



We Find the Way

IR Day 2023 Session 3 NXHD Business Strategy

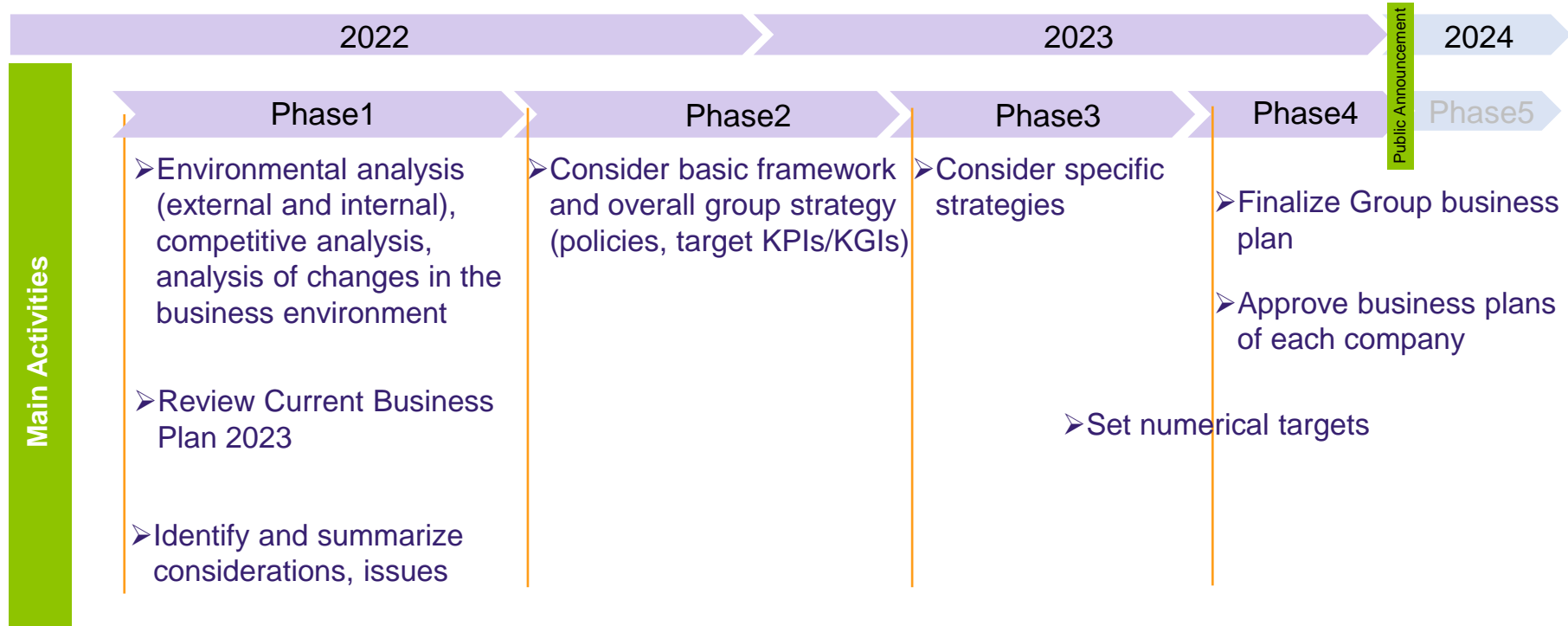
Business Plan Initiatives to Date; Policies for the Next Business Plan

Mitsuru Saito, President and Chief Executive Officer

NIPPON EXPRESS HOLDINGS, INC.

September 14, 2023

Next Business Plan Project: Overall Schedule



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)

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	—	—

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)

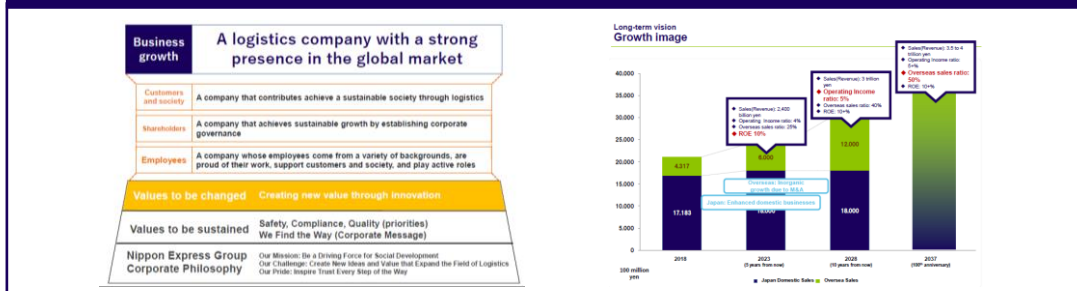
Competitive Environment

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.

Backcast From 2037 Vision to Create Next Business Plan



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

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

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

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

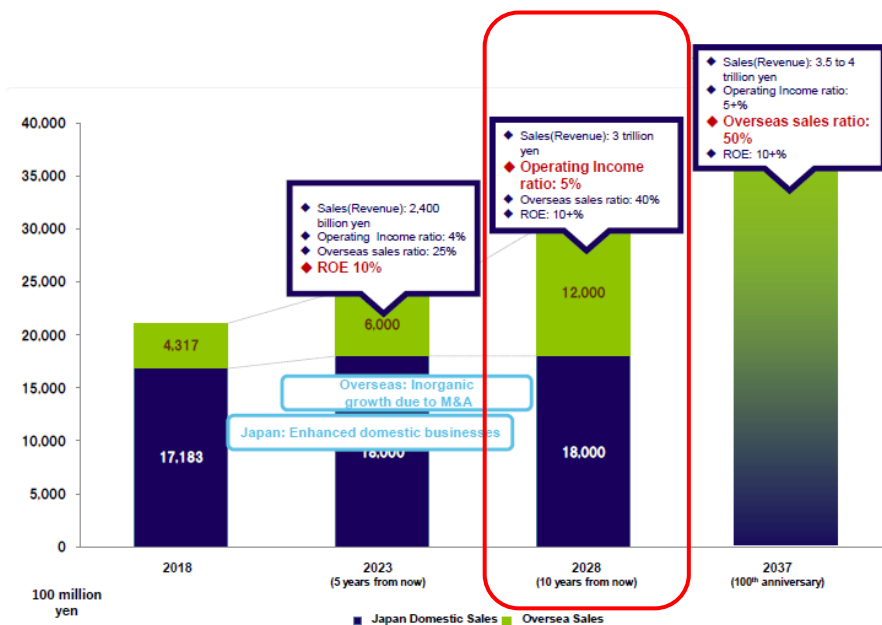
Point 9: Contribute to a sustainable society through business

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

Corporate Strategy to Support Management Resilience and Long-Term Vision

Improve Sustainability and Governance Initiatives

Next Business Plan Consolidated Group Targets (Overview)



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.

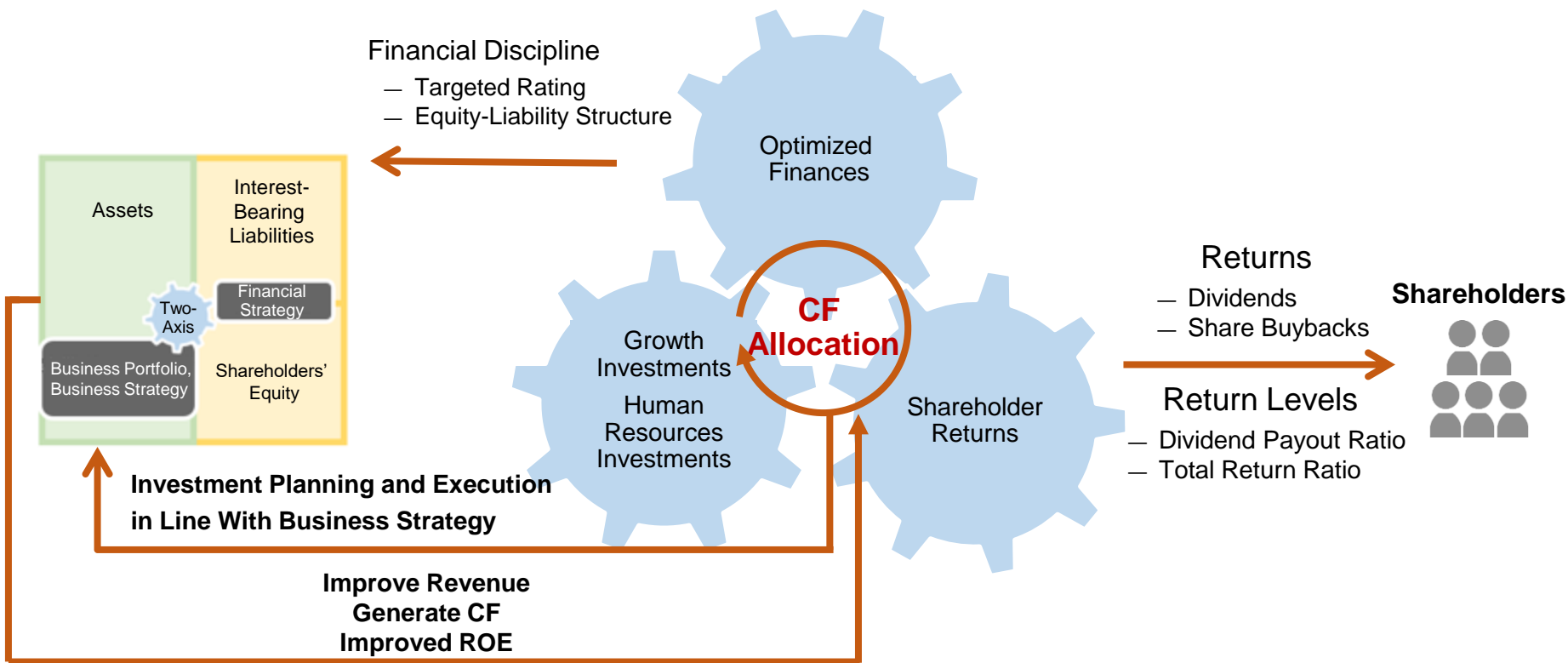
FY2023 Results Forecast

- 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)

Initiatives to Improve Capital Efficiency (Strategy Overview)





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We Find the Way

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

Satoshi Horikiri,
President, Chief Executive Officer and Representative Director
Nippon Express Co., Ltd.
September 14, 2023

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.

Business Structure Reform Project Initiatives

Business Structure Reform Project

(1) Integrated Business Reform

**Improve
Capital
Efficiency**

(2) Logistics Division Reform

**Strengthen Sales
Capabilities
Focusing on
Customers,
Industries**

(3) Small-Lot Shipment Business Reform

**Strengthen
Businesses
Through Business
Portfolio Review**

(4) Railway Utilization Business Reform (5) Coastal Shipping Business

**Solve Social Issues
(2024 Issue, Sustainability, Etc.)**

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

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

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) 	<p>Progress (Specific Tasks)</p> <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
<ul style="list-style-type: none"> • 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) 		<p><M&A strategy is shifting to a phase of PMI execution for specific deals, focusing on cargo-partner.></p>



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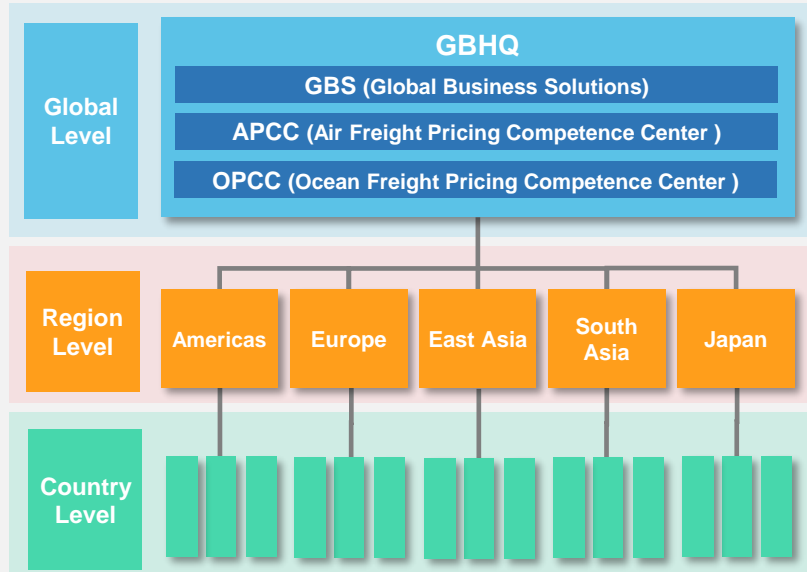
We Find the Way

IR Day 2023 Session 3
NXHD Corporate Strategy
(Strengthening GBHQ Functions and Structure)
Atsushi Nagashima, Senior Managing Executive Officer
NIPPON EXPRESS HOLDINGS, INC.
September 14, 2023

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

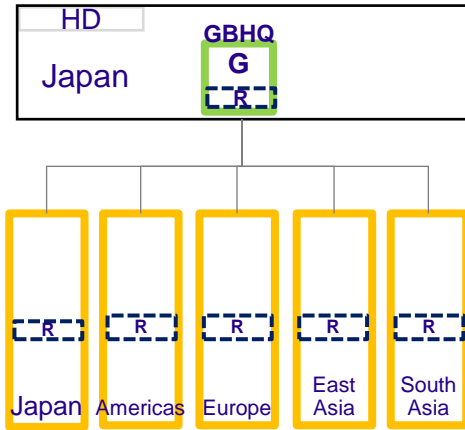
Strengthening GBHQ Structure (Clarify Roles for Each Region)

- 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

Strengthen GBHQ Structure (Future Vision of the GBHQ)

Day 1.0 (2022.7.1)

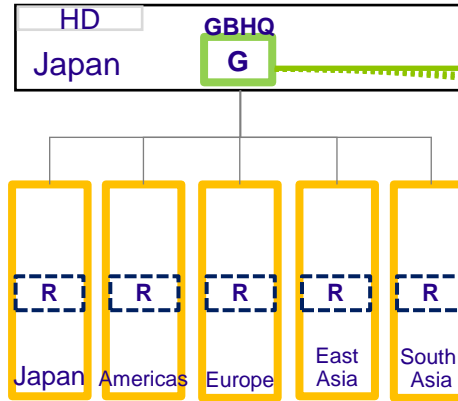


*Expanded functions (G) to oversee global operations established at NXHD.

*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

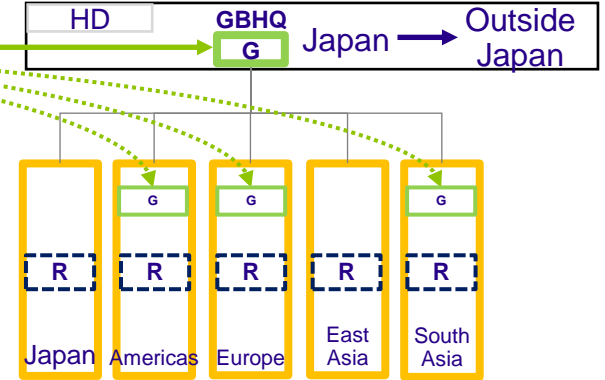


*Expanded region management function over global business in all regions by reassigning personnel, developing a group-wide infrastructure, etc.

*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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