the establishment of this new Centre, Nippon Express (Nederland) B.V. will be stepping up its efforts on behalf of the pharmaceuticals and semiconductor industries, both designated priority industries in the Nippon Express Group's business plan.



Scene from the completion ceremony



Temperature-controlled pharmaceuticals storage space



ULD handling system



Exterior view of the new Centre

● Nippon Express (Taiwan)

Expansion of logistic functions across Taiwan

Nippon Express (Taiwan) Co., Ltd., a local subsidiary of Nippon Express Co., Ltd., established a new logistics base (NEXT3 Warehouse) in Taoyuan City in northern Taiwan. This takes advantage of its proximity to large urban areas to handle retail and EC-related products, and integrated operation with the Company's adjacent warehouse, which has a bonded area, makes it possible to flexibly store both bonded and non-bonded cargo. NE Taiwan will be adding to its international transport services utilizing the Nippon Express Group's global network by further expanding its logistics functions across Taiwan to help customers develop their business activities.



NEXT3 Warehouse

Corporate Data

(As of September 30, 2021)

Directors, Officers and Corporate Auditors (As of September 30, 2021)

Directors

Representative Director and Chairman



Kenji Watanabe
Chairman of the Board of Directors

Representative Director, President and Chief Executive Officer



Mitsuru Saito
Chief Executive Officer
Corporate Strategy Section
Chief Managing Officer of Corporate Strategy Headquarters

Representative Director, Executive Vice President and Chief Operating Officer



Takaaki Ishii
Business Solutions Section



Susumu Akita
Japan Business Section
Chief Managing Officer of Japan Business Headquarters and Network Transport Business Promotion Headquarters



Satoshi Horikiri
Corporate Solutions Section
Chief Managing Officer of Corporate Support Headquarters and CSR Headquarters

Director and Managing Executive Officer



Takashi Masuda
In charge of Corporate Planning Division and Financial Planning Division

Director



Shigeo Nakayama



Sadako Yasuoka



Yojiro Shiba

* Directors Shigeo Nakayama, Sadako Yasuoka and Yojiro Shiba are Outside Directors.

Corporate Auditors

Full-time Audit & Supervisory Board Member



Naoya Hayashida



Shigeaki Arima



Toshiaki Nojiri



Yoshio Aoki



Nobuko Sanui

* Audit & Supervisory Board Members Toshiaki Nojiri, Yoshio Aoki and Nobuko Sanui are Outside Audit & Supervisory Board Members.

Officers

Senior Managing Executive Officer

Akira Kondo
Eiichi Nakamura
Toshiro Uchida

Managing Executive Officer

Tatsuo Sugiyama
Tatsuya Suzuki
Masato Nakagawa
Atsushi Nagashima

Chihiro Sugiyama
Kazutoshi Hamashima
Shinjiro Takezoe

Executive Officer

Masayuki Yamada
Tadashi Fujishiro
Kenji Kato
Ken Sato

Tadahiro Furue
Hiroyuki Tanaka
Hideshi Ootsuki
Tatsuya Akama

Toshiya Abe
Tatsuya Fujimoto
Toshikazu Kitai
Haruyasu Toda

Sumitoshi Matsuo
Yoichi Satake
Toru Hirose
Shinichi Kakiyama

Tatsuya Toda
Satoshi Otsuji
Hiroshi Takahara

Profile

Company name: Nippon Express Co., Ltd.
(NIPPON EXPRESS CO., LTD.)

Headquarters: 1-9-3, Higashi Shimbashi, Minato-ku,
Tokyo 105-8322
Tel. +81-3-6251-1111
<https://www.nipponexpress.com/>

Formal establishment: October 1, 1937

Paid-in capital: ¥70,175 million

Employees: 35,442

Branches: 257

Consolidated subsidiaries and companies accounted by the equity-method: Consolidated subsidiaries: 252
Companies accounted by the equity-method: 25

Details of operation

- Road freight transportation
- Freight transportation
- Ocean freight transportation
- Marine and harbor transportation
- Railway freight transportation
- Warehousing
- Security
- Haulage, construction and installation of heavy equipment and related businesses
- Construction
- Customs clearance, etc.

Status of the Company's Shares

Number of shares: Total number of shares authorized 398,800,000 shares
Total number of shares issued 96,000,000 shares

Number of shareholders: 45,578 persons

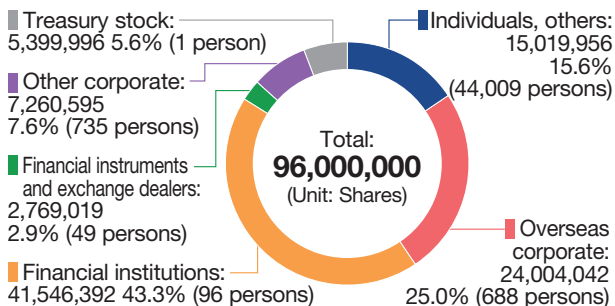
Major Shareholders

Major shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	12,849	14.2
Custody Bank of Japan, Ltd. (Account in Trust)	7,110	7.8
Asahi Mutual Life Insurance Company	5,601	6.2
Nippon Express Employees' Shareholding Association	3,673	4.1
Sompo Japan Insurance Inc.	3,567	3.9

* Shareholding ratio is calculated by excluding 5,399 thousand shares of treasury stock.

Distribution of Shares by Type of Shareholder

<Number of shares and percentage>



Guide for System to Request Repurchase or Additional Purchase of Shares Constituting Less than One Share Unit

Request for repurchase

Under the system, holdings of less than 100 shares can be sold to the Company at market price.

(Example) If 60 shares are held, they cannot be sold on the market, but the Company will repurchase them at market price.

Sell to the Company
at market price

60 shares

—

60 shares

=



Convert to
cash

Request for additional purchase

Under the system, shareholders can purchase the number of shares needed to make up 100 shares (one share unit) from the Company at market price.

(Example) If 60 shares are held, an additional 40 shares can be purchased to make 100 shares.

Buy 40 shares from the Company
at market price

60 shares

+

40 shares

=

100 shares

One share unit
(100 shares)

Contacts for various procedures

- 1) Shares held in a securities company account ▶
The securities company with which you have an account
- 2) Shares held in a special account ▶
Mitsubishi UFJ Trust and Banking Corporation
(* Please contact the address below.)

1-1, Nikkocho, Fuchu-shi, Tokyo
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
Tel. 0120-232-711
<https://www.tr.mufg.jp/daikou/> (in Japanese)

Information on all procedures related to shares is also available on the Company website.

<https://www.nittsu.co.jp/ir/stock-info/procedure/>
(in Japanese)



Nippon Express Procedures related to shares

Search

Memos for Shareholders

Administrator of Shareholder Registry/Account Managing Institution of Special Account:

Mitsubishi UFJ Trust and Banking Corporation

Contact:

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
1-1 Nikkocho, Fuchu-shi, Tokyo
Tel. 0120-232-711
Mailing address: Shin-Tokyo Post Office Box No.29
137-8081
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division

Method of Announcement:

Electronic announcement
If the Company is unable to make electronic announcement due to an accident or any other compelling circumstance, it will make an alternative announcement on the Nihon Keizai Shimbun circulated in Tokyo.

URL for electronic announcement
<https://www.nittsu.com/>

C O R P O R A T I O N

We provide a wide range of up-to-date information, including description of our business and services, latest news, and investor relations materials.

<https://www.nipponexpress.com/>



T V C M

We communicate various initiatives pursued by Nippon Express to a wide audience through television commercials and television programs currently on air.

<https://www.nittsu.co.jp/corporate/cm/> (in Japanese)



We Find the Way “Professional Golfer Erika Hara” version

Women’s professional golfer Erika Hara, who has an affiliation contract with Nippon Express, appears in this commercial.

The way she tackles challenges on the world stage symbolically expresses the philosophy of our corporate message “We Find the Way.”

S P O R T S

We introduce the activities of sports clubs supported by Nippon Express as an effort to spread, promote and internationalize various sports.

<https://www.nittsu.co.jp/sports/> (in Japanese)



Broadcast of TV commercial “Sekai-Nittsu – Nippon Express Pharmaceutical Products Logistics” version

TV commercial “Sekai-Nittsu – Nippon Express Pharmaceutical Products Logistics” version depicts the story of how pharmaceuticals developed overseas reach a patient. It introduces our temperature-controlled delivery and advanced transportation specializing in pharmaceutical products.

LinkedIn official account

We send various information to business users around the world, mainly focused on businesses conducted by Nippon Express Group companies overseas.

<https://www.linkedin.com/company/nippon-express-group/>



YouTube official channel

Information and videos about Nippon Express, including television commercials, corporate activities, and history, are available on YouTube.

<https://www.youtube.com/channel/UCatNmOs5hJzVWMfQeUnaQ>



We Find the Way

どんなに困難な環境でも、
ただ一つの最善のルートを見つけ出し、
磨き上げた技術の全てでモノを運ぶ。
日本通運は、原英莉花プロとともに
世界へ挑戦します。

日本通運所属
原 英莉花プロ



www.nittsu.co.jp