



We Find the Way

Nippon Express Group Business Plan 2023 - “Dynamic Growth” -

NIPPON EXPRESS HOLDINGS, INC.

January 4 2022

Date of enactment of the plan: February 22, 2019
Date of establishment of the Company and revision of the plan name: January 4, 2022

Working towards our centennial anniversary (2037 Vision)

Business growth

A logistics company with a strong presence in the global market

Customers and society

A company that contributes achieve a sustainable society through logistics

Shareholders

A company that achieves sustainable growth by establishing corporate governance

Employees

A company whose employees come from a variety of backgrounds, are proud of their work, support customers and society, and play active roles

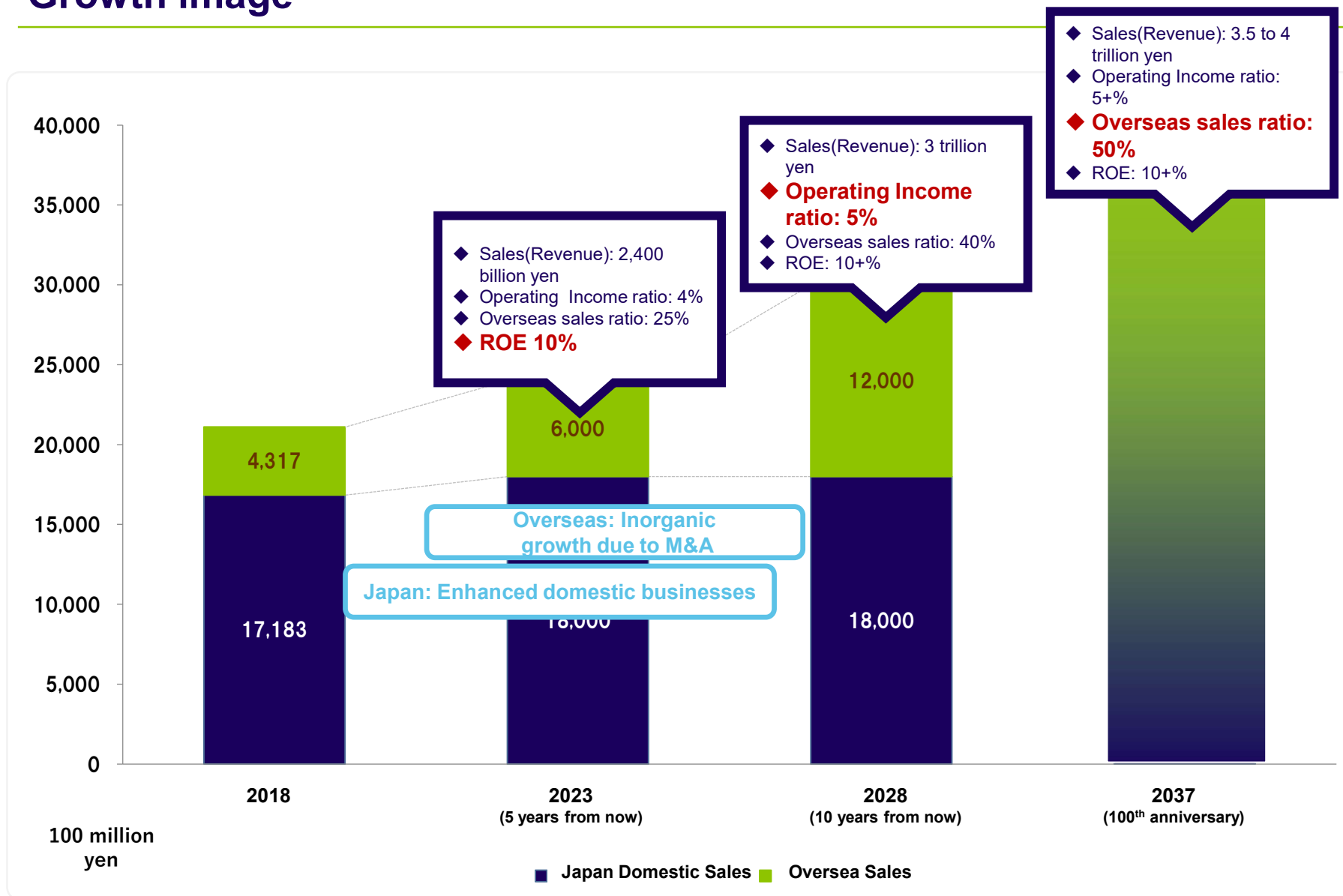
Values to be changed Creating new value through innovation

**Values to be sustained Safety, Compliance, Quality (priorities)
We Find the Way (Corporate Message)**

Nippon Express Group Corporate Philosophy

Our Mission: Be a Driving Force for Social Development
Our Challenge: Create New Ideas and Value that Expand the Field of Logistics
Our Pride: Inspire Trust Every Step of the Way

Long-term vision Growth image



Basic concepts of the Nippon Express Group Business Plan 2023 “Dynamic Growth”

Innovation

The Nippon Express Group pursues innovation to fundamentally change its approaches and philosophies to realize its long-term vision.

Become a corporate group that creates new value through innovation, is the company of choice among customers around the world, and has a strong presence in the global logistics market.

Business growth strategy

Vigorously promote Three-Dimensional (customer (industry), business, and area) enhancement.

Develop a current customer base and develop businesses in Japan that we believe to be our strengths into global level.

In Japan, improve profitability while implementing a growth strategy to build a solid management base.

Efforts to implement our long-term vision

Achieve inorganic growth to become a mega-forwarder with a significant presence in the global market through M&A.

Address innovation in our management base, including IT, research and development, human resources, branding, and governance reform as a global corporate group.

Try to resolve social issues to help realize a sustainable society.

Transform the company where employees from a variety of backgrounds play active roles and employees feel satisfied and fulfilled through working-style reforms.

Nippon Express Group Business Plan 2023

“Dynamic Growth”

- Defines a Three-Dimensional (Customer (Industry) , Business, and Area) approach as a **growth strategy for our core business**
- Defines a realization of the high profitability to build the base of our growth strategy as a **strategy to enhance domestic businesses in Japan**
- Defines M&A as a **inorganic growth strategy** to reinforce and expand our global management base
- Establishes **ESG-oriented business management to realize sustainable development** (e.g. ,global governance) and improve corporate value



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

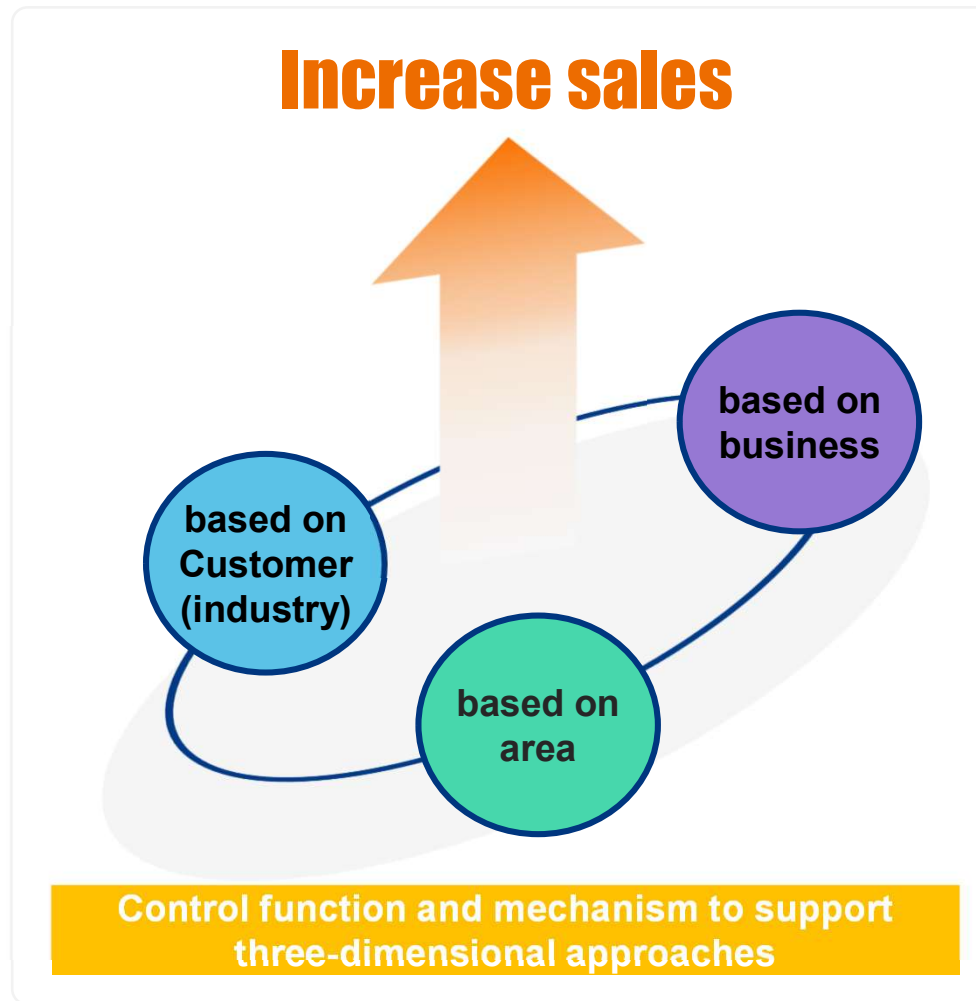
		FY 2021 targets(consolidated)			FY 2023 targets(consolidated)		
Revenues		¥2,250.0 billion			¥2,400.0 billion		
Operating income		¥83.0 billion			¥100.0 billion		
Operating income ratio		3.7 %			4.2 %		
Net income		¥54.0 billion			¥63.0 billion		
Overseas sales		¥520.0 billion			¥600.0 billion		
ROE		9 %			10 %		
Forwarding volume		Ocean cargo: 1,000,000 TEU Air cargo: 1,200,000 Ton			Ocean cargo: 1,300,000 TEU Air cargo: 1,400,000 Ton		
Numerical targets by segment		Revenues	Operating Income	Operating Income Ratio	Revenues	Operating Income	Operating Income Ratio
Logistics	Japan	¥1,300.0 billion	¥52.0 billion	4.0 %	¥1,340.0 billion	¥62.0 billion	4.6 %
	America	¥120.0 billion	¥6.2 billion	5.2 %	¥135.0 billion	¥7.2 billion	5.3 %
	Europe	¥135.0 billion	¥4.6 billion	3.4 %	¥160.0 billion	¥6.4 billion	4.0 %
	East Asia	¥150.0 billion	¥4.1 billion	2.7 %	¥170.0 billion	¥5.1 billion	3.0 %
	South Asia & Oceania	¥115.0 billion	¥5.1 billion	4.4 %	¥135.0 billion	¥6.3 billion	4.7 %
Heavy Haulage & Construction		¥50.0 billion	¥4.0 billion	8.0 %	¥54.0 billion	¥4.5 billion	8.3 %
Security Transportation		¥75.0 billion	¥0.3 billion	0.4 %	¥76.0 billion	¥1.1 billion	1.4 %
Logistics Support		¥505.0 billion	¥12.7 billion	2.5 %	¥530.0 billion	¥14.4 billion	2.7 %

※Before elimination of intersegment transactions

※Target of FY2023 will be revised following the results of FY2021

Growth strategy for core businesses

Develop a current customer basis and develop businesses in Japan that we believe to be our strengths into global level



Priority measures

Approach based on customer (industry)

- One-stop business promotion/account sales promotion, account management
- Sales approach by industry and business type
- Responding to changes due to the rapidly expanding e-commerce market
- Expanding sales to non-Japanese accounts

Approach based on business

- Forwarding business
- Logistics business
- Network transport business
- Packaging solution business

Approach based on area

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

Control functions and mechanisms to support these three sales approaches

- Establishing a system to support sales activities based on sales and operational data
- Introducing KPIs to the sales process
- Reinforcing Group sales support base

Approach based on customer (industry)

Sales approach by industry and business type

Establishing a platform that responds to changes in, and the characteristics of, priority industries

Electric and electronics industry

- Respond to the increasing demand for electronic parts with the spread of IoT.

Automotive industry

- Strengthen distribution networks for production parts
- Respond to changes in supply chains with the popularization of electric vehicles

Apparel industry

- Further business development with luxury apparel and fashion items, using purchased company's capabilities in Europe.
- Further business development with fast-fashion cargo in Asian and other emerging markets

Pharmaceutical/medical industry

- Renovate business models following the adoption of tightened GDP※1 guidelines

Semiconductor industry

- Further business development with the rapidly-growing semiconductor industry

※1 GDP : Good Distribution Practice for pharmaceutical products

Growth strategy for core businesses

Approach based on business

Forwarding business

Implementing thorough strategies to increase volume

	2018 target	2021 target	Long-term Goal
Ocean Cargo business	670,000 TEU	1,000,000 TEU	2,000,000 TEU
Air Cargo business	910,000 TON	1,200,000 TON	2,000,000 TON



Increasing handling volume of ocean transportation as a base cargo

- Reform in ocean cargo business
- NEXT50 PJ Global deployment

Reinforcing ability to increase efficiency of air cargo consolidation

Further promoting global procurement

Reinforcing service, planning, and quality assurance functions

Expanding web-portal , e-booking

Growth strategy for core businesses

Approach based on area

Europe

Expanding customer basis of non-Japanese accounts

- Initiatives for luxury apparel and fashion items, automobiles, pharmaceuticals/medical supplies, and other priority industries
- Expanding business using China-Europe rail service
- Expanding business by entering African markets

Japan

Sustainable development that effectively leverages strengths

- Initiatives for the five priority industries (automobile, electric and electronics, pharmaceuticals/medical supplies, apparel, and semiconductors)
- Expanding Ocean transportation, the base cargo of Nippon Express
- Reinforcing logistics strategies

Americas

Further business development with priority industries

- Initiatives for automobiles, pharmaceuticals/medical supplies, fresh foods, and priority industries
- Expanding customer basis of non-Japanese accounts
- Reinforcing cross-border business operations

South Asia and Oceania

Intensive investment of management resources

- Initiatives in the five priority industries and FMCG (Fast Moving Consumer Goods)
- Reinforcing and expanding businesses in India
- Further enhancing regional networks
- Reinforcing forwarding business to Europe and the Americas
- Efforts to handle large projects

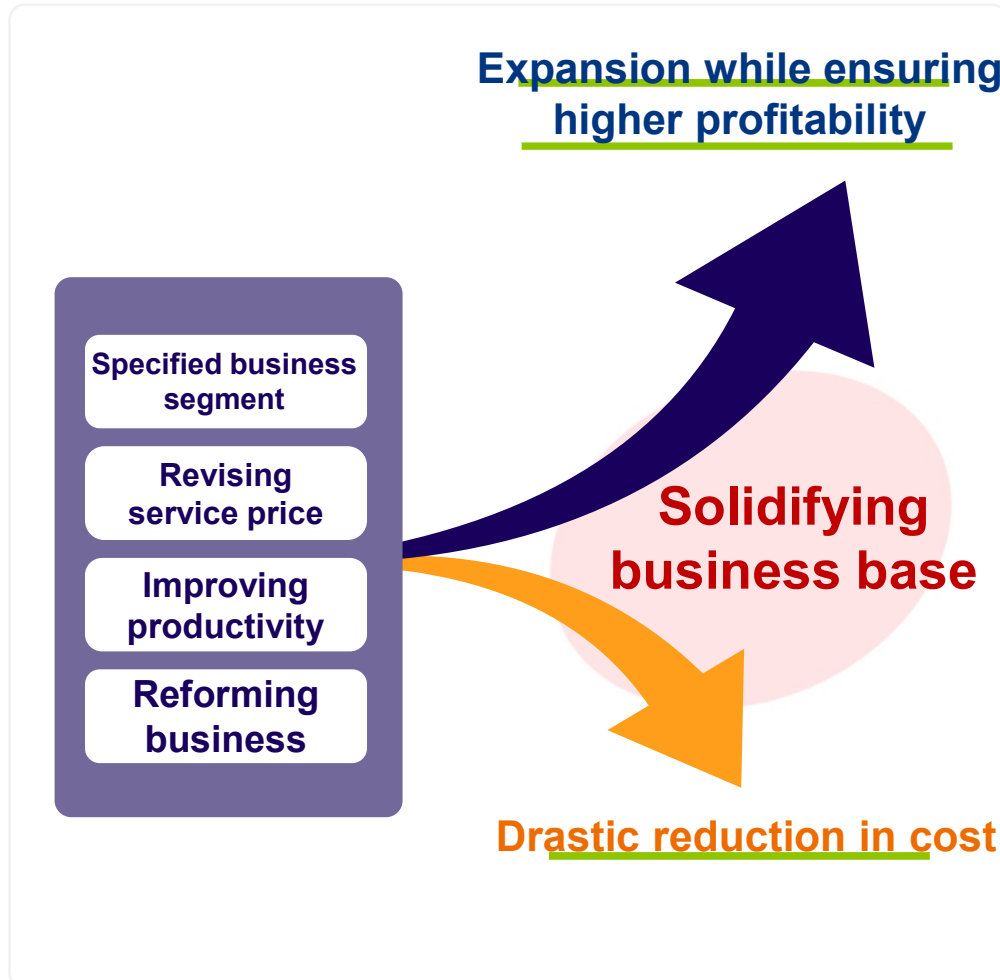
East Asia

Expanding domestic logistics business in China

- Initiative for automobiles, pharmaceuticals/medical supplies, and other priority industries
- Further business development with global accounts of Chinese nationality
- Expanding business using China-Europe rail service
- Entry in emerging areas and untapped markets

Realizing business growth in each area using strategies that take area features into account

Strategy to enhance domestic businesses in Japan



Priority measures

- **Improving profitability of specified business segment**
 - Heavy Haulage & Construction business
 - Security Transportation business
 - Fin Art business
 - Removal and Relocation
 - Real estate development
- **Improving productivity of sales and business process**
 - Further reorganization of Japanese domestic organizations to avoid marginalization
 - Streamlining of administrative organizations
 - Reform business process
- **Drastic reforms to low-profitable businesses**
 - Improving profitability of main businesses
 - Revising service price
 - Restructuring business portfolios

Thorough dedication to improving profitability in order to solidify group management foundations

Inorganic growth strategy

Growing into a global mega-forwarder through M&A

■ Management resources to be acquired

- Global network
- Global business basis (Global HQ, global management personnel, information technology)
- Customer basis of non-Japanese global accounts
- Forwarding business infrastructure

■ Establishing a promotional organization

- Reinforcing M&A promotion team
- Strengthening collaboration between the M&A promotion team and business divisions

■ Financial resources for M&A

- Selling/liquidating assets to reduce financial burdens due to loans

Reinforcing functions to support challenges

Innovation in IT strategy

- Improving value offered to customers
- Improving productivity and realizing working-style reform
- Improving foundations to realize overall Group optimization

Innovation in research and development

- Enhancing functions through collaboration and integration of logistics research and development functions of Nippon Express Group companies
- Streamlining business operation and labor-saving by efficiently using AI, IoT technologies and device material handling (automation and mechanization)
- Creating new business by digitalization

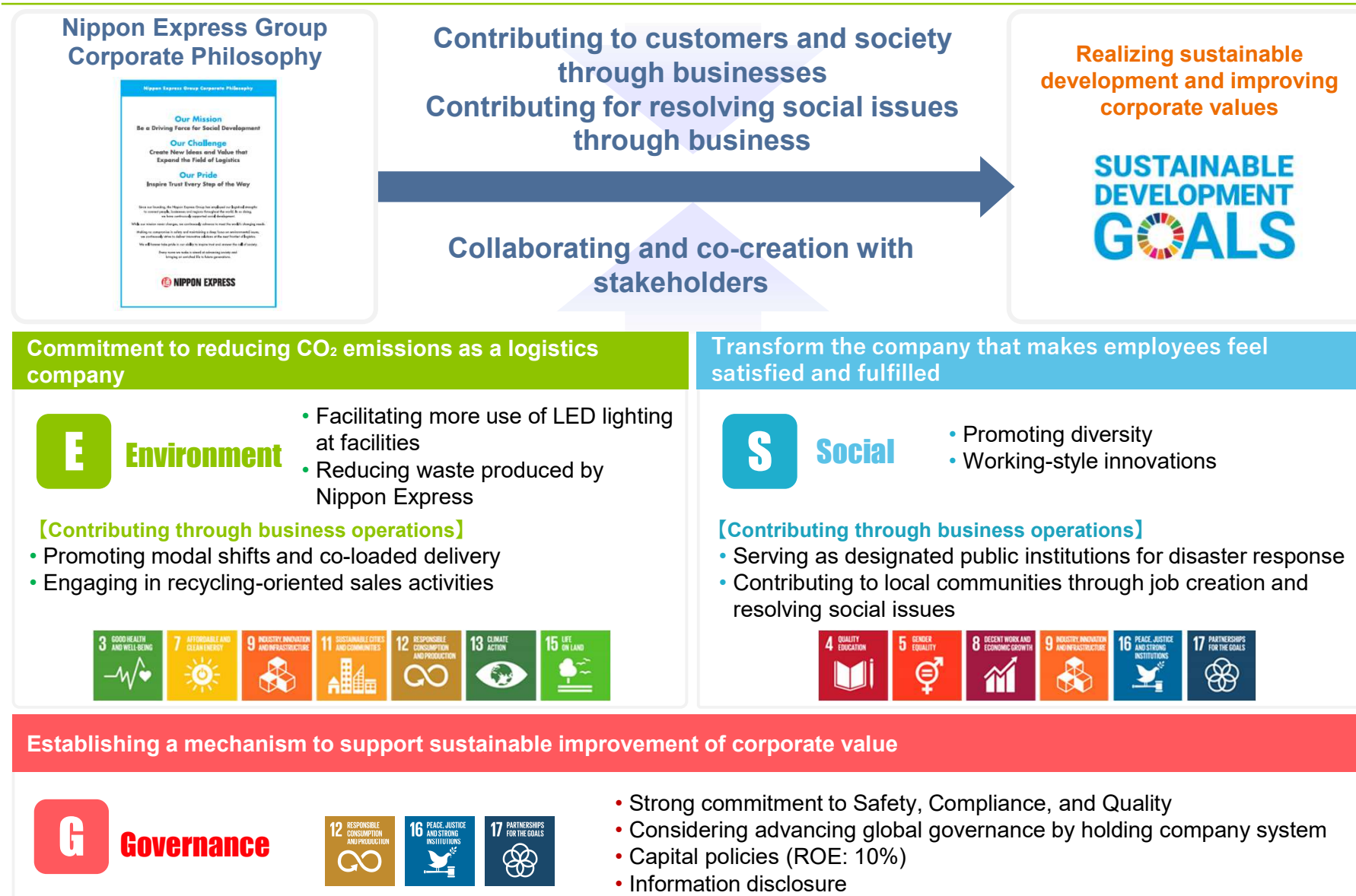
Innovation in human resource strategy

- Cultivating core global executive candidates
- Securing and cultivating Industrial Professional

Innovation in public relations strategy

- Promoting branding strategy to build competitiveness in global markets
- Increasing awareness of Nippon Express Group's quality, strengths and performance
- Raising Nippon Express Group's name in global market

ESG-oriented business management to realize sustainable development and improve corporate value



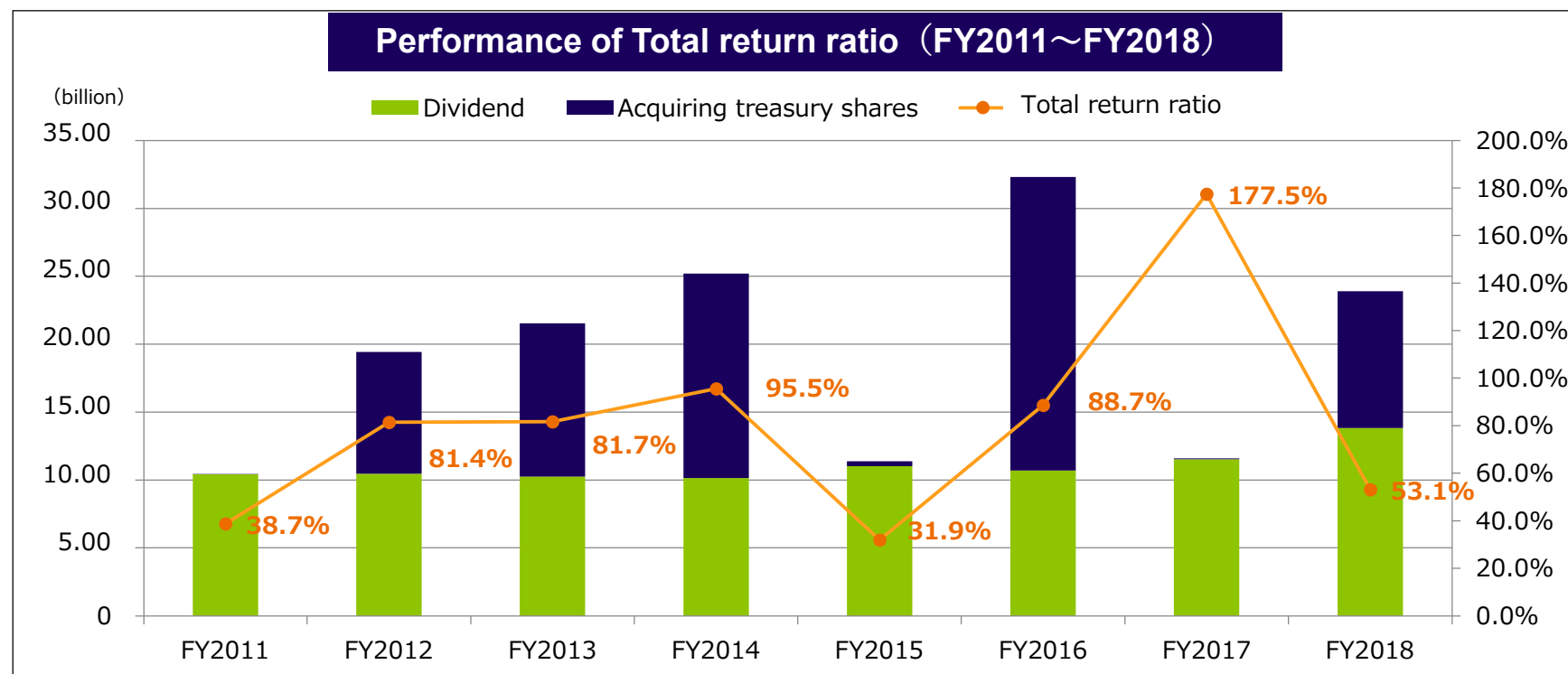
ESG-oriented business management

Capital policies

Improvement of corporate value and Return to shareholders

■ Capital policies

- ROE: 10%
- Dividend ratio: over 30%
- Total return ratio: over 50% (cumulative total 2019-2023)
- Equity ratio: Target 35%





NIPPON EXPRESS HOLDINGS, INC. ("the Company") respects the principles of the "Fair Disclosure Rules" set forth in the Financial Instruments and Exchange Act, and through timely and appropriate disclosure of fair and highly transparent information, and through dialogues with stakeholders including shareholders and investors, the Company strives to raise the quality of corporate management and enhance corporate value in a sustainable manner, while enriching communication, and maintaining and improving relationships of mutual trust.

Read more >> <https://www.nipponexpress.com/ir/disclosure/>