

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

Revisiting Initiatives to Improve Corporate Value

Gearing Up to Achieve Our Long-Term Vision

Gearing up to a whole new level to become a logistics company with a strong presence in the global market

FY2026 Interim Targets

Raise PBR above 1.0 and achieve ROE of 8%, which is greater than the cost of shareholders' equity

- Disclosed *Initiatives to Improve Corporate Value* in combination with *NX Group Business Plan 2028* in February 2024
- After analyzing and reevaluating our current situation, we set new targets for FY2026, half-way through our current business plan. We will continue to pursue management conscious of the cost of capital and share prices under these new targets

Strengthen Balance Sheet Management Revise Capital Policies

- Sell off low-profit assets, real estate, etc.
- Optimize capital structure through share buybacks

Strengthen Business Portfolio Management

- Develop evaluation criteria for businesses
- Shift to growth businesses and liquidate low-profit and non-core businesses

Strengthen balance sheet management and review capital policy at levels more advanced than ever before. Strengthen business portfolio management for measures to improve ROE further, and gear up the growth strategy initiatives incorporated into our business plan

Analysis and Evaluation of the Current Situation

- PBR**
 - PBR of 0.76 as of 2024, still below 1.0
- ROE**
 - Our 2024 forecast for ROE of 4.9% is below our recognized cost of shareholders' equity of 7.4%
- PER**
 - PER at the end of 2024 was 15.5x, which is the industry average (Prime Market, Land Transportation)
 - However, there is room for improvement in business growth as expected from the market

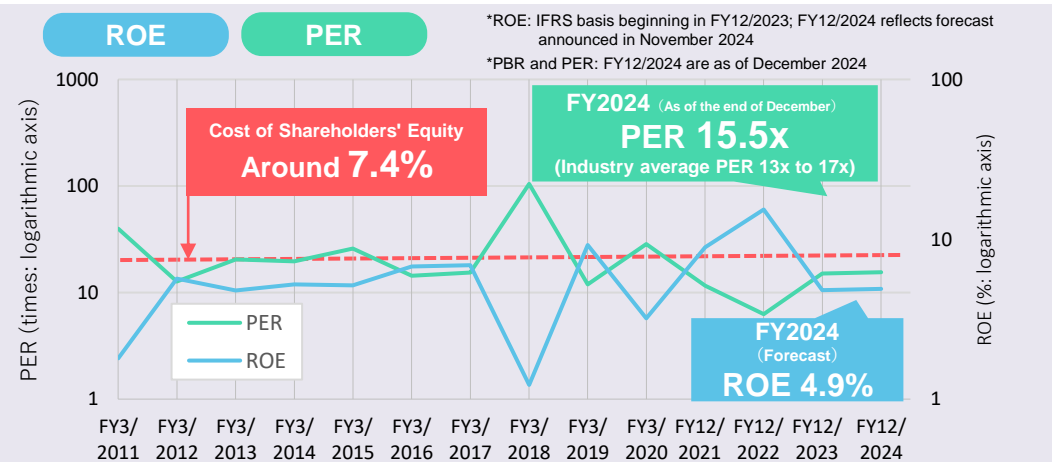
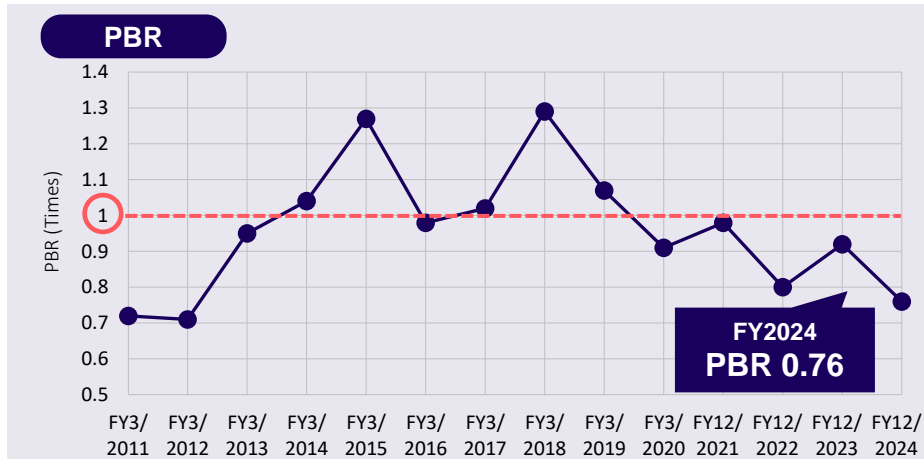
Low ROE under the cost of shareholders' equity keeping PBR ratios at current levels

Low ROE

- Low-Profit Assets and Businesses
- Increase in Equity

Room for Improvement in PER

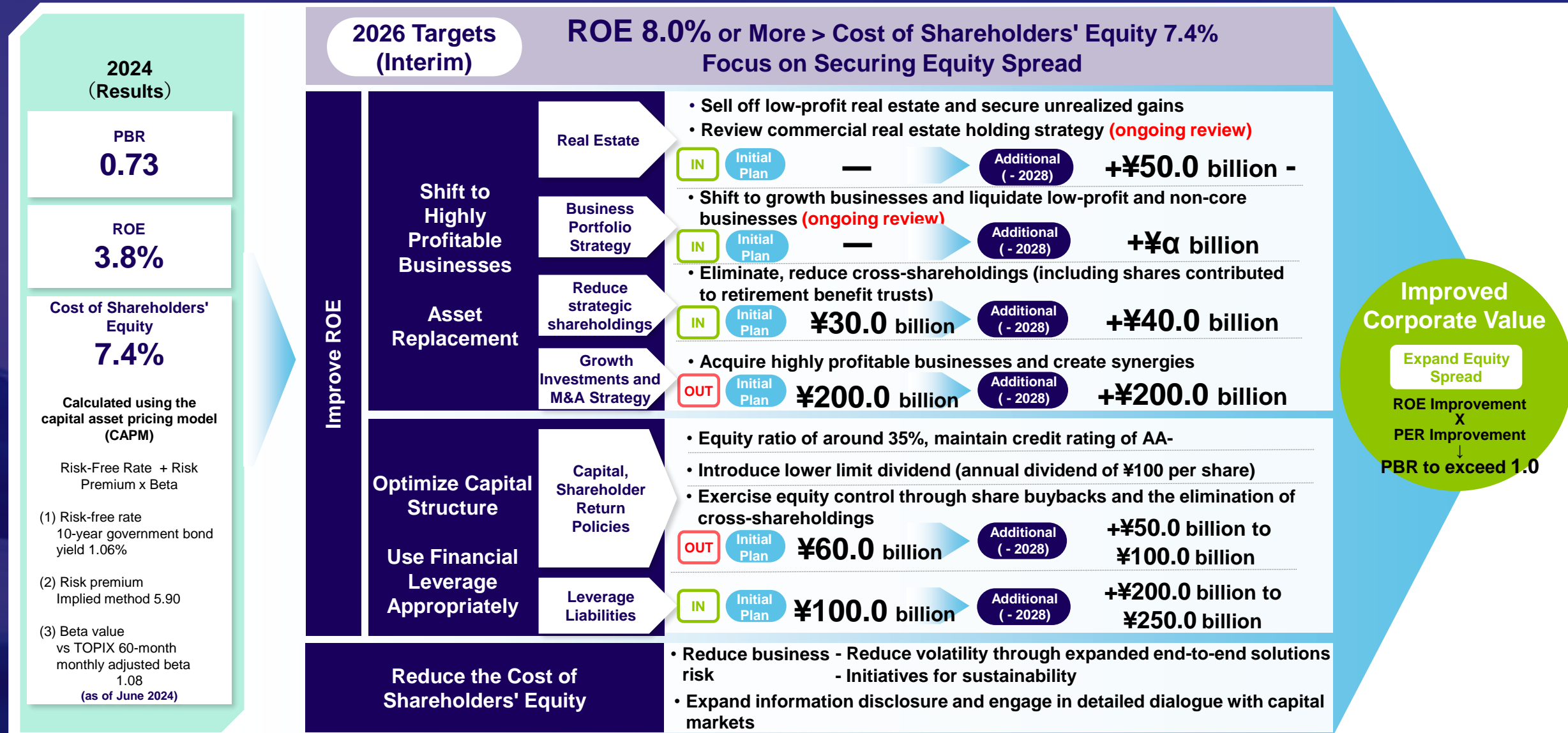
- High Performance Volatility
- Low Expectations for Business Growth



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Future Initiatives

Strengthening Our Approach to Improving Corporate Value

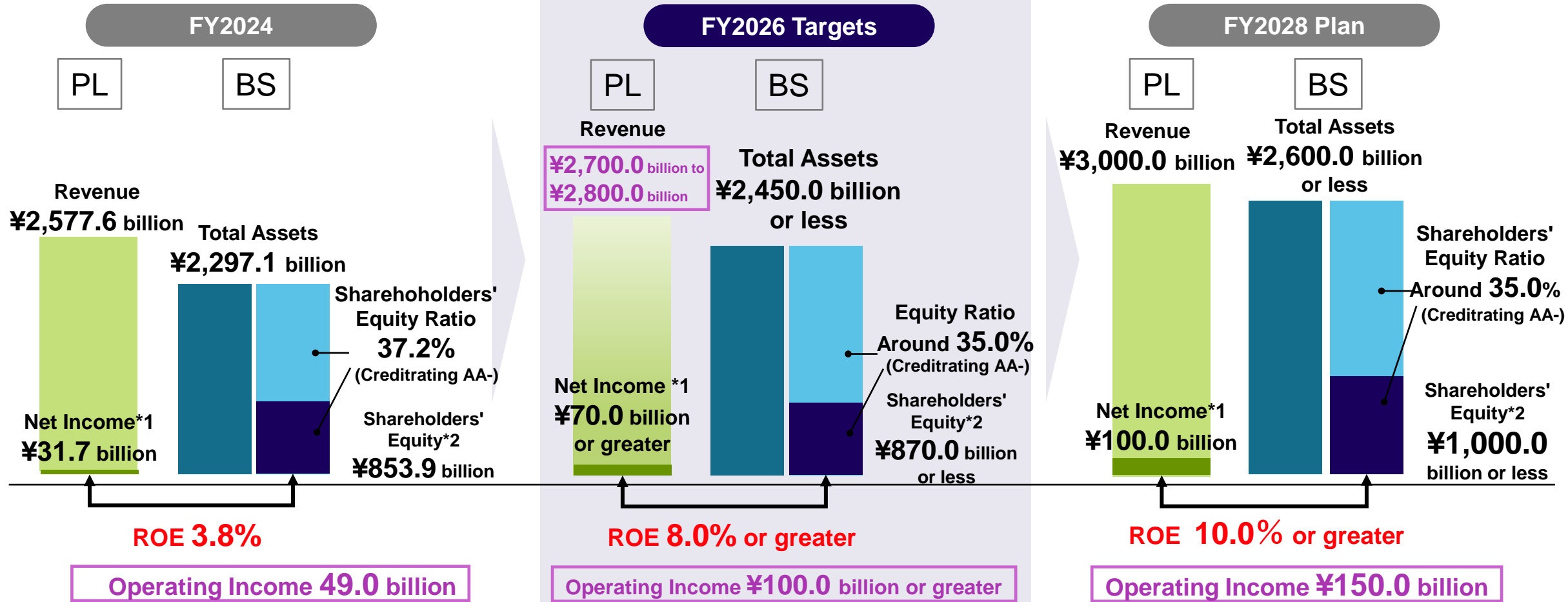


Strengthening Our Approach to Improving Corporate Value

Strengthen Balance Sheet Management

Achieve ROE of 8% in 2026 by Revising Capital and Return Policies, Leveraging Interest-Bearing Debt

Establishing Interim Targets



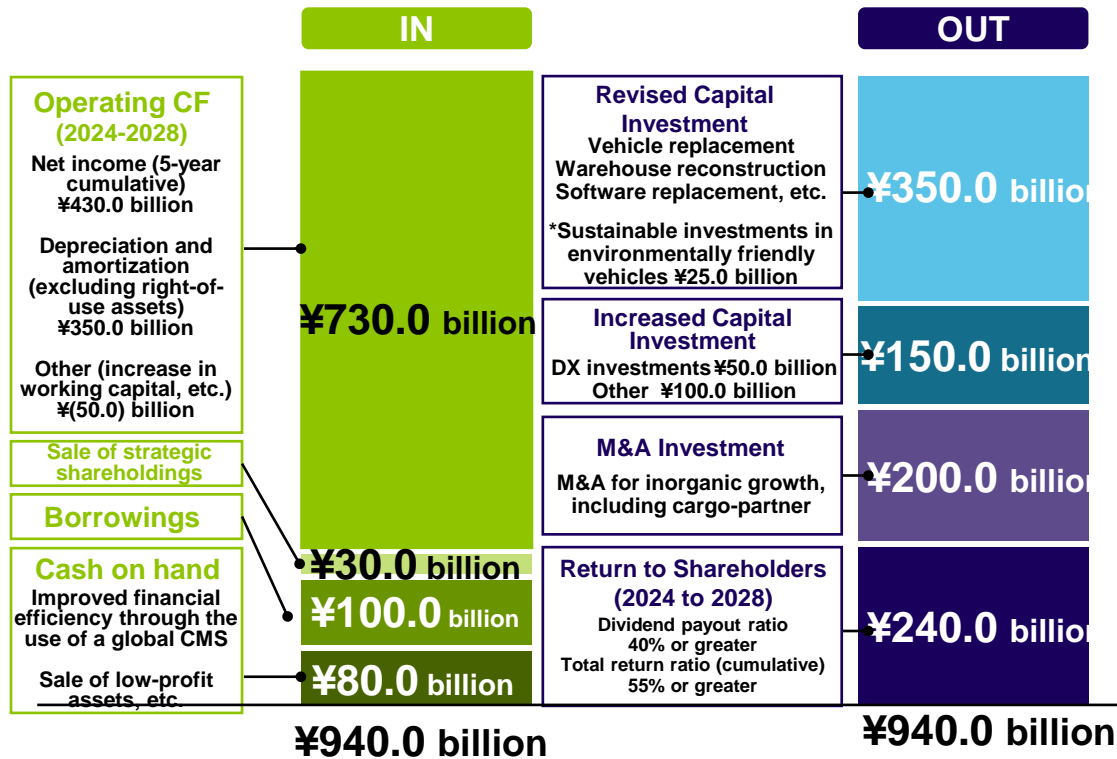
*1: Net income: Profit attributable to owners of parent *2: Shareholders' equity: Total equity attributable to owners of parent

Strengthening Our Approach to Improving Corporate Value

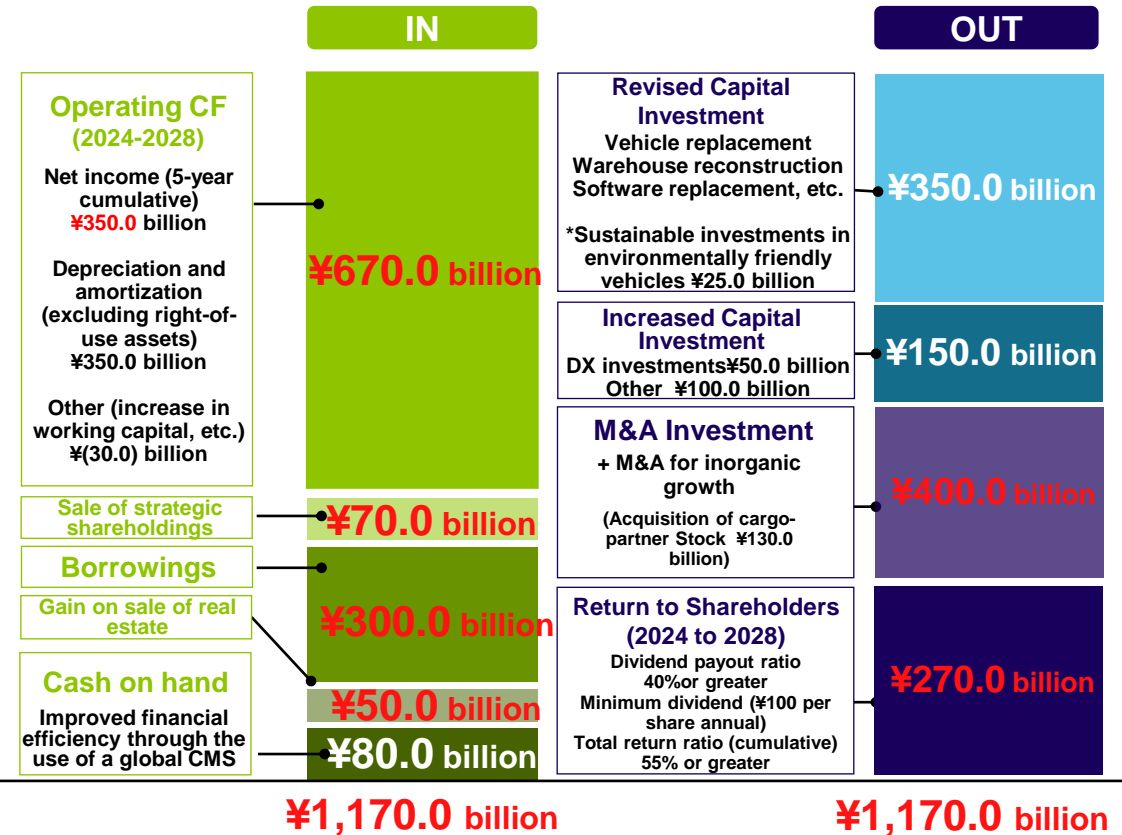
Revise Cash Allocation (2024-2028 Cumulative)

Invest in growth and provide stable shareholder returns; conduct strategic cash allocations, including opportunistic share buybacks

Initial Plan



Revisions



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

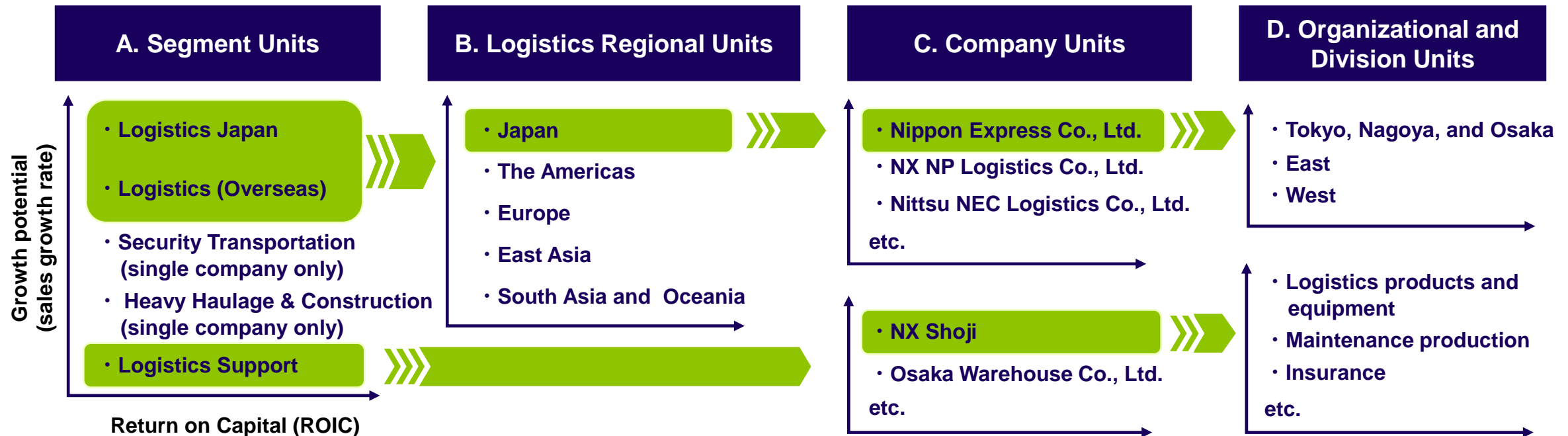
Strengthening Our Approach to Improving Corporate Value

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



Strengthening Our Approach to Improving Corporate Value

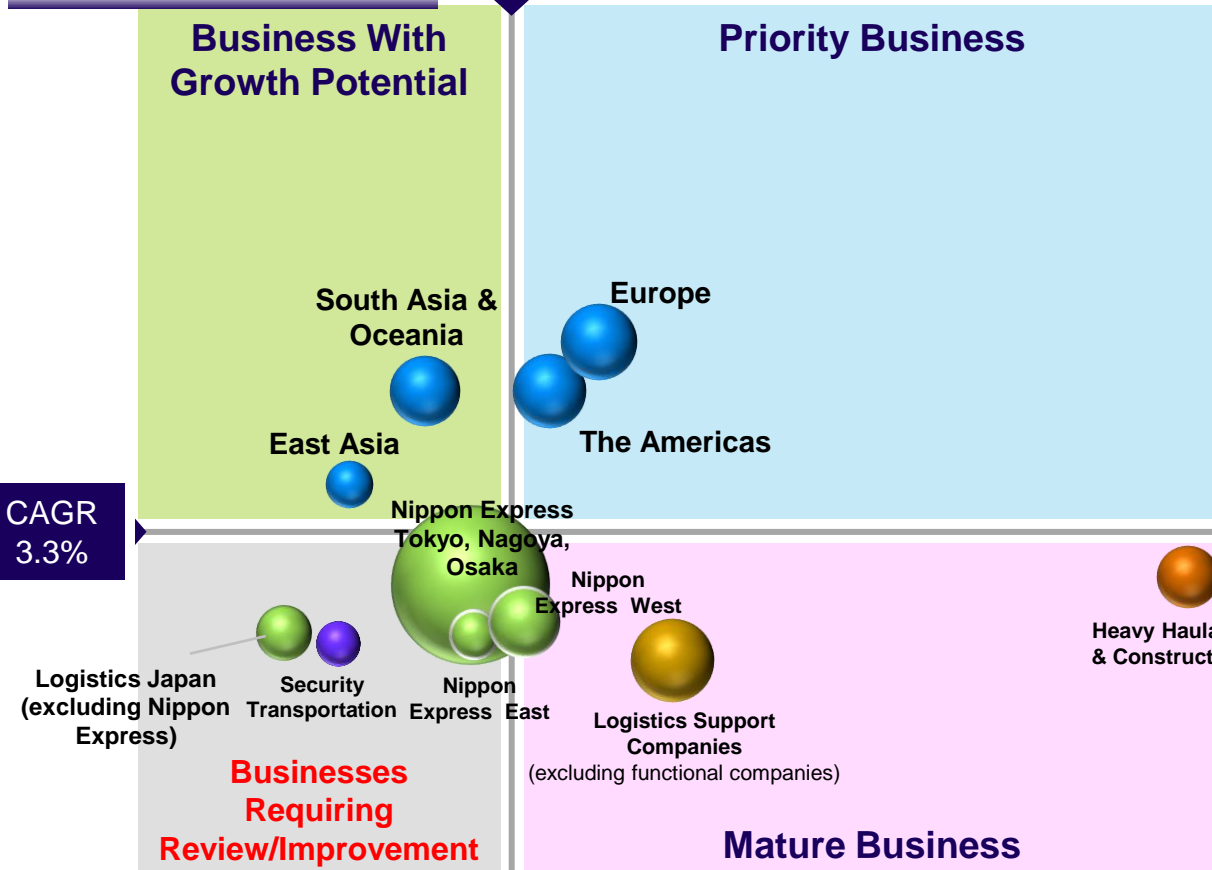
Implement Business Portfolio Management (Update)

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%)

Current (FY2023)

ROIC 10.0%



Target (FY2028)

ROIC 10.0%

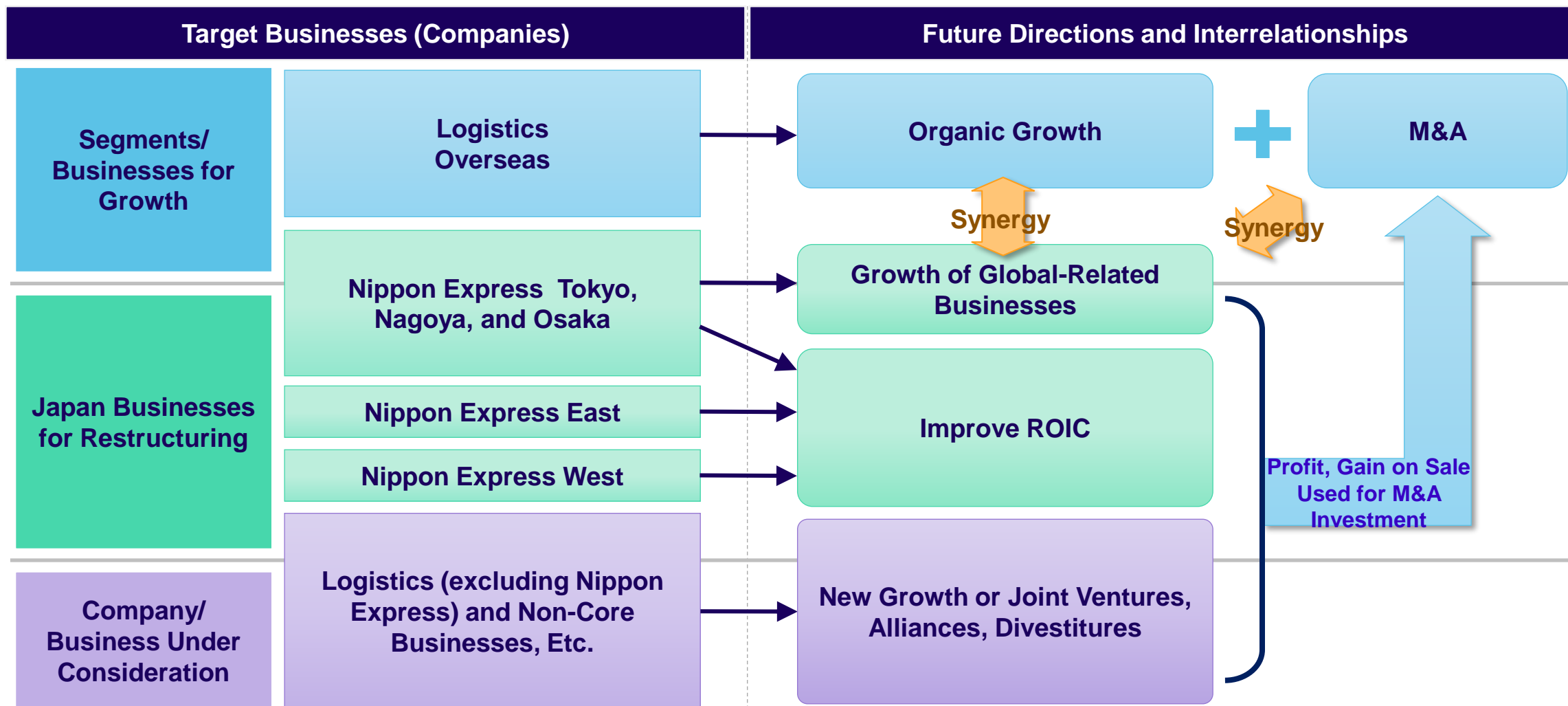


*We changed the names of the four quadrants from Growth Business to Business With Growth Potential and Low Profitability to Business Requiring Review/Improvement.

Strengthening Our Approach to Improving Corporate Value

Implement Business Portfolio Management (Update)

Future Direction



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)

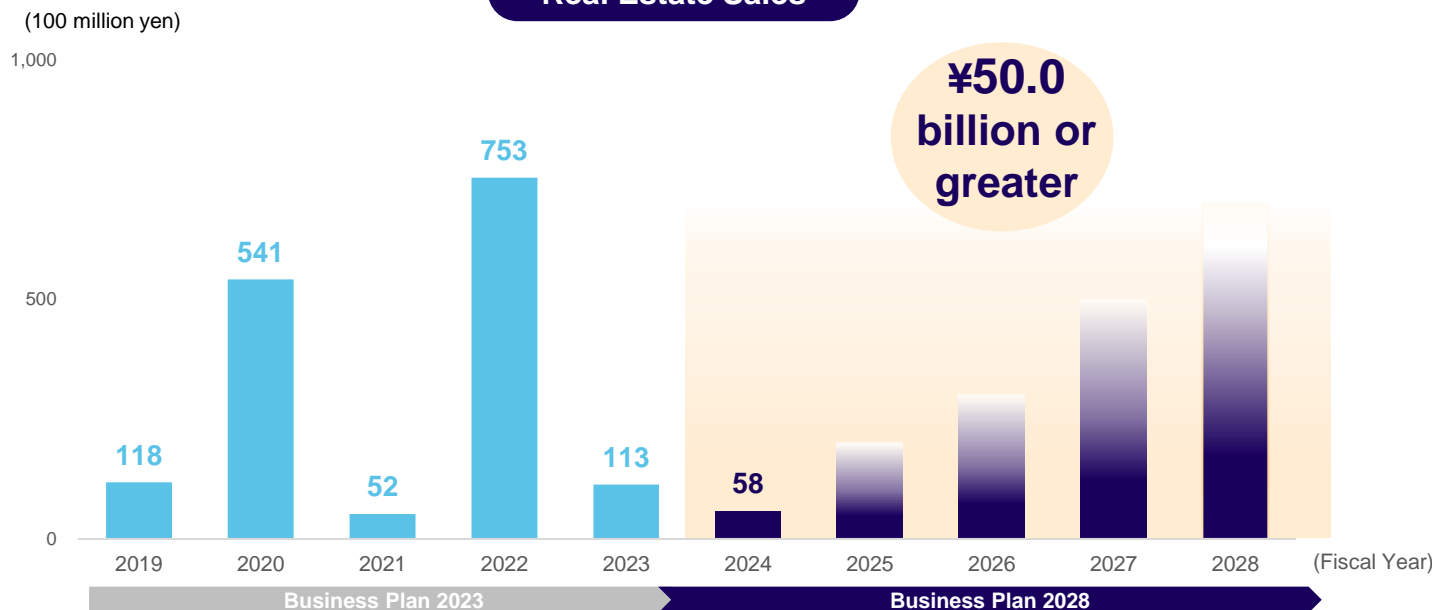
¥157.8 billion

Main Results

Sale of former headquarters building (2022) **¥73.2 billion**

Liquidation of pharmaceutical warehouses, etc. (Mainly 2020) **¥56.4 billion**

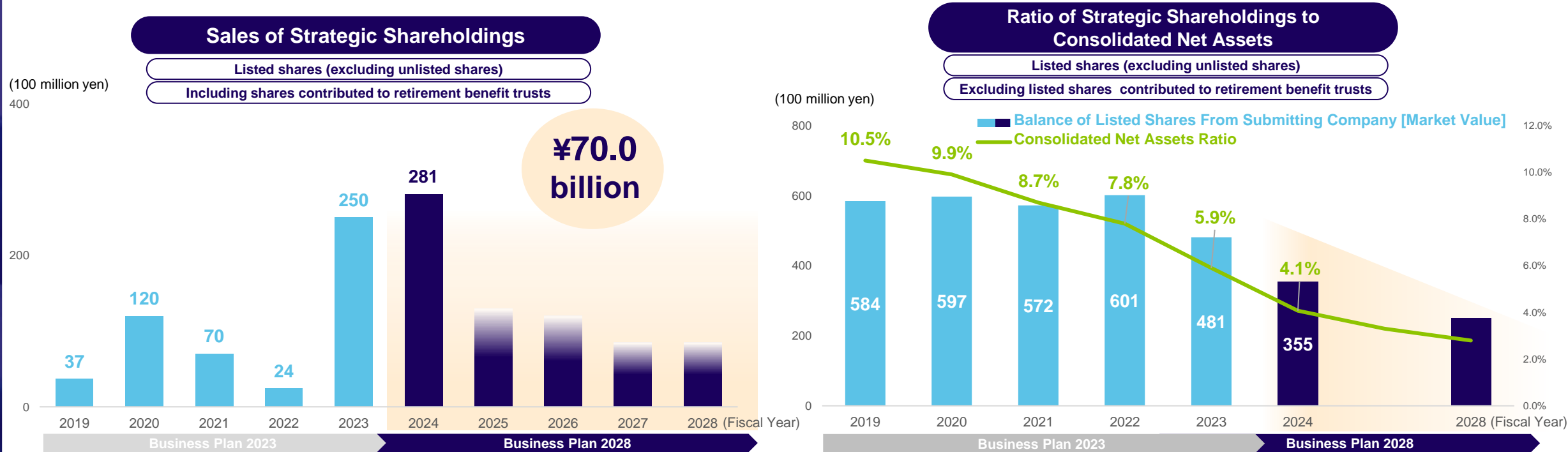
Real Estate Sales



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



¥70.0 billion

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

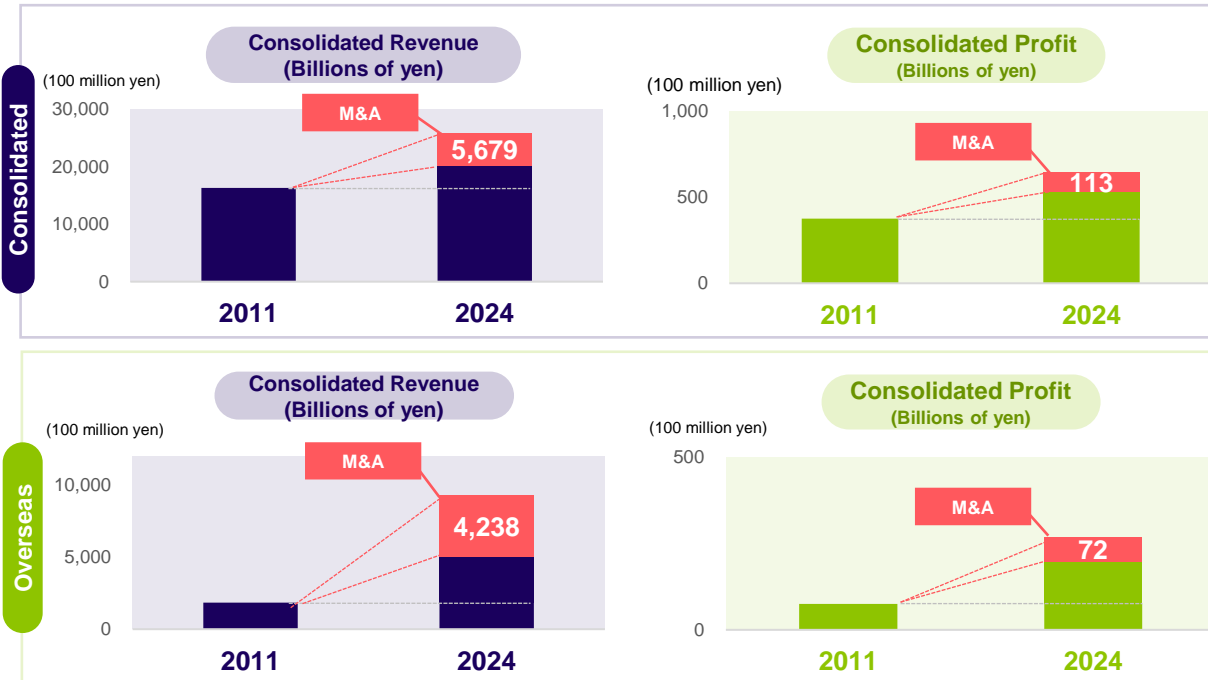
Reference Materials

Review of M&A Activities (1)

M&A Results Excluding Simon Hegele

Cumulative Investment 2012 to 2024, Cumulative ¥295.5 billion (Including Japan and Overseas)	FY2024 Results <table border="0"> <tr> <td style="text-align: center;"> Revenues ¥567.9 billion (Including Japan and Overseas) </td> <td style="text-align: center;"> Business Profit ¥11.3 billion (Including Japan and Overseas) </td> </tr> </table>		Revenues ¥567.9 billion (Including Japan and Overseas)	Business Profit ¥11.3 billion (Including Japan and Overseas)
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Compared With FY2011 (Prior to M&A Activities; Estimate)



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	<ul style="list-style-type: none"> Intended to strengthen intra-American distribution network; failed to create synergies and terminated main business due to deteriorating market conditions 	Local
	APC	East Asia	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Acquired forwarding infrastructure in the lifestyle field Acquired management-level personnel in Europe 	Local
	Nittsu NEC Logistics Co., Ltd.	Japan	<ul style="list-style-type: none"> Acquired specialized logistics expertise in the ICT industry 	
2014	NX, NP Logistics	Japan	<ul style="list-style-type: none"> Acquired logistics platform for the electronics industry 	
2015	NX Wanbishi Archives Co., Ltd.	Japan	<ul style="list-style-type: none"> Acquired storage platform 	
2018	Traconf	Europe	<ul style="list-style-type: none"> Acquired logistics infrastructure in the lifestyle field Acquired management-level personnel in Europe 	Local
2020	MD Logistics	Americas	<ul style="list-style-type: none"> Acquired pharmaceutical warehousing and distribution functions, expertise in the U.S. Acquired pharmaceutical logistics sales and quality control capabilities 	Local
2023	Tramo	Europe	<ul style="list-style-type: none"> 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

Review of M&A Activities (2)

Established M&A and PMI Implementation Structure

M&A Execution Structure in Line With Growth Strategy

- Select acquisition targets based on an M&A strategy in line with growth strategy
- Improved value assessment capabilities
- Strengthened business planning function to for post-acquisition corporate value creation
- Established M&A review, execution, and post-acquisition process
- * Established rules, Investment Committee

PMI Structure for Group-Wide Synergies

- Rather than pursuing integration activities focused locally, we created a structure in which the NXHD Global Business Headquarters (GBHQ) plays a central role in creating cross-regional synergies
- Integrated management infrastructure systematically, including IT, accounting and finance, human resources, organizational restructuring, etc.

Developed expertise and improve skills by assessing past M&A and PMI failures and successes; develop and secure human resources skilled in M&A and PMI

Synergies With cargo-partner



FY2024 Results

FY2025 Forecast

Revenues

¥276.0 billion

¥278.4 billion

Business Profit

¥3.1 billion

¥5.3 billion

Main Synergies

Integration

- Integrated infrastructure between NX and CP (corporate entities, locations, etc.)
*2024 Results across 12 countries
- Integrated functions and human resources between NX Europe and CP

Improved Competitiveness of Forwarding Business

- Strengthened purchasing through global purchasing for air and ocean forwarding
- Expanded, strengthened global network

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

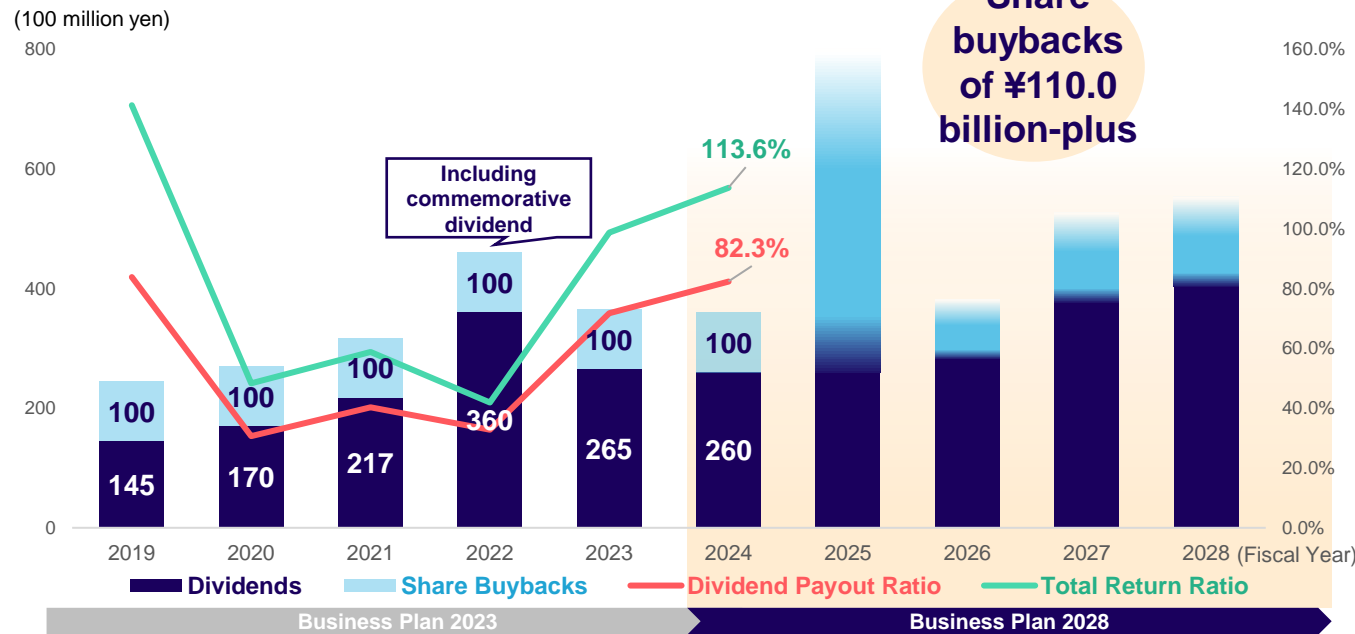
Shareholder Returns

Share buybacks of ¥110.0 billion-plus

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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