



Global Logistics Partner

Global Top 10 Solution Partner  
2022—2027

# Management Plan 2027

---



A member of the *KWE* Group



# INDEX



---

**03 Review of the Previous Medium-Term Management Plan**

---

**08 Management Plan 2027**

- 09 Numerical Targets
  - 10 Growth Strategy
  - 13 Strengthen Our Business Platform
  - 19 Sustainability
-

# Review of the Previous Medium-Term Management Plan

## Previous Medium-Term Management Plan (FY2019- FY2021)

### Phase I

Establishment of structure 2019-2021

#### Established middle governance

Enhanced our self-contained functions by delegating authority to each regional headquarters to promote speedy and dynamic business expansion on a global level



2019

#### Established corporate departments

Also established corporate divisions that cross-organizationally control the Group and maintain necessary checks and balances

2021

### Phase II

Development and growth 2022-2027

#### Finished up the middle governance

Added a finishing touch on the middle governance system established under the previous Medium-Term Management Plan



#### Enhance functions of corporate departments (Establish a platform)

Establish a Group platform to support growth

### Phase III

Sustainable growth 2028—

2027

#### Achieve the long-term vision

Aim to achieve the long-term vision in the final year



# Review of the Previous Medium-Term Management Plan

Sales Strategies	Key Customers Development	<ul style="list-style-type: none"> <li>Launched full-scale sales activities at RSM established in every Regional Headquarters in Japan and overseas</li> </ul>
	Industry Verticals	<ul style="list-style-type: none"> <li>Succeeded in acquisition of a major U.S. retail customer through joint sales with APLL and sales expansion at RSM divisions</li> <li>Acquired a Canadian logistics company specializing in perishables</li> <li>Obtained GDP certification at major European sites and increased air freight volume in healthcare by enhancing temperature controlled facilities</li> </ul>
	Further Volume Growth in Asia	<ul style="list-style-type: none"> <li>Indonesia: Volume increased mainly in automotive-related products</li> <li>Vietnam: Volume significantly increased mainly in automotive-related products, electronic products, and retail.</li> <li>Network expansion: Bangladesh, Sri Lanka Sri Lankan subsidiary started operation in October 2019</li> </ul>
Operations Strategies	Cost Reductions	<ul style="list-style-type: none"> <li>Amid the space shortage in the COVID-19 crisis, used the space on chartered flights mainly in Asia-North America lanes with high transport demand</li> </ul>
	Improve operational efficiency	<ul style="list-style-type: none"> <li>Launched a charter program in light of introduction of gateway service</li> <li>Improved consolidation efficiency</li> <li>Promoted shared service</li> </ul>

# Review of the Previous Medium-Term Management Plan

<b>APLL</b>	<b>Automotive</b>	<ul style="list-style-type: none"><li>• Signed an eight-year long-term contract with a major railway company for North/South rail transportation in the North America (Subject to the use of 53-foot containers owned by APLL) Ensured competitive advantage and maintained long-term business with major U.S. auto manufacturers</li><li>• Increased freight wagons for finished vehicle transportation in India from 15 to 20 rakes</li><li>• Formed a partnership with a European distributor and newly received an order management service for service parts from a major European auto manufacturer</li></ul>
	<b>Retail</b>	<ul style="list-style-type: none"><li>• Operated a core function system LSS+ and completed the development of a data lake platform to create visibility reports across multiple products in order to strengthen the visibility service with high customer needs</li><li>• Started introducing systems and material handling equipment to improve operational efficiency and quality in connection with the establishment of major CFS terminal sites with an aim to strengthen order management services</li></ul>
	<b>Consumer and Industrial</b>	<ul style="list-style-type: none"><li>• Began updating and expanding the introduction of warehouse labor management system to improve operational efficiency and reduce workforce in response to soaring labor costs of warehouse personnel in the U.S.</li><li>• Received an order for distribution service in the U.S. from a Japanese household medical device manufacturer</li></ul>

# Review of the Previous Medium-Term Management Plan

## Strengthen Our Business Platform

### Group Governance

- Set up a post of “General Counsel” of the KWE Group
- Identified material topics and implemented specific measures for each topic as part of our sustainability initiatives
- Renewed the Corporate Global website

### Developing Global Human Resources

- Implemented the Executive Development Program for global human resources selected in the Succession Planning

### Next Generation IT Systems

- Expanded functions of the core systems (UFS + ): Installed Delivery Instructions
- Verified the enhanced functions of the core systems (UFS + ): Verified the use of AI-OCR and technology transfer between the core systems, to simplify and improve efficiency of the system operation
- Developed IT infrastructure to consolidate systems globally and implemented various measures to strengthen IT security

### Financial Stability

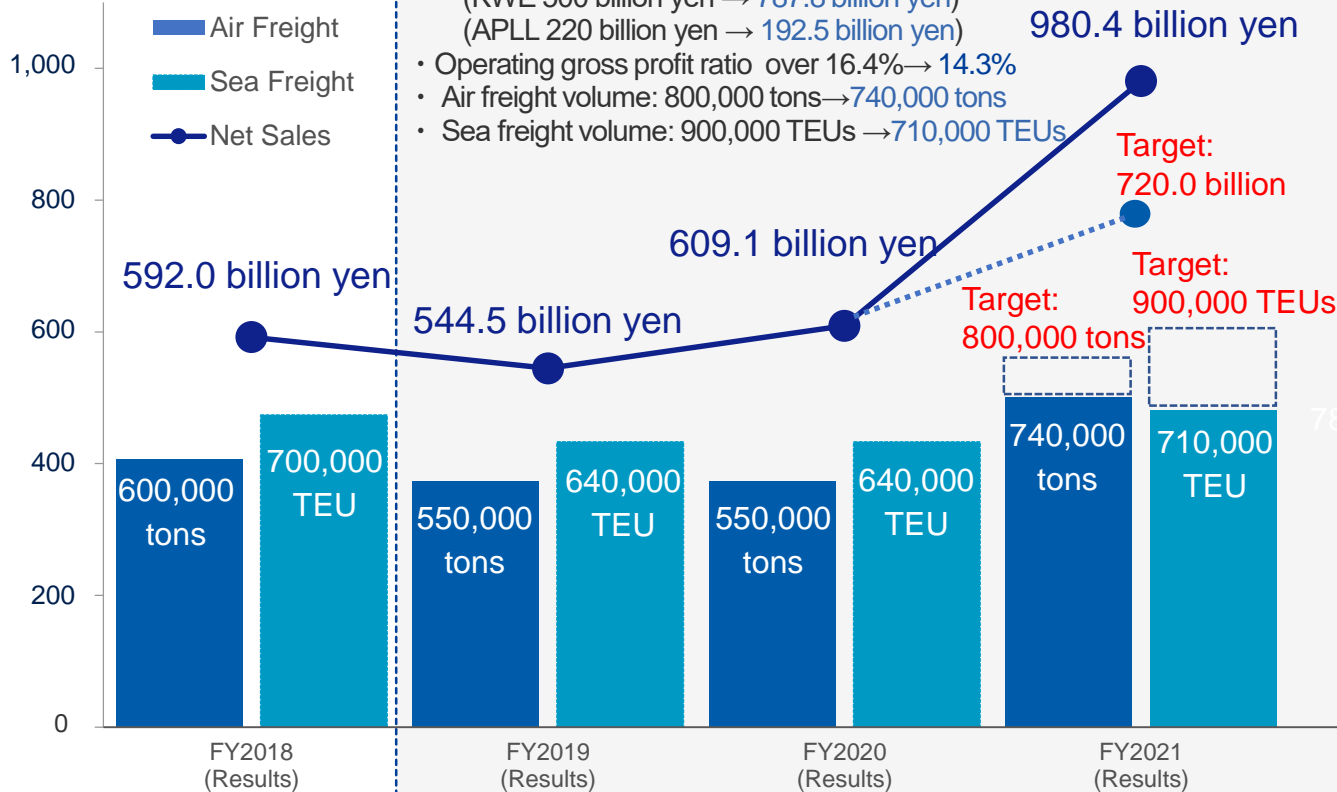
- Reduced interest-bearing debt: From ¥80.6 billion (in Q4 of FY2018) to ¥27.7 billion
- Improved equity ratio: From 31.3% (in Q4 of FY2018) to 36.9%

# Long-Term Vision and Previous Medium-Term Management Plan

## Previous Medium-Term Management Plan (FY2019 - FY2021)

- Net sales: 720 billion yen → 980.4 billion yen  
(KWE 500 billion yen → 787.8 billion yen)  
(APLL 220 billion yen → 192.5 billion yen)
- Operating gross profit ratio over 16.4% → 14.3%
- Air freight volume: 800,000 tons → 740,000 tons
- Sea freight volume: 900,000 TEUs → 710,000 TEUs

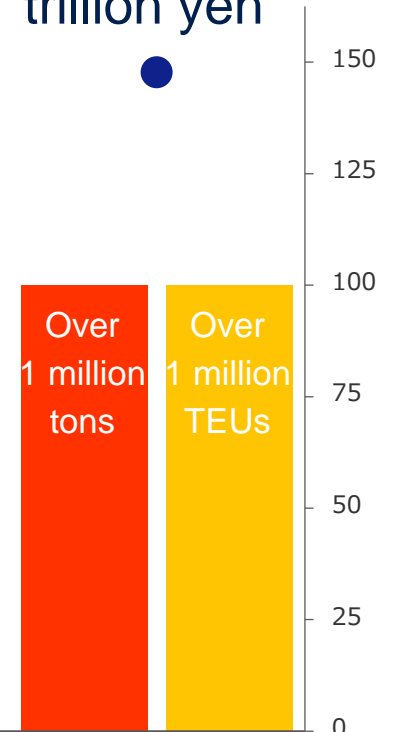
Net sales: Billions of yen



## Long-Term Vision

1 trillion yen

Freight volume: 10,000 tons  
10,000 TEUs



Operating income    ¥20.7 billion    ¥19.7 billion    ¥34.1 billion    ¥62.4 billion

¥50.0 billion

# Management Plan 2027

Contribute to the development of a global community through logistics services by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees

## KWE Group Corporate Guidelines

### Input

- Financial soundness
- Global network and diverse service options
- Next generation IT systems
- Developing global human resources
- Group governance

### Strengths

- Customer-first
- Human resources
- On-site capabilities, detailed service
- Realize customer value
- Provide supply chain solutions

### Activity

## Management Plan 2027 Global Top 10 Solution Partner

### Growth strategy

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Increase global volume                     <ul style="list-style-type: none"> <li>• Increase volume from/to Asia</li> <li>• Sales activities/marketing</li> </ul> </li> <li>• Premium order management provider (APLL segment)</li> </ul> | <ul style="list-style-type: none"> <li>• Increase global volume                     <ul style="list-style-type: none"> <li>• Enhance global procurement capabilities</li> </ul> </li> <li>• Develop unique products (APLL segment)</li> </ul> |
|--|---|

### Strengthen Our Business Platform

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Group Governance                     <ul style="list-style-type: none"> <li>• Legal/risk/compliance/corporate brand value improvement</li> </ul> </li> <li>• HR                     <ul style="list-style-type: none"> <li>• Enhance sustainable corporate value through active investment in human capital /Build and utilize HR management platform</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• IT                     <ul style="list-style-type: none"> <li>• Ensure business continuity/Contribute to sustainable growth</li> </ul> </li> <li>• Finance/Accounting                     <ul style="list-style-type: none"> <li>• Establish an optimal accounting system / Develop financial strategy and raise funds/Develop tax strategy</li> </ul> </li> </ul> |
|---|---|

### Material topics leading to value creation

- Emissions
- Energy
- Social Impacts in the Supply Chain

### Material topics related to basis for business continuity

- Anti-Corruption
- Diversity and Equal Opportunity
- Data Security

### Output & Outcome

Net sales                    1 trillion yen  
 Operating income 50.0 billion  
 Freight volume:  
     Air     1,000,000 tons  
     Sea    1,000,000 TEUs

- Establish a KWE Group brand
- Realize customer value
- Increase sustainable shareholder value
- Be a company where all group members take pride in their work
- Promote sustainability





# Management Plan 2027

## Targets

Net sales	<b>1 trillion yen</b>
Operating income	<b>50.0 billion</b>
Air freight	<b>Over 1 million tons</b>
Sea Freight	<b>Over 1 million TEUs</b>

## Global Top 10 Solution Partner A Global Brand Born in Japan

- KWE's brand recognition will continue to grow by our core strengths: superior quality, a collective and competitive spirit, and a solutions-driven attitude.
- KWE's market expansion will be paved by establishing our identity as a preferred partner across all regions.
- Through the merit of our work, KWE will become a company that brings pride to its diversified and talented workforce.

# Management Plan 2027

## Growth Strategy

### Target

- Enhance cooperation between Corporate Sales & Marketing (CSM) Department and Regional Sales & Marketing (RSM) divisions to increase global volume  
Air freight: 1 million tons   Sea freight: 1 million TEUs

### Strategy

**Increase  
global volume**

**Volume increase in Asia-  
Europe/U.S. lane**

**Sales activities/Marketing**

### Tactics

- EO/SE ↔ AM/EMEA   Increase volume of air and sea freight
- Introduce KPI for target volume

#### **(Sales activities)**

- Maintain/expand CA/CAC/RA and build long-term business relationships
- Project basis: Fix an industry group and its trade lane to seek new customers

#### **(Marketing)**

- Industry vertical  
Core Vertical   Automotive/Healthcare/Retail/Electronics  
Next Vertical   Materials/Foodstuffs/Aerospace
- Trade lane  
Marketing to increase market share in trade lanes from/to Asia

# Management Plan 2027

## Growth Strategy

### Strategy

**Increase  
global volume**

**Strengthen global  
procurement function**

### Tactics

- Strengthen FSG\* functions      \*FSG: Forwarding Strategies Group
- Air
- ◆ Secure and increase space on international charter flights and with BSA
  - ◆ Strengthen ties with preferred carriers
- Sea
- ◆ Secure and expand available capacity on long-haul and intra-Asia routes
  - ◆ Expand global volume by enhancing governance of the entire Group

# Management Plan 2027

## Growth Strategy

### Strategy

#### **Premium order management provider**

(APLL segment)

### Tactics

- Become a partner of major U.S. customers with global brand power as a premium order management provider
  - ◆ Invest in CFS terminals in Asia and automate operations to enhance origin services and differentiate the Group from competitors
  - ◆ Start from the booking service and then expand to IFS (sea freight) and TMS (truck transport) services
  - ◆ Utilize order management services we have cultivated in RETAIL in AUTO, INDUSTRIALS, and CONSUMER
  - ◆ Improve productivity of shared services (GSS) to increase margins and operational quality
  - ◆ Improve customer satisfaction by enhancing visibility reports using data lake

#### **Development of a unique product**

(APLL segment)

- Develop unique services with a platform offering rail and truck transport in AUTO
  - ◆ Provide a platform to support supply chains of major U.S. automotive customers as well as new EV customers
  - ◆ Place an order of Taller Rake design ahead of our competitors in response to growing SUV demand in India and explore new possibilities of rail transport of SUVs
  - ◆ Offer order management services for service parts in AUTO to expand business domains

# Management Plan 2027

## Strengthen Our Business Platform

### Target

- Establish a group platform to support growth

### Strategy

**Strengthen Our Business Platform**

**Group governance  
(CPA)**

**HR  
(CHR)**

**IT  
(CIT)**

**Finance/Accounting  
(CFA)**

### Tactics

- Legal — Strengthen Group legal functions    Risk — Consider insurance and risk financing  
Compliance — Ensure full compliance
- Enhance corporate brand value
- Enhance sustainable corporate value through active investment in human capital
- Establish and utilize HR management platform
- Ensure business continuity
- Contribute to sustainable growth
- Establish optimal accounting system
- Develop finance strategy and raise funds
- Develop tax strategy

# Group Governance

## Legal Strengthen group legal functions

- Effectively use and systemize legal resources within the Group (establish a platform)
- Introduce and use a contract review/management system
- Strengthen management of external law firms

## Risk Insurance/Risk finance

- Construct risk finance and manage risk exposure in an integrated manner
- Promote Global Insurance Program by one carrier, deal with accidents/claims, and manage insurance policies in an integrated manner

## Compliance Ensure compliance

- Provide group compliance training
- Update the Group whistle-blower system
- Establish the Ethics Committee (tentative)

## Enhance corporate brand value

- Foster corporate brand
- Improve brand image

# Group LRC\* Platform

\*LRC = Legal, Risk, and Compliance

Effectively use and systemize legal resources within the Group (establish a platform)

**KWE**

Group General Counsel

**APLL**

Corporate Legal Resources

Corporate Legal Resources

Regional Legal Resources

Regional Legal Resources

## Enhance sustainable corporate value through active investment in human capital

- Develop employees who can proactively adapt to various changes and play an active role from a global perspective (= utilize the KWE Global HR Guidelines)
- Further enhance education/trainings to improve employee motivation and engagement
- Introduce flexible working styles that respect the individual lifestyles of employees

## Establish and utilize HR management platform

- Contribute to productivity improvement through strategic HR utilizing HR data
- Spread the idea of diversity to employees and appoint the next-generation leaders with emphasis on diversity from a broad range of human resources
- Maintain/improve labor environment through the enhancement of occupational health and safety
- Provide work environment that leads to the productivity improvement

## Ensure business continuity

To continue business stably by successfully responding to the advancement of IT and changes in environment surrounding the Group, we will fulfill our responsibilities through daily operation and various IT projects such as version upgrades.

### Security

- Introduce standard security tools
- Raise awareness to prevent security incident
- Introduce processes to detect early and deal with cyber attacks

### Regulatory Compliance

- Launch global IT governance team
- Comply with data privacy laws in each country

### Availability and Reliability

- Enhance functions of the core systems
- Promote cloud migration

## Contribute to sustainable growth

We will automate and streamline operations through digitization and active use of information.  
We will reduce burden of simple tasks and support a shift to more sophisticated, strategic, high value-added work based on a mass of information obtained through digitization.

### Digitization

- Promote digitization using EDI and AI-OCR function

### Automation

- Introduce Business Process Management (BPM) tool
- Visualize processes and automate operations

### Value Focus Operation

- Set up Data Operation Center (DOC)
- Homogenize master profile information
- Standardize operations and improve quality



# Enterprise Transformation

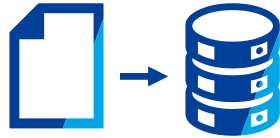
KWE will build a digital data foundation with high quality and volume for data analytics and utilization and shift workload from routine work to "think" by workstyle innovation and value focus operation.

## Data Capitalization

Accelerate digitization of information and automation by digitizing KWE's customer and shipping information

### Digitization

- Data Integration
- Data Capturing (AI-OCR)

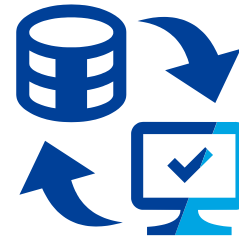


## Data Utilization

Realize streamlining and automation of operation by improving data quality and using it in BPM and UFS+

### Automation

- BPM & UFS+ Integration



## Enterprise Transformation

Support with technology a shift from routine work to work "requiring to think"

## Value Focus Operation

- Data Operation Center
- Pricing Mgmt.
- Predictive Analysis (Demand Forecast)



**"Think"** assisted by technology

Routine work done by technology

# Finance/Accounting

## Establish optimal accounting system

- Establish an optimal accounting system for the Group
- Carry out appropriate accounting treatment and financial results disclosures

## Develop finance strategy and raise funds

- Increase internal funding ⇒ Increase regional pooling + cross-border pooling
- Increase external funding ⇒ Consider new funding methods such as general syndicated loans and borrowings from Kintetsu GHD

## Develop tax strategy

- Enhance Global tax governance system
- Consider tax strategy to minimize tax cost and risks

# Sustainability

## KWE Group's material topics

Item	Category	Applicable SDGs
Anti-Corruption	Economy and Governance	
Data Security	Social	
Diversity and Equal Opportunity	Social	   
Emissions	Environment	 
Energy	Environment	  
Social Impacts in the Supply Chain	Social	  

## Policy

- Reduce CO<sub>2</sub> emissions
- Contribute to the creation of a sustainable society through logistics
- Become a company selected by society
- Develop next-generation human resources who will realize sustainability

## Measures

- Continuously provide the Group common compliance training (e-learning)
- Continuously implement spoofed e-mail training, etc., and further strengthen IT platform
- Take specific initiatives on human rights due diligence and disclose information
- Calculate accurate data of Scope 3 emissions
- Establish a global SAF scheme together with cargo owners
- Enhance TCFD disclosures (clearly disclose metrics and targets)
- Use 100% renewable energy at our own facilities, where technically feasible
- Aim for B rating in CDP and Silver in Ecovadis

