



We Find the Way

September 9, 2021

IR Day 2021

Growth Strategy for Core Businesses

Session 1

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Growth Strategy for Core Businesses

1. Business-Oriented Approach

- A. Impact on the marine and air transportation market supply chains**
- B. Strategy to provide value sought by customers**

2. Five Priority Industries

- A. Automotive industry (mobility industry)**
- B. Semiconductor-related industry**

3. Strengthening Global Account Management

- A. Achieve global vision through account management methods**
- B. Global account management for non-Japanese customers**
- C. Account management for non-Japanese customers in Japan**
- D. Global account management for Japanese customers**

Medium-Term Business Plan Progress (KPIs)

Nippon Express Group Business Plan 2023 KPIs (Growth Strategy for Core Businesses)

Figures for results, progress, and differences have been rounded

Item	2021 Jan-Jun Results	2021 Jan-Dec Forecast	FYE Dec 2021 Business Plan Interim Targets (KPIs)	Interim Progress vs. Forecast (KPIs)	FYE Dec 2023 Business Plan Targets (KPIs)
Expand ocean forwarding business	370,000 TEU	860,000 TEU	1,000,000 TEU	86%	1,300,000 TEU
Expand air forwarding business	470,000 t	865,000 t	1,200,000 t	72%	1,400,000 t

Item	2021 Jan-Dec Forecast	2019 Jan-Dec Results	YoY (%)
Ocean forwarding business	860,000 TEU	695,000 TEU	24%
Expand air forwarding business	865,000 t	802,000 t	8%

Item	2021 Jan-Dec Forecast	2020 Jan-Dec Results	YoY (%)
Ocean forwarding business	860,000 TEU	660,000 TEU	30%
Expand air forwarding business	865,000 t	720,000 t	20%

Growth Strategy for Core Businesses

Business-Oriented Approach

Impact on the marine and air transportation market supply chains

Item	Status and Outlook		Impact on the Supply Chain
	Ocean cargo transportation	Air cargo transportation	
Cargo Movement (Demand)	<ul style="list-style-type: none"> Transportation demand will recover to pre-COVID-19 (2019) levels driven by increased consumption in Europe and the United States. High demand is expected to continue into next year, mainly from Asia to Europe. 	<ul style="list-style-type: none"> Transportation demand is expected to recover to a level higher than that before COVID-19 (2019) due to increased consumption in Europe and the United States. Demand will continue to shift away from ocean cargo transportation, where space is tight. 	<ul style="list-style-type: none"> Continued space constraints in ocean cargo/air cargo transportation. Longer transportation lead times. Increasing logistics cost burden. Increasing need for alternative means of transportation (e.g., rail) and growing importance of resilience.
Transportation Capacity (Supply)	<ul style="list-style-type: none"> Shortage of empty containers will continue due to schedule delays. The shortage is not expected to recover until next fiscal year. 	<ul style="list-style-type: none"> After a significant decrease in space supply due to the COVID-19 outbreak, space supply will recover gradually due to the use of passenger aircraft for cargo flights. Space supply has not returned pre-COVID-19 levels (2019), standing at -14% (July comparison according to IATA). 	
Freight Market	<ul style="list-style-type: none"> Freight rates continue to skyrocket, especially on routes from Asia to the Americas and Europe. 	<ul style="list-style-type: none"> Beginning in January 2021 and onwards, rates continued to more than double those of 2019. A further surge in freight rates is expected for the Christmas season, and is likely to continue until some time before the Chinese New Year in 2022. 	

Business-Oriented Approach

Strategy to Provide Value Sought by Customers

■ Changes in the value sought by customers

Past: Oriented toward obtaining lower freight rates through long-term contracts based on volume

Current: Emphasis on stable supply of space and flexible and reliable transportation routes for unforeseen circumstances

Strategy:

- Respond to environmental changes such as the impact of COVID-19 and provide logistics that never interrupt the supply chain.
- Respond to all transportation needs by making full use of our network and transportation modes.
- Strengthen price competitiveness through strategic alliances with ocean and air partner carriers.
- Make advancements in ocean transportation purchasing functions.
(establishment of Global NVOCC Center)
- Engage in account management.

Medium-Term Business Plan Progress (KPIs)

Nippon Express Group Business Plan 2023 KPIs of Growth Strategy for Core Businesses

Item Revenues	Domestic*1			Overseas		
	2021 Jan-Dec Forecast	KPI (FYE Dec 2023)	KPI Progress vs. Forecast	2021 Jan-Dec Forecast	KPI (FYE Dec 2023)	KPI Progress vs. Forecast
Electric and Electronics Industry	¥97.0 billion	¥120.0 billion	81%	¥137.5 billion	¥130.0 billion	106%
Automotive Industry	¥74.0 billion	¥110.0 billion	67%	¥85.0 billion	¥110.0 billion	77%
Apparel Industry	¥16.5 billion	¥24.5 billion	67%	¥55.0 billion	¥80.0 billion	69%
Pharmaceutical/Medical Industry	¥15.0 billion	¥36.0 billion	42%	¥18.5 billion	¥40.0 billion	46%
Semiconductor-Related Industry*1	¥21.5 billion	¥45.5 billion	47%	¥11.0 billion	¥15.0 billion	73%

Item (Revenues)	FYE Dec 2021 Forecast (12 months)	KPI (FYE Dec 2023)	KPI Progress vs. Forecast
Expand non-Japanese customers (GAM/GTA*2)	¥44.0 billion	¥43.0 billion	102%

*1 Japan results, KPI figures are for non-consolidated Nippon Express

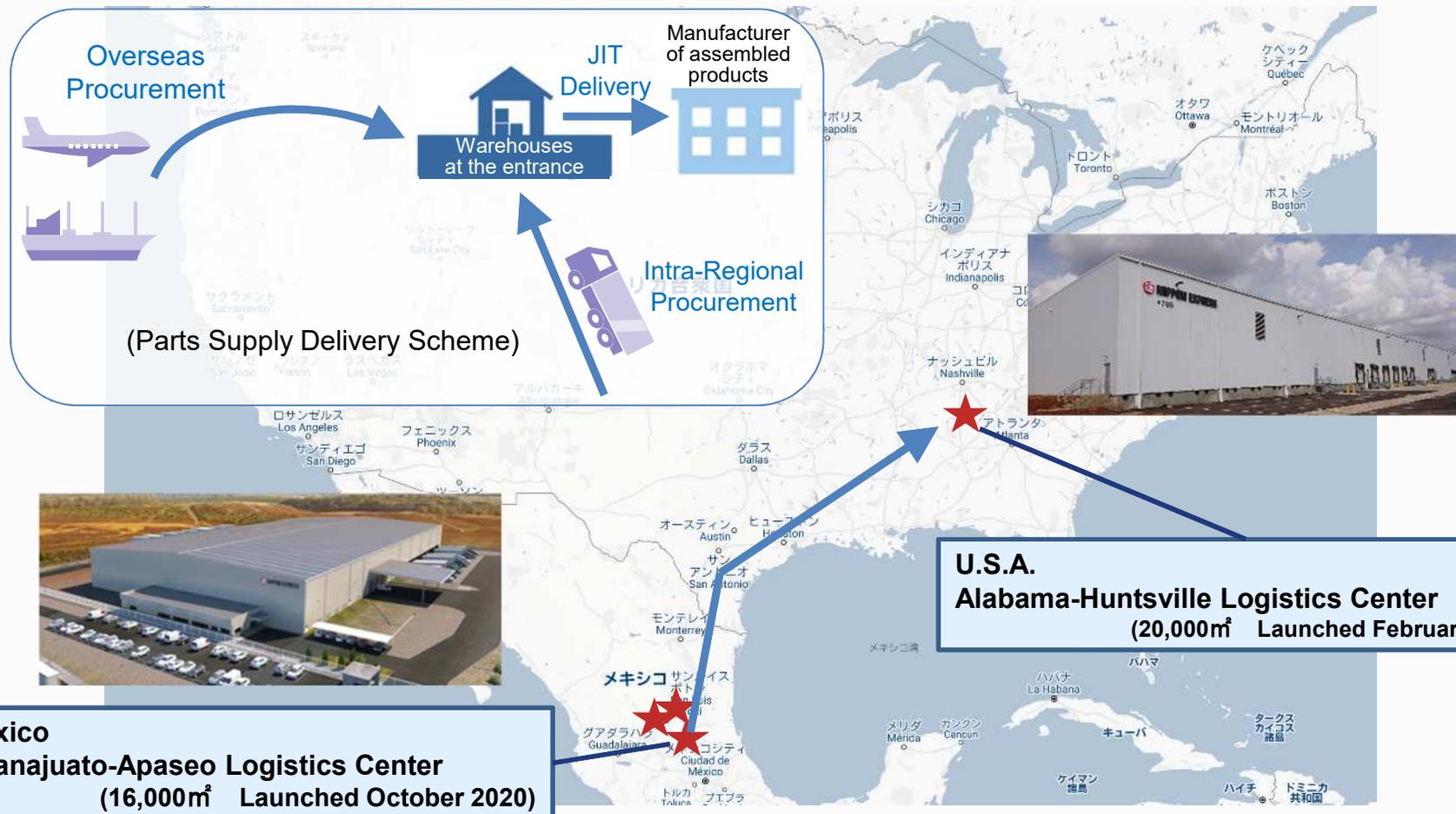
*2 GAM is an abbreviation for global account management. GTA is an abbreviation for global target accounts.

Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Automotive Industry (Mobility Industry)

Production logistics in North America (cross-border transportation between the U.S. and Mexico)

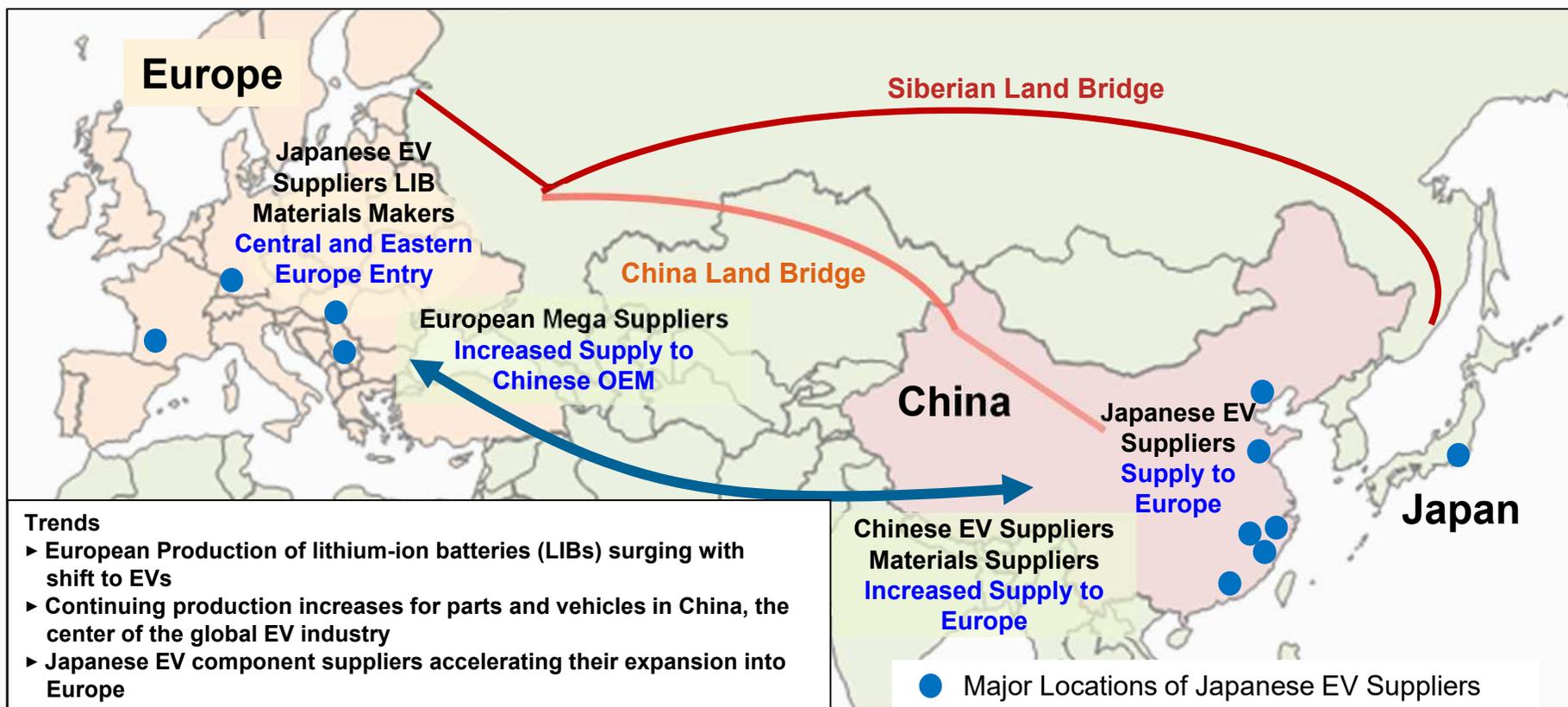


Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Automotive Industry (Mobility Industry)

■ Sales targeting changes in the supply chain caused by electrification



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Semiconductor-Related Industry (Initiatives in Japan)

- Concentrated areas in Japan in connection with the semiconductor-related industry (Front-end processing: 63 plants; Back-end processing: 59 plants; Integrated processing: 22 plants; 144 plants in total)

*Based on Nippon Express research



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Semiconductor-Related Industries (Initiatives Overseas)

- Competition between the U.S. and China over semiconductors and the U.S. administration's move toward U.S.-based semiconductor production



- Passage of the National Defense Authorization Act (NDAA 2021), which includes subsidies of **up to 300 billion yen per project** and the establishment of the Multilateral Semiconductors Security Fund
- President Biden endorsed the CHIPS bill, which includes **\$50 billion** in investment for the semiconductor industry.

(Prepared by Nippon Express based on press materials from various outlets)



Taiwan Semiconductor Manufacturing Company (TSMC), the world's largest semiconductor foundry, has begun construction of a semiconductor plant in Arizona. One year after announcing a plan to **invest \$12 billion**, details revealed by CEO C.C. Wei.
(Nihon Keizai Shimbun, June 13, 2021)



Intel announced on March 23, 2021, that it will **invest \$20 billion** to build a new semiconductor plant in Arizona. The company will also enter the foundry business, undertaking manufacturing for other companies. The company will build two new plants in Chandler, Arizona, where it already has a production base. (Nihon Keizai Shimbun, March 24, 2021)



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

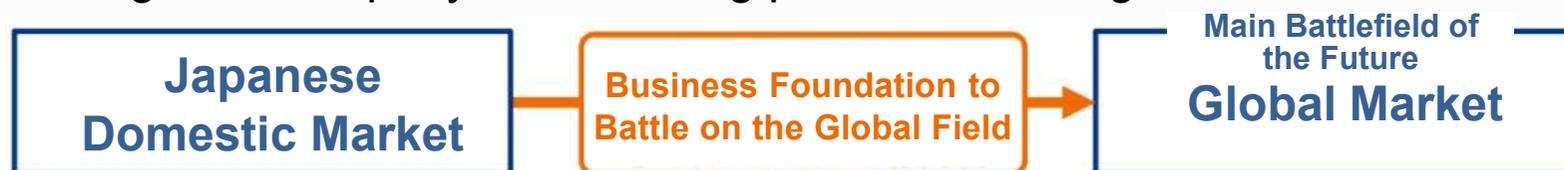
Achieve Global Vision Through Account Management Methods

- January-December 2020 Revenue Composition by Customer Base (Japanese, non-Japanese Customers)

	Revenues	Revenue Composition
Japanese Customers	¥221.4 billion	49%
Non-Japanese Customers	¥232.3 billion	51%
Total	¥453.7 billion	

(Scenario for Achieving Our Vision)

A logistics company with a strong presence in the global market.



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Global Account Management for Non-Japanese Customers

■ GAM/GTA* Revenue Growth Forecast

	FY2019 Results	FY2020 Results	2021 Forecast	2023 Target
Revenues	¥29.9 billion	¥40.6 billion	¥44.0 billion	¥43.0 billion

■ GAM/GTA Target Customers

By Head Office Location

Head office	GAM	GTA
Americas	5	14
Europe	4	10
East Asia	1	4
South Asia	0	2
Total	10	30

By Industry

Industry	GAM	GTA
Electric and Electronics	5	6
Automotive	1	5
Apparel	1	1
Pharmaceutical/Medical	0	7
Semiconductors	0	6
Other	3	5
Total	10	30

*GAM/GTA Project: Account management targeting non-Japanese customers globally
 GAM: Global Account Management GTA: Global Target Account

Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Account Management for Non-Japanese Customers in Japan

■ European (German) Targets (Set Makers, Mega Suppliers)

Top 10 Component Manufacturers
by Sales in FY2020

Rank	Country	Company
1		Bosch
2		Denso
3		ZF
4		Magna International
5		Aisin
6		Continental
7		Hyundai Mobis
8		Valeo
9		Lear
10		Faurecia

Source: Data published in Nihon Keizai Shimbun and compiled by Nippon Express

Nippon Express Logistics Projects for
German Customers in Japan

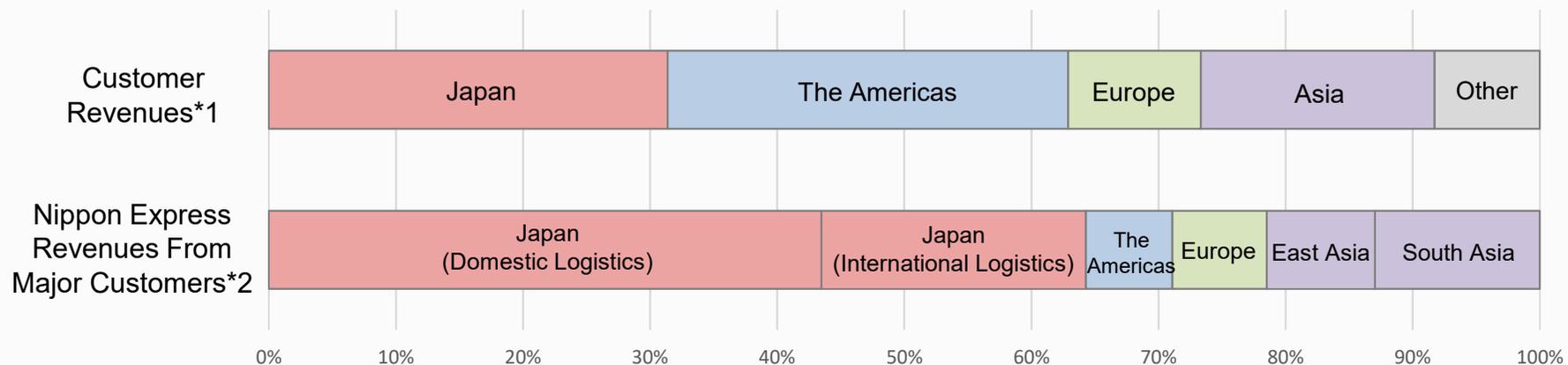


Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Global Account Management for Japanese Customers

■ Major Global Japanese Customers and Nippon Express Revenue Composition by Region (FY2019)



*1 The revenue composition of global companies selected from our Japanese customers is calculated by Nippon Express based on data published by each company in FY2019

*2 Nippon Express revenue composition is based on sales to relevant customers (2019 results); Japan (International Logistics) represents marine and air freight forwarding to/from Japan

- Overseas revenue ratio for 30 Major Japanese Global Customers account for approximately 70%
 - Overseas revenue ratio for Nippon Express from 30 Major Japanese Global Customers account for approximately 35% (2019)
- ⇒ Nippon Express aims to increase overseas revenue ratio from 35% to 75% by implementing global account management

Growth Strategy for Core Businesses (Reference)

Business-Oriented Approach

FYE Dec 2021 Ocean and Air Freight Forwarding Volume Forecast

Ocean Freight (Unit: TEU)	2020 Results (A)	2021 Forecast (B)	2021 Forecast YoY Growth (B/A)	2023 Target (C)	Progress Toward 2023 Target (B/C)
The Americas	37.5	60.0	+60.0%		
Europe	48.5	58.8	+21.2%		
East Asia	213.6	288.2	+34.9%		
South Asia & Oceania	130.3	185.0	+42.0%		
Japan	230.3	268.0	+16.4%		
Global Total	660.2	860.0	+30.3%	1,300	66.2%

Air Freight (Unit: Thousands of tons)	2020 Results (A)	2021 Forecast (B)	2021 Forecast YoY Growth (B/A)	2023 Target (C)	Progress Toward 2023 Target (B/C)
The Americas	70.7	90.0	+27.3%		
Europe	92.0	115.0	+25.0%		
East Asia	159.4	185.0	+16.1%		
South Asia & Oceania	145.6	175.0	+20.2%		
Japan	252.4	300.0	+18.9%		
Global Total	720.1	865.0	+20.1%	1,400	61.8%



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