

Nichirei Logistics Group

SULS

Next-generation Transportation and Delivery System

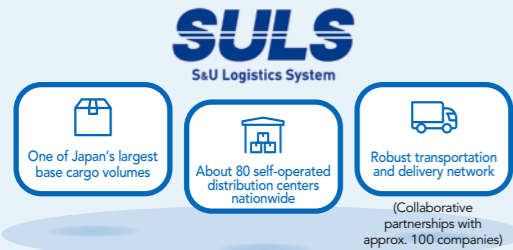
Social Issue The Logistics Industry's 2024 Problem: A Shortage of Truck Drivers and Long Working Hours

Long working hours have become the norm for truck drivers. In addition to long distances, drivers must contend with factors such as dwell time at logistics facilities and incidental non-driving work that they have been subcontracted to do, which has become standard business practice in the industry. The 2024 Problem for logistics refers to such issues, which the shipping and logistics industry must address from April 1, 2024, when Japan's Work Style Reform Act imposes a mandatory limit of 960 hours of driver overtime per year to improve the working environment.

Initiatives to Resolve the Issue

Using *SULS* to Build a New Transportation and Delivery Platform for Temperature-controlled Logistics

Japan's No. 1 temperature-controlled logistics network for food



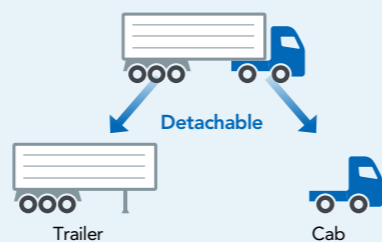
SULS is an acronym for S&U Logistics System, in which "S" stands for speedy, sustainable and solution, and "U" stands for utility, usability and user experience. By synergizing the advantages of Nichirei Logistics Group, we will generate speedy, sustainable logistics solutions and provide utility, usability and superior user experience to our customers and society.

SULS was initially introduced for transportation and delivery among the Nichirei Logistics Group's facilities in Tokyo, Nagoya and Osaka, with plans for a nationwide rollout in stages. We will continue to support our customers' supply chains through the evolution of our temperature-controlled logistics' transportation and delivery operations into higher-quality, more sustainable formats.

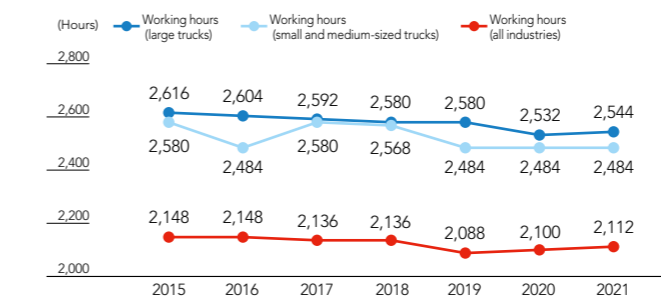
- Using low-temperature trailers with detachable cargo beds enables return trips from relay points → **Reduction of long-distance transport**
- Loading, unloading and related work are performed by the Nichirei Logistics Group facility rather than the truck drivers → **Help truck drivers devote their time to driving**
- Nichirei Logistics Group-owned trailers at relay points that are loaded and ready to go at all times allow drivers to proceed to their next destination immediately after arrival → **Reduction of dwell time at logistics facilities**



Introduction of Japan's largest-capacity trailer, able to carry a 24-pallet load (1.5 times more than 10-ton trailers with a 16-pallet load capacity)



Annual Working Hours for Truck Drivers



Source: Ministry of Health, Labour and Welfare, Basic Survey on Wage Structure

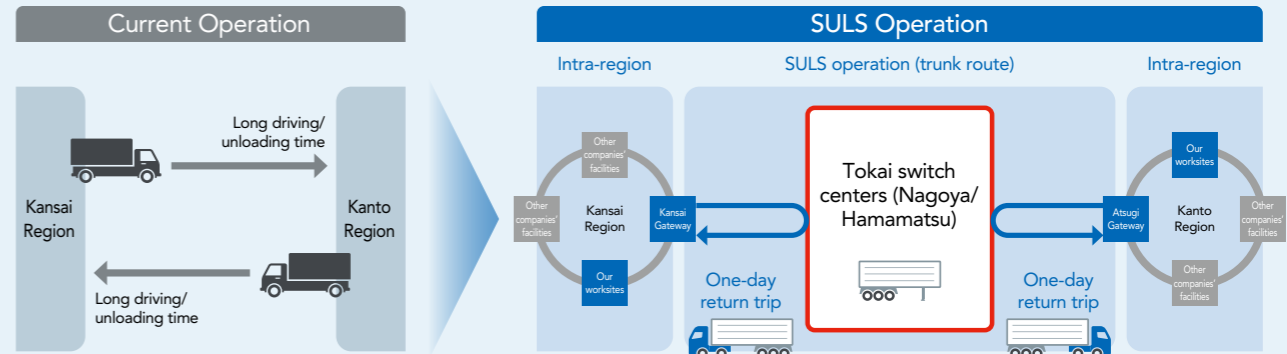
Why Nichirei Logistics Group Is Uniquely Capable

Nichirei Logistics Group-owned logistics facilities in approximately **80 locations** throughout Japan

Dominant lead in volume of storage consignors' products handled as base cargo

Collaborative partnerships spanning **more than 30 years** with about **100 companies** nationwide

Expected Effect



The start of operation of Atsugi Gateway in April 2022 improved load factor by consolidating west-bound cargo. With the benefits of *SULS* switch centers and gateways, it is now possible to transport cargo between the Kanto and Kansai regions using one-day return trips.

Initiatives in FY2024

Expansion of Gateway Functions (Trunk-Route Relay)

The start of operation of Kansai Gateway will enable east-bound cargo transport to achieve a similar effect as west-bound cargo transport from the Kanto region.

Expansion of Transportation and Delivery Network (Trailers)

By increasing the number of detachable, large-capacity trailers (from 19 to 34), we will increase *SULS* operation in the Tokyo-Nagoya-Osaka area, and expand it beyond this area.

- Achieving stable and sustainable transportation and delivery
- Reducing truck drivers' workload by shortening their on-duty work hours
- Reducing environmental impact
- Reducing risk of inability to transport cargo



- Significantly reducing total driving time
- Creating an efficient and sustainable transportation infrastructure
- Significantly expanding transportation capacity