Initiatives to Improve Corporate Value

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

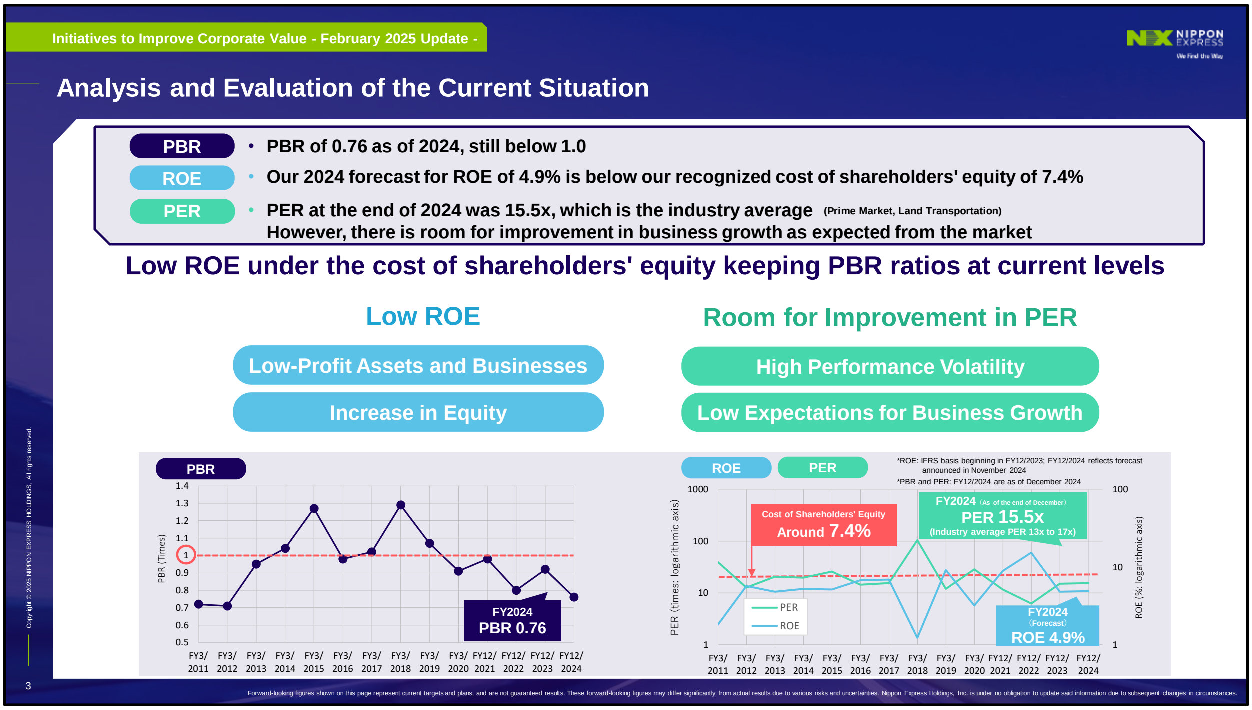
February 2025 Update

NIPPON EXPRESS HOLDINGS, INC.

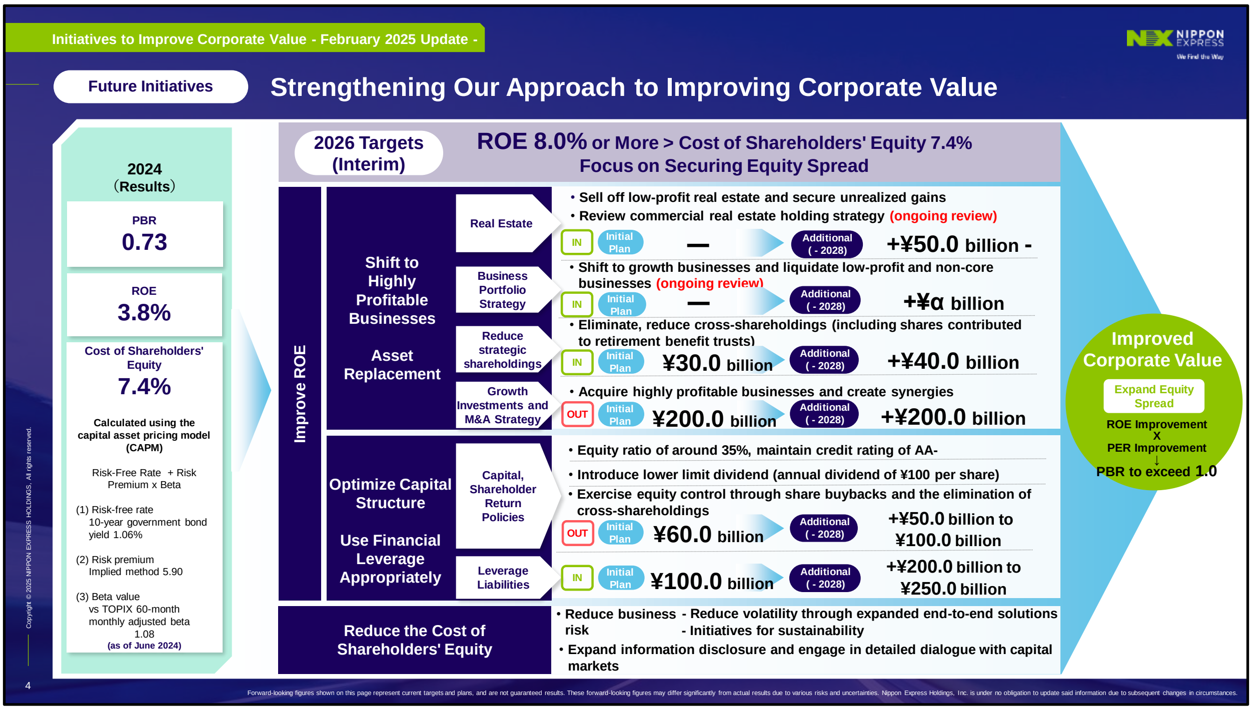
February 14, 2025

To become a logistics company with a strong presence in the global market, we have been promoting reforms, including a shift to a holding company structure, and optimizing our business portfolio. However, our P/B ratio is currently below 1x, so we have revised our plan because we believe that we need to take initiatives at a different level and gear up our reforms in order to realize our long-term vision.

In this review, we have set interim goals for FY2026 and have decided to strengthen B/S management and capital policy, including a review of asset holding strategies, and to strengthen the promotion of business portfolio management.



First, regarding our analysis and evaluation of the current situation, we recognize that the current ROE is below our cost of shareholder's equity and is the main factor keeping P/B ratio at its current level.



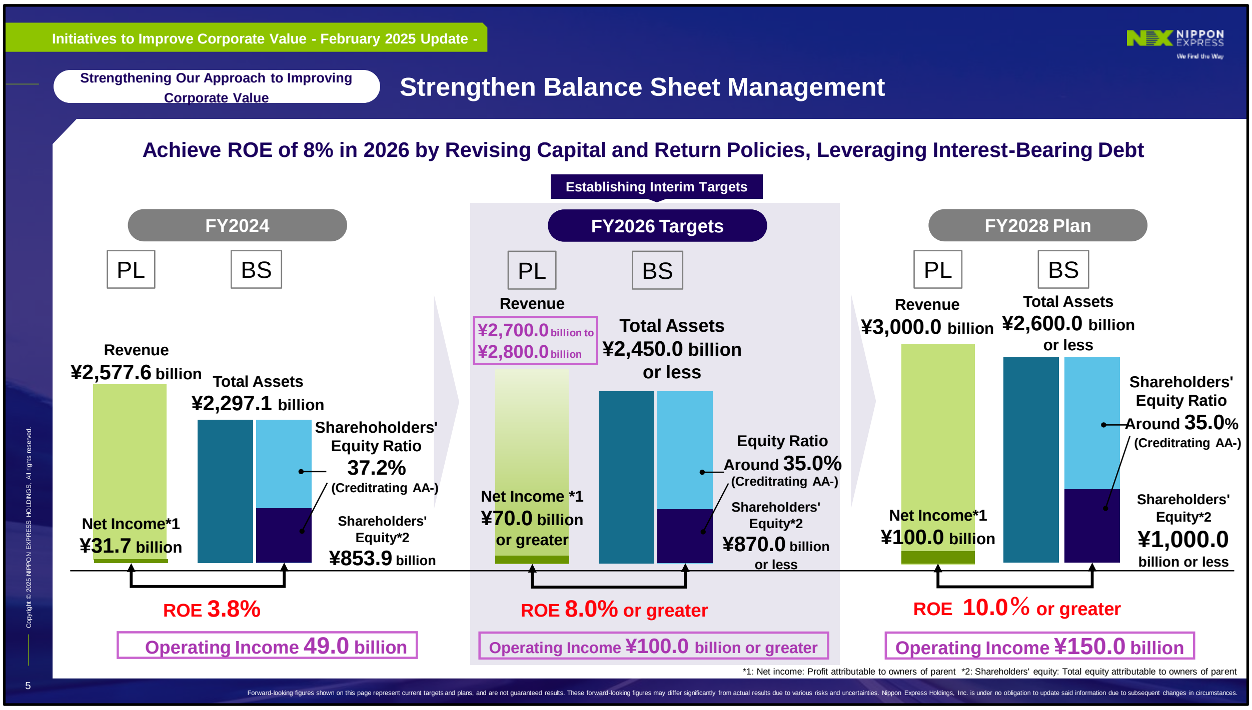
This is a list of the contents to be added to the initial five-year cash allocation plan to strength corporate value enhancement. As the general framework of this initiative, we will work on three approaches to secure and further expand the equity spread.

The first approach is to shift to highly profitable businesses and replace assets by selling low-profit real estate with a planned value of at least JPY50 billion. In addition, the Company will review its strategy for holding commercial real estate and continue to consider building up cash-in-flow with a view to selling or leasing back properties. Next, with respect to the promotion of the business portfolio strategy, we will shift to growth businesses and liquidate low-profit and non-core businesses in accordance with both quantitative and qualitative evaluation criteria. We are in the process of identifying these target businesses and companies, but specific company names and target figures are undisclosed at this time. Then, we intend to implement these in order starting with projects that are ready.
Please refer to pages 7 through 10 of the material for details on the promotion of business portfolio management later. Next, with respect to the reduction of policy shareholdings, we will add JPY40 billion through the acquisition and sale of retirement benefit trust shares and accelerate the dissolution of cross shareholdings. We intend to use the sale proceeds explained above to invest in M&A and other growth areas to promote business portfolio management and enhance shareholder returns. With regard to this investment in growth, including M&A, JPY200 billion will be added to the existing plan. Although we have already spent most of the originally planned JPY200 billion in M&A funds through the CP and SH M&As, we believe that further use of M&As is necessary to achieve our business plan. First, we will add JPY200 billion to our growth investment fund and continue to actively consider M&A.

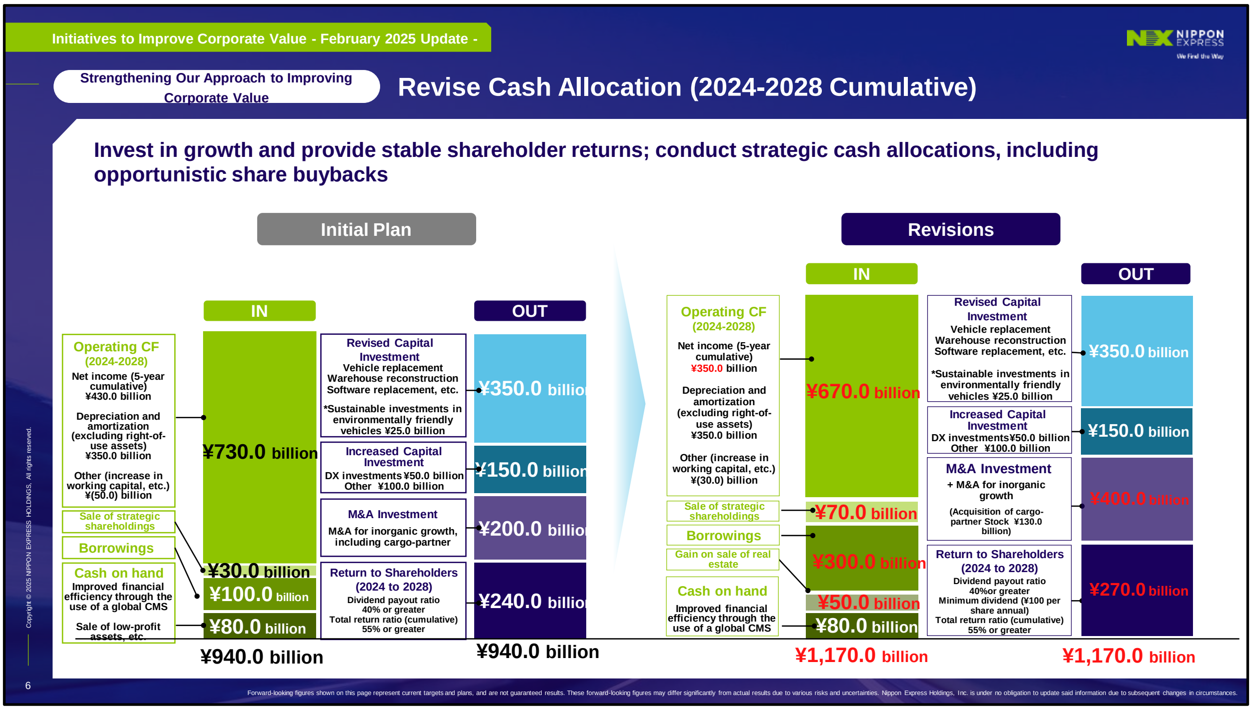
The second approach, capital structure optimization and appropriate use of financial leverage, is to add JPY50 billion to JPY100 billion for share buybacks, assuming that the capital adequacy ratio of about 35% in the capital policy remains unchanged and that the credit rating of AA- is maintained. Of this amount, as disclosed today, we have decided to repurchase up to JPY50 billion of our own shares in 2025, in line with our original plan. Next, we expect to raise an additional JPY200 billion to JPY250 billion in external debt to invest in growth and optimize our capital structure through debt/equity control. With respect to shareholder return policy, the Company has maintained a stable dividend and has never reduced its ordinary dividend. In addition to the target value of return policy, we have stated that we would pay stable and continuous dividends. We have decided to take this one step further and introduce a minimum annual dividend of JPY100 per share, based on the dividend amount for FY2024.

In the third approach, reducing the cost of shareholders' equity, we intend to reduce business risks and promote dialogue with the market, which we intend to apply in our future initiatives to increase corporate value.

Through the three approaches explained above, we hope to increase the equity spread and, as a passing point, first achieve a P/B ratio of over 1x by improving ROE and PER.



The balance sheet is shown taking into account updates to the initiatives. In this context, the assumptions for the main financial figures for FY2026, in which we have set an interim target of achieving an ROE of more than 8%, are as shown in the material. The planned figures for FY2028, the final year of the management plan, remain unchanged from the status quo, so we aim to achieve the goals of the original business plan.



This cash allocation incorporates the FY2024 financial results and additional measures. The red text on the right side indicates changes from the original plan. Other historical information on the sale of real estate is provided in the reference materials, which you will find later in this report.
This is an overview of the December 2024 financial results, as well as an update on our initiatives to improve corporate value.

In order to achieve the goals set in the current business plan and the long-term vision beyond it, which are sales of JPY4 trillion, business profit margin of over 5%, and ROE of over 10%, we believe it is extremely important not only to expand the scale of our business but also to replace our assets appropriately and improve capital efficiency.
At the same time, we aim to create a virtuous cycle by linking our efforts to strengthen shareholder returns to the improvement of ROE.
This update is positioned as part of the enhancement measures to be promoted going forward, then we will continue to strengthen our initiatives and make group-wide efforts to realize our long-term vision. Accordingly, we would like to ask for your continued support. Thank you very much.

NIPPON EXPRESS
We Find the Way

Implement Portfolio Management

Business Portfolio Strategy for Sustainable Growth and Improved Corporate Value

- Analyze and evaluate the current status of each business, align each business with our corporate philosophy, and clarify the role of each business in achieving our long-term vision
- Achieve sustainable growth by allocating investments (funds) strategically to growth and priority businesses
- Spin off businesses to strengthen our businesses and reorganize redundant businesses/functions within the group
- Use M&A, capital tie-ups, business transfers, and other methods to strengthen our businesses

Strategic Direction by Segment

Growth Driver

Logistics - Overseas

Accelerate growth through aggressive investments and M&A

Expand sales and improve medium- to long-term capital profitability

Revenue and Profit Foundation

Logistics Japan

Restructure business and improve profitability significantly
Strengthen alliances for network businesses

Greatly improve capital profitability

Security Transportation

Improve specialization and profitability through spin-off (conducted in January 2023)

Improve capital profitability

Heavy Haulage & Construction

Improve expertise and expand scale
Study ways to strengthen businesses through spin-offs

Expand sales while maintaining a high level of capital profitability

Logistics Support

Improve competitiveness and profitability
Pursue portfolio management at the business unit level within the segment

Improve capital profitability

In the future, we will conduct management based on detailed units within each segment

Strengthening Our Approach to Improving Corporate Value

Implement Business Portfolio Management (Update)

Unit of Evaluation

- Evaluate businesses using the four following detailed stages

A. Segment unit
B. Region units for the logistics segment (Japan, the Americas, Europe, East Asia, and South Asia and Oceania)
C. Company units for Logistics Japan and Logistics Support
D. Nippon Express and NX Shoji subdivided into organizational units and division units

A. Segment Units

Growth potential (sales growth rate)

- Logistics Japan
- Logistics (Overseas)
- Security Transportation (single company only)
- Heavy Haulage & Construction (single company only)
- Logistics Support

Return on Capital (ROIC)

B. Logistics Regional Units

- Japan
- The Americas
- Europe
- East Asia
- South Asia and Oceania

C. Company Units

- Nippon Express Co., Ltd.
- NX NP Logistics Co., Ltd.
- Nittsu NEC Logistics Co., Ltd.

etc.

- NX Shoji
- Osaka Warehouse Co., Ltd.

etc.

D. Organizational and Division Units

- Tokyo, Nagoya, and Osaka
- East
- West

- Logistics products and equipment
- Maintenance production
- Insurance

etc.

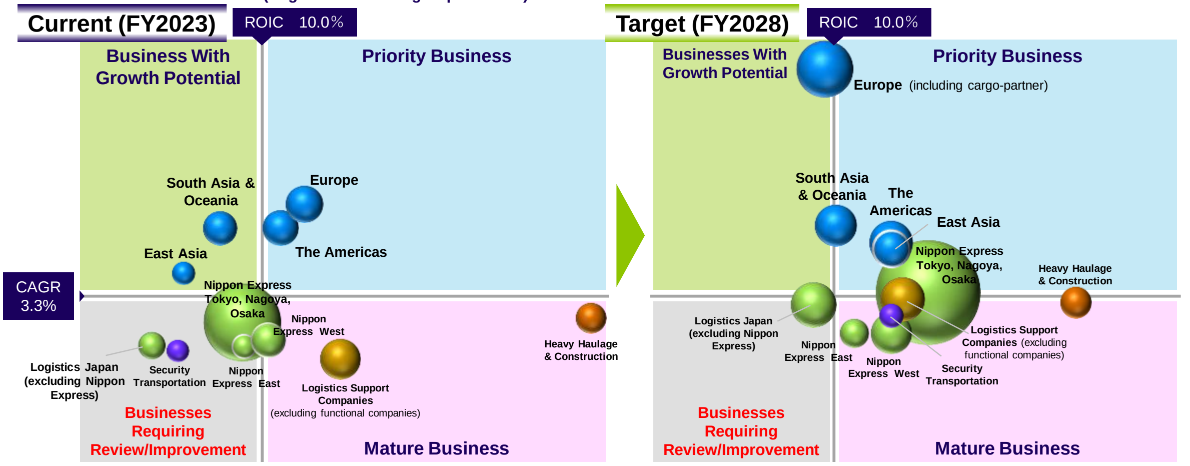
Forward-looking figures shown on this page represent current targets and plans, and are not guaranteed results. These forward-looking figures may differ significantly from actual results due to various risks and uncertainties. Nippon Express Holdings, Inc. is under no obligation to update said information due to subsequent changes in circumstances.

Strengthening Our Approach to Improving Corporate Value

Implement Business Portfolio Management (Update)

Quantitative Evaluation

- **The chart below plots each business location and target location under the current business plan (size of the circle indicates relative profit size)**
- **Quadrant split thresholds: Vertical axis (target sales growth rate for the group excluding inorganic (3.3%); Horizontal axis (target ROIC for the group of 10.0%)**



*We changed the names of the four quadrants from *Growth Business* to *Business With Growth Potential* and *Low Profitability* to *Business Requiring Review/Improvement*.

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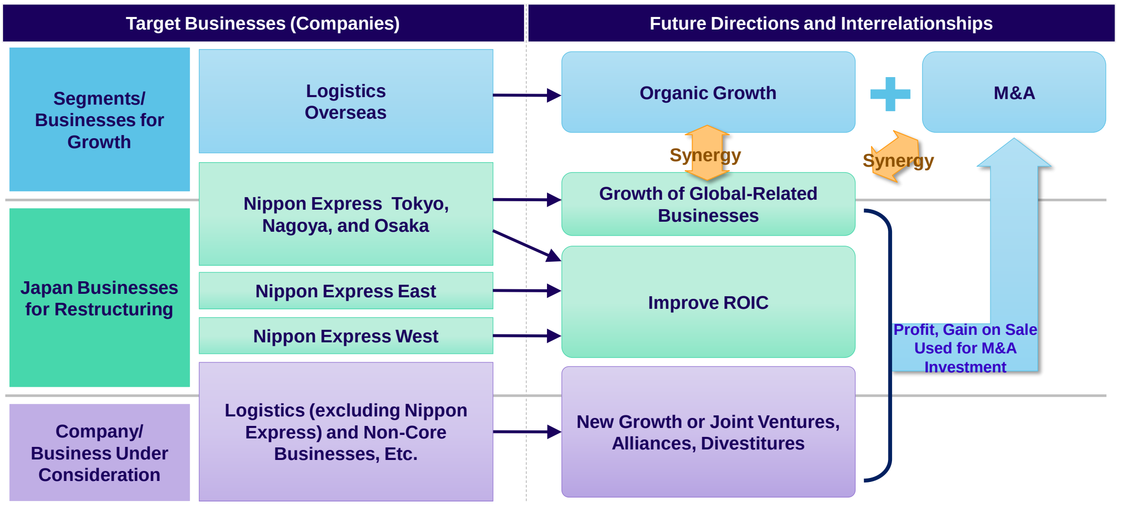
Strengthening Our Approach to Improving Corporate Value

Implement Business Portfolio Management (Update)

Future Direction



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Reference Materials

Real Estate Sales

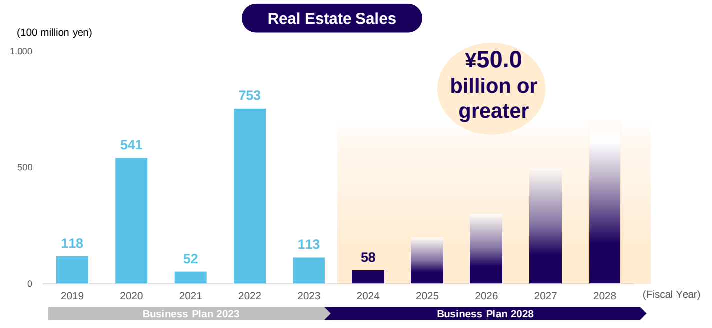
- Cumulative ¥157.8 billion sold under the previous business plan
- Current business plan calls for more than ¥50.0 billion in sales of low-profit real estate
- Ongoing review of business real estate holding strategy

Sales Under the Previous Business Plan (2019-2023, Cumulative)

¥157.8 billion

Main Results

Sale of former headquarters building (2022)	¥73.2 billion
Liquidation of pharmaceutical warehouses, etc. (Mainly 2020)	¥56.4 billion



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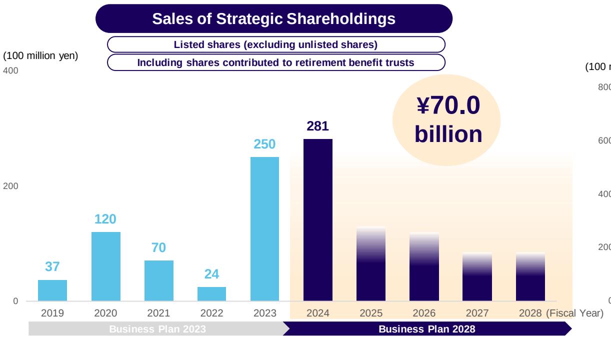
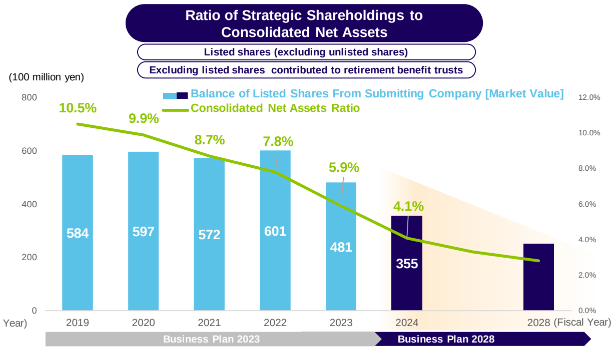
NIPPON EXPRESS
We Find the Way

Reference Materials

Reduction of Strategic Shareholdings

- Completed cumulative five-year sales of ※¥50.4 billion under the previous business plan
- Under the current business plan, we plan to sell ¥70.0 billion (¥28.1 billion sold as of FY2024)
- Reduced consolidated net asset ratio to 4.1% as of December 2024 through steady reductions





※Status of reduction iof Strategic Shareholdings over the cumulative five-year period in the previous management plan: (Corrected) 50.4 billion yen (Before correction) 45.8 billion yen

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Reference Materials

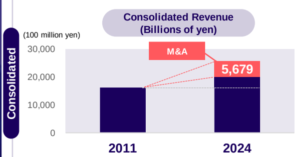
Review of M&A Activities (1)

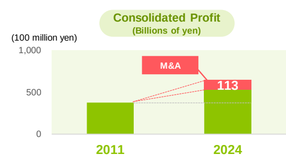
M&A Results (Excluding Simon Hegele)

Cumulative Investment	FY2024 Results	
2012 to 2024, Cumulative	Revenues	Business Profit
¥295.5 billion (Including Japan and Overseas)	¥567.9 billion	¥11.3 billion
	(Including Japan and Overseas)	

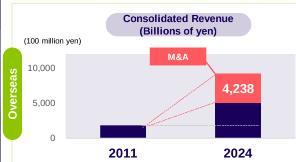
Compared With FY2011 (Prior to M&A Activities; Estimate)

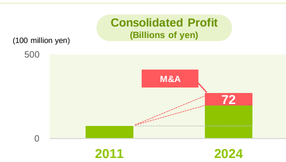
Consolidated





Overseas





Revenue and profit from M&A represent figures before consolidation 2011: Japanese GAAP (revenue and operating income) 2024: IFRS (revenue and business profit)

Assessment of M&A (Excluding Simon Hegele, cargo-partner)

Focusing on Overseas M&A Since 2018 to Become a Logistics Company With a Strong Presence in the Global Market

Acquisition Timing	Company Name	Region	Assessment	PMI Structure (At Time of Acquisition)
2012	AGS	The Americas	・Intended to strengthen intra-American distribution network; failed to create synergies and terminated main business due to deteriorating market conditions	Local
	APC	East Asia	・Acquired business and customer footing (non-Japanese) in Northern Europe ・Delayed integration of sites due to concerns about maintaining the existing network ・Loss of some customers due to loss of key personnel	Local
2013	Franco Vago	Europe	・Acquired forwarding infrastructure in the lifestyle field ・Acquired management-level personnel in Europe	Local
	Nittsu NEC Logistics Co., Ltd.	Japan	・Acquired specialized logistics expertise in the ICT industry	
2014	NX, NP Logistics	Japan	・Acquired logistics platform for the electronics industry	
2015	NX Wanbishi Archives Co., Ltd.	Japan	・Acquired storage platform	
2018	Traconf	Europe	・Acquired logistics infrastructure in the lifestyle field ・Acquired management-level personnel in Europe	Local
2020	MD Logistics	Americas	・Acquired pharmaceutical warehousing and distribution functions, expertise in the U.S. ・Acquired pharmaceutical logistics sales and quality control capabilities	Local
2023	Tramo	Europe	・Strengthened our lifestyle platform further	Local
2024	cargo-partner	Europe	–	HD/Local
2025	Simon Hegele	Europe	–	HD/Local

Results Acquired valuable management resources, including a global business infrastructure, customer base, and management personnel

Take-Away Insufficient consideration of target selection, post-acquisition management structure, and business plan when conducting M&A

Take-Away PMI structure left to the local level and lacks speed, limiting synergy creation

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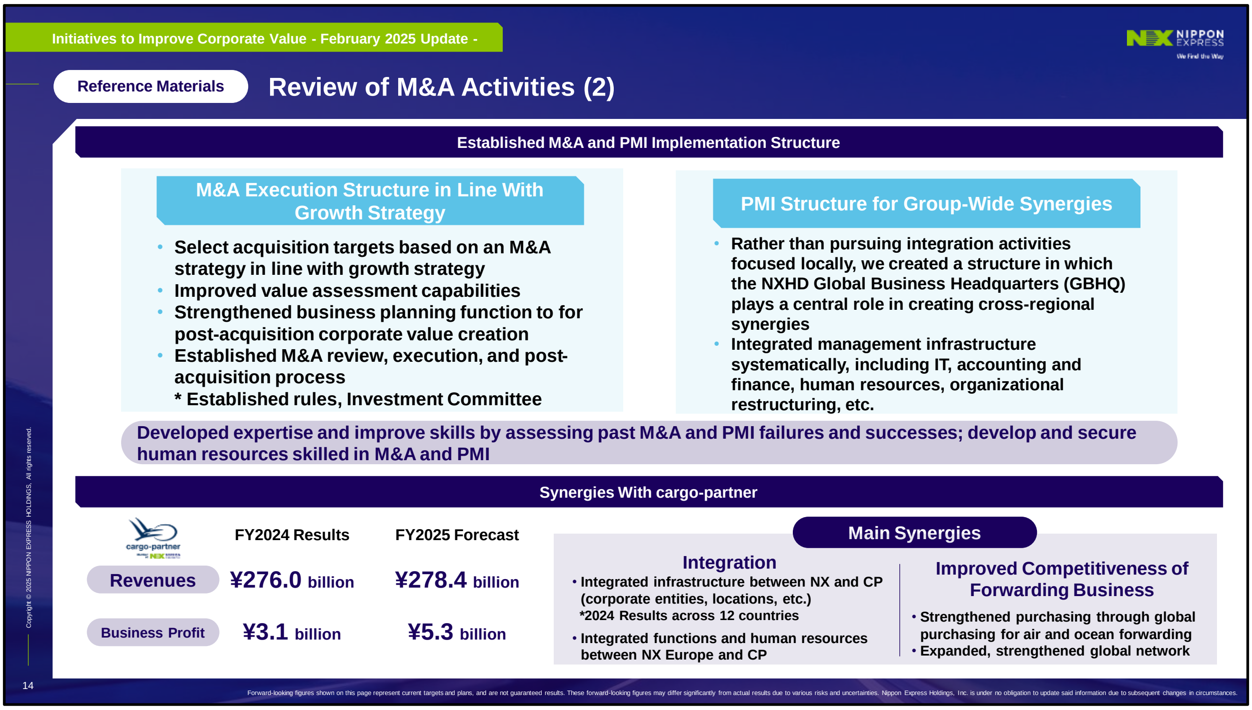
【Explanation of Reference Materials】

We regard the use of M&A as an important factor in our initiatives to grow and increase our corporate value. In this context, we view CP's PMI as a touchstone and will explain this situation along with a review of M&A to date.

From 2012 to 2024, we have conducted 10 M&A transactions in Japan and overseas, with a total investment of approximately JPY300 billion. The ratio of M&A to consolidated business results has expanded, and we view this as contributing to the strengthening of our management base.

On the other hand, because the business plan did not go as initially planned, and some projects recorded impairment losses, we view it as important to analyze the factors behind and apply them to improvements such as strengthening the PMI system. In evaluating past M&As, we believe that the acquisition of logistics infrastructure for priority industries and a network of bases in untapped areas has strengthened our global network and led to the enhancement of our customer base.

On the other hand, we also recognize that in the initial selection of the target companies, there was some mismatch with the value creation scenario and overall optimization, and that the PMI system was left to the local level, resulting in limited synergy or lack of speed for the Group as a whole.



Based on these reflections, we have developed an M&A execution system and strengthened our PMI system to create synergies across the Group, centered on the global business division, and are proceeding with PMI for CP and other companies. We are also working to strengthen our responsiveness in M&A execution, including human resources development, which we hope to apply to our future M&A strategies.

Reference Materials

Shareholder Returns

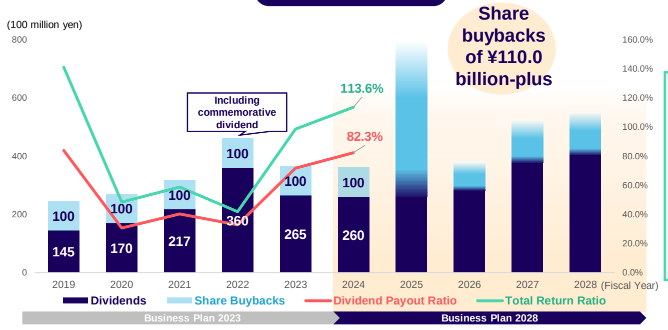
- Continued to maintain stable dividends, raise dividends without reductions
- We will introduce a minimum dividend of ¥100 per share (annual dividend) beginning December 2025 to strengthen shareholder returns
- We will continue to return profits to shareholders through opportunistic share buybacks, taking into consideration our capital structure and investments for growth

Main Shareholder Returns Under the Previous Business Plan (2019-2023, Cumulative)

¥166.0 billion

(Total Return Ratio; Cumulative 58.6%)

Total Dividends	¥115.9 billion
Share Buybacks	¥50.1 billion



Dividend Policy

Dividend Payout Ratio	40% or greater
Minimum Dividend	¥100 (Annual, Per Share)
Total Return Ratio	55% or greater (2024 to 2028, Cumulative)

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