



IR day2024 Session 3
「IT Strategy (Enterprise Architecture)」

NIPPON EXPRESS HOLDINGS,INC.
September 13 , 2024

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IT Strategy in Support of Management Strategy

Basic Policy

- We implement our IT strategy from the same perspective as our management strategy, seeking to achieve our long-term vision as we head toward the 100th anniversary of Nippon Express.
- Our plan includes milestones and rolling updates to respond to changes in the business environment.



Issues From a Management Perspective

Sustainability management
Accelerating growth in global markets
Rebuilding our businesses in Japan

IT Support of Business Operations

Rapidly expanding ESG-related functions
Urgent need for forwarding systems
Siloed systems in each country and company

Integration of IT Strategy

Design a future vision based on management, business, and IT issues

As of September 2024



Strategy From a Business Perspective

Set short- and long-term priorities, focus investments and resources



Consistency With the 2028 Medium-Term Plan

Steady progress toward medium-term plan goals



100th Anniversary in 2037

A logistics company with a strong presence in the global market

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As we approach 2027, the 100th anniversary of our founding, we are committed to management policies such as sustainability management and the strengthening of our business globally and in the Japanese market.

We believe that IT needs to move forward and evolve from its traditional position as support for business operations, and we must implement an IT strategy that accompanies and supports the realization of the long-term vision set forth in the management policy [inaudible].

Currently, business operations and IT are sharing issues and working as one to design the future of the systems and a roadmap.

Environment and Issues Surrounding IT

IT Environment

- The business environment is becoming more complex, both internally and externally. The number of matters we must address is increasing at an accelerating pace.
- Leaving IT development to take a back seat will cause a large gap to open up in terms of securing human resources and keeping up with the latest developments.



Environmental Changes and IT Trends

External Environment

Response to Evolving Business Risks and Management Vision

- The business and competitive environments are changing rapidly, requiring a flexible IT infrastructure to adapt
- Group-wide governance is necessary to achieve ESG goals and other materiality

IT Environment

Accelerated Importance of IT, Advancement of Digital Technology

- Shortened software life cycle, chronic shortage of labor due to enormous vendor upgrade needs
- Urgent need to apply new technologies due to the rise of generative AI and sensor technologies

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As you are aware, the environment surrounding IT is becoming more complex every year. What is required now is not the usual vertical specialization of IT, but a greater sensitivity to technology and market trends, and the rapid deployment of IT services to keep up with market trends.

As shown on this page, the business environment, operations, and organizations are interrelated. In order to compete with our other companies in the global business, in addition to business connections, it is necessary to strengthen collaborations with the Group globally, and for this purpose, the importance of IT is accelerating.

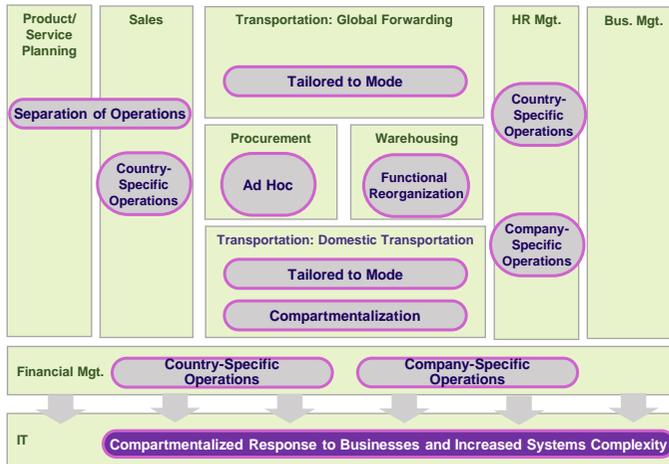
We believe that it is necessary to visualize and understand IT entirely and develop an IT infrastructure that can respond to changes in the internal and external environment.

To Date, NX Has Tied IT to Business Functions (As-Is)

Current IT

- Maintaining IT at NX has become complex due to a focus on business functions.
- While IT responds to business requests in detail, agility sufficient to follow business strategies has been a weak point.

Systems Deployment by Business at NX



Cost Reduction Issues

- **Siloed:** NX systems have been built for each business; **no standard business and system functions**
- **Decentralized/custom systems:** Siloed systems led to a lack of applicable technologies and business scope, etc., leading to **cases of duplication**

Sales Contribution Issues

- **End-to-end services:** Urgent need to improve service quality and simplify **systems integration** for rapid product launches
- **Expanding the top line:** Urgent need to improve group and global **operational infrastructure** for priority customers and priority businesses

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First, we started by visualizing NX's IT, including through a benchmark with other companies to understand our strengths and weaknesses.

Until now, we have focused on increasing the satisfaction of our customers and users by providing detailed and individualized support through close cooperation between operations and IT. This has been a source of competitiveness for NX, so we cannot completely disavow this heritage.

On the other hand, we believe that there may be room for improvement, as such a structure may lead to increased IT complexity and duplication in terms of coordination between operations and similar functions. This can be a barrier to the delivery of end-to-end service. In addition, global collaboration in the Group is essential for NX to establish a global presence, and excessive individualization in IT may hinder the effectiveness of the strategy.

Enterprise Architecture (EA) Combining Overall Optimization and Strategic Compartmentalized Optimization

EA at NX

- Optimize holistically while retaining competitive edge
- Competitive advantage of a growing top line ensures flexibility for differentiation
- Standardize and centralize for optimal allocation of management resources and reduced costs

Grow top line to ensure competitive advantage

Standardize and consolidate for cost reductions

Focus on business competitiveness
Strategic compartmentalized optimization

Emphasize overall consistency
Overall optimization

- Leverage the NX sales force Sales Enablement
- Extend product and service lines Differentiate warehouse systems
- Roll out global forwarding across multiple countries
- Achieve modal combination

- Robust and integrated accounting system
- Optimize IT assets by consolidating similar functions
- Aggregate information necessary for sustainability management
- Integrate existing IT products and systems, build expertise
- Practice governance (group and region initiatives)

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Enterprise architecture, or EA, is a method of creating business and system blueprints with the goal of total optimization in terms of people, things, and money. NX's EA activities also aim for overall optimization through standardization and consolidation from a holistic perspective.

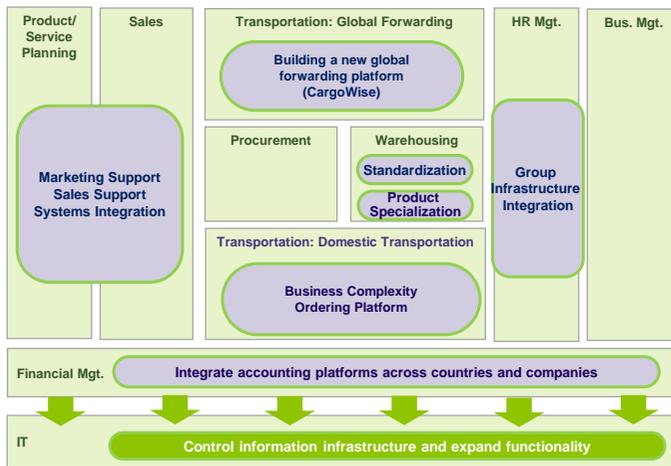
On the other hand, in each of our operations, we have a history of turning a meticulous response to the needs of each customer into a competitive advantage. In enterprise architecture, we will not proceed with a single-minded focus on overall optimization but will maintain a balanced approach by also taking into account the specific circumstances that are the source of competitive advantage and strategically optimizing the components that contribute to business expansion.

Look to the Future of Operations While Hastening Initiatives in Progress (To-Be)

IT Strategy Essentials

- Embarked on comprehensive platforming and standardization to respond quickly to the business environment
- Aiming to achieve business measures as quickly as possible to continue IT as a support for sales growth

Systems Deployment by Business at NX



Expand End-to-End Services

- Integrate business structure for systematic sales strategies
- Upgrade operations via new global forwarding system
- Improve sales, operations, and profitability based on a platform for domestic transportation orders
- Reduce costs via product line expansion and standardized warehouse operations

Business Standardization and Group Synergies

- Consolidate businesses and roll out integrated accounting infrastructure
- Create a human capital infrastructure and pursue talent discovery

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The key point of the IT strategy is to enable rapid response to changes in the business environment through thorough platforming and business standardization. We will integrate the elements of the system that have been fragmented among operations or individualized by mode and build a common platform.

In the transportation field, we have decided to introduce CargoWise as a global forwarding platform. For domestic transportation, we plan to build a cross-mode platform to provide an operational platform that will contribute to revenue by preventing the omission of customers and projects.

We will also continue to push for strategic individual optimization in areas that have been the source of our competitiveness. For example, in the warehouse system, we aim to reduce costs by integrating dispersed functions into a global standard system. At the same time, we are developing industry-specific functions in the five areas of semiconductors, lifestyle, technology, mobility, and healthcare.

Data Utilization to Maximize the Value of Applications

Data Maintenance Policy

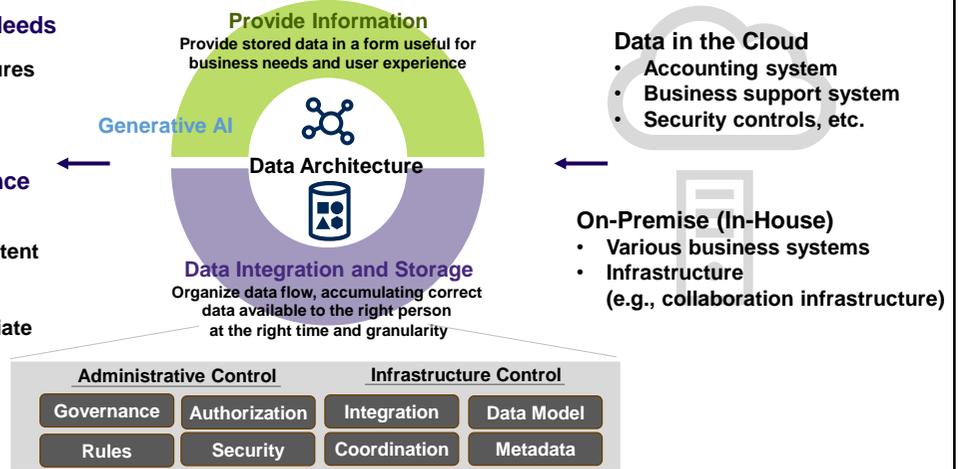
- We are developing the NX Data Station as a shared global data platform
- Our data architecture activities will lead to DX that incorporates advanced technology made possible by data integration and an expanded scope of utilization

Responding to Business Needs

- Achieve operational measures
- Meet analytical needs
- Provide cross-system information

Ensuring User Convenience

- Location is standardized, providing access to consistent information
- Access to necessary information under appropriate authorization management



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NX's enterprise architecture will focus on management and operations, as we have discussed. In addition to infrastructure and applications, data is another important element in IT. By consolidating information between operations, we hope to respond to the awareness that drives an advancement of operations, and to the demand for information that could previously only be accessed through the interference of [many] people.

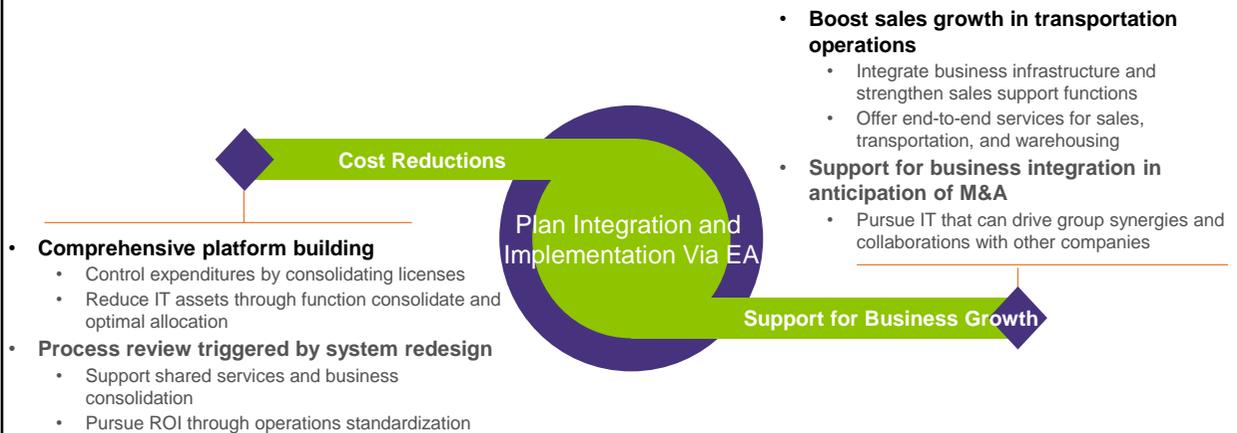
The need for data analysis and data forecasting has long been recognized from a business perspective, and at NX, we have built a data pool called the NX Data Station, which is evolving daily. NX also runs a generative AI, known as NX Brain. In order to utilize generative AI, it is essential to have data to learn from, so we are working on data maintenance from this perspective as well.

In our activities to develop data architecture, we intend to integrate data and maximize its value to increase convenience and expand the scope of its use by increasing user awareness, leading to DX that incorporates not only generative AI but also the latest technologies.

Optimize Operations and IT Through Plan Integration and Implementation Via EA

The Ultimate Aim of EA

- Continue optimization through EA to achieve IT supporting the cycle of cost reductions and profit contribution
- Implement proactive IT by creating extra capacity and system standardization through lean-ness (waste elimination)



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NX's EA has been in the planning stages of optimization since FY2022, and this will last approximately three years. A roadmap for the realization of this future vision has just been developed, with a scope of about five years.

Going forward, the implementation phase will follow that roadmap. While we must deal with issues not only internal to NX but in the IT industry as a whole, such as rising IT costs and depletion of human resources, we intend to thoroughly eliminate waste through the use of platforms and review existing business processes from the perspective of cost reduction.

Using this as a source of funds, we are careful to contribute to business expansion by providing an optimized business infrastructure, as IT that accompanies management and operations, and we intend to implement IT practices that can accompany M&A and other measures.



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