

We Find the Way

 **NIPPON EXPRESS**

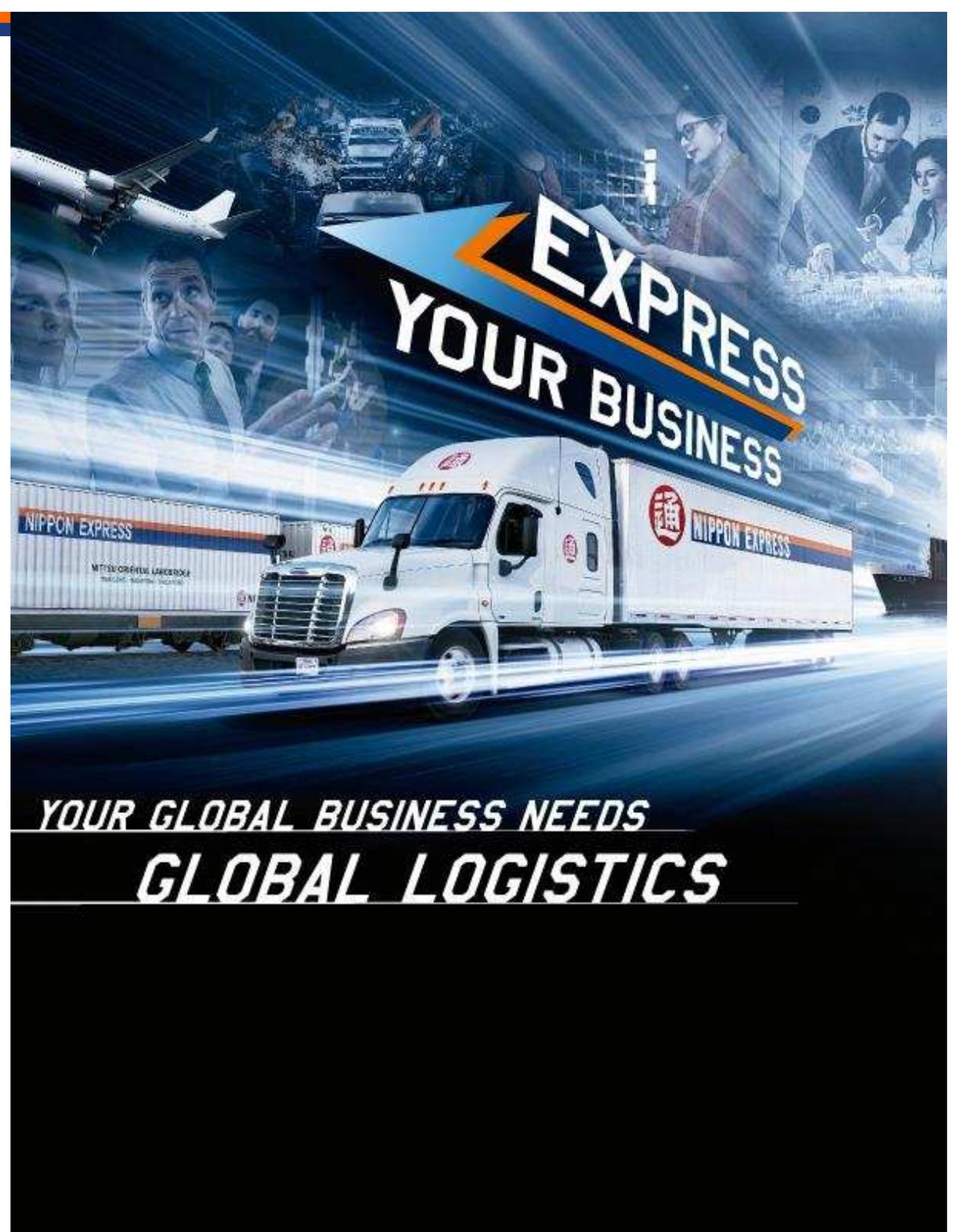
# IR Presentation Materials

**Session 2  
Strategy to Enhance Domestic  
Businesses in Japan**

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August 26, 2020

Nippon Express Co., Ltd.



# Measures for the Strategy to Enhance Domestic Businesses in Japan



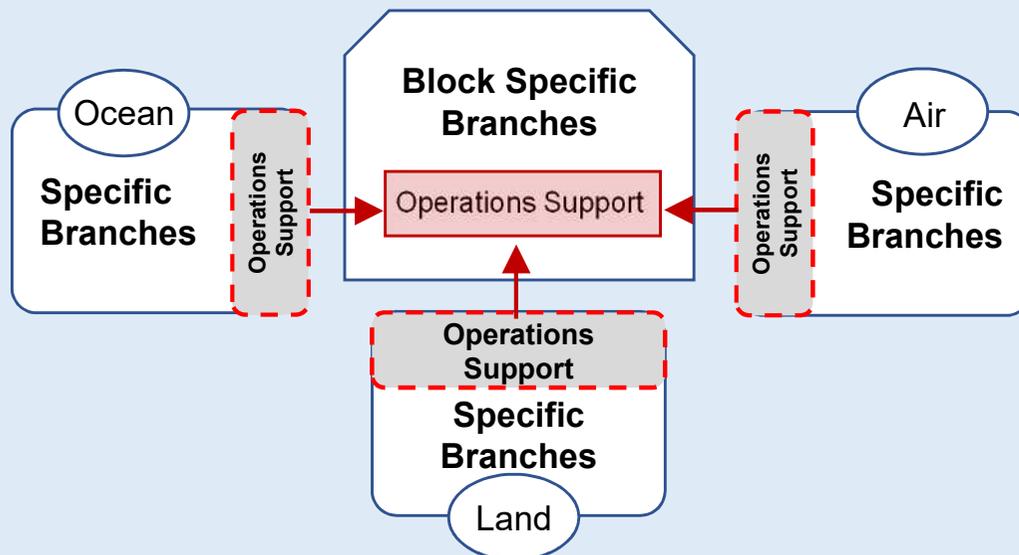
## Initiatives

- (1) Further Personnel Reassignments
- (2) Automate and Streamline Administrative Tasks
- (3) Introduce Labor-Saving Measures And Automation
- (4) Strengthen Integration of Land, Sea, and Air
- (5) Strengthen Sub-Agent Operations
- (6) Expand Sales of New Products
- (7) Structural Reform of The Moving & Relocation Business
- (8) Improve Efficiencies in Small-Lot Shipments
- (9) Fee Revisions for the With-COVID-19 Era
- (10) Maximize Cost Reductions and Company Strengths

# (1) Further Personnel Reassignments (Reduce Back Office Personnel)

## ■ Reorganize offices and streamline administrative work to reduce back office employees; reassign employees to sales departments

- FY19 Reduced 116 positions
- Continue to consolidate operations support offices by block, specific branches
- FY20 Plan to reduce approximately 100 positions in branch back office functions
- Also plan to reduce 100 positions at HQ
- Move further in adopting RPA, other administrative streamlining



FY19 to FY20  
 Sales Divisions,  
 Priority Industries  
 Reinforce Overseas,  
 Workplace Capabilities  
 (Approx. **300** people)

## (2) Automate and Streamline Administrative Tasks

### ■ Pursue RPA through 2WAY at company level and worksite level

#### Streamline company-level administrative tasks via RPA

- Develop and implement robots through HQ consolidation and leadership (Information Technology Promotion Division)
  - Operations analysis and standardization coordinated with on-site personnel
  - 608 robots in operation (as of the end of July 2020)

#### Streamline work site administrative tasks via simplified RPA

- Develop and implement simplified robots in conjunction with improved on-site administrative tasks
  - Begin automation tailored to needs of each work site
  - Simplified initial designs and specification changes after release
  - Assign responsible personnel to domestic blocks (50 people) and advanced model branches (10 branches)

## (3) Introduce Labor-Saving Measures and Automation

■ Pursue labor savings and automation through advanced technology; improve capabilities related to profitability, quality, and DX

### 1. Improve productivity for increased profits

(increase sales through expanded processing capacity, reduce operating costs)

### 2. Improve quality of operations

(Utilize IoT, robotics, AI, etc., to reform operations)

### 3. Strengthen response to With-COVID-19 era and labor shortages

(ensure social distancing, pursue labor savings)



- ✓ Assign total of **60** people to be responsible for operational advancements and efficiencies across **34** branches in Japan
- ✓ Assign total of **20** people to be responsible for operational labor savings and automation across **16** branches in Japan
- ✓ Establish a labor-savings and automation model by industry and business type; expand models gradually company-wide.

## (4) Strengthen Integration of Land, Sea, and Air



### ■ Sales team reorganization

Restructure integrated land/ocean/air sales teams by customer, industry, and business

### ■ Use locations, facilities effectively

Consolidate sales division offices, share/consolidate operating locations and facilities; reassign to other locations within areas



### Integration

### ■ Pursue cooperative operational structure

Share vehicles effectively for higher loading and operating capacity; share information related to empty warehouse space; etc.



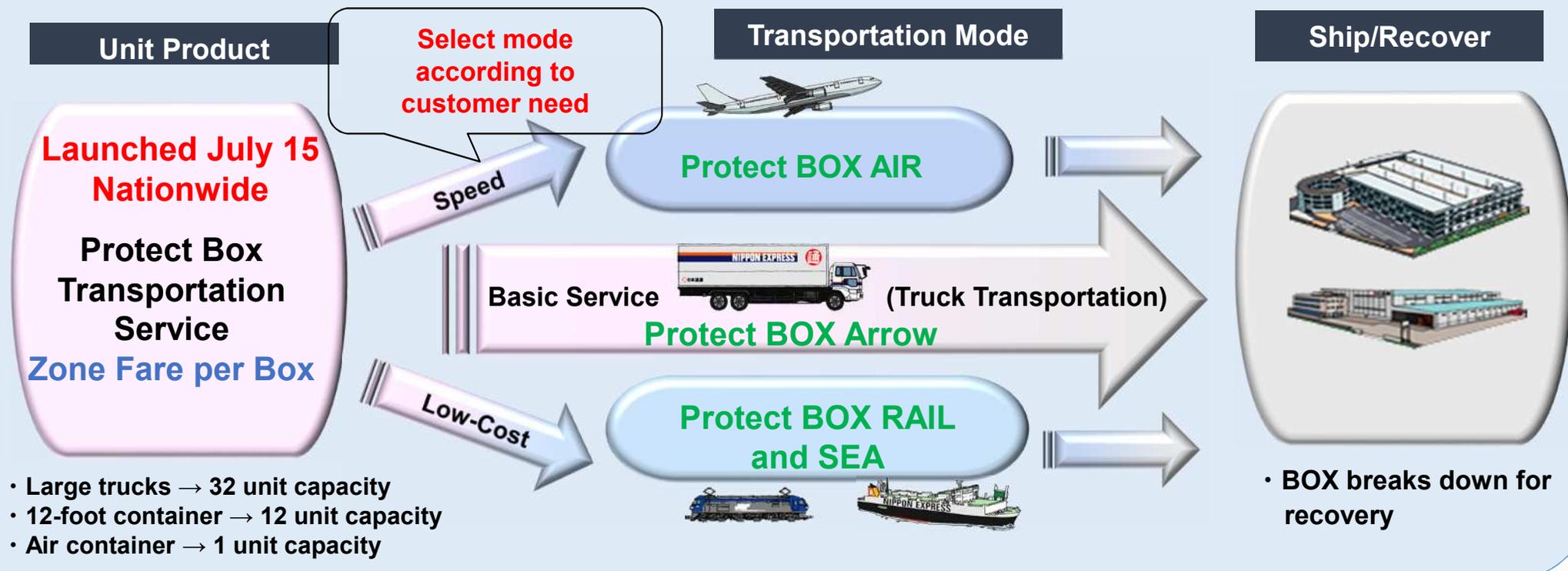
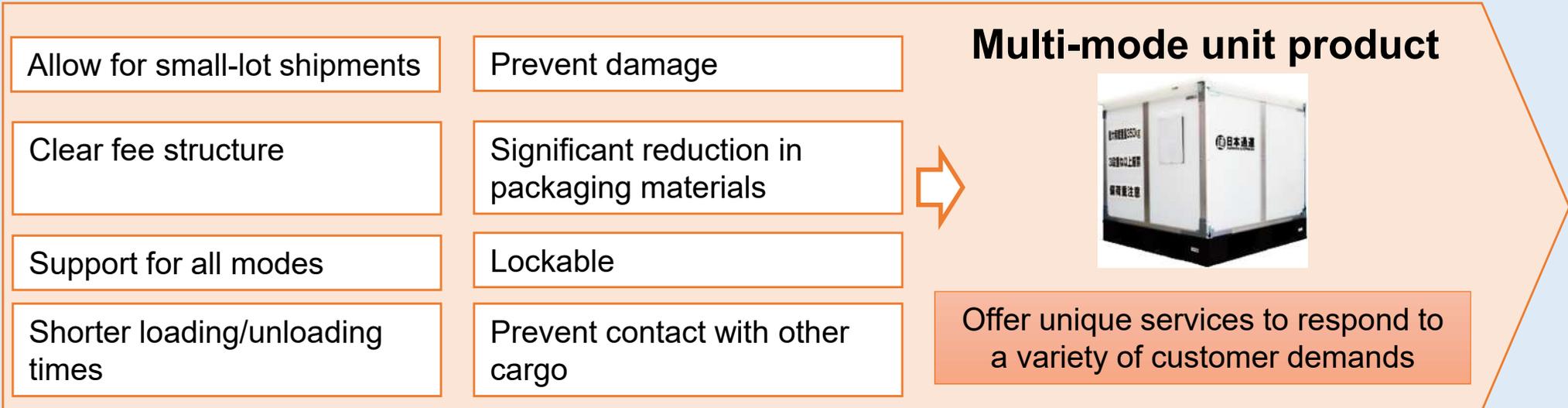
## (5) Strengthen Sub-Agent Operations

- Maximize group work force through work-style reform and labor laws

### Maximize Group Synergies

- Maximize company (group) strengths (personnel, vehicles) to reduce outsourcing costs and implement cost controls ⇒ toward greater sub-agent operations
- Strengthen management in terms of labor hours, same pay for same work (work-style reform), and compliance

# (6) Expand Sales of New Products (NEX-NET Product BOX)



## (7) Structural Reform of the Moving & Relocation Business

### ■ Develop system that leverages our advantages

#### Hire more Moving & Relocation workers (skilled workers)

Hire more planners

Increase to 441 in Japan

Expand workforce

Increase to 786 in Japan

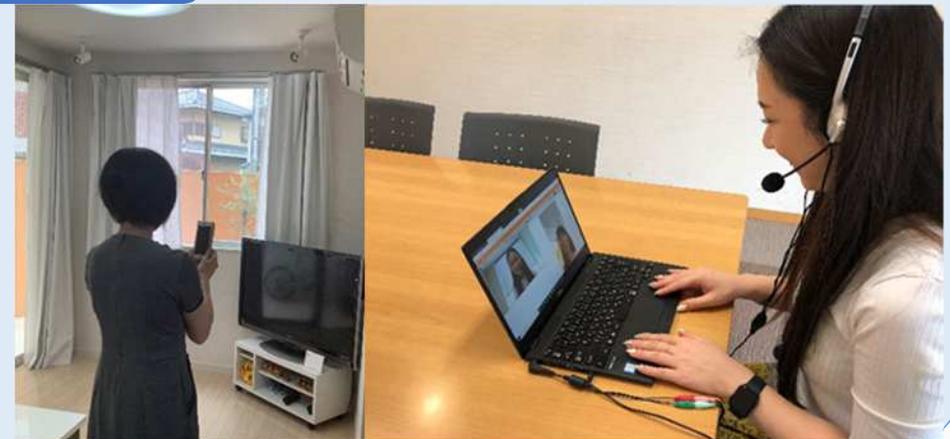
- Conduct pre-inspections, capture weekend (Fri/Sat/Sun) demand (increase number of jobs)
- Implement more detailed combinations of operations (increase profitability)

#### Adopt *Remomi* remote estimate system July 1~

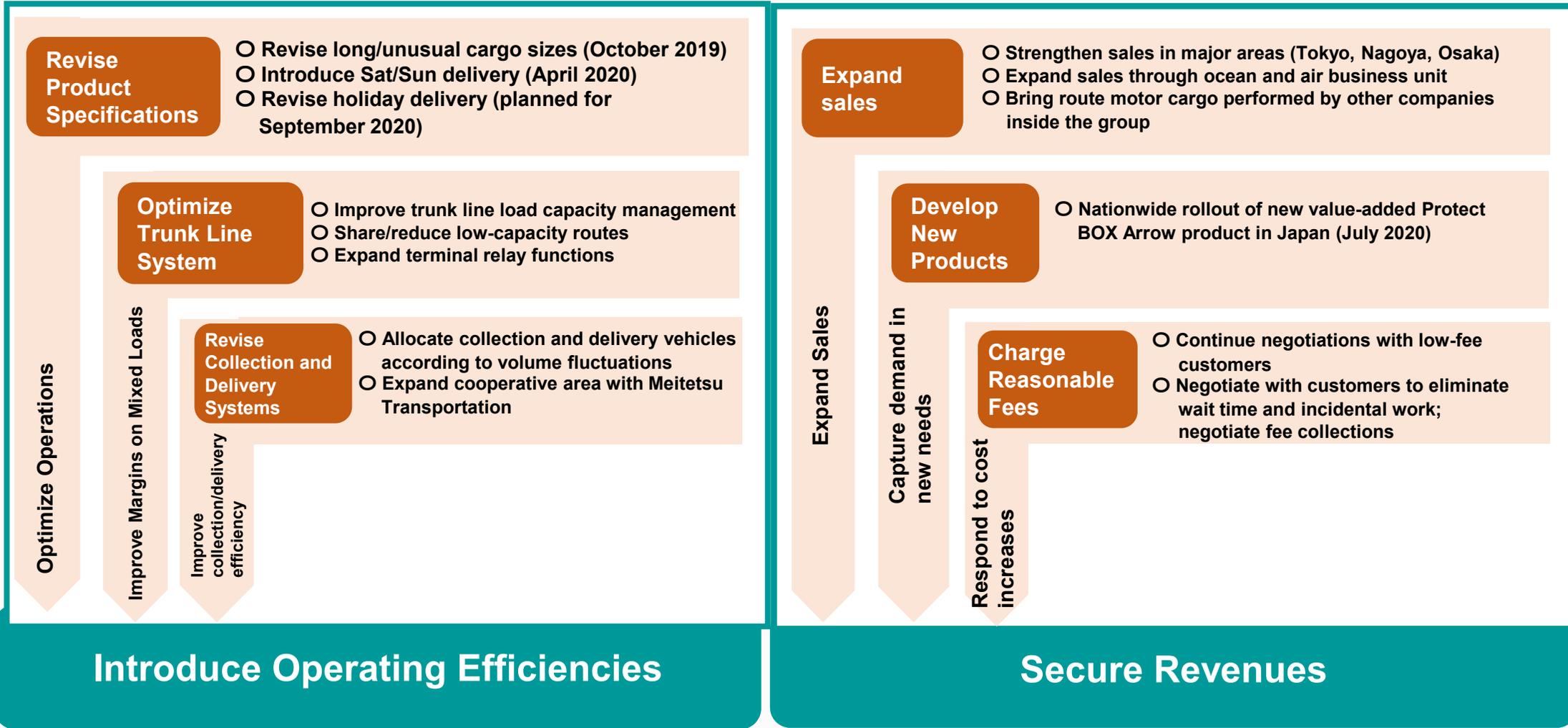
Perform pre-inspections tailored to customer availability

New style of moving in the With-COVID-19 era

Adopt digital technologies for improved productivity



# (8) Improve Efficiencies in Route Motor Transportation Business



**Improve Efficiencies in Route Motor Transportation Business**

## (9) Fee Revisions for the With-COVID-19 era

### ■ Continue to persevere in our efforts despite the challenges of the COVID-19 pandemic

- Propose new products and services
- Increase prices in real terms through cost reductions by changing cargo handling operations, changing routes, improving wait times, etc.

## (10) Maximize Cost Reductions and Company Strengths

- Leverage company (group) land/ocean/air strengths (personnel, vehicles) to the fullest, reducing outsourcing costs, and strengthening daily cost controls
- We are revising business process plans (cost reductions) for a With-COVID-19 world and expending our best efforts



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