



# TRANCOM Group

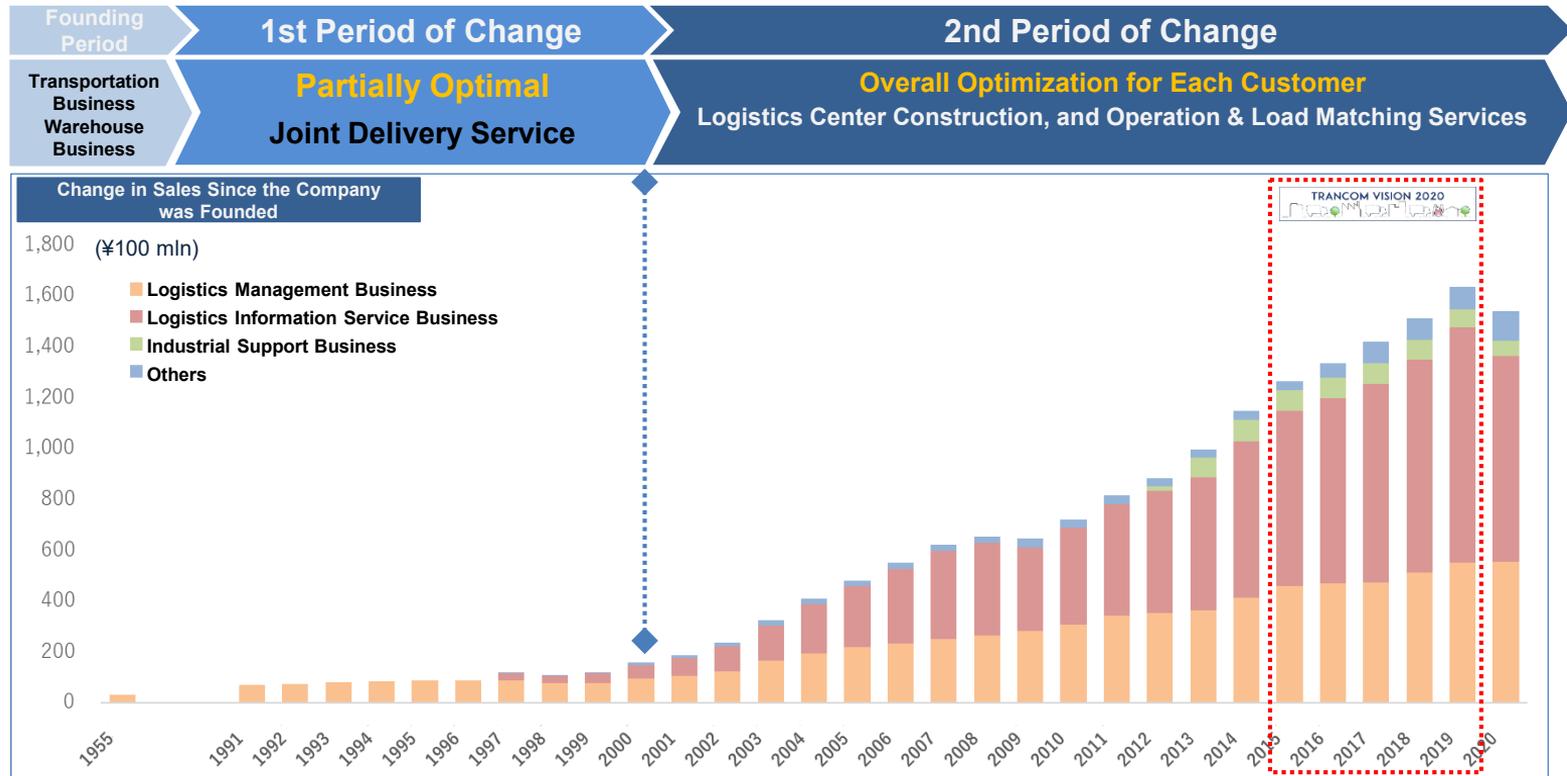
## Medium-Term Management Plan

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# TRANCOM VISION 2025

# Looking Back from the Founding of the Company

## Changes in the Business



# TRANCOM VISION 2020



## Summary

### Basic Policy

With human resources, partners and ICT as the axis of growth, the TRANCOM Group will work together as a monolith to become a strong corporate group with high-quality functions.

2015

2016

2017

2018

2019

2020

Advancement of Each Business / Creating a Unique Business Model

Towards the Next Stage

**Logistics information**

- Expanding service areas & networks (new branch openings)
- Taking on the challenge of new shipping matching with medium-lots & drayage, etc.
- Increasing dedicated trucks
- Streamlining business operations (introducing BI tools & adding compass function)
- Enhancing partner support services (truck leasing, recruitment site & Minna no Compass)

**LM**

- Expanding specialty categories
- Taking on the challenge of new logistics fields (promotional materials, automobile parts & on-site logistics)
- Overwhelming on-site management ability and productivity improvement in each area

**IS**

- Realization of “make and transport” through synergy with the LM business
- Building a solid business foundation

**Overseas**

- (China) Starting automobile part logistics (Thailand) Starting 3PL business (Singapore) Future development in the ASEAN region

**Business & Organization**

- Starting an automotive business in Japan
- Commercialization of pallet collection logistics
- Taking on the challenge of joint shipping for different industries & existing customers
- In-house relay location (Fukui) - Large vehicle drive in possible
- Organizing company-wide sales and strengthening activities
- Using ICT as a business weapon - Establishing a DX promotion office

**Collaboration & Cooperation**

- Collaborating with each company
  - Mutual capital and business alliance with Hino Motors, one of the world's leading truck manufacturers, and NLJ
  - Developing and providing next-generation logistics solutions that utilize advanced technology
  - Collaborating with GLP Japan & Monoful
  - Providing new solutions for transportation & delivery, and vehicle allocation
  - Capital and business alliance with Chinoh.Ai
  - Promoting a next-generation logistics center (automation)
- Strengthening cooperation with the national & local governments- Implementing a pallet collection demonstration project



# TRANCOM VISION 2020

## Quantification

	Goal FY2019		Results FY2019
Sales	200 billion yen		163.4 billion yen
Operating profit margin	5.0% - 6.0%		4.6%
ROE	13.0%-15.0%	>	13.6%
ROA	7.0%-8.0%		8.7%
Payout ratio	Stable dividend of 20.0% to 30.0%		20.7%

# Future External Environment

- ✓ Shortage of truck drivers (aging population & decline in the working population)
- ✓ Improving the efficiency of transportation and delivery is essential

- ✓ Legal revisions in 2024 (working-style reform)
- ✓ Declining trend in the load factor over the long term

2019 -

2019 -  
Working-style reform (upper limit on working hours)

2023 -

April 1st, 2023 -

Working-style reform: For small and medium-sized companies, an increase in additional pay for overtime work that exceeds 60 hours in a month (25% → 50%)

April 1st, 2024 -

Working-style reform: Revision of exemptions for overtime limit standards (drivers)

Around 2028 -

**A 240,000 person shortage in truck drivers**

Source: Boston Consulting Group

Around 2023 -

Convoy traveling - Level 3 manned following vehicle

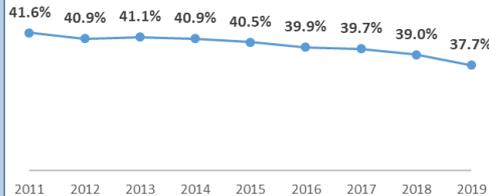
Around 2025 - Convoy traveling

Convoy traveling - Level 4 unmanned following vehicle system commercialization potential

External Environment

## Truck Load Factor (Japan)

(Source) Ministry of Land, Infrastructure, Transport and Tourism  
"Annual Automobile Statistics Transport Report"



# Logistics Market Environment in Japan

Japan Market  
About 24 tln yen

## Internal issues related to logistics

- Difficult to obtain accurate information in real time
- Work and personnel planning with experience and intuition
- Individualistic type work

## External issues related to logistics

- The structural decreasing birthrate and aging population
- White logistics support
- Frequent and small distribution lots
- Request for shorter lead times
- Accelerating efforts to build a low-carbon and sustainable logistics system

Medium-term global warming goals that are required of the logistics industry

By 2030, a 27.3% reduction compared to FY2013

	Estimated emissions for each sector in 2030	Versus FY2013 results
Energy derived CO2	927	▲24.9%
Industrial sector	401	▲6.5%
Business and other sectors	168	▲39.8%
Home sector	122	▲39.3%
Transportation sector	163	▲27.6%
Energy conversion sector	73	▲27.7%

(Source) Ministry of Land, Infrastructure, Transport and Tourism



Business Axis Focused on “Transport”



# What TRANCOM Wants To Be



## mission

Continuing to take on the challenge of **radical innovation** and **solving social issues** as a company responsible for the **social infrastructure of logistics**

## vision

Realizing a **platform (optimally in the form of "transportation")** that is used by **many companies** (shippers and logistics companies)

## value

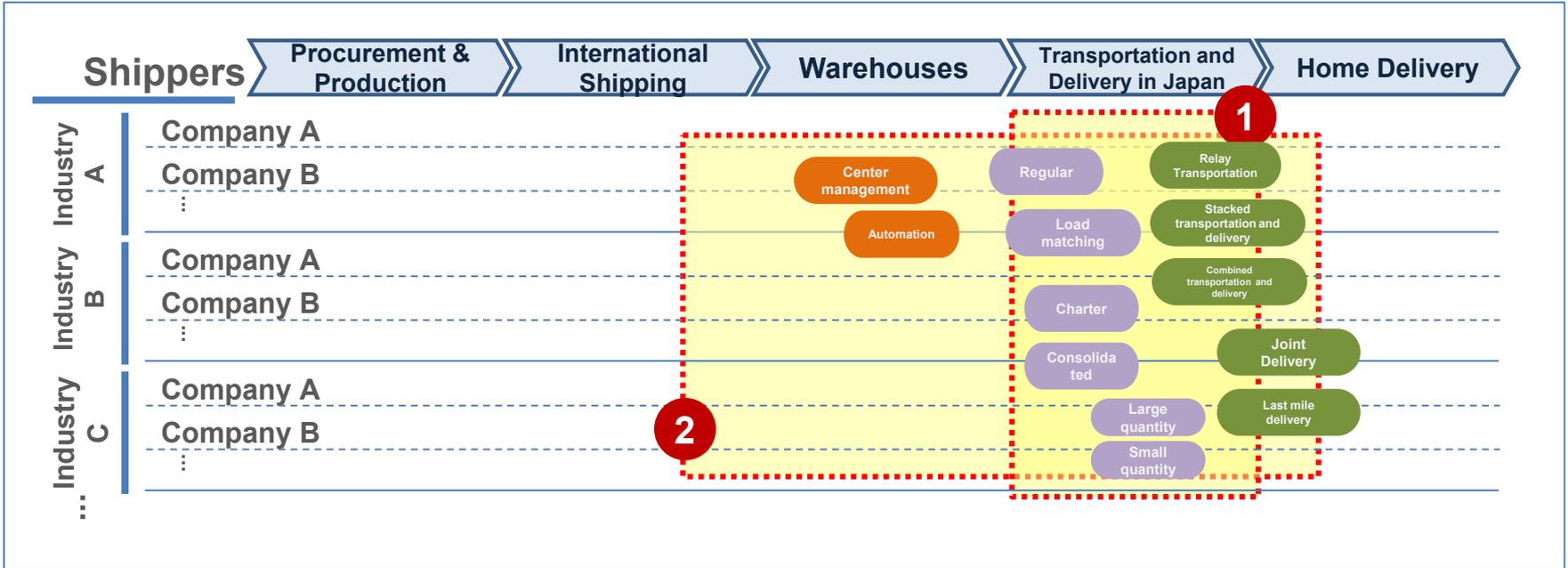
**We want to meet expectations.**  
Honesty, creativity, taking on challenges, unity and gratitude.

## strategy

**Creating new value by combining ideas and technologies with the network and know-how** we have cultivated so far

# TRANCOM VISION 2025

## The Approach for “Transportation”



**1 Platform that is widely used by many companies**  
 >Building mechanisms and systems for transportation and delivery in Japan



**2 Providing added value**  
 >Logistics center operation & international logistics, etc.



**DX**  
 >Digitalization & connecting

# TRANCOS VISION 2025

## Key Strategies

### Concentrating all management resources on Transport

#### Focusing on transport

1. Improving and increasing transportation and delivery capacity & expanding a wide variety of transportation and delivery modes
2. Increasing the shipping volume handled in Japan
3. Business innovation for the load matching service
4. Strengthening innovation by collaborating with other companies
5. System development for the advancement of digitalization & building data connections with other companies

#### Building the foundation of the existing business

6. Building a strong business foundation for the logistics management business
7. Strengthening growth in the ASEAN region

#### Rebuilding the foundation for growth

8. Further strengthening & diversifying human resources and the organization
9. Progressing to ESG & SDGs management

# TRANCOM VISION 2025

## Transport Key Strategies

Expanding a wide variety of transportation and delivery modes

- Accumulation of know-how with company vehicles & in the existing business
- Strengthening cooperation with partner companies

With what

- Trucks  Trailers
- Connected trailers
- Containers  Railways
- Ships  Airplanes
- Automatic driving trucks

How

- Charter
- Consolidated
- Large quantity
- Small quantity

Carrying out

- Junction transportation
  - Transferring cargo
  - Switch operation
  - Changing drivers
  - Breaks, naps & accommodation
- Stacked transportation and delivery
  - Heavy things and light things
  - Different types of industries
- Combined transportation and delivery
  - Shipping and delivery
  - Delivery and delivery
- Joint delivery (Same delivery address)
- Last mile delivery (Short distance / to B)

Increasing the shipping volume handled

- Strengthening sales company wide
- Further expanding the load matching service

- Expanding the shipping volume of existing customers
- Cultivating new customers
- Expanding collection logistics
- Increasing spot cargo

Promoting digitization

- Building a mechanism to connect things and information

- Developing a main line & branch line vehicle dispatching system
- Improving the load matching system Compass
- Connecting with partner company systems

# TRANCOM VISION 2025

## Human Resources & Organization ESG/SDGs Key Strategies

### Human Resources & Organization

- **Creating a vibrant organization that can draw out the desire for self-growth**

- ☑ Finding and promoting human resources
- ☑ Training the next generation of leaders
- ☑ Creating a place for individuals to grow
- ☑ Recruiting specialized human resources

### ESG & SDGs management

- **Efforts to achieve virtually zero CO2 emissions**

- ☑ By creating “transportation”, understanding the amount of CO2 reduction through improved logistics efficiency
- ☑ Introducing electric vehicles (EV & FCV)

- **Strengthening the promotion of diversity**

- ☑ Promoting the advancement of women
- ☑ Promoting the employment of people with disabilities
- ☑ Promoting collaboration regardless of nationality

- **Building a recycling society**

- ☑ Building a system for reverse logistics & collection logistics

- **Strengthening substantive governance**

- ☑ Strengthening cooperation with outside directors to improve the function of the board of directors

# TRANCOM VISION 2025

## Image of Growth

### TRANCOM VISION 2025

2020

2021

2025

Preparing for changes in the business

Towards building a "Transportation System"

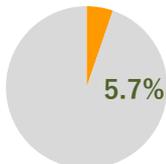
- Building a solid business foundation
- Efforts for changes in the business

- Increasing the amount of transportation and delivery handled
- Putting together a wide variety of transportation and delivery modes
- Digitalization of information related to transportation and delivery

Number of times vehicles dispatched daily

8,800

Main-line shipping market share rate



Number of times vehicles dispatched daily

15,000

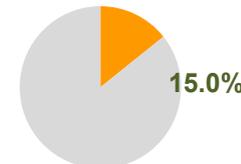
Main-line shipping market share rate



Number of times vehicles dispatched daily

23,000

Main-line shipping market share rate



Our own research about the main-line shipping market in Japan

Number of commercial trucks:	819,300
Number of transport trucks:	114,700

### TRANCOM VISION 2030

Providing a "transportation" platform

Realizing a platform (optimally in the form of "transportation") that is used by many companies

Active Investment - 35 Bln Yen in 5 Years  
 < DX, Locations, Vehicles, Alliances & Human Resources >

# TRANCOM VISION 2025

## KPIs and Numerical Targets

	FY2020 (FY2020)		FY2025 (FY2025)
Number of “transportation” arrangements / day	8,800		15,000
Main-line shipping share rate	5.7%		10.0%
CO2 reduction / year	132,964 t-CO <sub>2</sub>		243,249 t-CO <sub>2</sub>
Sales	152.2 billion yen	>	220.0 billion yen
Operating profit margin	5.4%		5.0%~6.0%
ROE	14.2%		12.0%~15.0%
ROA	9.2%		8.0%~10.0%
Payout ratio	19.6%		20.0%~25.0%

\* CO 2 reduction amount: Amount of CO2 emissions reduced by providing efficient transportation and delivery services

NEXT to you

# 「はこぶ」を創造する

Creating “Transportation”

はこぶ  
transport

かたち  
platform

ともに。  
partnership

There are many types of “form” in the world.  
We grow by changing the form.  
By creating something that perfectly suits people.  
That is our “form” .  
We will turn various kinds of “transportation”  
into “forms” that are just right.

TRANCOM

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