

Freight Forwarding Business

The HTS Group makes full use of its global network and seamlessly connects various transport modes including ocean, air, truck, and rail to provide optimal transport services to customers. We meet a wide range of global logistics needs of customers including one-stop logistics service integrating freight forwarding, 3PL, and heavy machinery and plant logistics and operations that require high level of expertise such as agency service for trade administration, service related to exhibitions and overseas events, and trade agreement consultation.

FY2020 Result

Revenues (round amount): **¥101.1 billion**
 Freight forwarding volume (round amount):
 Ocean transportation **441** thousand TEUs*
 Air transportation **148** thousand tons

Business outline by region

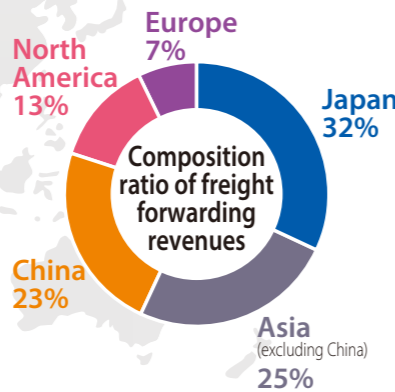
* Logos of the Group's major freight forwarding operators are shown

Europe
 Ocean 35 thousand TEUs
 Air 14 thousand tons
Major export products
 For Japan: Furniture, tires
 For China: Hygiene products
 For Asia/North America: Food products

Japan
 Ocean 94 thousand TEUs
 Air 47 thousand tons
Major export goods
 For China/Asia: Hygiene products, electric/electronic parts
 For North America/Europe: Automobile parts

North America
 Ocean 41 thousand TEUs
 Air 10 thousand tons
Major export goods
 For Japan/Asia: Food products
 For China/Europe: Hygiene products, automobile parts

Asia
 Ocean 162 thousand TEUs
 Air 27 thousand tons
Major export goods
 For Japan/China/Europe: Electric/electronic parts
 Within Asian region: Hygiene products
 For North America: Tires



* TEU (Twenty-Foot Equivalent Unit): The volume converted into the number of 20-foot-long marine containers

FY2020 Topics

Acquired "CEIV Pharma", a quality certification for air transport of pharmaceutical products, in Narita Airport

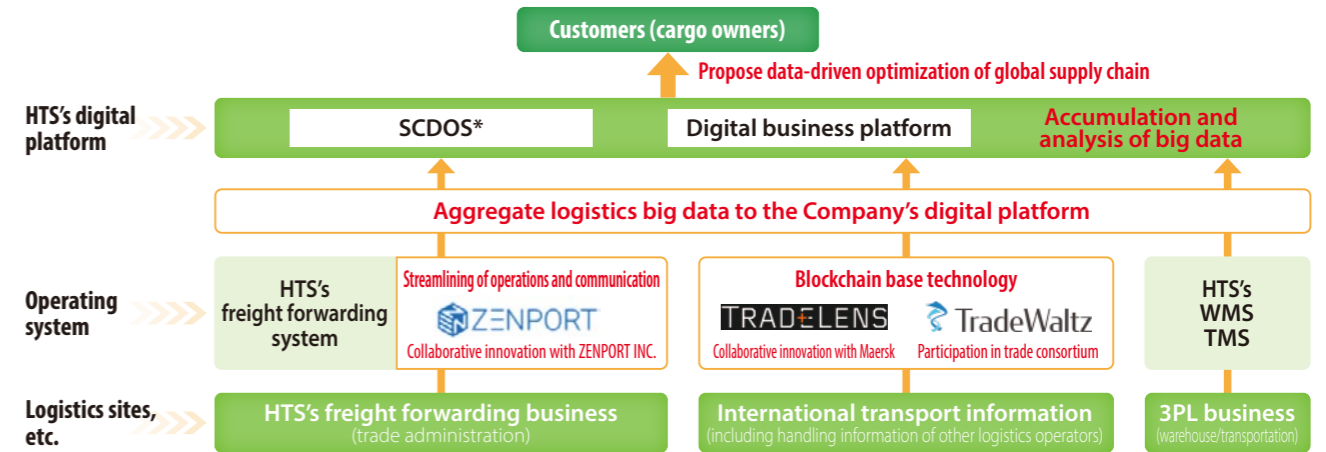
In March 2021, VANTEC HTS FORWARDING, LTD., a freight forwarding business company of the Group, acquired the "CEIV Pharma" certification, a quality certification program for air transport of pharmaceutical products, in Narita Airport. We are certified as "a business operator capable of high-quality air transport of pharmaceutical products that meets global standards" and striving to enhance safe and secure international one-stop logistics service for pharmaceutical products, along with such initiatives as Medical DC (P.46) in the domestic 3PL business.

* CEIV Pharma: Stands for "The Center of Excellence for Independent Validators in Pharmaceutical Logistics." It is a uniform international standard of a quality certification for air transport of pharmaceutical products at controlled temperatures developed by the International Air Transport Association (IATA)



DX Initiatives in the Freight Forwarding Business

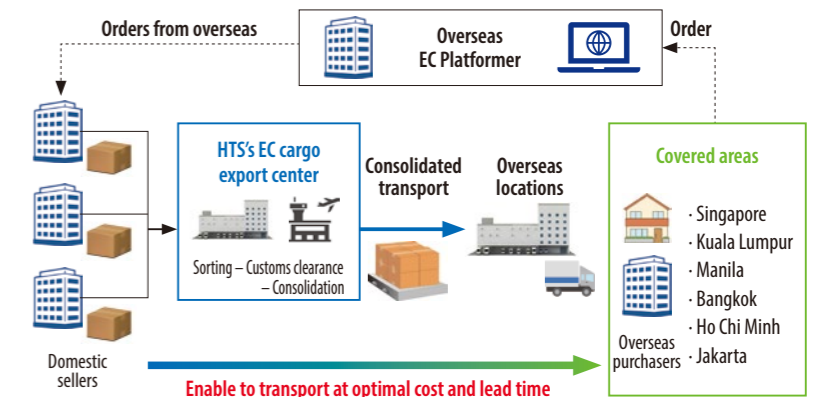
The Group promotes digital transformation (DX) as one of its priority measures in the Mid-term Management Plan (P.29-30). The freight forwarding business is also working on DX initiatives, including collaborative innovation initiatives with our partners, with an aim to streamline administrative work and communication through digitalization of trade administration and optimize customers' global supply chains through data accumulation and analysis.



*SCDOS: Our solution to centrally manage and visualize supply chain information and support solving issues (P.29)

Enhance Cross-border EC-related Services

We are enhancing freight forwarding services related to the growing cross-border EC market. In FY2020, we have tied up with a leading overseas EC platformer and provide one-stop delivery of EC cargo exported from Japan to local sellers mainly in Asia with efficient consolidated transport service. We support our customers in expanding their sales opportunities through logistics by optimizing costs and shortening lead time.



Launched Full-scale Freight Forwarding Service in Eastern Europe

ESA s.r.o., our group company headquartered in the Czech Republic, operates a comprehensive logistics business mainly in three Eastern European countries of the Czech Republic, Poland, and Slovakia. The company had been engaged in cross-border transport across Europe using its truck transportation capacity and recently launched full-scale freight forwarding service including ocean, air, and rail, to provide one-stop logistics service in combination with 3PL and heavy machinery and plant logistics.



ESA s.r.o. (Wholly-owned subsidiary of Hitachi Transport System)
 - Operates a comprehensive logistics business in the Czech Republic, Poland, and Slovakia
 - Launched full-scale freight forwarding service to further enhance services



- Have its own transport/delivery network from and to Eastern Europe
- Provide cross-border rail transport service from China to Poland or Germany (both FCL and LCL are available)
- Provide ocean multimodal transport/air consolidated transport service
- Provide one-stop service from freight forwarding to 3PL
- Have its own customs team to handle customs clearance

*FCL: Stands for "Full Container Load," which is a mode of transport whereby a cargo owner chartered the full size of a container
 LCL: Stands for "Less than Container Load," which is a mode of transport whereby multiple owners use less than one container.

Message from the officer in charge

Amid drastically changing environment due to COVID-19 including a disruption of global transport network and surging cost in FY2020, the Group has made an all-out effort to maintain our customers' global supply chains. We expect the global transport market to become more diversified and complicated, and the Group will ensure to promote the "expansion of collaborative innovation with partners" and "DX" and support global business activities of our customers by providing more seamless and higher value-added freight forwarding services.

Yuichi Kuroume
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