



IR day2024 Session 1 Accelerate Growth in the Global Market

**NIPPON EXPRESS HOLDINGS, INC.
September 13 , 2024**

Forwarding Business Volume Strategy

Forwarding Volume Results

	2024 Jan-Jun Results	2023 Jan-Jun Results	YoY%	2028 Targets
Air Cargo Forwarding Volume	442,000 t	342,000 t	36.4%	1,300,000 t
Ocean Cargo Forwarding Volume	440,000 TEU	350,000 TEU	25.7%	1,400,000 TEU

*YoY% change, excluding CP: Air forwarding +4.2%
Ocean Forwarding +1.8%

cargo-partner (Share)	2024 Jan-Jun Results	2023 Jan-Jun Results (Reference)	YoY%
Air Cargo Forwarding Volume	85,000 t	63,000 t	35.2%
Ocean Cargo Forwarding Volume	84,000 TEU	82,000 TEU	1.4%

Ocean Forwarding Volume Strategy

Market Analysis and Our Responses in Ocean and Air Forwarding

Volume Forecast

Air

With continued growth in e-commerce demand, rising ocean cargo transportation costs, and disruption in the Red Sea, **we expect strong demand growth from Asia to Europe and the US through the second half of 2024; volumes will likely exceed 2023 levels.** At the same time, we expect shipments to Asia from Europe and the U.S. to be about the same level as the previous year.

Ocean

Volume has remained steady overall. Asia-bound flights to the U.S. increased 15.8% year on year (cumulative June total); Asia-bound flights to Europe increased 6.4% year on year (cumulative May total), and intra-Asia flights increased 6.1% year on year (cumulative May total). Meanwhile, cargo movement has slowed. There are concerns that the peak season is shifting ahead of the regular schedule, **and we must monitor trends in logistics demand closely, particularly before the National Day (September) when volumes are expected to expand.**

Freight Rate Trends

Air

Based on strong demand from Asia to Europe and the U.S., freight rates will remain high in the second quarter of 2024 compared to the summer season of previous years. **We expect further fare hikes beginning in the third quarter onward during the peak season; we expect fares to rise not only from Asia, but also from Japan to Europe and the United States.** Meanwhile, we expect stable freight rates from Europe and the U.S.

Ocean

Freight rates on routes from Asia to Europe and the U.S. have soared since the second quarter of 2024 due to the Red Sea crisis and increased cargo volumes; however, rates have shown signs of downward movement due to a slowdown in cargo volumes, mainly from Asia to Europe and the U.S.. On the other hand, **uncertainties, such as a strike on the U.S. East Coast, could have an impact.** At the same time, European and U.S.-bound routes to Asia remained at stable low levels.

Our Measures

Air

- (1) **Implement a range of purchasing measures**, including strengthening purchasing on long-haul routes from Asia
- (2) Expand sales of NX-Japan HUB (transportation from Asia to Europe and the U.S. using space originating from Japan)
- (3) **Improve profitability** through improved revenue management and delving deeper into the small- and medium-sized enterprise (SME) business

Ocean

- (1) **Strengthen bargaining power with shipping companies and secure incentives** by consolidating shipments to core carriers
- (2) **Pursue sales at reasonable prices in line with the purchasing environment** by recognizing fluctuations in purchasing rates rapidly and by accelerating negotiations with customers as early as possible.

Major Strategy in Business Plan 2028 [Accelerate Growth in the Global Market]

Major Strategies and Policies in Business Plan 2028

Basic Policy

- Improve global competitiveness and achieve business growth under groupwide optimization.
- 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.

Revenues

FY2023
¥2,239
billion

FY2028
▶
¥3,000
billion

Business Income

FY2023
¥81.2
billion

FY2028
▶
¥150
billion

ROE

FY2023
4.8%

FY2028
▶
Over 10%

Accelerate Growth
in the Global Market

Rebuild Businesses
in Japan

Overseas sales

FY2023
¥585.5
billion

FY2028
▶
¥1,200 billion

M&A

¥370 billion

Sustainability Management
Promotion

Business Profit Ratio

FY2023
3.9%

FY2028
▶
5.9%

(Logistics Japan)

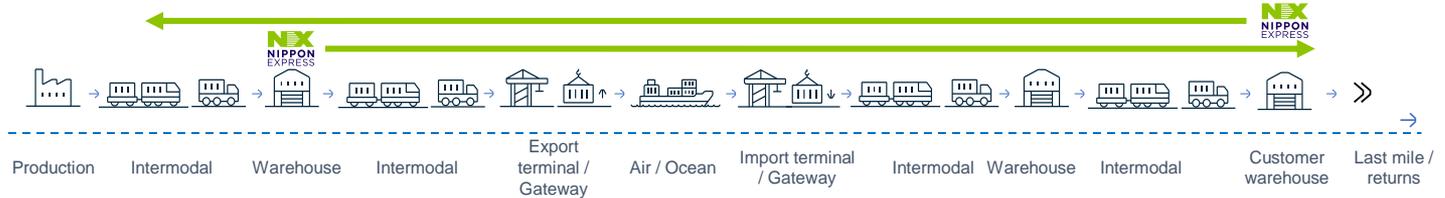
Basic Concept for Accelerate Growth in the Global Market

Provision of Account Management and End to End Solution with the aim of expanding business areas for each customer.

"Secure sales and increase profits from each customer" and "Expand important core account customers"

Expansion of business areas toward each customer

Provision of End to End solution



Sales Aspects
Account Management

- Develop End to End solutions to meet the needs of individual customers

Account management

- Understanding of individual customer needs
- Provision of combination of individual customer-specific solutions and industry-specific platforms
- Expansion of business areas as LLP

Develop individual customer-specific solutions

Develop industry-specific platforms

- Develop platforms for common areas of industries, for the provision of efficient solutions

Solutions Aspect
Services and Operations

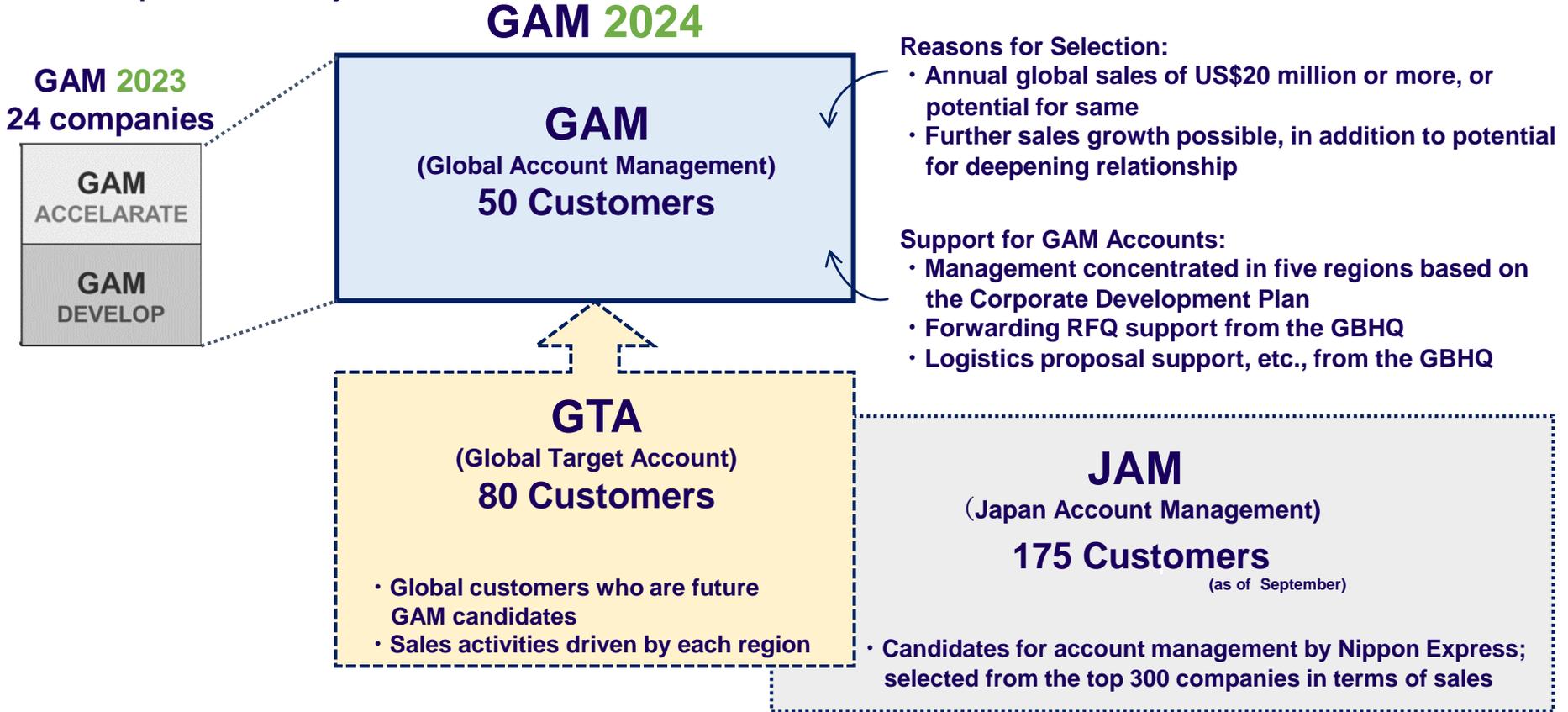
Provision of End to End services and operations

- Establishment of End to End service infrastructure

Develop initiatives from a global perspective

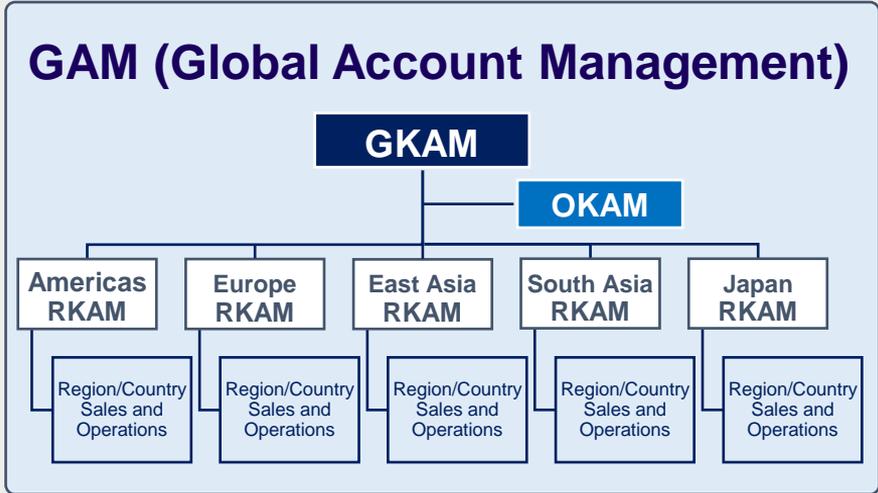
Global Account Management for Major Customers

GAM Composition for Major Accounts



Global Account Management for Major Customers

GAM Structure



The NXHD GBHQ provides overall account management support; a bid response team has been established within the headquarters

GBS

APCC

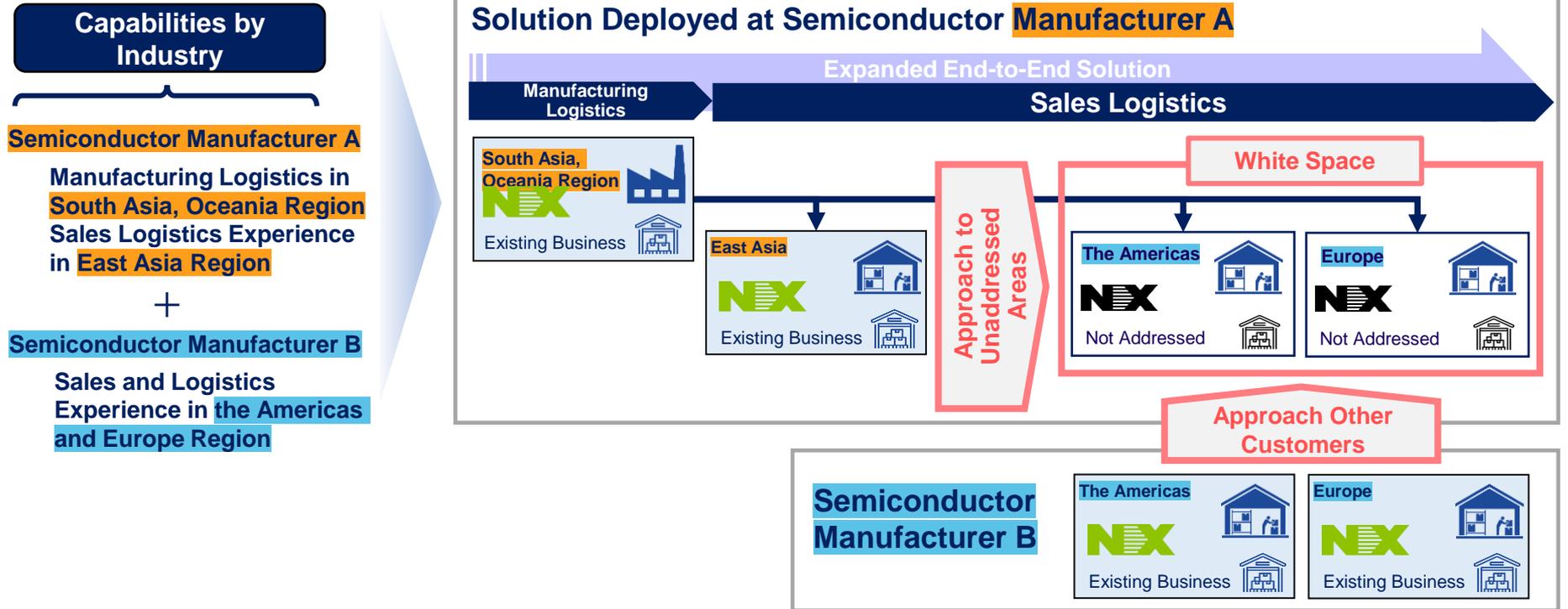
OPCC

Abbreviation	Name	Definition/Description
GKA	Global Key Account	Largest global accounts that require a strategic response
GAM	Global Account Management	Refers to the process and the department/organization Refers to our Global Account Management (GAM) practices and the departments/organizations involved
GKAM	Global Key Account Manager	Customer-oriented strategic global leader responsible for managing all existing and new business opportunities
RKAM	Regional Key Account Manager	Works with GKAM to pursue sales opportunities in the region in question
OKAM	Operational Key Account Manager	Responsible for coordinating RFQ bids, overseeing implementation and operational issues, and supporting GKAM
GBS	Global Business Solution	Team that manages bids centrally to enhance GAM bid response and improve bid quality
APCC OPCC	Air (Ocean) Freight Pricing Competence Center	Global strategic pricing team for GAM bids

Industry-Specific Platforms

Examples of Solutions Deployed in the Semiconductor Industry

- Approach areas not being addressed for existing customers (white spaces)
- Reach out to other customers using industry-specific capabilities accumulated in each region



Initiatives for Priority Industries

NX Group Business Plan 2028 for Priority Industries

Priority Industry		Main Products	2024 Jan-Jun Results	2024 Targets	Progress Toward Targets	2028 Targets
Technology	Core Domains	Electric & Electronics	¥147.7 billion	¥329.5 billion	44.8%	¥400.0 billion
	Growth, Pursuit Domains	Industrial Machinery				
Mobility	Core Domain	Automobile	¥126.8 billion	¥226.0 billion	56.1%	¥260.0 billion
	Growth, Pursuit Domains	Construction & Agricultural Machinery				
		Train, Airplane				
Lifestyle	Core Domain	Apparel	¥73.2 billion	¥129.5 billion	56.6%	¥160.0 billion
	Growth, Pursuit Domains	Furniture, Jewelry, Cosmetics				
Healthcare	Core Domain	—	¥50.9 billion	¥94.5 billion	53.8%	¥130.0 billion
	Growth, Pursuit Domains	Pharmaceutical				
		Medical Devices				
Semiconductor	Core Domain	—	¥26.0 billion	¥51.6 billion	50.4%	¥100.0 billion
	Growth, Pursuit Domains	Semiconductor				

Note: Red text indicates priority industry areas added from the current business plan

Solutions by Industry: Semiconductor Industry

Expanding Our Base in the Semiconductor Industry

- Develop dedicated warehousing facilities (front door warehouses) in close proximity to semiconductor manufacturer plants
- Prepare facilities that meet the needs of customers or regional characteristics and widely respond to the needs of semiconductor manufacturers and other suppliers

(Products Handled)

- Manufacturing and measuring equipment
- Materials handling and tools
- Device maintenance parts
- Wafers
- Chemical solutions
- Semi-finished and finished products (IC)



Solutions by Industry: Semiconductor Industry

Semiconductor Market Expected to Grow Further

Americas

- Government investment under the CHIPS and Science Act in the U.S. accelerated the construction of new semiconductor factories. (Arizona, Texas, Ohio)

Europe

- European semiconductor ecosystem strengthened under European semiconductor laws
- Construction of new semiconductor plants in Dresden, Germany

South Asia & Oceania

- Accelerated movement toward domestic production of semiconductors in the emerging Indian market (Gujarat, Assam)

East Asia

- National semiconductor investment fund established under the Made in China 2025 policy
- Korean government support measures for the semiconductor industry

Japan

- Attracting major semiconductor companies to Japan through large government subsidies, new semiconductor plants, and renovations of existing plants (Hokkaido, Kitakami, Yokkaichi, Hiroshima, Kumamoto)

End-to-End Solutions for the Semiconductor Industry



Solutions by Pharmaceutical/Medical Industry

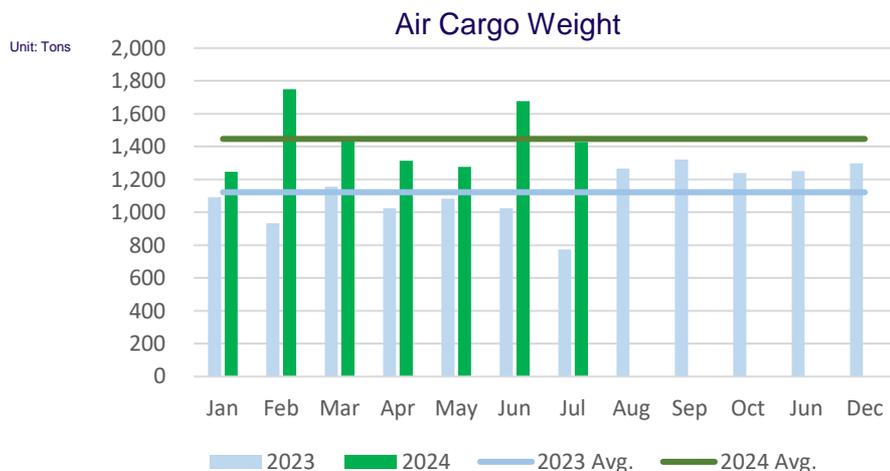
Forwarding Business Growth

Expanded Volume Significantly in Our Mainstay Air Forwarding Business

- 2024 weight results (monthly average) up 29% year on year
- Lanes contributing notably to the increase in weight were from the U.S. to Japan (up 58%) and from India to the U.S. (up 53%).



Growth Through Strength in Domestic and U.S. Logistics Businesses



Measures for Further Growth

Developing End-to-End Solutions

- Strategic partnership with Controlant to enhance transportation monitoring services in support of pharmaceutical industry supply chain optimization



Developing New Services in Growth Areas

- Strategic partnership with Cryoport to strengthen lineup of temperature-controlled transportation services for regenerative medicine



Solutions by Industry: Lifestyle Industry

Expand Lifestyle Merchandise

- Extend NX Italy expertise and experience across the group
- Expand into furniture and other merchandise

NX Italy Fashion DC



NX Vietnam Furniture Sales DC



Sustainability Compliance

- Collaboration with ECOMMIT (clothing recycler) to develop a resource recycling service



Advanced Logistics Solutions

- Labor-saving and efficiency improvement proposals using automated warehouses, etc.
- Warehousing proposals offering centralized management of products for stores and e-commerce

Examples of work automation and RFID use



Centralized management in the same warehouse



DC For stores EC For individuals

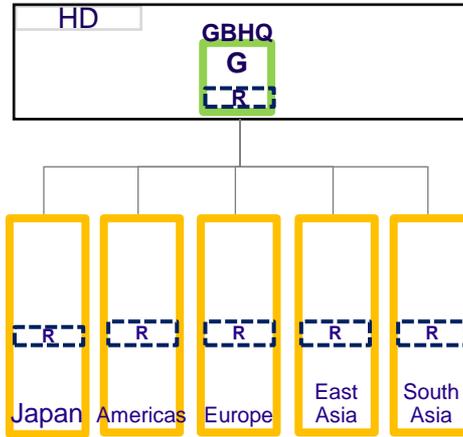
Inorganic Growth Through M&A

- Create synergies with TRAMO, acquired in 2023
- The two companies collaborated to win contracts for transporting high-end furniture to Japan



Strengthening GBHQ structure to accelerate overseas growth

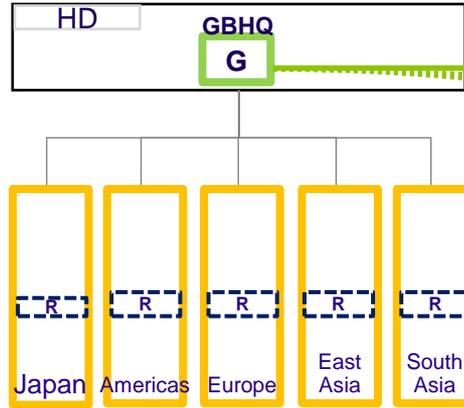
Day 1.5 (2022.7.1)



*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.

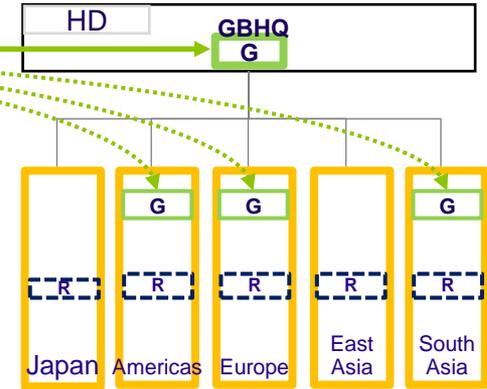
Day 3.0 (2024.1.1)



*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.

Future Directions



*GBHQ will be structured so that all personnel responsible for overseeing global operations work as if they were working in the same office, regardless of which country they are located in.

-> Reduce constraints on obtaining the right talent and allocating personnel, improving organizational functionality.

As part of the optimal allocation of GBHQ functions or personnel, personnel are deployed to countries such as the Netherlands, Singapore and the Philippines.

The Importance of "M&A" and the "Indian Market" for Accelerating Growth

Implement PMI for cargo-partner

Establish position as a leader in the NX Group's Eastern European business

- Create group synergy
- Expand existing and new global customers
- Reduce costs by integrating functions of European, China and American sites

Establish presence in Indian market

Potential of the Indian subcontinent as a new region

- Expand domestic logistics business structure in India with the aim of capturing growth in the Indian economy
- Develop global supply chain with India as the base
- Enhance global logistics functions of "Indian subcontinent"
- Strategic expansion and enhancement of Middle East and African trade lanes departing from India

Europe region

- Expand business in the Middle East, Africa, Northern Europe, and Eastern Europe
- Implement PMI for acquired companies
- Expand businesses across Trans-Atlantic lanes
- Expand lifestyle-related logistics business with Italy as the base of origin

East Asia region

- Expand forwarding volume in the mobility industry
- Expand contract logistics business for semiconductor and healthcare
- Shift production sites to ASEAN countries and capture Chinese companies with plans to expand overseas as global brands

Americas region

- Expand forwarding business in Trans-Atlantic, Latin American lanes
- Expand domestic and cross-border truck transportation business
- Expand contract logistics business for mobility and healthcare

South Asia and Oceania region

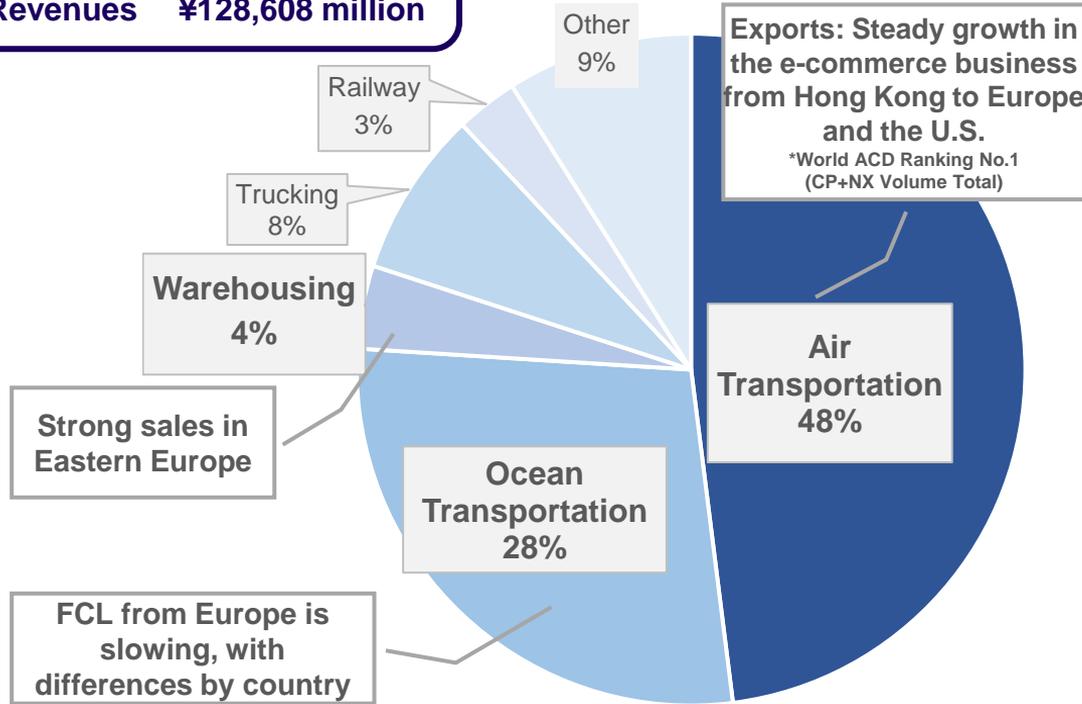
- Expand business in the Indian subcontinent and Indian Ocean Rim
- Expand forwarding volume in trade lanes for Europe and U.S. and within Asia
- Expand warehousing and trucking business with an understanding of market growth in each country in the region, partly as a response to the China-plus-one trend

Growth Through M&A: cargo-partner Strengths

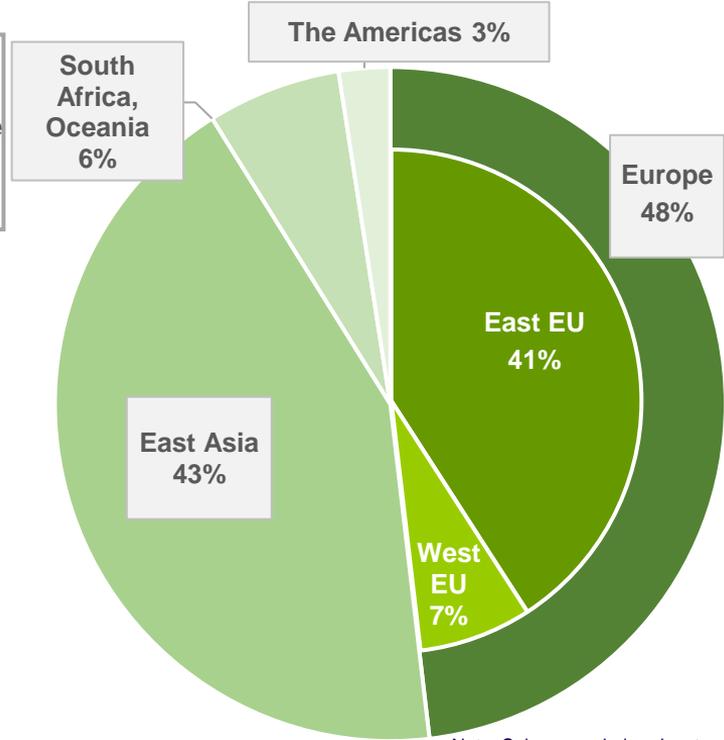
Revenues by Business Segment/Region

cargo-partner
Jan-Jun 2024
Revenues ¥128,608 million

By Business Segment



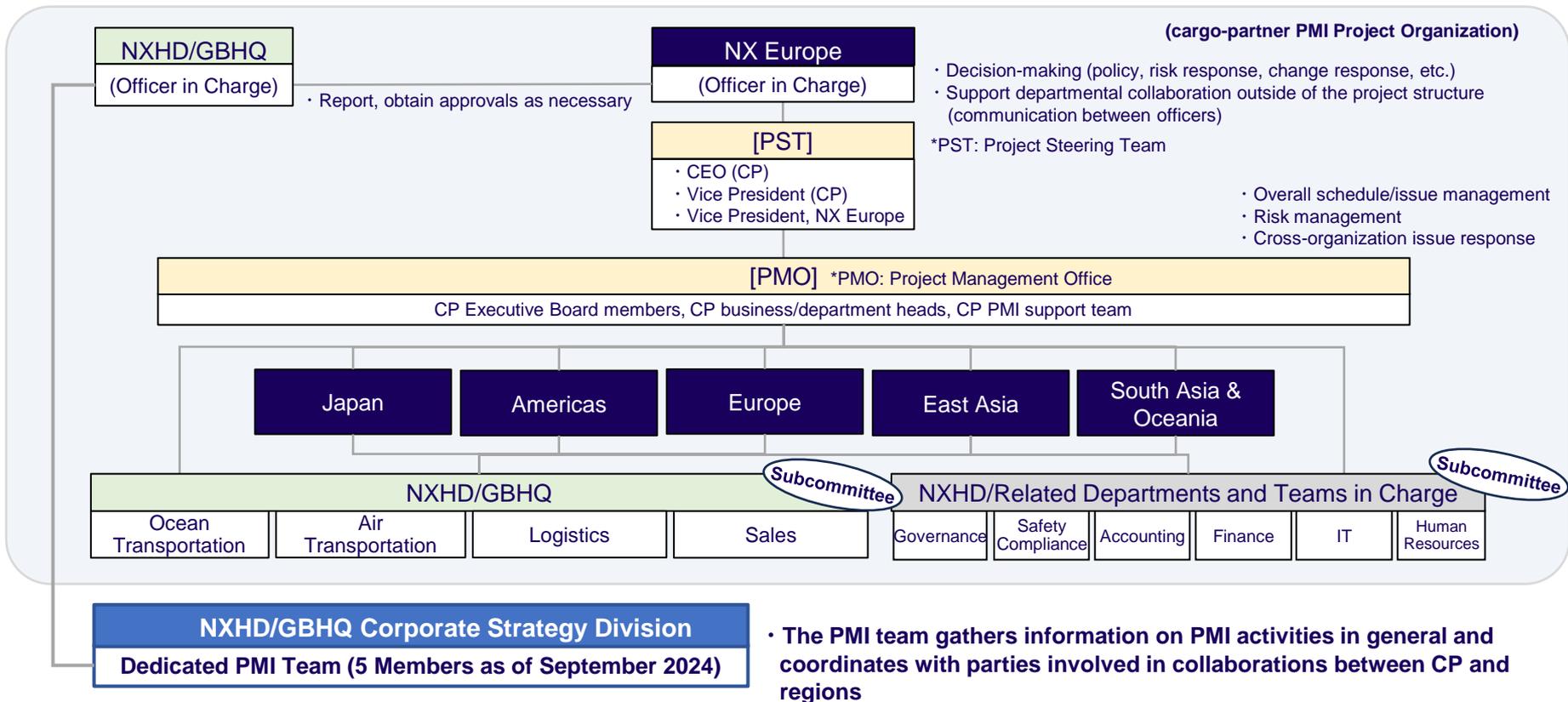
By Region



Note: Sales recorded on Incoterms basis

Growth Through M&A: PMI with cargo-partner to Create Synergies

PMI System Dedicated PMI Team at the GBHQ



Growth Through M&A: PMI with cargo-partner to Create Synergies

Impact on Forwarder Ranking (Volume)

Global Air Freight Forwarders Ranking in 2024

A&A Rank	Provider	2023 Air Metric Tons
1	Kuehne + Nagel	1,983,000
2	DHL Supply Chain & Global Forwarding	1,672,000
3	DSV	1,305,827
4	DB Schenker	1,148,000
5	Sinotrans	902,000
6	UPS Supply Chain Solutions	783,000
7	Expeditors	782,000
8	Nippon Express	693,546
9	AWOT Global Logistics Group	590,000
10	Hellmann Worldwide Logistics	575,000
11	Kerry Logistics	556,823
12	Kintetsu World Express	504,080
13	CEVA Logistics	450,000
14	Bolloré Logistics	350,000
15	CTS International Logistics	319,921
16	GEODIS	308,489
17	Maersk Logistics	295,000
18	Morrison Express	268,469
19	Crane Worldwide Logistics	267,400
20	C.H. Robinson	266,475

Source : Armstrong & Associates, INC.

(Reference) CP Air Freight Volume Ranking from Hong Kong
2024 (Q1): 1st 2023 (Yr) 5th 2022 (Yr) 4th

Global Ocean Freight Forwarders Ranking in 2024

A&A Rank	Provider	2023 Ocean TEUs*
1	Kuehne + Nagel	4,338,000
2	Sinotrans	4,309,636
3	DHL Supply Chain & Global Forwarding	3,089,000
4	DSV	2,519,295
5	DB Schenker	1,783,000
6	Nippon Express	1,698,161
7	LX Pantos	1,537,000
8	C.H. Robinson	1,353,750
9	Kerry Logistics	1,261,775
10	CEVA Logistics	1,150,000
11	GEODIS	961,084
12	Hellmann Worldwide Logistics	920,000
13	CIMC Wetrans Logistics	884,734
14	Worldwide Logistics Group	871,373
15	CTS International Logistics	837,548
16	Fr. Meyer's Sohn	800,000
17	Expeditors	791,700
18	Savino Del Bene	735,000
19	Kintetsu World Express	724,129
20	OOCL Logistics	680,000

Source : Armstrong & Associates, INC.

cargo-partner
Approximately
300,000 TEU

TRAMO
ART IN MOTION

cargo-partner
218,607

Growth Through M&A: Example of Synergies With cargo-partner

Creating Quick Wins: Key Results in the First Half of 2024 (Business)

Forwarding

Ocean Cargo:

- New incentive program based on the combined volume handled by both companies (for European and major Japanese shipping lines)

Air Cargo:

- Switch from Japanese competitor to NX to use CP agency services
- Joint mixed-load transportation by both companies
- Information visualization (e.g., fares and gateway costs)
- Began handling CP cargo at NX U.S. base (Chicago Export CFS) and NX China base (Shanghai Import CFS)

Logistics

Contract Logistics:

- Decided to integrate CP bases (beginning Q4) into NX America bases (Chicago 515 warehouse)
- Launched truck operations agency managed by NX America (FTL/LTL)
- Using NX warehouses in Taiwan and South Korea effectively on a project-by-project basis; considering the integration of NX Hong Kong warehouses and CP leased warehouses
- Winning new projects in Eastern Europe for major NX customers



Sales

- Launched joint efforts for sales to global accounts (GAM/GTA).

East Asian electrical and electronics manufacturer (procurement and transportation to Europe)
East Asian tire manufacturer (Serbia plant-related transportation), etc.
- Launched joint bidding for key customers

European transportation equipment manufacturer
European decorative product manufacturer
European medical device manufacturer
East Asian pharmaceuticals manufacturer, etc.

Examples of Wins

CP lead customer bid for 200 tons of air freight per year to Budapest in collaboration with NX Philippines

Structural Reform, etc.

- Reorganization of CP locations
Began considering reorganization and integration of multiple bases in the same country to improve efficiency and synergies under the NX Group banner
- NX Brand Acceptance
Increase recognition of the NX brand by using the CP brand logo alongside the NX brand name



Growth Through M&A: Example of Synergies With cargo-partner

Second-Half 2024 Measures (Business)

Forwarding

- **Air Forwarding**
Joint sales of charter aircraft space from Hong Kong to Europe
Global airline RFQ based on combined volume of both companies, etc.
- **Ocean Forwarding**
Joint sales of CP LCL transportation products
New transportation products (e.g., hazardous materials consolidation)
Build relationships with core/preferred carriers based on combined volume of both companies, contract renegotiations, etc.
- **Railway Transportation**
Joint sales of CP LCL service (from China to Europe)

Logistics/Sales

- **Contract Logistics**
Improve empty warehouse space
- **Strengthen Trade Lane Management** (shared ocean/air)
 - Lanes to/from Japan
 - Lanes to/from Atlantic Ocean
 - Lanes to/from India, the Americas
- **Organize CP/NX Country Agencies**
Switch to CP or NX operating company
Consolidation of CP/NX agencies, etc.
- **Develop Guidelines for Sales Activities and Sales Prices**
Develop and communicate guidelines for handling between CP/NX in situations of disclosure/sharing related to joint sales, joint purchases, and sales prices

IT Information Coordination/Business Improvement

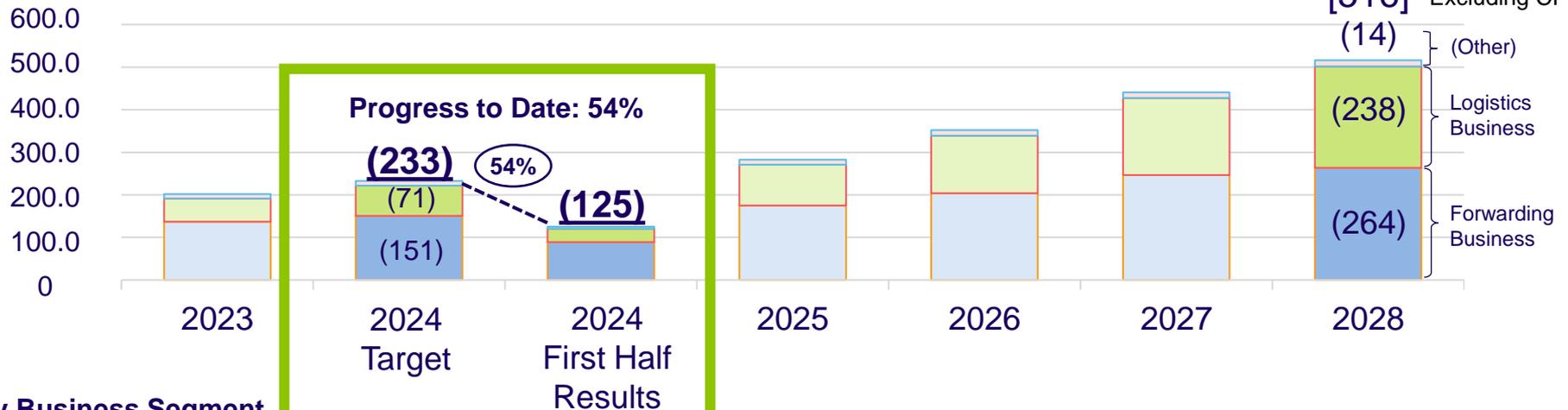
- **CP-NX Intra-IT Development**
Review, link, and improve systems, including EDI linkage in the shipping business performed by NX Canada (first project)
 - Shared software use
 - CRM linkage
- **Reorganize CP Headquarters Functions**
Integrate Four Austrian HQ bases
- **Reorganize CP locations**
Consider and implement the reorganization and integration of multiple bases in the same country to improve efficiency and synergies under the NX Group banner

NX India Group Management Plan Targets and Progress Toward 2028

(Exchange rate: 1 INR = 1.71 JPY)

Revenues

(100 million yen)



KPI by Business Segment

	2023 Results	2024 Target	2024 First Half Results	2025 Target	2026 Target	2027 Target	2028 Target
Air Export (Ton)	13,732	16,476	7,968 (48%)	20,169	24,690	30,225	37,000
Ocean Export (TEU)	29,102	33,576	13,442 (40%)	38,820	44,884	51,894	60,000

Medium- to Long-Term Growth Strategy for Establishing a Strong Presence in the Indian Market

Business Focus

Strengthen Forwarding Business

- Trade Lane Management
- Assign a person responsible for trade lane development
 - Set targets for each trade lane
 - Strengthen ties with other regions

Increase two-way forwarding volume with an eye on expansion into the Middle East and Africa

Strengthen Domestic Logistics

- Strengthen Operational Capabilities
- Strengthen operational execution capabilities
 - Strengthen operational design capabilities
 - Strengthen IT infrastructure (WMS / TMS)

Strengthen operations and IT infrastructure for standardization, efficiency, and high quality

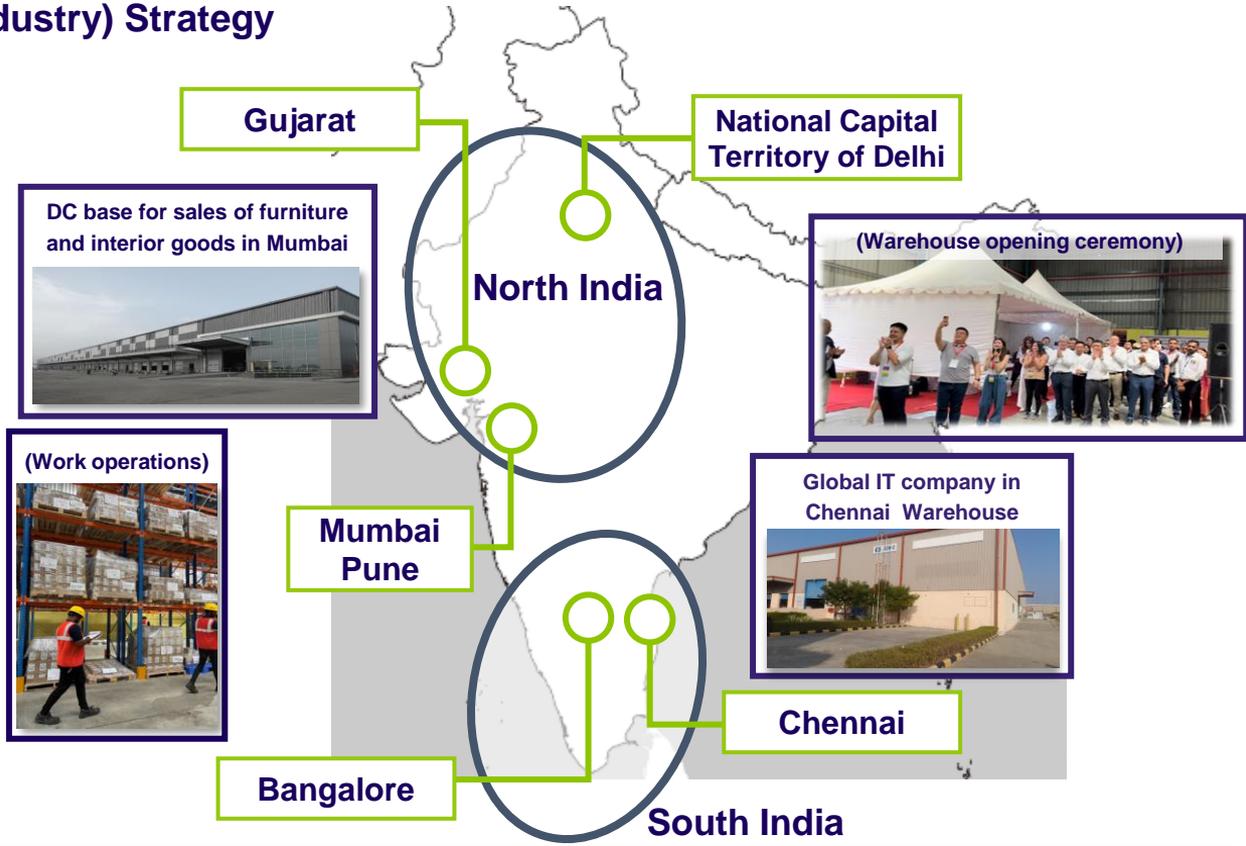
Industry Focus

**Strengthen sales in priority areas and industries in India, supported by stronger account management
→ Growth Cluster Strategy**

Medium- to Long-Term Growth Strategy for Establishing a Strong Presence in the Indian Market

Establish Growth Cluster (Area x Industry) Strategy

Priority Areas	Priority Industry
North India	Semiconductors
	Mobility
	Healthcare
South India	Technology (air conditioners, electronic components)
All of India	Lifestyle





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