

– TRANCOM GROUP –

Financial Results

for the Fiscal Year Ending March 31, 2020



TRANCOM CO., LTD.
April 30, 2020
(Securities Code : 9058)

Financial Results for the FY2019

Point of presentation

Financial results for the FY2019

- Logistics management business : Promoted efficiency and improvement in operations
- Logistics information service business : Increased the number of arranging cargoes and trucks, but transportation prices and competitions have become severe since the second half of this year
- Industrial support business : Sales and profits decrease due to decline in customer productions
- Increase in sales and profits in consolidated financial results for FY2019

Forecasts for the FY2020

- Due to the spread of the COVID-19, it is difficult to properly and reasonably predict the future outlook. We will make an announcement promptly after the consolidated projections and dividend forecasts become being estimated
- Dividends increased for the past 19 consecutive years, and we'll consider next dividend projections following our continuous dividend increasing policy in the case of possibility

Take proper actions under these circumstances, and reform a corporate structure concentrating on our unique “Transportation” system

- It's hard to deliberate medium-term business plans under this pandemic circumstance as well. However, we will promptly announce them after we could foresee what we should focus on.
- After returning to normal, it'll be possible to be changed in business structures and social issues. We'll expand our businesses by building our unique “Transportation” system based on our strength, and realize fundamental reforms in logistics industry.

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Topics for the FY2019

TRANCOM VISION / Future business direction

<p>Long-term vision</p>	<p>We build advanced “Transportation” mechanisms = We’re aiming to become the ones which has the largest transportation platform in Japan</p>
<p>Mid-term vision</p>	<p>Enhance “methods of transport”, widen ”transport category”, and build services that have the optimized “Transportation” system</p>
<p>Main policy of Mid-term</p>	<p>Creating “Methods of Transport” make the most of limited transport capacity</p> <p style="text-align: center;">×</p> <p>Creating various “Transport Category” across industries</p>

Topics for the FY2019

Building enhanced “Transportation” system

detail

1 Built a transportation system as in Re_solnet service

P6

2 Promoted efficiency of “Transportation” by alliance

P7~8

3 Expanded the production transportation business of automotive parts

4 Development of our domestic logistics sites

P9

5 Organized the “transport division” and business planning group

P10

New business /Strengthened business foundations

1 New actions to other logistics fields

P11

2 About automated operation systems in warehouse (case picking)

3 Expanded into Singapore

P12

Topics for the FY2019

Building enhanced “Transportation” system

1 Built a transportation system as in Re_solnet service

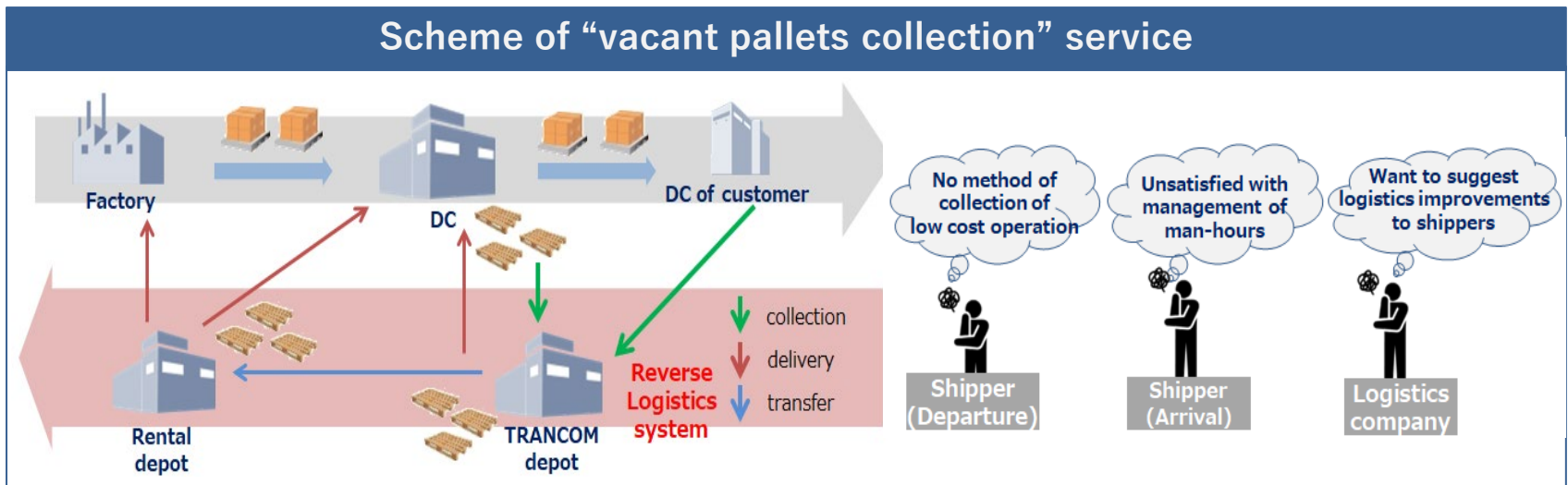
Re_solnet service (Return·Reduce·Rebirth + Solution + Network)
 Trancom’s unique reverse logistics system based on logistics information services business

Started vacant pallets collection logistics

efficiently collecting pallets stacked at distribution center to realize a new transportation system

- Increasing the number of logistics information by utilizing the number of collecting pallets
- Demonstration of efficiencies with the Ministry of Land, Infrastructure and Transport (from June 2020)

Realizing pallet collection business in food transportation industry, by driving double-connected trucks



Topics for the FY2019

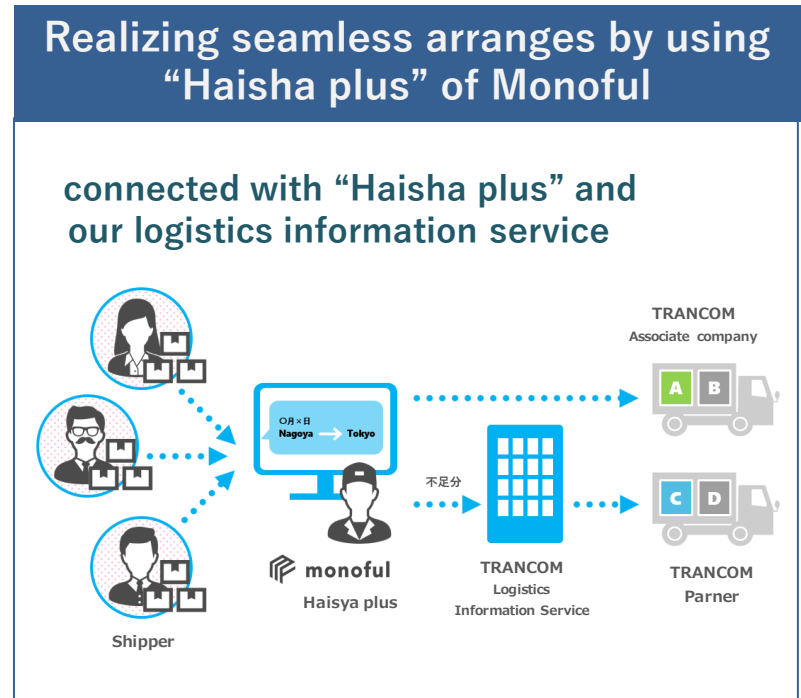
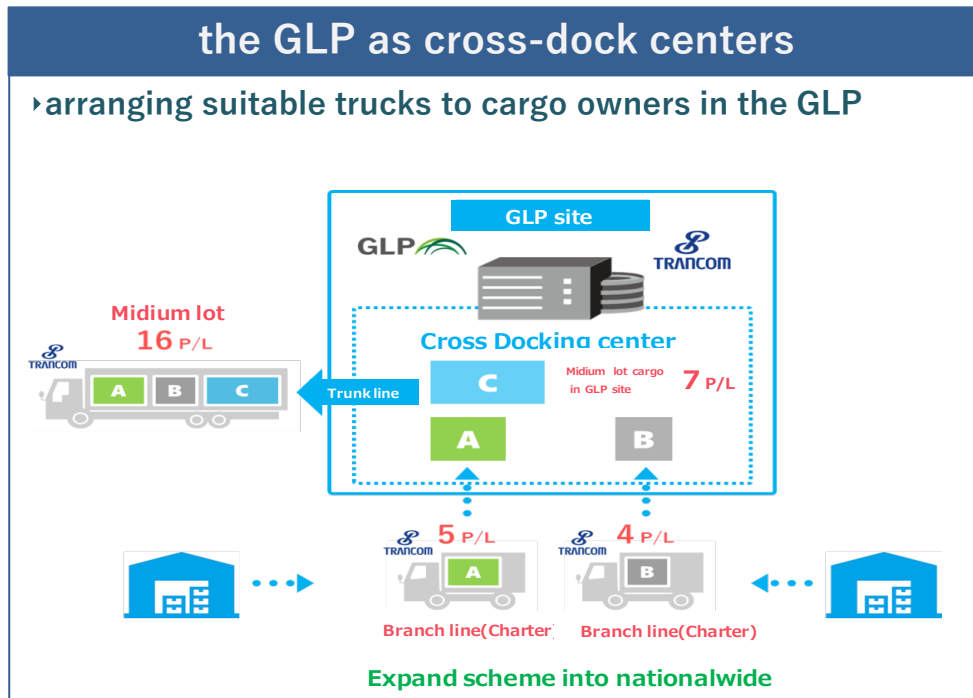
Building enhanced “Transportation” system

2 Promoted efficiency of “Transportation” by alliance

Business alliance with GLP Japan Inc. and Monoful Inc.

Realizing physical internet network in Japan’s logistics

※ logistics network that could share with several companies



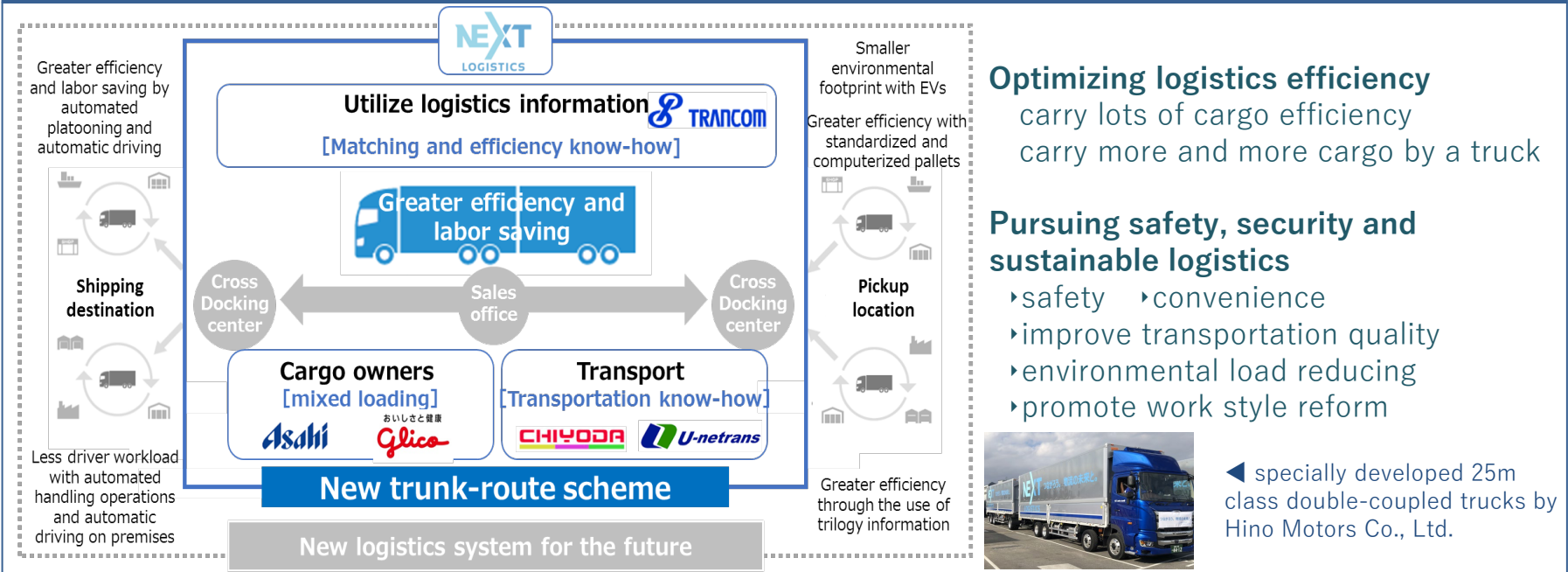
Topics for the FY2019

Building enhanced “Transportation” system

2 Promoted efficiency of “Transportation” by alliance

- Enter capital and business alliance with truck maker Hino group Companies to bring together know-how as a first toward solving issues

Established an efficient long-haul transportation scheme with double-connected trucks



Topics for the FY2019

Building enhanced “Transportation” system

4 Development of our domestic logistics sites

Our plan: Expanding sites that have various transportation options, functions of improving load-efficiencies and shortening working hours of truck drivers

Our new transportation sites that have functions to relay and reload of transportation

Fukuroi branch
(expand in second half 2020)

Aichi branch
(completed second half in 2020)

rest places and nap rooms for drivers

Resting place

Shower room

Nap room

Landry

Expanding parking spaces to relay and reload cargos

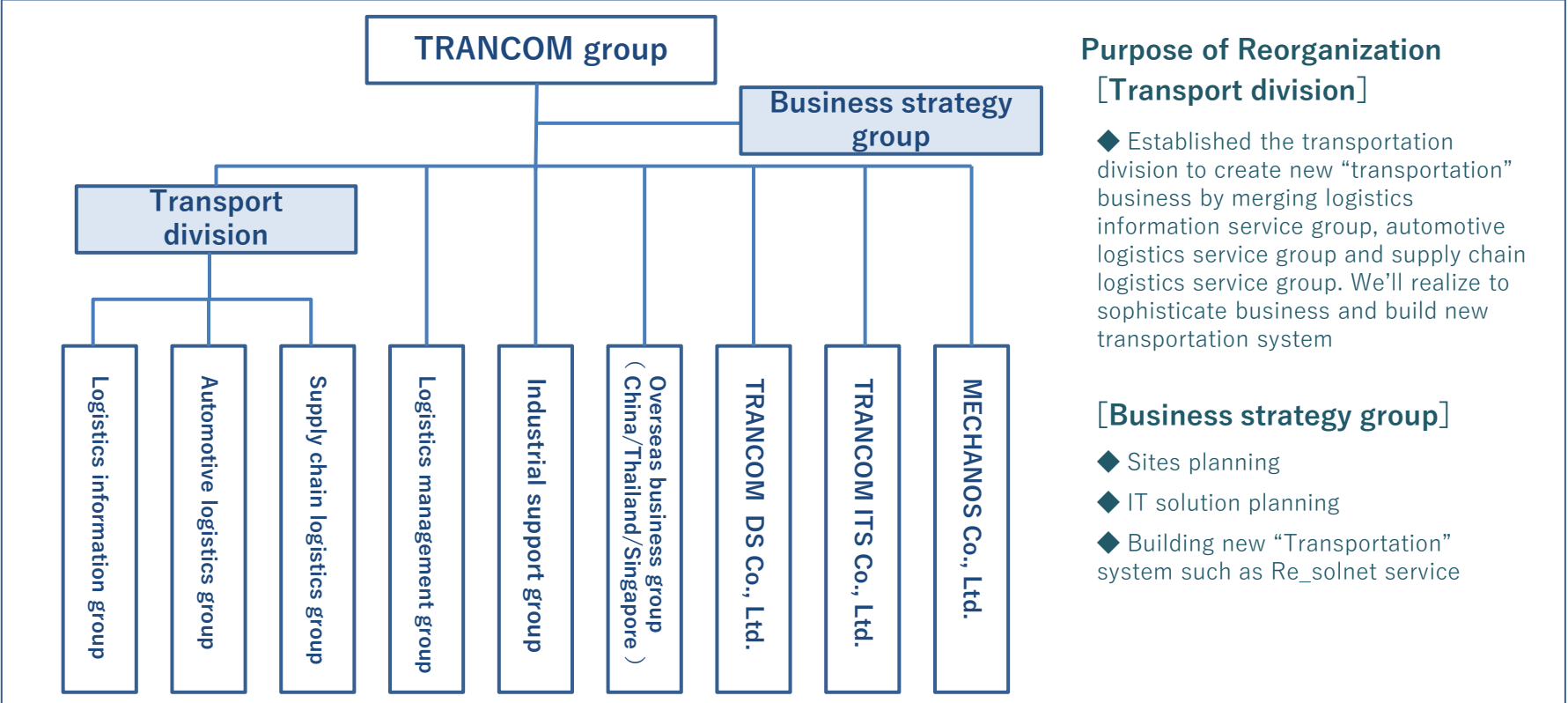
Topics for the FY2019

Building enhanced “Transportation” system

5 Organized the “transport division” and business planning group

To accelerate the business development by establishing a new organization

Organization chart for TRANCOM group ※Only business division



Purpose of Reorganization

[Transport division]

◆ Established the transportation division to create new “transportation” business by merging logistics information service group, automotive logistics service group and supply chain logistics service group. We’ll realize to sophisticate business and build new transportation system

[Business strategy group]

- ◆ Sites planning
- ◆ IT solution planning
- ◆ Building new “Transportation” system such as Re_solnet service

Topics for the FY2019

New business / Strengthened business foundations

1 New actions to other logistics fields

Sales promotion goods logistics / Start operation with Industrial support business

Sales promotion logistics with 3 makers

- **Realizing efficiencies** by combining operations of 3 makers
- **Joint award** “Ministry ‘s Prize, the ministry of Economy, Trade and Industry” at Green Logistics Partnership Commendation

standardization of cardboard size for packaging



Reduced packing volume and number of packaging

joint delivery of sales promotion goods for 3 makers



Improved logistics efficiency and realize environmental load reductions

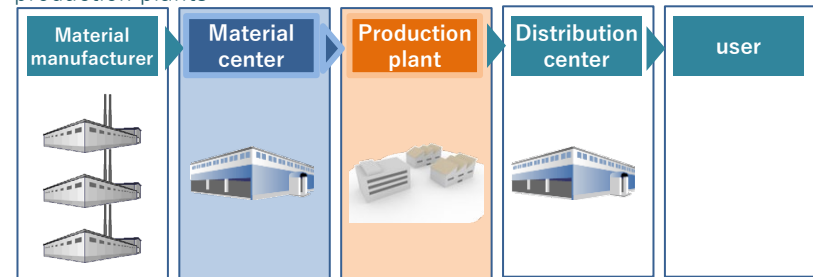
condition of distribution center



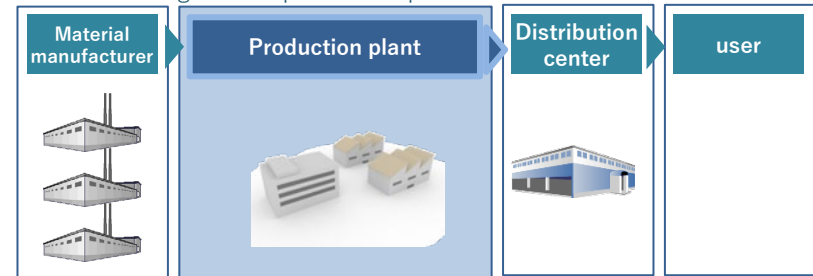
Synergy creating between "manufacturing" of Industrial support div. and "transport"

New operations in warehouses of a cosmetics maker

▼ operation at material centers, dispatching employees to parts of production plants



▼ in-house logistics in production plant



Topics for the FY2019

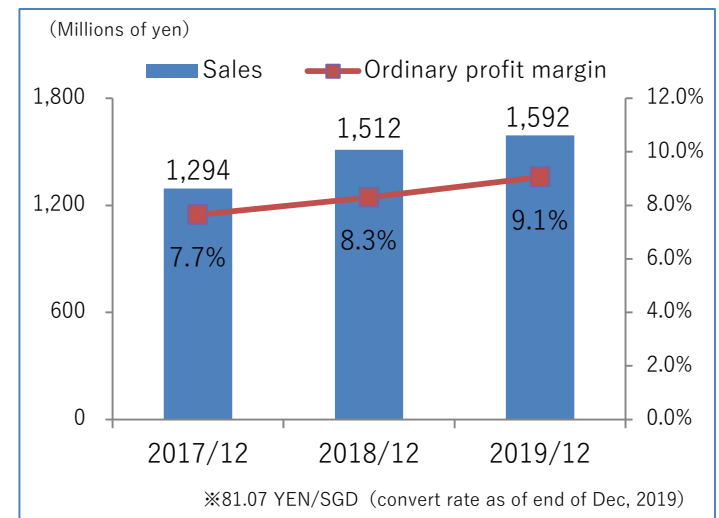
New business / Strengthened business foundations

3 Expanded into Singapore

- Expanded into Singapore, to develop our business in ASEAN countries
- Stock acquisition of Sergent Services Pte. Ltd. which provides building cleaning services (in September 2019)

About Sergent Services Pte Ltd

- Clients : Changi international airport, Subway stations, Shopping malls etc.
- Industry influence/REP of three company council
- Acquired cleaning business license L6
 - acquisition of BCA license L6(best in class)
 - acquired company is 22 out of 412 companies



◆ Consolidation
 BS : Year ending March 2019 PL : Year ending March 2020

Financial Results for FY2019

Profits of Logistics Information Service Business and Industrial Support Business decreased in the second half, however total sales and profits increased as a result of efficiency improvement of Logistics Management Business on full year

YoY

Compared to the forecast

Sales: achieved / Profits: unachieved

(Units : Millions of Yen)

	F Y 2 0 1 8			F Y 2 0 1 9						Forecast(October 2019)	
	First Half	Second Half	Full Year	First Half	YoY(%)	Second Half	YoY(%)	Full Year	YoY(%)	Full Year Forecast	Forecast Change %
Net Sales	73,345	77,766	151,111	80,217	9.4%	83,245	7.0%	163,463	8.2%	162,600	0.5%
Operating Profit	2,983	3,750	6,733	3,672	23.1%	3,893	3.8%	7,566	12.4%	7,700	-1.7%
(% of Sales)	(4.1%)	(4.8%)	(4.5%)	(4.6%)	(+0.5P)	(4.7%)	(-0.1P)	(4.6%)	(+0.1P)	(4.7%)	(-0.1P)
Reccuring Profit	2,978	3,673	6,651	3,630	21.9%	3,787	3.1%	7,417	11.5%	7,610	-2.5%
(% of Sales)	(4.1%)	(4.7%)	(4.4%)	(4.5%)	(+0.4P)	(4.5%)	(-0.2P)	(4.5%)	(+0.1P)	(4.7%)	(-0.2P)
Net profit	2,001	2,327	4,328	2,362	18.0%	2,546	9.4%	4,909	13.4%	5,000	-1.8%
(% of Sales)	(2.7%)	(3.0%)	(2.9%)	(2.9%)	(+0.2P)	(3.1%)	(+0.1P)	(3.0%)	(+0.1P)	(3.1%)	(-0.1P)

Financial Results for FY2019

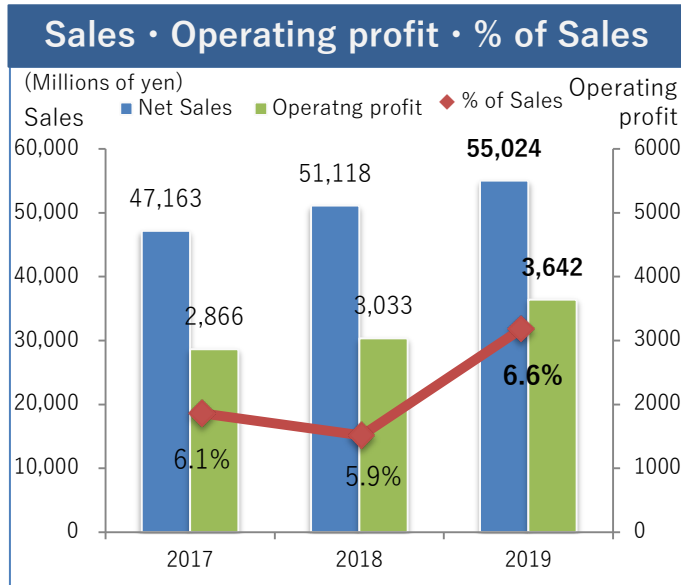
(Breakdown by Business Segment)

(Units : Millions of Yen)

		F Y 2 0 1 8			F Y 2 0 1 9						Forecast(October 2020)	
		First Year	Second Year	Full Year	First Year	YoY(%)	Second Year	YoY(%)	Full Year	YoY(%)	Full Year Forecast	Forecast Change %
Logistics Management Business	Net Sales	24,893	26,224	51,118	26,989	8.4%	28,035	6.9%	55,024	7.6%	54,000	1.9%
	Operating Profit (% of Sales)	1,334 (5.4%)	1,699 (6.5%)	3,033 (5.9%)	1,673 (6.2%)	25.5% (+0.8P)	1,968 (7.0%)	15.8% (+0.5P)	3,642 (6.6%)	20.1% (+0.7P)	3,500 (6.5%)	4.1% (+0.1P)
Logistics Information Service Business	Net Sales	40,493	43,257	83,750	45,385	12.1%	47,033	8.7%	92,418	10.4%	92,600	-0.2%
	Operating Profit (% of Sales)	1,530 (3.8%)	1,781 (4.1%)	3,312 (4.0%)	1,606 (3.5%)	5.0% (-0.3P)	1,665 (3.5%)	-6.5% (-0.6P)	3,272 (3.5%)	-1.2% (-0.5P)	3,500 (3.8%)	-6.5% (-0.3P)
Industrial Support Business	Net Sales	3,767	3,920	7,687	3,735	-0.9%	3,567	-9.0%	7,302	-5.0%	7,600	-3.9%
	Operating Profit (% of Sales)	-3 (-0.1%)	145 (3.7%)	141 (1.8%)	178 (4.8%)	- (+4.9P)	52 (1.5%)	-63.9% (-2.2P)	231 (3.2%)	63.2% (+1.4P)	330 (4.3%)	-30.0% (-1.1P)
Others	Net Sales	4,781	5,124	9,906	4,859	1.6%	5,462	6.6%	10,321	4.2%	9,900	4.3%
	Operating Profit (% of Sales)	179 (3.7%)	209 (4.1%)	388 (3.9%)	262 (5.4%)	46.5% (+1.7P)	299 (5.5%)	42.8% (+1.4P)	561 (5.4%)	44.5% (+1.5P)	430 (4.3%)	30.5% (+1.1P)
Inter-company elimination	Net Sales	-590	-759	-1,350	-751	-	-853	-	-1,605	-	-1,500	-
	Operating Profit (% of Sales)	-57 (-)	-84 (-)	-141 (-)	-48 (-)	- (-)	-91 (-)	- (-)	-140 (-)	- (-)	-60 (-)	- (-)
Total	Net Sales	73,345	77,766	151,111	80,217	9.4%	83,245	7.0%	163,463	8.2%	162,600	0.5%
	Operating Profit (% of Sales)	2,983 (4.1%)	3,750 (4.8%)	6,733 (4.5%)	3,672 (4.6%)	23.1% (+0.5P)	3,893 (4.7%)	3.8% (-0.1P)	7,566 (4.6%)	12.4% (+0.1P)	7,700 (4.7%)	-1.7% (-0.1P)

Financial Results for FY2019 (Breakdown by Business Segment)

Logistics Management Business



〈Main topics〉

- Improved costs and operations
- Full-swing of previously started business
- Increased volume of cargos
- Adjusted operation fees

Started new businesses /Operation status

- started businesses of sales promotion goods, automotive production parts, daily use items and drugs & cosmetics (5 sites)
- started operation of a integration center of daily use items (Shiraoka, Kanto) (started in April 2020)
- built warehouse for a pharmaceutical client in Toyama Pref. (started in April 2020)

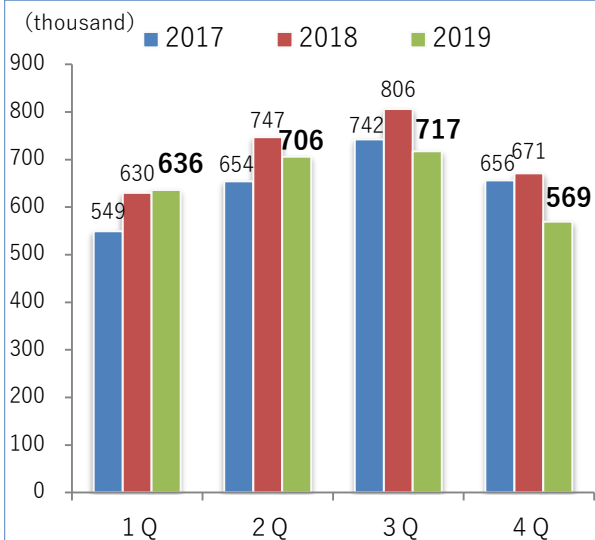
Realize overwhelming logistics center operation

- invested into automated warehouse system (start implementing in 2020)
- reorganized and divided operation dept. into 3 enterprises by areas(East, Central and West Japan), to provide higher qualified services

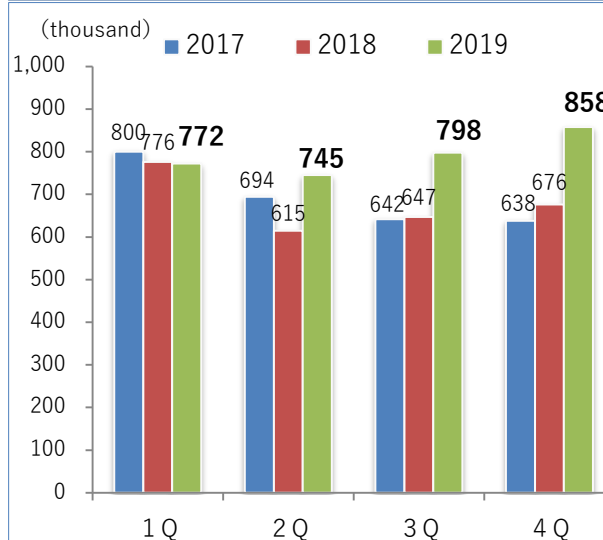
Financial Results for FY2019 (Breakdown by Business Segment)

Logistics Information Service Business

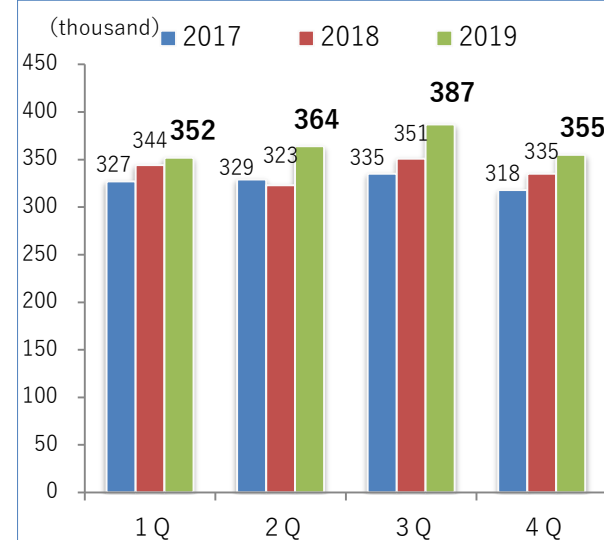
Cargo information



Empty truck information



Truck dispatched



Further strengthening Logistics Information service

Opened new sites to expand our network to 39 sites

(New sites) **Hokkaido, North Osaka** (March 2019)

South Nagoya, North Saitama (September 2019) **Fukuoka Second** (March 2020)

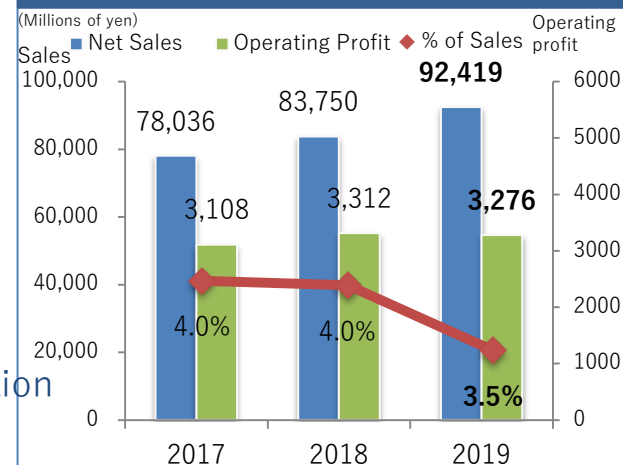
As of Mar, 2019 As of Mar, 2020

● Number of sales staff **584** → **626** +42

● Number of inclusive business partners **1,475** vehicles/day → **1,716** vehicles/day +241 vehicles/day

Strengthen sales force to manufacturers to acquire cargo information

Sales · Operating Profit · % of Sales



Financial Results for FY2019 (Breakdown by Business Segment)

Logistics Information Service Business

Actions of enhancing transportation functions

- Strengthened teams of cargo consolidations to arrange more in mid-lot cargos
- Started drayage transportation business at Kawasaki port (will start from 1st quarter 2020)
- Started considering CTI methods in matching operations
- Decided to open a back-up center at Nagano pref. (will start the second half)

Backup center (under consideration)

Analyzing data

making the best usage of big data accumulates on the enterprise system



Customer support of “Tranavi”

BCP

emergency response of disaster



Education center for sales staff



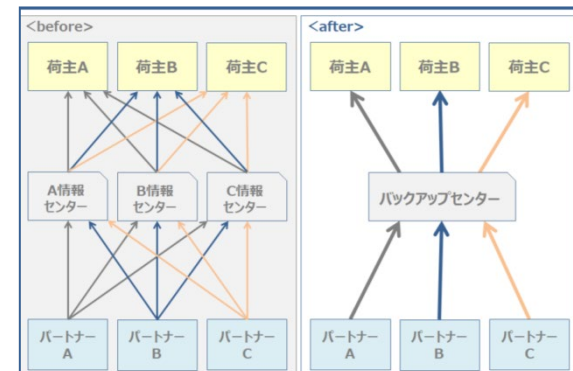
Business planning function for new technology implementation

co-working along with a local university and other companies

Integrated data processing center

reorganize functions of receipt works of each sites

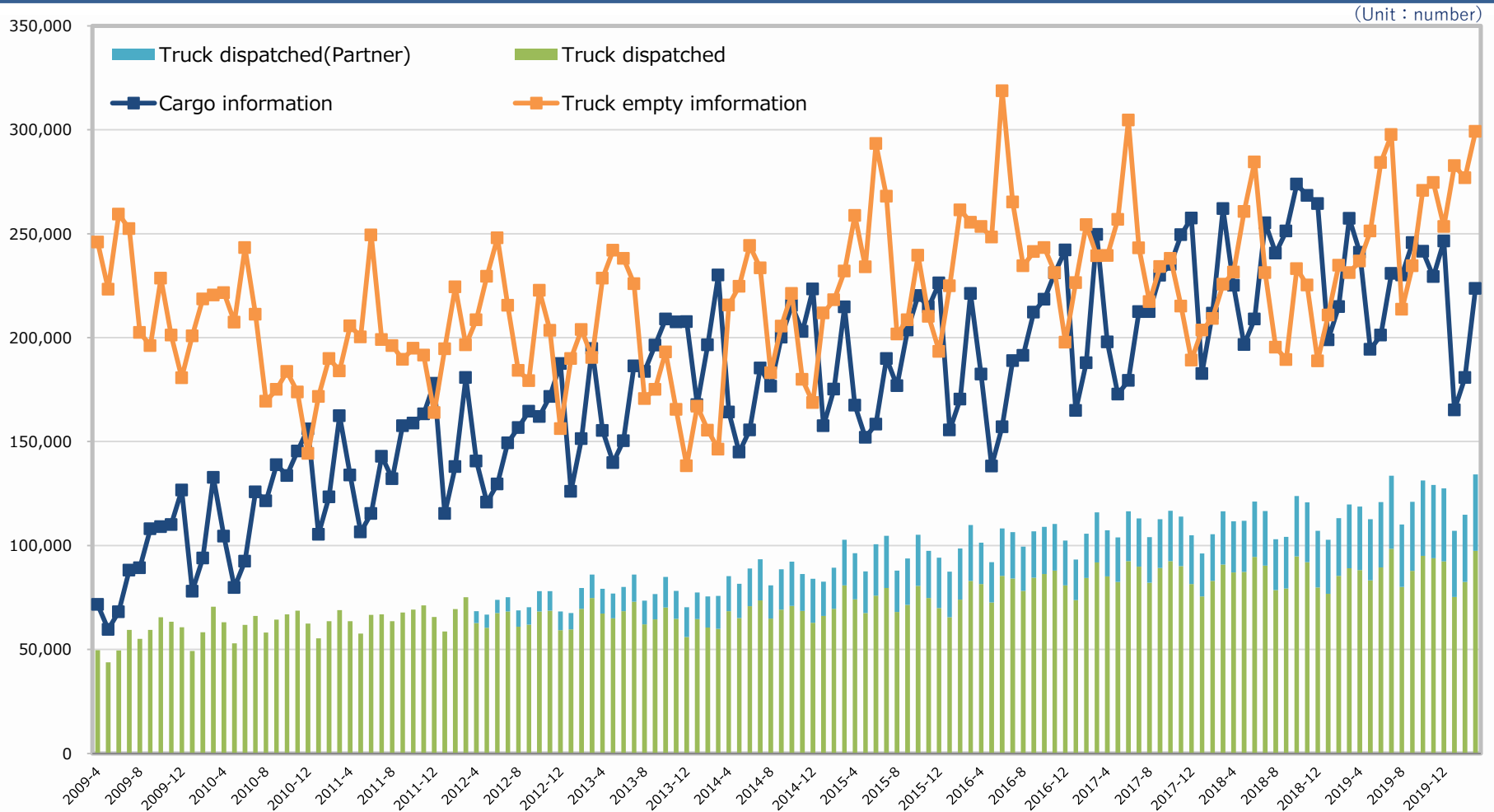
- ◆ reduction of working hours of each business partner
- ◆ cost reduction by adjust worklines and paperless



Financial Results for FY2019 (Breakdown by Business Segment)

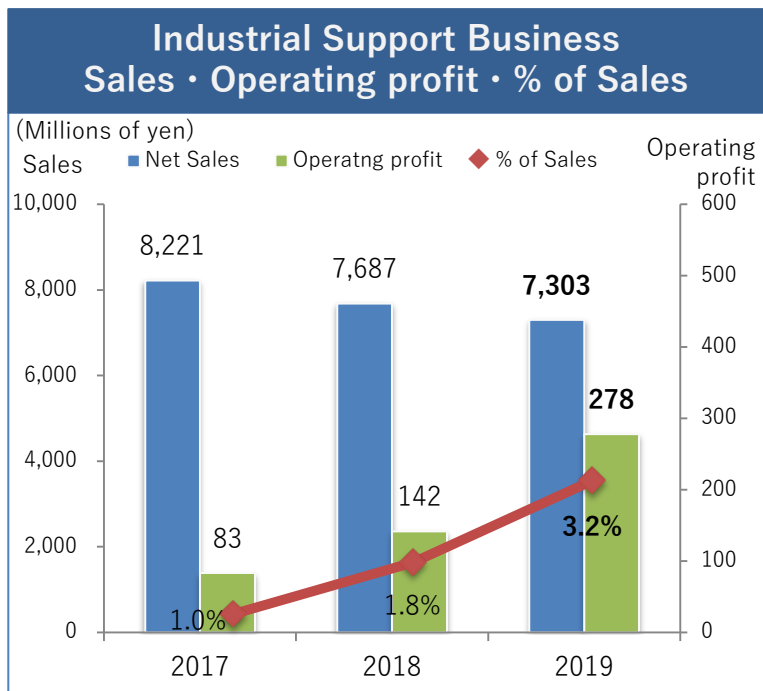
Logistics Information Service Business

Transition Number of Information (April 2009 – March 2020)



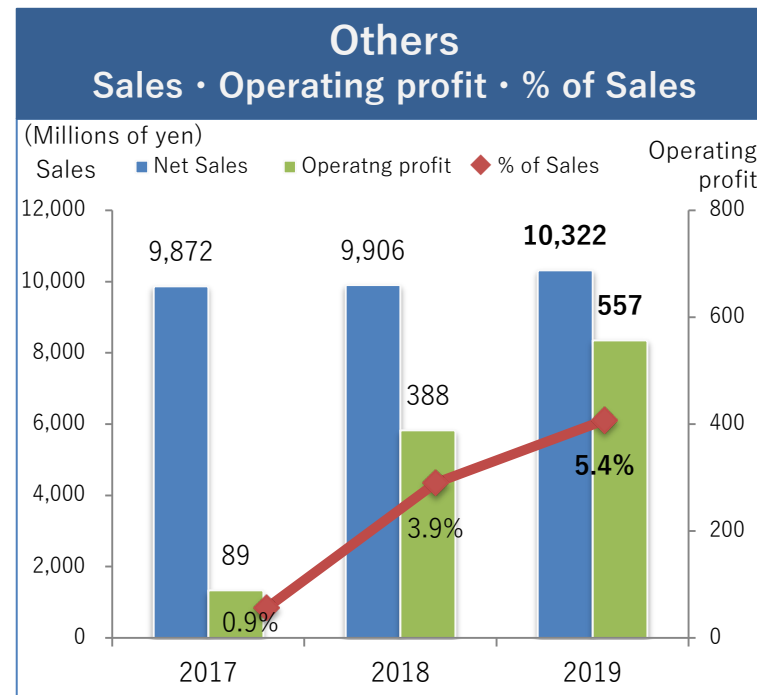
Financial Results for FY2019 (Breakdown by Business Segment)

Industrial Support Business • Others



<Main topics>

- Decline in customer's production
- Improvement of gross profit margin/
Retreated from underperforming business
- Cost control and reduction



<Main topics>

- Cost reduction in ICT dept.
- Exchange fluctuation

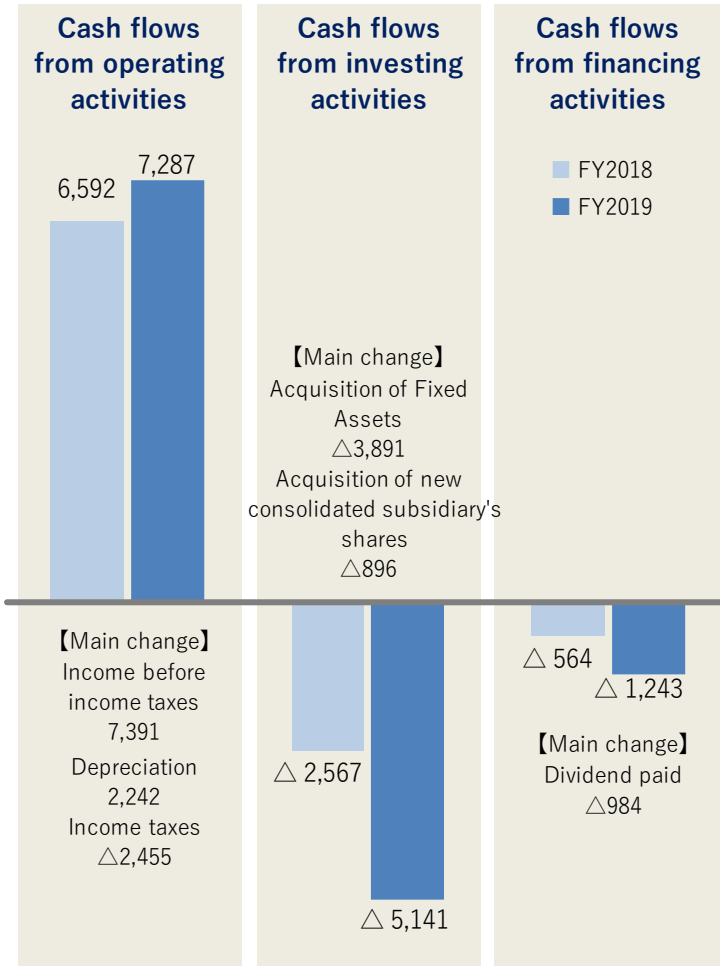
China (16.16YEN/RMB → 15.67YEN/RMB)
Thailand (3.41YEN/THB → 3.63YEN/THB)

FY2019

Financial Status & Shareholder Return Policy

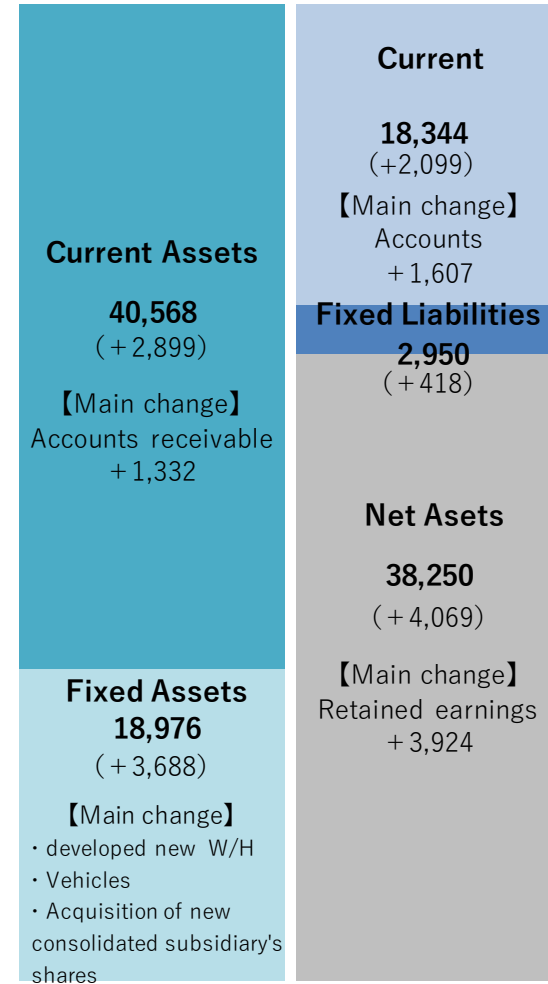
Consolidated Statements of Cash Flows

(Unit: Millions yen)



Consolidated Balance Sheets

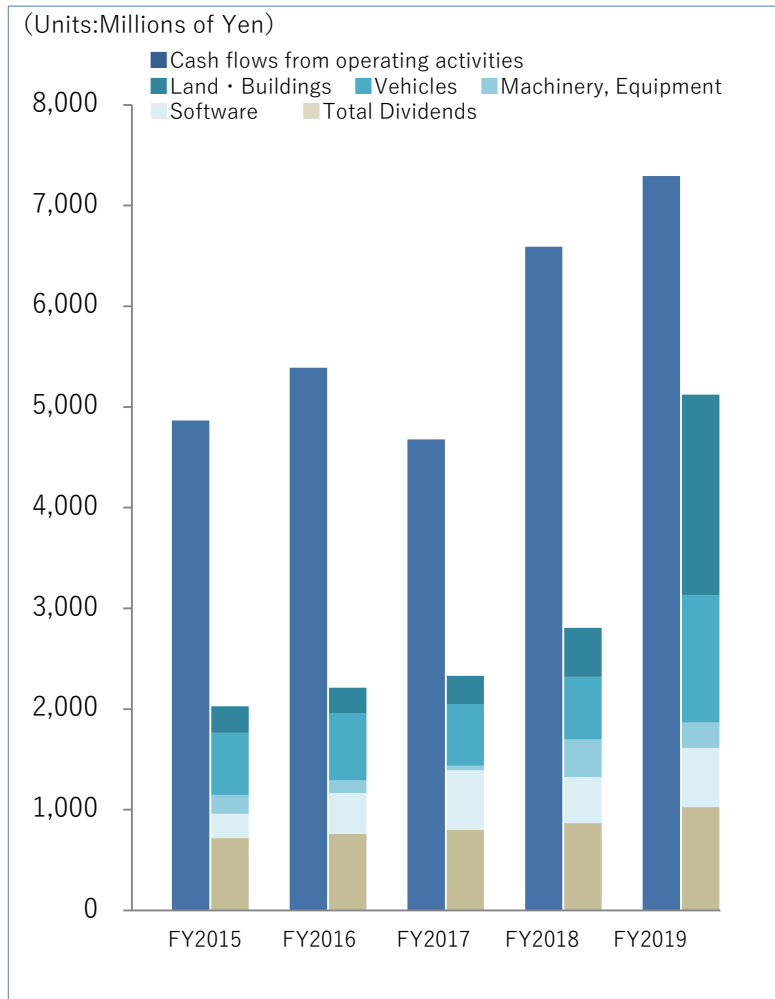
(Unit: Millions yen)



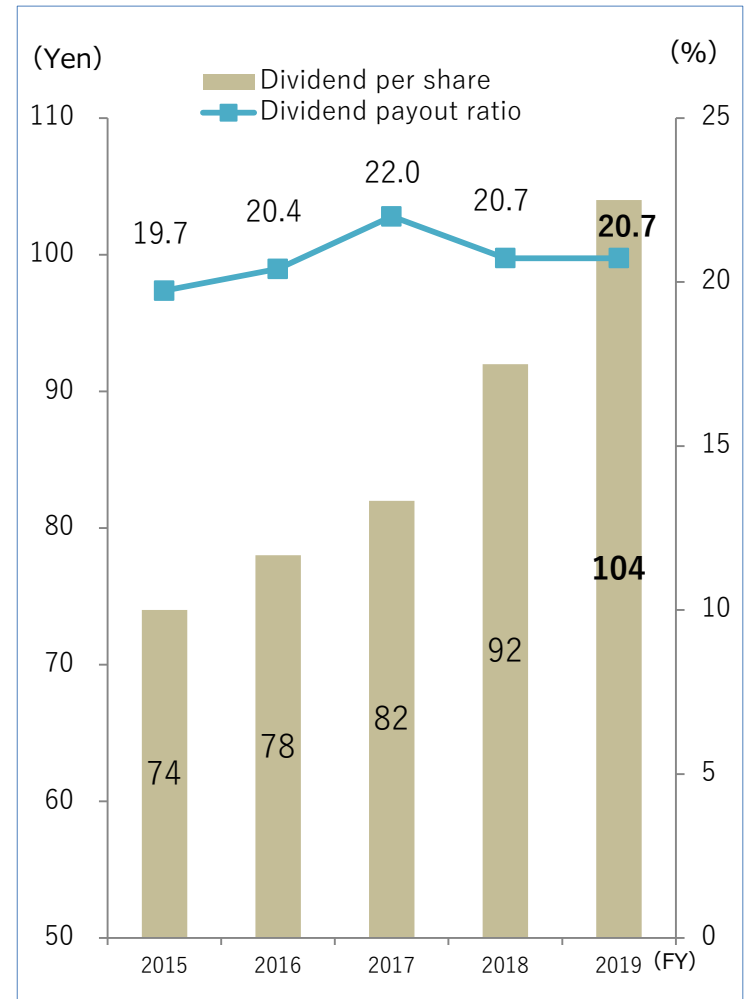
FY2019

Financial Status & Shareholder Return Policy

Cash Flows from Operating Activities and Capital Investment · Dividends



Trend of Actual Dividends



Effects on business by COVID-19

Measures for preventions of the coronavirus expansions

- Measures for disinfecting
 - Hand washing/Gargling/Sanitize by alcohol/Wearing mask
 - Installing alcohol disinfections at every sites of Trancom group
 - Restraint and self-restraint in business trips, meetings, customer visits and visitor by endorsing to use WEB meetings

- Changing – work at office policy -
 - Dispersed working places
 - Telework promotion, staggered commuting
 - Promotion of taking paid holidays

Measures if there would be infected employees in centers

- Telework
 - Set the environment that enable for employees to log-in to our system from home
 - * already prepared these assets for 100 employees
- Work at satellite office
 - Change workplaces those are nearest from each home

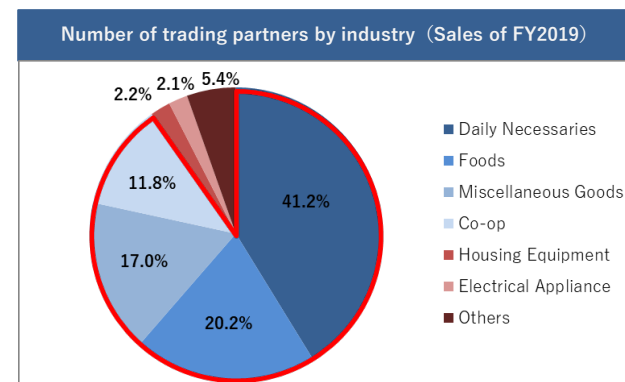
Effects on business by COVID-19

Logistics Information Service Business

- Cargo transportations will be slowdown, this will get business environment severe
- Not resolved shortage of truck drivers, Transportation price will not decrease significantly

Logistics Management Business

- We mainly handle consumer goods so that the total of cargo volume will increase. Especially in volume of daily necessities (e.g. sanitary goods and foods) and Co-op significantly.
- Effect of retail stores temporally closed will be limited and insignificant



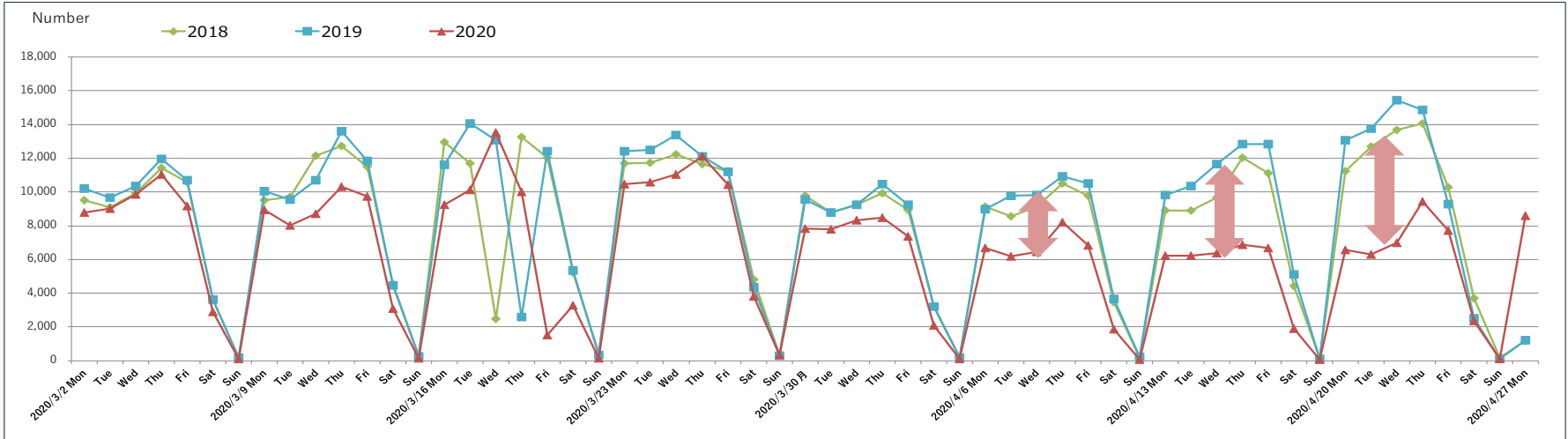
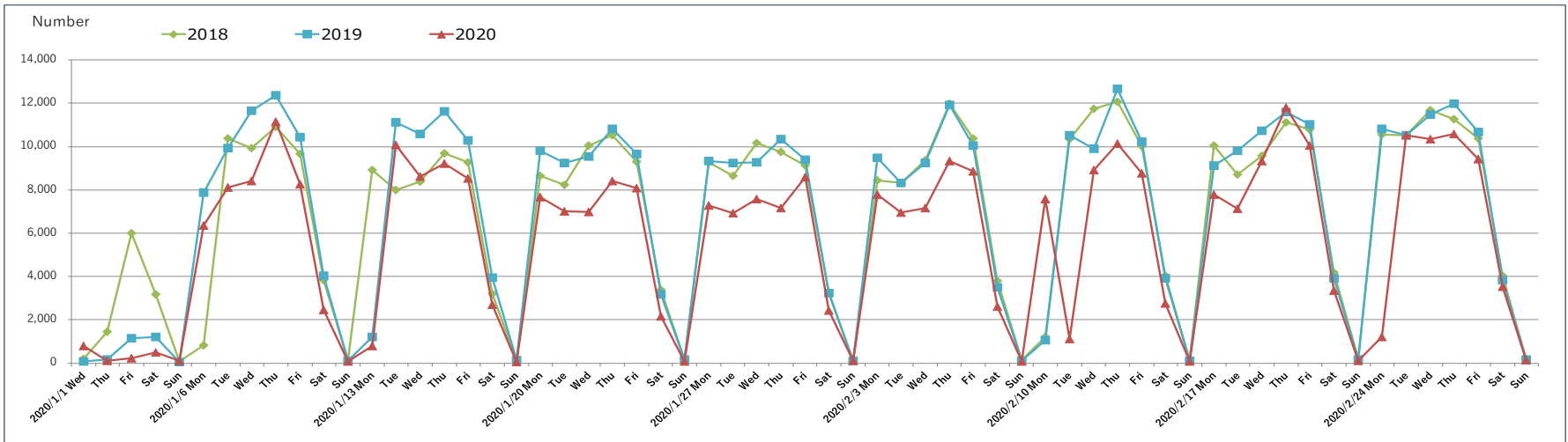
Industrial Support Business

- Reductions will be significant due to plants closed of automotive companies

Effects on business by COVID-19

Reference data (Logistics Information Service Business)

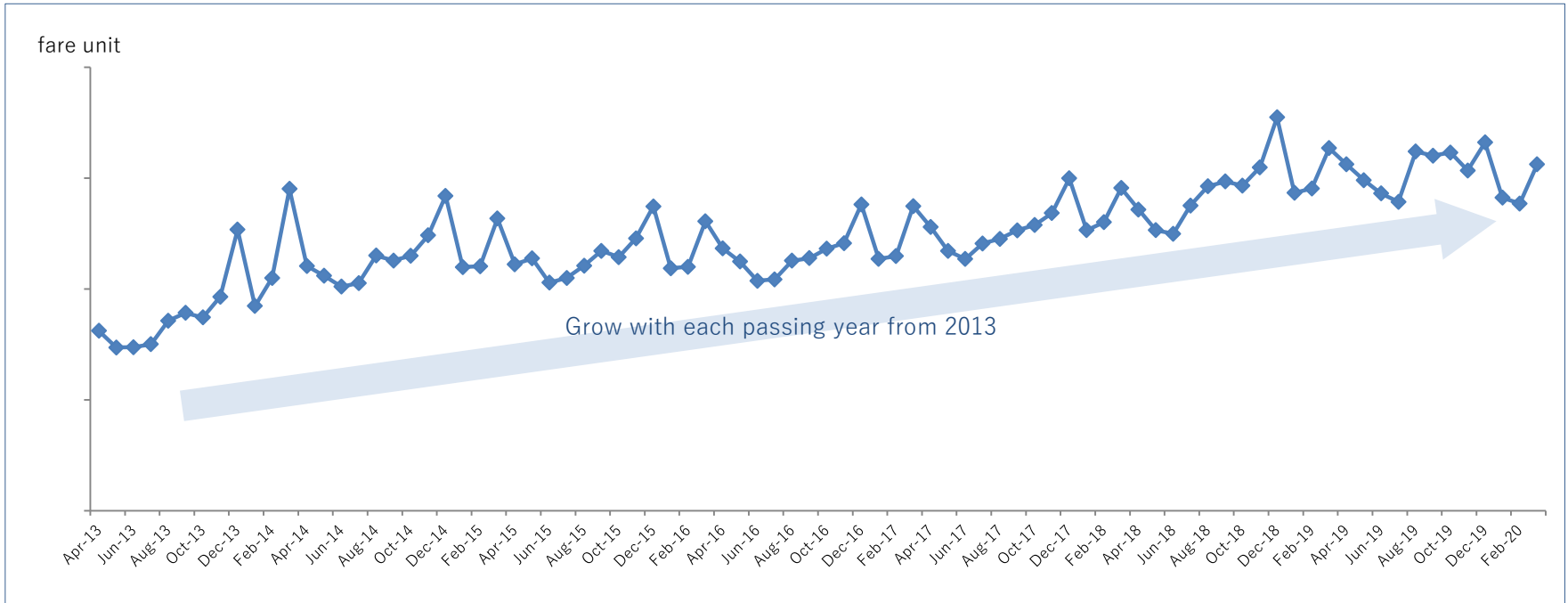
No. of cargo information per day (2018 · 2019 · 2020)



Effects on business by COVID-19

Reference data (Logistics Information Service Business)

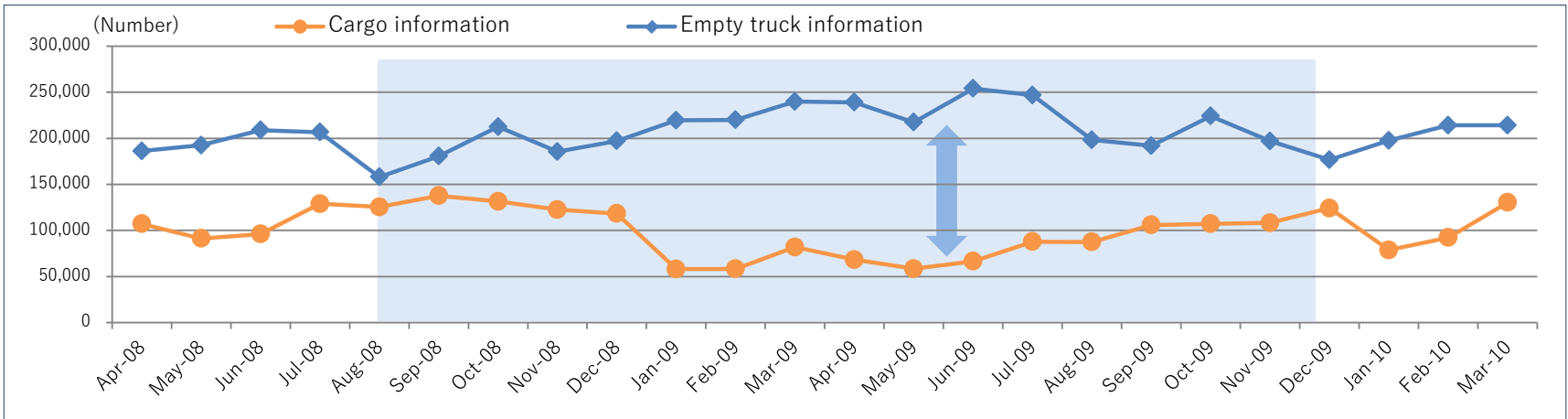
Trend of fare unit after 2013



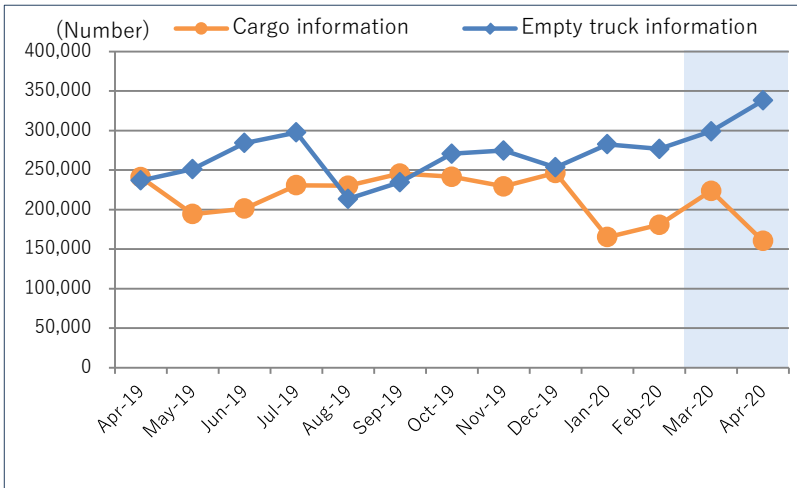
Effects on business by COVID-19

Reference data (Logistics Information Service Business)

No. of cargo/empty truck information per months (Apr 2008~Mar 2010) before and after Lehman shock



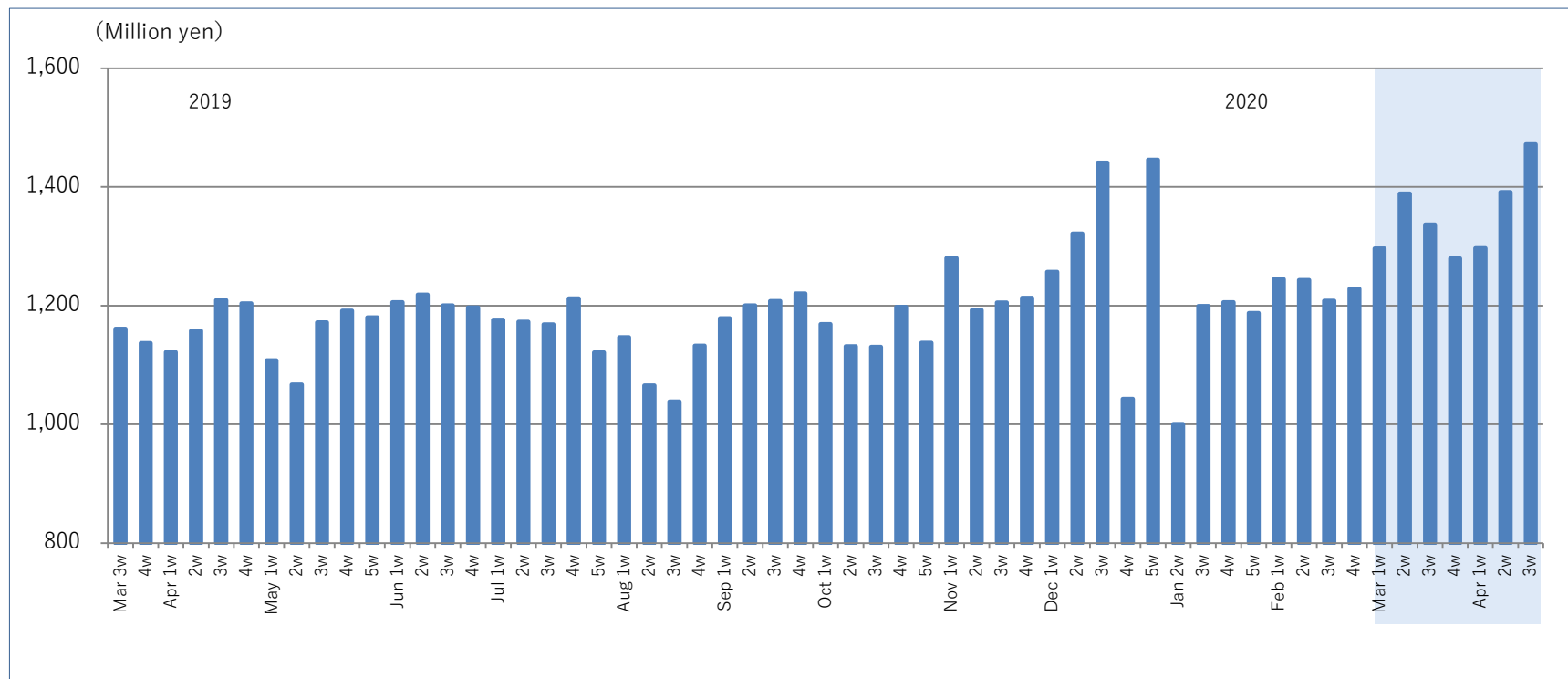
(Apr 2019~Apr 2020) before and after the spread of infection of COVID-19



Effects on business by COVID-19

Reference data (Logistics Management Business)

Home delivery trend (Mar 2019~Apr 2020) (supply for CO-OP business of Trancom DS Co., Ltd.)



Any inquiries concerning this presentation and investor relations matters to be directed to the following.

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