

We Find the Way

 **NIPPON EXPRESS**

IR Presentation Materials

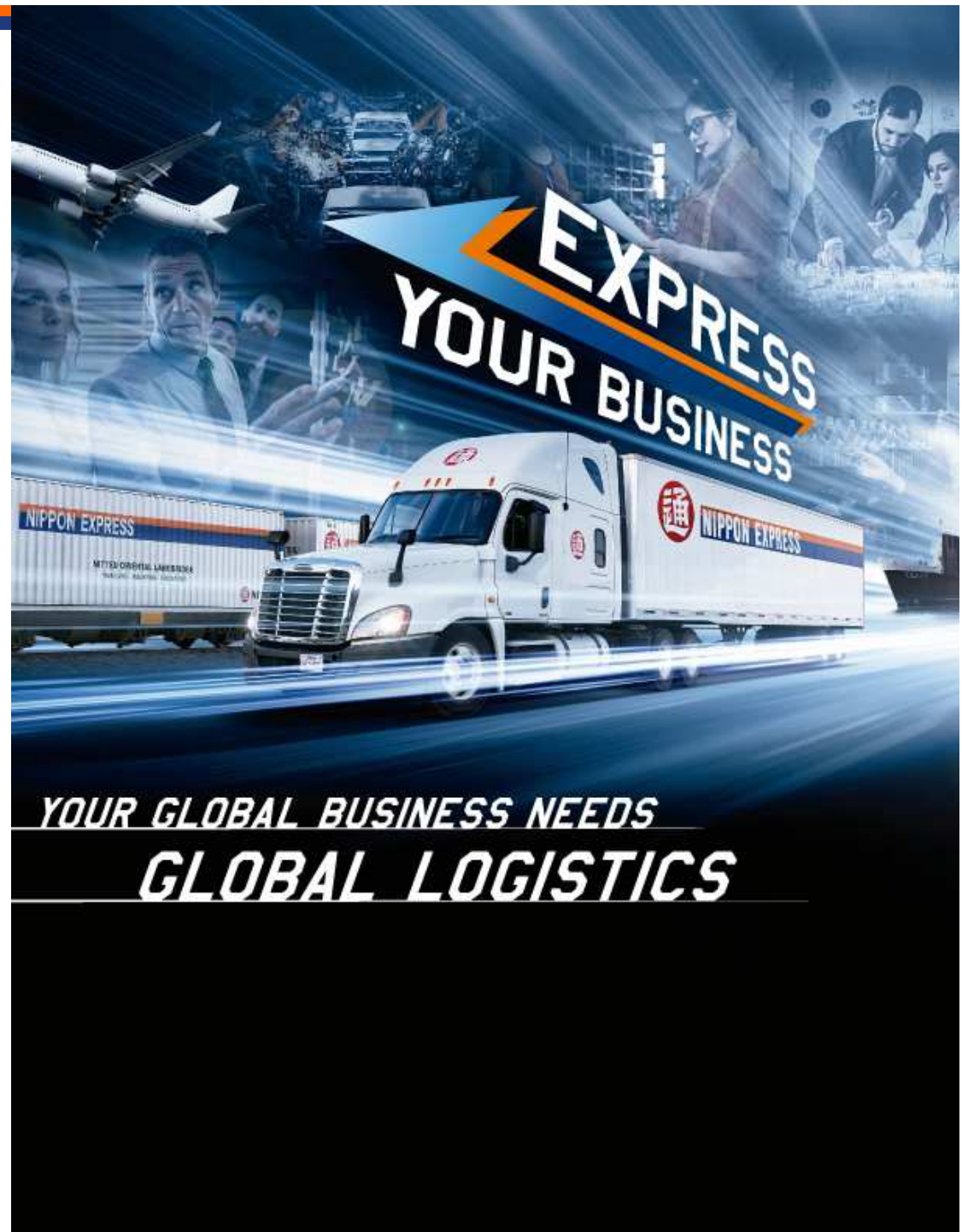
Session 1

Growth Strategy of Core Businesses

**Takaaki Ishii, Executive Vice
President, COO, and
Representative Director**

August 26, 2020

Nippon Express Co., Ltd.



Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Priority Industries

Initiatives and Outlook

[Japan]

| | FY2018 Results | FY2019 Results | FY2020 Forecast (A) | FY2023 Targets (B) | Progress (%) (A÷B) |
|------------------------------------|----------------|----------------|---------------------|--------------------|--------------------|
| Electric and Electronics | ¥115.0 billion | ¥103.8 billion | ¥99.0 billion | ¥120.0 billion | 82.5% |
| Automotive | ¥80.0 billion | ¥66.2 billion | ¥53.5 billion | ¥110.0 billion | 48.6% |
| Apparel | ¥16.0 billion | ¥15.6 billion | ¥17.0 billion | ¥24.5 billion | 69.4% |
| Pharmaceutical/ Medical | ¥16.0 billion | ¥14.7 billion | ¥15.0 billion | ¥36.0 billion | 41.7% |
| (Total) | ¥227.0 billion | ¥200.3 billion | ¥184.5 billion | ¥290.5 billion | 63.5% |

*Japan revenue represents results from April through March (12 months)

*FY2020 progress toward FY2023 targets

*FY2023 targets to be revised during FY2020

Nippon Express Group Business Plan 2023

“Dynamic Growth” Numerical Targets & Goals

Priority Industries

Initiatives and Outlook

[Overseas]

| | FY2018 Results | FY2019 Results | FY2020 Forecast (A) | FY2023 Targets (B) | Progress (%) (A÷B) |
|------------------------------------|----------------|----------------|---------------------|--------------------|--------------------|
| Electric and Electronics | ¥105.0 billion | ¥107.8 billion | ¥109.5 billion | ¥145.0 billion | 75.5% |
| Automotive | ¥59.0 billion | ¥68.0 billion | ¥61.5 billion | ¥110.0 billion | 55.9% |
| Apparel | ¥48.0 billion | ¥54.1 billion | ¥43.0 billion | ¥80.0 billion | 53.8% |
| Pharmaceutical/ Medical | ¥10.0 billion | ¥10.2 billion | ¥11.0 billion | ¥40.0 billion | 27.5% |
| (Total) | ¥222.0 billion | ¥240.1 billion | ¥225.0 billion | ¥375.0 billion | 60.0% |

*Overseas revenue represents results from January through December (12 months)

*FY2020 progress toward FY2023 targets

*Figures for FY2019 overseas results have been revised

*FY2023 targets to be revised during FY2020

Growth Strategy for Core Businesses Approach Based on Customer (industry)

Establish a platform that responds to changes in, and the characteristics of,
priority industries
(⇒ *New Normal*, Next-Generation Social Needs)

Electric and electronics industry

- Increasing demand for electronic parts with the spread of IoT

- ⇒ Respond to social acceleration in remote work, automation
- ⇒ Strengthen sales to global companies in response to increased demand for 5G base stations and servers

Automotive industry

- Build distribution networks for production parts
- Changes in supply chains with the popularization of electric vehicles

- ⇒ Expand warehouses at factory entrances and respond to changes in the procurement of production parts
- ⇒ Strengthen next generation technology (CASE) sales to suppliers

Apparel industry

- Business development in luxury apparel and fashion areas using the capabilities of acquired company in Europe
- Business development in fast-fashion cargo in Asian and other emerging markets

- ⇒ Strengthen synergies in North America and Asia according to market recovery
- ⇒ Strengthen warehouse operations in conjunction with e-commerce sales expansion

Pharmaceutical/medical industry

- Business model demands following the adoption of tightened GDP*¹ guidelines

- ⇒ Build an open digital platform
- ⇒ Support high-quality forwarding in response to COVID-19 vaccine development and pharmaceutical transportation

Semiconductor industry

- Business development in the rapidly-growing semiconductor industry

- ⇒ Increased vehicle demand in response to demand for storage memory related to remote work and implementation of CASE
- ⇒ Capital investment in global semiconductor production and logistics

*1 GDP: Good Distribution Practice for pharmaceutical products

Growth Strategy for Core Businesses Approach Based on Customer (industry)

Establish a platform that responds to changes in, and the characteristics of, priority industries

| | Target area | Services/Platforms |
|-----------------------------------|---|--|
| Electric and Electronics industry | Deliver 5G base stations and servers manufactured overseas to points throughout Japan | Integrate transport services combining overseas forwarding to Japan and our Japanese nationwide network |
| Automotive industry | Warehousing at the entrance to manufacturing sites overseas | High value-added operations in warehouses at the entrance to manufacturing sites |
| | Mega-supplier logistics for next generation technology (CASE) (Japanese and non-Japanese customers) | Expand ocean forwarding to support manufacturing logistics |
| Apparel industry | Warehouse logistics services for luxury fashion customers in North America and Asia | Horizontal expansion of logistics services for luxury fashion warehouses currently being introduced in Europe |
| | Sales logistics in Japan and overseas responding to growing e-commerce demand | Horizontal expansion of warehouse operations for e-commerce sales currently being introduced in Japan and Asia (automation, labor savings) |
| Pharmaceutical/ Medical industry | High-quality international forwarding in line with GDP | Forwarding platform that provides advanced traceability |
| | Build a digital platform to support logistics and commercial distribution | Pharmaceutical logistics platform - NEX Pharma - |
| Semiconductor industry | Manufacturing logistics for overseas semiconductor manufacturing sites | High quality forwarding platform |

Growth Strategy for Core Businesses Approach Based on Customer (Industry)

Strengthen sales to global customers (non-Japanese companies) (GAM/GTA)

| | FY2018 Results | FY2019 Results | FY2020 Forecast (A) | FY2023 Targets (B) | Progress (%) (A÷B) |
|--|----------------|----------------|---------------------|--------------------|--------------------|
| Expanding non-Japanese customers (GAM/GTA) | ¥26.0 billion | ¥29.9 billion | ¥36.6 billion | ¥43.0 billion | 85.1% |

*Progress toward the FY2020 forecast compared to FY2023 targets

Of the ¥36.6 billion in GAM/GTA sales for FY2020 (forecast), we project sales of ¥7.5 billion sales in Japan and ¥29.1 billion overseas

(Reference) Sales and sales composition to non-Japanese customers (billion yen)

| | FY2018 | | | FY2019 | | |
|----------------------|---------------|------------------------|-------------------|-------------|------------------------|-------------------|
| | Total revenue | Non-Japanese companies | Composition ratio | Total sales | Non-Japanese companies | Composition ratio |
| Japan* | 1,154.8 | 90.9 | 8% | 1,119.2 | 93.1 | 8% |
| Overseas total | 428.1 | 186.7 | 44% | 412.6 | 198.0 | 48% |
| The Americas | 98.7 | 41.5 | 42% | 91.1 | 38.6 | 42% |
| Europe | 114.8 | 61.8 | 54% | 119.3 | 83.9 | 70% |
| East Asia | 122.8 | 59.8 | 49% | 112.0 | 51.4 | 46% |
| South Asia & Oceania | 91.9 | 23.5 | 26% | 90.1 | 24.1 | 27% |

*Japan revenue is for Nippon Express (non-consolidated)

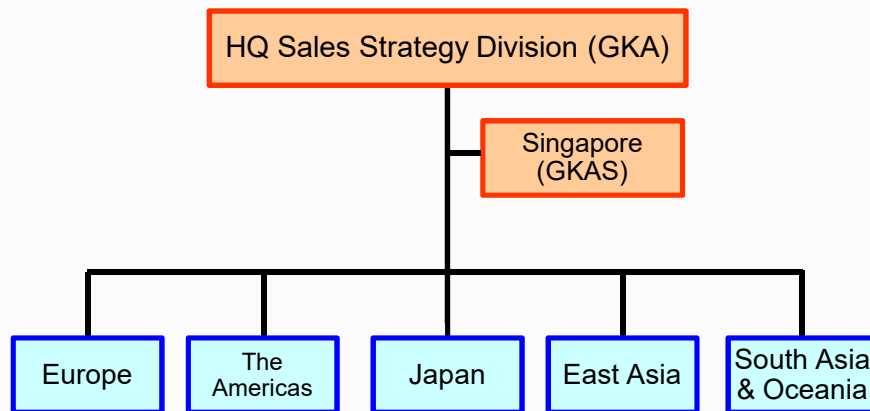
*Japan revenue represents results from April through March; overseas revenue represents results from January through December (12 months)

Growth Strategy for Core Businesses Approach Based on Customer (Industry)

Strengthen sales to global customers (non-Japanese companies) (GAM/GTA)

- Establish and pursue global sales structure, centered on HQ Sales Strategy Division (GKA)

- GAM: Major global customers (10 companies)
- GTA: Major global target customers (29 companies)



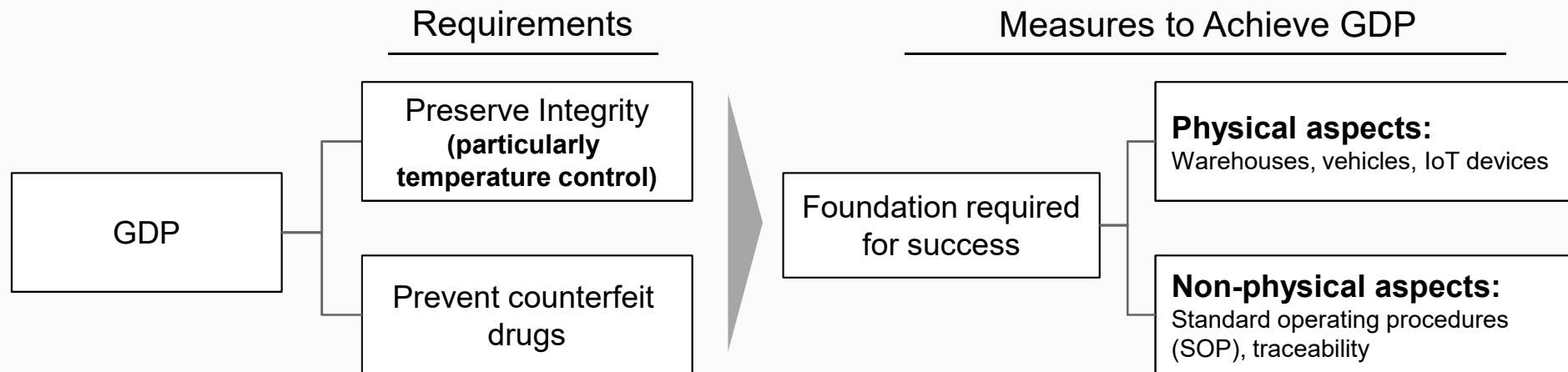
- *1 GKA: Global Key Account Team (Tokyo, Singapore)
Formulates and executes sales strategies for customers and functions as a facilitator for improvement measures
- *2 GAM: Global Account Management
- *3 GTA: Global Target Accounts

Details of target customers by industry

| | GAM | GTA | (Total) |
|-----------------------------------|-----|-----|---------|
| Electric and Electronics industry | 6 | 7 | 13 |
| Automotive industry | 1 | 4 | 5 |
| Apparel industry | 1 | 1 | 2 |
| Pharmaceutical/Medical industry | 0 | 8 | 8 |
| Semiconductor industry | 0 | 6 | 6 |
| Other | 2 | 3 | 5 |
| (Total) | 10 | 29 | 39 |

GDP (Guidelines) Requirements and Required Infrastructure

GDP ensures management during the logistics process and requires the maintenance of pharmaceutical quality and safety. Nippon Express aims to build a foundation in both physical and non-physical terms toward the enactment of regulations in Japan.



***1: Preserve integrity**

To preserve integrity means that the pharmaceutical is manufactured based on manufacture and sales approval, that the condition at the point of shipment to the market has been maintained, and that there are no deteriorations in quality, tampering, or damage

Temperature control is particularly important

What are Good Distribution Practices (GDP)?

- [Standards for pharmaceutical quality assurance](#) in the distribution process
 - [Basic guidelines](#) for ensuring the quality of pharmaceutical products and for delivering these products to patients safely, so patients can use pharmaceuticals with confidence
- One can infer that the level of quality assurance required in pharmaceutical manufacturing to date extends to storage and transportation stages in the pharmaceutical logistics process

Pharmaceuticals Supply Network

We aim to move forward in building a logistics network focused on the physical aspects: of storage, transportation and delivery, and forwarding. At the same time, we will strive to build a commercial platform incorporating IoT platform and Blockchain, leveraging open technology toward achieving GDP.

Approach to platform building

Address common industry issues

➔ Reinvent business models following the adoption of tightened GDP guidelines



Create new value through innovation

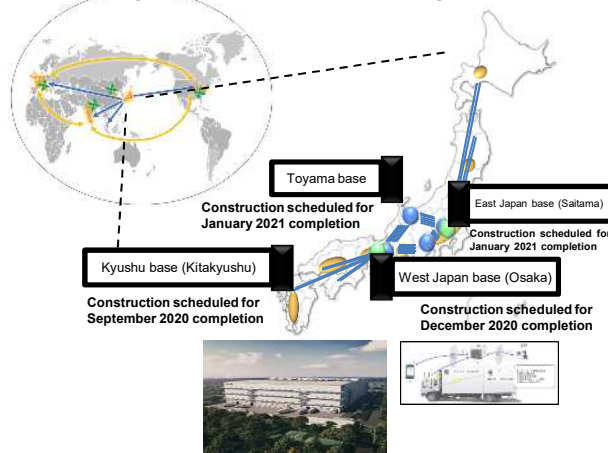
➔ Provide new services that utilize digital technology

Pharmaceutical logistics platform - NEX Pharma -

Physical aspects

Provide GDP-compliant logistics services

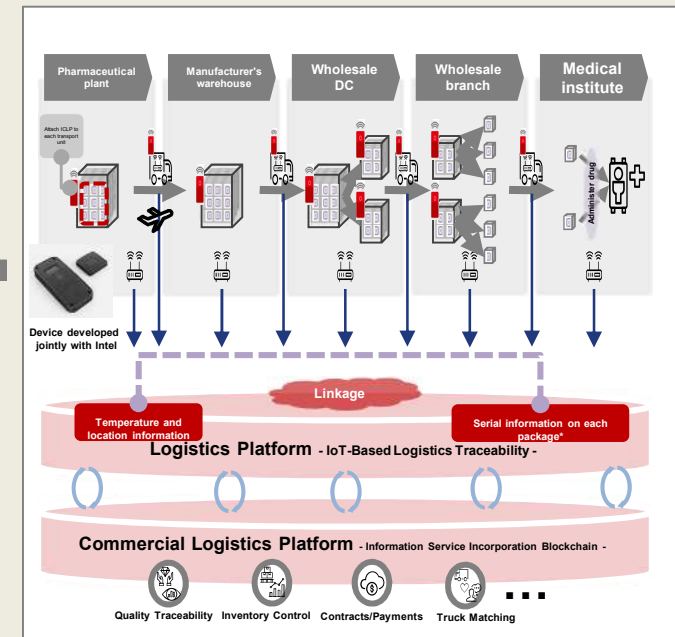
Forwarding network Domestic logistics network



Build a supply network as physical distribution (offer complete SCM, beginning with procurement, in accordance with GDP for pharmaceuticals)

Non-physical aspects

Provide digitally enabled information services



We Find the Way



No information contained in this document is intended to solicit purchase or sale of the Company's shares.

Views, forecasts, and other forward-looking statements contained in this document are based on the Company's assumptions, judgments and beliefs in light of the information currently available to it. Information is not guaranteed and is subject to change without prior notice.

Please note that neither the Company nor the providers of information is liable for any damage resulting from the use of the information contained in this document.