

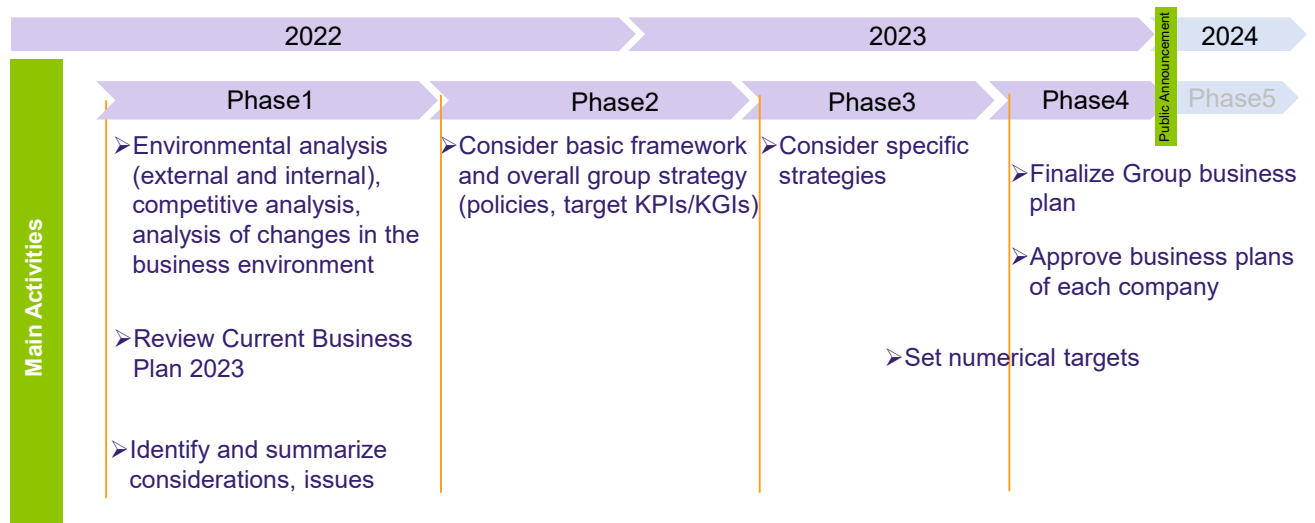
IR Day 2023 Session 3
NXHD Business Strategy
Business Plan Initiatives to Date; Policies for the Next Business Plan

Mitsuru Saito, President and Chief Executive Officer
NIPPON EXPRESS HOLDINGS, INC.
September 14, 2023

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Next Business Plan Project: Overall Schedule



It outlines the schedule for formulating our next management plan.

Currently, we are in Phase III, where we are considering specific strategies and measures. Today, we will primarily discuss the direction and policies examined during Phase II of the upcoming management plan. We hope to utilize feedback and insights from our discussions today in our future considerations.

Business Plan Progress to Date

Major Business Plan Initiatives

NX Group Business Plan 2023 Overview

Growth Strategy of Core Businesses

Customer-Oriented Approach

- Expanded business with non-Japanese customers through account management, GAM/GTA initiatives, etc.
- Expanded volume in key industries
- Endeavored in the pharmaceuticals/medical business (developed pharmaceutical centers, acquired MDL in the U.S., and obtained GDP certification in various parts of the world)

Business-Oriented Approach

- Established a global purchasing system by establishing the Global NVOCC Center (GNC)
- Strengthen forwarding business

Area-Oriented Approach

- Steady growth in Overseas Business

Strategy to Enhance Domestic Businesses in Japan

Improve the Profitability of Specialized Businesses

- Spin off Security Transportation business (spun off in January 2023)
- Consider spin-off of Heavy Haulage & Construction business
- Real estate development business growth

Improved Business and Administrative Productivity

- Consolidated branches and streamlined administrative organizations
- Expanded accounting shared service center operations; initiatives for payroll shared service center operations

Dramatic Reform of Low-Profit Businesses

- Transferred Seikan ferry business · Transferred driving school business · Liquidated travel business

Efforts to Implement Our Long-Term Vision

Inorganic Growth Strategy

- Strengthened pharmaceutical logistics business through the acquisition of MDL (U.S.)
- Determined share acquisition of cargo-partner, TRAM SA (conversion to subsidiary)
- Nittsu Shoji (currently NX Shoji) shifted leasing business to off-balance sheet
- Established mechanism to liquidize logistics real estate

Reinforcing Functions to Support Challenges

- Adopted Microsoft Office365 to reform communications (allows for telework, operations continuity during the COVID-19 pandemic)
- Secured human resources through professional recruitment (mid-career hiring)
- Introduced Group brand and launched new brand strategy initiatives

ESG Management for Sustainable Growth and Corporate Value Enhancement

- Work-style reforms (telework, easing of dress code, paperless operations, no assigned seating, organizational culture reform (call co-workers by name rather than by title), etc.)
- Employee system reform · Equal pay for equal labor across the group
- Group management structure · Stronger group governance (transition to holding company structure, integrated risk management structure)

Let me first discuss the progress of our current management plan. As a broad evaluation of our efforts to date, we perceive steady progress in the key elements of our plan: the growth strategy for our core business, the strategy to enhance domestic businesses in Japan, and the initiatives towards realizing our long-term vision.

Challenges of the Business Plan Business Plan Figures (Japanese GAAP)

Status of Business Plan 2023 Initiatives

(100 million yen, %) (rounded down to 100 million yen)

Item	Current-Year Results Pro Forma, Japanese Standards (Jan-Jun 2023)	Progress (vs. 2023 Business Plan)	*Forecast for this period Pro Forma, Japanese Standards (Jan 2023 to Dec 2023 plan)	2023 Business Plan Performance Indicators (Japanese Standards)	Difference Vs. Plan	Difference Vs. Plan (%)	FYE March 2020 Results (Japanese Standards) *Reference	Difference Vs. FYE2020 *Reference	Difference Vs. FYE2020 (%) *Reference
Revenues	11,313	48.6	23,300	24,000	(700)	(2.9)	20,803	2,496	12.0
Operating Income	416	47.4	880	1,100	(220)	(20)	592	287	48.6
Operating Income Margin	3.7	–	3.8	4.6	–	–	2.8	–	–
Profit Attributable to Owners of Parent	250	41.1	610	720	(110)	(15.3)	174	435	250.4
Overseas Sales	3,178	47.8	6,642	7,200	(558)	(7.8)	4,125	2,516	61.0
ROE	–	–	8.0	10.0	–	–	3.2	–	–

As previously reported, we anticipate falling short of our performance forecast for the full fiscal year ending December 2023 in comparison to our management plan targets.

Additionally, there are indicators, such as our forwarding volume targets, that we expect to underachieve. Given our current external environment, our growth capabilities are still midway, and it is vital to accelerate the pace of our reforms.

During our efforts with the current management plan, in terms of the strategy to enhance domestic businesses in Japan, there is a need to realign our Japan business to ensure that our resource allocation aligns with the market demands. In other words, we need to shift our focus from solely cost-cutting to improving capital efficiency.

Furthermore, last year we underwent organizational restructuring to form the global business headquarters, abbreviated as GBHQ, with the aim of accelerating the implementation of our global business strategy. Our goal is to establish a comprehensive framework centered around GBHQ by January 2024, further enhancing its functions and roles.

We've discussed these two points in financial results briefings, and we believe they will be critical in our next management plan. Later, Horikiri and Nagashima will provide updates on our current deliberations regarding these points.

Key Considerations for the Next Business Plan

NXHD Issues

Clarify group and global strategic businesses, mechanisms to achieve overall optimization; visualize fundamental information and data; coordinate and integrate business with DX/IT; enhance human resources quantitatively and qualitatively, etc.

External Environment

Weak global economy with high economic security risks; supply chain restructuring; accelerated focus on sustainability (decarbonization and low carbon in particular)

Competitive Environment

Evolution of overall supply chain strategies (LLP and 4PL, etc.); evolution of digitalization; business model changes through DX; M&A and alliances/mergers in Asia, etc.

Technology Trends

Quantum computing, AI, cleantech, self-driving, robotics, DX, business model transformation and game changers through technological innovations, etc.



Main Points From Backcasting

Business Growth Strategy to Achieve 4 Trillion Yen

- ✓ Dynamic organic growth
- ✓ Utilize our network and business (customer) base to the fullest
- ✓ Expand businesses and enhance functions, etc., through M&A and alliances
- ✓ Focus aggressively and allocate management resources to regions, customers, and businesses with long-term growth potential
- ✓ Form corporate strategy from a customer-oriented and supply chain perspective
- ✓ Enhance and transform businesses through IT and DX

Business Portfolio Strategy for a Strong Presence

- ✓ Demonstrate presence through business activities
- ✓ Increase engagement with customers
- ✓ Conduct a well-balanced business portfolio strategy
- ✓ Building a business portfolio for long-term growth in line with social and customer trends

A Corporate Image Valued by Stakeholders

- ✓ Human capital management, human capital diversity, and increasing employee engagement
- ✓ Proactive stance on sustainability
- ✓ High brand value that provides competitive advantage
- ✓ Transformation into a management structure for maximum group value
- ✓ A presence recognized for sustainable, long-term value

Here, we have summarized the key points considered in the deliberation of our next management plan.

Although I will omit a detailed explanation, we first conducted a business environment analysis from the perspectives of our internal challenges, external environment, competitive landscape, and technological trends and then evaluated the results.

Based on this, our long-term vision for 2037, which will serve as the premise for our next management plan, remains unchanged from our current management plan. As indicated in the middle section of the document, our vision for business growth is to become a logistics company with a significant presence in the global market.

Furthermore, in pursuit of realizing this long-term vision, we will base our approach on values that should change, those that should remain unchanged, and also our group's corporate philosophy. Continuing on this foundation, we aim to achieve the Stakeholder Vision, which embodies three primary goals.

The first goal is, from the viewpoint of our customers and society, to become a company that contributes to the realization of a sustainable society through logistics. The second goal, from the viewpoint of shareholders, is to be a company that establishes corporate governance and achieves sustained growth. The third goal, from the perspective of our employees, is to be a company where a diverse workforce takes pride in supporting our customers and society and thrives in their roles.

As for our quantitative targets, they remain unchanged from our previous plans. We aim for sales ranging from JPY3.5 trillion to JPY4 trillion, an operating profit margin of over 5%, a ratio of overseas sales of 50%, and an ROE exceeding 10%.

In the deliberation of our management plan, we have continued the approach called "backcasting" from our current management plan to realize this long-term vision, identifying three major points as key elements.

Firstly, in our business growth strategy, we highlight dynamic organic growth alongside expansion through M&A and partnerships. To achieve sales in the realm of JPY4 trillion, we believe that we must pursue dynamic growth both in our existing businesses and through M&A. Moreover, we intend to fully leverage our networks, operations, and customer base, focusing proactively on regions, customers, and businesses where long-term growth is anticipated, and allocating management resources accordingly. In addition to this, we believe that a customer-centric approach, business strategy from a supply chain perspective, and enhancement and transformation of the business through IT and digital transformation, are essential.

Secondly, under the strategy of manifesting our presence through our business portfolio, we aim to exhibit the significance of our corporate group through our operations. In doing so, we believe it is essential to devise a business portfolio strategy with clear emphasis and direction. This strategy should align with societal and customer trends and construct a business portfolio that realizes long-term growth. Furthermore, enhancing engagement with our customers is perceived as a pivotal step towards establishing a tangible presence.

Thirdly, in realizing a corporate image that's valued by stakeholders, in addition to promoting human capital management, we consider a proactive stance towards sustainability, achieving high brand value that offers a competitive edge, and transforming the management structure to maximize group value as essential. We believe these approaches lead to being recognized as an entity that delivers sustainable and long-term value.

Major Strategic Policy Considerations for the Next Business Plan

2037 Vision

A Logistics Company With a Strong Presence in the Global Market Basic Policy Initiatives (Considerations)

- Improve global competitiveness and achieve business growth under groupwide optimization (mindset and management structure).
- Increase competitiveness and profitability of businesses and enhance financial value through well-balanced strategic policies and a well-defined business portfolio and division of roles.
- Practice sustainability management that contributes solutions to social issues and creates sustainable societies. Transform ourselves into a corporate group that is chosen by customers, society, shareholders, and employees.

Business Growth Strategy

Point 1: Grow logistics business through customer orientation and customer supply chain perspective (evolution of 3-axis approach)

Point 2: Improve expertise in the specialty logistics business, strengthen the competitiveness of the Logistics Support business, and contribute to group profits

Point 3: Improve profitability by strengthening each business and reviewing low-profit and low-growth businesses

Point 4: Achieve dynamic business growth (organic, inorganic) through M&A, alliances, and strategic investments

Corporate Strategy to Support Management Resilience and Long-Term Vision

Point 5: Enhance human capital and strengthen human capital engagement

Point 6: Evolve and transform value provided and create new value through IT and DX as a source of competitiveness

Point 7: Reform management structure and improve the integration of corporate functions

Improve Sustainability and Governance Initiatives

Point 8: Allocate investments strategically for business growth and a more robust management foundation

Point 9: Contribute to a sustainable society through business

Point 10: Strengthen governance and risk management to support global growth

From the perspectives mentioned, the crucial strategies in the next management plan are as follows. Firstly, under the orientation of optimizing the entire group, we aim to improve global competitiveness and realize business growth. Secondly, with a clear-cut strategic policy, we will enhance business competitiveness and profitability based on a clear business portfolio and role division, thereby increasing financial value. Thirdly, we will practice sustainability management that contributes to solving social issues and realizing a sustainable society, transforming into a corporate group chosen by customers, society, shareholders, and employees.

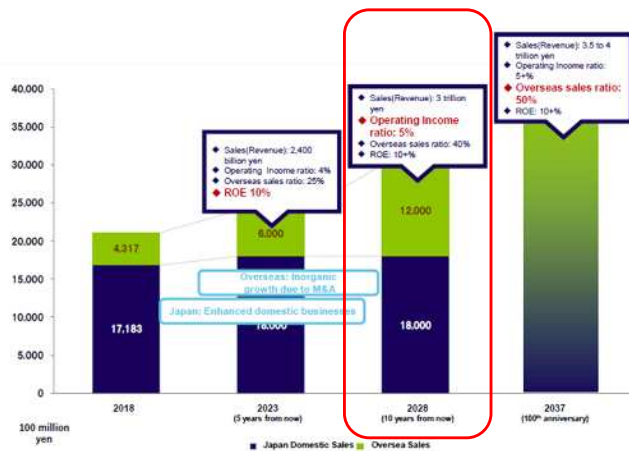
In summary, these three key directions form the overarching policy for our initiatives. Based on this policy, we believe the 10 themes mentioned in the materials will be pivotal when considering the next management plan.

Firstly, regarding the growth strategy for the business, we view the growth strategies of our core business, specialized logistics business, and logistics support business, in addition to business growth through M&As, partnerships, and strategic investments that create innovation, as key themes in formulating our strategy.

Next, for the corporate strategy that bolsters business resilience and realizes our long-term vision, we have set themes such as human resource strategy, DX, IT strategy, and transformation of the corporate management system.

As for the sustainability management strategy, we see this as the foundation of all the above strategies. Based on the basic policy and key points under deliberation that I just explained, we are proceeding with the formulation of specific strategic measures. Concurrently, we will be setting KPIs.

Next Business Plan Consolidated Group Targets (Overview)



FY2023 Results Forecast

- Total sales: 2,330.0 billion yen (Japan: 1,670.0 billion yen; Overseas: 660.0 billion yen)

Comparison vs. FY2028 (Long-Term Vision)

- Sales change: +670.0 billion yen (Japan: +130.0 billion yen; Overseas: +540.0 billion yen)

Expand Beyond Market Growth Rate
 + Proactive organic growth
 + Inorganic growth
Market Share Increase

Overseas

- Expanded sales (slightly under 300 billion yen) expansion via proactive M&A (cargo-partner, Tramo SA)
- Maintained market share in line with market growth
- Active investment in organic growth

Japan

- Maintained market share in line with market growth.
- Considering growth potential and overall optimization in Japan; invest in areas of potential growth considering balance and priorities. Give particular priority to investments that contribute to overseas sales.

This section provides an overview of our group's growth image. For our upcoming business plan, we're considering a span of five years and a target revenue based on our long-term vision, which is set at JPY3 trillion.

Regarding the breakdown, the green section represents overseas regions, while the blue section denotes Japanese regions. The overseas region accounts for JPY1.2 trillion, which is an increase of JPY540 billion from our FY2023 forecast. The Japanese region is projected at JPY1.8 trillion, marking a JPY130 billion rise compared to the FY2023 forecast.

To bridge this gap, both overseas and Japanese regions will first and foremost need to maintain their market share according to the market growth rate. Especially in markets that are growing, and where our customers' businesses are thriving, maintaining our current share requires corresponding investments.

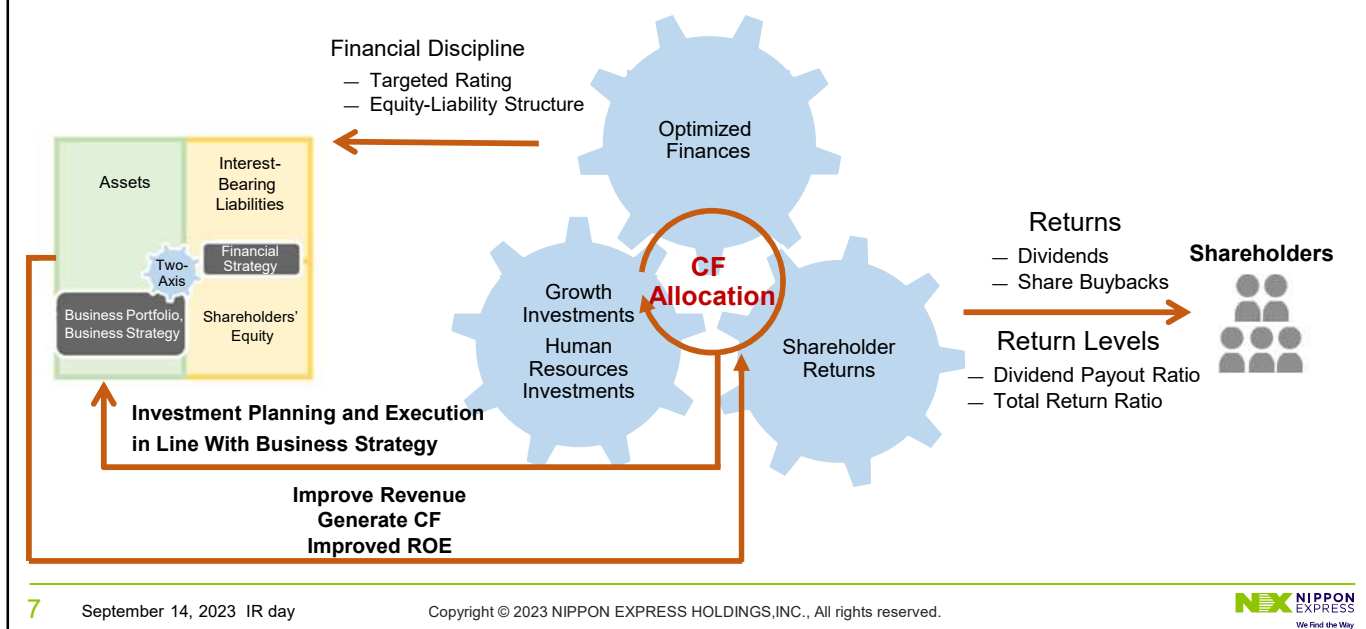
Focusing on the overseas regions, which are aiming for a significant revenue expansion, it's not just about maintaining market share. Increasing market share to boost the weighting of revenue growth will be crucial. Within this, we anticipate a revenue expansion of just under JPY300 billion from the already-decided M&A of companies like cargo-partner and Tramo. In addition to the aforementioned, we are considering exploring new areas through more proactive M&A activities.

As for the necessary revenue growth, besides maintaining market share according to the market growth rate, we are aiming for growth through organic, proactive investments. We are specifically looking into how to actualize this during Phase III. Regarding the Japanese region, we do not anticipate a significant increase overall. However, we aim to determine which businesses to grow and which to scale down, considering business efficiency, capital efficiency, and growth potential. We intend to provide clear distinctions and set priorities accordingly.

Next, regarding the target figures of a 5% operating profit margin and an ROE exceeding 10%, there is no change from our long-term growth vision, and we aim to achieve these figures. However, since these were formulated based on Japanese accounting standards when setting our long-term vision, we are still examining how they will be treated under IFRS standards.

Nevertheless, our group-wide goal of improving the operating profit margin and ROE remains unchanged. Achieving this necessitates an emphasis on business efficiency and capital efficiency. Additionally, when creating specific future figures and determining our business approach, improving ROIC becomes essential under the premises of increasing revenue, operating profit margin, and ROE. We will prioritize investment efficiency and promote ROIC-focused management.

Initiatives to Improve Capital Efficiency (Strategy Overview)



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September 14, 2023 IR day

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Based on the explanations provided, I would like to discuss our fundamental financial strategy next. Regarding the cash generated based on operating cash flow, we aim to allocate it towards investments that enhance profitability and to augmenting shareholder returns.

For investments that improve profitability, we intend to actively pursue growth investments, including M&As, and invest in human capital.

Regarding shareholder returns, our current management plan sets a dividend payout ratio at over 30% and a total return ratio at over 50%. However, as we decide on the specific allocation between dividends and stock buybacks, we will enter a detailed review phase of our cash flow. In this review, although it's a prerequisite to quantitatively address points like growth investments, profit plans, and cash positions, my fundamental stance is that enhancing shareholder returns is a vital theme.

The Tokyo Stock Exchange is drawing attention by urging listed companies with stagnant PBR to disclose and implement improvement measures. For our part, while strengthening our structure for sustainable growth, we intend to use the generated cash not just to boost profits but also to enhance our ROE through equity management.

By creating this favorable environment, we aim to elevate corporate value. In formulating our next management plan, we are focused on refinement.

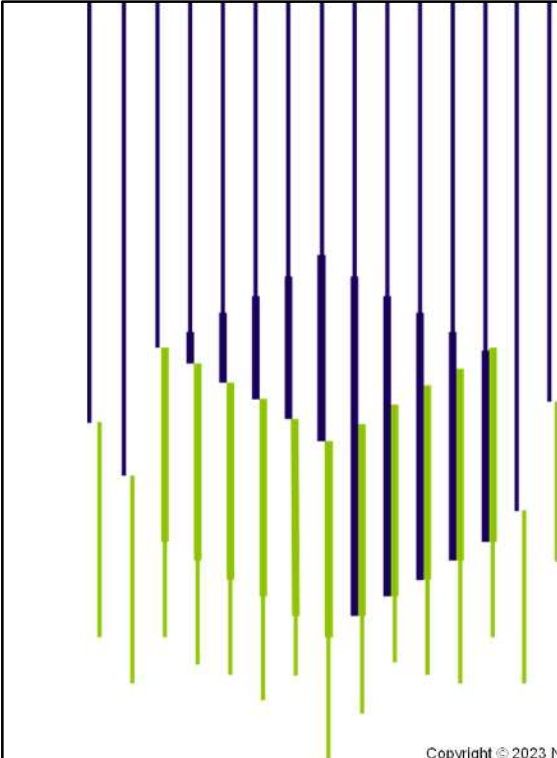
I've explained mainly about our policy for the upcoming management plan. As the head of the NX Group, I am committed to managing our business with utmost effort to achieve tangible results towards realizing our long-term vision. I humbly ask for your continued understanding and support.



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IR Day 2023 Session 3
NXHD Business Strategy: Japanese Business Structural Reform
(Optimizing Management Resource Allocation)

Satoshi Horikiri,
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September 14, 2023

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Business Structure Reform Project Initiatives

◆ Purpose

- Determine our ideal state for the final year of the next business plan (FY2028), and build strategies and cornerstones to achieve this vision

~ Reform and Strengthen Businesses ~

(1) Integrated Business Reform

- Business Focus: Strengthen competitiveness and enhance total logistics solutions
- Sales Focus: Provide one-stop total solutions to customers
- Area Focus: Maximize earnings based on area market characteristics

(2) Logistics Division Reform

- Optimize and improve customer SCM functions Make a positive contribution to customers, designing optimal logistics solutions by mobilizing the collective strength of the NX Group

(3) Small-Lot Shipment Business Reform

- Improve profitability by integrating NX Transport and Small-Lot Shipments business and strengthen business by leveraging alliances, etc.

(4) Railway Utilization Business Reform

- Rebuild the NX-brand railway utilization business as a sustainable means of transportation conscious of the decarbonization era; provide market-oriented, high-value-added services, as well as safe and reliable transportation

(5) Coastal Shipping Business Reform

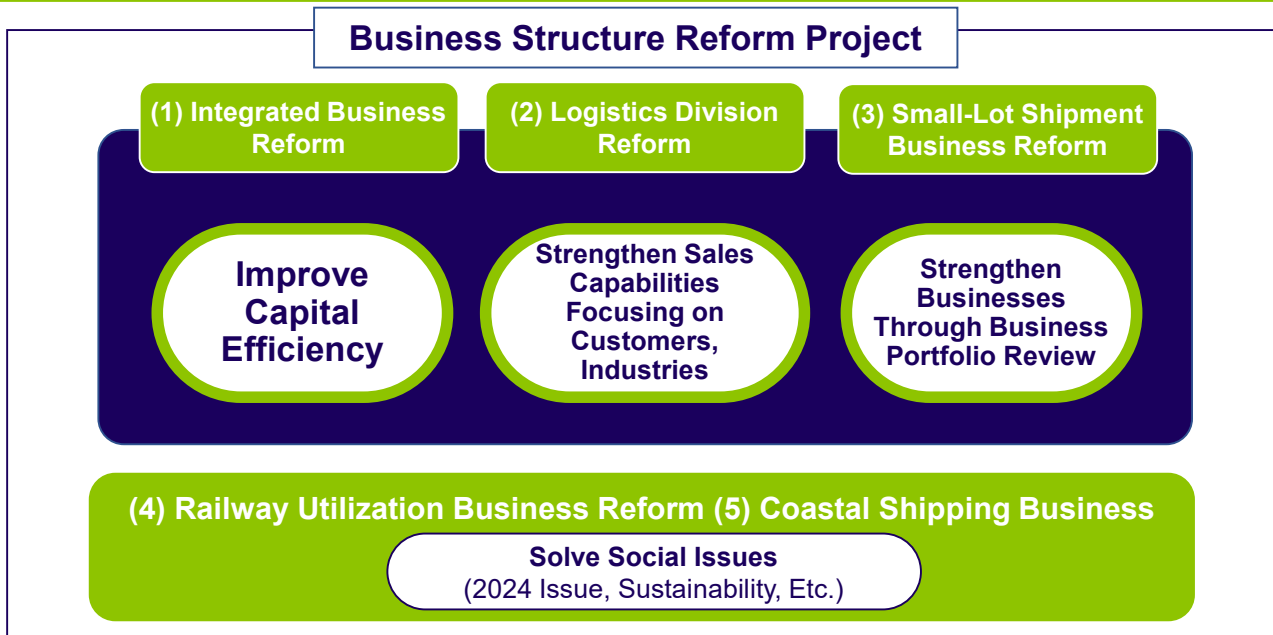
- Establish the NX Group coastal shipping brand as a brand that covers all ports in Japan and contributes solutions to social issues Reorganize shipping routes and develop new products with a view to forming alliances with other shipping companies

(6) M&A Strategy

- Strengthen competitiveness of forwarding business from Asia (main battlefield) and enhance our ability to respond to market needs in each region tied to industries and businesses
- Strengthen M&A structure. Our M&A strategy is shifting to a phase of PMI execution for specific deals, focusing on cargo-partner.

Given the current economic and social conditions where we can't expect growth in domestic freight transport, coupled with shifts in the supply chain brought on by the pandemic, the external environment has changed drastically. We recognize the need to drive transformation without being bound by past value perceptions. Considering this situation, last year we initiated a business structural reform project. We have held extensive discussions about the future direction of our Japanese operations, focusing on the six themes outlined in the materials.

Business Structure Reform Project Initiatives



In our discussions, we've identified three key areas of focus: improving capital efficiency, enhancing our sales capabilities by focusing on customers and industries that can serve as a foundation for global growth, and strengthening our business through a review of our business portfolio.

With this perspective in mind, today I'll briefly discuss the reform projects for our integrated business, logistics business, and small-lot shipment business.

In addition to these, our general transport business reform project and domestic shipping business reform project are focusing on societal issues like the challenges anticipated for 2024 and sustainability. We aim to address these topics and drive business growth by elevating our presence and adapting to the changes and needs of our clients' supply chains.

Improve Capital Efficiencies in the Japanese Market



Market Perspective

- Envision and pursue an ideal corporate organization
- Consider business portfolio (selection and focus)

Tokyo, Nagoya, and Osaka

Strengthen Sales Capabilities in Our Home Market

- ✓ Maximize sales and profits in Tokyo, Nagoya, and Osaka, where the market potential is large
- ✓ Expand business approaches to customers through stronger account management
- ✓ Group global growth

Other Areas

Allocate Management Resources Tailored to Regional Characteristics and Size

- ✓ Conduct business based on market and block characteristics
- ✓ Increased management speed
- ✓ Pursue area-specific strategies and area-specific transformation

In the context of our integrated business reform, a primary challenge is determining the ideal company structure and optimizing our business portfolio. We believe there are three main points to consider.

The first point is our approach to improving capital efficiency in the domestic market. We need to ensure that our management resources align well with the market's demands. Areas such as Tokyo, Nagoya, and Osaka are globally interconnected areas with numerous client decision-making entities, which we consider as our core areas.

On the other hand, other areas have different characteristics compared to Tokyo, Nagoya, and Osaka in terms of market size, industry characteristics, and labor market conditions. Simultaneously, due to global supply chain changes, we anticipate the entry into industries like semiconductors and renewable energy. This suggests a shift in transportation demands different from the past, and we have already seen such movements taking place.

Focusing on the distinct nature of these markets, we aim to improve capital efficiency. For the core areas like Tokyo, Nagoya, and Osaka, we intend to concentrate the necessary management resources. For other areas, we're considering an allocation of resources tailored to their market characteristics. This includes revisiting our organizational structure and system.

This approach is central to our efforts toward restructuring our Japanese business operations. While we are not yet in a position to discuss the specifics, the direction is becoming clearer, and we believe it will be a vital strategy in our next management plan.

Business Structure Reform Project Initiatives

(2) Logistics
Division Reform

(3) Small-Lot Shipment
Business Reform

Strengthen Sales
Capabilities by Focusing
on Customers and
Industries as the Starting
Point for Global Growth

Customer and Industry Perspectives

- Evolve account management from the present situation to a new dimension

⇒ Develop organizational structure; strengthen OP function; develop human resources; strengthen sales

Strengthen
Businesses
Through Business
Portfolio Review

Business Enhancement Perspective

- Business reorganization (business portfolio review)

⇒ August 2023
Signed basic agreement with Meitetsu Transportation to establish a joint venture

The second key point revolves around the theme of logistics business reform, focusing on customers and industries that can serve as launchpads for global growth.

Even in our current management plan, we are enhancing account management as part of our customer and industry-centric sales approach. However, in many cases, our services are limited to shipping within specific areas or offering a single mode of shipping. We believe that by evolving these services and connecting them to end-to-end logistics solutions, we can achieve impactful results. It's crucial to adopt a market-driven mindset, view things from our customers' perspective, contribute to the reevaluation of their supply chains, and address societal issues surrounding sustainability. Advancing our account management, along with establishing mechanisms and systems to realize the overall optimization of the NX Group, is essential.

The third key point relates to our approach to business enhancement. One of our initiatives in this area is the reform of our small-lot shipment business. We've been exploring the reorganization of NX Group's route business and strengthening our business through alliances with other companies.

Following our project conclusions and subsequent deliberations, last month, we entered into a basic agreement concerning the integration of NX Group's special combined delivery service with Meitetsu Transportation Co., Ltd.

In the domestic logistics industry, challenges such as the chronic shortage of truck drivers have become more apparent. With the ongoing decline in domestic total freight volume, we cannot expect a significant increase in the volume of special combined delivery business in the market.

Given this environment, we've decided that integrating the special combined delivery services of both groups and establishing a new framework will lead to business expansion and fortification. We continue our discussions with the aim of finalizing the contract by next January and realizing the business integration.

We have previously undergone restructuring to enhance business expansion and profitability, such as spinning off our security transportation business and consolidating and integrating real estate and logistics finance businesses, which had redundancies within the group. Currently, we are also considering the spin-off of our heavy haulage and construction business.

Moving forward, we will continue to clarify roles and positions within the group, strengthen our businesses both organically and through M&As and alliances, and optimize our business portfolio.

We intend to utilize the results of our discussions in the Business Structure Reform Project in our next management plan and continue with our reforms.

Appendix

Specific Business Structure Reform Project Initiatives

(1) Integrated Business Reform Project

Ideal State in FY2028

- ◆ Envision and define an ideal corporate organization
- ◆ Engage in selection and focus for integrated business

Progress (Specific Tasks)

- Considered the ideal corporate organization
- Considered business portfolio
- Reorganized sub-agent operations
- Improved revenue processes and established management decision criteria for division offices
- Consolidated shared company-wide operations and functions (≒business processes)
- Established shared rules and developed a dashboard application for understanding company-wide financial account balances

(2) Logistics Division Reform Project

Ideal State in FY2028

- ◆ **Optimize and improve customer SCM functions.**
Make a positive contribution to customers, designing optimal logistics solutions (“LS”) by mobilizing the collective strength of the NX Group.

Progress (Specific Tasks)

- **Develop organization structure**
 - Established new organization within the Sales Strategy Division
(An organization providing comprehensive LS functions end-to-end)
(An organization compatible with the digital commerce domain)
- **OP function enhancements**
 - Standardized operations, strengthened logistics base design and improvement functions
- **Human resources development**
 - Developed core human resources for the Logistics Business
- **Strengthen sales**
 - Strengthened sales enablement functions; created an account management structure

Specific Business Structure Reform Project Initiatives

(3) Small-Lot Shipment Business Reform

Ideal State in FY2028

- ◆ Improve profitability by integrating NX Transport and Small-Lot Shipments business and strengthen business by leveraging alliances, etc.

Progress (Specific Tasks)

- Strengthened alliance with Meitetsu Transportation for more resilient special combined delivery business (completed project)
- **May 2023**
Commenced discussions on strengthening capital and business alliance with Meitetsu Transportation
- **August 2023**
Signed basic agreement with Meitetsu Unyu to establish a joint venture
- **April 1, 2024 (tentative)**
Transfer NX Transport to Meitetsu Transportation (two-company merger)
- **January 1, 2025 (tentative)**
Transfer the Nippon Express special combined delivery business to Meitetsu Transportation (merge three companies)

Specific Business Structure Reform Project Initiatives

(4) Railway Utilization Business Reform	(5) Coastal Shipping Business Reform	(6) M&A Strategy
<p>Ideal State in FY2028</p> <ul style="list-style-type: none"> ◆ Rebuild the NX-brand railway utilization business as a sustainable means of transportation conscious of the decarbonization era; provide market-oriented, high-value-added services, as well as safe and reliable transportation 	<p>Ideal State in FY2028</p> <ul style="list-style-type: none"> ◆ Establish the NX Group coastal shipping brand as a brand that covers all ports in Japan and contributes solutions to social issues. Reorganize shipping routes and develop new products with a view to forming alliances with other shipping companies 	<p>Ideal State in FY2028</p> <ul style="list-style-type: none"> ◆ Strengthen competitiveness of forwarding business from Asia (main battlefield) and enhance our ability to respond to market needs in each region tied to industries and businesses
<p>Progress (Specific Tasks)</p> <ul style="list-style-type: none"> • Market-oriented product development with a focus on solving the 2024 problem and contributing to the environment <ul style="list-style-type: none"> – Launched sales of <i>Sea & Rail Sea of Japan Route</i> product (December 2022) – Launched sales of <i>Sea & Rail DG</i> (transportation of hazardous goods) (December 2022) – Launched sales of <i>Sea & Rail FT</i> (domestic feeder transportation) (August 2023) – Expanded new routes in the Sea & Rail series • Pursue modal combination by strengthening inter-business coordination in railway utilization and coastal shipping <ul style="list-style-type: none"> – Strengthened coordination with Ministry of Land, Infrastructure, Transport and Tourism (participated in modal shift promotion subcommittees, opinion exchanges, individual negotiations) • Created a BCP response solution in the event of disasters <ul style="list-style-type: none"> – Established a station-to-station backup system for the Sanyo and Tokaido lines – Signed disaster response agreements with four beer distribution companies and established a truck backup scheme (June 2023) 	<ul style="list-style-type: none"> • Established a structure to provide RORO vessel transportation services from any port in Japan through the expanded use of transportation • Restructured ship routes based on market-oriented approach 	<p>Progress (Specific Tasks)</p> <ul style="list-style-type: none"> • Formed M&A Strategy Promotion Team, which integrates the Global Business Headquarters and Corporate Strategy Headquarters • Conducted two M&A projects (share transfer agreements) <ul style="list-style-type: none"> cargo-partner: Expanded global network Tramo: Strengthened presence in the high fashion industry • Established a dedicated PMI team within the Global Business Headquarters <p><M&A strategy is shifting to a phase of PMI execution for specific deals, focusing on cargo-partner.></p>



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IR Day 2023 Session 3
NXHD Corporate Strategy
(Strengthening GBHQ Functions and Structure)
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NIPPON EXPRESS HOLDINGS, INC.
September 14, 2023

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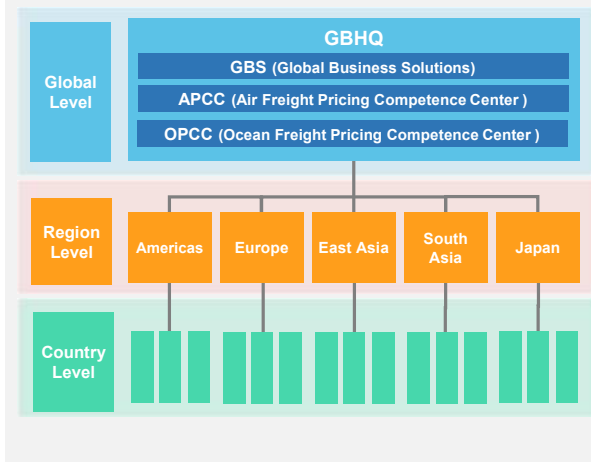
Strengthening the GBHQ Structure (Functions, Roles, and Initiatives)

Basic Policy

- ✓ GBHQ strengthening global strategic planning functions toward Day 3.0
- ✓ Clarify functions and roles to be performed by regions/operating companies

Status of GBHQ Initiatives (2023)

- **Changed and established global sales structure**
- **Improved pricing functions**
 - Established a unified bid management system for global customer bids (GBS)
 - Established APCC, OPCC (air and ocean freight forwarding divisions)
- **Reviewed Air Forwarding Division functions**
 - Expanded route development capabilities in the Japan Region
- **Reviewed the role of the Ocean Freight Forwarding Division**
 - Purchasing capabilities for the Japan Region
- **Reinforced infrastructure**
 - Considering adoption of *CargoWise One*
 - Upgraded core air and ocean freight forwarding business system using packaged software (SaaS)
- **Expanded Business Strategy Department**
 - Corporate Strategy and M&A/PMI support



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Last July, we established the GBHQ as the central organization overseeing our global business operations. The aim was to consolidate and strengthen the diverse functions associated with our global businesses, and by defining clear roles for each subsidiary within the group, we sought to expedite the execution of our business strategies.

Since its inception, GBHQ has been reinforcing its roles in strategy formulation and management for our global operations. Concurrently, we've been clarifying the roles and responsibilities of each region and subsidiary while restructuring our organizational setup. On the right side of the homepage, we've listed our initiatives since the beginning of 2023. Among these, we perceive strengthening our global sales structure as the most critical challenge in expanding our global business. Thus, we have been rigorously enhancing its capabilities and structure.

For our sales to key accounts, the primary structure involves the Global Key Account Manager, assigned specifically to each client, taking the lead. As a basic setup, they (Regional Account Manager) work in conjunction with regional account managers established in each region, ensuring steady progress on projects.

However, this tier of customers comprises leading global corporations representing various industries. Expanding our market share or making new entries isn't easy. It necessitates a concerted effort from the entire NX Group and the establishment of a framework to realize this. To facilitate collaboration between regions, we're standardizing the sales structures across them. We've also initiated roundtable meetings where sales representatives from each region gather, aiming to synchronize sales efforts. This unified approach bolsters our outreach to priority customers under initiatives like GAM (Global Account Management) and GTA (Global Target Account).

Furthermore, to expand our dealings with global clients, it's crucial to ensure that the services we offer are consistent worldwide. Hence, regional heads have personally overseen the initiatives and progress with these key clients and provided guidance to account managers, fortifying our operational structure. To further handle our global clients, winning transport bids during global tenders is paramount. To enhance our forwarding bid-winning ratio, instead of individual regions or countries bidding with a localized perspective, we've been shifting towards a holistic, global viewpoint. In this regard, we've established an organization in Singapore named GBS (Global Business Solutions) and set up functional bodies within our air and ocean forwarding departments named APCC (Air Freight Pricing Competence Center) and OPCC (Ocean Freight Pricing Competence Center), respectively. These entities focus on bolstering strategic pricing capabilities. Both APCC and OPCC operate under comprehensive customer strategies that incorporate business intelligence and collaborate closely with sales departments. They undertake key tasks such as understanding critical markets, determining target lanes, and executing strategic pricing. This approach doesn't just aim to enhance the bid-winning ratio but also facilitates swift and data-driven decision-making through an effective organizational framework. On the other hand, regarding various businesses like air and sea forwarding, we're revisiting the roles and functionalities of GBHQ. Responsibilities such as route development and purchasing space for Japan-origin lanes, which Japan should ideally handle as a region, are being transferred to the Japanese regional division. We continue to refine role assignments and rebuild our organizational structures. This optimal functional allocation will be consistently pursued at the global level.

Strengthening GBHQ Structure (Clarify Roles for Each Region)

- Similar to GBHQ, we are making advancements in establishing division functions for businesses in each region
- We will strengthen the functionality of responding parties further to comply quickly and flexibly with GBHQ strategic plans

GBHQ	Japan R	The Americas R	Europe R	East Asia R	South Asia R
Marketing Strategy Division	Sales Strategy Headquarters, Other Blocks in Japan	Sales Division	Business Development Division	Marketing Division	Global Sales Planning Division
Sales Strategy Division	Sales Strategy Division, Blocks in Japan	Sales Division	Business Development Division	Sales Strategy Division	Global Sales Planning Division
Corporate Venturing Division					
Pharmaceutical Logistics Global Quality Assurance Division	Pharmaceuticals Logistics Quality Assurance Office	Operations Compliance Division	Business Development Division	Pharmaceutical Logistics Development Division	Quality Assurance
Air Freight Forwarding Division	Kantokoshinetsu Block FBU	Air Cargo Division	Air Cargo Division	Air Forwarding Division	Air Cargo Division
Ocean Freight Forwarding Division	Kantokoshinetsu Block FBU	Ocean Cargo Division	Ocean Cargo Division	Ocean Forwarding Division	Ocean Cargo Division
Logistics Solution Division	Logistics Business Promotion Division	Logistics Planning Division	Logistics Division	Logistics Solutions Division	Logistics Planning Division
Business Strategy Division	Corporate Strategy Division	Corporate Strategy Division	General Affairs and Finance Division, Corporate Strategy Division	Corporate Strategy Division	General Affairs Division, Business Investment Strategy Division

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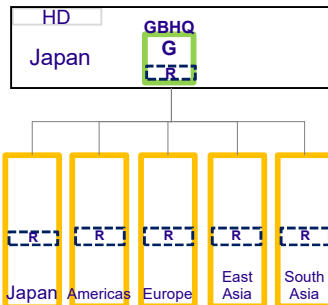
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Including Japan, we have set up overseeing entities or functions in five regions. These entities are responsible for implementing and managing various strategies developed by GBHQ across our national business companies. Given the different organizational structures across regions, there are discrepancies in the names and compositions of these coordinating entities. Nonetheless, they all aim to strengthen the functions overseeing and propelling each business and building the appropriate structures. In terms of establishing functions and organizations to deploy strategies globally, we believe the framework is now largely in place.

Strengthen GBHQ Structure (Future Vision of the GBHQ)

Day 1.0 (2022.7.1)

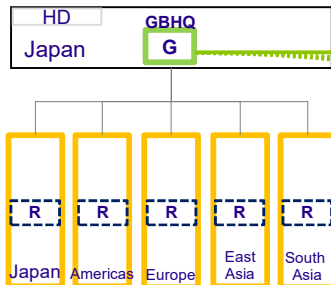


*Expanded functions (G) to oversee global operations established at NXHD.

*Temporarily transferred certain Japan Region management functions (R) included in Day 1.0 to HD. HD will continue to perform its traditional role in region functions.

Day 3.0 (2024.1.1)

Complete GBHQ General Framework

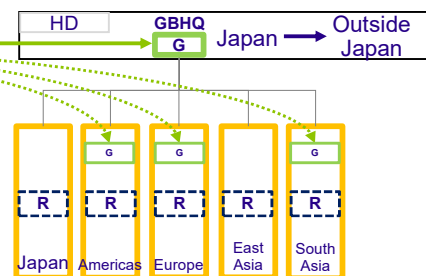


*Expanded region management function over global business in all regions by reassigning personnel, developing a group-wide infrastructure, etc.

*Downsize the structure itself, as the necessary global business control functions (G) will decrease as region management functions (R) expand.

Toward an Even Stronger Structure

Optimize Location of Control Functions



*Assign certain GBHQ functions or personnel to their respective optimal locations. Consider and implement changes to the management structure that maximizes functions and capabilities.

*To drive a strong global business, the GBHQ itself will consider and implement optimal locations not limited to Japan.

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NEX NIPPON EXPRESS
We Find the Way

As I've discussed, our efforts to enhance our global business functions and frameworks are ongoing. We are aiming for a comprehensive structure, with GBHQ at the core, to be fully established by January of 2024, which we refer to as Day 3.0.

However, for our group to stand shoulder to shoulder with global forwarders, we believe it is imperative that the strategies planned and executed by GBHQ further align with the global business environment and client demands. To this end, we are considering an even broader globalization of GBHQ's functions and structure.

At present, within GBHQ, we have appointed foreign heads in three departments and expanded the hiring of foreign nationals. However, to further globalization, it's not just about internationalizing our workforce. We are also contemplating and planning to move GBHQ to an optimal location, without being bound to Japan.

On the right side of the document, we've illustrated our vision for further organizational enhancements. At this juncture, we are not considering relocating GBHQ to a single specific country. Instead, we are contemplating placing parts of GBHQ's functions or personnel in their respective optimal locations. Simultaneously, we aim to transition into a management structure that maximizes these functions and capabilities. We will continue to strive towards strengthening our organizational structure.



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