



February 19, 2024

To Whom it May Concern

Company Name	NIPPON EXPRESS HOLDINGS, INC.
Name of Representative	Mitsuru Saito, Chairman and Representative Director (Code: 9147 Tokyo Stock Exchange Prime Market)
Contact	Miki Tomita, General Manager, Corporate Communication Division (TEL. 03-5801-1000)

Notice of Revisions to Performance-Linked Stock Compensation Plans Following Transition to a Company
With an Audit and Supervisory Committee

At a meeting held on January 19, 2024, the Nippon Express Holdings, Inc. (the “Company”) Board of Directors resolved to transition the Company to a Company with an Audit and Supervisory Committee, as stated in the *Notice of Transition to a Company With an Audit and Supervisory Committee* published January 19, 2024. This transition is subject to approval at the 2nd Ordinary General Meeting of Shareholders (“Company General Meeting of Shareholders”) scheduled for March 28, 2024.

In succession of Nippon Express Co., Ltd. (at the time), the Company introduced a performance-linked stock compensation plan (the “Plan”) for directors and executive officers (excluding outside directors, part-time directors, and persons residing outside Japan) of the Company and its subsidiary, Nippon Express Co., Ltd. (the “Subject Subsidiary”; the Company and the Subject Subsidiary together, the “Subject Company”) on January 4, 2022 in accordance with Article 2-2 of the Company Articles of Incorporation.

In line with the transition to a Company with an Audit and Supervisory Committee, the Company will revise target parties to include directors and executive officers of the Subject Company (excluding outside directors, part-time directors, directors who are members of the Audit and Supervisory Committee, and persons residing outside Japan; “Directors, etc.,” below). The Company has also decided to submit the following proposal to the Company General Meeting of Shareholders for the continuation of the Plan and partial revision of its content.

The board of directors of the Subject Subsidiary also resolved to submit a proposal for the continuation and partial revision of the Plan to the general meeting of shareholders of the Subject Subsidiary (together with the Company General Meeting of Shareholders, the “General Meeting of Shareholders”).

1. Continuation of the Plan

- (1) At a meeting held today, the Company Board of Directors resolved to submit this proposal to the General Meeting of Shareholders to further raise awareness to contribute to sustainable corporate performance and value over the medium to long term.
- (2) The continuation of the Plan is subject to approval at the General Meeting of Shareholders.
- (3) The Plan is a stock-based compensation plan that uses the Board Incentive Plan (BIP) trust (hereinafter referred to as “BIP trust”) and is linked to medium- to long-term business performance. The BIP Trust is an incentive plan similar to the Performance Share Plan and the Restricted Stock Plan in Europe and the United States. Through the trust, the Company will deliver or provide (Deliver, etc.) to Directors, etc., shares of the Company or cash equivalent to the value of the Company shares (“Company shares, etc.”) in accordance with indicators such as business performance.

2. Partial revision of the Plan

The trust period of the BIP Trust (the "Trust"), was established to expire at the end of May 2024. The Company will extend the trust period for five (5) years and continue the Plan by making amendments to the trust agreement and placing an additional trust. To continue the Plan, the following amendments will be made to the previous plan, subject to approval at the General Meeting of Shareholders.

For more information on the Plan, refer to the following details, as well as the *Notice of Introduction of Performance-based Stock Compensation Plan* dated April 8, 2016 and the *Notice of Continuation and Partial Revision of Performance-based Stock Compensation Plan* dated May 24, 2019, published by Nippon Express (at that time).

<Revised items and details of the Plan>

Revised Items	Before Revision	Post Revision
Period subject to evaluation	Five fiscal years from the fiscal year ended March 31, 2020 to the fiscal year ended December 31, 2023	Five fiscal years from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2028
Eligible parties	Directors and executive officers of the Company and its subsidiaries (excluding outside directors, part-time directors and persons residing outside Japan)	Directors and executive officers of the Company and its subsidiaries (excluding outside directors, part-time directors, directors who are members of the Audit and Supervisory Committee, and persons residing outside Japan)
Maximum amount to be contributed to the Trust	800 million yen for five fiscal years	1,200 million yen (total of the Company and the subject subsidiary) for five fiscal years
Maximum number of Company shares subject to delivery to directors, etc.	Maximum number of Company shares subject to delivery per fiscal year is 23,000 shares	Maximum number of Company shares subject to delivery, etc. per fiscal year is 28,000 shares (total of the Company and the subject subsidiary)
Share delivery calculation method	a. Performance indicators for each fiscal year included in the period subject to evaluation Consolidated revenue, consolidated operating income, etc. b. Performance indicators throughout the period subject to evaluation Consolidated revenue, consolidated operating income, consolidated return on equity (ROE), etc.	a. Performance indicators for each fiscal year included in the period subject to evaluation Financial indicators such as consolidated revenue, consolidated segment income, and consolidated return on equity (ROE), and non-financial indicators related to ESG, etc. b. Performance indicators throughout the period subject to evaluation Financial indicators such as consolidated revenue, consolidated segment income, and consolidated return on equity (ROE), and non-financial indicators related to ESG, etc.
Establishment of a malus and clawback clause	The Company may forfeit the points held by an eligible Director, etc., if said Directors, etc., commit an act that is deemed inappropriate for the purpose of this program, which is to enhance corporate and shareholder value over the medium to long term. These acts include violation of laws, regulations, or Company rules.	The Company may demand that all or part of the rights (points) to receive Delivery, etc. of Company shares etc., or money equivalent to said shares under the Plan be forfeited and returned if Directors, etc., commit an act that is deemed inappropriate for the purpose of this program, which is to enhance corporate and shareholder value over the medium to long term. These acts include violation of laws, regulations, or Company rules.

(Reference)

[Trust agreement overview]

a. Type of trust	Trust funds other than funds of a specified sole management monetary trust (trusts with no beneficiaries)
b. Trust purpose	Provide incentive to Directors, etc.
c. Settlor	Nippon Express Holdings
d. Trustee	MUFG Bank, Ltd. (Co-trustee: The Master Trust Bank of Japan, Ltd.)
e. Beneficiaries	Directors, etc. who meet the requirements for beneficiaries
f. Trust administrator	Third party (certified public accountant) with no interest in the Company
g. Trust agreement date	August 2016 (to be revised to May 2024 due to extension of trust period)
h. Trust period	September 2016 through May 2024 (to be extended through May 2029 due to revisions to the trust agreement in May 2024)
i. Commencement date of the Plan	September 2016
j. Exercise of voting rights	The Company shall not exercise voting rights.
k. Type of acquired shares	Company common stock
l. Maximum amount of trust fund	1,200 million yen (tentative) (includes trust fees and expenses)
m. Time of share acquisition	May 20, 2024 (tentative) to May 31, 2024 (tentative)
n. Share acquisition method	Purchase from the stock market
o. Holder of vested right	Nippon Express Holdings
p. Residual assets	Residual assets to be received by the Company, as holder of vested right, shall be limited to the trust expense reserve, which is the trust fund less funds for share acquisition.

(Note) Tentative periods as provided above may change to periods appropriate in line with any applicable laws and regulations.

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