





Editorial Policy

From the current fiscal year, the Nippon Express Group is issuing an integrated report to ensure a greater level of stakeholder understanding of our efforts to continue our growth encapsulated by “new value through innovation” while staying true to our unchanging values of safety, compliance, and quality. The Nippon Express Group Integrated Report 2020 has primarily been edited from perspectives that describe the kinds of value we create for society through our business activities, sharing these with our stakeholders, and explaining how we are attempting to grow.

For detailed information regarding CSR, see our CSR website and the CSR Report.

Reference Guidelines and Guarantees

This report has been edited with reference to the International <IR> Framework issued by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry. In addition, information disclosure as part of the sustainability report complies with the Core option from the GRI* Sustainability Reporting Standards.

* GRI: Global Reporting Initiative. An organization involved in the creation and spread of international guidelines for sustainability reports. The GRI Content Index is available on our CSR website (<https://www.nipponexpress.com/about/csr/>).

Scope of This Report

The Nippon Express Group (including Group affiliates in Japan and overseas). Some of the materials reported applies only to Nippon Express Co., Ltd.

Applicable Period

Fiscal 2019 (April 1, 2019-March 31, 2020)
(certain sections may include information from or prior to fiscal 2018 and up to fiscal 2020)

Issue Date

August 2020

Reference Guidelines

- GRI Sustainability Reporting Standards (Core)
- IIRC International <IR> Framework
- Environmental Reporting Guidelines 2018 by the Ministry of the Environment

Caution Regarding Forward-Looking Statements

The Company's future plans, predictions, strategies, and other forward-looking statements in this report were prepared based on certain assumptions judged to have been practical by the Company at the time of disclosure. The Company's actual business results and activities may differ significantly from these predictions due to the future economic environment, etc. For the major factors, see “Competitive Advantage, Risk, and Opportunity” on Page 10 of this report.

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Integrated Report 2020 Concepts

The Value Creation Process

By providing solutions that leverage the Group's strengths to address a diverse range of needs, the Nippon Express Group supports the supply chain and raises the corporate value of our customers from the stance of logistics. Moreover, we also support everyday lifestyles through our involvement in the social infrastructure. We will continue to create new value and contribute to society through the business of logistics.

Strategy & Action

In the Long-Term Vision, formulated to take us to our centennial anniversary in 2037, it states that we will become “a logistics company with a strong presence in the global market.” Under the Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, which defines the milestones required to achieve our Long-Term Vision, we will work to strengthen the business through a three-dimensional approach that has been defined as the growth strategy for our core business, and aim to enhance the business by increasing the profitability of domestic businesses in Japan. We will aim for business growth by implementing this plan in step with our efforts to implement our long-term vision.

Supporting Sustainable Development and Greater Corporate Value

The contributions we make through our business to customers, society, and the solutions to social issues are an essential part of achieving sustainable corporate growth and greater corporate value. We will achieve these two goals by deepening our engagement with our customers, society, shareholders, employees, and a wide range of other stakeholders while we address the expectations of and work together with our stakeholders to build up these contributions. For this purpose, the Nippon Express Group Business Plan 2023 established ESG-oriented business management to realize sustainable development and improve corporate value as one of our efforts to implement our long-term vision.

■ Communication Tool			
CSR Report  https://www.nipponexpress.com/about/csr/report/	Website  https://www.nipponexpress.com	Website (For Shareholders and Investors)  https://www.nipponexpress.com/ir/	Website (Japanese Only) (For Individual Investors)  https://www.nittsu.co.jp/ir/individual/

The Nippon Express Group Corporate Philosophy

Our Mission
Be a Driving Force for Social Development

Our Challenge
Create New Ideas and Value that Expand the Field of Logistics

Our Pride
Inspire Trust Every Step of the Way

Since its founding, the Nippon Express Group has employed its logistical strengths to connect people, businesses, and regions throughout the world. In so doing, we have continuously supported social development.

While our mission never changes, we continuously advance to meet the world's changing needs.

Making no compromise in safety and maintaining a deep focus on environmental issues, we continuously strive to deliver innovative solutions at the next frontier of logistics.

We will forever take pride in our ability to inspire trust and answer the call of society.

Every move we make is aimed at advancing society and bringing an enriched life to future generations.



The Nippon Express Group Corporate Message

We Find the Way

The NIPPON EXPRESS Group brings customers' possibilities to reality. There are often many solutions, but only one way is *the way*. We use our determination to find the best way to overcome hurdles and take our customers across the finish line.

We

Our unified strength makes us unique, driving everything we do on the frontline and in the background to deliver unparalleled logistics services. The word "we" speaks to a complex system of individuals with specialized skills that work together to become an unstoppable force.

Find

Every client, project, and task is different, and sometimes we have to innovate to achieve our goals. Our work demands exploration and thinking outside the box. It's how we find the best way. The verb "find" in its present form tells a story of a company willing to dig deeper for the best results.

the Way

Sure, there are many solutions, but there's only one best way. We don't find a way or some way; we find the best way, and we do it with passion and perseverance. Our efforts build connections to and between individuals and businesses.

Long-Term Vision Working Towards Our Centennial Anniversary (2037 Vision)

Business Growth A logistics company with a strong presence in the global market

Customers and Society A company that contributes achieve a sustainable society through logistics

Shareholders A company that achieves sustainable growth by establishing corporate governance

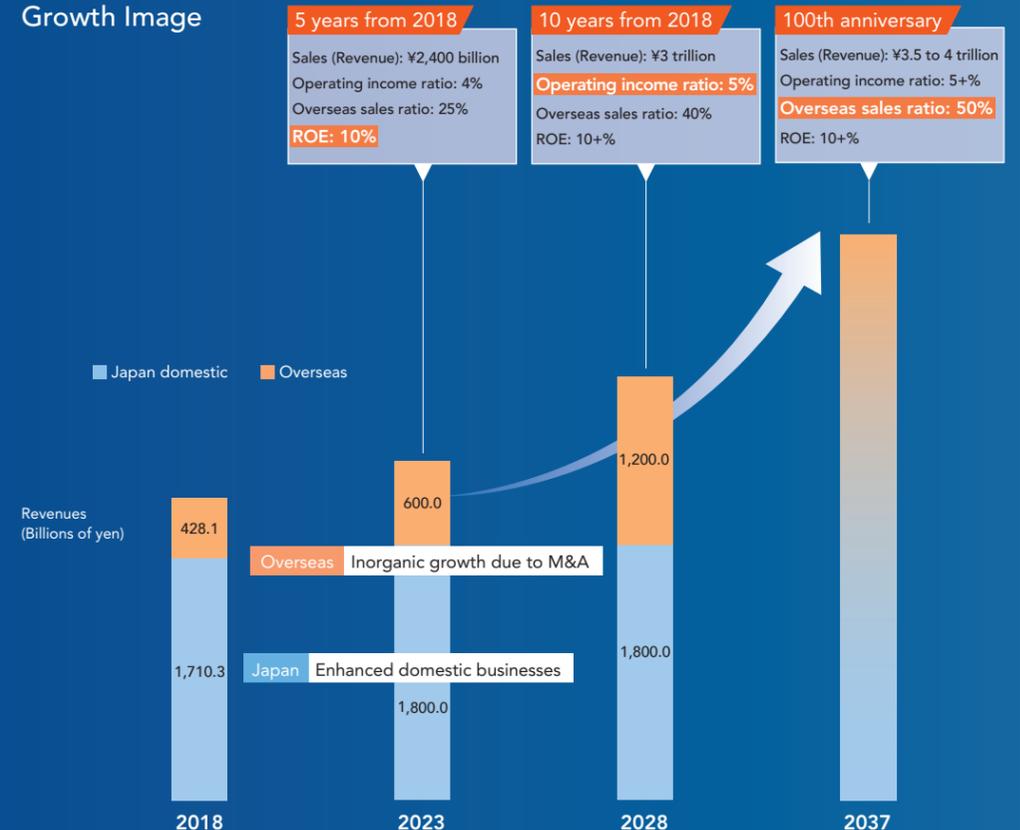
Employees A company whose employees come from a variety of backgrounds, are proud of their work, support customers and society, and play active roles

Values to be Changed Creating new value through innovation

Values to be Sustained Safety, Compliance, Quality (priorities)
We Find the Way

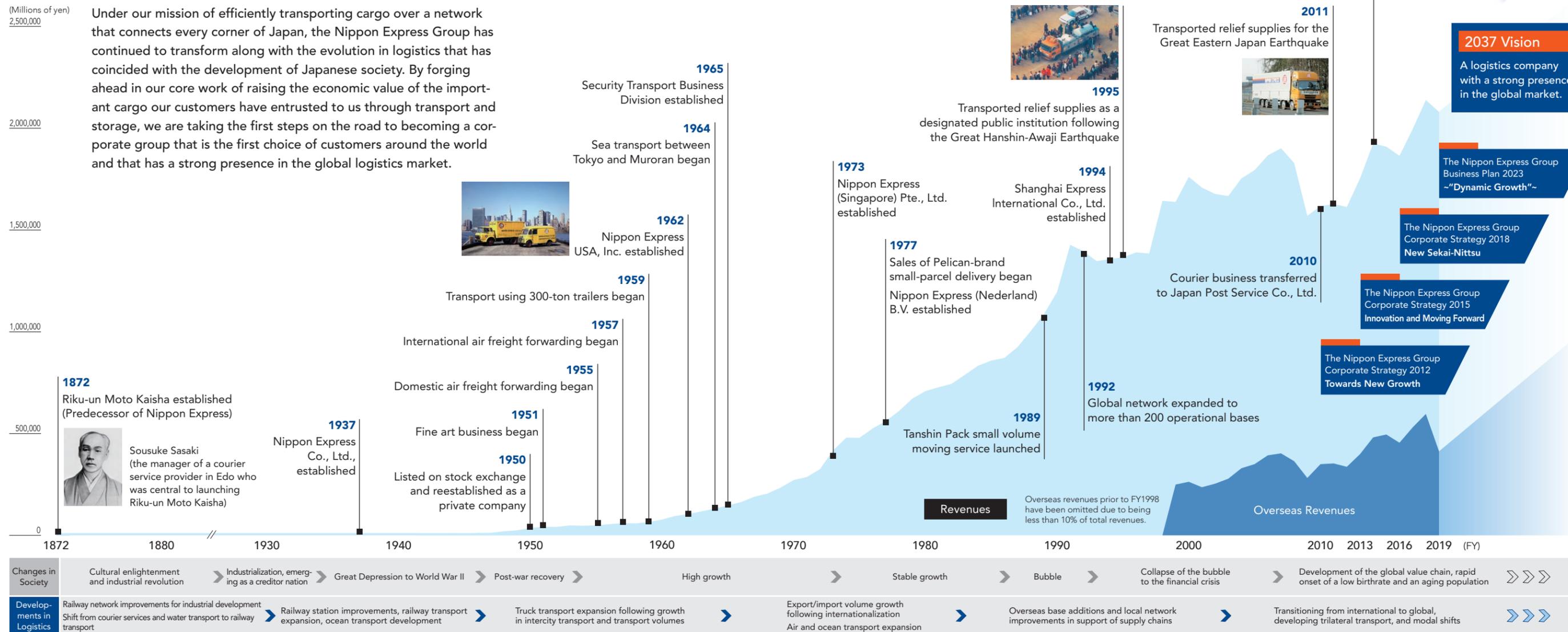
The Nippon Express Group Corporate Philosophy
Our Mission: Be a Driving Force for Social Development
Our Challenge: Create New Ideas and Value that Expand the Field of Logistics
Our Pride: Inspire Trust Every Step of the Way

Growth Image



Growth Trajectory

Logistics and Nippon Express Support the Development of Society



From a Semi-Government Enterprise to a Private Enterprise

Founded to bundle together modern transport and communication service providers, Nippon Express was launched as a semi-government enterprise for the purpose of seamlessly supplying materials in wartime. Despite having been designated as a company in 1948 subject to the Elimination of Excessive Concentration of Economic Power Law, which aimed to democratize Japan's economy, after the war Nippon Express maintained its status as a company required to secure a transport network for rice and other critical resources. Following a restructuring, Nippon Express was listed on the stock exchange in 1950 and relaunched as a private company from which the characteristics of a semi-government enterprise had been eliminated.

Providing All Modes of Land, Ocean, and Air Transport

Having achieved its start as a transportation business intended to consolidate the small-scale transport companies that operated at the start and end of Japan's railways, Nippon Express focused on developing domestic land transport. Later, Nippon Express extended its motor (truck) transport network, which reached every corner of Japan by the start of the 1960s, along with the growth in domestic road building following the war. In the ocean and air cargo businesses, the Company was also an early entrant into forming alliances with both domestic and foreign shipping and airline companies to advance the development of a complex, integrated transport system that organically combines the various land, ocean, and air transport modes. Moreover, the Company focused on developing modern transport modes, like 300-ton trailers.

Early Response to Internationalization

During the 1950s as Japan's economy underwent full recovery, Nippon Express joined forces with other Japanese companies that had ventured overseas, thereby enabling the Company to launch its international freight forwarding business. In addition to a mutual agency contract with a West German company, Nippon Express also formed alliances with companies in North America and Southeast Asia to expand its transport routes. In 1958, the Company stationed a representative in New York, USA, and in 1962 established Nippon Express USA, its first local subsidiary, in New York. During the same year, the Company also opened branches in San Francisco and Los Angeles to secure the foundations for international transport.

Accelerating Overseas Expansion

Given its aim to internationalize as a comprehensive logistics service provider, upon entering the 1970s Nippon Express recognized the shift in Japan's economy to an export-driven industrial structure, the rise of Asian countries, and other changes in the global environment. Therefore, one of the Company's policies was to strengthen the international transport field. In 1973, Nippon Express established its first local Asian subsidiary in Singapore to secure the international framework. Leveraging the strengths of its complex, integrated transport system, the Company extended its transport network in Europe and Southeast Asia, while at the same time deploying its Heavy Haulage & Construction Business to the Middle East and South America. After consolidating its position in the Americas, Europe, and Hong Kong, Nippon Express made aggressive inroads into China, Southeast Asia, and India upon entering the 1990s.

Supporting Social Infrastructure

At the time of the Great Hanshin-Awaji Earthquake in 1995, Nippon Express was the only trucking company designated as a public institution under the Disaster Countermeasures Basic Act. Immediately after the earthquake, the Company therefore established a disaster response headquarters to undertake the responsibility of coordinating with the related agencies while implementing emergency transport services for relief supplies from both Japan and overseas. Since this time, Nippon Express has continued to strive to fulfill its mission of supporting the social infrastructure of logistics by formulating Crisis Management Guidelines and establishing the Board of Risk Management in normal times. During the Great Eastern Japan Earthquake in 2011, Nippon Express transported supplies using all transport modes—land, ocean, and air—to cope with the wide-spread outages in the road and railway networks.

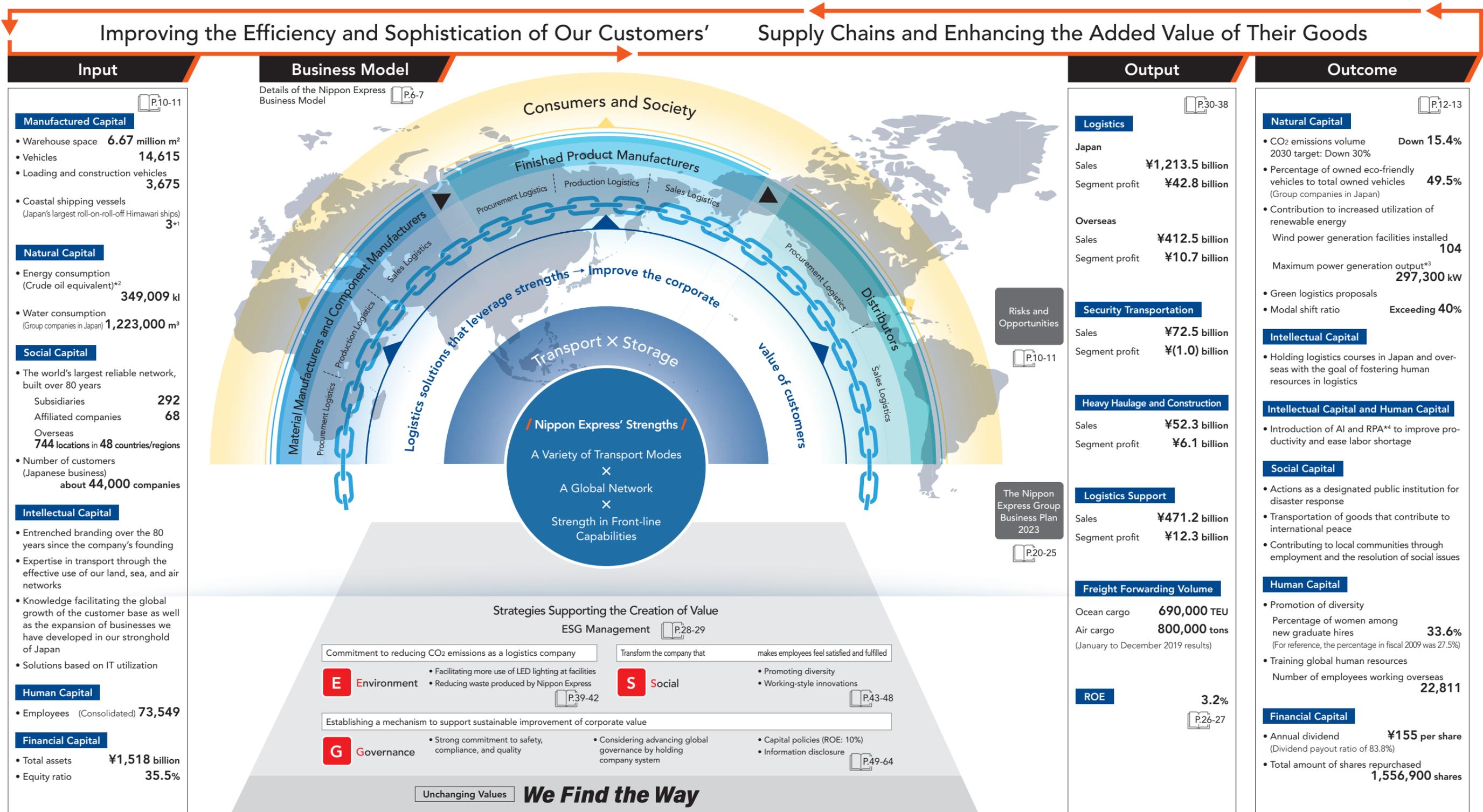
Towards the Sustainable Development of Society

With the emergence of global warming and other environmental problems at the outset of the 1990s, as a leading company in an industry that accounts for roughly 20% of CO₂ emissions in Japan, Nippon Express was one of the first companies to launch initiatives targeting exhaust gas issues. The Company established a dedicated department and formulated its basic policy for global environmental conservation in 1993. Nippon Express has advanced earth-friendly transportation, including the introduction of low-pollution vehicles, resource-saving packaging materials, greater efficiency through co-loaded delivery, and modal shift from a focus on trucks to use of railways and ships. In addition to environmental conservation activities through its businesses, Nippon Express also advances initiatives targeting resource recycling and ecosystem conservation.

The Value Creation Process
The Value Creation Process

The Nippon Express Group supports the development of society by connecting people, companies, and regions through use of the world's largest logistics network, which itself is comprised of land, sea, and air transport operations. While our mission never changes, we continually advance to meet the world's changing needs. Taking pride in our ability to inspire trust, we maintain our commitment to providing innovative solutions at the next frontier of logistics.

Nippon Express' Strengths
 Our strengths include "a variety of transport modes," "a global network," and "strength in front-line capabilities," where we always put the needs of the customer first and maintain a strong awareness of safety, compliance, and quality. Combining these three strengths allows us to handle a wide variety of logistics needs, and though there may often be many solutions, only one way is the way. We believe this is our true strength. P.10-11



*1 Includes joint ownership
 *2 Aggregate of Nippon Express non-consolidated/Japanese and overseas consolidated companies (equivalent to Scope 1+2). The natural gas used is city gas category 13A, calorific value 45GJ/1,000m³

*3 The maximum power output refers to the amount installed by our group
 *4 RPA: Robotic Process Automation
 Note: Figures quoted as of March 31, 2020 or actual results for the fiscal year ending March 31, 2020.

Business Model Explanation

This section outlines initiatives for new value creation in line with our business model, shown in the figure on pages 4 and 5.

Value Provided by the Logistics Business

The logistics business essentially provides “transport and storage” services. However, by combining various transport modes, networks, and logistics related services, such as packing, it is possible to provide a wide range of logistics services.

Whereas manufacturers generate economic value by producing goods from raw materials, logistics service providers enhance the economic value of goods by “changing the location of goods (such as materials, merchandise, and products)” or by “seizing the moment (timing)” within the supply chain of their customers.

Enhancing value by changing the location of goods
The value of goods is generated after they reach the people that require such goods, and increase in value when they are transferred to locations where there is high demand or to locations where they are considered rare.

Enhancing the value of goods by seizing the moment (timing)
Just-in-time production systems raise productivity by supplying the required goods to each process in the required volume at the required timing (seizing the timing). In short, goods increase in value when they are provided at the required timing.

Nippon Express’ Strengths and Business Model

Although many logistics service providers offer transport and storage services, there are only a few that can support the supply chains of their customers on a global basis. In today’s world of globally expanding customer supply chains and diversifying logistics needs, “a variety of transport modes” and “a global network” through which services can be provided anywhere in the world are essential to further expanding the value delivered by logistics service providers. In addition to having both of these elements, Nippon Express also maintains a high awareness of safety, compliance, and quality, and “a strength in front-line capabilities” that always puts the customers first. Our “We Find the Way” corporate message

carries our determination and confidence to find the best way to overcome hurdles at any time and to take our customers across the finish line.
The Nippon Express Group brings together the three strengths which includes “a variety of transport modes,” “a global network,” and “strength in front-line capabilities” to enhance the added value of their goods by improving efficiency and sophistication of our customers’ supply chains. At the same time, the Group feels that doing so allows us to contribute to the development of society and more abundant lifestyles. We also contribute to society through prioritizing ESG management.



Undertaking Challenges Towards New Value Creation

In the current atmosphere of challenging Digital Transformation (DX), new technologies, services, and business trends have continued to emerge. Logistics, as well, is no longer about simply moving goods, but is beginning to create new value by leveraging IoT, blockchain, and other technologies. Against this backdrop, the following introduces the pharmaceuticals logistics that we are currently focused on advancing as one of our latest initiatives.

What Can Nippon Express Do for the Health of People?

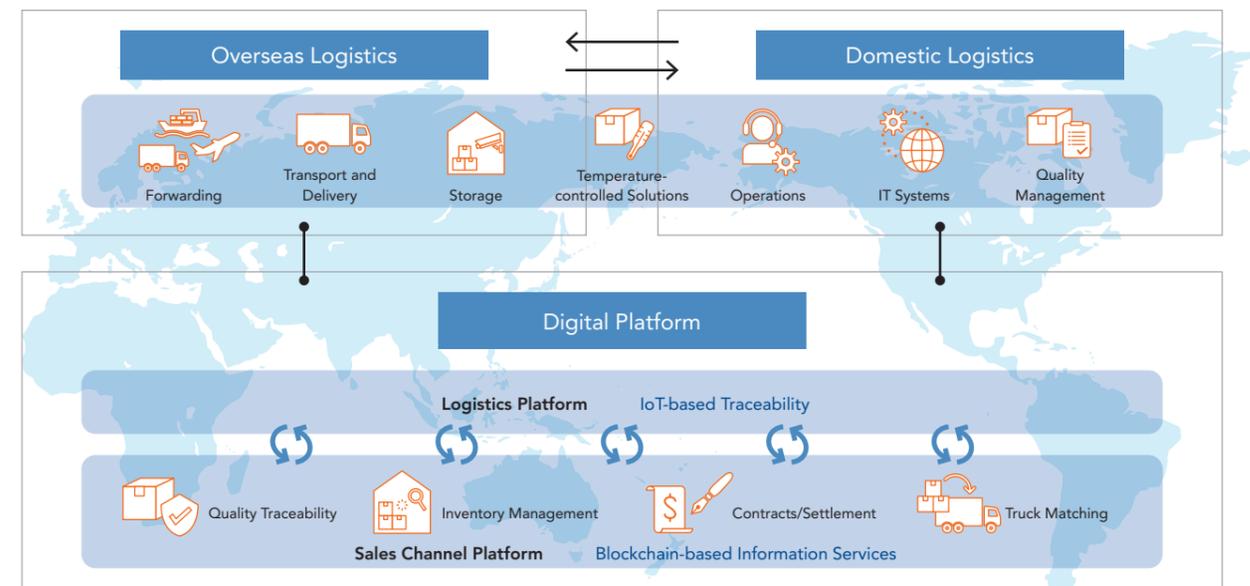
The quality of pharmaceuticals impacts human life—a fact that gives rise to demands for temperature control and other forms of strict quality management that prevent deterioration during manufacture, as well as during transport and storage. In addition, this fact also requires means of preventing counterfeit drugs from entering into formal logistics channels. For the purpose of ensuring the quality of pharmaceuticals during transport and storage, the PIC/S*, issued the Good Distribution Practice (GDP) Guidelines in June 2014. Following this, the Ministry of Health, Labour and Welfare released Japan’s own domestic GDP Guidelines in December 2018, requiring that pharmaceutical logistics be carried out in accordance with these guidelines.

In addition to this situation, the pharmaceuticals supply chain has been undergoing globalization. Nippon Express will begin operating GDP-compliant dedicated pharmaceuticals warehouses starting at the outset of 2021 in addition to our two locations at airports in Japan that serve as export and import hubs. Overseas, we have established a network that covers the US and have acquired GDP certification for locations in London,

Milan, and Hyderabad (India). Along with continuing to expand our pharmaceuticals logistics network across the globe, we will contribute to the health of people by safely and securely ensuring the same level of quality produced by the pharmaceutical plants.

To securely and efficiently realize GDP-compliant pharmaceuticals logistics, we are in the process of developing a dual-layer Digital Platform. This Platform consists of a Logistics Platform that leverages IoT devices to manage logistics data at the individual unit level and a Sales Channel Platform that leverages blockchain technology to provide settlement and asset sharing functions. We are also aiming to transform this concept into an Open Platform that can be freely used by organizations and people involved in the pharmaceuticals industry.

* PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme): Comprising 53 member countries and institutions including Japan as of July 2020, this organization was created primarily at the initiative of pharmaceutical supervisory authorities in Europe to achieve international consistency in the pharmaceutical GMP of member countries (Japan: Ministerial Ordinance on Standards for Manufacturing Control and Quality Control for Drugs and Quasi-drugs) and in the methods for investigating manufacturers to ensure compliance with GMP standards.

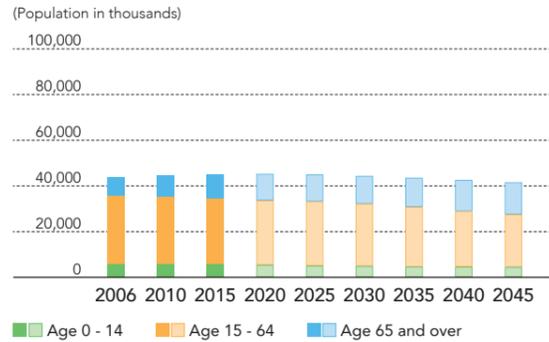


Domestic Logistics Markets, Global Logistics Markets, and Nippon Express Environment

Domestic Logistics Markets

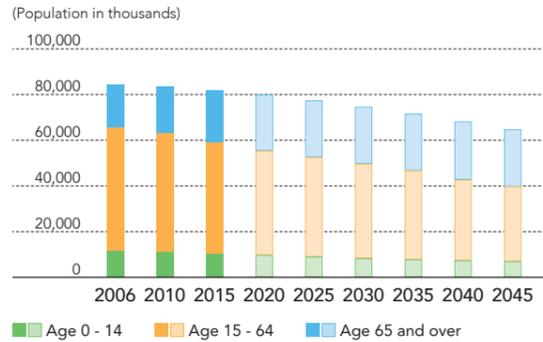
Primarily outside of its major cities, Japan has been undergoing a decline in population and is thus experiencing a particularly broad contraction in the working-age population that serves as the core of consumption. Similarly, domestic freight volumes are also trending downwards, and the outlook for continued population decline and low economic growth makes it difficult to anticipate expansion on the domestic logistics market.

Urban Population Trends



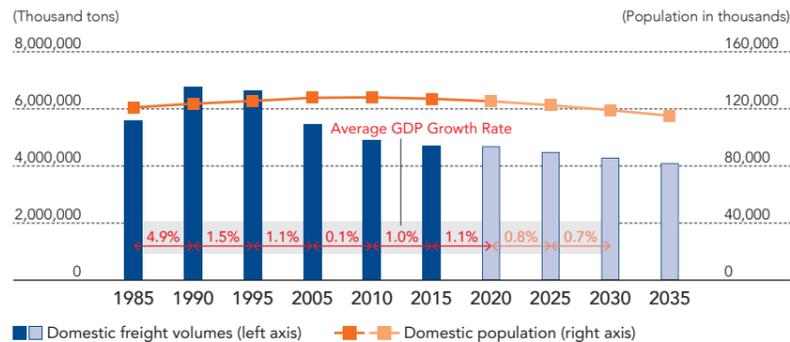
Source: Compiled based on data from the National Institute of Population and Social Security Research, Ministry of Internal Affairs and Communications Tokyo, Osaka, Aichi, Kanagawa, and Chiba Prefectures

Regional Population Trends



Source: Compiled based on data from the National Institute of Population and Social Security Research, Ministry of Internal Affairs and Communications Excluding Tokyo, Osaka, Aichi, Kanagawa, and Chiba prefectures

Domestic Freight Volumes and Population Trends

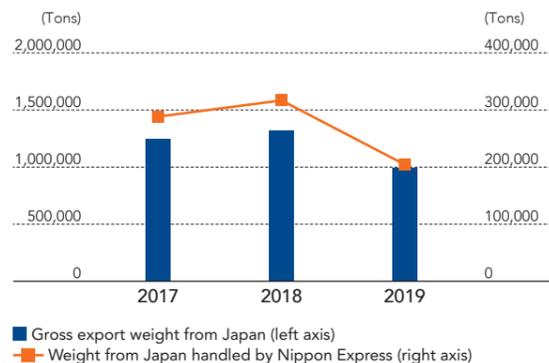


Source: National Institute of Population and Social Security Research (Domestic population) Ministry of Land, Infrastructure, Transport and Tourism White Paper (Domestic freight volumes) World Bank Data (Average GDP growth rate for 1985 to 2015) Mitsubishi UFJ Research and Consulting (Average GDP growth rate for 2020 and after) Domestic freight volumes for 2020 and beyond are estimated based on the CAGR for 2008 to 2015 (0.9%)

International Logistics Market in Japan

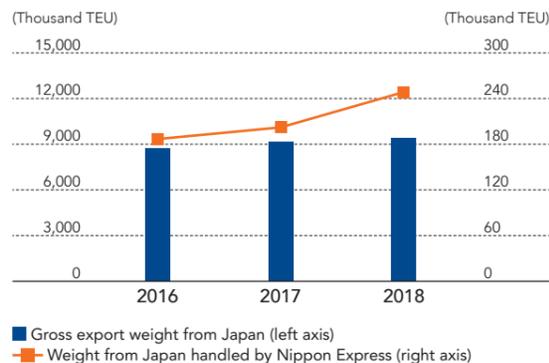
Although air and marine freight exports from Japan temporarily rise and fall with economic fluctuations, in general both are trending upwards and, against a background of growth in the global economy, are expected to remain robust with room for growth.

Air Export Weight Trends (Total for Japan/Nippon Express)



Source: Compiled from the JAFSA website and data disclosed by Nippon Express

Marine Export Weight Trends (Total for Japan/Nippon Express)

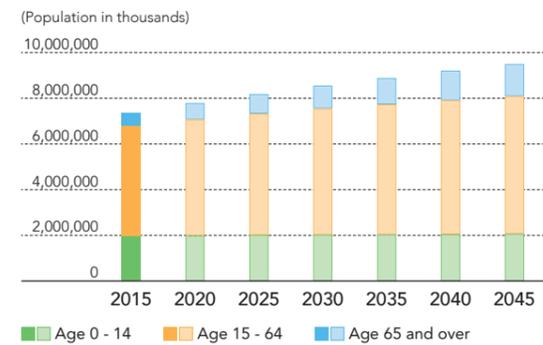


Source: Compiled from the Ministry of Land, Infrastructure, Transport and Tourism Ports and Harbours Statistics and actual figures for Nippon Express

Overseas Logistics Market

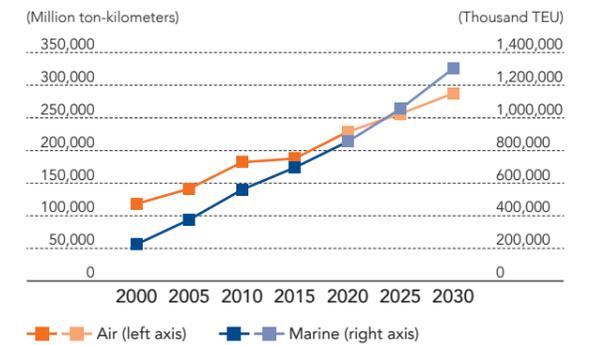
Along with the outlook for population growth focused on emerging countries, the working-age population, including that of advanced countries, is anticipated to grow modestly. Against a backdrop of moderate economic and population growth, international freight volumes are expected to undergo continued growth.

Global Population Trends



Source: United Nations Population Division Department of Economic and Social Affairs

Global Logistics Trends (Air/Marine)



Source: DataBank World Development Indicators Figures for 2020 and beyond are estimated based on the CAGR for 2010 to 2017

Top 10 Global Logistics Companies

The logistics industry has been undergoing accelerated internationalization following the globalization of the economy. Likewise, global rankings are led by large-scale logistics companies from advanced countries that have developed international logistics networks. Against the backdrop of growth in third-party logistics services and international parcel delivery, cross-border alliances within the logistics industry will continue to become more active.

Rank	Location of Headquarters	Provider	Gross Logistics Revenue (Millions of yen)*	Marine (TEU)	Air (Metric tons)
1	Germany	DHL Supply Chain & Global Forwarding	3,021,785	3,207,000	2,051,000
1	Switzerland	Kühne + Nagel	2,863,845	4,861,000	1,643,000
2	Germany	DB Schenker	2,141,547	2,294,000	1,186,000
3	Denmark	DSV Panalpina	1,588,811	1,907,126	1,071,266
4	China	Sinotrans	1,239,616	3,770,000	502,000
5	USA	Expeditors	904,809	1,125,137	955,391
6	Japan	Nippon Express	2,208,398	703,061	752,942
7	Switzerland	CEVA Logistics	788,484	1,050,000	416,000
8	USA	UPS Supply Chain Solutions	1,029,545	620,000	965,700
9	USA	C.H. Robinson	1,619,248	1,000,000	210,000
10	Hong Kong	Kerry Logistics	583,726	1,250,038	409,408

* Conversion rate as of the end of December 2019 (US\$1=¥110.68)
Source: Armstrong & Associates, Inc. A&A's Top 25 Global Freight Forwarders List, 2019
Ranked by taking a broad perspective of total revenue, marine and air transportation

Competitive Advantage, Risk, and Opportunity

Strengths of the Nippon Express Group

We have been selected and chosen by many customers and developed as a logistics company because we have conducted transportation in the best possible way and employing transportation to deal with any item, to anywhere.

What makes this possible is our modes of transport, networks, and front-line capabilities that we have cultivated since our founding.

A Variety of Transport Modes

Variations occur in specifications—such as size and weight or other physical considerations—and in customer requests—such as degree of urgency. The Nippon Express Group utilizes a comprehensive range of transport modes spanning land, ocean, and air, including trucks, trains, ships, and airplanes. Likewise, the customer is able to choose the optimal transport method, even when shipping freight requires special conditions, including pharmaceutical products and fresh foods that require strict temperature control, precision instruments that require vibration proofing, and fine arts that require humidity control.



A Global Network

During our more than 80 years in business, the Nippon Express Group has built a logistics network that reaches every corner of Japan. In 1962, we made our initial foray overseas with the founding of our first foreign subsidiary in the US. Today, we are able to deliver cargo anywhere in the world through a global network we have built up over many years to include both the Group's business bases and our alliances with trusted local partners.

Strength in Front-Line Capabilities

How is important cargo handled? We believe this is the main concern for customers when choosing a carrier. We respond on location to transport and store cargo with a keen awareness of safety, compliance, and quality, and with an attitude that always puts the customer first. At first glance, this may seem simple and obvious, but the size, weight, shape, and nature of the cargo, as well as the customers' demands, are truly diverse. While maintaining strict safety and compliance, and ensuring all the above conditions are always catered to, we provide daily training, a system that promptly conveys forwarding instructions, an

autonomous organization that can work on finding and solving issues/problems in the field, and a mindset applicable to all personnel. All of this is not possible without a shared strong ethic in the field to find the best way to overcome hurdles and take our customers across the finish line.

We have the know-how and fertile ground inherited from our predecessors, and we will continue to work hard to strengthen our front-line capabilities.

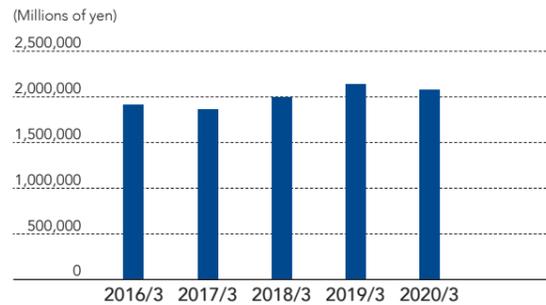
Risk and Opportunity

Changing Business Environments		Opportunities	Risks	Responses/Strategies	Aspirations
Markets	Contracting domestic logistics markets Expanding global logistics markets Declining relative position of Japanese companies	• Global business expansion	• Lost opportunity due to changes in the markets for the Group's core domestic businesses	• Promote core businesses based on a three-dimensional approach: Customer (industry), business, and area • Vigorously promote global expansion utilizing M&As • Build an enhanced Group business foundation in Japan through improved profitability	• Grow into a corporate group that is selected by customers around the world and maintains a presence on global logistics markets • Continuously ensure reasonable profits
Competition	Oligopolies via overseas mega forwarders New entry from different industries	• Growth through M&As	• Greater disparity with foreign mega forwarders • More severe competition due to entry into logistics by major e-commerce providers and those from different industries	• Accelerate response to advanced technologies, strengthen planning and development functions, and construct digital platforms	• Increasing corporate value and strengthening Japan's industrial base by solving social issues using advanced technologies
Advanced Technologies	Digital revolution through AI/IoT, etc. Rapid business model innovation	• Trigger for greater business efficiency and solutions to social problems	• Obsolescence of existing business models • Loss of competitive advantage	• ESG-oriented business management to realize sustainable development and improved corporate value	• Contributing to customers and society through businesses, contributing to resolving social issues through business
Social	Initiatives for building a sustainable society	• More opportunities to provide value to customers	• Greater disparity between foreign companies advancing such initiatives • Lower relative standing on the market	• Make capital investments based on growth strategies, re-examine business portfolio, strengthen governance	• Construct mechanisms to support sustained corporate value growth
Capital Markets	Market demands for effective use of capital and assets	• Greater corporate value	• Stock price decline, increased pressure from the market	• Accelerate far-reaching improvements in productivity based on IT strategies, including adoption of RPA, etc., and accelerate work style reforms	• A diverse range of employees that take pride in their work supporting customers and society
Employees	Changing labor environment (labor shortages, work style reforms)	• Expectations for industrial reforms	• Shortages of core personnel, major cost increases, relative decline in industry appeal		

Note: See our web page for risks that hold the potential to significantly impact business results, etc.

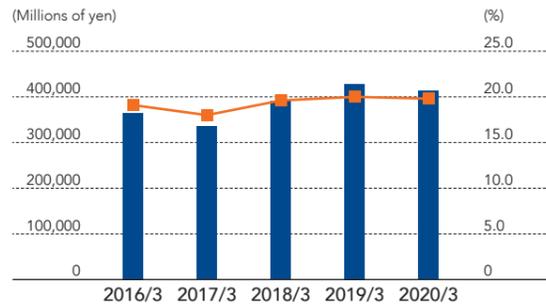
Financial and Non-Financial Highlights

Revenues



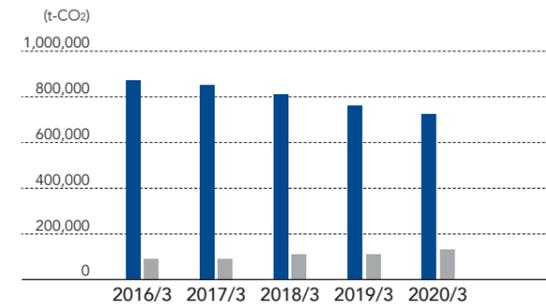
As a growth strategy for core businesses, we will work vigorously to promote activities with a three-dimensional approach—customer (industry), business, and area—while endeavoring to globally expand our customer base and business strengths nurtured in Japan. At the same time, we will pursue growth by improving profitability in the domestic market.

Overseas Revenues/Overseas Sales Ratio



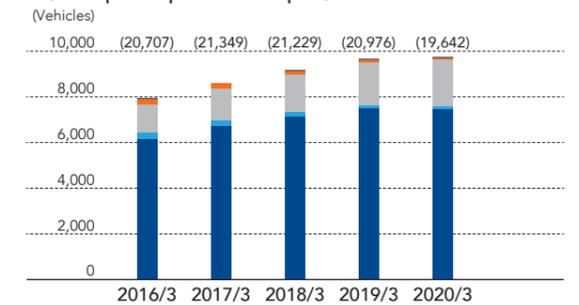
We have positioned efforts to become “a logistics company with a strong presence in the global market” at the heart of our long-term vision. To this end, we are working to lift our overseas sales ratio to 25% in fiscal 2023, the final year of our current business plan.

CO2 Emissions (Scopes 1, 2)



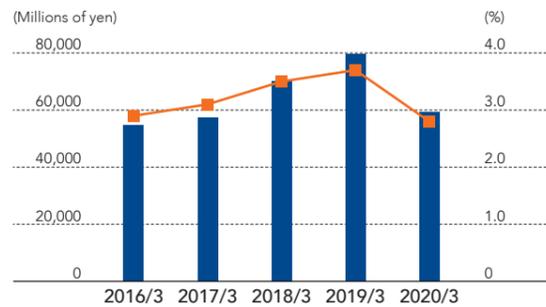
The reduction of CO2 emissions is an issue facing the entire logistics industry. As a leading logistics company, we are focusing on reducing CO2 emissions and aggressively tackling this issue in a bid to achieve our long-term goal by fiscal 2030.

Number of Eco-Friendly Vehicles Owned (Group companies in Japan)



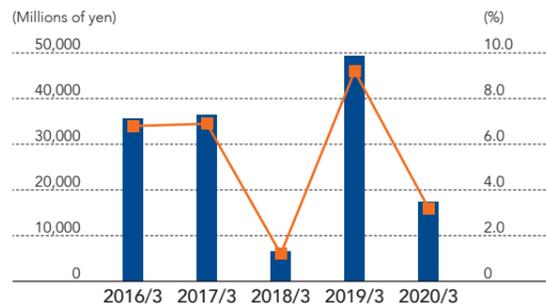
As a logistics company, we are shifting our focus to the reduction of CO2 emissions. Accordingly, we are engaging in a variety of measures. This includes switching to LED lighting and changing over to eco-friendly vehicles. As a part of the latter, we are actively introducing eco-friendly vehicles that focus on conforming to new as well as post-new long-term regulations. Note: Figures in parentheses represent the total number of vehicles owned.

Operating Income/Operating Income Ratio



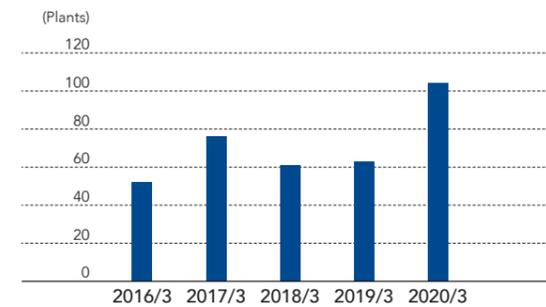
In addition to promoting a growth strategy for core businesses, we are thoroughly dedicated to improving profitability in order to solidify our Group management foundation. Under our strategy to enhance domestic businesses in Japan, we will improve the profitability of specified business segments, improve the productivity of sales and business processes, and pursue drastic reforms to low-profit businesses.

Profit Attributable to Owners of Parent/ROE



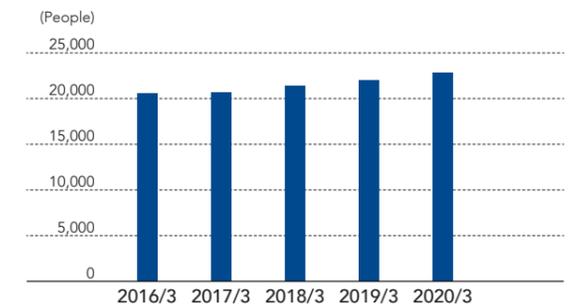
Despite a downturn in earnings in fiscal 2019 due to slowdowns in global trade and manufacturing, which led to a drop in demand for freight forwarding, overall sluggish cargo movement, and other factors, we are steadily promoting a variety of measures while aiming for our ROE target of 10% in fiscal 2023, the final year of our current business plan.

Number of Wind Power Plants Installed



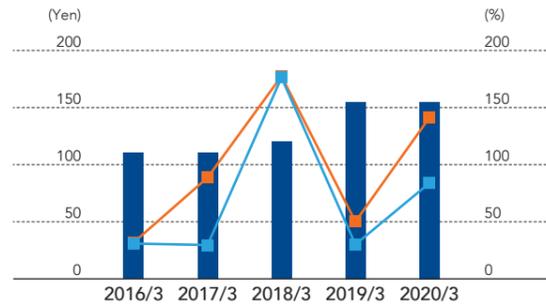
One of the ways we are working to reduce CO2 emissions through our business is to contribute to the spread of renewable energy through the construction and installation of wind power generation facilities. We began engaging in the transport and installation of wind turbines on a fully fledged basis from 1999, and today we transport 70% of wind turbines in Japan.

Number of Overseas Employees



To further reinforce our global network, an inherent strength, and to demonstrate our presence in the global market, we will continue to bolster our overseas capabilities. In addition to increasing the number of locally hired employees, we are also focusing on the development of executives who will be responsible for global management.

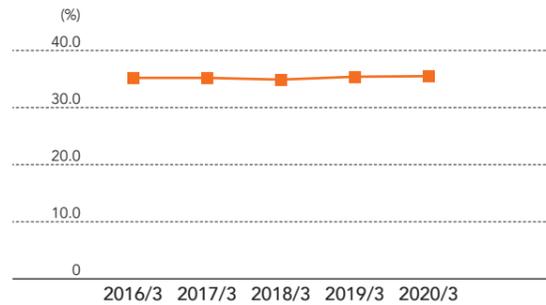
Dividend per Share/Dividend Payout Ratio/ Total Return Ratio



Under the capital policies outlined in our current business plan, we are targeting a dividend ratio of over 30%, and a total return ratio of over 50% (cumulative total of FY2019-FY2023). In addition to boosting sales, reinforcing our financial position, expanding shareholders' equity, and improving our profit ratio, we are working to enhance shareholder returns.

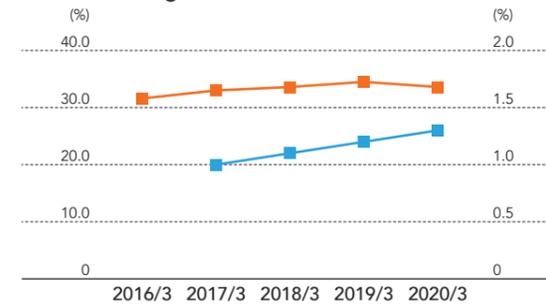
Note: Nippon Express executed a share consolidation on October 1, 2017, at a ratio of 10 shares to one. Per share information prior to the consolidation is also calculated based on the assumption that said consolidation had already occurred.

Equity Ratio



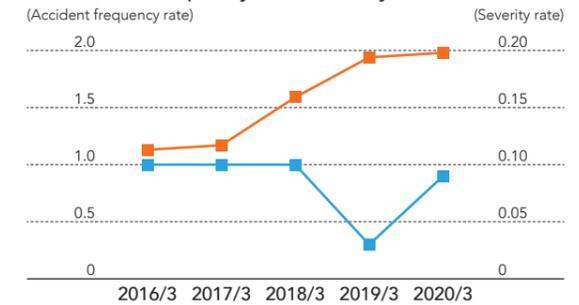
Among the capital policies outlined in the Company's current business plan, we are targeting an equity ratio of 35%. Moving forward, we will look to balance the needs for proactive investments aimed at growth, the appropriate return of profits to shareholders, and a healthy financial position.

Percentage of Women among New Graduate Hires and in Managerial Positions (Unconsolidated)



As both a wellspring for innovation and integral to corporate management, we are working diligently to promote diversity. As one of several efforts to promote the advancement of women, we are endeavoring to increase the number of women employed and to motivate them into careers through a variety of training programs.

Index of Labor Accidents (Accident frequency rate, severity rate)



Under the philosophy of “safety takes precedence over everything else,” we will continue to ensure thorough safety, which is the foundation of our business activities, by raising and extending safety awareness at all Group companies, putting in place a safety and health management program, and providing a variety of training programs to prevent accidents and disasters. Note: The frequency rate is an international indicator that indicates the incidence rate of occupational accidents. Number of casualties per one million working hours = Number of casualties/Total number of working hours x 1,000,000. Severity rate is an international indicator that indicates the degree of injury caused by occupational injury. Days lost per 1,000 working hours = Work-days lost/Total number of working hours x 1,000.

Message from Top Management to All Our Stakeholders



would like to discuss in greater detail the concepts and direction of our long-term vision.

As the population of Japan shrinks, logistics volume is also expected to decline, though I believe we can at the same time expect an increasing number of business opportunities in the overseas business. In particular, I believe emerging economies may represent a real opportunity for Nippon Express. We have already launched operations in India and see a number of opportunities in Africa, which could be considered the last frontier in logistics. As examples, we have moved into the markets of Morocco and Kenya, but note that Japanese companies lag behind their European and Chinese competitors in Africa as a whole. We believe a number of Japanese manufacturers, including automakers, are likely to expand operations on the continent moving forward, and think that this could represent a significant opportunity for the company to get in at an early stage.

We are also strengthening our efforts in industries in which we have not participated thus far, including pharmaceuticals, semiconductors, and apparels. The semiconductor industry is characterized by complex production and manufacturing processes, and we believe we can increase our handling volume in the industry by offering solutions that simplify sector supply chains. On the other hand, the pharmaceutical industry is moving toward tighter and more optimal management standards in the distribution process. In light of these challenges and changes, we believe we can create new value and expand logistics volume by making effective use of cutting-edge technologies, including IoT and blockchain, and by proposing strategic and global solutions.

That being said, achieving the goals of our long-term vision require us to not only ensure organic growth, but also to achieve non-continuous growth through M&A activity, as well as growth as a company that is different than that seen to date. We also note the increasing trend toward dominance by just a few companies, particularly

I would like to take this opportunity to thank our stakeholders for their continued support and understanding.

I would also like to express my deepest sympathy and condolences for those who have lost their lives to COVID-19, as well as those who have contracted the disease, and all others impacted by the pandemic. Our thoughts are with you.

Nippon Express has decided that it is time to issue an integrated report. In creating this report, we have reviewed our thoughts on what it means to create new value. As a result, we have come to believe that our mission as a key component in the social infrastructure, something we have cultivated since our founding, and our commitment to contributing to society through logistics will endure unchanged as we move forward. As we publish our integrated report for the first time, I would like to offer my thoughts concerning our long-term vision, ESG management, and efforts to create new value. We hope that this report will help our stakeholders better understand the overall state of the Company's management.

Long-Term Vision

The Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~, which covers the period from fiscal 2019 to fiscal 2023 was formulated with the idea of answering the question of what the Nippon Express Group wanted to be as it approached the 100th anniversary of its founding in 2037. The plan also established the goal of being "a logistics company with a strong presence in the global market" as our long-term vision. The image for growth targets sales in fiscal 2037 of about ¥4.0 trillion and an overseas sales ratio of 50%, equating to overseas sales of roughly ¥2.0 trillion. In working to achieve this long-term vision, our framework is built on our efforts creating new value through innovation while cherishing our unchanging values and meeting the expectations of our stakeholders. We believe "transformation" is key to achieving our long-term vision and are accordingly moving forward with changes to our business, organization, and corporate culture. With this in mind, I

The Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~

Implementing 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 an 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



the so-called mega forwarders in the market, which poses something of a threat to Nippon Express. In the face of this challenge, we believe that we need to further bolster top-line earnings, improve corporate value, and compete face-to-face with the mega forwarders not only in Asia, but in Europe and the US as well. Nippon Express is not particularly well known in the world at present and the scale of our business is rather different to that of the European and US mega forwarders. With the aim of achieving growth on a global basis, we are currently working to expand our business from Asia, where we have already established a firm presence. Today, Asia accounts for the bulk of global logistics and we believe taking the lead in the region gives us a significant leg up in the drive toward a global expansion. While there is no real difference between Nippon Express and the European and US mega forwarders in air cargo volume, there is a sharp difference in maritime freight volume. We have established a maritime shipping network that covers China and Southeast Asia, but we also intend to further expand the volume of maritime freight handled in Asia moving forward. Moreover, we are placing an emphasis on bolstering handling volume for not only Japanese companies and their affiliates, but also for non-Japanese firms. In addition to logistics, the Group is operating in a wide range of businesses and we believe our operating portfolio under the long-term vision requires revisions to include more core and highly profitable businesses.

This explains for the most part the core of the long-term vision, but to achieve the goals of the vision, we need to enact a variety of reforms, including to strengthen the global governance system. Moreover, to generate the funds for M&A activity, we need to enact financial strategies that include asset sales or liquidations. We also face a number of other issues and challenges, in such areas as IT, R&D, human resources development, brand strategies, and strengthening our management base. The current business plan outlines what we need to do now in order to achieve our long-term vision and sets forth the strategies and measures necessary to ensure sustainable growth moving forward while promoting their steady and rapid implementation.

Creating New Value and the ESG Management That Supports This Creation

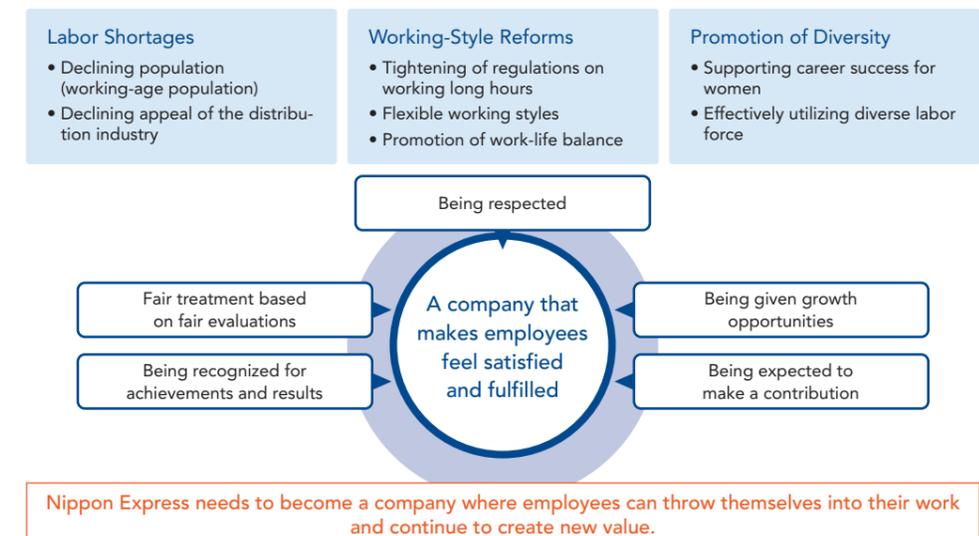
Nippon Express has created new value thus far by supporting the advancement of society and people's lives through its efforts to improve the efficiency and sophistication of our customers' supply chains and enhance the added value of their goods. Our strengths include "a variety of transport modes," "a global network," and "strength in front-line capabilities," where we always put the needs of the customer first and maintain a strong awareness of safety, compliance, and quality. Combining these three strengths allows us to handle a wide variety of logistics needs, and though there may often be many solutions, only one way is *the way*. We believe this represents our true strength and is a key component in our corporate message, "We Find the Way." Effective ESG management allows our company to contribute to a sustainable society through its business activities, while ensuring improvements in corporate value and sustainable growth moving forward.

The "E" in ESG stands for environment, and as a logistics company in this field, Nippon Express is committed to reducing CO₂ emissions and promoting modal shifts and joint transportation operations. In particular, we note that our efforts to promote co-loaded deliveries with manufacturers and advance the efficiency of our distribution network are beginning to take root. There are currently more than 60,000 trucking companies in Japan, with more than 99% of these being small and medium-sized companies. In contrast, there are only ten major distribution companies in the country. We believe the major logistics companies can take the lead in contributing to society, the environment, and their customers through the joint operations of warehouses and deliveries. Nippon Express uses a variety of transport modes, including railways, trucks, ships, and airplanes, though we also note the necessity of offering proposals to customers that align with their needs and reduce the overall impact of business activities on the environment and society. We believe that offering the optimal transportation mode for each industry's unique supply chain allows us to contribute not only to customer cost savings, but also a reduced environmental impact. As an example of this, our long-term vision touches on supply chains in the semiconductor industry, and we believe that we can reduce the environmental impact of business activity in this sector through the simplification of its supply chains.

The "S" in ESG stands for social, and in this area Nippon Express plays its role as a designated public institution by fulfilling its responsibilities in any and all situation, even amid the COVID-19 pandemic. Moreover, with the goal of transforming Nippon Express into a company where employees are satisfied and fulfilled in their work, we are working to promote diversity and work style reforms. Given the closeness of our business with our stakeholders, we believe it is vitally important to value each of our stakeholders. That said, we consider our employees especially important stakeholders as they represent the true source of new value creation for both our customers and society. In the three years since I became president of Nippon Express, I have devoted myself to making sure we are a company where employees are satisfied and fulfilled in their work. I believe that if a company has employees that are happy and have a proactive attitude towards their work, then that company is also one that can play a useful role to its customers and shareholders, and ultimately society. With an eye toward global development, we launched the Human Resources Strategy Division in April 2020. This division will be focusing on the establishment of compensation systems, welfare benefits, and personnel changes under a uniform standard that encompasses not only Japan, but overseas locations as well.

The "G" in ESG, of course, stands for governance. Given their importance to our overall strength, we believe entrenchment of "safety, compliance, and quality" forms the foundation of our management efforts. Moreover, we believe it important to have mechanisms that boost the awareness of our employees in these areas, and we are promoting the strengthening of our governance through the incorporation of effective human resources and external knowledge. More specifically, our focus is on establishing a thorough level of compliance among Nippon Express employees. While I will on many occasions provide direct guidance, I also believe it important that leaders at the head of each organizational level, branch managers being an example, make a strong commitment to the creation of an organization with open communication and where employee education is an ongoing effort. We are currently considering revisions to our management structure, including a transition to a pure holding company structure, as part of our effort to strengthen Group management and global governance as we focus on expanding our overseas business. Our goal is to build a better system and one with mechanisms capable of supporting sustainable improvements in corporate value.

A Company Aiming for Sustainable Growth



Changes in the External Environment and Our Responses

In addition to the growing protectionism in the world, as evidenced in US-China trade friction, society as a whole and Nippon Express in particular are being sharply impacted by the effects from the COVID-19 pandemic. In response to the COVID-19 threat, Nippon Express moved to fulfill its responsibilities as a designated public institution and assisted in the transportation of medical supplies. We believe our mission in this respect is not just to follow the requests of the national government, but to serve the needs of society at large. In a world where economies are globally intertwined, so are supply chains, and we recognize that disruptions in any portion of these chains can result in their complete breakdown. Since the maintenance of supply chains is essential to the continuation of social activities, we believe our responsibility as a part of the social infrastructure includes giving our full support to these supply chains on the logistics side. While we have been working to review and revise our organization, areas of strength, and overall business, and have made some level of progress, I believe that progress has been insufficient in the face of the current changes in the operating environment. It appears that we need to lower our break-even point further, including through a renewed review of our earnings structure, by entrenching variable costs management, and by reducing fixed costs even more than we already have. On the other hand, we have made significant progress in work style reforms. In terms of improving efficiency through the use of IT, the head office has taken the lead in the use of a variety of tools and has made steady progress in this respect, with remote meetings becoming an established in-house occurrence. At present, about 70% of head office employees work from home, and we believe this has given us important insights into which operations are essential to our day-to-day efforts and which may be superfluous. Based on the lessons learned in this experience, we intend to continue pursuing work style reforms and improvements in efficiency. We believe this will prove one of the Company's key assets as we move forward.

While the COVID-19 pandemic is expected to eventually be brought under control through the development of treatments, including a vaccine, there is also a strong likelihood that the experience will result in business and lifestyle changes, which could change our customers' outlook on supply chains. While we believe the launch of



efforts aimed at logistics reforms is likely to expand both in Japan and overseas, we are making no changes to our long-term vision. Our focus in fact is on how we can best provide support during these major changes. We are at the start of a new kind of business environment, one which offers significant opportunities if we can provide the best solutions to the changing requirements of our customers. Accordingly, we will continue to move forward in the implementation and realization of our current business plan strategies.

New Technologies and the Path Forward for Logistics

Logistics has always evolved in line with the times. However, in today's world, logistics is more than the simple movement of goods. As seen with pharmaceuticals, it is increasingly important for logistics operations to effectively manage information, which includes strict traceability, quality management, and the transportation process for raw materials through to finished products, with control over the environment in which items are transported, how they are stored, and when they are delivered. For high added-value products other

than pharmaceuticals as well, the use of technologies such as IoT and blockchain allow us to clearly understand the product's position in transportation and ensure product quality through the digitization of data related to storage, transport status, temperature, humidity, product code and vibration. We have high expectations for new businesses that can make the best use of these cutting-edge technologies. We also note that the development of autonomous driving is progressing in developed economies such as Japan that is suffering from truck driver shortages, and believe this could contribute to further improvements in logistics-based added value moving forward as its introduction to warehousing operations contributed to reduced personnel, labor, and space requirements.

Collaboration with external parties will be vital if we are to develop businesses that can make the best use of open innovation, digitization, and digital transformation, which will all be essential to management moving forward. With this in mind, we are working to accelerate development by forming partnerships and alliances with companies specializing in a variety of different areas, including high-tech and IT companies both in Japan and overseas. We also believe it important to promote diversity, but note that our efforts so far still appear somewhat insufficient. For particularly specialized fields, our goal is to bring together highly knowledgeable individuals, including mid-career workers, that can help shape the

future as they work as an advanced group of professionals to improve added value by more than ever before. That being said, even at this technological turning point, we must hold close the basic skills and techniques of transporting goods. We believe this is where the core quality of our logistics business lies, and where we place our strongest commitment.

"Creating new value through innovation while cherishing our unchanging values"

The Nippon Express group will continue to strive to contribute to society and achieve the goals of its long-term vision. We gratefully look forward to your continued heartfelt support and understanding.



The Nippon Express Group Business Plan 2023

~“Dynamic Growth”~

Looking Back on Our Previous Three Corporate Strategies

	The Nippon Express Group Corporate Strategy 2012 April 1, 2010–March 31, 2013	The Nippon Express Group Corporate Strategy 2015 April 1, 2013–March 31, 2016	The Nippon Express Group Corporate Strategy 2018 April 1, 2016–March 31, 2019
Positioning	— Towards New Growth — Enhancement of management infrastructure	– Innovation and Moving Forward –	— New Sekai-Nittsu — Foundation for growth
Framework Plan	<p>Establishment of long-term goals for global growth and structural reforms</p> <ul style="list-style-type: none"> Growth as a Global Logistics Company Promotion of Strategic Environmental Management Enhancement of Management Infrastructure Promotion of Corporate Social Responsibility (CSR) Management 	<p>Raised the profit ratio of combined business in Japan to 3%</p> <ul style="list-style-type: none"> Further Expanding Our Global Logistics Business Strengthening Management Practices for Our Domestic Businesses Expanding Business by Utilizing the Diversity of Group Companies Contributing to Society through Our Businesses in Accordance with CSR Management 	<p>Expanded transactions in Tokyo, Nagoya, and Osaka, and concentrated investment in South Asia</p> <p>Area Strategies:</p> <ul style="list-style-type: none"> Japan: Achieve both growth and profitability Overseas: Drive growth of the Nippon Express Group <p>Functional Strategies:</p> <ul style="list-style-type: none"> Thoroughly strengthen sales activities Strengthen and upgrade core businesses Enhance Group management Reinforce the management infrastructure Further strengthen the Group's CSR management
Major Results	<ul style="list-style-type: none"> Growth as a Global Logistics Company Overseas-related business sales ratio: [+2.7 points*] Overseas base expansion* <ul style="list-style-type: none"> Number of countries: +4 Number of locations: +55 Employees: +1,970 Warehousing space: +470,000 m² Promotion of Strategic Environmental Management <ul style="list-style-type: none"> Increased the number of eco-friendly vehicles: +1,646* Enhancement of Management Infrastructure <ul style="list-style-type: none"> Consolidated bases in the Tokyo Metropolitan Area Promotion of Corporate Social Responsibility (CSR) Management <ul style="list-style-type: none"> Reviewed business continuity plans (BCP) <p>* Compared to fiscal 2009</p>	<ul style="list-style-type: none"> Further Expanding Our Global Logistics Business Expanded the transport network in Southeast Asia [Overseas-related business sales ratio: +6.5 points*] Strengthening Management Practices for Our Domestic Businesses <ul style="list-style-type: none"> Operating income ratio for combined business segments in Japan: [+2.1%*] Expanding Business by Utilizing the Diversity of Group Companies <ul style="list-style-type: none"> M&A and business alliances with domestic logistics companies Contributing to Society through Our Businesses in Accordance with CSR Management <ul style="list-style-type: none"> Average CO₂ emissions reduction during the corporate strategy period: 4.1% [Numerical target: Annual average of 1% or more] <p>* Compared to fiscal 2012</p>	<p>Area Strategies:</p> <ul style="list-style-type: none"> Japan: Build a foundation that can ensure both growth and profitability [Revenues: +¥229.3 billion*] Overseas: Strengthen the network and expand sales to non-Japanese companies [Overseas revenues: +¥63.5 billion*] <p>Functional Strategies:</p> <ul style="list-style-type: none"> Thoroughly strengthen sales activities <ul style="list-style-type: none"> Promoted one-stop sales and account management Strengthen and upgrade core businesses <ul style="list-style-type: none"> Strengthened the purchasing power of global freight forwarding Implement Group management <ul style="list-style-type: none"> M&A and optimized internal Group management resources Reinforce the management infrastructure <ul style="list-style-type: none"> Improved productivity through use of IT, etc. Further strengthen the Group's CSR management <ul style="list-style-type: none"> Promoted diversity management and rectified long working hours <p>* Compared to fiscal 2015</p>
Major Issues	<ul style="list-style-type: none"> Expanding Our Global Logistics Business <ul style="list-style-type: none"> Expand Our Global Logistics Business in Japan and overseas Implement M&A to accelerate the speed of growth Nurture global personnel Strengthening Management Practices for Our Domestic Businesses <ul style="list-style-type: none"> Improve profitability of our domestic businesses Expanding Business by Utilizing the Diversity of Group Companies Contributing to Society through Our Businesses <ul style="list-style-type: none"> Establish a system that is resilient to disasters and safe for the environment 	<ul style="list-style-type: none"> Ensure both growth and profitability for our domestic businesses Overseas business growth Bolster customer-oriented sales capabilities through one-stop sales and account management Strengthen and enhance the global forwarding business and logistics business Optimize management resources for the entire Group 	<ul style="list-style-type: none"> Expand areas of contribution in customer supply chains by thoroughly implementing one-stop sales and account management Strengthen sales to non-Japanese accounts Strengthen global forwarding Utilize IT and advanced technologies Strengthen governance as a global corporate group Improve productivity of sales and business process Implement specific initiatives for achieving long-term environmental targets Address diversity and working-style reforms

In anticipation of our centennial in 2037, the Nippon Express Group has formulated a new long-term vision that details the kind of corporate group we hope to be in the near future. To achieve our vision of becoming “a logistics company with a strong presence in the global market,” we created the Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, our new five-year plan launched in April 2019.

A Scenario for Achieving Our Vision

In terms of sales, the Nippon Express Group is a top-tier logistics company in Japan. However, when looking at the world today, it is clear that the major European and US distribution companies are achieving growth by expanding their distribution networks as the global logistics market grows larger. For the Nippon Express Group to take on these global players and establish for itself a presence in the worldwide market, we will need to not only expand our business in Japan, particularly in the major metropolitan areas, but also create an enhanced management structure capable of generating funds for growth investment and the building of a business foundation with the ability to compete on a global basis.

The Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~, launched in April 2019, outlines the efforts we need to take over the next five years that will mark the first steps in achieving our long-term vision. Moreover, as part of our drive to realize our long-term vision, the Nippon Express Group will fundamentally revise its approach and way of thinking in order to become a corporate group that creates new value through innovation, the company of choice for customers around the world, and establish for itself a strong presence in the global logistics market.



An Outline of the Nippon Express Group Business Plan 2023 Initiatives		
<p>Growth Strategies for Our Core Businesses</p> <p>Expansion in Sales</p> <ul style="list-style-type: none"> Growth in the global market Focus on management resources in large Japanese cities <p>Approach based on customer (industry), business, and area</p>	<p>Strategies to Enhance Domestic Businesses in Japan</p> <p>Improving Profitability</p> <ul style="list-style-type: none"> Improving specialty business profitability Improving sales and business profitability Promoting fundamental reform in low profit businesses 	
<p>Efforts to Implement Our Long-Term Vision</p> <ul style="list-style-type: none"> Inorganic growth strategies Reinforcing functions to support challenges Establish ESG-oriented business management to realize sustainable development and improve corporate value 		

Outline of Initiatives

Growth Strategies for Our Core Businesses

In the core businesses, we will promote the expansion of our business and the customer base cultivated in Japan on a global level through a three-dimensional approach focused on “customer (industry),” “business,” and “area.”

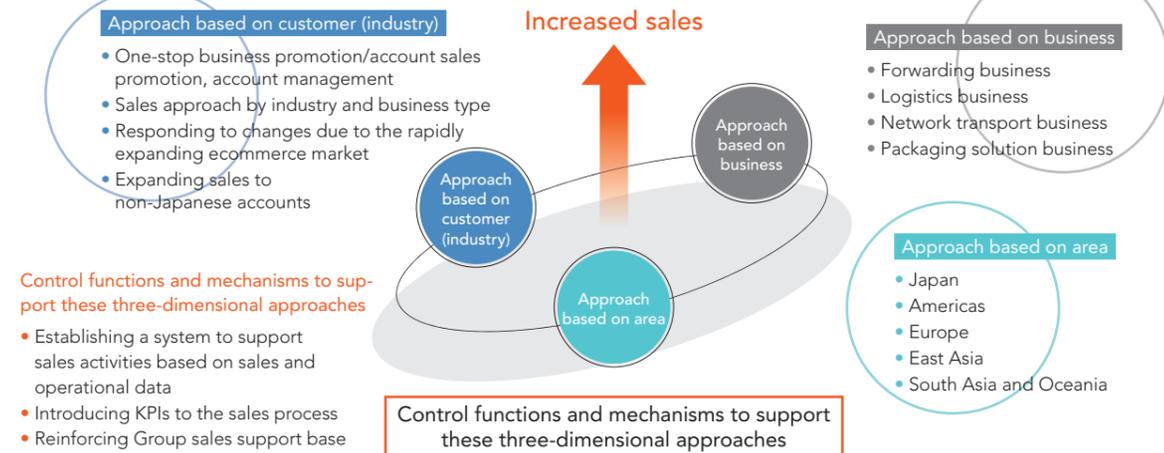
In the customer (industry) approach, we are further strengthening customer-based sales, including in the one-stop business promotion and account management fields we have been working on to date, while simultaneously identifying the five priority industries (electric and

The Nippon Express Group Business Plan 2023 ~“Dynamic Growth”~

electronics, automotive, apparel, pharmaceutical/medical, semiconductor) where we will focus the efforts of the Nippon Express Group around the world. In particular, we will focus on changes in these areas and respond accordingly in order to capture new logistics demand. In the approach based on business, we look to strengthen

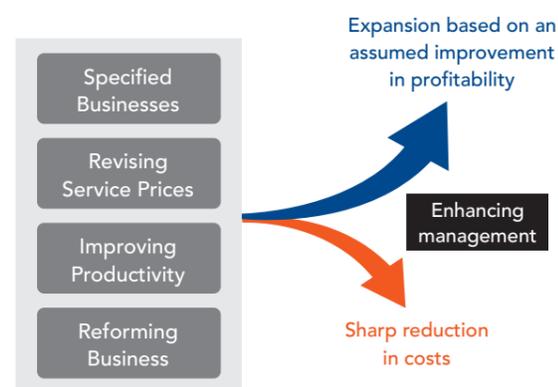
our ocean cargo and air cargo forwarding businesses, and implement measures designed to strengthen the logistics sales and strategic functions. In the approach based on area, we are strongly promoting core business growth initiatives through the implementation of strategies tailor-made to each regions' specific characteristics.

Priority Measures



Strategies to Enhance Domestic Businesses in Japan

For businesses in Japan, the Nippon Express Group aims to improve profitability in specified businesses such as the heavy haulage & construction, security transportation, and fine art transportation businesses, while simultaneously bolstering productivity in the sales and operations by reforming the business process through the utilization of cutting-edge AI and RPA technologies and reorganizing the domestic organizations and operational support systems. As part of fundamental reforms to low profit businesses, the company aims to enhance its businesses through operating portfolio revisions and service price adjustments.



Efforts to Implement Our Long-Term Vision

We intend to continue the three major efforts (implementing an inorganic growth strategy, reinforcing functions to support challenges, and establishing ESG-oriented management to realize sustainable development and improve corporate value) even after the end of the current five-year business plan. In terms of implementing an inorganic growth strategy, we aim to achieve this type of growth through M&A to become a mega forwarder with a strong presence in the global market, create a global network and business base, and secure non-Japanese global customers.

In terms of reinforcing functions to support challenges, we are using IT strategy-based innovations to bolster value offered to customers and realize improved

productivity and work style reforms, while also promoting innovation in our management base, including in areas such as research and development, human resources, and brand strategies. Finally, as part of our effort to establish ESG-oriented management to realize sustainable development and improve corporate value, we are committed to reducing CO₂ emissions while entrenching employee awareness of safety, compliance, and quality. Our goal is to contribute to a sustainable society by addressing social issues, and to become a company where a diverse workforce can play an active role in the company and each employee can feel satisfaction and fulfillment in their work.

Business Plan 2023 Progress

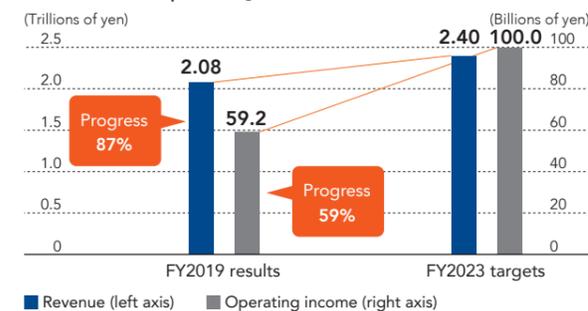
Financial Targets and Progress Update

	FY2019 Results	FY2023 Targets
Revenues	¥2,080.3 billion	¥2,400.0 billion
Operating income	¥59.2 billion	¥100.0 billion
Operating income ratio	2.8%	4.2%
Net income	¥17.4 billion	¥63.0 billion
Overseas sales	¥412.5 billion	¥600.0 billion
ROE	3.2%	10%
Forwarding volume	Ocean cargo 690,000 TEU/ Air cargo 800,000 tons	Ocean cargo 1.3 million TEU/ Air cargo 1.4 million tons

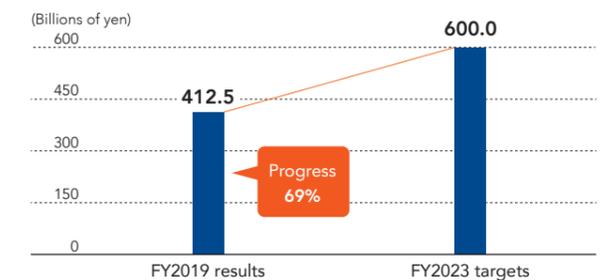
Numerical targets by segment		FY2019 Results			FY2023 Targets		
		Revenues	Operating income	Operating income ratio	Revenues	Operating income	Operating income ratio
Logistics	Japan	¥1,213.5 billion	¥42.8 billion	3.5%	¥1,340.0 billion	¥62.0 billion	4.6%
	Americas	¥91.0 billion	¥2.7 billion	3.1%	¥135.0 billion	¥7.2 billion	5.3%
	Europe	¥119.3 billion	¥1.7 billion	1.5%	¥160.0 billion	¥6.4 billion	4.0%
	East Asia	¥112.0 billion	¥2.9 billion	2.7%	¥170.0 billion	¥5.1 billion	3.0%
	South Asia & Oceania	¥90.1 billion	¥3.1 billion	3.5%	¥135.0 billion	¥6.3 billion	4.7%
Security Transportation		¥72.5 billion	¥(1.0) billion	(1.5%)	¥76.0 billion	¥1.1 billion	1.4%
Heavy Haulage & Construction		¥52.3 billion	¥6.1 billion	11.8%	¥54.0 billion	¥4.5 billion	8.3%
Logistics Support		¥471.2 billion	¥12.3 billion	2.6%	¥530.0 billion	¥14.4 billion	2.7%

Note: Before elimination of intersegment transactions

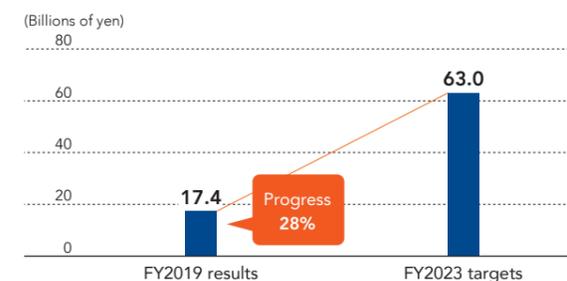
Revenues/Operating Income



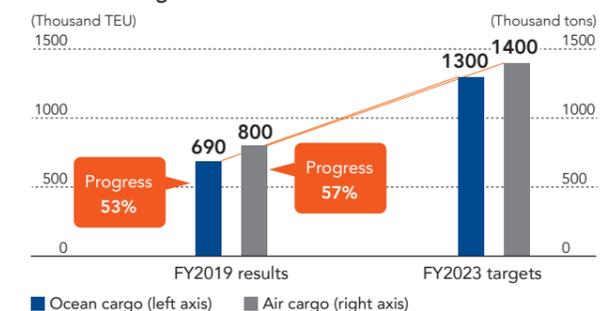
Overseas Sales



Net Income



Forwarding Volume



Growth Strategies for Businesses

Growth Strategies for Our Core Businesses

Looking back on the first year in the current business plan
In our approach based on customer (industry), we fortified our efforts with non-Japanese companies while strengthening measures targeting the five priority industries, including by offering group-based sales proposals to companies in the semiconductor industry and launching the pharmaceutical products business.
In our approach based on business, we expanded handling volume in ocean and air cargo forwarding while boosting logistics-related efforts, starting with our warehouses. Despite an expansion in new customers and strength in logistics operations centering on warehousing and deliveries for industries and businesses, freight transport demand

slumped on reduced trade due to the rise of protectionism, a downturn in automobile sales volume, and a slowdown in the global economy, particularly in China, which contributed to a slump in overall handling volume.
In our approach based on area, as part of our drive to invest in India, where growth is indeed strong, we cemented a capital tie-up with Future Supply Chain Solutions Limited, a leading consumer-based logistics company in the country. We also moved to expand our business in emerging markets, completing construction of new warehouses in a number of Southeast Asian countries, and establishing new bases in the Central Asian country of Kazakhstan, as well as in Morocco in Africa.

(Rounded to the nearest ¥100 million)

Japan	Sales	FY2019 Actual	FY2019 Estimate	Achievement Rate	FY2023 KPI	Progress Rate
	Further development with the electric and electronics industries	¥103.8 billion	¥116.0 billion	89%	¥120.0 billion	87%
	Further development with the automobile industry	¥66.2 billion	¥85.0 billion	78%	¥110.0 billion	60%
	Further development with the apparel industry	¥15.6 billion	¥17.5 billion	89%	¥24.5 billion	64%
	Further development with the pharmaceutical/medical industry	¥14.7 billion	¥18.0 billion	82%	¥36.0 billion	41%
Domestic + Overseas 	Increase in non-Japanese customers (GAM, GTA *)	¥29.9 billion	¥29.8 billion	100%	¥43.0 billion	70%
	(Forwarding Volume **)					
	Expansion in ocean cargo forwarding	690,000 TEU	760,000 TEU	91%	1,300,000 TEU	53%
	Expansion in air cargo forwarding	800,000 t	760,000 t	105%	1,400,000 t	57%
Overseas 	Sales	FY2019 Actual	FY2019 Estimate	Achievement Rate	FY2023 KPI	Progress Rate
	Further development with the electric and electronics industries	¥107.0 billion	¥111.0 billion	96%	¥145.0 billion	74%
	Further development with the automobile industry	¥59.3 billion	¥67.0 billion	89%	¥110.0 billion	54%
	Further development with the apparel industry	¥59.0 billion	¥53.0 billion	111%	¥80.0 billion	74%
	Further development with the pharmaceutical/medical industry	¥11.6 billion	¥12.0 billion	97%	¥40.0 billion	29%

Note: Domestic figures, KPI targets are for the Nippon Express parent only.
*1 GAM is Global Account Management. GTA is Global Target Accounts.
**2 Forwarding volume on a cumulative calendar-year basis.

Strategies and initiatives for the second year
We will continue to promote a three-dimensional strategy with approaches based on customer (industry), business, and area. For the approach based on customer (industry), in addition to accelerating our efforts in the electric and electronics, automobile, apparel, pharmaceutical and medical, and semiconductor industries, we are creating a digital platform, mainly for use in pharmaceutical and medical product logistics. We will also focus on accurately predicting changes in the supply chains of customers after the COVID-19 pandemic is brought

under control, and adapting quickly to those changes.
In our approach based on business, we are working to expand air cargo and ocean cargo forwarding volume while utilizing network transport products to expand modal shifts.
In our approach based on area, we will promote business growth in each block by adopting strategies based on the special characteristics of each area. We are also working to expand our business in emerging economies such as India and countries in Africa.

Strategies to Enhance Domestic Businesses in Japan

Looking back on the first year in the current business plan
With the aim of solving the labor shortage problem and further improving profitability in the logistics business in Japan that forms the core of the Nippon Express Group's business, in October 2019 we consolidated our branches through a large-scale reshuffling of the domestic organizational structure.

- **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)
 - **Further personnel reassignments**
Reassign personnel by consolidating offices, engaging in RPA and other streamlining
(Major reorganization to eliminate 74 branches, from 188 to 114)
 - **Automate, streamline office work**
Operate offices under simplified RPA for streamlined office work
(Assign 29 staff)
 - **Operational labor-savings and automation**
Aim to automate 50% of operations for faster work floors
(Assign 37 staff)
 - **Structural reform of the moving & relocation business**
Strengthen moving capacity to leverage Nippon Express advantages
(Add 425 planners, 786 workers)
 - **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)
 - **Strengthen operating companies under branches**
Reinforce human resources for group workforce; adapt to work style reform and labor laws
 - **Expand sales of new products**
Protect Box, Sea & Rail
(Develop integrated land/sea/air products at the Network Transport Business Promotion Headquarters)
- Figures in parentheses () are FY2019 results

Efforts to Implement Our Long-Term Vision

Looking back on the first year in the current business plan
"Innovation in IT strategy" as part of our effort in "reinforcing functions to support challenges" included an acceleration in measures aimed at introducing and increasing the use of RPA systems to boost sales office productivity as well as efforts designed to strengthen the Group governance through enhancements to IT security. "Innovation in research and development" has focused on promoting the commercialization of cutting-edge logistics technologies, including through demonstration testing in cooperation with customers and external organization, as well as introductions to warehouse facilities.
"Establishing ESG-oriented business management to realize sustainable development and improve corporate value" is centered on our commitment to reducing CO2 emissions (the "E" in ESG is for "environment") and in line with this commitment we worked to expand sales of combined transport products and promote modal shifts, which included efforts to promote the increased use of rail-based transport between China and Europe. We aim to transform the company into one in which employees feel satisfied and fulfilled in their work (the "S" in ESG is for "social"), and in this area we worked to create an organization where each member of a diverse workforce can actively contribute to the whole, an employment system in which equal work was rewarded with equal pay, and where long working hours were a thing of the past. In line with our aim of improving corporate value (the "G" in ESG is for "governance"), we sought to improve

the dissemination of information and the quality of our briefings as part of our IR activities, while simultaneously launching a variety of measures, including in regard to the Group's management structure.

Strategies and initiatives for the second year
In implementing "Innovation in IT strategy" as part of our effort in "reinforcing functions to support challenges," we will expand the use of RPA to boost sales and business productivity while actively working to achieve work style reforms.
Our efforts in "Innovation in research and development" will involve putting cutting-edge technologies to practical use in order to further advance automation and reduced labor in operations. We will also work actively to ensure our competitive advantages in the logistics industry.
In "Establishing ESG-oriented business management to realize sustainable development and improve corporate value," we remain committed to reducing CO2 emissions and will accelerate the expansion of modal shifts and joint transport sales. On the social front, we are focused on becoming a company in which employees feel satisfied and fulfilled in their work and will work actively to promote diversity management and work style reforms through the head office relocation project.
Finally, in terms of governance, we will work to broaden our IR activities and continue our investigations into how the Group can be optimally managed moving forward.

Capital Policy/Dividend Policy

Improving Corporate Value

The Nippon Express Group Business Plan 2023 revises our key management indicator from ROA, which we have used in past business plans, to ROE. In this new plan, we have established an ROE target of 10%. We are targeting operating income in the last year of the plan of ¥100.0 billion, and aim not only to return cash generated to our shareholders, but also to aggressively invest in order to ensure future growth while also maintaining a certain level of financial discipline. In addition to considering the off-balance sheet financing of assets through liquidation, we will continue to take an active approach to the management of our balance sheets, including reducing our strategic shareholdings. We

target cumulative investment over the five years through fiscal 2023 of ¥450.0 billion (including planned asset liquidation, e.g., ¥70.0 billion for the new headquarters). This investment includes capex aimed at bolstering our efforts in the pharmaceutical and medical industry, which we view as particularly important among the business plan growth strategies.

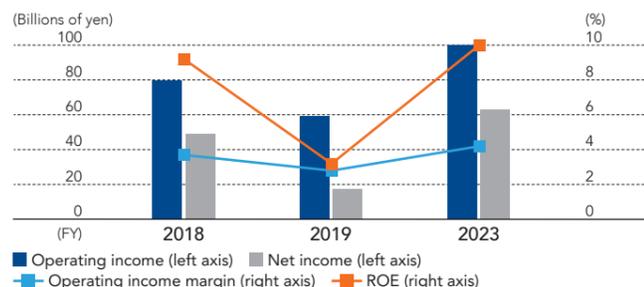
We are also focused on further improving asset and capital efficiency. While maintaining a goal for equity ratio in the past of 40%, our goal moving forward is to further improve capital efficiency while maintaining a stable financial base in line with shareholders' equity ratio target of about 35%.

Our Thoughts on Shareholder Returns

We recognize that returning profits to shareholders is one of our most important management functions. Our policy is to increase sales and strengthen our corporate structure in line with the goal of increasing shareholder equity, improving profit margins, and enhancing profitable returns. With that in mind, our current business plan focuses on maintaining stable dividends and establishes

a dividend payout ratio target of at least 30% and a total returns ratio target of at least 50% (cumulative total for the fiscal 2019–fiscal 2023 period). We have continued to purchase treasury stock, but we will continue to flexibly carry out strategic investment for business growth while meeting the expectations of our investors.

The Road to ROE of 10%



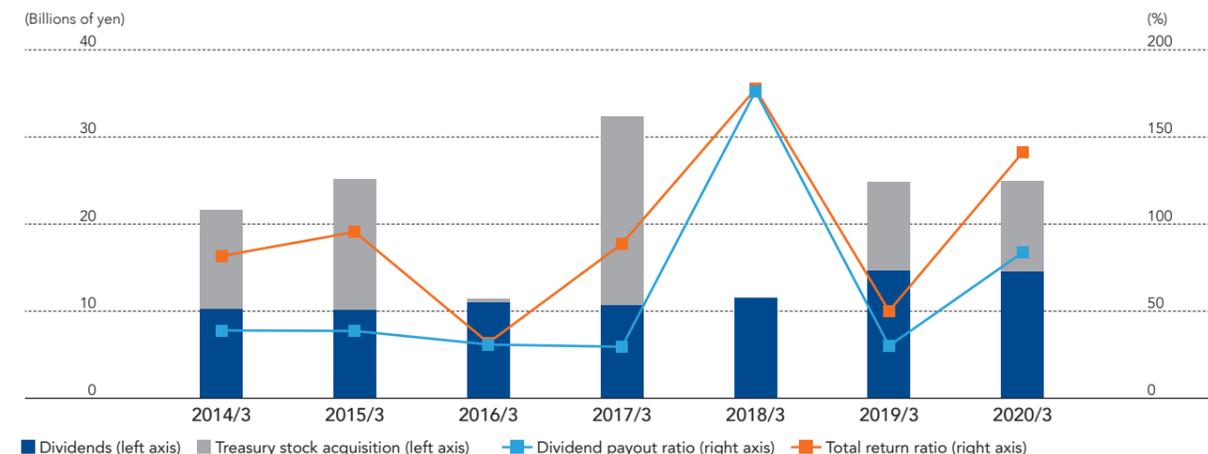
Investment Target	Planned Amount (Five-year cumulative total)
Equipment	¥360.0 billion
IT	¥40.0 billion
Vehicles	¥50.0 billion
Group total	¥450.0 billion

Note: Includes planned asset securitization (e.g., ¥70.0 billion for the new headquarters)

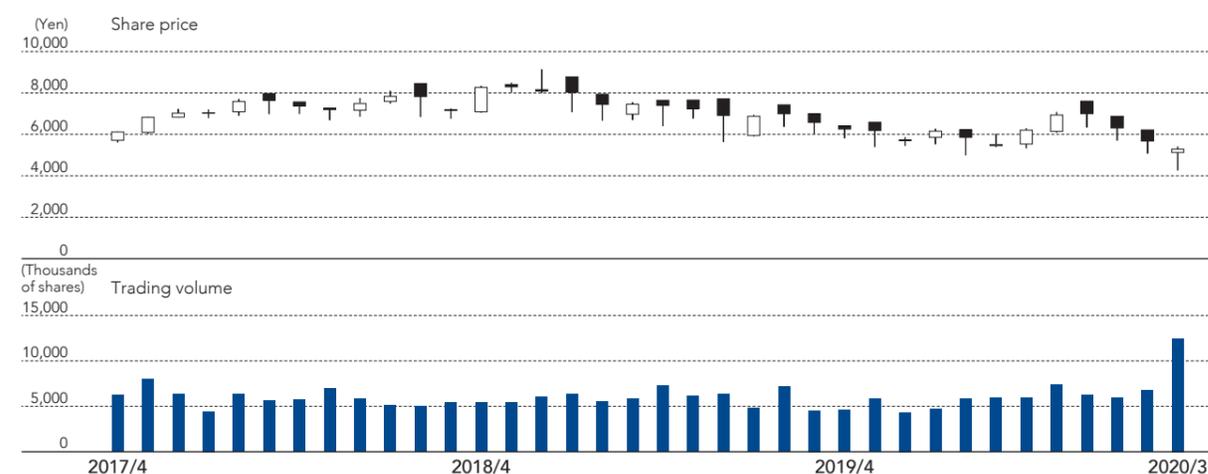
Financial Trends

	FY2012	FY2015	FY2018	FY2019
Total assets (Billions of yen)	1,247.6	1,484.9	1,536.6	1,518.0
Shareholders' equity (Billions of yen)	513.6	522.2	543.6	539.4
Cash and cash equivalents at end of year (Billions of yen)	113.6	146.0	102.0	96.1
Free cash flow (Billions of yen)	31.0	(44.0)	(18.2)	6.3
Return on equity (ROE) (%)	4.8	6.8	9.2	3.2
Dividend payout ratio (%)	43.7	30.9	30.1	83.8
Total return ratio (%)	81.4	31.9	50.1	141.1
Shareholders' equity ratio (%)	41.2	35.2	35.4	35.5

Shareholder Dividends and Treasury Stock Acquisition



Stock Price Movement



Note: Nippon Express executed a share consolidation on October 1, 2017, at a ratio of 10 shares to one. Figures for all periods in the above graph are calculated based on the assumption that this consolidation had already occurred.

Stock Price, Dividends and Dividend Yields Over the Last Five Years

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Annual dividend per share (Yen)	10	11	11	120	155	155
Dividend yield (As of the end of the year)	1.49%	2.15%	1.92%	1.69%	2.52%	2.93%
High (Yen)	702	773	645	770	9,130	7,070
Low (Yen)	421	464	420	563	5,660	4,280
End of the year (Yen)	672	512	572	7,120	6,160	5,290

Note: Ten shares of common stock were consolidated into one share effective as of October 1, 2017. The highest and lowest stock prices before the share consolidation are listed for the stock price for the fiscal year ended March 31, 2018, and the highest and lowest stock prices after the share consolidation are listed in brackets.

ESG Management Supporting Sustainable Growth and Improvements in Corporate Value

Our Thoughts on ESG

In line with our corporate philosophy, the Nippon Express Group believes that creating new value alongside our stakeholders and contributing to society through our business activities will lead to sustainable growth and an ongoing improvement in our corporate value.

As we target growth as part of our long-term vision ahead of the 100th anniversary of the company's founding, we are focused on becoming a "logistics company with a strong presence in the global market" and view ESG management as essential to this effort. Based on this recognition, the Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~ positions ESG management targeting "establishing ESG-oriented business management to realize sustainable development and improve corporate value" as central to the foundation of our growth strategy and efforts that need to be strengthened over the medium to long term. We have also identified priority issues for action in each of the ESG components (Environment, Social, and Governance) and have clarified our involvement with the Sustainable Development Goals (SDGs).

In terms of the environment (E) aspect, the Nippon Express Group operates a logistics business that emits a substantial volume of CO₂. We view the reduction of CO₂ emissions as part of our social responsibility and with the theme of a "commitment to reducing CO₂ emissions as a logistics company," see this as an area in which we can make a contribution not only to our customers, but to society as well. Alongside the establishment of concrete measures aimed at achieving our independently set long-term environmental targets, we believe that if we can provide to our

customers solutions focused on working together to reduce CO₂ in logistics operations, it will prove a competitive advantage and allow us to actively contribute to CO₂ reductions through our business activities.

In regard to the social (S) aspect, our theme of "transforming into a company that makes employees feel satisfied and fulfilled" is based on the idea that the active participation of a diverse workforce is key to achieving our long-term vision. With this in mind, we are working to change our way of working and thinking so that employees can work to the best of their abilities. At the same time, we will continue to contribute through our business to the betterment of society in countries and regions by utilizing cutting-edge technologies to deal with logistics crisis and by fulfilling our role as a designated public institution.

Finally, in terms of governance (G) aspect, we have built our efforts around a theme of "establishing a mechanism to support the sustainable improvement of corporate value." While we believe safety, compliance, and quality to be the main goals of corporate management, we are also working to entrench and improve achievements in these areas as not only the source of our strength but also the foundation supporting sustainable growth. In order to realize our long-term vision, we believe it is essential to maximize Group corporate value and will continue to consider changes to the Group's management structure with the aim of strengthening in Group management and enhancing our global governance system in order to further expand our business overseas.

The Nippon Express Group Corporate Philosophy



Contributing to customers and society through businesses
Contributing for resolving social issues through business
Collaboration and co-creation with stakeholders

Realizing Sustainable Development and Improving Corporate Values



E Environment

- Commitment to reducing CO₂ emissions as a logistics company
- Facilitating more use of LED lighting at facilities
- Reducing waste produced by Nippon Express

Contributing through business operations

- Promoting modal shifts and co-loaded delivery
- Engaging in recycling-oriented sales activities



G Governance

- Establishing a mechanism to support sustainable improvement of corporate value
- Strong commitment to safety, compliance, and quality
- Considering advancing global governance by holding company system
- Capital policies (ROE of 10%)
- Information disclosure

S Social

- Transform the company that makes employees feel satisfied and fulfilled
- Promoting diversity
- Working-style innovations

Contributing through business operations

- Serving as designated public institution for disaster response
- Contributing to local communities through job creation and resolving social issues



The Nippon Express Group Initiatives

Environment Commitment to Reducing CO₂ Emissions as a Logistics Company

Initiatives	Contribution through business operations	Related SDGs
<p>Establishment of Long-Term Group Targets</p> <p>Nippon Express Parent: Reduce CO₂ emission by 30% vs. the FY2013 level by FY2030</p> <p>Domestic Group Companies: Reduce CO₂ emission by 20% vs. the FY2013 level by FY2030</p> <p>Overseas Group Companies: Establish voluntary targets in accordance with the standard for Japan while taking into account the local conditions</p> <ul style="list-style-type: none"> Promote a shift to LED lighting in facilities, an incremental shift to environmentally friendly vehicles, and the use of solar power generation (investment to promote environmental management over five years: ¥5.0 billion) Reduce copier paper use through increased use of electronic documentation 	<ul style="list-style-type: none"> Use cutting-edge technologies to pursue research and development, as well as the commercialization of logistics operations with low environmental impacts Contribute to a lower environmental impact in customer logistics through modal shifts and co-loaded delivery operations Contribute to increased use of renewable energy through the construction and installation of wind power generation facilities Contribute to resolution of global environmental issues through the promotion of recycling-oriented sales activities Promote eco-driving 	

Social Transform the Company that Makes Employees Feel Satisfied and Fulfilled

Initiatives	Contribution through business operations	Related SDGs
<ul style="list-style-type: none"> Promoting Diversity <ul style="list-style-type: none"> Create an environment where members of a diverse workforce can play an active role Promote the participation of women in the workplace and expand recruitment of foreign nationals Working-Style Innovations <ul style="list-style-type: none"> Transform work styles to promote the self-driven creation of value while continuing to deliver maximum performance Achieve flexibility in work styles Eliminate long working hours and increase the percentage of annual leave taken Ensure equal treatment (take a proactive stance on equal pay for equal work) Ensure the complete elimination of harassment Promote Health and Productivity Management 	<ul style="list-style-type: none"> Role as a designated public institution during disasters Participate in international social contribution projects Contribute to the development of countries and regions through employment and engagement with partner companies Address social issues through the promotion of innovation in logistics technologies 	

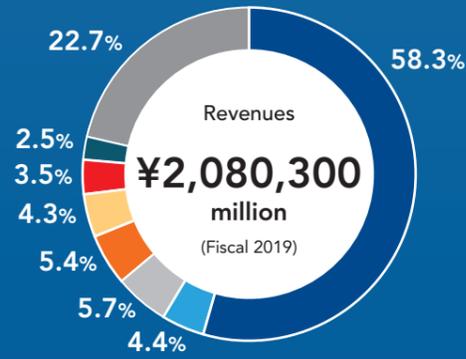
Governance Establishing a Mechanism to Support the Sustainable Improvement of Corporate Value

Initiatives	Related SDGs
<ul style="list-style-type: none"> Strong Commitment to Safety, Compliance, and Quality Considering Advancing Global Governance by Holding Company System <ul style="list-style-type: none"> Strengthen Group strategic functions Strengthen global management functions Optimize Group businesses Establish Group financial governance (Consider use of ROIC*) Capital Policies <ul style="list-style-type: none"> ROE: 10% Dividend payout ratio of 30% or more Total returns ratio of 50% or more (cumulative FY2019–FY2023) Equity ratio of about 35% Information Disclosure <ul style="list-style-type: none"> Increase the disclosure of information Promote dialogue with the market Shift to publishing an integrated report 	

* ROIC: Return on invested capital

The Nippon Express Group provides a range of services via diverse transport modes all regions in Japan and throughout the world to improve the efficiency and sophistication of our customers' supply chains and enhancing the added value of their goods.

Reportable Segment Breakdown



Note: Figures presented exclude adjustments.



Revenues by Reportable Segment/Reportable Segment Income

		Revenues	Segment Income (Operating Income)
Logistics	Japan	1,213.5	42.8
	Americas	91.0	2.7
	Europe	119.3	1.7
	East Asia	112.0	2.9
	South Asia & Oceania	90.1	3.1
Security Transportation		72.5	(1.0)
Heavy Haulage & Construction		52.3	6.1
Logistics Support		471.2	12.3

Areas of Operation/Products and Services

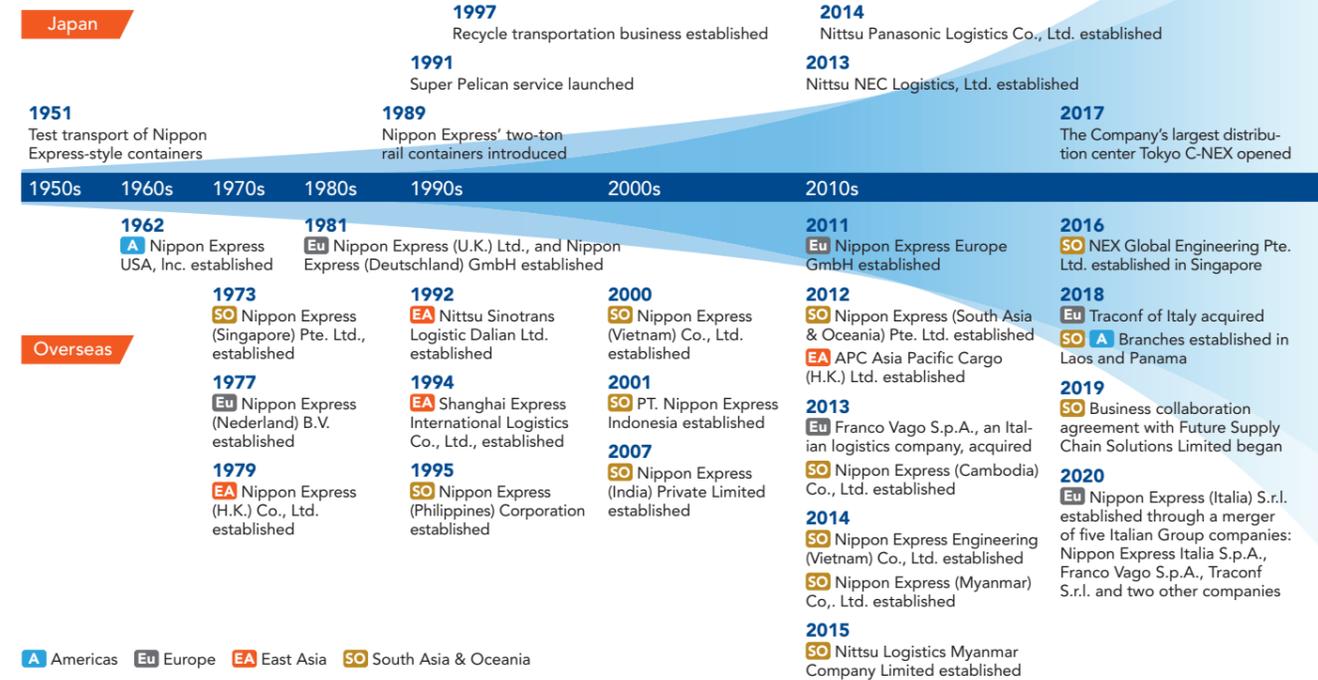
Segment	Areas of Operation											Main Products and Services
	Railway forwarding	Motor cargo transportation	Air freight forwarding	Marine transportation	Harbor transportation	Warehousing	Travel	In-factory work	Information asset management	Real estate	Heavy haulage and construction	
Logistics												Railway utilization transportation, chartered truck services, combined delivery services, air freight forwarding, travel, marine and harbor transportation, moving and relocation, warehousing and distribution processing, in-factory work, information asset management, real estate rental, fine arts transportation, security transportation, heavy haulage and construction
Japan	●	●	●	●	●	●	●	●	●	●	●	
Americas		●	●	●	●	●	●					Air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel
Europe	●	●	●	●	●	●	●					Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, travel
East Asia	●	●	●	●	●	●	●					Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services
South Asia & Oceania	●	●	●	●	●	●	●				●	Railway utilization transportation, air freight forwarding, marine and harbor transportation, warehousing and distribution processing, moving and relocation, chartered truck services, heavy haulage and construction, travel
Security Transportation	Security guard, motor cargo transportation											Security Transportation
Heavy Haulage & Construction	Heavy haulage and construction											Heavy Haulage & Construction
Logistics Support	Sale of distribution equipment, wrapping and packaging materials, vehicles, petroleum, liquefied petroleum (LP) gas, etc., lease, vehicle maintenance, insurance agency, mediation, planning, designing and management of real estate, investigation and research, logistics finance, automobile driving instruction, employee dispatching											Lease, sale of petroleum, etc., sale of others, real estate, finance, others

Logistics Segment

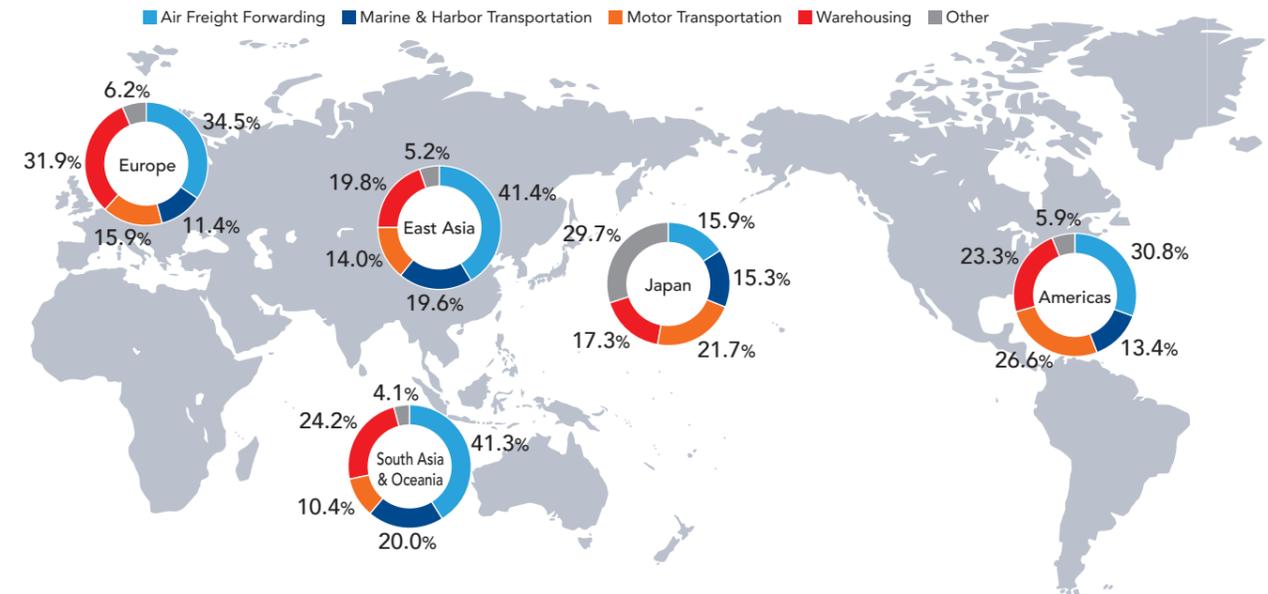
The Nippon Express Group logistics business has grown as transport modes have expanded from railways to automobiles, ships, and airplanes. In addition to extending our transport network to every corner of Japan, we have also ventured out to the rest of the world, first by moving into the Americas, followed by South Asia, Europe, East Asia, and today into India and Africa.

Along with this growth in scale, we also continue to adjust and change the content of our services to track the evolution in logistics that is coinciding with advancements in society.

Developments in the Logistics Segment

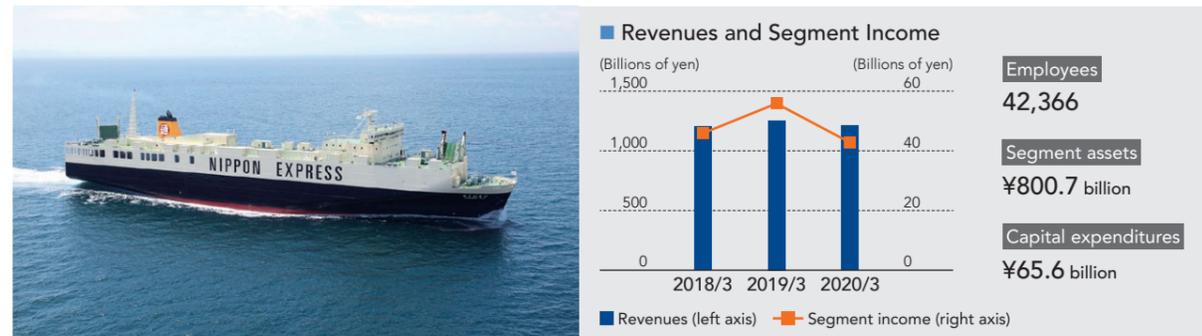


Breakdown by Business



Results by Reportable Segment

Japan



Business Overview

The Nippon Express Group through our employees—who maintain a strong awareness of safety, quality, and compliance, as well as a stance of placing the customer first—provides the optimal logistics service to the customer by leveraging our nationally available network and various transport modes, including railways, automobiles, ships, and airplanes. In addition, they provide the right solution for different needs in every area from business-to-business logistics to moving & relocation and transport of special goods, like fine arts and pharmaceuticals, by employing a logistics information system that combines our distribution centers, which boast one of the largest warehousing floor areas in Japan, with our experience and know-how.

Strategy and Policy

At the same time that we expand sales into those priority industries (electric and electronics, automotive, apparel, pharmaceutical/medical, and semiconductor) and we are working on aims for sustainable growth, for example by raising productivity through the improved efficiency of operations. We also work to expand the areas in which we can contribute to our customers by enhancing our customer-driven approach and account management, and work to acquire new businesses that see the transformation in the supply chains of our customers as an opportunity. Moreover, along with expanding sales by focusing management resources on the metropolitan areas of Tokyo, Nagoya, and Osaka, where needs are concentrated, we are also focused on providing services that address the needs of major customers in the region.

Fiscal 2019 Performance

Despite firm transactions in the warehousing & storage business, railway and motor cargo transport service rate revisions, and the impacts of overtime reductions, due to service suspensions caused by natural disasters, lower air freight exports stemming from a worsening global economy, and the impact of increased personnel expenses following Employee System Reform, as well as due to the spread of COVID-19 since February, revenues decreased ¥43.2 billion, or 3.4%, year on year to ¥1,213.5 billion. Similarly, sector income decreased ¥13.1 billion, or 23.4%, year on year to ¥42.8 billion.

Initiatives for Sustainable Growth

Establishment of a Pharmaceutical Transport System in the Narita Region

In October 2019, Nippon Express joined a community organized by the Narita International Airport Corporation to acquire "CEIV Pharma*," a pharmaceutical transport quality certification advocated by IATA. In February 2020, we acquired this certification for our "Good Distribution Practice" (GDP) storage services related to air transport of pharmaceuticals at the "Narita Temperature Controlled HUB," our temperature-controlled facility in our distribution center located nearby Narita Airport. The acquisition of these certifications is part of a series of improvements in export/import bases that will link bases specialized in pharmaceuticals being constructed in Japan with the rest of the world. In turn, this will enable the global provision of safe, high-quality pharmaceutical transport services.



* CEIV Pharma (The Center of Excellence for Independent Validators in Pharmaceutical Logistics): This is a quality-certification system related to the air transport of pharmaceuticals that was formulated by the International Air Transport Association (IATA), and it sets high standards in various countries' different storage and transport standards for pharmaceuticals (GDP).

Reception of the First Ocean Cargo Modal Shift Award

In February 2020, together with Gekkeikan Sake Co., Ltd., Nippon Express received the "Ocean Cargo Modal Shift Award" established by the Ministry of Land, Infrastructure, Transport and Tourism. We received this award in recognition of having enabled a modal shift for products shipped by Gekkeikan Sake from Kyoto to six prefectures in northeastern Japan. This move was made in response to the desires of Gekkeikan Sake to reduce CO₂ emissions during product transport and to cope with truck driver shortages. Specifically, the move included pioneering new bases through a change in the transport format to an inventory-based system that relies on relay warehouses, establishing efficient inventory management, and moving from conventional truck transport for the entire volume to integrated ocean-land transport using ferries as a means to restock.



Americas



Business Overview

Nippon Express has operations in the United States, Canada, Mexico, Brazil, Colombia, and Panama, offering network services connecting Americas. We also provide transport services through agencies in countries where we do not operate local subsidiaries. One of the solutions we offer that leverages the characteristics of this region and that supports supply chain management among our customers, is a cross-border transport system that runs through the United States, Canada, and Mexico, three countries which have formed a free trade agreement.

Strategy and Policy

Nippon Express will further strengthen initiatives targeting automotive industry production and logistics networks by leveraging our long-distance cross-border transport system that links automotive industry hubs in Americas. In terms of the priority pharmaceutical/medical and perishable food industries, we will work to further expand transactions by acquiring GDP certification, improving temperature-control functions, and advancing other similar initiatives that improve facilities and reinforce functional aspects at our logistics centers. Moreover, we will implement measures to expand human resources, for example, in order to extend sales to non-Japanese customers and thereby reinforce the customer base.

Fiscal 2019 Performance

Primarily due to a decline in air freight exports related to automobiles resulting from US-China trade friction and a slowing trend in warehousing and deliveries, which had been robust during the first half, revenues decreased ¥7.6 billion, or 7.7%, year on year to ¥91.0 billion. Despite a decrease in forwarding costs due to lower air exports and a reduction in personal expenses and other administration costs, segment income declined ¥1.4 billion, or 34.5%, year on year to ¥2.7 billion.

Initiatives for Sustainable Growth

Warehouse Relocation to Long Beach, Los Angeles

Nippon Express USA relocated its principle location for West Coast ocean cargo transport and warehousing operations to Long Beach, California in January 2020. This consolidation of locations with another Group company is expected to produce considerable synergy by efficiently integrating the trunk transport of cargo to/from Los Angeles. The new site is equipped with temperature-control capabilities that enable storage of perishables, and is also designed to improve storage and operational efficiency. Moreover, the new location is in a district that does not require special authorization when shipping heavy loads, which we intend to use to further capture transactions for transport of large plant equipment and other heavy haulage.

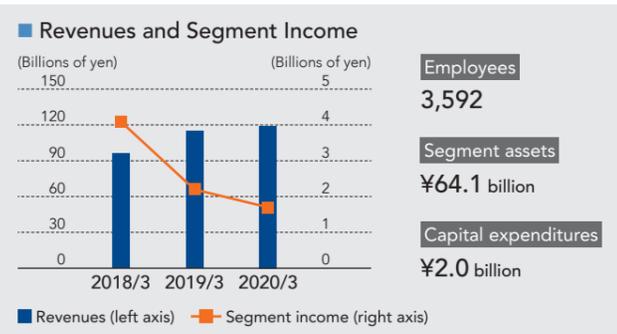


Construction of a New Warehouse in Guanajuato, Mexico

Nippon Express de Mexico is constructing a new warehouse within the Colinas de Apaseo Industrial Park in the Mexican state of Guanajuato. In recent years, Guanajuato has emerged as a major hub for the automotive industry in part due to the entry of many Japanese companies. This new facility was designed in-house using basic plans derived from NE Mexico's know-how in automotive-related logistics. Consolidating business locations will make it possible to improve efficiency and profitability while providing high value-added services synchronized with customers' production lines.



Europe



Business Overview

Nippon Express operates locations in Germany, the Netherlands, and other major countries in Europe, the Russian Federation, and the United Arab Emirates. In January 2020 we integrated Group companies with experience in apparel-related logistics, particularly luxury apparel and fashion items, into Nippon Express (Italia) and we are deploying logistics services that integrate every aspect, from international transport to product storage and delivery to market. Moreover, we are actively expanding emerging regions with the opening of bases in Kenya and Morocco in Africa.

Strategy and Policy

Leveraging our network that spans broadly throughout Central and Eastern Europe, the Middle East, and Africa, we will expand sales to the priority industries of luxury apparel and fashion items, automobiles, and pharmaceuticals/medical, while at the same time working to establish a sales system that targets the expansion of the non-Japanese account base. Meanwhile, initiatives for luxury apparel and fashion items are aimed at expanding sales to, and strengthening our presence in, the life-style industry. In addition to extending rail freight via China-Europe rail service and developing cross-border transport services to Africa by way of Europe, we will also work to expand warehousing and distribution at existing bases in hub ports and other business fields.

Fiscal 2019 Performance

Due to new business in China operated by Franco Vago, firm transactions in newly launched warehousing and distribution services by Traconf and Nippon Express (Deutschland), and robust chartered truck services, revenues rose ¥4.5 billion, or 3.9%, year on year to ¥119.3 billion. Meanwhile, primarily due to a decline in air freight forwarding transactions related to automobiles and an increase in personnel expenses, segment income decreased ¥400 million, or 21.7%, year on year to ¥1.7 billion.

Initiatives for Sustainable Growth

Deployment of Service to Morocco in Africa via Europe

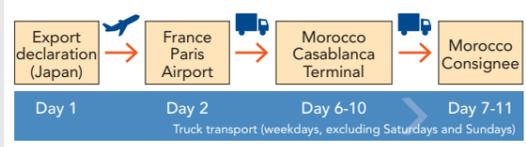
As its second base in the country, in June 2019 Nippon Express France completed construction of and began operations at the "Tanger Med Logistics Center," located in the Tanger Med Port in the northern part of Morocco. With connections to 186 ports in 77 countries, Tanger Med Port is one of the largest container ports in Africa. Likewise, automotive-related companies from around the world, including many Japanese companies, have set up production facilities in the neighboring Tanger Free Zone (TFZ).

Moreover, in February 2020, we began sales of "NEX-Forwarding Gibraltar Liner," a service offering consolidated air cargo transport from Japan to Casablanca and Tanger in Morocco via Paris, France. This service flies cargo from Japan to Paris and, once forwarding procedures have been completed,

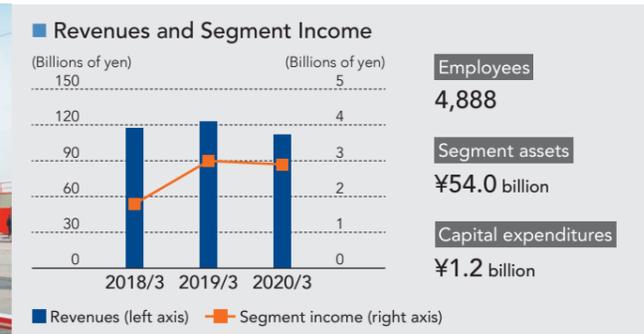
ships and delivers the cargo by truck to Nippon Express business locations in Morocco. Utilizing space on one of the many regular flights to Paris enables us to offer lower costs and reliable scheduling.



Model Schedule for Shipments from Japan



East Asia



Business Overview

Nippon Express has built up a network in the closely intertwined economic sphere of China, Hong Kong, Taiwan, and Korea. In China, where domestic demand is large, we have extended mainline transport connecting major cities and other parts of our motor transport network in working to expand domestic and regional logistics solutions, particularly for electronics and automotive parts. Moreover, we are also building a cross-border transport system that extends beyond the region, including establishing overland routes between Shanghai, China, and Singapore, and offering transport services by railway between China and Europe.

Strategy and Policy

As a measure for expanding the logistics business within China, we will extend initiatives beyond Japanese companies to non-Japanese companies in the automobile industry, while at the same time strengthening our response to changes in the supply chain coinciding with the shift to electric vehicles. In regard to pharmaceuticals/medical, we will work to enhance quality by improving the facilities at our logistics bases. Moreover, we will also work to expand share by capturing China's global companies. Outside the region, we will deploy highly convenient cross-border transport using China-Europe rail service, while at the same time actively venturing into expanding business to areas along the line in Central Asia.

Fiscal 2019 Performance

Primarily due to a decline in air freight exports stemming from sluggish demand for international transport in China and a decline in ocean exports to Europe and Asia, which had been robust during the first half, revenues decreased ¥10.7 billion, or 8.7%, year on year to ¥112.0 billion. Meanwhile, due to continued cost reductions resulting from the success of air forwarding cost efficiency improvements at Nippon Express (H.K.), sector income remained steady year on year at ¥2.9 billion.

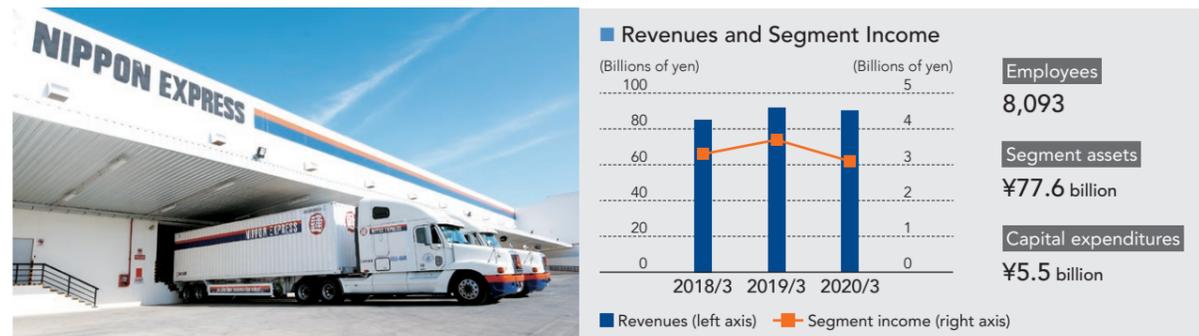
Initiatives for Sustainable Growth

Launch of BCP Solutions in Response to Logistics Restrictions

In March 2020, the East Asia Region of Nippon Express began providing BCP solutions that leverage collaborative services between international railways and domestic railways in China to cope with the various restrictions that have been imposed on logistics within China following the spread of COVID-19. As a solution for the temporary suspension/reduction of flights from China and the restrictions imposed on domestic trucking within China, this service links cross-border freight-only rail transport between China and Europe, which is not affected by domestic passengers, with domestic rail transport, thereby providing shorter lead times than maritime transport.



South Asia & Oceania



Business Overview

Nippon Express operates bases in nine ASEAN countries, including Singapore and Thailand, as well as in India and Australia. Against a backdrop of steadily growing activity in intraregional trade due to the strengthening of economic cooperation, we have built a cross-border transport network that connects the region by various transport routes and modes. In India, the largest economic sphere in the region, we are working to optimize the supply chain by offering milk run services for the efficient consolidation and delivery of automotive parts and JIT logistics. Moreover, we are obtaining GDP certification for pharmaceutical logistics and expanding temperature-controlled transport services.

Strategy and Policy

In response to expanding international logistics demand due to economic collaboration between countries within the region and the growing demand for consumables due to rising purchasing power, we will work to strengthen sales to the miscellaneous daily goods industry in addition to the priority industries of automobiles, electric and electronics, semiconductors, pharmaceuticals/medical, and apparel. Similarly, we will work to establish an intraregional operations foundation by developing new, high-quality services that leverage multifunctional warehouses. Moreover, we are working to capture the growing demand for logistics in India, which has the largest population in the region and a domestic economy with a very high prospect for growth.

Fiscal 2019 Performance

Despite firm transactions in ocean cargo and warehousing and distribution, primarily for the automotive- and apparel-related industries, due to a reactionary decrease in spot transactions for air freight exports and fewer transactions from existing customers, revenues decreased ¥1.7 billion, or 1.9%, year on year to ¥90.1 billion. Moreover, despite reduced forwarding costs coinciding with this decline in transactions, due to continued increases in strategic capital investment, personnel expenses and other overhead costs, sector income decreased ¥500 million, or 15.0%, year on year to ¥3.1 billion.

Initiatives for Sustainable Growth

Formation of a Strategic Partnership Agreement with FSC

In December 2019, Nippon Express entered a Business Collaboration Agreement with Future Supply Chain Solutions Limited (FSC) of Mumbai, India, to build a strategic partnership and business collaboration. This move aims to jointly leverage Nippon Express' know-how in a diverse range of sectors and to enable both companies to emerge as leaders in India's logistics sector. FSC will demonstrate its 3PL and express logistics operations, attracting potential new business opportunities from Nippon Express' existing Japanese and MNC clients.



Completion of a Multifunctional Logistics Warehouse in Malaysia

In March 2020, Nippon Express (Malaysia) began operations at the Shah Alam Logistics Center, the most extensive single-structure Nippon Express warehouse outside Japan, in the Shah Alam Industrial Park in the Malaysian state of Selangor. Malaysia is experiencing remarkable growth in personal consumption, which has led to an outlook for increased demand for more sophisticated domestic logistics and warehousing services. This Center will further bolster its logistics functions and thereby meet increasingly diverse and sophisticated needs, including domestic sales logistics, manufacturing logistics (JIT delivery), temperature-controlled storage using air-conditioned facilities, and storage/delivery of halal products.



Security Transportation Segment



Business Overview

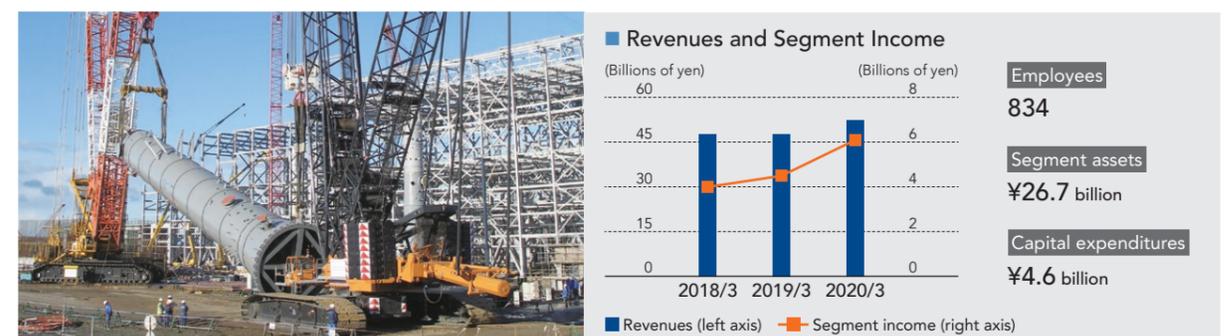
Since Nippon Express launched this business in 1965, we have prided ourselves as a pioneer in the security transport of valuables, having earned the largest market share in Japan. We ensure safe and secure transportation of customers' valuables by dispatching advanced security teams consisting of highly trained guards and advanced security devices in providing transportation between financial institutions as well as cash collection and delivery services for large retail stores and restaurants. In addition to transport services, we also address the needs for Cash Safety Delivery (CSD) services for online cash dispensers.

We will continue to develop the technologies we have acquired, thus far and deploy various solutions that offer total support for cash logistics.

Fiscal 2019 Performance

Due to increased sales of safety deposit machines to external customers and the success of service rate revision negotiations, revenues remained steady year on year at ¥72.5 billion. There was a reduction in deliveries resulting from branch consolidation among financial institutions, a reduction in ATM loading frequency, and increased personnel expenses resulting from employee system reform, however, sector loss was ¥1.0 billion, a decline of ¥2.3 billion year on year.

Heavy Haulage & Construction Segment



Business Overview

Nippon Express seamlessly carries out everything from the transportation of equipment to the installation and assembly for power plants, and petrochemical plants. In addition, Nippon Express uses its unique technology to transport and install precision equipment such as equipment for clean rooms at semiconductor manufacturing plants. Since 1999, Nippon Express has been fully engaged in the transportation and installation of wind power generation equipment, which is in high demand in recent years due to its environmental friendliness. The Company currently transports and installs about 70% of the wind power generation equipment in Japan and going forward the Company plans to continue to expand its handling in this field.

Fiscal 2019 Performance

Due to the growth in transport and installation related to wind turbines, and shutdown maintenance for petrochemical plants particularly in Japan, revenues grew ¥4.6 billion, or 9.6%, year on year to ¥52.3 billion, and sector income grew ¥1.6 billion, or 37.0%, year on year to ¥6.1 billion.

Initiatives for Sustainable Growth

Addressing Projects for Special Transport and Installation Work

The Nippon Express Group has been involved from our earliest days in the transport of heavy goods and construction with a strong public nature, including bridge erection and removal work, and transport of the high-speed Shinkansen and other railway vehicles from railway vehicle factories to rail yards. Leveraging our experience of continuous involvement in the transport and construction of Japan's high-speed railways since the beginning, we handled the track laying work and every aspect of international transport for the construction materials related to Taiwan's high-speed railway, which was built under the technical cooperation of Japan. We handle every aspect from transport to installation for all manner of goods, including ultra-heavy, high-tech, and uniquely shaped items.

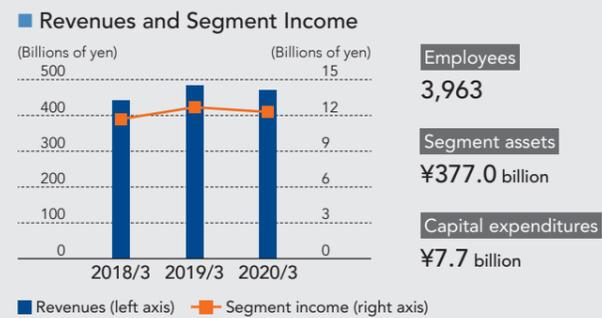


Top Share of Wind Turbine Transport in Japan

Many construction sites for wind turbine facilities are located near mountain ridge lines, so transporting the blades, which can be 40 to 60 meters in length, and the nacelles (turbine housing), which can weigh several tons, while avoiding obstacles requires sophisticated technologies. Nippon Express overcomes these challenges using unique trailers (blade standing systems) developed specifically for wind turbine facilities and detailed transport plans drafted by our highly experienced staff. We will continue to contribute to the greater use of renewable energy through wind turbine transportation and installation services.



Logistics Support Segment



Business Overview

Nippon Express is developing businesses that make use of its network related to, or an extension of, its core business of logistics. Nittsu Shoji Co., Ltd., which sells various products that are indispensable for transportation such as packaging materials, vehicles, oil, LP gas, leasing, vehicle maintenance, and insurance agency business, and Nippon Express Japanese and overseas group companies conduct surveys and research into logistics needs, logistics finance, driver training, worker dispatch, and real estate.

Fiscal 2019 Performance

In addition to a drop in the unit selling prices for oil, primarily due to the decrease in export packing service transactions for China as a result of the impact of US-China trade friction and the spread of COVID-19, revenues in the logistics support segment decreased ¥12.7 billion, or 2.6%, year on year to ¥471.2 billion. Segment income decreased ¥400 million, or 3.3%, year on year to ¥12.3 billion.

Environment

Climate change is an important social issue that all countries and companies in the world must tackle. Natural disasters caused by global warming have grown in size and increased in frequency in recent years and will have a major impact on the business of the Nippon Express Group. We believe these risks will increase further in the future. We have positioned this as an issue that must be overcome to achieve our long-term vision.

CO₂ emissions from the transportation industry account for about 20% of Japan's emissions. As a leader in the transportation industry, the Nippon Express Group recognizes that environmentally friendly management is necessary to become a driving force for social development and to become a trusted presence we are proactively developing business that focuses on the environment.

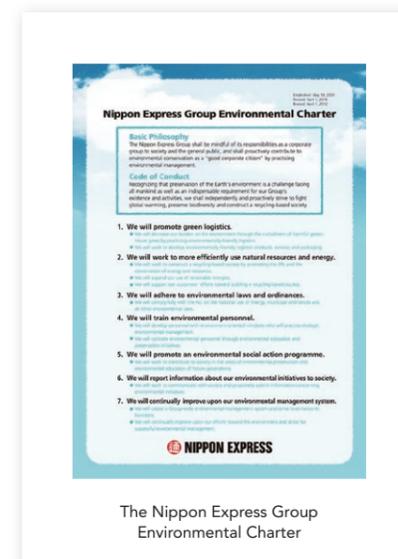
We will not only work to reduce carbon dioxide emissions in our own activities, through such measures as the introduction of environmentally friendly vehicles, modal shifts, and the use of renewable energy, but also provide an opportunity for business growth and promote product development that solves customer logistics issues from an environmental perspective such as co-loaded delivery.

Basic Policy on Environmental Management

The Nippon Express Group has formulated its Basic Philosophy and Code of Conduct to guide environmental activities as expressed in the 2001 Nippon Express Group Environmental Charter, and we seek to instill these throughout the Group. We promote the acquisition of ISO 14001 certification, which is the international standard for environmental management systems, and Green Management Certification at each of the Nippon Express Group's locations so as to further deepen our environmental preservation activities. As of the end of March 2020, 72 Nippon Express trucking offices and four warehousing offices have received this certification. Among Group companies, 17 trucking offices have been granted Green Management Certification. Moreover, Group-wide, the 22 Nippon Express Group business locations in Japan and overseas have been ISO 14001 certified as of March 2020.

We also recognize climate change as a critical issue of global consequence, and work to keep up to date on risks arising from climate change. Abnormal weather resulting from climate change may pose obstacles to logistics infrastructure by causing the suspension of flight, shipping and railway services and the closure of highways. Worse, it may lead to an increase in our operating costs. Abnormal weather may also bring about decrease in production and shipment quantities for our clients, possibly leading to decrease in the amount of cargo we handle and our profits.

By combining two or more modes of transport, the Nippon Express Group seeks to ensure transport methods such as modal shifts to lower the burden on the environment, as well as to contribute to steady and stable supply chains to mitigate natural disaster risks.



Main Environment-Related Results in FY2019

CO ₂ emissions (Scope 1, 2)	854,530t-CO ₂ (Including Group companies in Japan: 725,342t, Group companies overseas: 129,188t)
Energy consumption (crude oil equivalent)*1	349,009kl
Water consumption (Group companies in Japan)	1,223,000m ³
Industrial waste volume (Group companies in Japan)	39,802t
Power generated from renewable energy resources*2 (Group companies in Japan)	6,914,910.66kWh
Percentage of owned eco-friendly vehicles to total owned vehicles (Group companies in Japan)	49.5%
Number of eco-friendly vehicles owned in Japan (Group companies in Japan)	9,727

*1 The data shown here aggregate the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scopes 1 and 2). For natural gas, 13A city gas (calorific value of 45 GJ/thousand cubic meters) applies.

*2 The amounts for renewable energy generated/home use/electricity sales are not included in the amounts for the Nippon Express Group's energy use.

Long-Term Environmental Management Fiscal 2030 Targets and Progress

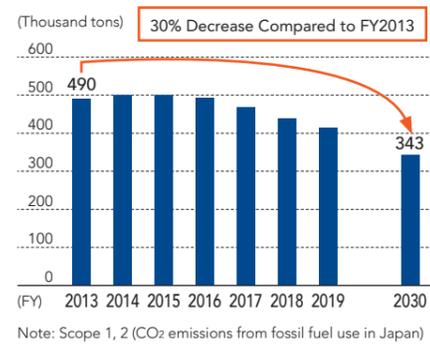
Reduce CO₂ emissions by 30% from FY2013 levels by no later than FY2030

	Standard Value (FY2013)	FY2030 Target Value (Compared to FY2013)	FY2019 Actual (Compared to FY2013)
Total CO ₂ emissions (non-consolidated)	490,513t	343,359t (30% decrease)	414,884t (15.4% decrease)
CO ₂ output units per million yen in revenue (non-consolidated)	469.72kg/million yen	328.80kg/million yen (30% decrease)	370.70kg/million yen (21.1% decrease)

Reduce industrial waste generation vis-à-vis revenue each year by 1% from the previous year (until FY2030)

	Standard Value (FY2016)	FY2030 Target Value (Reduction target)	FY2019 Actual (Compared to previous fiscal year)
Industrial waste volume (non-consolidated)	21.96kg/million yen	19.08kg/million yen (Reduce by 1% from the previous year until FY2030)	24.73kg/million yen (17% increase)

Nippon Express (Non-Consolidated) CO₂ Emissions and Reduction Targets



Promotion of Reductions to CO₂ Emissions Based on Long-Term Targets

Nippon Express aims to reduce CO₂ emissions by 30% compared to fiscal 2013 levels by no later than fiscal 2030 as its long-term goal. In addition, in terms of basic unit revenue we have set a fiscal 2030 target value of 328.80 kg/million yen, which is a 30% decrease compared to fiscal 2013. Moreover, the goal for domestic Group companies is set at a 20% reduction of CO₂ emissions compared to fiscal 2013 levels, by fiscal 2030, while overseas-based Group companies will establish their own targets taking into consideration the levels at companies in Japan and the situation in each country. In these and other ways, we are making Group-wide efforts to reduce CO₂ emissions.

As one measure to realize these goals, the Nippon

Express Group has developed standards for the installation of equipment that are applicable to the construction of logistics facilities and offices. These standards include endeavoring to ensure our equipment is more effective in utilizing renewable energy and promoting LED usage to reflect our concern for the environment, giving consideration for biodiversity, to enhance the safety and health of staff members and people in the neighboring communities and to contribute to the continuation of our business operations. In addition, the Nippon Express Group actively introduces environmentally friendly vehicles that mainly include low-emission diesel trucks such as those complying with the post new long-term standards, as well as CNG, hybrid and LPG trucks.

Highly Specialized Environmental Contribution Businesses

The Nippon Express Group has businesses that require highly specialized technology—namely the Heavy Haulage & Construction business. In transport for wind power generation equipment, in which we place particular strategic importance, we boast a domestic share of 70%,

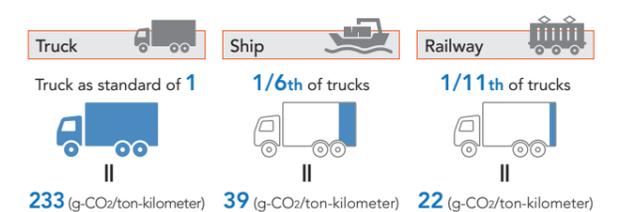
contributing to the prevalence of renewable energy. In addition, with industrial waste treatment as well, we offer safe and secure collection and shipping services based on diverse modes of transport, specialized expertise, and thorough safety training.

CO₂ Reduction through Modal Shift

The Nippon Express Group facilitates cooperation between customers and logistics companies to make numerous modal shifts, switching from truck-centered transport to transport using railways and ships. Modal shifts, organically link the different modes of transport—trucking, railways, shipping and air transport. These measures are promoted throughout the transport industry to reduce environmental impact and make transport more efficient and as effective measures in business continuity plans (BCPs). The Nippon Express Group has also introduced Railway Container NAVI, a unique railway container information service to encourage railway use by customers, which calculates CO₂ emissions and energy used when shipping is conducted by rail, for each respective customer. While simultaneously promoting shifts in transport modes, we are also endeavoring to

develop technologies that will boost modal shifts, such as 12-foot hybrid containers that can be loaded on both trains and coastal vessels.

CO₂ Emissions Intensity by Transport Mode (FY2018)



Source: "CO₂ emissions in the transportation sector" from the Ministry of Land, Infrastructure, Transport and Tourism website https://www.mlit.go.jp/sogoseisaku/environment/sosei_environment_tk_000007.html

CO₂ Reduction through Truck Transport

While using modal shift to increasingly reduce reliance on trucks, we are also tackling the reduction of CO₂ through truck transport itself. We are contributing to cutting emissions through the aforementioned introduction of environmentally friendly vehicles and the promotion of eco-driving*. We are also categorizing products that aggregate in co-loaded delivery centers, and by co-delivering these in batches that are loaded according to

recipient locations, we realize efficient and low-cost deliveries. This co-loaded delivery is a combination of our unique "milk run" cargo collection, route delivery, IT systems and other capabilities that we provide as a streamlining support service for customers' overall sales logistics.

* Eco-driving: Driving techniques that are aimed at reducing CO₂ emissions and fuel consumption and ensuring greater safety by boosting fuel efficiency.

CO₂ Reduction through Air Transport

In air transport, which is known for its high CO₂ emissions, we offer an eco-friendly service that combines the CO₂ credit schemes "ECO₂ AWB" and "Offset Eco₂" to

support customers' CSR and environmental preservation activities from the perspective of logistics.

Recycling and Resource Conserving Services

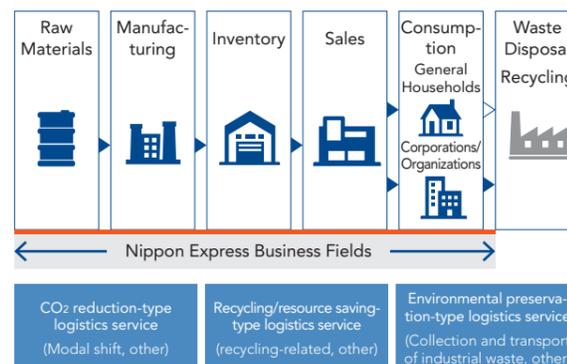
In utilizing our accumulated expertise in environment-related operations we seek to contribute to a recycling-oriented society. The numerous services we offer range from the solutions treatment and recycling for paper resources generated as waste from offices, pick up and shipping of recycled appliances, and resource conserving-type moving services based on the repeated use of

packing materials for moving operations, and to the specialized transport of industrial waste and the collection and transport of disaster waste. Together with keeping environmental burden to a minimum, in transporting such waste we also contribute to the providing of recovery assistance to disaster-hit areas.

Strategic Efforts to Reduce Environmental Impact through the Logistics Business

Initiatives to Promote Green Logistics

The Nippon Express Group is active in a broad range of business fields as a comprehensive logistics company that offers a wide array of environmentally friendly services, such as those that have the aim of reducing CO₂ by switching modes of transport and making transportation more efficient, as well as making use of reusable materials, or other services including recycling services and environmental preservation services based on treating industrial waste.



Topics

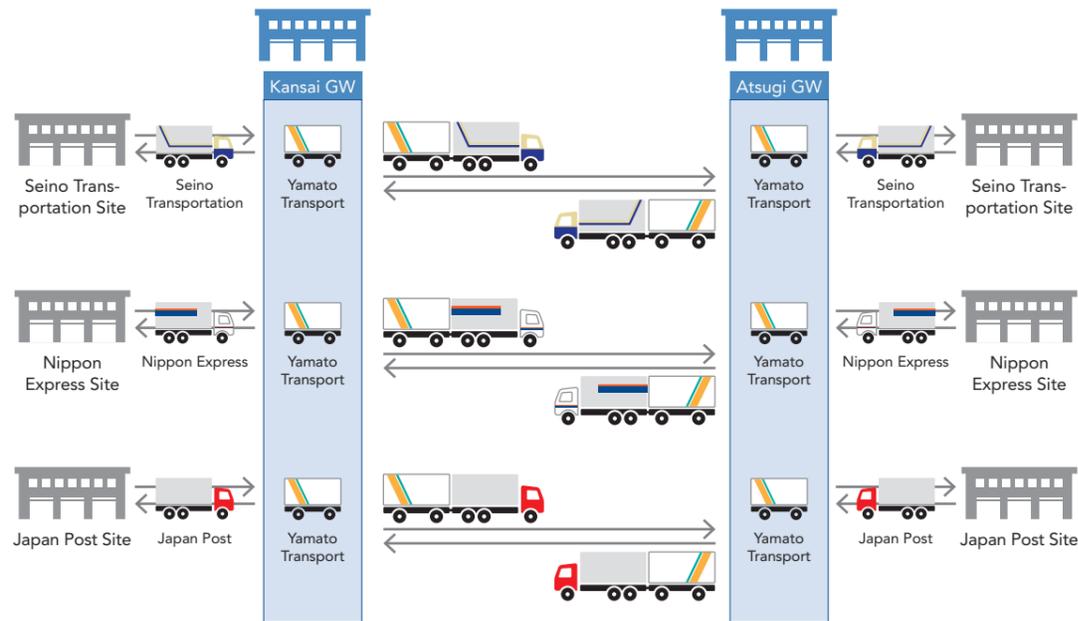
Raising Transport Capabilities and Reducing CO₂ Emissions through Joint Trunk Transport Routes

Four domestic shipping companies were honored with the 18th Special Award for the Green Logistics Partnership Conference*¹ in December 2019 for their joint trunk transport routes between Kanto and Kansai regions that utilizes the Super Full Trailer SF25. By increasing cargo volume, they reduced the number of vehicles and streamlined transport, which ultimately shortened the distance travelled. As a result, the four companies reduced CO₂ emissions by a cumulative 36.4%, which was the reasoning behind the award. In October of the same year, this project was certified by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as Japan's first "Cargo-passenger Transportation Coordinative Energy-efficiency Plan"*².

Having overcome the barriers between companies, this project gained attention not only for lowering environmental burden, but also because it is anticipated to contribute to alleviating the shortage of labor, which is a topic of discussion throughout the logistics industry.

*¹ Green Logistics Partnership Conference
 The Green Logistics Partnership Conference is a meeting body established in April 2005 through joint efforts between METI, MLIT, and related industrial organizations to expand collaborative efforts between shipper and logistics business operators for reducing CO₂ emissions in the logistics sector in Japan. Awards are presented respectively by METI and MLIT, to recognize remarkable efforts which have contributed to the establishment of sustainable logistics systems, in particular.
 *² Cargo-passenger Transportation Coordinative Energy-efficiency Plan Certification
 In the event that multiple cargo-passenger transportation companies that have collaborated to achieve efficiencies with their transportation capabilities, and MLIT has accredited them for having contributed to achieving improvements to basic units associated with energy usage resulting from their reorganization, the companies will be able to allocate the volume of energy conserved amongst themselves in their regular reporting.

Overview



Award for Best Company Working on Modal Shift

In November 2019, at the 6th Awards Ceremony for Excellent Business Entities Working on Modal Shift sponsored by the Japan Association for Logistics and Transport, Nippon Express received the award for Best Company Working on Modal Shift in two categories, the Effective Utilization and New Developments. The reasoning behind the Effective Utilization Award was Nippon Express' Company-wide efforts at modal shift that resulted in achieving over 40% usage rate for railway and ship transport out of its overall cargo transport volume on trunk routes. In New Developments Award, the transport of construction materials from Mie Prefecture to Fukuoka Prefecture was recognized as a modal shift achieved by shifting a part of the truck transport to ship transport via coastal vessels.

Social

The Nippon Express Group considers human rights to be the foundation of global management, and the maintenance of a safe and secure working environment to be our social responsibility as a company. Moreover, diversity is a source of innovation and is indispensable for corporate management in terms of responding to risk and change, and we position this as an important issue in achieving our long-term vision.

At the Nippon Express Group, we are conducting initiatives in tandem with our global business expansion to ensure human rights are thoroughly respected across the supply chain.

In addition, through diversity and work style innovation and maximizing the ability of our diverse self-driven human resources to exercise their individuality, we are promoting a transformation to ensure we are a company that continues to create value in line with the theme "transforming the Company that makes employees feel satisfied and fulfilled." We believe that a company that enables employees to work brightly, enthusiastically and positively can contribute to both customers, shareholders, and in so doing also contribute to society.

Moreover, we are addressing diversifying customer needs by strengthening and upgrading existing businesses through technological innovation, and aggressively developing new services. In parallel with this, we keenly recognize our social and public missions, and contribute to and develop society through our business activities which underpin the action we take to resolve community-based problems.

Respect for Human Rights

Basic Policy on Respect for Human Rights

The Nippon Express Group has set forth its "respect for human rights" as a way to address the rising risk of human rights violations that may occur in the course of expanding our global business domain, and have established our policy to refrain from engaging in conduct that violates human rights, such as discriminatory

treatment, and will reject child labor or forced labor. In addition, the Nippon Express Group Compliance Regulations also include respect for human rights and dignity and we are conducting initiatives to achieve a supply chain that respects the human rights of all stakeholders.

Enlightenment on Human Rights

We distribute the Compliance Handbook (Japanese, English and Chinese) to staff members of the Nippon Express Group companies in Japan and overseas. The handbook prohibits child labor, transactions with a company that uses child labor, and any act that violates the

other party's human rights and causes mental suffering by means such as discrimination or harassment. The abovementioned prohibition is thoroughly emphasized in our staff training.

A Workplace that Supports Sustainable Growth

Promotion of Diversity

In implementing diversity-related efforts, branch managers and others at managerial-level from the Nippon Express Group disseminate extensive information about their diversity related commitments as well as the president's commitment and clarify the objectives and necessities of their commitments and their determination to proceed with these commitments on a company-wide level. Our goal in promoting diversity is to achieve "growth as a global logistics company" and "self-fulfillment of employees," and to create a company where all employees can play an active role and feel satisfied and fulfilled. For this reason, we have formulated our Diversity Promotion Master Plan that calls for steady progress through four reform cycles: mindset reform, corporate climate reform, work style reform, and behavioral reform. We are working on the Diversity Promotion Master Plan along with innovating work styles as set forth in the business plan.

Diversity Promotion Cycle



Work Style Innovation

Allowing staff members to proudly and energetically assume a leading role requires the enhancement of not only their work but also their lifestyles. The achievement of work style innovation is indispensable for the growth of the Nippon Express Group's operations and, by enhancing the private lives and work of our staff members, it will also generate a multiplier effect and ensure that our staff members lead healthy lives. We have been working to reduce the average annual overtime hours by improving productivity (compared to the previous year) and promote the taking of annual paid leave.

Based on this policy, in fiscal 2019 the Company reformed the entire range of employee systems, including its human resources system, salary/wage system and evaluation system. Specifically, in addition to addressing laws related to work style reforms such as equal pay for equal work, mandatory taking of annual leave and setting

In addition, to promote the active participation of women, we are working to foster career motivation through training and seminars specialized for female employees such as for those involved in childcare as well as conducting activities such as disseminating information related to the working styles of women when recruiting, and working to expand the number of women employed*.

More specifically, at seminars for female employees in rural areas, who are relatively small in number, we are actively promoting initiatives such as female officers making in person visits to help alleviate anxiety and provide networking support.

* Average ratio of women employed over the last three years in management track positions: 43.7%

Employing Foreign Students Full-Time

For a Japanese company to achieve growth in global business operations, it is indispensable to train human resources that can function as a bridge between Japan and the rest of the world.

In parallel with its efforts to train local staff, Nippon Express employs foreign students under a full-time employment system with the aim of maximizing their aptitudes and broadening the scope of their activities. We have high hopes that the foreign employees will serve as a driving force in fusing diverse values to create new business domains, in addition to augmenting the operations of our overseas business locations.

upper limits on overtime hours, we also addressed extending the retirement age in stages and the company benefits and retirement allowance systems. This series of system reforms, we believe, are tied to keeping human resources within the company, to increasing employee motivation and vitality.

Supporting Employees Balancing Child/Nursing Care and Work

Nippon Express provides support to employees balancing child/nursing care and work with the aim of helping human resources from a variety of backgrounds to pursue their careers and keep them from having to quit their job against their will to take care of a child or an ailing family member.

To enable employees to fulfill their work responsibilities even when they find it difficult to commute to work

due to child/nursing care or other such obligations, we have introduced an at-home work program to help individuals continue their careers. We work on improving our personnel systems by, for example, allowing staff members to take leave or work shorter hours to undertake childcare. In addition, our male staff members are encouraged to be involved more in childcare, and we also try to reduce overtime work.

Furthermore, we hold seminars for employees immediately after or during their childcare period in our efforts to have participants pass along their insights and to nurture the motivation to continue their careers. We also offer seminars for the supervisors of those taking child leave, among other concerted efforts we make to facilitate mutual understanding in the workplace.

Given that the number of employees facing nursing care responsibilities is expected to increase sharply in the future, we use educational programs and materials to convey accurate information about nursing care and the importance of work-life balance, endeavoring to create a workplace culture where colleagues can recognize and respect each other's circumstances.



Nippon Express is recognized as a "child care support company" by the Ministry of Health, Labour and Welfare.

Organizational Improvements to Eliminate Long Working Hours

Nippon Express is managing working hours through links to the start and finish times of personal computers and digital records of operations. In addition, we are eliminating long working hours by taking full advantage of IT and R&D innovation, to streamline the efficiency through technological development such as automation and mechanization. In addition, we are enhancing productivity through satellite offices that cut travel times and ensure effectiveness.

Topics

Participation in "MINDS," a Work Style Reform Promotion Community

From February 2020, Nippon Express has participated in "MINDS*" or Millennial Innovation for the Next Diverse Society, a community for the millennial generation comprised of different business sectors that promotes work style reforms. Nippon Express is in sync with the mission advocated by MINDS, namely, to realize a society in which all individuals can work in their own preferred way, as well as its vision of instilling into Japanese society the diverse ways of working from the millennial generation, thinking beyond the scope of the business world and companies. In tandem with this, by verifying and advocating for the creation of human resources and occupations capable of adapting to the age of AI that is set to accelerate in the future, we will contribute to activities that spread diverse ways of working throughout Japanese society.

* MINDS: "Millennial Innovation for the Next Diverse Society," brings together millennial-age employees from ten companies operating in a broad collection of industries, including manufacturing, finance, transport, food products and IT. This community seeks to transform the way the millennial generation works through the collaboration of these different industries, putting into practice ideal working styles, and in doing this, to return what was learned to their own company and to society at large. MINDS, established in January 2019, has Dentsu Digital Inc. and Microsoft Japan Co., Ltd. functioning as its management office.

Measures to Deal with COVID-19

To address the spread of COVID-19, in February 2020, Nippon Express established at the head office countermeasures headquarters led by the president, and countermeasures headquarters were also established in principal branches in Japan and overseas regions and these bodies collect and respond to information. To ensure the safety of employees and their families, we promptly responded to the travel alerts based on infection levels provided by the Ministry of Foreign Affairs and employees posted overseas temporarily returned to Japan.

We commenced telework from March in response to the spread of COVID-19 in Japan. For those operations where telework was possible, from April we moved to telework as the default practice to radically reduce attendance at head office. Over 70% of the head office took part in telework in response to the State of Emergency Declaration in Japan.

Since it is not possible to halt the business operations at the branch level, we carried out telework and staggered work to the extent that operations could still be maintained. We have maintained a sufficient stockpile of masks and antiseptic solutions for infectious disease control, mainly at our head office, and we have distributed them to overseas bases to ensure thorough global measures.

Innovation in Our Human Resources Strategy

The education and training policy of the Nippon Express Group is to develop self-driven human resources so that as members of the Group, they will put into practice our corporate philosophy, seize the initiative for continuous growth, and based on social harmony, take independent action without fear of change. We have established a human resources development framework that integrates this education and training policy with management plans and human resource systems, and we are advancing initiatives that underpin growth.

In addition, we are broadening our human resources strategy vision, going from “Japan oriented, Nippon Express (non-consolidated)/partial optimization” to a “global, Nippon Express Group/overall optimization.” We will foster executives who will shoulder the responsibilities

of global business, and secure and nurture professional human resources.

Core Human Resources Training (Global)

Based on our fiscal 2019 Education and Training Plan, the Nittsu Group University organized the Core Human Resources Training (Global) for 14 selected managerial-level staff members. They met six times in total during the period of August 2019 to March 2020, and together with each local subsidiary in China, Korea, Singapore and Myanmar, collaborated to tackle and solve management issues confronting the local subsidiaries. Based on just such a global perspective, we are creating the venues where participants can gain the experience to solve management issues as future executive candidates.

Innovation Based on Collaboration and Co-Creation

Basic Policy on Generating Innovation through Collaboration and Co-Creation

Through innovations, the Nippon Express Group pursues the creation of value for customers and society and the resolution of social issues. To that end, by taking such measures as the proactive involvement in national policies for the formation of a safe society, the Nippon Express Group utilizes advanced technologies in facilitating

automation, energy saving and streamlining of its logistics sites. Our mission is not only accumulating and sharing knowledge obtained from the trial use of advanced technologies, but also communicating the needs of the logistics industry to manufacturers and vendors and stimulate the development of new technologies.

Developing Cutting-Edge Logistics Technologies

The Nippon Express Group is proactive about the use of advanced technologies to innovate logistics sites, treating this as one element of its corporate strategy. We are considering the use of material-handling equipment, cargo-handling robots and drones to streamline operations and save manpower at our warehouses and distribution

centers. In addition, through many different working groups such as a committee taking part in a national project to encourage automated truck platooning, the Nippon Express Group is committed to the creation of new logistics services to support society in the future.

Topics

Field Trials to Realize 5G-Driven Smart Logistics

From January 2020, we have collaborated with IT service providers to conduct field trials to pave the way for smart logistics that leverage 5G technology to enhance efficiency. By sending the data acquired by LiDAR* (laser scanner) using 5G, we have been able to verify that this technology enables a manager working remotely to confirm in real time such details as the load status. In the future, we expect more effective use of truck spaces and we expect to save on labor related to the driver checking on the status of loading.

* LiDAR: “Light Detection and Ranging” is a remote sensing technology that uses light in the form of a pulsed laser to measure ranges to an object, or an object’s structural makeup.

Introduction of Automation and Manpower-Saving Systems at Logistics Centers

In line with the full-fledged operation of the warehouse automation systems we had been considering since fiscal 2017, we introduced automated guided forklifts (AGF) at the Hokkaido warehouse in July 2019, and to the Shizuoka Prefecture logistics center in January 2020. This has allowed us to realize automation during nighttime delivery operations and save on labor for forklift operators. In addition, in March 2020 we deployed automated guided vehicles (AGV). The AGV deployment is expected to solve labor shortage issues and allow us to secure the safety of staff operations and expand our elderly and female workforce by reducing workloads.



Conducting Field Trials for Self-Driving Large-Sized Trucks

In August 2019 in Hokkaido, together with a commercial vehicle maker and an agricultural cooperative, we performed a field trial of automated driving with a large-sized truck equipped with level 4 technology (completely self-driving under specified conditions) out of five stages of autonomous-driving levels. This trial, undertaken with the objective of identifying one way to solve driver shortages, which is an increasingly serious problem at logistics sites, reproduced an environment which was nearly that of actual driving conditions. For this reason, we were able to take a step toward making self-driving trucks a practical reality with Japan’s first trial run on a route that in part included a public roadway.



Providing Special Transport Services

Fine arts transportation and heavy haulage and construction are among some of Nippon Express’ transport services requiring specialized skills and a wealth of experience as well as special facilities and equipment.

We are also revolutionizing the logistics of medicinal products and contributing to the enhancement of the value of medicinal products and people’s health through

transportation by developing a unique network to allow for our adaptation to business continuity plans (BCPs), co-loaded transportation and round-trip use of vehicles for the supply of medicinal products, in addition to quality control in accordance with the Japanese GDP guidelines (the standards for the proper distribution of medicinal products).

Topics

Construction Commenced at Toyama Pharmaceutical Center

In December 2019, we began construction on Toyama Pharmaceutical Center, the fourth of our four key locations (East Japan, West Japan, Toyama, and Kyushu) in Japan that will form the core of a new pharmaceutical supply network we are building.

This newly constructed center in Toyama City, which is a hub for the pharmaceutical products-related industry, will not only serve to supply Japan with commercialized pharmaceutical products, but will provide available logistics services as the backyard of manufacturers in this major pharmaceutical manufacturing location. It is also positioned as a globally strategic site that will cover the pharmaceutical supply chain, both in and outside of Japan, including for the procurement and import of raw materials, bulk drug substances, and product export.

Contributing to Local Communities

Basic Policy on Community Involvement

The Nippon Express Group's business activities rely on local social infrastructure such as roadways, railways, ports, and airports and are closely involved in the relevant communities and societies. Recognizing the Group's social and public missions as a logistics company, we will engage in social action programs rooted in these communities, providing support through our business activities.

Community Investment (FY2019 Results)

	(Thousands of yen)
Forest cultivation activities	8,063
Education for the next generation	58
Contribution to communities	225
Donations	2,000
Co-sponsorship	1,900

Our Role as a Designated Public Institution

Nippon Express is a designated public institution in the transport industry under the Disaster Countermeasures Basic Act, Citizens Protection Act (law concerning measures to protect the public in cases of armed attack), and Act on Special Measures for Pandemic Influenza.

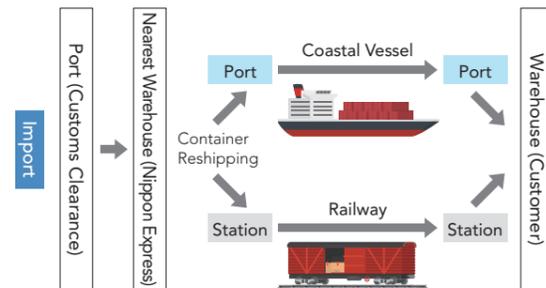
By maintaining a crisis management system and other various systems, we will continue to operate while ensuring

the safety of the lives of employees and their families in the event of an emergency, and will continue to operate as a "designated public institution." We fulfill our social responsibilities such as the transportation of emergency supplies based on requests from such as the national government and prefectures.

Topics

Start of Import Freight Delivery Solution for BCP

In April 2019, Nippon Express launched "NEX Ocean-Solution BCP Pack," an import freight delivery solution for the business continuity plans (BCPs) that combines ocean and rail-based shipping. Avoiding the port of Tokyo that becomes congested as volumes of cargo rise, and by going through Nagoya, Hakata, and other ports with utilization of railway and coastal vessels to reach the Kanto and Tohoku areas from Western Japan, import cargo is delivered to its destination with stability. Our transportation services provide an important link to BCP measures and enable our customers to differentiate themselves from other companies by providing a hedge risk against disasters and other emergency situations.



Receiving a Letter of Appreciation for Disaster Response from the Head of Hokuriku-Shin'etsu District Transport Bureau

Having rendered assistance to those affected by the damage caused by the disastrous downpour that came with 2019's Typhoon Hagibis (Reiwa 1 East Japan Typhoon), in February 2020 the Nagano Branch of Nippon Express was honored for its significant contribution with a letter of appreciation from the head of the Hokuriku-Shin'etsu District Transport Bureau. The catastrophe occurred in October 2019 in Nagano Prefecture when torrential rains caused the Chikuma River to flood, was the first time for a prefecture to be designated as a wide-area material transportation base. Nippon Express' Nagano Branch worked through the Nagano Trucking Association to receive dispatched logistics specialists from the prefecture, and requests from base operations, being responsible for operations in the wide-area material transportation base in line with directions from Nagano Prefecture. Starting with the layout and setting up of a logistics facility that in ordinary times was used as an indoor exercise area, Nagano Branch made up plans for inventory management and vehicle assignments for the supply of materials to some 20 evacuation sites, as well as shipping and receiving, sorting and a variety of coordination operations.

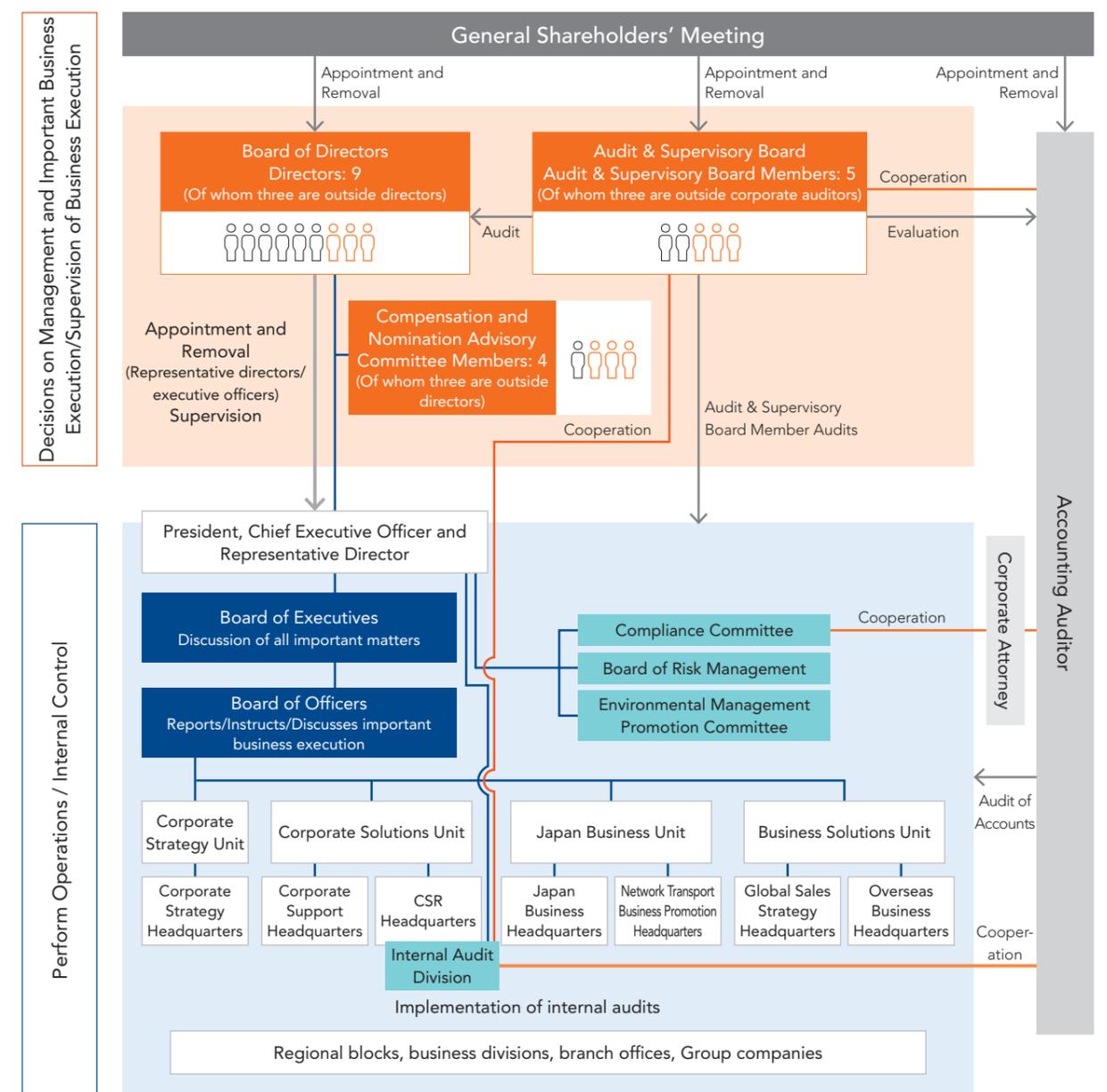
Governance

The Nippon Express Group believes that establishing corporate governance is important for sound corporate management and sustainable growth, increasing corporate value as well as representing a responsibility the Group has to its shareholders.

The Group positions governance as the foundation for conducting management with an emphasis on the environment (E) and social (S). Under its current business plan, the Group will undertake ongoing governance reforms with the theme of "establishing a mechanism to support sustainable improvement in corporate value."

The Group will promote initiatives to ensure "safety, compliance, and quality" that form the basis of the Group's management and are the source of its competitiveness. The Group will also endeavor to enhance the disclosure of information and proactively disseminate information to ensure management transparency and invigorate dialogue with shareholders and investors.

Corporate Governance System Chart



Directors, Executive Officers, Audit & Supervisory Board Members

(As of June 26, 2020)

Directors and Executive Officers



Kenji Watanabe
 Chairman and Representative Director
 Chairman of the Board of Directors

Apr. 1972 Joined the Company
 May 2005 Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch
 Jun. 2005 Director and Executive Officer, Regional General Manager, No. 9 Region, and General Manager, Osaka Branch
 May 2007 Director and Senior Managing Executive Officer, Regional General Manager, Tokyo Metropolitan Region, and General Manager, Tokyo Branch
 May 2009 Executive Vice President, Chief Operating Officer and Representative Director
 Jun. 2011 President, Chief Executive Officer and Representative Director
 May 2017 Chairman and Representative Director (Incumbent)



Mitsuru Saito
 President, Chief Executive Officer and Representative Director
 Chief Executive Officer
 General Manager, Corporate Strategy Unit and Chief Managing Officer, Corporate Strategy Headquarters

Apr. 1978 Joined the Company
 May 2009 Executive Officer, Regional General Manager, Tohoku Region and General Manager, Sendai Branch
 May 2012 Managing Executive Officer
 Jun. 2012 Director and Managing Executive Officer
 May 2014 Executive Vice President, Chief Operating Officer and Representative Director
 May 2017 President, Chief Executive Officer and Representative Director (Incumbent)



Takaaki Ishii
 Executive Vice President, Chief Operating Officer and Representative Director
 General Manager, Business Solutions Unit

Apr. 1978 Joined the Company
 Jun. 2011 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region and General Manager, Gunma Branch
 Dec. 2013 Executive Officer
 May 2014 Managing Executive Officer
 Jun. 2014 Director and Managing Executive Officer
 May 2015 Director and Senior Managing Executive Officer, Regional General Manager, Kanto Region, and General Manager, Air Freight Business Branch
 May 2017 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)

Audit & Supervisory Board Members



Naoya Hayashida
 Full-Time Audit & Supervisory Board Member

Apr. 1983 Joined the Company
 Feb. 2007 Group General Manager, Consolidated Finance Group of Accounting Division
 May 2007 Group General Manager, Budget & Planning Group of Accounting Division
 May 2009 General Manager, Fukui Branch
 Oct. 2010 General Manager, Finance & Accounting Division, Nippon Express USA, Inc.
 May 2013 Served at Personnel & Industrial Relations Division, Nittsu Shoji Co., Ltd. (Full-time Associate Director)
 Jun. 2013 Director and Executive Officer, Nittsu Shoji Co., Ltd.
 May 2015 Executive Officer and General Manager, Finance & Accounting Division
 Jun. 2015 Director, Executive Officer and General Manager, Finance & Accounting Division
 May 2017 Director and Executive Officer
 May 2018 Director
 Jun. 2018 Full-Time Audit & Supervisory Board Member (Incumbent)



Shigeki Arima
 Full-Time Audit & Supervisory Board Member

Apr. 1984 Joined the Company
 May 2008 General Manager, Shunan Branch
 Jun. 2011 General Manager, Hiroshima Branch
 May 2013 General Manager, Shimonoseki Branch
 May 2015 General Manager, Group Management Division
 May 2017 General Manager, Corporate Planning Division, and General Manager, Group Management Division
 May 2018 Executive Officer, Regional General Manager, Chugoku and Shikoku Region, and General Manager, Hiroshima Branch
 Apr. 2020 Assistant to President
 Jun. 2020 Full-Time Audit & Supervisory Board Member (Incumbent)

Executive Officers

Senior Managing Executive Officers

Makoto Ikeda
Akira Kondo
Eiichi Nakamura
Toshiro Uchida

Managing Executive Officers

Tatsuo Sugiyama
Mitsuru Uematsu
Yutaka Nagai
Tatsuya Suzuki
Masato Nakagawa



Susumu Akita
 Executive Vice President, Chief Operating Officer and Representative Director
 General Manager, Japan Business Unit, Chief Managing Officer, Japan Business Headquarters, Chief Managing Officer, Network Transport Business Promotion Headquarters and In Charge of Japan Business Administration Division

Apr. 1982 Joined the Company
 May 2014 Executive Officer, Regional General Manager, Tohoku Region, and General Manager, Sendai Branch
 May 2016 Executive Officer
 Jun. 2016 Director and Executive Officer
 May 2017 Director and Managing Executive Officer
 Apr. 2019 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)



Satoshi Horikiri
 Executive Vice President, Chief Operating Officer and Representative Director
 General Manager, Corporate Solutions Unit, Chief Managing Officer, Corporate Support Headquarters and Chief Managing Officer, CSR Headquarters

Apr. 1983 Joined the Company
 May 2015 Executive Officer, Regional General Manager, North Kanto & Shin-Etsu Region, and General Manager, Gunma Branch
 May 2017 Executive Officer
 Jun. 2017 Director and Executive Officer
 May 2018 Director and Managing Executive Officer
 Apr. 2019 Director and Senior Managing Executive Officer
 Jun. 2019 Senior Managing Executive Officer
 Apr. 2020 Executive Vice President and Chief Operating Officer
 Jun. 2020 Executive Vice President, Chief Operating Officer and Representative Director (Incumbent)



Takashi Masuda
 Director and Executive Officer In Charge of Corporate Planning Division and Financial Planning Division

Apr. 1984 Joined the Company
 May 2007 Managing Director, Nippon Express Capital Co., Ltd.
 Jul. 2009 Group General Manager, 3PL Division
 Apr. 2010 Group General Manager, Global Logistics Solutions Division
 May 2013 General Manager, Finance & Accounting Division
 May 2015 Director and Executive Officer, Nittsu Shoji Co., Ltd.
 May 2017 Director and Managing Executive Officer, Nittsu Shoji Co., Ltd.
 May 2018 Executive Officer
 Jun. 2018 Director and Executive Officer (Incumbent)



Tadashi Kanki
 Full-Time Audit & Supervisory Board Member

Apr. 1981 Joined the Dai-ichi Kangyo Bank, Limited
 Apr. 2005 General Manager of Osaka Corporate Banking Division No. 3 of Mizuho Corporate Bank, Ltd.
 Apr. 2008 Executive Officer, General Manager of Corporate Banking Division No. 8 of Mizuho Corporate Bank, Ltd.
 Apr. 2011 Managing Executive Officer, In Charge of Business Promotion of Mizuho Corporate Bank, Ltd.
 Apr. 2012 Managing Executive Officer, In Charge of Branch Banking Group (Deputy) of Mizuho Bank, Ltd.
 Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Financial Group, Inc.
 Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Bank, Ltd.
 Apr. 2013 Managing Executive Officer, Head of Strategic Planning Group of Mizuho Corporate Bank, Ltd.
 Apr. 2013 Managing Executive Officer, In Charge of Strategic Planning, Financial Control & Accounting Group of Mizuho Trust & Banking Co., Ltd.
 Apr. 2013 Managing Executive Officer, In Charge of Strategic Planning Group of Mizuho Securities Co., Ltd.
 Jun. 2013 Executive Managing Director, Head of Strategic Planning Group of Mizuho Financial Group, Inc.
 Apr. 2014 Senior Executive Managing Director, Head of Internal Audit Group of Mizuho Financial Group, Inc.
 Jun. 2014 Senior Managing Executive Officer, Head of Internal Audit Group of Mizuho Financial Group, Inc.
 Apr. 2016 Executive Vice President of Mizuho Research Institute Ltd.
 May 2017 Advisor of Mizuho Research Institute Ltd.
 Jun. 2017 Full-Time Audit & Supervisory Board Member of the Company (Incumbent)



Toshiaki Nojiri
 Audit & Supervisory Board Member

Apr. 1979 Joined Nittsu Research Institute and Consulting, Inc.
 Apr. 1989 Assistant Professor, Faculty of Sociology, Ryutsu Keizai University
 Apr. 1994 Professor, Faculty of Sociology, Ryutsu Keizai University
 Apr. 1996 Professor, Faculty of Distribution and Logistics Systems, Ryutsu Keizai University
 Apr. 2001 Professor, Faculty of Law, Ryutsu Keizai University (Incumbent)
 Apr. 2001 Head of Registrar's Office, Ryutsu Keizai University
 Nov. 2002 President, Ryutsu Keizai University
 Nov. 2008 Retired from President, Ryutsu Keizai University
 Jun. 2013 Senior Managing Director, Nittsu Gakuen Educational Corporation
 Apr. 2015 President, Ryutsu Keizai University (Incumbent)
 Jun. 2016 Director, Nittsu Gakuen Educational Corporation (Incumbent)
 Jun. 2016 Audit & Supervisory Board Member of the Company (Incumbent)

Executive Officers

Ryuji Goya
Hiroshi Takahashi
Chihiro Sugiyama
Akiyoshi Sekine
Kazutoshi Hamashima
Shinjiro Takezoe
Masayuki Yamada
Hajime Matsumoto
Atsushi Nagashima
Tadashi Fujishiro
Kenji Kato
Ken Sato
Tadahiro Furue
Hiroyuki Tanaka
Hideshi Ootsuki
Tatsuya Akama
Toshiya Abe
Tatsuya Fujimoto
Toshikazu Kitai
Haruyasu Toda



Masahiro Sugiyama
 Outside Director

Apr. 1971 Research Assistant, Waseda University School of Commerce
 Apr. 1974 Lecturer, Waseda University School of Commerce
 Apr. 1976 Associate Professor, Waseda University School of Commerce
 Apr. 1977 Guest Researcher, Faculty of Law and Economics, University of Bonn, Germany
 Apr. 1981 Professor, Waseda University School of Commerce and Graduate School of Commerce (From 2004, Professor, Waseda University Faculty of Commerce, due to the organization's name change)
 May 2011 Emeritus Professor, Waseda University (Incumbent)
 Jun. 2014 Director of the Company (Incumbent)



Shigeo Nakayama
 Outside Director

Apr. 1978 Certified as an Attorney (Dai-ichi Tokyo Bar Association) Joined the Law Firm of Naritomi Yasunobu
 Apr. 1987 Founded the Law Firm of Nakayama Shigeo (In April 2005, name changed to Law Firm of Nakayama & Otokozawa) (Incumbent)
 Jun. 2014 Director of the Company (Incumbent)



Sadako Yasuoka
 Outside Director

Jan. 2005 Lecturer, Muryozan Denzuin Rongo School for Kids (In April 2013, name changed to Muryozan Denzuin Terakoya Rongo School) (Incumbent)
 Aug. 2007 Teacher of Japanese, Seigakuin Junior & Senior High School
 Oct. 2008 Representative, Ginza Terakoya Rongo School for Kids (In April 2019, name changed to Ginza Rongo School for Adults) (Incumbent)
 Apr. 2009 Teacher of the Analects of Confucius (Rongo), Shukutoku SC Junior & Senior High School (Incumbent)
 Nov. 2013 Representative, Sadako Yasuoka Office (Incumbent)
 Jun. 2015 Director of the Company (Incumbent)



Yoshio Aoki
 Audit & Supervisory Board Member

Nov. 1974 Joined Peat, Marwick, Mitchell & Company
 Nov. 1976 Joined Tohmatsu Awoki & Co. (Current Deloitte Touche Tohmatsu LLC)
 Mar. 1978 Registered as Certified Public Accountant
 Jul. 1988 Partner, Tohmatsu Awoki & Sanwa (Current Deloitte Touche Tohmatsu LLC)
 Jul. 1995 Representative Partner, Tohmatsu & Co. (Current Deloitte Touche Tohmatsu LLC)
 Oct. 2010 Head, Management Audit Office, Deloitte Touche Tohmatsu LLC
 Dec. 2015 Director, Certified Public Accountant, Yoshio Aoki & Co. (Incumbent)
 Jun. 2016 Audit & Supervisory Board Member of the Company (Incumbent)

Outside Director Three-Way Discussion

Nippon Express adopted the outside directors structure as an initiative for strengthening corporate governance in 2014. Currently, three of the nine directors are selected from outside the Company. In this report, the three outside directors held a discussion related to their understanding of the roles, responsibilities, and issues of the outside directors, as well as the status of this initiative.

Masahiro Sugiyama

Masahiro Sugiyama has been a guest researcher in the Faculty of Law and Economics at the University of Bonn in the former West Germany and Professor at both the Faculty of Commerce and Graduate School of Commerce at Waseda University in Tokyo, where he holds the post of Emeritus Professor. In addition to pursuing the essence of social science by balancing theory and reality in the fields of transport economics and transport policy, he has been involved in the public transport policy council for many years. His main published books are *West German Transport Policy Research* (published in Japanese by Seibundoh) and *Tomorrow's Urban Transport Policy* (Seibundoh, co-author). Mr. Sugiyama has been an outside director of the Company since June 2014.

Shigeo Nakayama

Shigeo Nakayama was certified as an attorney in April 1978. In addition to having served as an instructor for the Supreme Court Judicial Training Institute and as a visiting professor at The University of Tokyo Graduate Schools for Law and Politics, he has served as a member of the Ministry of Health, Labour and Welfare's Labor Policy Committee of Experts and a member of the Council on Economic and Fiscal Policy's Labor Market Reform Committee of Experts as well as a member of other public institutions. His major Japanese publications are *Supreme Court Labor Cases*, Volumes 4, 6, 7 and 8 (published by the Japan Federation of Employers' Associations (Nikkeiren), co-author) and *Employment Regulation Model Texts* (Keidanren Publishing). Mr. Nakayama has been an outside director of the Company since June 2014.

Sadako Yasuoka

Granddaughter of the Chinese scholar Masahiro Yasuoka, Sadako Yasuoka graduated with a degree in Chinese literature from Nishogakusha University in Tokyo. Known as a leading expert teacher of the Analects of Confucius, she gives 23 regular classes all over Japan, including at the Ginza-Terakoya Rongo School for Kids and the Shibunkai-Yushima Temple Rongo School for Kids. Her writings in Japanese include *Hajimete no Rongo* (First Studies of the Analects of Confucius, published by Kodansha), *Rongo Schools for Children That Nurture the Mind* (Poplar Publishing Co., Ltd.) and *Rongo That You Will Want Your Children and Grandchildren to Read and Listen to* (Gentosha). Ms. Yasuoka has been an outside director of the Company since June 2015.

How do you see your responsibilities and roles in terms of your expertise and as outside directors?

Sugiyama: I specialize in researching transport economics and transport policy at a university. So, I feel it is my responsibility to focus on economics as a whole and the trends in transportation and logistics to ascertain the details of any changes that have occurred, for example whether the change was inevitable or what the causes were, and to offer advice.

Nakayama: I am a lawyer specializing in corporate law, and labor relations in particular. In my case, my responsibilities and roles are to monitor the Board of Directors' decision-making process, goals, and content from a legal compliance standpoint, and thereby help validate management decisions. In addition to the Board of Directors, I also cooperate in heading off, improving upon, and preventing the recurrence of problems based on compliance violation cases from both inside and outside the Company.

Yasuoka: My expertise lies in Chinese literature and I teach the Analects of Confucius during corporate training, for example. My responsibilities are to view the Company from an objective stance, question the Company about my own and third-party concerns, and ascertain how the Company responds to these concerns and whether voicing such concerns is having an effect.

How does the Company acknowledge and apply the opinions and expertise of the outside directors to management?

Nakayama: Although some say that half the Board of Directors should be from outside the company, outside directors account for one third of the Board at Nippon Express. On the other hand, the way in which discussions are actually held between the outside directors and full-time management is important, so the ratio of outside directors to the total number of directors alone is not the issue. At Nippon Express, the full-time management take the lead in conducting business, whereas the outside directors play the role of sounding warnings and actively holding discussions from their areas of expertise. And I feel that the results of these then become reflected in the management of the Company. To give one example from

a discussion regarding compliance, when I mentioned that one effective way of preventing recurrence after there is a violation was to also inform those employees who were not involved in the incident about specific cases, the Company considered this idea constructively and began publishing such cases in the "CSR Newsletter" that is regularly issued within the Company.

Yasuoka: I already spoke about my responsibilities as an outside director, but I feel the Company values the opinions of the outside directors and addresses our questions in a sincere manner. Although there are many themes to choose from, one example is promoting the participation of women. Today, there is a growing number of women among new employees, which means the number of females has come to rival that of males in the younger employee age groups. This shift has also led to changes in awareness and ways of thinking. Although not yet perfect, the Company is also actively undertaking related initiatives like holding seminars on returning to work after having children, so I expect that the Company's image will change over the next few years.

Sugiyama: I am constantly aware that my presence should be uncomfortable and therefore work to offer harsh opinions at the Board of Directors. As part of corporate decision-making, I verify the credibility of reports prepared by consulting companies and state my honest opinion if I have any concerns. I also feel similarly about promoting the participation of women, and have stated my opinion that women should be assigned to executive officer positions. Other countries have different histories and local characteristics to those of Japan, so the Company will require a foundation that employs women and accepts diversity overall to expand globally. Although the Company also has few employees from science backgrounds today, I think that going forward employees with expertise in big data statistical analysis, for example, will also become important. I feel that the Company's management fully acknowledges these kinds of opinions and concepts as well.

How do you interpret the Company's business and its social roles?

Nakayama: I recognize that logistics is an important

part of the social infrastructure. So I feel that, through its business activities, Nippon Express plays a major social role that serves to advance lifestyles, corporate activities, medicine, welfare, and other areas. And I feel that the roles that are expected by society in various regions are significant.

Sugiyama: I also feel the same. It is said that "food, clothing, and shelter" are essential for our lifestyles, but I think that we should also include transportation and logistics. Without logistics, today's economy and society would likely come to a standstill. As a leading company, my expectations lie in Nippon Express' ability to drive the logistics industry.

Yasuoka: I strongly feel that the employees are aware that logistics are essential to the social infrastructure, and thus engage in their regular duties with a sense of pride. The employees similarly aspire to contribute to society in new fields like pharmaceutical and food logistics by maintaining a broad vision that is not bound to existing methods.

What is your sense of the issues in terms of what the Company must do to fulfill its social roles or to achieve future growth?

Sugiyama: Nippon Express is actively expanding overseas, and although global expansion is also desirable for the economy, as I mentioned earlier, the history and local characteristics of Japan differ from those of other countries. Applying the ways of Japan without modification will therefore likely not work outside Japan. It is important to understand this point before fully considering how to plan for overseas expansion.

Nakayama: The logistics industry is often criticized for its long working hours, but the Company has actually reduced overtime and made improvements in this area. Whereas a law regarding equal pay for equal work was only implemented in April 2020, the Company undertakes progressive initiatives and had already adopted this concept in 2019. Meanwhile, although the so-called Anti-power Harassment Law took effect in June of this year, the Company must still implement continued initiatives regarding personnel management. I believe that building an organization that nurtures personnel and in

which employees feel happy is an important element of expanding the business.

Yasuoka: Nippon Express is home to many ambitious employees, but the Company must build an organization and systems that maintain their motivation to work while at the same time conducting personnel training. One such effort is the Company's Diversity Promotion Group, which undertakes different initiatives. Despite the fact that these initiatives primarily focus on training female employees, this Group considers diversity from the perspective that a comfortable workplace for women is also a comfortable workplace for men. The more the Company expands its business, the more I feel it must put energy into personnel training.

What are your expectations for the Company?

Sugiyama: As a leading company in the logistics industry, Nippon Express must respond to social demands. However, I feel the Company must take an approach that both achieves growth as a company as it works to address these demands. And I look forward to the Company achieving this.

Nakayama: The current business plan was launched in April 2019, so I expect the Company to steadily put this plan into practice. ESG management is one of the major pillars on which this plan is founded, and I look forward to the promotion of effective measures that contribute to raising Nippon Express' corporate value.

Yasuoka: President Saito has said that he "hopes to transform Nippon Express into a company where the employees feel satisfied and fulfilled and also their families feel happy, and in which the employees maintain the will to work," but the Company must therefore impart this concept to each and every employee. I believe that the employees' acceptance of this idea and their ability to work in a fulfilling manner will become a strength of the Company. Moreover, I expect that when it becomes normal for women to be appointed as executive officers, the Company's atmosphere and its future potential will expand even further.

Basic Views on Corporate Governance

The Nippon Express Group upholds its mission to resolve social issues through logistics and support social sustainable development and growth in accordance with the “Nippon Express Group Corporate Philosophy.” The Company also believes that working hand in hand with all stakeholders, including shareholders and investors, and respecting their viewpoints is indispensable to the realization of sustained growth and improvement of corporate value. To this end, ensuring compliance and

guaranteeing management transparency, as well as speedy management through rapid decision-making and the clarification of responsibility, are important. Building such a system and ensuring that it functions properly comprises our basic policy on corporate governance. On the grounds of these basic views, Nippon Express Group strives for continuous progress and reinforcement of its corporate governance.

Corporate Governance System

Nippon Express is a company based on an Audit & Supervisory Board structure. In addition to the Board of Directors and Audit & Supervisory Board, the Company has introduced a Board of Officers system with the goal of ensuring rapid decision-making and business execution.

Consisting of nine members, including three outside Directors, the Board of Directors passes resolutions on important business execution as well as on matters stipulated by laws and regulations and the Company’s Articles of Incorporation, and supervises business execution. To obtain the opinions of independent outside Directors concerning important matters such as the compensation and nomination of Officers, the Company established the Compensation and Nomination Advisory Committee, of which the majority of members are independent outside directors, as an advisory body to the Board of Directors. The Company makes deliberations based on the reports of these committees. Board members serve a one-year term, which enables the clarification of the Board’s responsibilities for each fiscal year.

The Audit & Supervisory Board consists of five members, including three outside Audit & Supervisory Board members. The Audit & Supervisory Board members attend important meetings, including Board of Directors and the

Board of Executives, and provide oversight of company Directors in the execution of their duties. The Audit & Supervisory Board will also carry out inspections of Group companies in terms of consolidated management and operational enforcement relating to consolidated financial statements.

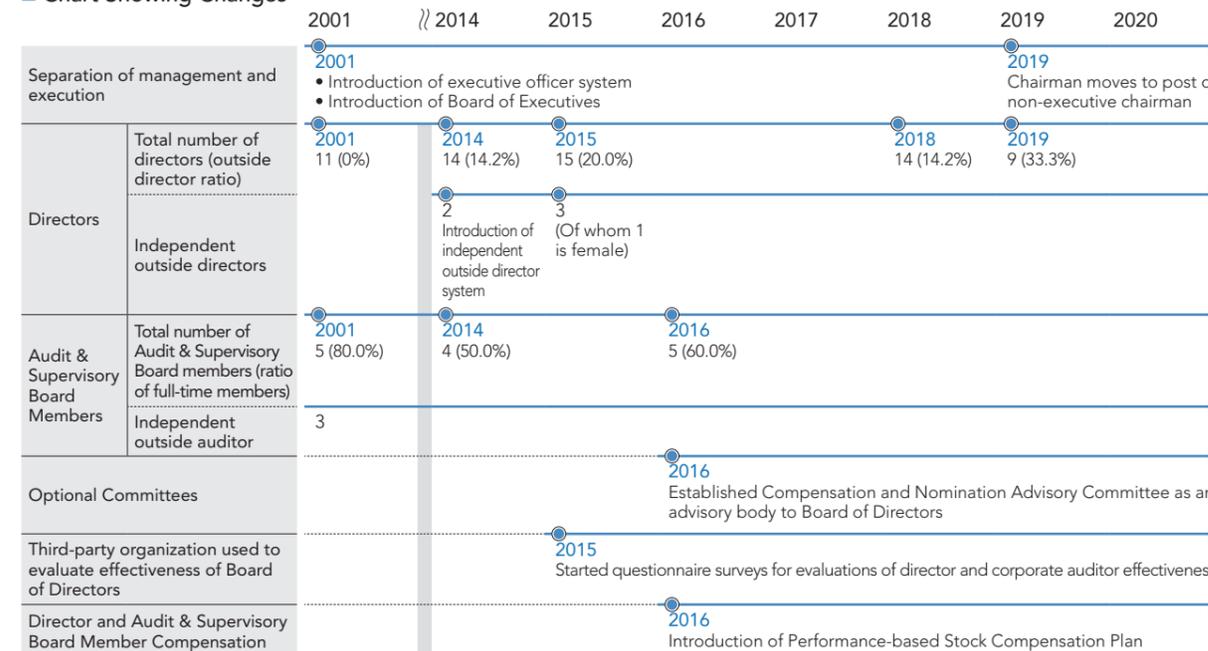
With regard to execution, on the basis of an executive structure consisting of four units and seven headquarters under the President, Chief Executive Officer and Representative Director, a certain amount of authority is delegated to each unit/headquarters, and business plan quickly executed as one management unit. Established as a consultative body for all important matters appertaining to business execution, the Board of Executives discusses matters to be put before the Board of Directors and makes resolutions on important matters to the extent delegated by the Board of Directors. Board of Officers comprises 34 members, including five serving concurrently as Directors. While communicating the decisions made and instructions issued at Board of Directors, the Board of Officers discusses instructions from each general manager and the chief managing officer, reports on the status of business execution from each executive officer and deliberates important matters.

Organizational structure	Company with Audit & Supervisory Board
Chairperson of Board of Directors	Chairman (unless the chairman is also the president)
Number of directors (number of outside directors)	9 (3)
Term of directors	1 year
Frequency of Board of Directors	Once a month in principle or more as needed Meetings held in fiscal 2019: 17
Number of Audit & Supervisory Board members (number of outside members)	5 (3)
Frequency of Audit & Supervisory Board meetings	Once every three months in principle or more as needed Meetings held in fiscal 2019: 8
Board of Officers in place [Yes/No]	Yes
Number of executive officers (number who concurrently serve as directors)	34 (5)
Term of executive officers	1 year
Frequency of Board of Officers	Once a month in principle or more as needed
Frequency of Board of Executives	Twice a month in principle or more as needed
Composition of Board of Executives	Directors working at head office and executives officer working in the Tokyo metropolitan area (25)

(As of June 26, 2020)

Initiatives to Enhance Corporate Governance

Chart Showing Changes



Compliance with the Corporate Governance Code

The Company is in compliance with all of the principles of the Tokyo Stock Exchange’s Corporate Governance Code. Since the introduction of the Corporate Governance Code, we have understood the aims of each principle and been constantly working to improve them.

Since fiscal 2019, we have detailed our policy and implementation regarding all 78 principles in the “Nippon Express Policy and Implementations of JPX’s Corporate Governance Code.” This document is disclosed on our website and elsewhere.

WEB Nippon Express Policy and Implementations of JPX’s Corporate Governance Code.

<https://www.nipponexpress.com/pdf/ir/governance/Nippon-Express-Policy-and-Implementations-of-JPX%60s-Corporate-Governance-Code.pdf>

Evaluating the Effectiveness of Board of Directors

Using an external institution, the Board of Directors implements a survey on the effectiveness of the entire Board of Directors and Audit & Supervisory Board members, including outside officers, and collects their opinions. The main points of the evaluation are the structure and operation of the Board of Directors, management and business strategies, corporate ethics, risk management, the evaluation of the management team and the status of its members’ remuneration. The results of the analysis and evaluated results from the external institution are discussed and verified at a Board of Directors.

With regard to the evaluation conducted at the end of fiscal 2019, the Company evaluated each question and the voluntary comments and evaluated that the effec-

tiveness of the entire Board of Directors is secure.

As an example of the issues identified in this survey and improved in recent years, the composition of the Board of Directors was improved by deciding to have outside directors make up one third of its members. The Company is working to further improve effectiveness by, for example, enhancing the explanations provided at Board of Directors with regard to progress reports on important strategies.

For more details on the evaluation of effectiveness please see the summary in the Corporate Governance Report issued by the Company.

WEB Corporate Governance

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

Implementation of Corporate Governance

Attendance Rate for Board of Directors and Audit & Supervisory Board

Directors		FY2019 Board of Directors attendance rate		Audit & Supervisory Board		FY2019 Board of Directors attendance rate		FY2019 Audit & Supervisory Board attendance rate	
Chairman and Representative Director	Kenji Watanabe	17/17		Tatsuya Suzuki	17/17	8/8			
President, Chief Executive Officer, and Representative Director	Mitsuru Saito	17/17		Naoya Hayashida	16/17	8/8			
Executive Vice President, Chief Operating Officer, and Representative Director	Takaaki Ishii	17/17		Tadashi Kanki (Outside member)	17/17	8/8			
Executive Vice President, Chief Operating Officer, and Representative Director	Hisao Taketsu	17/17		Toshiaki Nojiri (Outside member)	17/17	8/8			
Executive Vice President, Chief Operating Officer, and Representative Director	Susumu Akita	17/17		Yoshio Aoki (Outside member)	17/17	8/8			
Director	Takashi Masuda	17/17							
	Masahiro Sugiyama (Outside director)	17/17							
	Shigeo Nakayama (Outside director)	17/17							
	Sadako Yasuoka (Outside director)	17/17							

Board of Directors' Implementation Summary

Number of agenda items	65
Meeting hours (total)	14 hours 13 minutes

Appointments of Directors

Officer Appointment Policy and Decision Procedures

When selecting director candidates and representative directors, the Board of Directors selects after discussions those individuals who possess diverse skills—including the appropriate character, knowledge, experience of business management, expertise in law, accounting and other fields and skills as well as academic backgrounds—from among the individuals who are capable of demonstrating their ability in achieving the Nippon Express Group's global management. When selecting candidates for Audit & Supervisory Board members, in addition to the above criteria, one or more individuals that have knowledge in finance and accounting is selected. Moreover, when selecting candidates for outside directors and outside

Audit & Supervisory Board members, individuals are selected who meet all criteria for these positions, as stipulated in Items 15 and 16, Article 2 of the Companies Act and from the viewpoints of whether or not they are suitable candidates for monitoring the overall operation of the Company with excellent character and knowledge and abundant prior management experience. For the appointment and dismissal of these officers, the Company has established a discretionary Compensation and Nomination Advisory Committee—with three out of four committee members as independent outside directors—as an advisory body for our Board. The Company makes hiring decisions based on the Committee's reports.

Reasons for Selection

Directors		
Chairman and Representative Director	Kenji Watanabe	Since his appointment as president, chief executive officer and representative director in 2011, Mr. Kenji Watanabe has been committed to driving the growth of the Nippon Express Group and strengthening its domestic business. He has been serving as chairman and representative director since 2017, and the Company believes that his solid leadership and management capabilities, based on his outstanding insight, are crucial for strengthening the management of the entire Nippon Express Group in order to realize its long-term vision.
President, Chief Executive Officer, and Representative Director	Mitsuru Saito	Since his appointment as executive vice president, chief operating officer, and representative director in 2014, Mr. Mitsuru Saito has implemented operational structural reforms leading to sustainable corporate growth in a prompt and precise manner as chief managing officer of the Administration Headquarters. He has been serving as president, chief executive officer, and representative director since 2017, and the Company believes that his solid leadership and management capabilities, based on his outstanding insight, are crucial for implementing all strategies under business plans in a prompt and precise manner for the Nippon Express Group to grow into a logistics company with a strong presence in the global market.
Executive Vice President, Chief Operating Officer, and Representative Director	Takaaki Ishii	Since his appointment as executive officer in 2011, Mr. Takaaki Ishii has contributed greatly to the management of the Company, taking on executive responsibility for operations in broad areas primarily in the Kanto Region. He has been serving as executive vice president, chief operating officer, and representative director since 2017, and the Company believes that his leadership and management capabilities, based on his profound experience and knowledge, are crucial for further strengthening both its customer- and business-based approaches and developing its global logistics business while ensuring its solid competitiveness.

Executive Vice President, Chief Operating Officer, and Representative Director	Susumu Akita	Since his appointment as executive officer in 2014, Mr. Susumu Akita has contributed to the development of businesses in the Tohoku Region and achieved great successes as a Company-wide manager of such important sections as general affairs, human resources and business administration. He has been serving as executive vice president, chief operating officer, and representative director since 2019, and the Company believes that his leadership and management capabilities, based on his excellent insight, are crucial for controlling its overall businesses in Japan, improving profitability and productivity, and advancing its strategy to enhance business resilience.
Executive Vice President, Chief Operating Officer, and Representative Director	Satoshi Horikiri	Since his appointment as executive officer of the Company in 2015, Mr. Satoshi Horikiri has contributed to the development of businesses in the North Kanto & Shin-Etsu Region. Having made great achievements as a manager of important sections, such as the corporate planning and overseas business sections, he was appointed as executive vice president and chief operating officer in 2020. The Company believes that, in the coming year, his management capabilities and extensive experience and knowledge in global terms will be crucial for developing a solid operational base to support its business growth strategy in the midst of an increasingly uncertain business environment.
Director	Takashi Masuda	Since his appointment as executive officer in 2018, Mr. Takashi Masuda has promoted measures to reinforce the Company's financial base and streamline Company-wide accounting operations. The Company believes that his management capabilities, based on his diverse experience and profound knowledge, including in finance and other areas, are crucial for strengthening its operational base through highly strategic investments and realizing capital policies in ESG-oriented business management.

Outside Directors

Masahiro Sugiyama	Mr. Masahiro Sugiyama has many years of experience researching in the areas of transport and freight as a university professor and possesses abundant experience and wide-ranging insights.
Shigeo Nakayama	As a lawyer, Mr. Shigeo Nakayama is particularly familiar with Labor Law and the Labor Relations Act and possesses legal knowledge that he has cultivated over many years and abundant experience.
Sadako Yasuoka	For her profound education and abundant experience, including such educational activities as the study of the Analects of Confucius, with people of various ages.

Outside Audit & Supervisory Board Members

Tadashi Kanki	For his wealth of experience as a business executive and broad-ranging insights.
Toshiaki Nojiri	Specializing in the Antimonopoly Act and transportation business policy research, Mr. Toshiaki Nojiri possesses experience from having served as an academic expert in a number of posts in government and industry organizations.
Yoshio Aoki	For his abundant experience as a certified public accountant and expert knowledge of finance and accounting.

Outside Directors and Outside Audit & Supervisory Board Members

Three of the Company's nine directors are outside directors. The outside directors provide expert insight from an outside perspective when making important management decisions and strengthen the oversight of the Board of Directors' business execution. A member of the Compensation and Nomination Advisory Committee, which includes all three outside directors, will formulate policies with regard to executive compensation and nominations,

discuss proposals, and ensure fairness and transparency by reporting to the Board of Directors. In addition, the Audit & Supervisory Board members, including three outside Audit & Supervisory Board members, conduct audits on the business execution of directors and for the Group's companies. We believe that adopting this structure sufficiently ensures the objectivity and neutrality of management oversight.

Independence Criteria for Independent Outside Officers

Taking into consideration the requirement for outside directors stipulated in the Companies Act and the criteria set by securities exchanges, the Company has established its own criteria and appoints outside directors and outside Audit & Supervisory Board members in accordance with these criteria.

When candidates for outside director and outside Audit & Supervisory Board member do not fall under the following items, the Company considers that they have the appropriate independence.

1. An individual who is an executive* of the Company or a Group company or was an executive of the Company or a Group company within the ten-year period prior to his/her appointment;
2. A shareholder and its executive who own 10% or more of the total voting rights of the Company's shares;
3. An executive of a business partner whose transaction with the Group exceeds 2% of the Company's consolidated revenues;
4. An individual who has received more than ¥10 million per business year from the Company as remuneration as a consultant, a lawyer or a certified public accountant;
5. An individual who belongs to the audit firm which is the Company's Accounting Auditor; or
6. An individual who belongs to one of the groups, etc. which received an average of 10 million yen or more of donations during the last three business years from the Company and a Group company.

* An "executive" signifies an executive director, an executive officer or other employees.

Training Policy for Directors and Audit & Supervisory Board Members

For them to deepen their understanding of the Company's business challenges and acquire the necessary knowledge of financial affairs and laws, directors and Audit & Supervisory Board members are provided with opportunities to attend seminars and social gatherings. We bear the expenses of these. We expect our Audit &

Supervisory Board members to acquire wide knowledge through attending various meetings and seminars. For our outside directors and outside Audit & Supervisory Board members, we provide opportunities to acquire knowledge concerning the Company's business operations through, for example, site visits.

Officer Remuneration

Officer Remuneration Policy and Decision Procedures

The Company's basic policy for officer remuneration is that the policy should allow the Company to employ excellent individuals who can achieve our corporate philosophy, and that the remuneration system should provide the motivation for continuous improvement to our corporate value. The Company has established guidelines for director and Audit & Supervisory Board member compensation and bonuses. Based on such factors as individual duties and performance, compensation and bonuses for directors are determined by the Board of Directors and compensation for Audit & Supervisory Board members is determined by deliberation among the Audit & Supervisory Board members. These decisions are made with input from the Compensation and Nomination Advisory Committee, which Nippon Express has voluntarily established as an advisory body to the Board of Directors. A majority of the members of this committee are independent outside directors. Specific compensation amounts were set within the limits decided by resolution of the 100th General Shareholders' Meeting held on June 29, 2006, reflecting such considerations as corporate performance, industry standards, and employee salary levels.

The remuneration of officers consists of basic remuneration and performance-based remuneration that fluctuates according to business performance, but the remuneration of outside directors consists only of basic

remuneration because of their role and independence. Performance-based remuneration consists of bonuses based on single-year performance and stock compensation linked to medium- to long-term performance. With regard to the latter, with the aim of further enhancing their sense of contribution to the improvement of the Company's medium- to long-term corporate value and shareholder value, the Company introduced a performance-based stock compensation plan that uses an executive compensation Board Incentive Plan (BIP) trust (the "BIP Trust")^{*1} for directors and executive officers (excluding outside directors and those who do not reside in Japan). This plan uses part of the existing basic remuneration as funds for share-based remuneration and grants, varying the numbers of Company shares depending on the recipient's position and level of attainment of performance goals of the Company as a whole.

At the end of each fiscal year and at the end of the period for evaluation, the Company will evaluate consolidated performance based on indicators, such as revenue, operating income and return on equity (ROE). At the same time as the granting of shares, a portion of the shares are paid in cash after being converted within the trust to use this amount for the payment of taxes, including income tax. The number of Company shares to be granted is determined based on share delivery rules that stipulate the calculation method, time of delivery, and other relevant matters.

^{*1} Based on the Performance Share Plan and the Restricted Stock Plan in the United States, the BIP Trust is a trust-based incentive plan, under which compensation based on the Company's shares is delivered to the directors according to factors that include the Company's business performance.

Total Amount of Remuneration, etc. by Officer Category, Total Amount by Type of Remuneration, etc., and Number of Eligible Officers

Officer Category	Amount of remuneration (Millions of yen)	Total amount by type of remuneration (Millions of yen)				Number of eligible officers
		Monthly fixed remuneration	Performance-based remuneration		Other	
			Bonuses	Stock compensation		
Director (excluding outside directors)	495	383	64	36	11	11
Audit & Supervisory Board Member (excluding outside members)	55	55	-	-	0	2
Outside Director	87	87	-	-	-	6

Details of the BIP Trust Agreement (Following Trust Agreement's August 2019 Amendment)

Type of trust	Monetary trust other than a specified solely administered monetary trust (third-party beneficiary trust with beneficiaries yet to exist)
Purpose of trust	To provide incentives to the directors and executive officers of the Company
Entruster	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Directors and executive officers who satisfy the beneficiary requirements
Trust administrator	Third party having no conflict of interest with the Company (certified public accountant)
Date of initial trust agreement	August 2016
Trust term	September 2019 to August 2024
Commencement of the plan	September 2016
Exercise of voting rights	Voting rights will not be exercised
Class of shares to be acquired	Common stock of the Company
Upper limit of trust money	¥800 million (including trust fees and trust expenses)
Share acquisition period	August 8, 2019, to August 9, 2019
Share acquisition method	Purchase from stock market
Rights holder	The Company
Residual assets	The Company, as the rights holder, may receive residual assets within the scope of the reserve for trust expenses after deducting funds to acquire the Company's shares from trust money
Total number of shares to be delivered to the directors and executive officers	Maximum 115,000 shares (Trust period: five years)
Scope of persons who can receive beneficiary rights and other rights under this system	Those persons among directors, etc. who meet the beneficiary requirements

Cross-Shareholdings

Policy on Cross-Shareholdings and Rationality of Ownership Verification

On the basis of reducing its cross-shareholdings, in principle the Company does not conduct new acquisitions, for example in response to requests for stock acquisitions for the purpose of securing stable shareholders. Exceptionally, the Company may hold such shares if it is decided that the action would improve its medium- to long-term corporate value by increasing the number of business transactions, expanding the scope of its business, strengthening its relationships with business partners and promoting collaboration.

For cross-shareholdings, the Board of Directors will

annually review the rationality of holding each share name, including capital costs and benefits of holding. The benefits will be evaluated not only from quantitative aspects, but also from qualitative aspects. The specific verification points and the details of Board of Directors' verification are described in the securities reports issued by the Company. The securities report can be viewed on the Company's website.

WEB Securities Reports (Japanese only)
<https://www.nittsu.co.jp/ir/library/securities/>

Structure of Internal Control System

Basic Concept of Internal Control System and Maintenance Status

An internal control system is necessary for corporate operations to be carried out appropriately and efficiently. Nippon Express maintains an effective control system that ensures proper operations. The Company has established the Nippon Express Group Charter of Conduct as a standard for directors and employees to act in compliance with laws and regulations, the Articles

of Incorporation, other internal rules, and generally accepted ideas and beliefs. With regard to compliance, risk management, internal audit, and ensuring that Group companies operate correctly, the Company has put in place effective control systems that allow appropriate operations to be performed under their respective regulations and organizational structures.

Risk Management

Risk Management Basic Policy

The Nippon Express Group has created a series of “Crisis Management Guidelines” to reduce risks that would adversely affect business operations and, in times of crisis, when we are exposed, to facilitate risk management in the most rapid and concise fashion. In addition, we have established a “Board of Risk Management” to develop and implement risk management systems.

Forming the basis of these Crisis Management Guidelines, the Group has constructed a crisis management system comprising four codes under the Crisis Management Code: the Disaster Management Code, the Overseas Crisis Management Code, IT System Risk Management Code, and the New Influenza Management Code.

Crisis Management System

Based on the four previously mentioned codes, the Nippon Express Group has established steps to be taken against widespread disasters, outbreaks of new types of influenza and other infectious diseases, information system risks, emergencies overseas, and various other risks, while reinforcing collaboration within the Group.

of many disasters and working to assist the recovery of affected areas.

Furthermore, besides preparing emergency stockpiles of supplies that include food and drinking water as well as hygienic items such as masks and gloves as countermeasures against infectious diseases, we have brought in satellite phones in times of disaster to enable us to respond to disruptions in telephone networks due to natural disasters. By distributing them to related divisions at the head office and major branches across Japan, we ensure prompt communication in the event of an emergency.

Nippon Express is a designated public institution under the Disaster Measures Basic Law and the Civil Protection Act (the Act Concerning the Measures for Protection of the People in Armed Attack Situations) as well as the Act on Special Measures concerning the Relief of Pandemic Influenza. The Company has fulfilled this role by transporting emergency supplies in the immediate aftermaths

Business Continuity Framework (BCM and BCPs)

The Company has established a basic policy on business continuity management (BCM) as well as business continuity plans (BCPs) in order to continue operations even when faced with major disasters or threats, such as the spread of contagious diseases. By systematically determining first response and recovery measures, the Group is increasing its resilience to emergencies.

emergencies while also fulfilling its responsibility as a designated public institution through such operations as transporting emergency relief supplies.

Going forward, the Nippon Express Group will continue to act as a maintainer of social function contributing to the operation of supply chains, even during emergencies caused by natural disasters, industrial disasters, and man-made disasters, and thus contribute to society.

Under this framework, Nippon Express places the safety of employees and their families first when responding to

Safety

As the core of our business activities, safety is of utmost importance. Under our Commitment to Safety, which summarizes our thoughts, we declare that we will obey the rules, learn from past accidents and disasters, improve our skills and strive to predict danger every day.

Basic Policy on Safety

Based on its policy of “Safety takes precedence over everything else,” every fiscal year the Nippon Express Group formulates a Safety & Health Management Policy that is common to all companies in the Group based on the previous fiscal year’s safety and health record and the results of Group efforts. In fiscal 2019, we set “reduce major accidents/disasters to zero” and “reduce culpable traffic accidents and labor accidents (including those with no lost days) by at least 30% versus the previous year as a target for all Group companies.

Having also composed a “Commitment to Safety” to raise and extend safety awareness at all Group companies, the Nippon Express Group undertakes a number of efforts to put this commitment into regular practice with a strong commitment to preventing accidents and disasters.

Commitment to Safety

- We will abide by all applicable laws and rules and prioritize safety above all else.
- We will never forget past accidents and always learn from them.
- We will undertake daily risk prevention activities.
- We will improve our expertise in order to conduct safer operations.
- We will remain conscious of safety and endeavor to prevent accidents.



President’s Commitment to Safety
 Since fiscal 2014, posters clearly spelling out the commitment and responsibilities of the president have been created and put up in all workplaces to boost safety awareness.

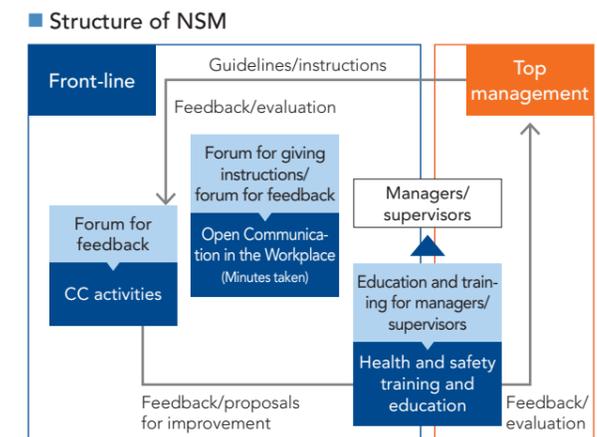
Safety Initiatives

Nittsu Safety & Health Management System

In 2010, after a thorough review of the existing safety and health management program, the Nippon Express Group introduced the Nittsu Safety & Health Management System (NSM) built upon three programs, thereby addressing the construction of a more reliable system for safety and health management.

The first program is “Open Communication in the Workplace” for effectively disseminating corporate policy and strategic direction from the top management to our front-line colleagues. The second program, “Challenge Circles” (CC), involves small group discussions on addressing problems in workplaces and ensuring safety. The third program is health and safety training/education for supervisors and managers.

These three programs continuously function in a PDCA (plan, do, check, and act) cycle, thus improving workplace environments.



All Types of Training Programs

The Nippon Express Group focuses on the training of truck drivers and forklift operators in order to prevent workplace accidents.

Nippon Express has established a proficiency examination system to certify staff members' knowledge and skills and determine whether they have learned proper driving etiquette and are capable of operating vehicles safely in the manner expected of every staff member of the Nippon Express Group. Having put in place instructors as those who will play a central role in such training, we are working to improve and standardize work quality by passing on high-quality skills and to raise safety awareness.

We also offer specialized training and practice for highly specialized operations, such as heavy haulage techniques and security transportation.



Specialized training for heavy haulage techniques

Safety Training Overseas

Aiming to conduct business operations centered on national staff, the Nippon Express Group's overseas

subsidiaries are promoting the creation of a system that can locally train drivers and forklift operators. Mentors from the head office in Japan travel locally to train not only new hires but also to conduct education for teaching staff to promote the establishment of a training system at each local corporation.

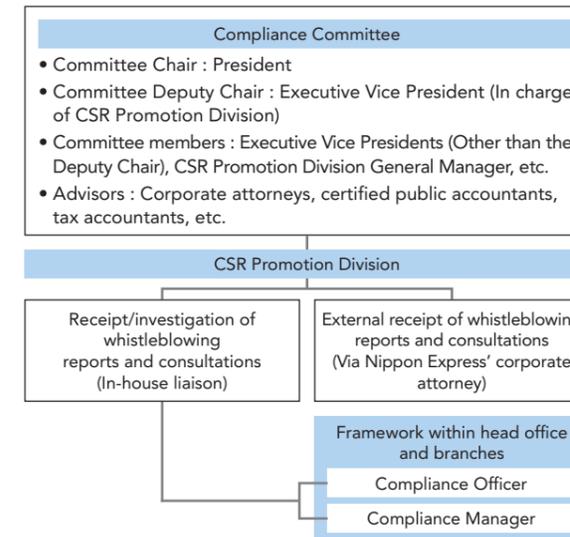
Members of staff from overseas companies participate in the Nippon Express Group Nationwide Contest for Drivers and Forklift Operators, which is held with the aim of encouraging staff members to improve their driving skills and work quality.

Driver Safety Measures

Regularly conducting driving aptitude tests for drivers, who are the key to our business, the Safety and Health Promotion Division provide safe driving instruction based on the inspection results according to the driving characteristics. We also carry out sleep apnea syndrome (SAS) screening tests on a regular basis and work to thoroughly ensure safety by, as and when necessary, imposing detailed tests, treatments, and driving restrictions. In the unlikely event of an accident or disaster, we would set up a Safety Study Group to prevent a recurrence by, for example, conducting safety training sessions, coaching guidance by driver instructors, and reviewing safe work procedure manuals.

the Nittsu Speak Up whistleblowing system and other measures put in place to ensure honest and fair corporate activities.

Compliance Management System



and the Code of Conduct in an accessible manner. We use the handbook as an educational tool for promoting compliance management. In fiscal 2019, we used the Compliance Handbook to train 64,635 employees.

For sales and administrative employee, we conduct e-learning twice a year on the themes of harassment prevention and non-compliance prevention. In fiscal 2019, 35,839 employees participated in the training. We are also working to improve compliance within the Group by convening an annual conference for the Nippon Express Group compliance managers with the aim of sharing information and exchanging opinions.

Every month, the CSR Promotion Division distributes the CSR Newsletter, which is a tool for providing information on compliance and CSR, and the Compliance Calendar, which lists compliance slogans received from employees.

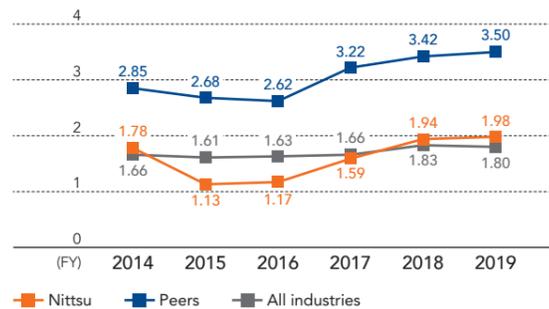
Compliance Awareness Survey

Every year, the Nippon Express Group carries out a compliance awareness survey of all employees in Japan. The survey conducted in November 2019 (target group: 68,581 persons; respondents: 57,752 persons) addressed compliance awareness, understanding of workplace reality, compliance awareness improvements, prevention of harassment, misconduct or improper activities among all employees.

In May and June 2019, we also carried out a survey of safety and compliance awareness targeting approximately 18,000 overseas employees.

Indices of Occupational Accidents

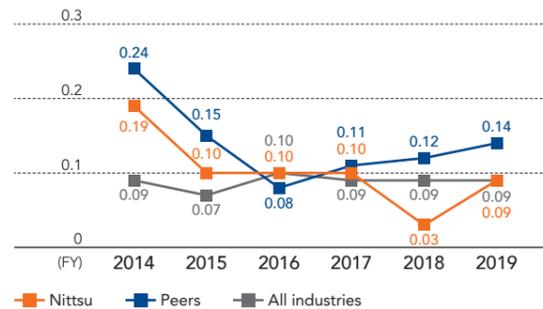
Accident Frequency Rate: *1



*1 The frequency rate is an international indicator that indicates the incidence rate of occupational accidents.

$$\text{Number of casualties per one million working hours} = \frac{\text{Number of casualties}}{\text{Total number of working hours}} \times 1,000,000$$

Severity Rate: *2



*2 Severity rate is an international indicator that indicates the degree of injury caused by occupational injury.

$$\text{Days lost per 1,000 working hours} = \frac{\text{Workdays lost}}{\text{Total number of working hours}} \times 1,000$$

Compliance Training

The Nippon Express Group distributes a Compliance Handbook (in Japanese, English, and Chinese) to all Group employees, including overseas employees. The handbook summarizes specific examples of compliance

Implement Robust Anti-Corruption Measures

Instilling Compliance Awareness

Distributed to all Group employees, including overseas staff, as a training tool for employees, the Compliance Handbook clearly describes prohibited items—such as exchanges in the form of gifts or money between civil servants, customers and involved outside parties—and thoroughly reduces the risks by making sure all employees are thoroughly informed. By means of the “Overseas Business Company Management Handbook” and other sources, we are fully aware of and thoroughly implement anti-bribery measures with regard to foreign civil servants. These educational tools can be viewed on the Group's intranet and are being spread to all employees, including overseas business companies.



Compliance Handbook

Compliance Violation

In fiscal 2019, there were no cases where legal action was taken due to anti-competitive conduct, violations of anti-trust laws, or violations of the Antimonopoly Act during the reporting period. Nor was the Company subject to punitive measures other than fines due to violations of environmental laws and regulations or in receipt of complaints concerning infringements of customer privacy. It was discovered, however, that there had been an overstatement of revenues of ¥782 million, and a correction was made in the financial results for the second quarter of fiscal 2019. We will further strengthen our internal controls so that the same situation will never arise again.

Compliance

Promote Fair Business Practices

Compliance Management Structure

The Company set up its Compliance Division (now the CSR Promotion Division) in 2003 to promote compliance

management, and established its Compliance Regulations in the same year. A Compliance Committee headed by the president has been set up in the head office, and

Quality

Alongside safety and compliance, quality is the foundation of improvements in our corporate value. We will maintain tools, such as customer consultations and questionnaires, listen to the customer feedback and work to maintain and improve global quality to meet the expectations of customers and society.

Basic Policy on Quality

The Nippon Express Group is committed to the maintenance and improvement of its service quality as an effective means of achieving sustainable corporate growth and performance improvements. To support the enhancement of customers' lives through logistics, we are endeavoring to acquire ISO 9001 certification, an international quality

control system, so that we can respond sincerely to customer feedback and offer high-quality service to continue obtaining customers' trust and satisfying customers. Our ISO-certified branches set targets in their customer surveys and conduct monitoring to achieve the targets.

Initiatives to Maintain /Improve Quality

Quality Management System

In addition to ISO 9001 certification, the Nippon Express Group has introduced our own original system for handling cargo accidents and remained consistently committed to quality improvements. In particular, an accident with damage amounting to ¥5 million or more may be handled under supervision by the division (Business Division) in charge.

Customer Consultation System

Nippon Express has introduced a customer consultation system (Voice of Customer Solution or VoCS) which allows the entire company to share customers' inquiries, opinions, and requests that are directed to its website.

The inquiry page on the website is periodically redesigned so that customers can submit inquiries more easily. These improvements have led to further inquiries from customers. We will compile the opinions and requests received from customers into a database to keep up with changes in social and economic conditions as we endeavor to develop new products and improve our service quality.

Inquiries/Requests Received in FY2019

Inquiries	10,669
Requests	852

Customer Questionnaire Survey

Nippon Express air cargo transport organizations across the country have been obtaining ISO 9001 certification. To qualitatively improve our transport service, we set targets for customer satisfaction on a nationwide basis and consistently check our performance by means of customer questionnaire surveys. The various opinions and requests we receive in these surveys are discussed in periodic "Review Meetings," and we are continually endeavoring to upgrade and improve the quality of our transport services.

Example of Action Taken After a Customer Questionnaire Survey

Air Freight Business Branch, International Cargo Sales Division No.4, Commercial Sales Dept. No.6 ascertained from a customer questionnaire survey that "rust that formed on the exterior packaging of cargo due to the environment inside a container during transportation was troubling customers." Having received this feedback, the section liaised with the relevant departments in the Company and proposed "the use of ventilated containers that would allow air to pass through." We are working to further improve the quality of transport services and customer satisfaction based on the opinions we receive from customer questionnaire surveys.

Customer Survey on Our Moving Business

We have been asking customers who make use of our moving services to respond to a questionnaire survey on our services. The opinions and requests we receive from this survey will be utilized in making future business improvements and developing services in the hope that these will lead to greater customer satisfaction and improved service quality.

Sharing Value with Our Stakeholders

The Nippon Express Group's business stands on the basis of trust with a wide range of stakeholders.

The Group emphasizes engagement to address the expectations of our stakeholders, work with our stakeholders to achieve and grow our business, and share the resulting value with our stakeholders through interactive communication.



Basic Policy for Dialogue

For dialogues with shareholders and investors, the Investor Relations Promotion Group of the Corporate Planning Division within the Corporate Strategy Unit, which is managed by our top managers, responds to requests. Our top managers, the director in charge and/or senior managers attend the meetings. We hold one-on-one base meetings in Japan and overseas as well as telephone conferences, financial settlement briefings, site visits, business result presentations, small meetings. We attend small meetings and Investor Relations Conferences held by securities firms to create opportunities for dialogues with shareholders and investors. Opinions gained from shareholders and investors through dialogues are reported at the board meetings regularly. We also send feedback to outside directors and senior managers as well as other relevant internal divisions to reflect our corporate activities.

Major Initiatives

Stakeholder	Major dialogue methods and opportunities
Customers	<ul style="list-style-type: none"> Exhibitions, briefings and seminars (as necessary) Telephone and internet consultations (daily) Questionnaires for customers (as necessary), etc.
Shareholders and investors	<ul style="list-style-type: none"> General Shareholders' Meetings (annually) Results briefings (quarterly) Dialogue-based ESG programs (as necessary) Reporting such as integrated reports (as necessary), etc.
Affiliates and subcontractors	<ul style="list-style-type: none"> Safety council meetings (semiannually) Meetings and briefings (as necessary), etc.
Employees	<ul style="list-style-type: none"> Internal whistleblowing system "Nittsu Speak Up" (daily) Individual interviews (as necessary) Internal questionnaires (as necessary) Compliance awareness survey (annually) Company newsletter (monthly), etc.
Administrative institutions	<ul style="list-style-type: none"> Committees, conferences and meetings (as necessary), etc.
Communities	<ul style="list-style-type: none"> Participation in business/industry organizations (as necessary) Dispatch of personnel to provide lectures and training (as necessary) Social contribution activities (as necessary), etc.

Initiatives for Constructive Dialogue with Shareholders and Investors

In addition to proactively disclosing information to deepen understanding of the Company's management policies and business operations, we hold meetings for shareholders and investors with management and report the opinions gleaned from such meetings to the Board of Directors. Through such efforts, we seek to improve the quality of dialogue.

We hold results briefings four times a year, during which the president and the IR representative each speak twice. In addition, we hold meetings, briefings, site visits, and other activities for Japanese institutional investors, overseas institutional investors, and private investors as means of advancing initiatives to strengthen engagement.

FY2019 Results

- For domestic institutional investors**
 - One-on-one meetings between institutional investors and the president, the director in charge of IR, and the IR representative.
 - Meetings with the president: 5, Meetings with the director in charge of IR: 4, Meetings with the IR representative: 101
 - Small meetings at which the president spoke: 3
 - Business result presentations at which three vice-presidents in charge of the divisions spoke: 1
 - Securities analyst interviews addressed by the IR representative: 46
- For overseas institutional investors**
 - Overseas investor visits (North America, Europe, Asia)
 - Visits by the president: 21, Visits by the director in charge of IR: 17, Visits by the IR representative: 7
 - Participation in conferences organized by securities firms: 4
- For private investors**
 - Briefings and meetings: 7
- Site visits**
 - Domestic: Wind turbine transport and installation (Seijo City, Ehime): 1
 - Overseas: Nippon Express (South Asia & Oceania) Pte., Ltd., (Singapore): 1

11-Year Financial Summary

For the years ended March 31

		The Nippon Express Group Business Plan 2023	The Nippon Express Group Corporate Strategy 2018			The Nippon Express Group Corporate Strategy 2015			The Nippon Express Group Corporate Strategy 2012			2010
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
For the year:	Revenues* ¹	2,080,352	2,138,501	1,995,317	1,864,301	1,909,105	1,924,929	1,752,468	1,613,327	1,628,027	1,617,185	1,569,633
(Millions of yen)	Revenues by reportable segment from the consolidated year ended March 31, 2011 to 2016* ²											
	Distribution & Transportation											
	Domestic Companies											
	Combined Business	—	—	—	—	736,568	742,356	721,717	699,287	704,717	717,439	751,004
	Security Transportation	—	—	—	—	53,803	55,401	54,651	58,842	58,764	59,542	60,875
	Heavy Haulage & Construction	—	—	—	—	51,395	46,886	36,656	37,186	40,048	34,356	39,294
	Air Freight Forwarding	—	—	—	—	182,533	210,763	181,720	182,143	205,407	203,408	183,860
	Marine & Harbor Transportation	—	—	—	—	118,205	118,836	131,708	124,207	125,654	124,216	110,717
	Overseas Companies											
	Americas	—	—	—	—	94,697	79,160	69,066	54,028	42,963	42,806	37,717
	Europe	—	—	—	—	84,579	83,609	72,788	44,230	46,453	45,069	44,724
	Asia & Oceania* ³	—	—	—	—	—	—	—	—	—	—	93,830
	East Asia	—	—	—	—	115,068	101,321	92,156	68,812	72,967	76,955	—
	South Asia & Oceania	—	—	—	—	70,225	64,607	51,367	44,291	44,811	45,564	—
	Goods Sales	—	—	—	—	367,328	420,155	412,846	383,738	374,076	352,507	322,699
	Other	—	—	—	—	173,632	143,602	61,460	41,802	40,368	35,980	32,347
	Adjustment	—	—	—	—	(138,935)	(141,773)	(133,672)	(125,242)	(128,206)	(120,662)	(107,437)
	Revenues by reportable segment from the consolidated year ended March 31, 2017 onward* ²											
	Logistics											
	Japan	1,213,597	1,256,802 * ⁴	1,188,695 * ⁴	1,155,713	1,158,390	—	—	—	—	—	—
	Americas	91,068	98,699	91,396	83,831	94,697	—	—	—	—	—	—
	Europe	119,338	114,812	96,048	79,286	84,579	—	—	—	—	—	—
	East Asia	112,048	122,754	117,487	101,746	115,068	—	—	—	—	—	—
	South Asia & Oceania	90,112	91,874	85,382	70,343	70,225	—	—	—	—	—	—
	Security Transportation	72,589	72,647 * ⁴	72,022 * ⁴	54,781	53,803	—	—	—	—	—	—
	Heavy Haulage & Construction	52,358	47,751	47,602	46,985	51,395	—	—	—	—	—	—
	Logistics Support	471,201	483,965	443,264	403,994	410,906	—	—	—	—	—	—
	Adjustment	(141,962)	(150,806)	(146,582)	(132,381)	(129,962)	—	—	—	—	—	—
	Operating income	59,224	79,598	70,269	57,431	54,778	50,811	40,865	33,206	37,497	31,629	37,535
	Profit attributable to owners of parent* ⁵	17,409	49,330	6,534	36,454	35,659	26,382	26,345	23,831	26,949	8,541	12,566
At year-end:	Total net assets	556,506	560,444	547,494	552,985	538,018	550,137	509,954	518,409	494,205	479,898	495,883
(Millions of yen)	Total assets	1,518,037	1,536,677	1,517,060 * ⁶	1,521,800	1,484,953	1,453,617	1,377,443	1,247,612	1,230,964	1,147,539	1,201,801
	Net cash provided by operating activities* ⁷	98,206	72,698	91,865	102,360	78,844	74,519	57,892	60,937	80,754	76,019	82,198
	Cash and cash equivalents at end of year* ⁷	96,171	102,092	137,891	163,386	146,007	148,942	125,900	113,689	135,882	78,383	121,187
Per share*⁸:	Net assets per share* ⁹	5,805.12	5,749.60	5,519.09	5,586.52	521.77	531.06	483.38	489.39	461.63	448.29	464.38
(Yen)	Basic earnings per share* ⁹	185.06	515.13	68.06	371.32	35.61	25.87	25.62	22.89	25.85	8.19	12.05
Ratios: (%)	Operating income ratio	2.8	3.7	3.5	3.1	2.9	2.6	2.3	2.1	2.3	2.0	2.4
	Equity ratio	35.5	35.4	34.9 * ⁶	35.2	35.2	36.6	36.0	41.2	39.1	40.7	40.3
	Return on equity (ROE)	3.2	9.2	1.2	6.9	6.8	5.1	5.2	4.8	5.7	1.8	2.6

*¹ Revenue figures do not include consumption taxes.*² Effective from the consolidated fiscal year ended March 31, 2011, the Company has adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17 issued on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20 issued on March 21, 2008). The above listed revenues by segment do not include internal sales or money transfers between segments.*³ Nippon Express underwent an organizational change in the consolidated fiscal year ended March 31, 2011. Consequently, for Distribution & Transportation, overseas companies, Asia & Oceania has been divided into East Asia and South Asia & Oceania. As it is not possible to restate the results for the consolidated fiscal year ended March 31, 2010 under the new reportable segments, such results are presented here in accordance with the previous segment designations.*⁴ In accordance with organizational reforms of the security transportation business, part of the Japan (Logistics) segment was reorganized as the Security Transportation segment effective from the fiscal year ended March 31, 2019. The fiscal 2017 results have been adjusted to reflect this change.*⁵ Due to the application of the Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued September 13, 2013) and other accounting standards, the accounting item previously presented as "net income" has been renamed "profit attributable to owners of parent" from fiscal 2015 onward.*⁶ Nippon Express has applied Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued February 16, 2018) since April 1, 2018. The total assets and equity ratio figures for fiscal 2017 have been retroactively adjusted to reflect this application.*⁷ From the year ended March 31, 2015 onward, cash related to CSD services and exchange money delivery services in the Security Transportation Business has been excluded from the scope of funds (i.e., cash and cash equivalents). The effect of this change has been retrospectively applied to the figures presented above for net cash provided by operating activities as well as cash and cash equivalents at end of year for the fiscal years ended March 31, 2011 through 2014.*⁸ The Company executed a consolidation of shares at a ratio of 10 common shares to 1 effective October 1, 2017. Accordingly, net assets and basic earnings per share are calculated on the assumption that said consolidation of shares was implemented at the beginning of the fiscal year ended March 31, 2017.*⁹ The Company adopted an executive compensation BIP trust as of the fiscal year ended March 31, 2017. For the purpose of calculating net assets per share, the Company's shares held by the trust are included in treasury stock, which is excluded from the number of shares of common stock at the end of the year. For the purpose of calculating basic earnings per share, the Company's shares held by the trust are included in treasury stock, which is excluded from the calculation of the weighted average number of shares of common stock during the year.

11-Year Non-Financial Summary

For the years ended March 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Environment											
Energy consumption*1 (crude oil equivalent) (Unit: kiloliter)	349,009	351,802	366,671	370,122	373,367	381,386	—	—	—	—	—
Water consumption*2 (unconsolidated) (Unit: thousand cubic meters)	1,223	1,401	1,292	974	1,208	1,041	1,237	1,110	1,760	1,726	2,268
CO ₂ emissions (Scope 1, 2) (Unit: tons CO ₂)	854,530	873,089	918,388	942,363	961,431	970,994	970,438	976,884	—	—	—
CO ₂ emissions (Scope 1, 2, Group companies in Japan) (Unit: tons CO ₂)	725,342	761,242	809,864	851,831	869,875	876,159	885,066	890,995	947,411	1,201,552	1,249,832
CO ₂ emissions (Scope 1, 2, Group companies overseas) (Unit: tons CO ₂)	129,188	111,847	108,524	90,532	91,556	94,835	85,372	85,890	—	—	—
Industrial waste volume (Group companies in Japan) (Unit: ton)	39,802	36,902	35,698	33,250	39,769	35,869	39,206	36,352	33,627	41,041	43,235
Number of eco-friendly vehicles owned (Group companies in Japan) (Unit: vehicle)	9,727	9,650	9,169	8,594	7,922	7,393	6,652	6,131	5,638	5,138	4,485
Social											
Number of employees (unconsolidated)	34,449	32,280	31,871	32,008	32,094	32,510	33,153	34,312	35,717	36,746	35,174
Female employee ratio (unconsolidated) (%)	17.3	15.1	14.2	14.0	13.6	13.0	13.3	14.4	13.9	13.9	13.7
Female hiring ratio (unconsolidated) (%)	33.6	34.5	33.5	32.9	31.5	30.7	26.6	31.1	29.0	25.4	29.1
Number of mid-career hires (unconsolidated)	15	6	14	6	7	4	4	—	—	—	—
Number of mid-career female hires (unconsolidated)	5	2	4	1	2	1	0	—	—	—	—
Ratio of females in managerial positions (unconsolidated) (%)	1.3	1.2	1.1	1.0	—	—	—	—	—	—	—
Ratio of employees who return to work after childcare leave: males (unconsolidated) (%)	100	100	100	100	—	—	—	—	—	—	—
Ratio of employees who return to work after childcare leave: females (unconsolidated) (%)	96	90	97	98	—	—	—	—	—	—	—
Average years with the company (unconsolidated) (years)	16.2	18.0	17.8	17.6	17.5	18.3	17.7	17.4	17.0	15.6	16.7
Employment rate of persons with disabilities*3 (unconsolidated) (%)	2.29	2.23	2.12	2.08	2.06	1.96	1.98	1.95	1.92	2.04	2.05
Number of overseas employees	22,811	22,068	21,403	20,651	20,602	19,954	18,563	17,846	16,395	15,773	15,398
Number of overseas locally hired employees	22,369	21,615	20,941	20,176	20,131	19,500	18,144	17,435	15,988	15,367	14,993
Governance											
Number of Board of Directors' resolutions (items)	65	60	67	55	60	57	60	72	65	49	70
Directors' meetings (hours)	14	18	20	17	17	18	26	32	27	28	30
Occupational accidents: Accident frequency rate*4	1.98	1.94	1.59	1.17	1.13	1.78	1.53	1.68	1.66	1.70	1.65
Occupational accidents: Severity rate*5	0.09	0.03	0.10	0.10	0.10	0.19	0.03	0.03	0.26	0.03	0.17

*1 The data shown here is the aggregate of the energy consumption by Nippon Express and its consolidated companies in Japan and overseas (equivalent to Scopes 1 and 2).
For natural gas, 13A city gas (heat value of 45 GJ/thousand cubic meters) applies.

*2 The figures for fiscal 2019 and fiscal 2018 are the aggregate for the Nippon Express Group companies in Japan. The figures for fiscal 2009 - fiscal 2017 refer to Nippon Express alone.

*3 Figures based on the calculation method in the Levy and Grant System for Employing Persons with Disabilities.

*4 The frequency rate is an international indicator that indicates the incidence rate of occupational accidents.

Number of casualties per one million working hours = Number of casualties/Total number of working hours x 1,000,000

*5 Severity rate is an international indicator that indicates the degree of injury caused by occupational injury.

Days lost per 1,000 working hours = Workdays lost/Total number of working hours x 1,000

Management Discussion and Analysis (April 1, 2019-March 31, 2020)

Status of Business Environment

The global economy in fiscal 2019 witnessed the increasingly pronounced impact of trade protectionism, primarily the trade friction between the US and China.

Moreover, a deceleration in China's economy and an economic slowdown in Europe on the back of Brexit and a sluggish automotive industry, a cooling off in emerging economies such as India, and rising geopolitical risks have led to a future where prospects remain uncertain.

Japan's economy also performed poorly, particularly in the second half, due to factors such as a deceleration of exports and the manufacturing industry that had been buffeted by the impact of the global economy. Other factors included the aftermath of Typhoon Hagibis (Typhoon No. 19) and other massive disasters, and the effect on consumer spending caused by raising the consumption tax. The fourth quarter was characterized by an especially severe business environment in which both the global and Japanese economies were hit hard by the spread of COVID-19.

In this business environment, the logistics industry was not immune to the impact. The slowdown in global trade and the manufacturing industry placed downward pressure on cargo transport demand, with particular softening in shipping of automobile-related freight, as well as manufacturing-related freight especially steel and construction machinery-related freight. Moreover, for domestic business demand for freight delivery, while the Company had seen growing freight demand associated with investments into energy conservation and business streamlining, and last minute rush demand prior to the hike in the consumption tax, overall, demand for freight was sluggish.

Business Results

Revenues and Operating Costs

Revenues decreased by ¥58.1 billion, or 2.7%, year on year to ¥2,080.3 billion. The main factor in the decline on revenues was a drop of ¥4.2 billion due to the spread of COVID-19. Operating costs came to ¥1,911.0 billion, a decrease of ¥38.5 billion, or 2.0%, from the previous fiscal year. The decline in operating costs was mainly due to decreased forwarding costs. Gross profit declined ¥19.5 billion, or 10.4%, year on year, to ¥169.3 billion.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were essentially on par with the previous fiscal year, having increased ¥0.8 billion, or 0.7%, year on year to ¥110.0 billion.

Operating Income and Ordinary Income

Operating income came to ¥59.2 billion, down ¥20.3 billion, or 25.6%, from the previous fiscal year. Included in this is the impact the spread of COVID-19 had on operating income, which amounted to a decline of ¥1.3 billion. Ordinary income amounted to ¥57.4 billion, down ¥28.3 billion, or 33.1%, from the previous fiscal year.

Other Income and Expenses and Profit Attributable to Owners of Parent

Extraordinary income was ¥4.4 billion, an increase of ¥0.9 billion, or 26.6%, compared with the previous fiscal year. Extraordinary loss rose ¥12.0 billion, or 104.9%, to ¥23.4 billion, due mainly to an ¥8.6 billion increase in impairment loss.

Profit before income taxes amounted to ¥38.3 billion. After deducting current income taxes and other adjustments as well as non-controlling interests, profit attributable to owners of parent came to ¥17.4 billion, a decrease of ¥31.9 billion, or 64.7%, from the previous fiscal year.

Segment Information

For information on business performance of reportable segments, please refer to pages 30-38.

Financial Position

Total assets as of March 31, 2020 amounted to ¥1,518.0 billion, a decrease of ¥18.6 billion or 1.2%, from the previous fiscal year-end. Current assets amounted to ¥672.3 billion, a decrease of ¥39.9 billion or 5.6%, from the end of the previous fiscal year, mainly due to a decrease in cash and cash in banks. Non-current assets totaled ¥845.7 billion, an increase of ¥21.3 billion or 2.6%, from the end of the previous fiscal year, mainly due to an increase in leased assets.

Current liabilities amounted to ¥465.2 billion, an increase of ¥10.8 billion, or 2.4%, from the end of the previous fiscal year, mainly due to an increase in commercial paper. Non-current liabilities amounted to ¥496.3 billion, a decrease of ¥25.5 billion, or 4.9%, from the end of the previous fiscal year, mainly because of a decrease in long-term loans payable.

Net assets as of March 31, 2020 amounted to ¥556.5 billion, a year-on-year decrease of ¥3.9 billion, or 0.7%. This was attributable largely to a decrease in valuation differences on available-for-sale securities.

Cash Flows

Cash and cash equivalents for the year ended March 31, 2020 amounted to ¥96.1 billion, a decrease of ¥5.9 billion year on year.

Net cash provided by operating activities amounted to ¥98.2 billion, a year-on-year increase of ¥25.5 billion. This was mainly due to an increase in trade receivables recovered.

Net cash used in investing activities totaled ¥91.8 billion, a year-on-year increase of ¥0.8 billion. This was mainly due to an increase in payment for purchase of property and equipment.

Net cash used in financing activities amounted to ¥11.7 billion, a year-on-year decrease of ¥2.9 billion. This was mainly due to an increase in income gained from the issue of commercial paper.

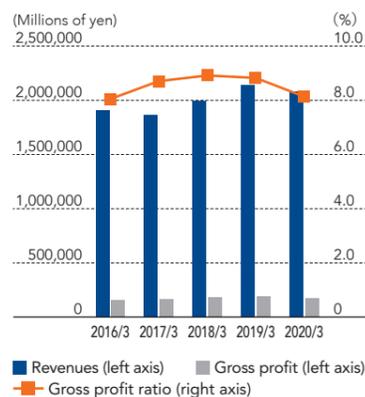
Capital Investment

Total capital investment by the Nippon Express Group in the fiscal year under review amounted to ¥103.3 billion. For fiscal 2019, capital investment in Japan came to ¥65.6 billion, and outside of Japan, ¥13.6 billion. Major items included investments aimed at future business development, including changes to logistics systems and improvements to such infrastructure as distribution depots for international freight operations and commercial warehouses, as well as the replacement of vehicles and transportation equipment.

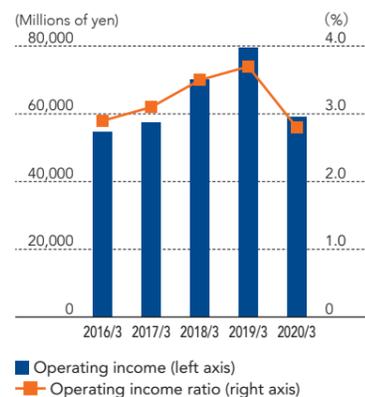
Shareholder Returns

Please refer to page 26 for information on the Company's shareholder returns policy.

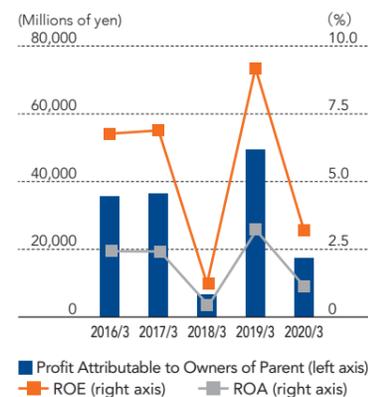
Revenues/Gross Profit/Gross Profit Ratio



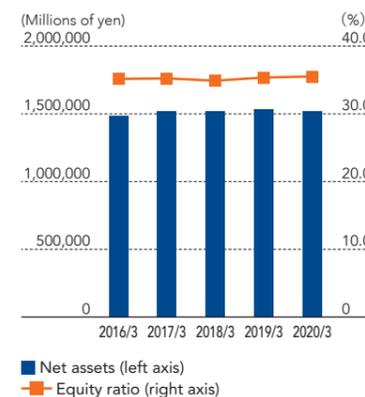
Operating Income/Operating Income Ratio



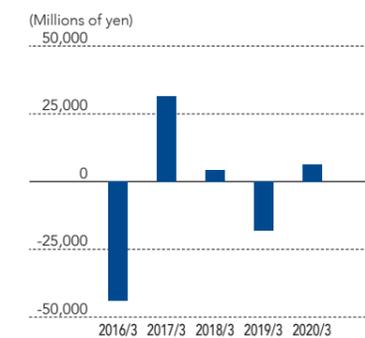
Profit Attributable to Owners of Parent/ROE/ROA



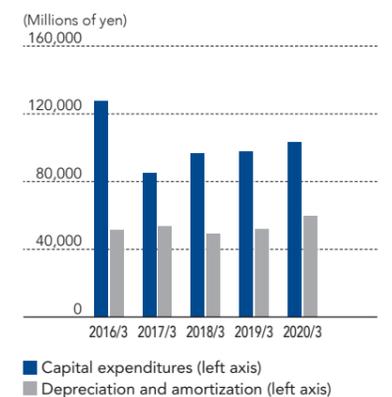
Net Assets/Equity Ratio



Free Cash Flow



Capital Expenditures/Depreciation and Amortization



Consolidated Financial Statements

Consolidated Balance Sheets

Nippon Express Co., Ltd. and consolidated subsidiaries
As of March 31, 2019 and 2020

	Millions of yen		Thousands of US dollars
	FY2018	FY2019	FY2019
ASSETS			
Current assets			
Cash and deposits	¥ 173,338	¥ 141,319	\$ 1,298,531
Notes receivable—trade	27,927	25,745	236,565
Accounts receivable—trade	331,586	305,843	2,810,288
Inventories	8,027	9,105	83,667
Advance payments—trade	5,595	6,076	55,833
Prepaid expenses	14,168	16,446	151,119
Lease investment assets	119,522	133,018	1,222,257
Other	33,063	35,835	329,275
Less: allowance for doubtful accounts	(964)	(1,077)	(9,898)
Total current assets	712,263	672,312	6,177,640
Non-current assets:			
Property and equipment			
Vehicles	183,177	183,616	1,687,188
Less: accumulated depreciation	(139,392)	(132,960)	(1,221,731)
Vehicles, net	43,785	50,655	465,457
Buildings	629,116	626,931	5,760,646
Less: accumulated depreciation	(374,336)	(374,864)	(3,444,492)
Buildings, net	254,779	252,066	2,316,153
Structures	69,988	71,328	655,410
Less: accumulated depreciation	(55,282)	(55,662)	(511,460)
Structures, net	14,705	15,666	143,950
Machinery and equipment	85,150	87,478	803,807
Less: accumulated depreciation	(65,535)	(66,679)	(612,692)
Machinery and equipment, net	19,615	20,799	191,115
Tools, furniture and fixtures	112,239	114,381	1,051,014
Less: accumulated depreciation	(89,209)	(88,471)	(812,934)
Tools, furniture and fixtures, net	23,029	25,910	238,080
Vessels	21,276	21,100	193,887
Less: accumulated depreciation	(10,848)	(11,686)	(107,384)
Vessels, net	10,428	9,414	86,502
Land	193,049	198,667	1,825,484
Leased assets	9,479	30,552	280,740
Less: accumulated depreciation	(5,170)	(12,930)	(118,812)
Leased assets, net	4,309	17,622	161,927
Construction in progress	13,786	23,629	217,118
Net property and equipment	577,488	614,431	5,645,790
Intangible assets			
Leasehold rights	7,887	7,966	73,199
Goodwill	12,701	2,644	24,298
Other	61,431	63,885	587,023
Total intangible assets	82,020	74,496	684,521
Investments and other assets			
Investment securities	100,718	89,422	821,669
Long-term loans receivable	932	582	5,349
Long-term loans to employees	35	32	301
Long-term prepaid expenses	5,431	6,691	61,484
Security deposits	20,778	21,351	196,187
Net retirement benefit asset	1,422	1,224	11,247
Deferred tax assets	26,449	28,625	263,028
Other	10,107	9,809	90,138
Less: allowance for doubtful accounts	(973)	(942)	(8,658)
Total investments and other assets	164,903	156,796	1,440,748
Total non-current assets	824,413	845,724	7,771,061
Total assets	¥1,536,677	¥1,518,037	\$13,948,701

Presentation of amounts in the consolidated financial statements

The yen amounts are truncated to millions and US dollar amounts to thousands. The total Japanese yen and US dollar amounts shown in the financial statements do not necessarily agree with the sum of the individual amounts. US dollar amounts presented in the financial statements are included solely for convenience. The rate of ¥108.83 to US\$1.00, prevailing on March 31, 2020, has been used for translation into US dollar amounts in the financial statements. The inclusion of such amounts should not be construed as a representation that Japanese yen amounts have been or could in the future be converted into US dollars at that or any other rate.

	Millions of yen		Thousands of US dollars
	FY2018	FY2019	FY2019
LIABILITIES			
Current liabilities:			
Notes payable—trade	¥ 8,175	¥ 5,599	\$ 51,452
Accounts payable—trade	173,323	162,287	1,491,199
Short-term loans payable	43,226	67,136	616,893
Other payables	35,667	39,767	365,412
Income taxes payable	15,845	14,925	137,144
Consumption taxes payable	9,430	9,329	85,729
Unpaid expenses	24,608	20,544	188,778
Advances received	12,289	11,098	101,976
Deposits	74,421	46,609	428,274
Deposits from employees	306	314	2,890
Provision for bonuses	22,697	25,918	238,154
Provision for directors' bonuses	156	107	983
Other	34,252	61,571	565,755
Total current liabilities	454,402	465,209	4,274,644
Non-current liabilities:			
Bonds payable	110,000	100,000	918,864
Long-term loans payable	232,082	219,006	2,012,376
Deferred tax liabilities	7,631	5,572	51,199
Provision for directors' retirement benefits	478	312	2,867
Provision for special repairs	183	201	1,852
Provision for loss on guarantees	470	436	4,011
Other provisions	307	458	4,216
Net retirement benefit liability	144,624	133,134	1,223,325
Other	26,053	37,198	341,801
Total non-current liabilities	521,830	496,320	4,560,515
Total liabilities	976,232	961,530	8,835,160
NET ASSETS			
Shareholders' equity:			
Common stock	70,175	70,175	644,815
Additional paid-in capital	22,832	22,637	208,004
Retained earnings	471,176	461,499	4,240,556
Treasury stock	(19,854)	(18,251)	(167,707)
Total shareholders' equity	544,329	536,060	4,925,668
Accumulated other comprehensive income:			
Valuation differences on available-for-sale securities	40,704	29,573	271,738
Deferred gains (losses) on hedges	(236)	(124)	(1,141)
Foreign currency translation adjustments	(3,110)	(5,062)	(46,519)
Remeasurements of retirement benefit plans	(38,070)	(20,981)	(192,794)
Total accumulated other comprehensive income	(712)	3,404	31,283
Non-controlling interests	16,827	17,041	156,589
Total net assets	560,444	556,506	5,113,541
Total liabilities and net assets	¥1,536,677	¥1,518,037	\$13,948,701

Consolidated Statements of Income

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of US dollars
	FY2018	FY2019	FY2019
Revenues	¥2,138,501	¥2,080,352	\$19,115,616
Operating costs	1,949,635	1,911,049	17,559,949
Gross profit	188,866	169,303	1,555,666
Selling, general and administrative expenses:			
Personnel expenses	63,139	61,198	562,328
Depreciation and amortization	8,072	8,787	80,742
Advertising expenses	4,093	4,157	38,203
Provision of allowance for doubtful accounts	44	400	3,679
Other	33,917	35,535	326,522
Total selling, general and administrative expenses	109,268	110,078	1,011,475
Operating income	79,598	59,224	544,190
Non-operating income:			
Interest income	788	1,048	9,631
Dividend income	2,986	3,176	29,183
Gain on sales of vehicles	527	384	3,530
Share of profit of entities accounted for using equity method	608	—	—
Gain on foreign exchange	1,887	1,313	12,073
Other	5,710	4,291	39,435
Total non-operating income	12,507	10,214	93,855
Non-operating expenses:			
Interest expense	2,858	2,864	26,317
Loss on sale and retirement of vehicles	170	151	1,392
Share of loss of entities accounted for using equity method	—	6,660	61,198
Compensation for damage and settlement package	1,201	72	661
Other	2,072	2,256	20,732
Total non-operating expenses	6,303	12,004	110,302
Ordinary income	85,802	57,434	527,743
Extraordinary income:			
Gain on sales of non-current assets	3,273	1,831	16,833
Gain on sales of investment securities	181	2,444	22,465
Other	60	175	1,612
Total extraordinary income	3,516	4,452	40,911
Extraordinary loss:			
Loss on disposal of non-current assets	4,861	6,774	62,248
Loss on sales of investment securities	2	38	356
Loss on valuation of investment securities	507	911	8,371
Impairment loss	5,245	13,928	127,980
Other	851	1,841	16,919
Total extraordinary loss	11,468	23,493	215,876
Profit before income taxes	77,850	38,392	352,778
Income taxes—current	30,116	26,501	243,508
Income taxes—deferred	(3,057)	(6,626)	(60,889)
Total Income taxes	27,058	19,874	182,619
Profit	50,791	18,518	170,159
Profit attributable to non-controlling interests	1,461	1,109	10,191
Profit attributable to owners of parent	¥ 49,330	¥ 17,409	\$ 159,968

Consolidated Statements of Changes in Net Assets

Nippon Express Co., Ltd. and consolidated subsidiaries

For the year ended March 31, 2019

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of the year	¥70,175	¥24,707	¥444,717	¥(20,191)	¥519,407	¥47,068	¥ (27)	¥ 3,941	¥(40,515)	¥10,467	¥17,618	¥547,494
Changes during the year												
Cash dividends			(12,489)		(12,489)							(12,489)
Profit attributable to owners of parent			49,330		49,330							49,330
Changes in equity due to transactions with non-controlling shareholders		(1,874)			(1,874)							(1,874)
Purchase of treasury stock				(10,081)	(10,081)							(10,081)
Disposal of treasury stock		0		37	37							37
Retirement of treasury stock		(0)	(10,381)	10,381	—							—
Net changes in items other than shareholders' equity						(6,363)	(208)	(7,052)	2,444	(11,180)	(790)	(11,971)
Total changes during the year	—	(1,874)	26,458	337	24,921	(6,363)	(208)	(7,052)	2,444	(11,180)	(790)	12,949
Balance at end of the year	¥70,175	¥22,832	¥471,176	¥(19,854)	¥544,329	¥40,704	¥(236)	¥(3,110)	¥(38,070)	¥ (712)	¥16,827	¥560,444

For the year ended March 31, 2020

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of the year	¥70,175	¥22,832	¥471,176	¥(19,854)	¥544,329	¥40,704	¥(236)	¥(3,110)	¥(38,070)	¥ (712)	¥16,827	¥560,444
Changes during the year												
Cash dividends			(15,138)		(15,138)							(15,138)
Profit attributable to owners of parent			17,409		17,409							17,409
Changes in equity due to transactions with non-controlling shareholders		(195)			(195)							(195)
Purchase of treasury stock				(10,549)	(10,549)							(10,549)
Disposal of treasury stock		—	(0)	204	204							204
Retirement of treasury stock		—	(11,947)	11,947	—							—
Net changes in items other than shareholders' equity						(11,131)	112	(1,952)	17,088	4,117	213	4,331
Total changes during the year	—	(195)	(9,676)	1,602	(8,268)	(11,131)	112	(1,952)	17,088	4,117	213	(3,937)
Balance at end of the year	¥70,175	¥22,637	¥461,499	¥(18,251)	¥536,060	¥29,573	¥(124)	¥(5,062)	¥(20,981)	¥3,404	¥17,041	¥556,506

For the year ended March 31, 2020

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Valuation differences on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of retirement benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of the year	\$644,815	\$209,797	\$4,329,468	\$(182,435)	\$5,001,645	\$374,021	\$(2,172)	\$(28,583)	\$(349,815)	\$(6,550)	\$154,626	\$5,149,721
Changes during the year												
Cash dividends			(139,099)		(139,099)							(139,099)
Profit attributable to owners of parent			159,968		159,968							159,968
Changes in equity due to transactions with non-controlling shareholders		(1,793)			(1,793)							(1,793)
Purchase of treasury stock				(96,931)	(96,931)							(96,931)
Disposal of treasury stock		—	(2)	1,882	1,879							1,879
Retirement of treasury stock		—	(109,776)	109,776	—							—
Net changes in items other than shareholders' equity						(102,282)	1,031	(17,936)	157,021	37,833	1,963	39,797
Total changes during the year	—	(1,793)	(88,911)	14,727	(75,977)	(102,282)	1,031	(17,936)	157,021	37,833	1,963	(36,179)
Balance at end of the year	\$644,815	\$208,004	\$4,240,556	\$(167,707)	\$4,925,668	\$271,738	\$(1,141)	\$(46,519)	\$(192,794)	\$31,283	\$156,589	\$5,113,541

Consolidated Statements of Cash Flows

Nippon Express Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2019 and 2020

	Millions of yen		Thousands of US dollars
	FY2018	FY2019	FY2019
Cash flows from operating activities:			
Profit before income taxes	¥ 77,850	¥ 38,392	\$ 352,778
Depreciation and amortization	52,147	59,649	548,096
Amortization of goodwill	1,286	1,217	11,184
Loss (gain) on sale or write-down of investment securities, net	328	(1,495)	(13,737)
Loss (gain) on sale or disposal of property and equipment, net	1,231	4,709	43,277
Impairment loss	5,245	13,928	127,980
Increase (decrease) in provision for bonuses	212	3,236	29,735
Increase (decrease) in net retirement benefit liability	8,015	13,154	120,869
Interest and dividend income	(3,774)	(4,224)	(38,815)
Interest expense	2,858	2,864	26,317
Share of (profit) loss of entities accounted for using equity method	(608)	6,660	61,198
(Gain) loss on step acquisitions	13	-	-
(Increase) decrease in trade receivables	(15,270)	9,734	89,443
(Increase) decrease in inventories	(1,059)	(1,076)	(9,887)
Increase (decrease) in accounts payable	7,806	(12,633)	(116,086)
Increase (decrease) in consumption taxes payable	(247)	(545)	(5,016)
Other	(32,854)	(10,165)	(93,408)
Sub-total	103,181	123,405	1,133,930
Interest and dividends received	3,960	4,413	40,557
Interest paid	(2,898)	(3,137)	(28,827)
Income taxes paid	(31,544)	(26,475)	(243,274)
Net cash provided by operating activities	72,698	98,206	902,386
Cash flows from investing activities:			
Payment for purchase of property and equipment	(78,739)	(92,124)	(846,497)
Proceeds from sales of property and equipment	1,662	9,706	89,186
Payment for purchase of investment securities	(64)	(13,275)	(121,986)
Proceeds from sales of investment securities	2,320	3,504	32,203
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(17,931)	(78)	(723)
Other	1,791	454	4,176
Net cash used in investing activities	(90,960)	(91,813)	(843,643)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	10,387	15,577	143,136
Proceeds from long-term loans payable	30,650	21,010	193,053
Payment for long-term loans payable	(38,223)	(25,971)	(238,645)
Redemption of bonds	-	(15,000)	(137,829)
Payment for purchase of interests in subsidiaries that do not result in change in scope of consolidation	(3,639)	(464)	(4,271)
Cash dividends	(12,480)	(15,123)	(138,962)
Payment for purchase of treasury stock	(10,081)	(10,549)	(96,931)
Other	8,694	18,801	172,760
Net cash used in financing activities	(14,693)	(11,720)	(107,691)
Effect of exchange rate changes on cash and cash equivalents	(2,843)	(593)	(5,456)
Net increase (decrease) in cash and cash equivalents	(35,799)	(5,920)	(54,404)
Cash and cash equivalents at beginning of year	137,891	102,092	938,089
Cash and cash equivalents at end of year	¥102,092	¥ 96,171	\$ 883,685

Concerning the Nippon Express Group Integrated Report 2020

Nippon Express Group has always striven to disclose information to its stakeholders through its annual report, which has been published every year. However, this fiscal year we have published an integrated report with the objective of facilitating a deeper understanding of our creation of value over the medium to long term.

With the Nippon Express Group Integrated Report 2020, we seek to introduce our initiatives to raise corporate value towards meeting our long-term vision: "A logistics company with a strong presence in the global market," as we look towards our centennial anniversary in 2037. Our corporate philosophy serves as the Group-wide foundation of unchanging values, specifically the customer-first ideals expressed in the "We Find the Way" corporate message and the strength of our front-line capabilities, which is backed by a commitment to safety, compliance, and quality. Given this, our business has evolved to a new stage through the addition of "creating new value through innovation" as a mindset requiring change. Moreover, under the five-year Nippon Express Group Business Plan 2023 ~"Dynamic Growth"~ started as a milestone toward realizing our vision for the Group, we have formulated a specific strategy for dynamic growth unlike anything ever attained by our businesses. In tandem with this, we are establishing ESG-oriented business management to realize sustainable development and improve corporate value.

The Nippon Express Group supports the supply chains of its customers with logistics services and underpins the lifestyles of people by playing a part in maintaining social infrastructure. In addition, we fulfill our responsibility as a designated public institution by transporting emergency supplies in times of emergency. The Group contributes to society through the logistics business, and to engage in this business we maintain absolutely vital relationships of trust with all of our stakeholders. This integrated report will be of enormous value in explaining what kind of value the Group creates, what kind of value the Group shares with its stakeholders, and going forward, what kind of business we develop while working to solve the issues that face society.

The Nippon Express Group Integrated Report, edited primarily by the Investor Relations Promotion Group of the Corporate Planning Division, is developed by being shared with a number of relevant divisions, and the exchange of opinions.

We very much hope that this integrated report will be used to deepen an understanding of the Group among all of our stakeholders. Additionally, we would like to work toward further enhancing the content of this integrated report, and to hold more in-depth discussions with all, as well as to enhance transparency. We would be delighted if after you have read through this integrated report you would share your honest opinions and requests.

Takashi Masuda

Director & Executive Officer
Corporate Planning Division
Financial Planning Division

July 2020

Global Network (As of March 31, 2020)

Americas

- NIPPON EXPRESS USA, INC.
- NEX TRANSPORT, INC.
- NIPPON EXPRESS TRAVEL USA, INC.
- ASSOCIATED GLOBAL SYSTEMS, INC.
- NIPPON EXPRESS CANADA, LTD.
- NIPPON EXPRESS DE MEXICO, S.A. DE C.V.
- NEX GLOBAL LOGISTICS DE MEXICO, S.A. DE C.V.
- NIPPON EXPRESS DO BRASIL
- TRANSPORTES INTERNACIONAIS LTDA.
- MAP CARGO S.A.S.
- ADELTA LOGIS, INC.

Europe

- NIPPON EXPRESS EUROPE GMBH
- NIPPON EXPRESS (DEUTSCHLAND) GMBH
- NEX LOGISTICS EUROPE GMBH
- NIPPON EXPRESS (NEDERLAND) B.V.
- NIPPON EXPRESS EURO CARGO B.V.
- NIPPON EXPRESS (U.K.) LTD.
- NIPPON EXPRESS (IRELAND) LTD.
- NIPPON EXPRESS (BELGIUM) N.V./S.A.
- NIPPON EXPRESS FRANCE, S.A.S.
- NIPPON EXPRESS ITALIA S.P.A.
- NIPPON EXPRESS (SCHWEIZ) AG
- NIPPON EXPRESS DE ESPAÑA, S.A.
- NIPPON EXPRESS PORTUGAL, S.A.
- NIPPON EXPRESS (RUSSIA) L.L.C.
- NIPPON EXPRESS (MIDDLE EAST) L.L.C.
- NIPPON EXPRESS (ISTANBUL) GLOBAL LOGISTICS A.S.

East Asia

- NIPPON EXPRESS (H.K.) CO., LTD.
- APC ASIA PACIFIC CARGO (H.K.) LTD.
- NIPPON EXPRESS (SHENZHEN) CO., LTD.
- NIPPON EXPRESS (ZHUHAI) CO., LTD.
- NIPPON EXPRESS AUTOMOTIVE LOGISTICS (CHINA) CO., LTD.
- NIPPON EXPRESS (GUANGZHOU) CO., LTD.
- NIPPON EXPRESS GLOBAL SCM (SHANGHAI) CO., LTD.
- NIPPON EXPRESS (CHINA) CO., LTD.
- NIPPON EXPRESS CARGO SERVICE (SHENZHEN) CO., LTD.
- NIPPON EXPRESS GLOBAL LOGISTICS (SHANGHAI) CO., LTD.
- NIPPON EXPRESS (XIAMEN) CO., LTD.
- NIPPON EXPRESS (XI'AN) CO., LTD.
- SHANGHAI E-TECHNOLOGY CO., LTD.
- NIPPON EXPRESS (SUZHOU) CO., LTD.
- NIPPON EXPRESS (SHANGHAI) CO., LTD.
- NIPPON EXPRESS KOREA CO., LTD.
- NIPPON EXPRESS (TAIWAN) CO., LTD.
- BEACON INTERNATIONAL EXPRESS CORP.

South Asia & Oceania

- NIPPON EXPRESS (SOUTH ASIA & OCEANIA) PTE., LTD.
- NIPPON EXPRESS (SINGAPORE) PTE., LTD.
- NEX GLOBAL ENGINEERING PTE., LTD.
- NIPPON EXPRESS (AUSTRALIA) PTY., LTD.
- NIPPON EXPRESS (NEW ZEALAND) LTD.
- NIPPON EXPRESS (MALAYSIA) SDN. BHD.
- NITTSU TRANSPORT SERVICE (M) SDN. BHD.
- NIPPON EXPRESS (PHILIPPINES) CORPORATION
- NEP LOGISTICS, INC.
- NITTSU LOGISTICS (THAILAND) CO., LTD.
- NIPPON EXPRESS (THAILAND) CO., LTD.
- TBSC LOGISTICS CO., LTD.
- NIPPON EXPRESS ENGINEERING (THAILAND) CO., LTD.
- PT. NIPPON EXPRESS INDONESIA
- PT. NITTSU LEMO INDONESIA LOGISTIK
- PT. NEX LOGISTICS INDONESIA
- NIPPON EXPRESS (INDIA) PVT. LTD.
- NITTSU LOGISTICS (INDIA) PVT. LTD.
- FUTURE SUPPLY CHAIN SOLUTIONS LTD.
- NIPPON EXPRESS (VIETNAM) CO., LTD.
- NIPPON EXPRESS ENGINEERING (VIETNAM) CO., LTD.
- NIPPON EXPRESS BANGLADESH LTD.
- NIPPON EXPRESS (CAMBODIA) CO., LTD.
- NIPPON EXPRESS (MYANMAR) CO., LTD.
- NITTSU LOGISTICS MYANMAR CO., LTD.

Representative Offices

- Kazakhstan Representative Office
- INDONESIA Representative Office

Company Information/Share Information (As of March 31, 2020)

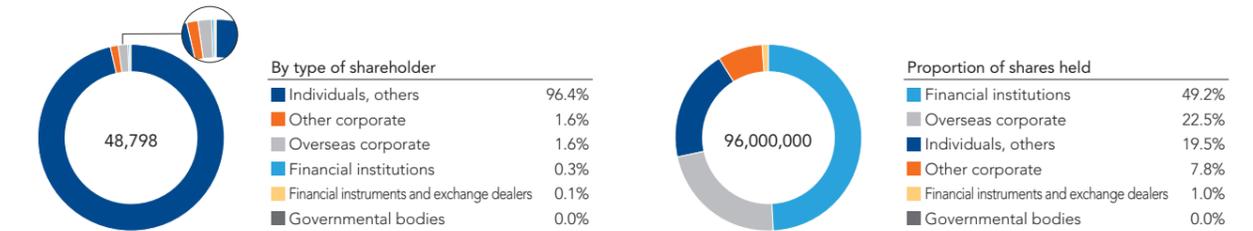
Company Information

Company name	Nippon Express Co., Ltd.
Headquarters	1-9-3, Higashi Shimbashi, Minato-ku, Tokyo 105-8322, Japan Tel: +81 (3) 6251-1111
Formal establishment	October 1, 1937
Paid-in capital	¥70,175 million
Employees	34,449

Share Information

Stock exchange	Tokyo
Number of shares	Total number of shares authorized: 398,800,000
	Total number of shares issued: 96,000,000
Number of shareholders	48,798
Administrator of shareholder registry/Account managing institution of special account	Mitsubishi UFJ Trust and Banking Corporation

Distribution of Shares



Note: As trust assets for the performance-based stock compensation plan, the Company's shares that are held by The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account 75,946) include 1,241 shares under "financial institutions" and 32 shares under "shares less than one unit." However, shares are recorded as treasury stock in the consolidated financial statements. The "Other corporate" category contains 10 units of shares in the name of Japan Securities Depository Center Inc., in "Individual, others" 29,466 units of treasury stock are included and 6 treasury shares are included under "shares less than one unit."

Major Shareholders

Name	Shares held (Thousands of shares)	Shareholding ratio: Total shares held to total number of shares issued (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Account in Trust)	9,513	10.2
Japan Trustee Services Bank, Ltd. (Account in Trust)	8,737	9.4
Asahi Mutual Life Insurance Company	5,601	6.0
Mizuho Trust & Banking Co., Ltd. as trustee for Retirement Benefit Trust of Mizuho Bank, Ltd. (re-entrusted by Trust & Custody Services Bank, Ltd.)	4,150	4.5
Nippon Express Employees' Shareholding Association	3,634	3.9
Sompo Japan Nipponkoa Insurance Inc.	3,567	3.8
Japan Trustee Services Bank, Ltd. (Account in Trust No. 9)	2,291	2.5
Japan Trustee Services Bank, Ltd. (Account in Trust No. 4)	1,960	2.1
Japan Trustee Services Bank, Ltd. (Account in Trust No. 7)	1,504	1.6
MUFG Bank, Ltd.	1,492	1.6

Note: In addition to the above, there are 2,946 thousand shares of treasury stock owned by the Company. The number of shares owned by each trust bank company is related to trust business. Sompo Japan Nipponkoa Insurance Inc. changed its trade name to Sompo Japan Insurance Inc. on April 1, 2020.

Breakdown in Shareholding Ratio by Shareholder Category

