



We Find the Way

September 9, 2021

IR Day 2021: Strategy to Enhance Domestic Businesses in Japan

Session 2

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Measures for the Strategy to Enhance Domestic Businesses in Japan



Major Initiatives

1. Raise the Level of Marginal Profit from Operations (continue to reduce subcontracting cost ratio)
2. Maximize the use of Company Strengths
3. Restructure Sub-Agent Operations Companies
4. Raise Overall Level of Warehouse Operations
5. Automate, Streamline Office Work (Accelerate RPA initiatives)
6. Deepen Integration of Land, Sea, and Air - Pursue Cross-mode Sales
7. Increase Sales of Protect BOX Business
8. Expand Sales of Domestic Air Transportation
9. Increase Sales of Domestic Air Cargo and Railroad Containers
10. Strengthen and Pursue Arrow Delivery Business
11. Structural Reform of the Moving & Relocation Business

Overview of Measures to Solidify Japanese Domestic Business

		to FY2020	FY2021	FY2022 onwards
■ Continued decrease in subcontracting cost ratio		Subcontracting cost ratio: FY2020 cumulative YoY -3.0 points	FY2021 Q1 Cumulative (Jan-Jun 2021 cumulative) -3.6 points -4.1 points	
■ Maximize the use of Company Strengths		Utilization rate: FY2020 2H YoY +3.2 points	FY2021 Q1 cumulative (Jan-Jun 2021 cumulative) +3.4 points +3.7 points	
■ Restructure Branch Operating Companies	Support for equal pay for equal work	Complete		
	Restructuring (consolidation)			
■ Raise Overall Level of Warehouse Operations			Initiative to expand to 435 warehouse locations nationwide	
■ Automate, Streamline Office Work	Accelerate RPA initiatives	As of end FY2020 78	As of end FY2021 Q1 144	
	Educating human resources to create RPA		Mid FY2021 Training planned for 670 employees	
■ Deepen Integration of Land, Sea, and Air	Organizational development of cross-mode sales			
	Integrate locations and facilities			
■ Increase Sales of Protect BOX Business			Start sales in July 2020 FY2021 Q1 cumulative 4,610 (shipping base)	
■ Expand Sales of Domestic Air Transportation				
■ Increase sales of domestic air cargo and railroad containers (Sea & Rail)			Start sales on the Kyushu Route in August 2021	
■ Strengthen Arrow delivery business	Improve productivity through operational improvements		FY2021 Q1 cumulative +7.1 points (trunk line load capacity) (Jan-Jun 2021 cumulative +7.1 points)	
■ Structural Reform of the Moving & Relocation Business (expand planners and worker capacity)		Moving & Relocation Planner: FY2020 820 Moving & Relocation Workers: FY2020 786	FY2021 893 FY2021 999	
■ Further personnel reassignments		FY2020 247		

4. Raise Overall Level of Warehouse Operations

- Implementing company-wide initiatives to improve productivity of warehouse operations through standardization of operations together with scientific and systematic methods.
- Continuing to implement Introduce Labor-Saving Measures and Automation for 40 businesses

1 Initiatives to improve productivity at all corresponding warehouse operations facilities

- Set 30 evaluation standards for our warehouse operations
- Complete first self-checks in all **435** warehouse locations nationwide in line with operations
- Based upon the results of self-checks, promote improvement activities for all corresponding locations towards achieving set goals for next FY.

2 Promotion of important improvement activities at specified locations

- Select **108** priority warehouse locations from around Japan for priority business improvements, and implement focused improvements

3 Education of core personnel to promote improved productivity in warehouse operations

- Introduction of a 6-month Logistics Boot Camp training program for core personnel
- Create a manual of methods to improve productivity based on improvement expertise and scientific analysis procedures accumulated on site.
- Conduct **15** work sessions and practical training for **17** participants carefully selected from across Japan.



5. Automate, Streamline Office Work (Accelerate RPA initiatives)

- Voluntary and autonomous development and deployment of RPA on site
Promote RPA (WinActor) developed on site, to automate work processes unique to these sites
Actively promote autonomous initiatives

*The head office (Information Technology Promotion Division) promotes development and operation of RPA through consolidation and introduction at head office. = RPA (UiPath)

Continuation and strengthening of training and information sharing

- Take advantage of the characteristics of RPA (independence, mobility, immediate effect) to increase awareness of and disseminate automation methods regarding how to expand the scope of RPA on site.
- Carry out training using e-learning to improve RPA skills, and train personnel to promote these initiatives.
(Planned number of trainees to be trained during FY2021: 670)

Horizontal deployment of already developed, versatile automation examples

- Nationwide horizontal deployment of already developed, versatile automation examples to other branches and locations, thus expanding the scope of RPA
(25 businesses with 389 cases, mainly in back-office operations)

FY2021 Targets (annualized)

Case numbers: **300** Time created: **60,000** hours

FY2021 Q1 Results Case numbers: 144 Time created: 25,089 hours

6. Deepen Integration of Land, Sea, and Air - Pursue Cross-mode Sales

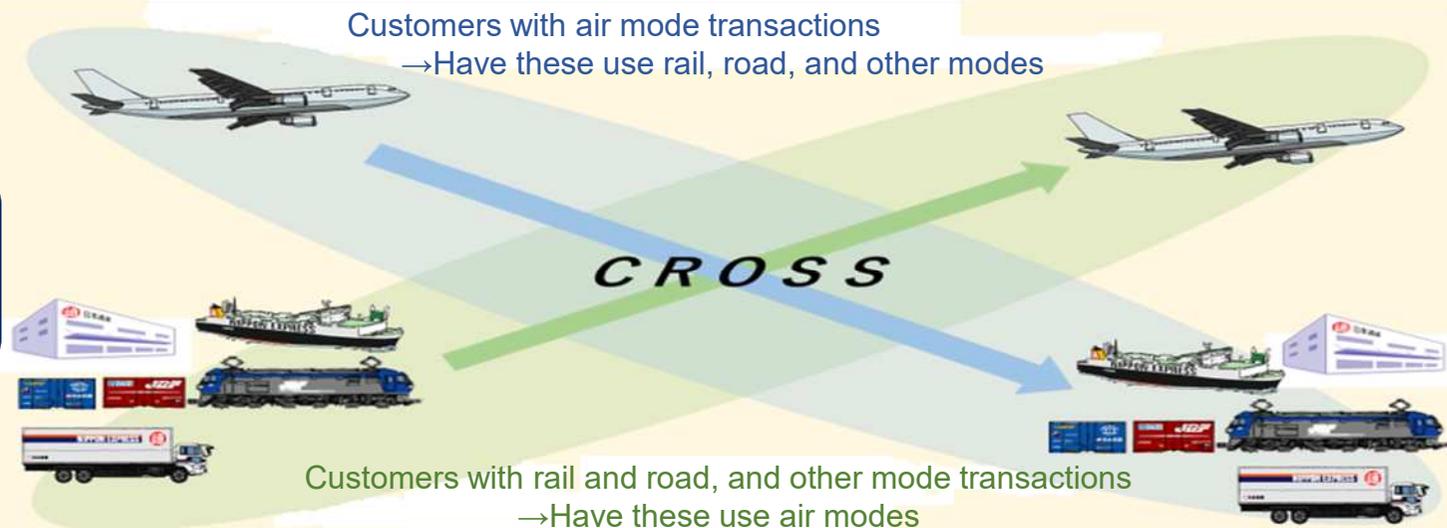
➤ Pursue cross-mode sales

Deploy to existing customers at all locations to acquire transactions other than the current transaction mode

Purpose

All locations in the domestic block will develop sales activities to acquire modes other than current transactions for existing customers, in order to expand the scope of existing transactions.

Specific Initiatives



➤ Integrate locations and facilities further

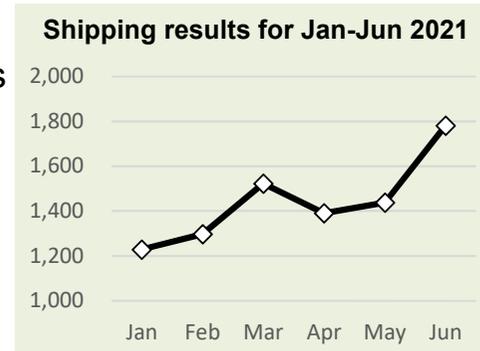
Examine and promote further integration of air, sea, and land locations and facilities
FY2020–FY2021: 25 locations

7. Increase Sales of Protect BOX Business

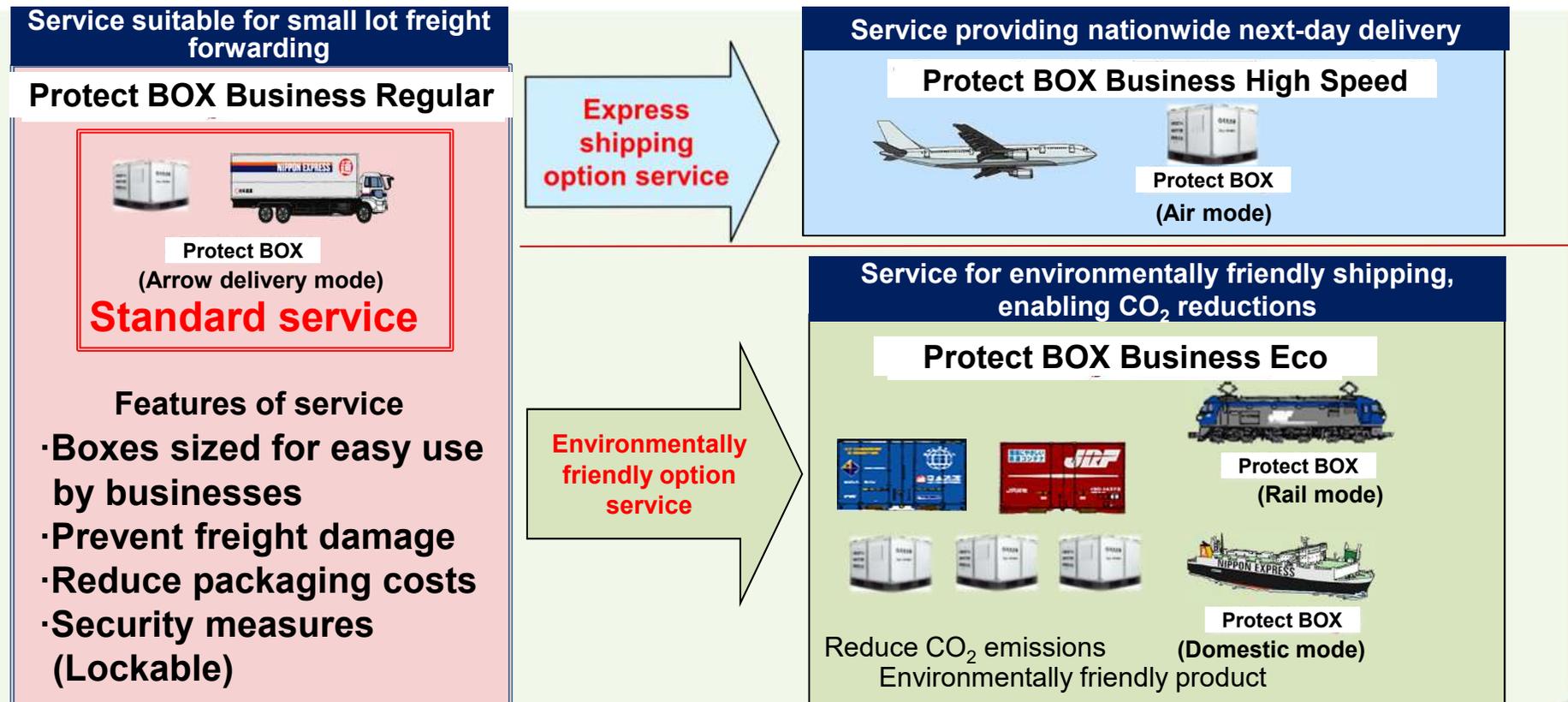
Start nationwide deployment in July 2020
 Reorganize existing services from April 2021, and refresh as Protect BOX Business

Features of Protect BOX Business service

- Utilizes boxes sized for small-lot shipments, for easy use by businesses
- Multi-mode unit service that can be used for all transport modes — land, sea, and air



FY2021 Q1 Shipping base results 4,610 units (YoY 178% increase)



8. Expand Sales of Domestic Air Transportation

➤ Haneda Keihinjima Air Cargo Center Renewal (completed May 2021)

Located adjacent to Haneda Airport, the Haneda Keihinjima Air Cargo Center has been renovated to dramatically improve sorting and processing capacity, and to improve operational efficiency and achieve labor savings. Establishment of a foundation to more rapidly and reliably ship air freight arriving at and departing from Haneda Airport.

Top-down view (multi-story, 3 floors)



Ensure growth potential

· Main automatic sorting capacity ×2

Improve services

· Stable provision of services (punctuality) and quality (reduced damage accidents)

Labor savings Automation

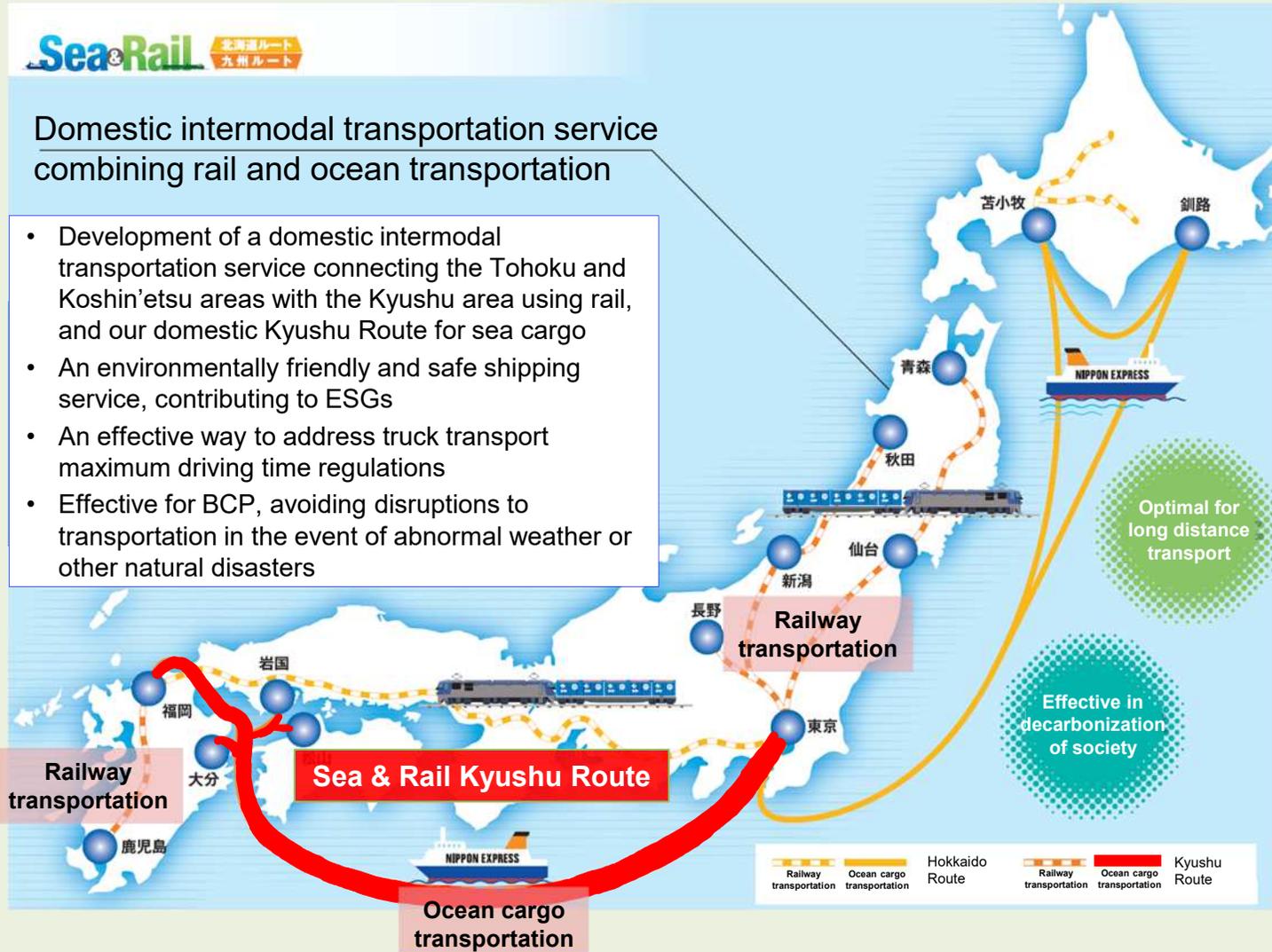
· Labor savings and automation to respond to labor shortages
(Sorting staff: -10%, work time -30 mins/day)
· Automatic sorting ratio (70.5% ⇒92.7%)

➤ Expand sales of domestic air transportation

- Express High-Speed: Air cargo mixed loading service that provides speed and punctuality (pharmaceuticals, medical equipment, maintenance parts, perishable cargo)
- Express High Grade: Air cargo consolidation service that provides security (personal information, correspondence, valuables)
- Consolidated Shipping Service: Service combining multiple orders into a single package for each destination, for shipment and delivery
- Smartphone Consolidated Combo: Service consolidating multiple smartphones or tablets into a dedicated box

9. Increase Sales of Domestic Air Cargo and Railroad Containers

➤ Sales start for Sea & Rail Kyushu Route (from August 2, 2021)



10. Strengthen and Pursue Arrow Delivery Business

- Improve productivity through operational improvements
 - Streamline collection and delivery systems
 - Drastically reduce collection and delivery vehicles through reviews of holiday deliveries
 - Streamline trunk line system through reviews
 - Improve load capacity management +7.1 point improvement (FY2021 Q1 weekday average)
 - (+7.1 point improvement (Jan-Jun 2021 weekday average))
- Expand sales by increasing sales of new products, and cultivating new customers
 - Increase regular sales of Protect BOX business
 - Pursue cross-mode sales

11. Structural Reform of the Moving & Relocation Business

- Develop system that leverages our advantages

Establishment of a system in which all locations work as the main business

- ➔ Strengthen and expand our ability to target corporate customers, as well as individual customers at times of increased demand

(1) Hire more planners

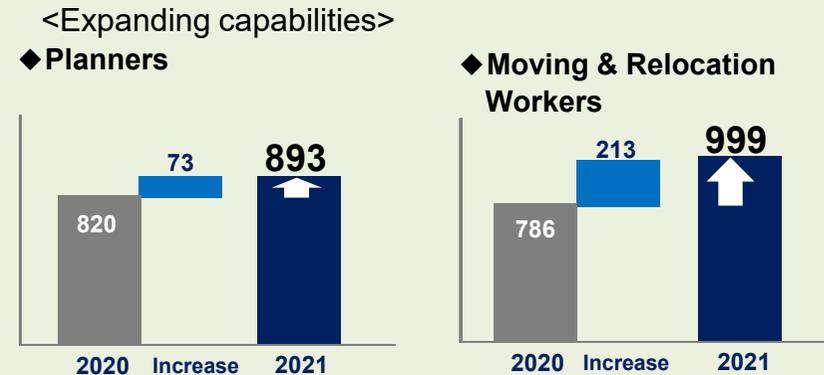
More numbers of pre-inspections to achieve these KPIs

(2) Hire more moving & relocation workers

Expand capabilities to handle weekends and other periods of increased demand

(3) Increased utilization of Remomi®

COVID-19 has resulted in increased needs for non-contact. Therefore, we plan to improve customer convenience, office efficiency, and the numbers of pre-inspections conducted for corporate customers, remote areas, night shifts and further use of digital tools.





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