

Financial Results for Q1, FY2024 Executive Summary

Financial Results for Q1, FY2024

	Results	Vs. Q1, FY2023
✓Revenue	¥617.6 billion	+¥39.5 billion +6.8 %
Consolidated Segment Income (Business Income)	¥11.8 billion	¥(9.0) billion (43.4 %)
Business profit ratio	1.9%	
► Operating Income	¥3.4 billion	¥(20.8) billion (85.7%)
 Profit Attributable to Owners of Parent 	¥0.8 billion	¥(12.4) billion (93.8 %)

 \rightarrow indicates a change of +/-5% or less

- ✓ The addition of cargo-partner (CP) increased group revenue; however, the forwarding business saw a decline in gross profit per unit due to the easing of supply and demand, and the effect on profit was smaller in relation to the increase in revenue
- ✓ Domestic logistics remained sluggish as overall cargo movement failed to recover despite an increase in volume among certain industries, including the automobile industry
- ✓ We recorded 6.5 billion yen in impairment loss during the current fiscal year associated with the integration of the special combined delivery business (impacting operating income and all other profit measures)

2	Financial Results Presentation for Q1,	Copyright © 2024 NIPPON EXPRESS HOLDINGS, INC., All rights reserved.	NEX EXPRESS
_	Fiscal Year Ending December 2024		We Find the Way

Financial Results Forecast for FY2024 Executive Summary

Financial Results Forecast for FY2024

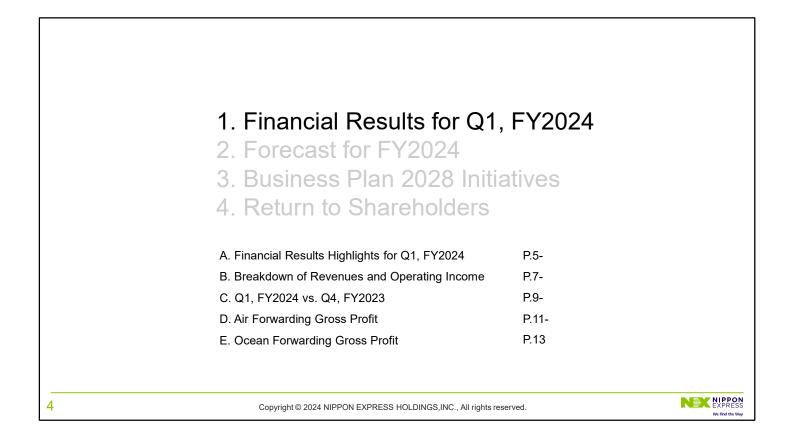
	Forecast	Vs, FY2023
≁ Revenue	¥2,500.0 billion	+¥260.9 billion +11.7 %
→Consolidated Segment Income (Business Income)	¥85.0 billion	+¥3.7 billion +4.6 %
Business profit ratio	3.4%	
✓ Operating Income	¥82.0 billion	+¥21.9 billion +36.4 %
Profit Attributable to Owners of Parent	¥55.0 billion	+¥17.9 billion +48.4 %
ROE	6.7%	+1.9 pt
ROIC (Business Profit Before Taxes)	5.6%	±0.0 pt

 Although logistics demand is like to be sluggish generally, we have not changed our forecasts, announced on February 14, that domestic and overseas logistics demand will recover beginning in the second half of the year, leaving revenues and profit at each stage below operating income unchanged

* ✓ indicates an increase of +5% or more; ➤ indicates a decrease of -5% or more → indicates a change of +/-5% or less

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		(100	million yen, %) (rounded	down to 100 million yen)
Item	Current-Year Results	Prior-Year Results	Difference	Progress (%)
Revenues	6,176	5,780	395	6.8
Consolidated Segment Income (Business Income)	118	209	(90)	(43.4)
Business profit ratio	1.9	3.6	-	-
Operating income	34	243	(208)	(85.7)
Profit Attributable to Owners of Parent	8	133	(124)	(93.8)

The consolidated financial results for Q1 of the fiscal year ending December 2024 are as described in the material.

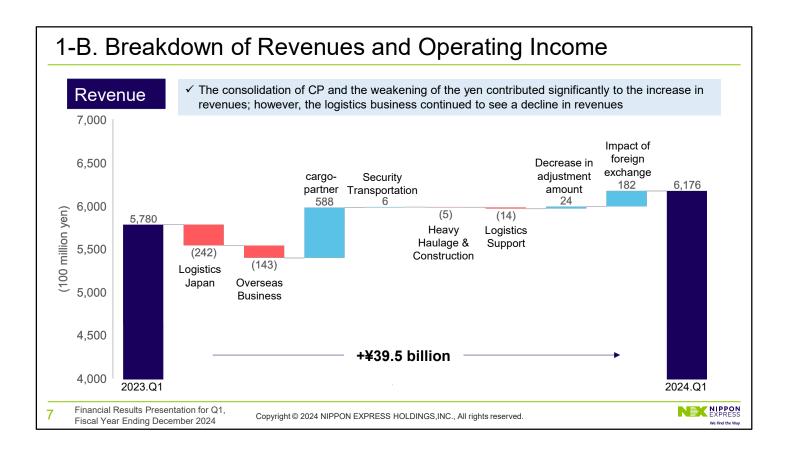
Since H2 of last year, global logistics demand has shown signs of bottoming out but has been generally sluggish, and we expect recovery to come in H2 of this year or later.

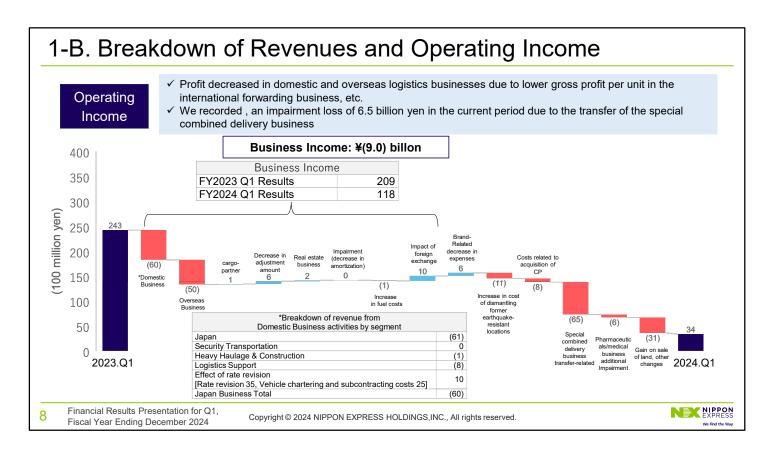
Under these circumstances, although the revenue increased due to the addition of a cargo-partner to the group in this fiscal year, the cargo-partner, which is mainly engaged in the forwarding business, is currently in a difficult business environment, and the effect on profit increase was smaller than revenue increase from the acquisition. As a result, the Company's consolidated segment income and the following income items decreased.

The YoY decrease in operating income is JPY20.8 billion, and it is large compared to business income. The main reason for this was that, with the integration of the special combined freight delivery business with Meitetsu Transportation Co. Ltd., we recorded an impairment loss related to NX Transport and Nippon Express' special combined freight delivery business in the current fiscal year in preparation for the integration in January 2025. Another main reason was the absence of a gain on the sale of land recorded in the previous fiscal year.

1-A. Financial Results Highlights for Q1, FY2024 (Jan-Mar)

Segment	Item	Current-Year Results	Prior-Year Results	Difference	Progress (%)
lanan	Revenues	3,054	3,297	(242)	(7.4)
Japan	Segment income (Business Income)	63	113	(49)	(44.0)
Americas	Revenues	370	371	(1)	(0.4)
Americas	Segment income (Business Income)	10	28	(17)	(62.6)
Turono	Revenues	1,129	449	679	151.0
Europe	Segment income (Business Income)	31	21	9	46.4
- ast Asia	Revenues	373	391	(18)	(4.7)
zasi Asia	Segment income (Business Income)	4	15	(10)	(70.5
South Asia & Oceania	Revenues	347	379	(32)	(8.5
	Segment income (Business Income)	10	30	(20)	(66.7
	Revenues	176	169	6	3.9
Security Transportation	Segment income (Business Income)	13	12	0	6.5
Heavy Haulage &	Revenues	106	111	(5)	(5.1
Construction	Segment income (Business Income)	7	8	(1)	(13.7
ogiation Support	Revenues	1,079	1,094	(14)	(1.3
_ogistics Support	Segment income (Business Income)	24	32	(8)	(26.0





Operating income was JPY24.3 billion and business income was JPY20.9 billion for the same period last year. The main reason for the JPY9 billion YoY decline in business income was a decrease in gross profit per unit in the international forwarding business due to the easing of supply and demand.

In addition, domestic logistics remained sluggish as overall cargo movement failed to recover, although some industries and customers, such as those related to the automobile industry, saw an increase in their handling.

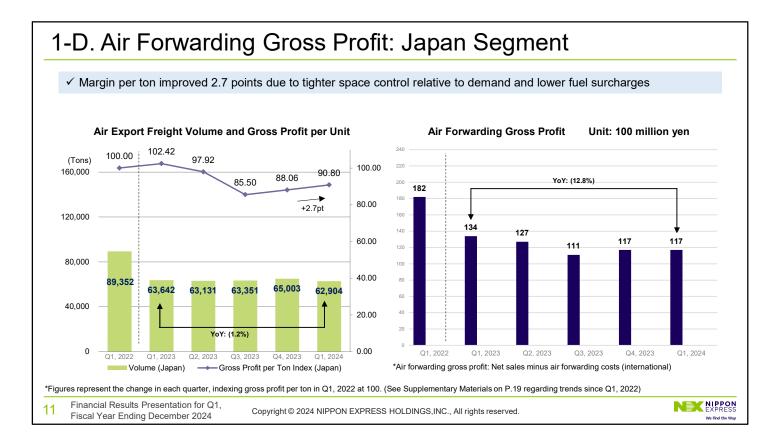
As a result, domestic businesses and overseas businesses were minus JPY6 billion and JPY5 billion, respectively, which were the main reasons for the decrease in profit. The effect of the rate revision was JPY1 billion, and while the effect of the revision is expanding, we believe it is necessary to further accelerate the efforts.

		(*	100 million yen, %) (rounde	d down to 100 million yer
Item	Current-Year Results	FY2023 Q4 Results	Difference	Progress (%)
Revenues	6,176	5,636	539	9.6
Consolidated Segment Income (Business Income)	118	208	(90)	(43.2)
Business profit ratio	1.9	3.7	-	-
Operating income	34	86	(51)	(59.9)
Profit Attributable to Owners of Parent	8	65	(57)	(87.4)

			(100 mil	lion yen, %) (rounded o	lown to 100 million ye
Segment	Item	FY2024 Q1 Results	FY2023 Q4 Results	Difference	Progress (%)
lanan	Revenues	3,054	3,132	(77)	(2.5)
Japan	Segment income (Business Income)	63	156	(93)	(59.6)
Americae	Revenues	370	386	(16)	(4.3)
Americas	Segment income (Business Income)	10	18	(8)	(43.6)
Europe	Revenues	1,129	515	614	119.2
	Segment income (Business Income)	31	23	8	35.8
East Asia	Revenues	373	425	(51)	(12.1)
	Segment income (Business Income)	4	5	(1)	(20.0)
South Asia & Oceania	Revenues	347	345	1	0.5
South Asia & Oceania	Segment income (Business Income)	10	13	(3)	(27.8)
Overseas	Revenues	2,220	1,672	547	32.8
Segment Total	Segment income (Business Income)	56	61	(4)	(7.9)
	Revenues	176	170	5	3.0
Security Transportation	Segment income (Business Income)	13	2	10	393.7
Heavy Haulage &	Revenues	106	112	(6)	(5.6)
Construction	Segment income (Business Income)	7	15	(7)	(50.7)
Logistico Support	Revenues	1,079	1,149	(69)	(6.0)
Logistics Support	Segment income (Business Income)	24	41	(17)	(42.5)

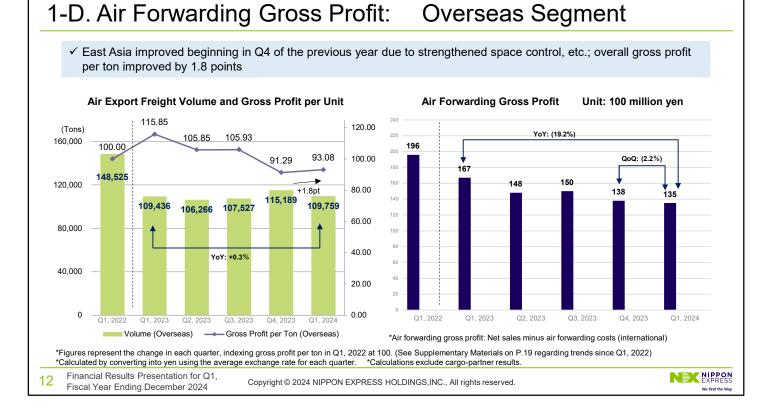
As a performance trend, we present a QoQ comparison of business income between Q4 of the previous year and Q1.

The decrease in both revenue and income for logistics in Japan was due to seasonal factors such as the peak season for international forwarding in Q4. The business income was also affected by the reversal of unpaid paid leave liability in the previous fiscal year and a one-time charge of approximately JPY8 billion for fixed asset tax, etc. on a consolidated basis in the current fiscal year. We think the Q1 consolidated results were rough as we expected.

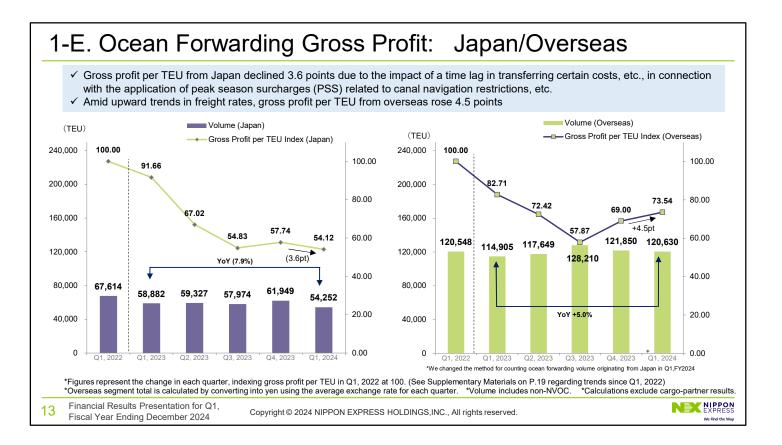


The page shows the quarterly volume, gross profit per unit index, and gross profit amount of air forwarding from Japan.

Gross profit per unit, indicated by the line, improved by 2.7 points due to tighter space control relative to demand and lower fuel surcharges.



In Q4 of the previous fiscal year, the overseas segment saw a decrease due to sluggishness of handling of electrical and electronic products in East Asia amid rising freight rates of departure from Asia and lower sales unit prices from Europe because of price competition. However, the gross profit per unit has improved by 1.8 percentage points due to improvement in East Asia because of strengthened space control and other factors.



In Ocean forwarding, gross profit per unit from Japan declined 3.6 points due to a time lag in passing on some of the peak season surcharges that were applied due to navigation restrictions on the Suez Canal and other factors.

On the other hand, the overall gross profit per unit for overseas departures rose 4.5 points amid an upward trend in freight rates.

Under these circumstances, as an overview of the forwarding business, although both volume and gross profit per unit for ocean forwarding from Japan were weak, we believe that overall the business remained within the range assumed in our earnings forecast. Other details, such as changes in the external environment, are provided on pages two and three of the supplementary material. Please see it.

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	C. Breakdown of Revenues and Operating Income	P.18-	
	B. Forecast for FY2024 (by Segment)	P.16-	
	A. Forecast for FY2024	P.15	
	 Financial Results for Q1, Forecast for FY2024 Business Plan 2028 Initia Return to Shareholders 		

2-A. Forecast for FY2024

ltem	Q1 Results	Q2 Forecast	1H Forecast	2H Forecast	Full-Year Forecast	Prior-Year Results	Difference YoY	Difference YoY (%)
Revenues	6,176	5,823	12,000	13,000	25,000	22,390	2,609	11.7
Segment income (Business Income)	118	231	350	500	850	812	37	4.6
Business profit ratio	1.9	4.0	2.9	3.8	3.4	3.6	-	-
Operating income	35	305	340	480	820	600	219	36.4
Profit Attributable to Owners of Parent	8	221	230	320	550	370	179	48.4
Overseas Revenues	2,220	2,119	4,340	4,620	8,960	6,424	2,535	39.5
ROE	-	-	-	-	6.7	4.8	-	-
ROIC (Business Profit Before Taxes)	-	-	-	-	5.6	5.6	-	-

Financial Results Presentation for Q1, Fiscal Year Ending December 2024

As for the consolidated earnings forecast for the full fiscal year ending December 2024, we have decided to maintain the full-year forecast announced on February 14 for revenues and business income and the following incomes, taking into consideration the current situation and outlook comprehensively.

As explained earlier, the logistics business has been generally sluggish. However, there is no change from our view at the beginning of the fiscal year that domestic and overseas logistics demand will recover in H2 of the fiscal year and beyond, and we believe that the effects of our ongoing strategy to grow our core business and strengthen our Japanese business will expand.

The main reason for the larger business income in Q2 compared to Q1 is that, as mentioned earlier in the QoQ comparison, JPY8 billion in fixed asset taxes, etc., were recorded as expenses in a lump sum in Q1.

The forecast for the cargo-partner is as stated in the material. We expect approximately JPY3 billion to be posted in Q4 as amortization of intangible assets that

will be determined by purchase price allocation, the procedure for allocating the acquisition consideration.

Next, based on this earnings forecast, we project an ROE of 6.7% and an ROIC of 5.6%. Along with our new management plan, we have disclosed our measures for achieving costof-capital and stock price-conscious management, and we will work to further expand our equity spread with the goal of achieving an ROE that consistently exceeds our cost of capital.

Pages 16 and 17 summarize the results and forecasts explained so far by segment. Pages four to 13 of the supplementary material show more detailed information on the general situations of each segment and other information.

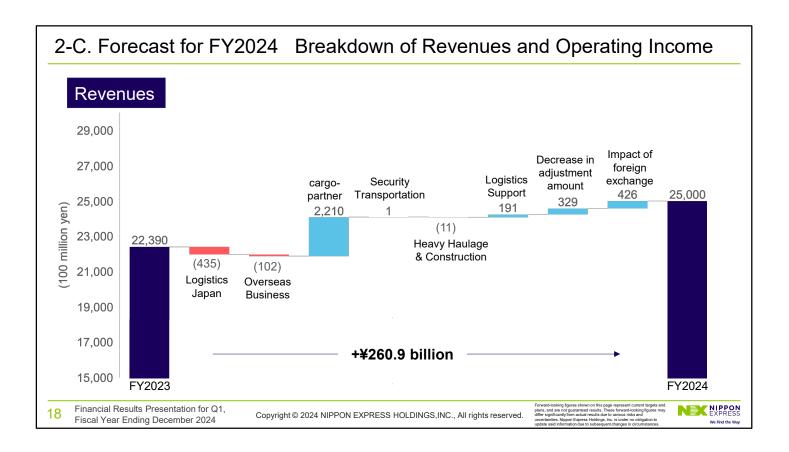
2-B. Forecast for FY2024 (by Segment)

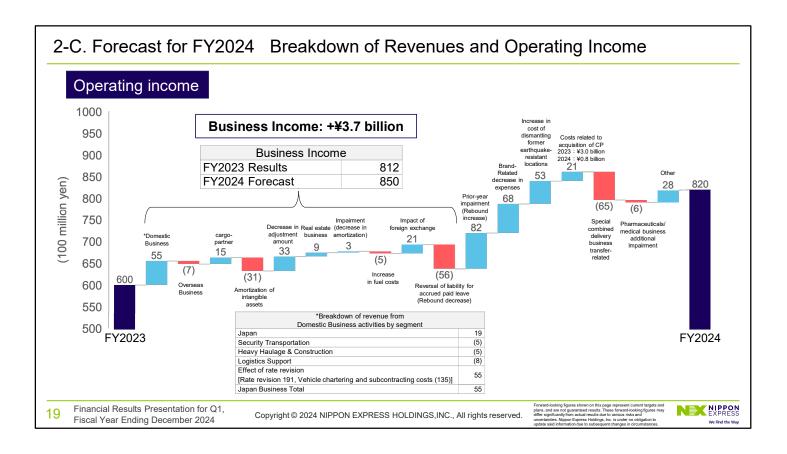
					(100	million yen, %) (rounded down to	Tou million ye
Segment	Item	Full-Year Forecast	Prior-Year Results	Difference YoY	Difference YoY (%)	Previous Forecast* Announced February 14	Difference	Difference (%)
lanan	Revenues	12,130	12,565	(435)	(3.5)	12,330	(200)	(1.6
Japan	Segment income (Business Income)	510	485	24	5.0	520	(10)	(1.9
Americas	Revenues	1,530	1,512	17	1.1	1,530	-	
	Segment income (Business Income)	80	92	(12)	(13.6)	85	(5)	(5.9
Europe	Revenues	4,320	1,926	2,393	124.2	4,190	130	3.1
	Segment income (Business Income)	100	98	1	1.5	90	10	11.1
	Revenues	1,610	1,576	33	2.1	1,610	-	
East Asia	Segment income (Business Income)	50	37	12	32.9	55	(5)	(9.1
South Asia &	Revenues	1,500	1,408	91	6.5	1,500	-	
Oceania	Segment income (Business Income)	80	83	(3)	(4.2)	85	(5)	(5.9
Security	Revenues	680	678	1	0.2	680	-	
Transportation	Segment income (Business Income)	30	33	(3)	(11.4)	30	-	
Heavy	Revenues	500	511	(11)	(2.2)	500	-	
Haulage & Construction	Segment income (Business Income)	60	65	(5)	(8.0)	60	-	
Logistics	Revenues	4,450	4,258	191	4.5	4,450	-	
Support	Segment income (Business Income)	130	138	(8)	(6.1)	130	-	

[Reference] cargo-partner full-year forecasts (within Europe; before consolidation): Revenues: ¥221.0 billion; business income: ¥1.5 billion yen (excludes amortization of intangible assets of approximately ¥3.0 billion to be posted in Q4)

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Segment	Item	Q1 Results	Q2 Forecast	1H Forecast	Prior Year 1H Results	Difference YoY	2H Forecasts	Prior Year 2H Results	Differen YoY
	Revenues	3,054	2,875	5,930	6,402	(472)	6,200	6,163	
Japan	Segment income (Business Income)	63	126	190	231	(41)	320	253	
	Revenues	370	379	750	740	9	780	772	
Americas	Segment income (Business Income)	10	24	35	52	(17)	45	39	
_	Revenues	1.129	1.000	2.130	943	1.186	2.190	982	1.:
Europe	Segment income (Business Income)	31	33	65	49	15	35	49	(
	Revenues	373	376	750	773	(23)	860	802	· · · · · ·
East Asia	Segment income (Business Income)	4	15	20	25	(5)	30	11	
South Asia &	Revenues	347	362	710	719	(9)	790	688	
Oceania	Segment income (Business Income)	10	19	30	49	(19)	50	34	
Security	Revenues	176	163	340	338	1	340	340	
Transportation	Segment income (Business Income)	13	1	15	17	(2)	15	16	
Heavy Haulage	Revenues	106	123	230	258	(28)	270	252	
& Construction	Segment income (Business Income)	7	17	25	30	(5)	35	35	
Logistics	Revenues	1,079	1,120	2,200	2,090	109	2,250	2,167	
Support	Segment income (Business Income)	24	45	70	65	4	60	73	(





1 Financial Deculto for 01 F	/2024	
1. Financial Results for Q1, F	r 2024	
2. Forecast for FY2024		
Business Plan 2028 Initiativ	'es	
4. Return to Shareholders		
A. Business Plan 2028	P.21	
B. Basic Policy Global Business Growth: Priority Industries	P.22	
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As you are aware, this year marks the start of the new "Business Plan 2028 Dynamic Growth 2.0 Accelerating Sustainable Growth."

In the previous business plan, we implemented the transition to a holding company structure, the introduction of IFRS, the establishment of GBHQ, and the reorganization of group businesses, and we feel that we have acquired earning power. We believe that we were able to achieve a certain level of success. However, we recognize that there were issues with speed.

In light of this situation, we will take over the previous plan and position the new business plan as the second step toward realizing our long-term vision, accelerating transformation, and promoting management with an awareness of capital cost and corporate value improvement.

In the new business plan, we have set forth the three basic policies described in the material, and we consider the acceleration of business growth in the global market, the rebuilding of businesses in Japan, and the promotion of sustainability management to be the key themes of the new business plan. Among them, today I will explain our business growth strategy and the rebuilding of businesses in Japan.

First, with regard to our business growth strategy, we aim to achieve global growth by evolving our 3-axis approach, customer industry axis, business axis, and area axis. The key to this strategy is to expand the transactions of existing customers and the number of customers. We will systematically strengthen account management as a sales approach. For existing customers, we will acquire areas that have not been acquired, by providing global end-to-end logistics solutions. We will also aim to increase the number of new customers by building touchpoints with potential customers.

From this perspective, we have set the results of transactions in priority industries and business axes as KPIs.

3-B. Global Business Growth Priority Industries

			(100 million yen, %) (Round	ded down to 100 million yen)
Priority Industry	2024 Jan-Mar Results	2024 Targets	Progress Toward Targets	2028 Targets
Technology Core Domain: Electric & Electronics Growth, Pursuit Domains: Industrial Machinery	716	3,295	21.7 %	4,000
Mobility Core Domain: Automobile Growth, Pursuit Domains: Construction & Agricultural Machinery, Train, Airplane	628	2,260	27.8 %	2,600
Lifestyle Core Domain: Apparel Growth, Pursuit Domains: Furniture, Jewelry, Cosmetics	351	1,295	27.1 %	1,600
Healthcare Growth, Pursuit Domains: Pharmaceuticals, Medical Devices	245	945	25.9 %	1,300
Semiconductor Growth, Pursuit Domains: Semiconductors	127	516	24.6 %	1,000

First, the scope of priority industries has been expanded from the previous business plan to include the five priority industries: technology, mobility, lifestyle, healthcare, and semiconductor industries.

The Q1 results are as shown in the materials. Compared to the previous year, while there was a reactionary decline due to a drop in unit prices in the forwarding business and other factors, logistics handling, including warehousing, expanded as a whole both domestically and overseas.

As a result, we believe that we are generally on track to meet our 2024 targets, with progress exceeding the benchmark rate of 25%, with the exception of technology, which was severely impacted by the Chinese economic downturn, and semiconductors, where overseas transportation of manufacturing equipment was sluggish due to delays in projects.

In addition to the sequential startup of VMI warehouses for semiconductor plants in Japan and overseas, we are promoting the development of global bases in the automotive and pharmaceutical industries, etc., in response to changes in the supply chain. We will continue the initiatives of the previous plan, and we will fully utilize our capabilities in forwarding and Heavy Haulage & Construction, etc., and aim to achieve our goals.

Blobal Business Growth				
Expand Forwarding Sales	2024 Jan-Mar Results	2023 Jan-Mar Results	YoY%	2028 Targets
Air Cargo Forwarding Volume	215,000 t	173,000 t	24.4%	1,300,000 t
Ocean Cargo Forwarding Volume	215,000 TEU	173,000 TEU	24.2%	1,400,000 TEU
cargo-partner (Share)	2024 Jan-Mar Results	2023 Jan-Mar Results (Ref.)	YoY%	
Air Forwarding Volume	42,000 t	29,000 t	43.0%	
Ocean Forwarding Volume	40,000 TEU	40,000 TEU	2.3%	
			(Roi	unded down to 100 million yer
Strengthen Logistics Solutions Offerings	2024 Jan-Mar Results	2023 Jan-Mar Results	YoY%	2028 Targets
Warehousing and distribution processing sales	¥113.5 billion	¥110.7 billion	2.6%	¥590 billion

As the business axis, the volumes of air and ocean cargo forwarding, warehousing and distribution processing sales are as shown in the material.

As for ocean cargo, global cargo movements as a whole continued to increase YoY, with a cumulative increase of 2.6% in January and February.

On the other hand, our Q1 volume increased 24.2% YoY due to the acquisition of cargo-partner, but the change excluding the impact of cargo-partner was only a slight 0.6% increase due to the impact of the continued return to direct shipments.

As for unit freight rates, although there was an upward trend until early February due to the impact of the worsening shipping conditions and other factors, the basic trend has been softening due to an increase in space supply because of the launch of new vessels while demand has not recovered, in addition to a calming of operations through detour routes.

Next, for air cargo, IATA statistics show that global international cargo traffic for the most recent February was up 8.6% YoY, and is up 1.5% compared to 2019. This was due to resurgence in demand for EC-related cargo, which had once ended after last year's peak season, and an increase in business from Asia to Europe due to navigation problems. With the exception of some commercial products such as EC-related cargo, air cargo demand in the supply chain has been generally sluggish.

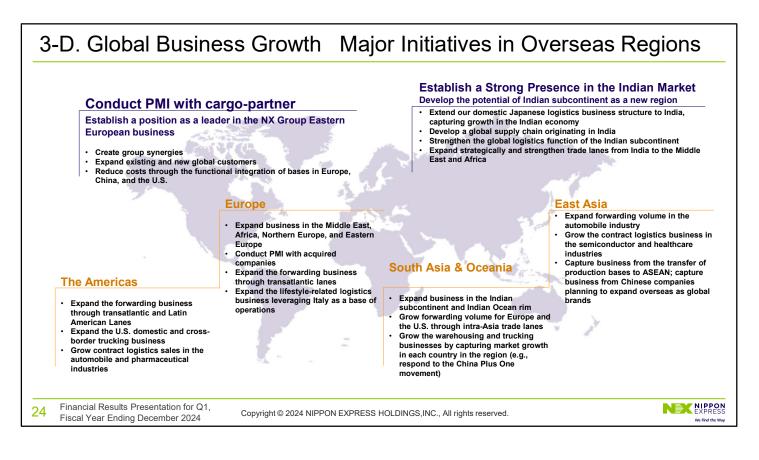
Under these circumstances, our Q1 volume increased 24.4% YoY due to the acquisition of CP. However, excluding the impact of CP, the increase remained on par with the previous year. Airfreight rates as a whole are about 25% higher than they were before the outbreak of the infectious disease and are expected to remain at the same level in the future due to firm EC-related demand and other factors. Under these circumstances, we expect forwarding handling to recover in H2 of this year and beyond, but we will continue our efforts to secure volume and reduce usage costs.

Along with securing volume by expanding bidding targets, we are negotiating with carriers to take advantage of economies of scale including cargo-partner to reduce usage costs, and some have already been agreed upon.

We will also continue to improve the efficiency of consolidation through the volume strategy of ocean forwarding using the FAK rate and the re-consolidation scheme using Haneda and Narita airports through partnerships with specific shipping companies, which we have been promoting for some time.

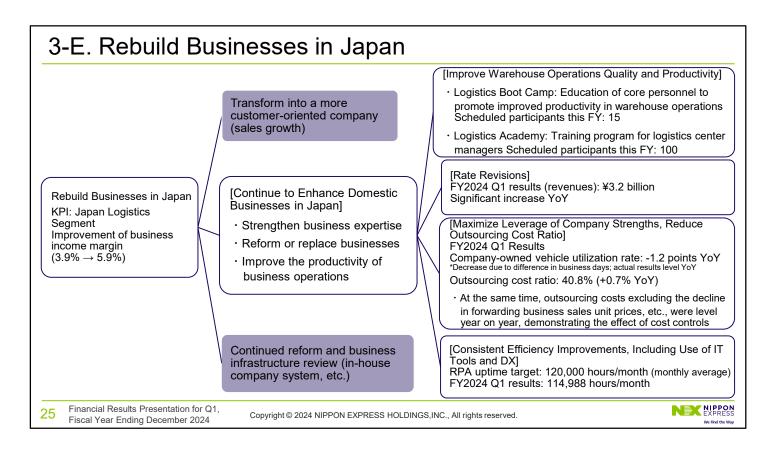
Next, with regard to warehousing and distribution processing sales, which we have set as a KPI related to strengthening the provision of logistics solutions, Q1 FY2024 results were up 2.6% YoY.

They are accumulating mainly in the automobile, semiconductor, and pharmaceutical industries. We believe that the measures and investments we have made to date are having a positive effect. We will further strengthen our efforts to achieve our targets.



As for the acceleration of business growth in the global market, along with the efforts of each region as an area axis, we consider the PMI of the cargo-partner and the establishment of the presence in the Indian market to be the most important priorities. We would like to explain the progress of these initiatives at IR Day and other events. With regard to the PMI of the cargo-partner, we will proceed with the initiative from both the business and corporate spheres.

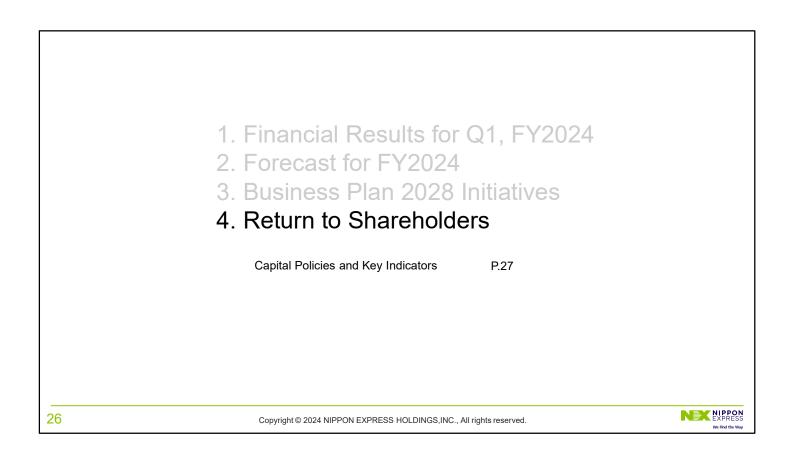
First, we would like to focus on business areas to create quick wins, such as, as I mentioned earlier, strengthening our carrier negotiation capabilities in the forwarding business, and promoting cross-selling to mutual customers.

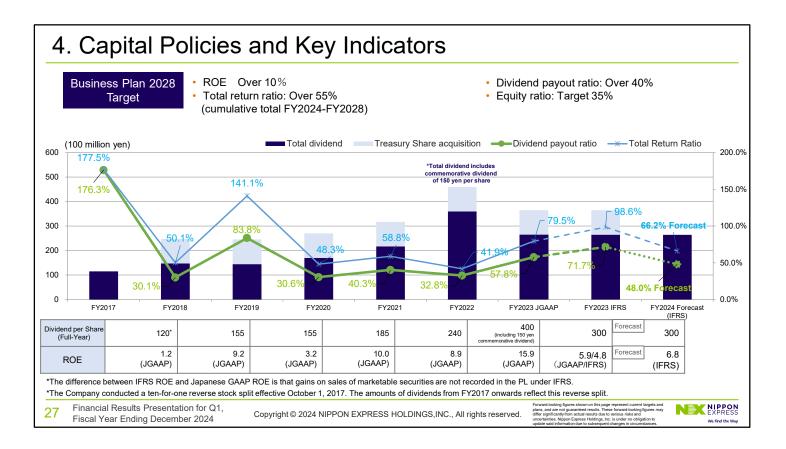


Next, with regard to the rebuilding of businesses in Japan, we aim to improve the business income margin from 3.9% to 5.9% by promoting three key initiatives: transformation into a more customer-oriented company, continuation and deepening of enhancement of businesses in Japan, and continuous reform and review of the business foundation.

Among them, the progress of continuation and deepening of enhancement of businesses in Japan is as shown in the material. In addition to the measures that have been implemented since the previous plan, we will expand the measures to review our network business infrastructure and introduce state-of-the-art technology in warehouse operations to improve profitability.

In addition, with respect to continuous reform and review of the business foundation, we are considering the introduction of an in-house company system and are proceeding with the business integration of the special combined freight delivery business. We will further organize and integrate overlapping businesses and functions within the group and strengthen specialized businesses.





With regard to shareholder returns for the fiscal year ending December 2024, we forecast interim and year-end dividends of JPY150 each, a total of JPY300, with a payout ratio of 48% and a total return ratio of 66.2%, including share buybacks of up to JPY10 billion.

We will continue to strive to increase corporate value, achieve the goals of our business plan, and enhance shareholder returns.

