



We Find the Way

IR Day 2022 Session 1
Business Growth Strategy (Industry Focus and Business Focus)

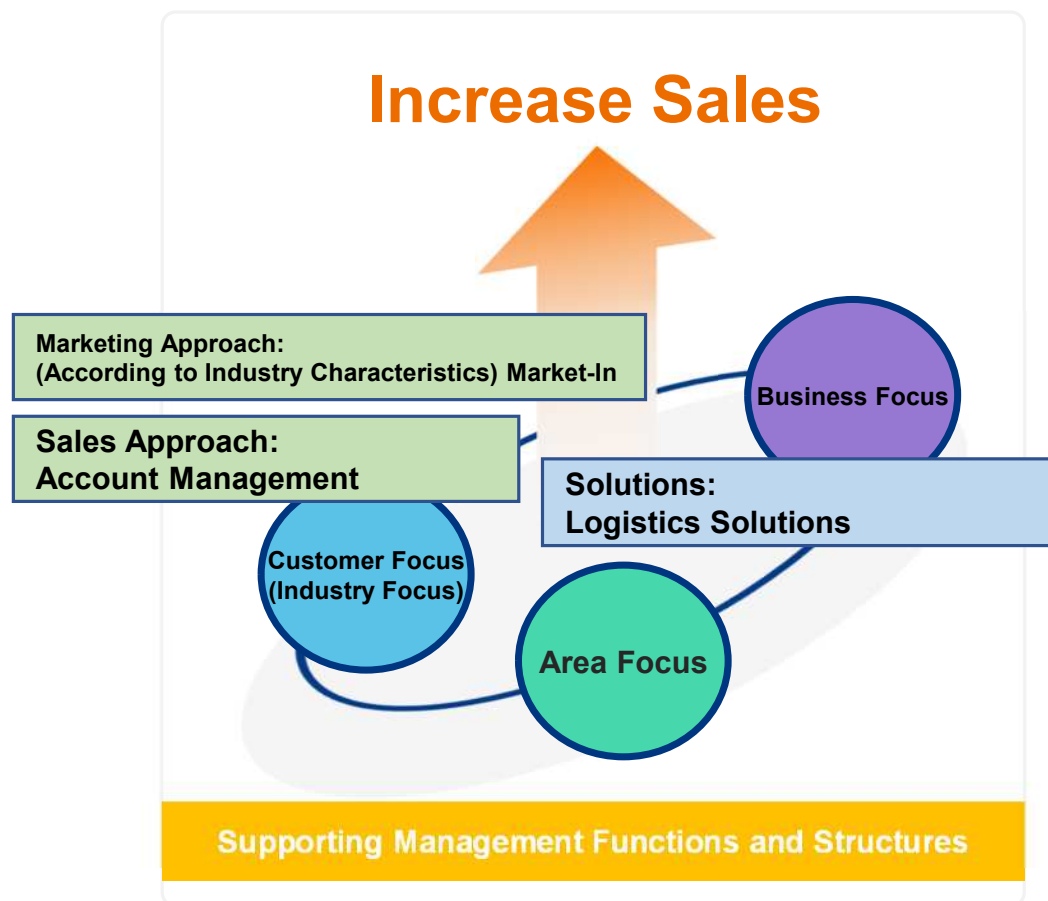
Executive Vice President: Akira Kondo

Managing Executive Officer: Atsushi Nagashima

NIPPON EXPRESS HOLDINGS, INC.
September 15, 2022

Growth Strategy for Core Businesses

Grow Our Customer Base and Businesses Globally, Leveraging Our Strengths in Japan



/////// Priority Measures //////////////////////////////////

Customer (Industry)-Focused Approach (KPIs)

- One-stop service, account management businesses, account management businesses
- Per-industry and sector initiatives
- Respond to changes due to the growing e-commerce market
- Expand sales to non-Japanese customers

Business- Focused Approach

- Forwarding Business
- Logistics Business
- Network Transport Business
- Packaging Solutions Business

Area-Focused Approach

- Japan
- The Americas
- Europe
- East Asia
- South Asia and Oceania Area

Management Functions and Structures Supporting the Three Sales Approaches

- Building a sales activity support system based on sales and sales data
- Adopt sales process KPIs
- Reinforce group sales support infrastructure

Growth Strategy of Core Businesses

Solution Strategies for Delivering Customer Value

Changing and Increasingly Sophisticated Needs Due to Changes in the Business Environment and Markets

<p>Automotive Industry</p> <ul style="list-style-type: none"> ✓ CASE Support ✓ EV Market Development and Motivation ✓ SCM Review and Solidification ✓ Increased Need for Logistics Reform ✓ Focus on Core Businesses, Shortage of Human Resources 	<p>Semiconductor-related industry</p> <ul style="list-style-type: none"> ✓ Global Supply Shortage ✓ Shortage of Human Resources and Labor ✓ New Supply Chains for Major Manufacturers ✓ Soaring Prices of Production Materials ✓ Rising Geopolitical Risks 	<p>Pharmaceutical/ Medical Industry</p> <ul style="list-style-type: none"> ✓ Expanding Size of Drug Discovery Market ✓ E2E Distribution Quality Control ✓ Tighter GMP Regulations (JP) ✓ Efficiencies and Cost Reductions ✓ DX
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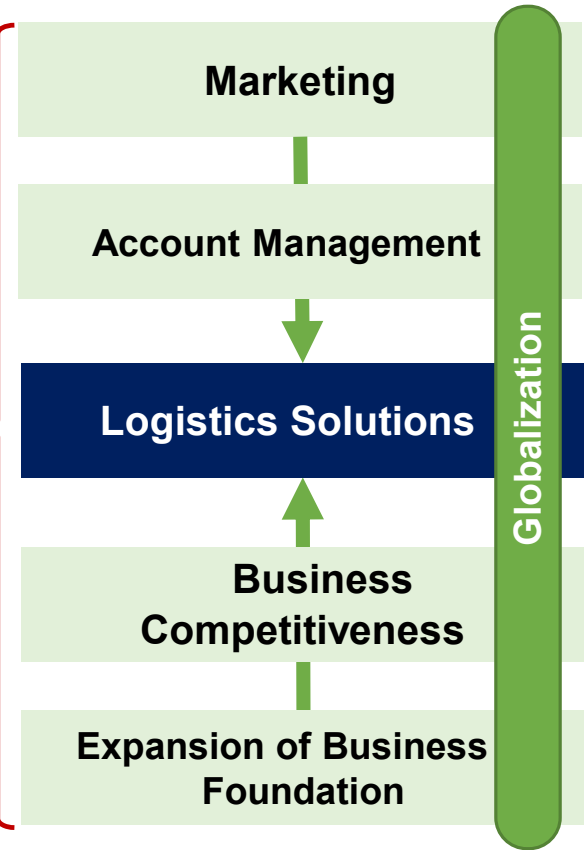
Supply Chain Crisis

COVID-19 Expansion	Russia-Ukraine Situation
Suez Canal Obstruction Incident	U.S. West Coast Labor Negotiations
Shanghai Lockdowns	2024 Issues
Soaring Oil and Commodity Prices	Increasing International Tensions
Tighter Regulations, Quality Control Requirements, Cost Increases	

Insufficient Supply of Space/Containers
 Shortage of Labor and Professional Human Resources
 Multiplicity of Supply Chains
 Cost Controls
 Increasing Complexity of Demand Forecasting
 Achieving Sustainability Challenges
 Advance Logistics Management

Market-In Thinking

Solutions Product Offerings



NX Group Business Plan 2023

KPIs (Customer (Industry) Focus)

NX Group Business Plan 2023

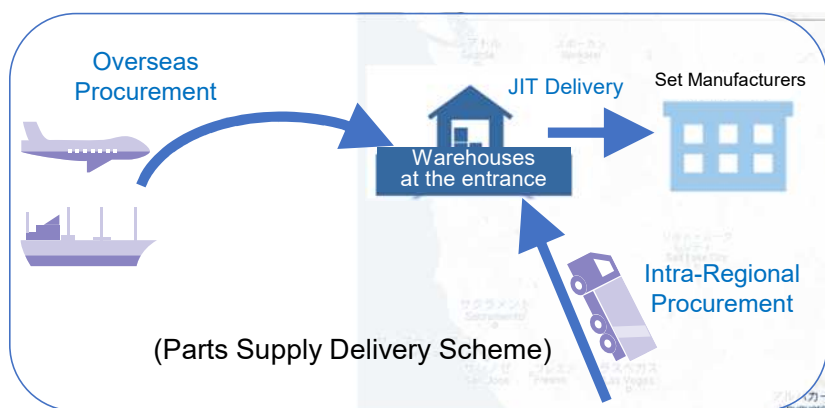
Item Revenues	Japan					Overseas				
	2022 Jan-Jun Results	2021 Jan-Jun Results	Difference (%)	2022 Jan-Dec Targets	Progress	2022 Jan-Jun Results	2021 Jan-Jun Results	Difference (%)	2022 Jan-Dec Targets	Progress
Electric and Electronics Industry	¥59.3 billion	¥53.9 billion	10%	¥116.0 billion	51%	¥102.0 billion	¥79.8 billion	28%	¥174.0 billion	59%
Automotive Industry	¥47.0 billion	¥43.5 billion	8%	¥100.0 billion	47%	¥66.7 billion	¥48.7 billion	37%	¥110.0 billion	61%
Apparel Industry	¥8.0 billion	¥7.8 billion	3%	¥18.0 billion	44%	¥50.8 billion	¥32.4 billion	57%	¥77.0 billion	66%
Pharmaceutical/Medical Industry	¥9.8 billion	¥7.7 billion	27%	¥22.0 billion	45%	¥19.1 billion	¥10.3 billion	86%	¥30.0 billion	64%
Semiconductor-Related Industries	¥25.0 billion	¥12.3 billion	103%	¥37.8 billion	66%	¥11.5 billion	¥6.3 billion	83%	¥18.0 billion	64%

Item Revenues	2022 Jan-Jun Results	2021 Jan-Jun Results	Difference (%)	2022 Jan-Dec Forecast	Progress
Non-Japanese Customer Accounts (GAM · GTA)	¥58.4 billion	¥30.4 billion	92%	¥79.2 billion	74%

Customer (Industry)-Focused Approach (Automotive Industry)

Automotive Industry (Mobility Industry)

Production logistics in North America



- Alabama-Huntsville Logistics Center: Full-scale distribution center operations for automotive parts
Future focus: Expand handling for related suppliers
- Guanajuato-Apaseo Logistics Center: Automotive component distribution center operations
Future focus: Enhance cross-border transportation services between the U.S. and Mexico
- Strengthening one-stop service for intra-regional procurement of production parts and the delivery of parts in the U.S. and Mexico



Mexico
Guanajuato-Apaseo Logistics Center
(Approximately 23,100 m² December 2022 Expansion)

U.S.A.
アメリカ合衆国



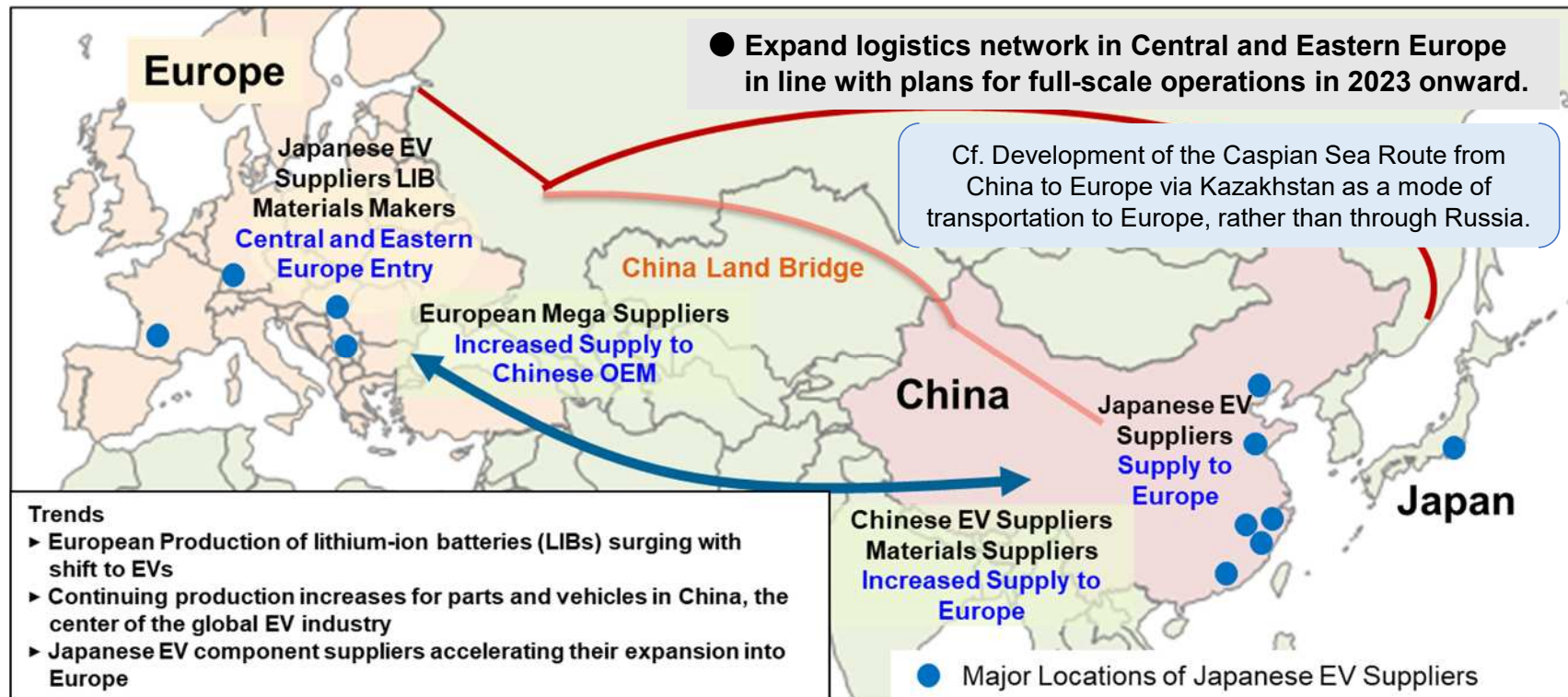
U.S.A.
Alabama-Huntsville Logistics Center
(Approximately 19,800 m²
January 2022 to Full-Scale Launch)
Alabama-Huntsville Logistics Center 2
(Approximately 13,200 m² July 2022 -)

Mexico
メキシコ

Customer (Industry)-Focused Approach (Automotive Industry)

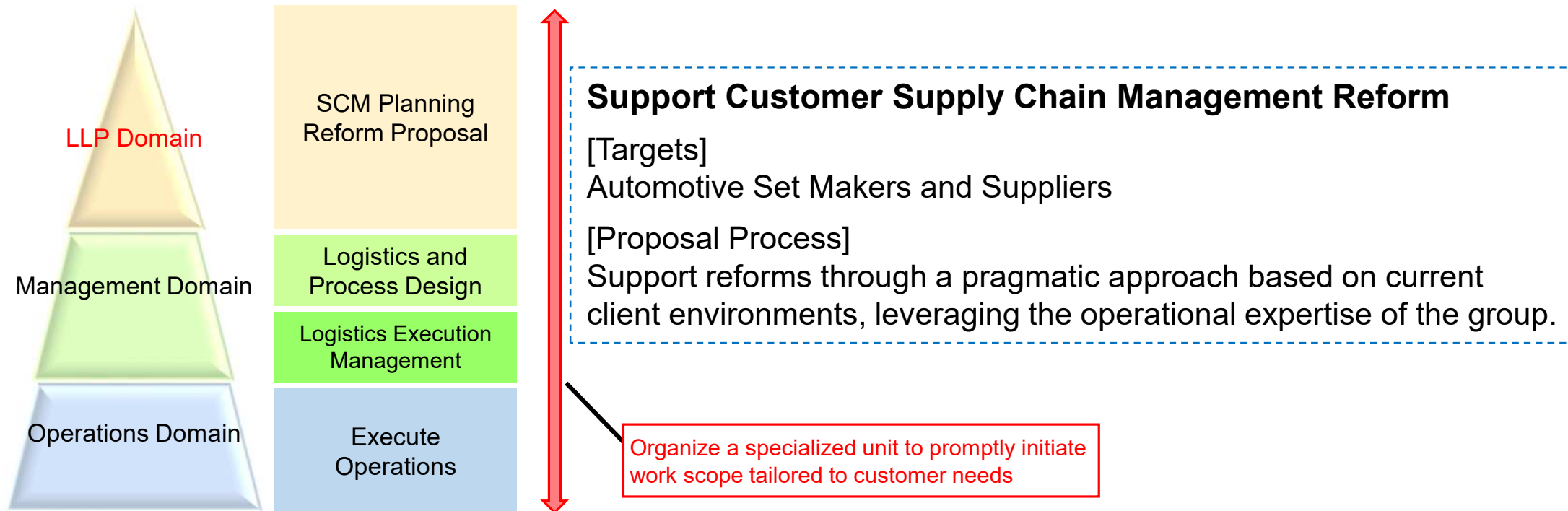
Automotive Industry (Mobility Industry)

■ Sales targeting changes in the supply chain caused by electrification



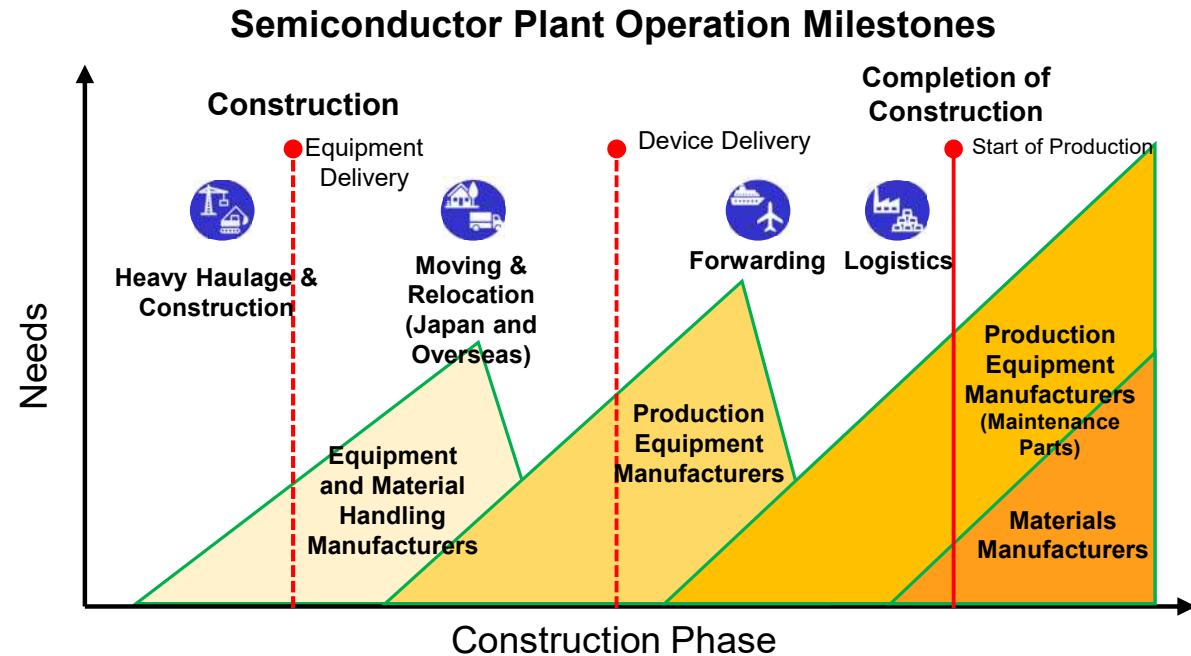
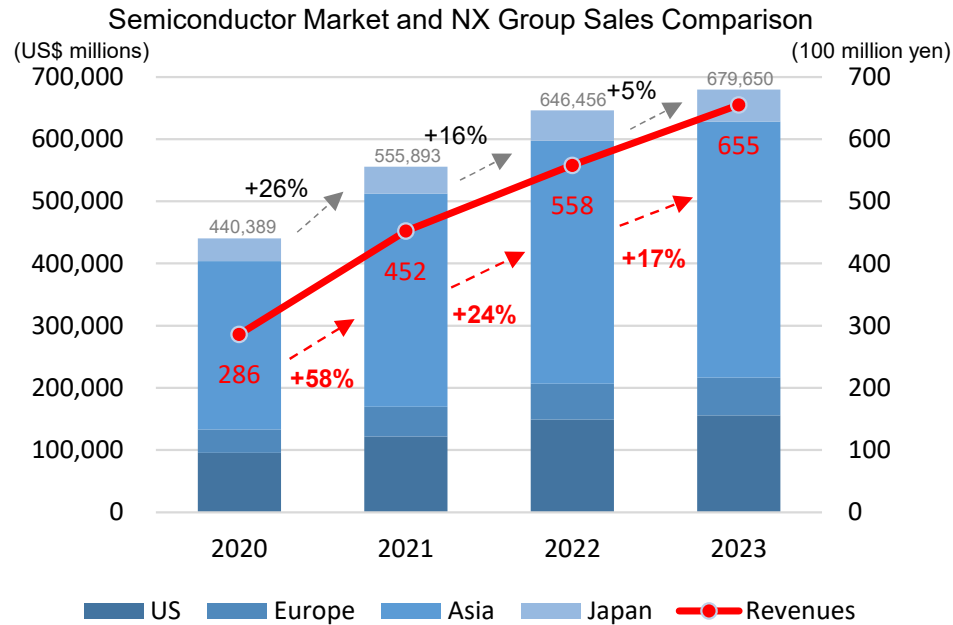
Customer (Industry)-Focused Approach (Automotive Industry)

Automotive Industry Progress: Comprehensive Logistics Services as an LLP



Customer (Industry)-Focused Approach (Semiconductor Industry)

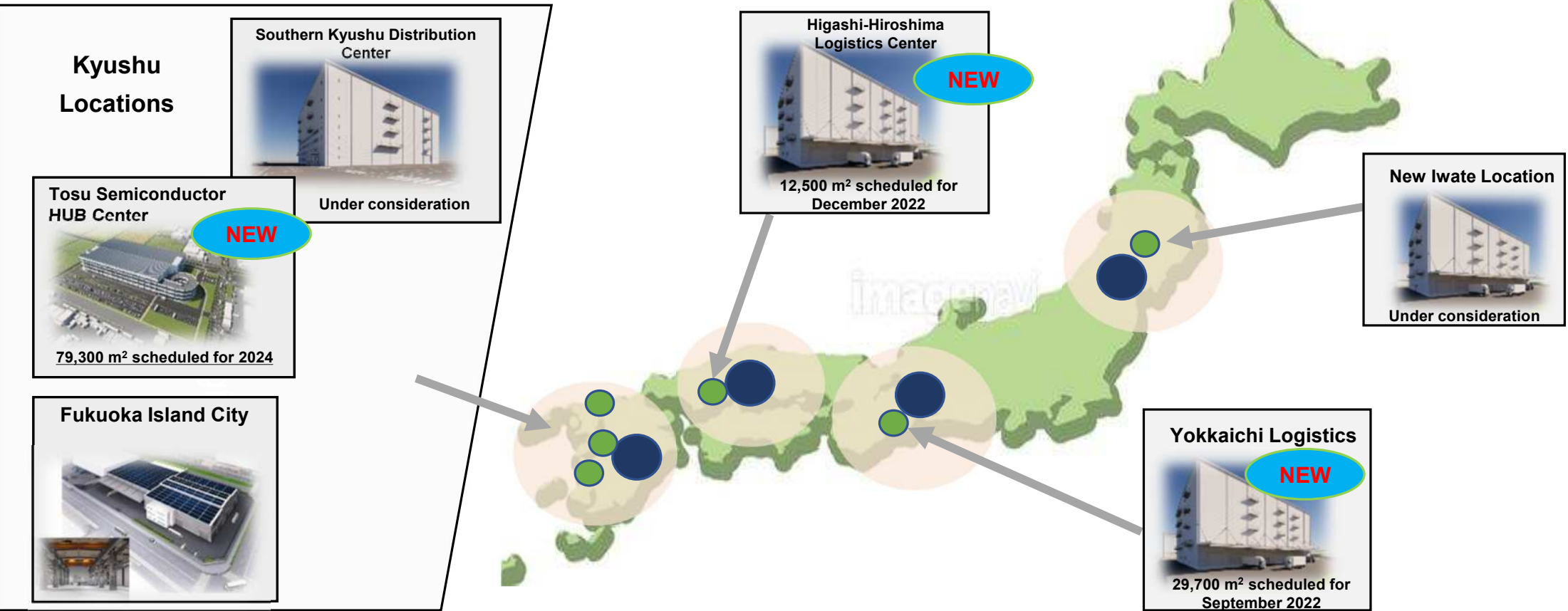
Semiconductor-Related Industry Progress



Source (market size): World Semiconductor Market Statistics (WSTS)

Customer (Industry)-Focused Approach (Semiconductor Industry)

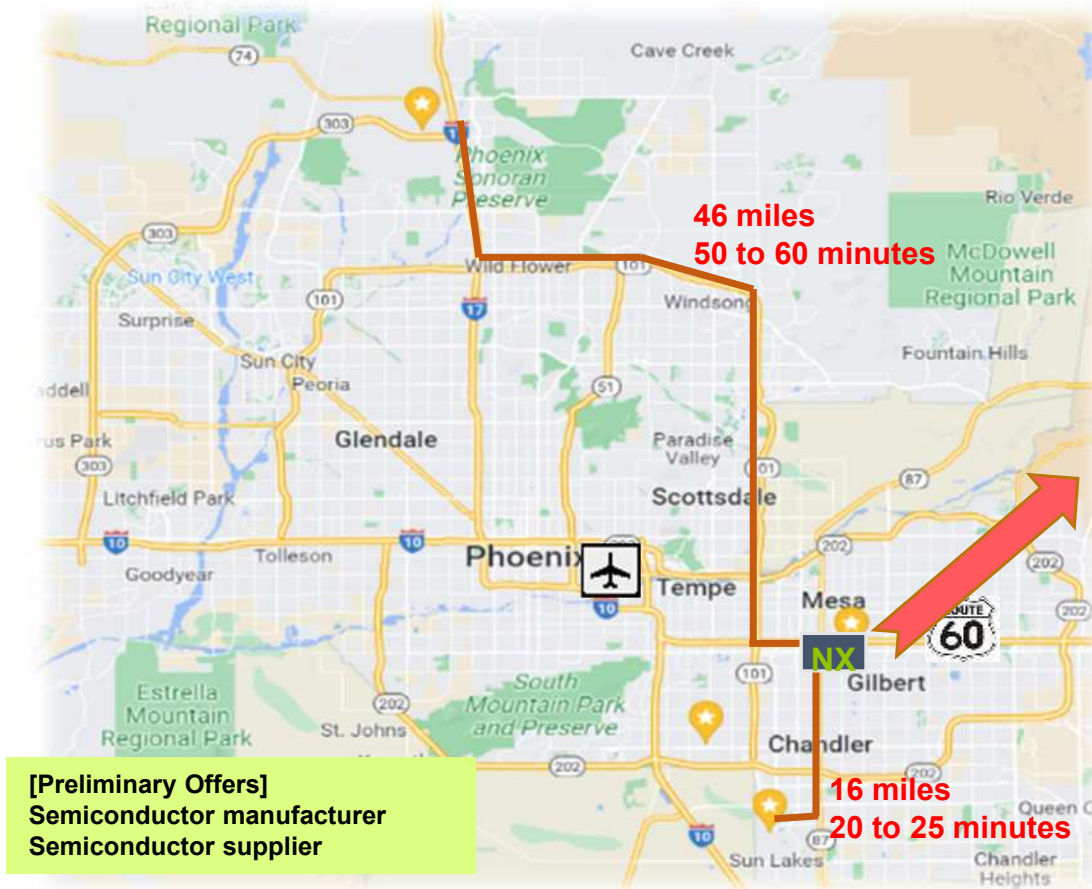
Semiconductor-Related Industry Progress: Domestic Locations



Customer (Industry)-Focused Approach (Semiconductor Industry)

Semiconductor-Related Industry Progress: Overseas Locations

New warehouse in Phoenix, Arizona scheduled for operations



Scheduled for operations in February 2023

Location Overview

Space	: 58,534 sqf (5,400m²)
Height	: 28' ceiling height (8.5m)
High Dock	: 12 Loading Docks
Low Dock	: 2 Drive In Doors
Location Features:	Densely populated area, close to freeway entrance/exit

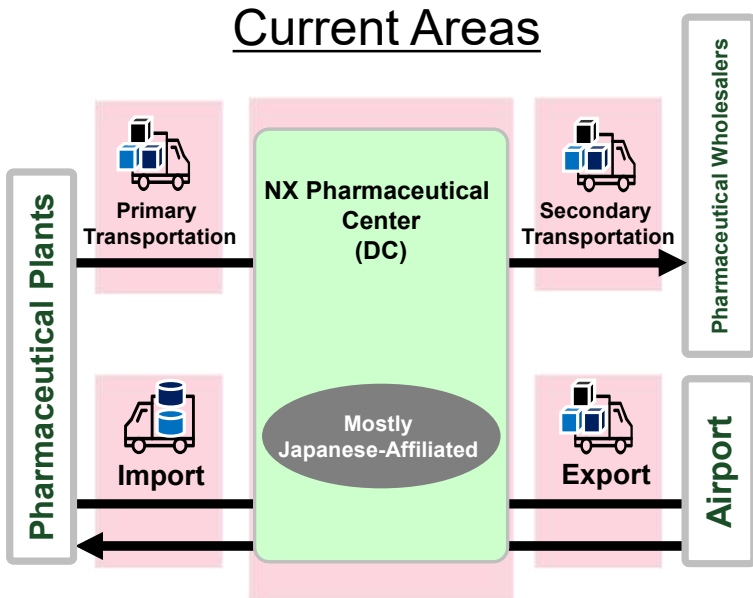
Customer (Industry)-Focused Approach (Pharmaceutical/Medical Industry)

Pharmaceutical/Medical Industry Progress

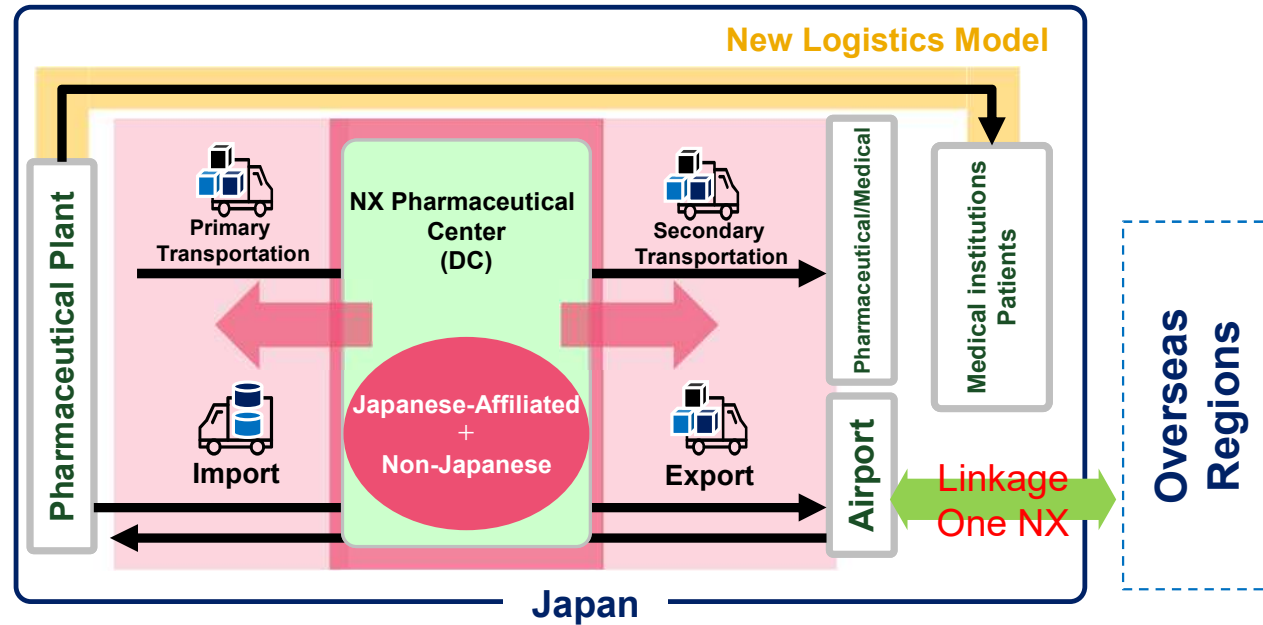
Our Strengths

Global integrated capacity through cross-business collaborations, end-to-end response
 Pursuit of GDP quality, location design and facilities, operations, nationwide network of dedicated vehicles
 Ability to coordinate new logistics models (expansion of medical device logistics expertise)

Current Areas



Future Areas



Overall Measures

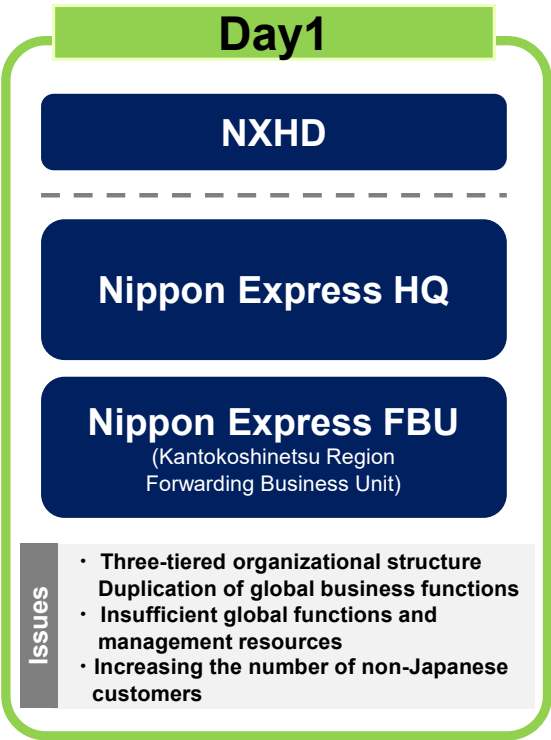
Targets

- Mainly major Japanese pharmaceutical companies
- Bidding for DC work

- In addition to Japanese-affiliated pharmaceutical companies, target non-Japanese companies with high GDP sensitivity
- Propose pharmaceutical logistics and processing services meeting GMP compliance needs

GBHQ (Strengthening HD structure)

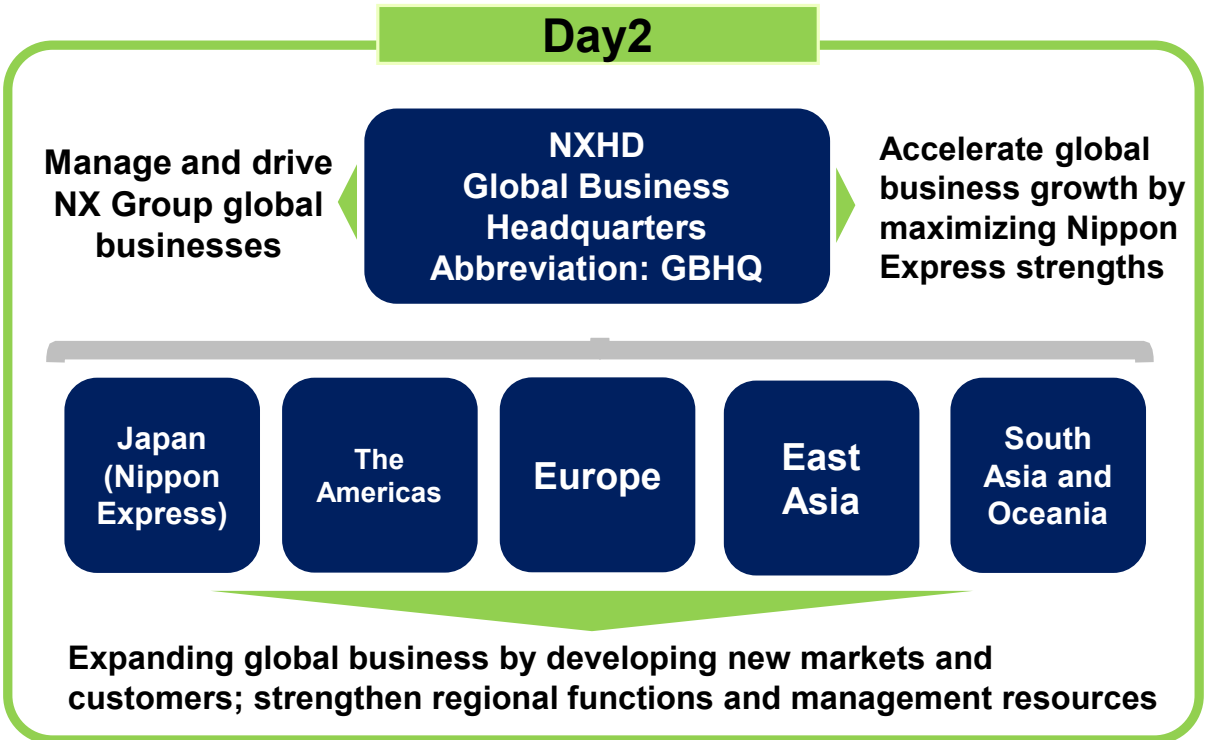
Eliminate functional overlap between organizations and consolidate and integrate global business execution functions into NXHD



Consolidate and integrate global business functions to NXHD
Global Business Headquarters

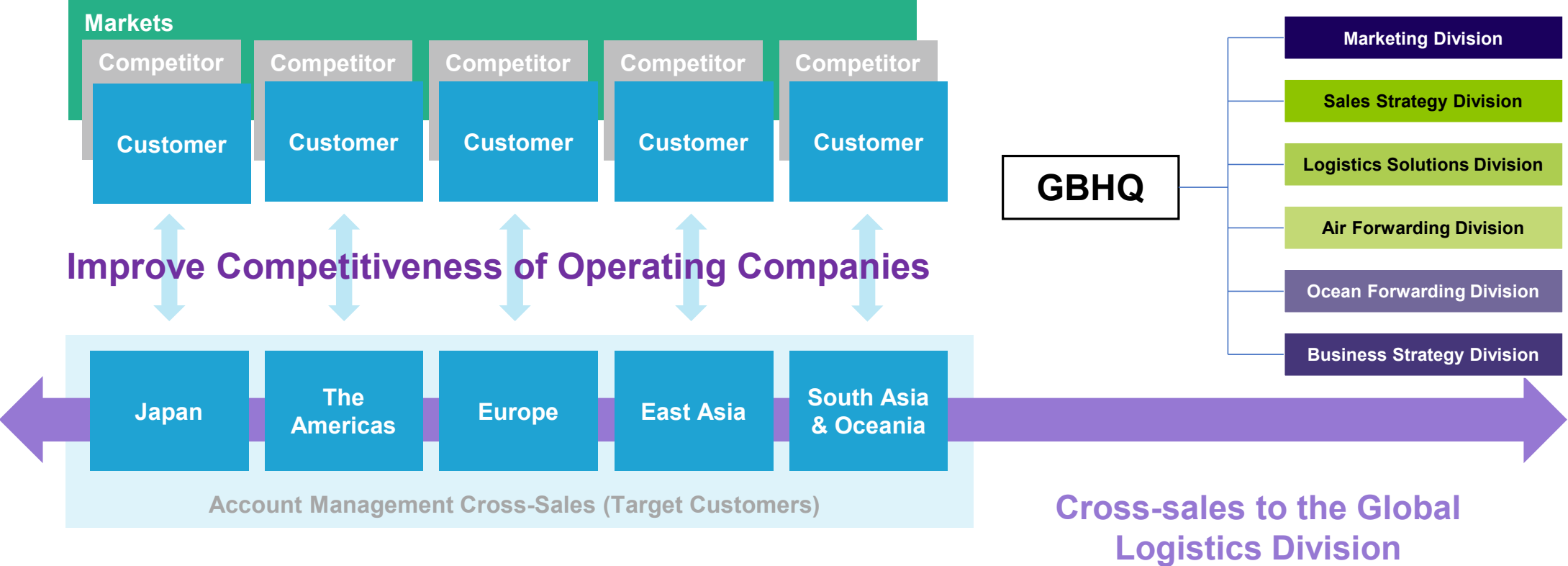


July 1, 2022



GBHQ (Strengthening HD structure)

Ensure Competitiveness in the Global Market and Optimize the Group as a Whole



Account Management Progress

Global Account Management Progress (1)

★Redefine and revitalize the GAM program

[Current] We have established an account management system for 50 Japanese and non-Japanese global customers

Japanese Global Companies	Non-Japanese Global Companies (GAM*)	Non-Japanese Target Companies (GTA*)
10 companies	10 companies	30 companies

*GAM : Global Account Management GTA : Global Target Account

[Future] Target by priority industry from the perspective of growth potential

Review existing accounts and establish new accounts

*Redesign programs into three levels: global, regional, and local

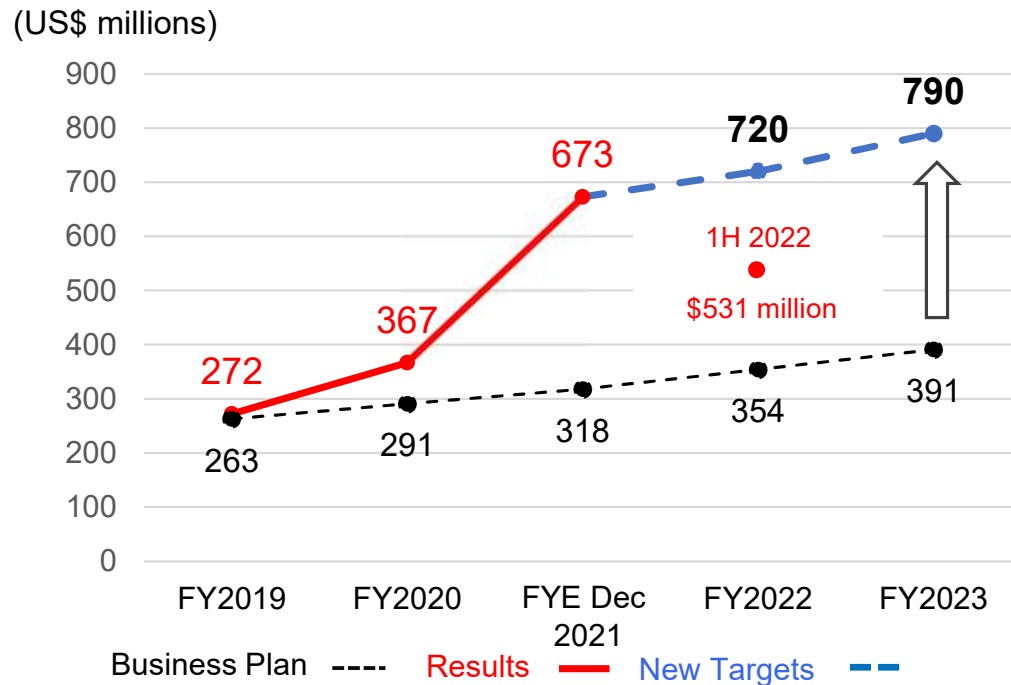
Account Management Progress

Global Account Management Progress (2)

GAM/GTA customer revenue target for 2023

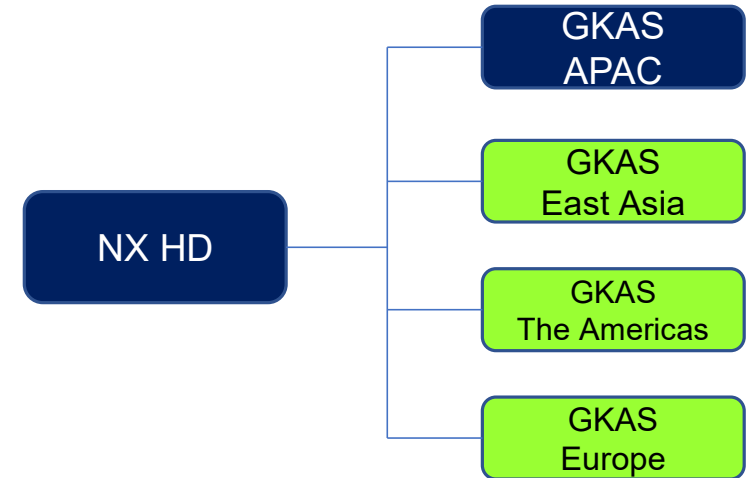
➔ Revised upwards from \$391M to \$790M

➔ Continued strong performance in 1H 2022 (\$531M)



Expand Global Key Account Sales (GKAS)

(GKAS APAC has already begun activities and is winning new customers)



[GKA Sales now adopted in all regions]

- Stepping up sales activities in all regions
- Establishing global teams with inter-regional collaboration
- Establishing global appropriate pricing

Business Growth Strategy (Business Focus)

Managing Executive Officer: Atsushi Nagashima

NX Group Management Plan 2023 KPIs (Business Focus)

Figures for results, progress, and differences have been rounded

Item	2022 Jan-Aug Results	2022 Jan-Dec Forecast	FYE Dec 2022 Progress	FYE Dec 2023 Business Plan Final Targets (KPIs)	Business Plan Goals vs. Forecast (KPI) Progress
Expand ocean forwarding business	500,000 TEU	950,000 TEU	53%	1,100,000 TEU	86%
Expand air forwarding business	590,000 t	1,100,000 t	54%	1,200,000 t	92%

Item	2021 Jan-Dec Results	2020 Jan-Dec Results	2019 Jan-Dec Results
Expand ocean forwarding business	750,000 TEU	660,000 TEU	700,000 TEU
Expand air forwarding business	970,000 t	720,000 t	800,000 t

Business Focus Approach

(1) Strengthen the forwarding business system to adapt to changes in the environment

Build a structure that continues to provide the best solutions in a timely manner by identifying the needs and commercial opportunities of customers and industries around the world, tailoring proposals to various modes of transportation, customer supply chains, and industry characteristics

- Global platform for purchasing, product development, and trade lane management

Environmental Changes in the Ocean and Air Freight Forwarding Business

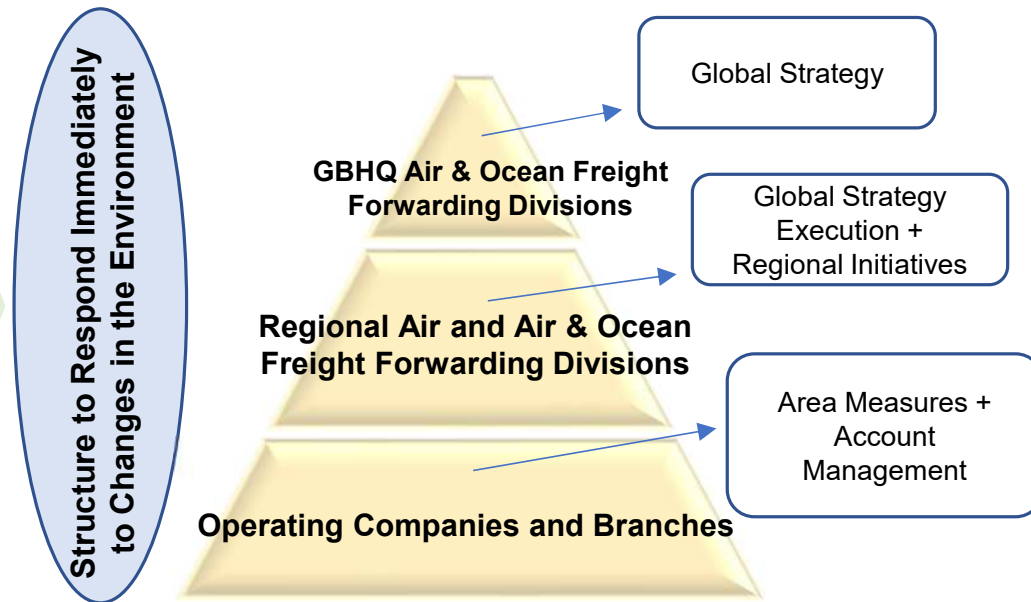
Air Forwarding

- Increase in passenger flights due to recovery of passenger demand
- Constraints in Europe
- Recovering demand in China
- Strong semiconductor-related demand and chronic shortage of freighter space

Ocean Forwarding

- Prolonged tight supply demand balance
- Unprecedented rise in freight rates
- New entry of Asian carriers into European and U.S. shipping business
- Entry of mega-carriers into the logistics business

Vertical Management Structure for Business Focus

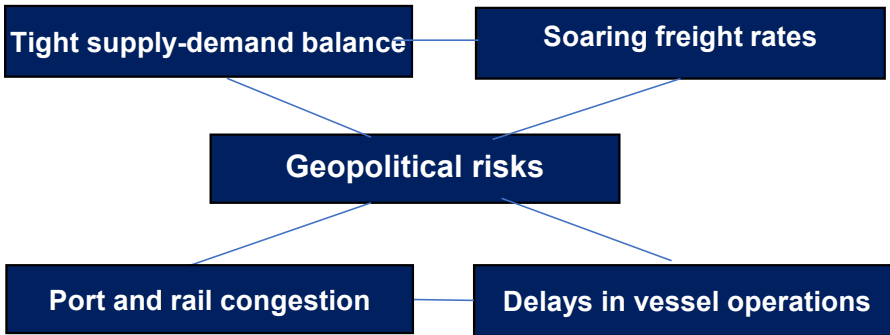


Business Focus Approach

(2) Ocean Forwarding

Pursue Volume Expansion Strategy

Multiple Destabilizing Factors



Increasing expectations for forwarders in the market

- Stable space without interrupting the supply chain
- Medium-term stability in procurement rates
- Various options for transportation routes

Trade Lane Management

Market Conditions by Trade Lane
X
Demand by Industry

NX Group Trade Lane Strategy
X
Trade Lane Advantages by Carrier

- ▶ Changes in cargo volume
- ▶ Changes in space supply
- ▶ Changes in freight rates

- ▶ Our potential cargo volume based on tenders
- ▶ Route lines and physical volumes in priority industries
- ▶ Carrier-side space supply capacity

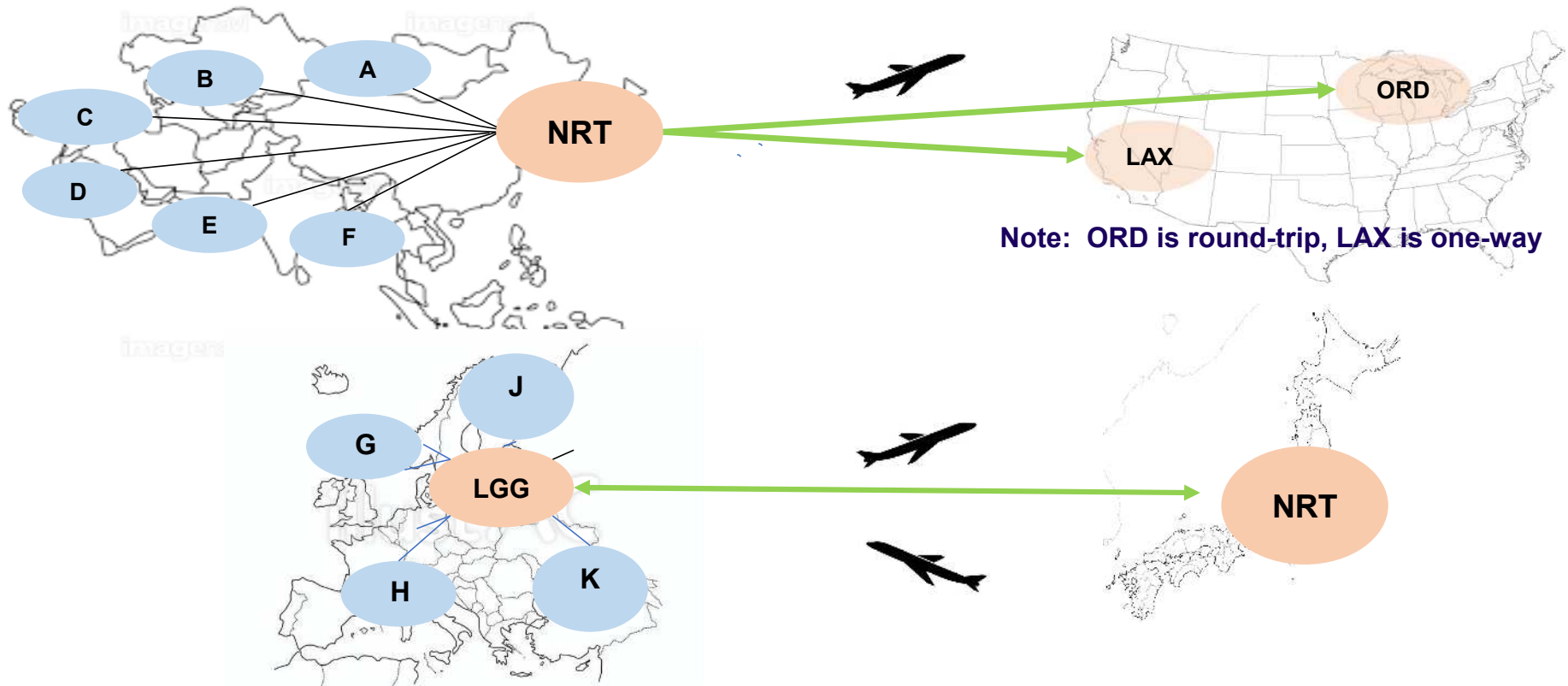
➤ Trade-lane specific carrier selection and long-term, mutually beneficial relationships

➤ NX-determined pricing

Business Focus Approach

(3) Air Forwarding: Pursuing a Volume Expansion Strategy

Collaboration with Japanese carriers to expand sales of unique products in various overseas locations from the Tokyo hub





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