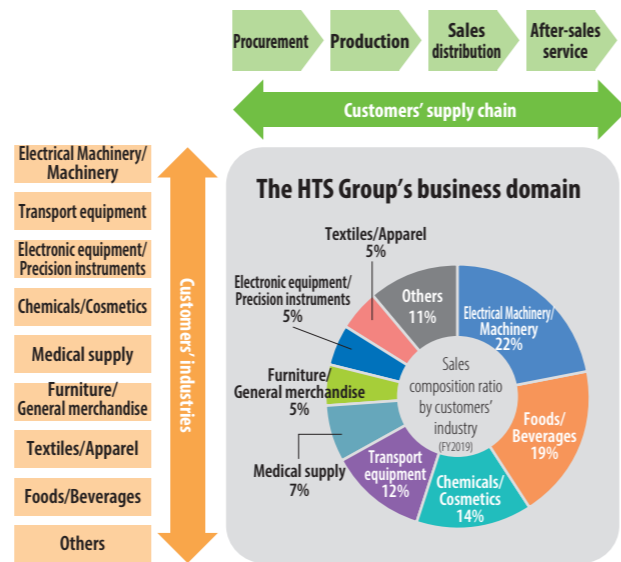


3PL Business (Domestic)

For logistics operation at any segment of customers' supply chain, from procurement, production, sales and distribution, to after-sales service, we provide a comprehensive outsourcing service and a warehouse management system (WMS) underpinning the service to improve service quality and logistics efficiency. As a pioneer of 3PL, we provide the best service and always lead the industry evolution by drawing on our abundant expertise and consulting capability and comprehensive infrastructure and introducing the latest technology.

Major Services

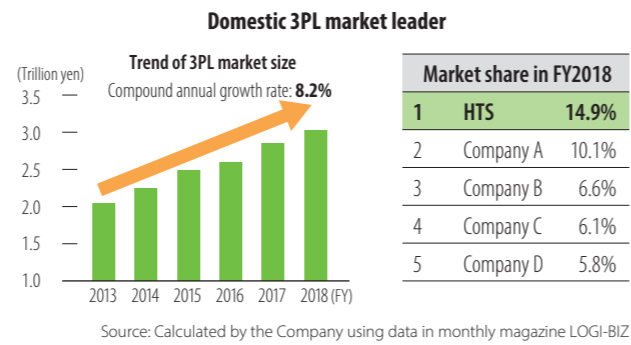
- **Procurement logistics:** We provide a comprehensive service from picking up parts/materials to storage, kitting, and delivery to customer's production line.
- **Production logistics:** Our professionals well-versed in customer's operations optimize factory in-house logistics including management, packaging, and shipping of materials and products.
- **Distribution logistics:** We establish 3PL service integrating storage, delivery, and information to provide high quality service ranging from inventory management and inbound/outbound processing to delivery order handling on customers' behalf.
- **Reverse logistics:** We provide various reverse logistics solutions such as smooth collection and return service leading to customer satisfaction, collection service for reuse and recycling, and waste disposal service requiring advanced, special expertise and technology.



Positioning of the HTS Group in the Market

As a market leader in the ever-expanding domestic 3PL market, the HTS Group comprehensively undertakes logistics operations of customers in a wide range of sectors and industries (see chart on the right).

We have been a pioneer in the industry since we started providing service in the 1980's, and we have been supporting supply chains in Japan with our design and management capabilities backed by abundant experience as well as with fine-tuned services by a group of experts specialized in the customer's industry.



Features of Our Services

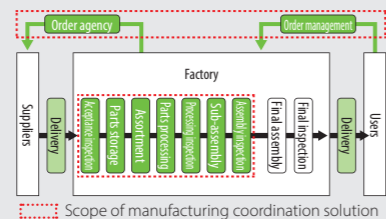
ICT equipment solution

We offer transport and storage of ICT equipment as well as ancillary work such as kitting, on-site setup, and operation test, in order to provide comprehensive support from introduction of a product to data wiping, removal/collection, disposal, and purchase.



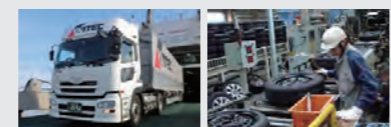
Manufacturing coordination solution

In addition to one-stop service from procurement to shipping, the solution includes undertaking of production processes including assortment, assembly, quality check, as well as inventory management and order receipt/placement management.



Auto parts logistics

Leveraging our know-how and experience in the automobile parts logistics, we provide services ranging from procurement logistics to in-house factory logistics onto mixed production lines and maintenance service parts logistics to meet various logistics-related needs of customers in the automobile industry.



Smart Logistics

The HTS Group is accelerating the realization of next-generation logistics centers that achieve automation/labor saving by Smart Logistics, and in September 2019, we opened an EC platform center (smart warehouse) which realized significant labor saving through coordinated control of multiple labor-saving equipment.

*Please refer to pages 33 to 34 for EC platform center.



FY2019 Result

Results (round amount)

Revenues: **¥376.6 billion** (YoY + ¥10.4 billion)
Operating income: **¥22.82 billion** (YoY + ¥3.64 billion)

New orders/new startups

New Orders: **20 projects** New startups: **23 projects**

FY2019 Topics

- **April 2019:** Started full-scale operation of labor-saving equipment in the automated warehouse in Toyama Phase IV DC
→ Expanded pharmaceutical logistics business and realized a next-generation model center
- **November 2019:** Acquired distribution service business from Hitachi Life, Ltd.
→ Centralized undertaking of logistics operation to ship products from Hitachi Group's factories and integrated packing and transportation services to reduce costs and improve service quality
- **December 2019:** Started operation of Tsukuba DC's Extended Building
→ Further enhanced DC functions for construction machinery maintenance parts

Introduced automated warehouse and labor-saving equipment, etc. in Toyama Phase IV DC



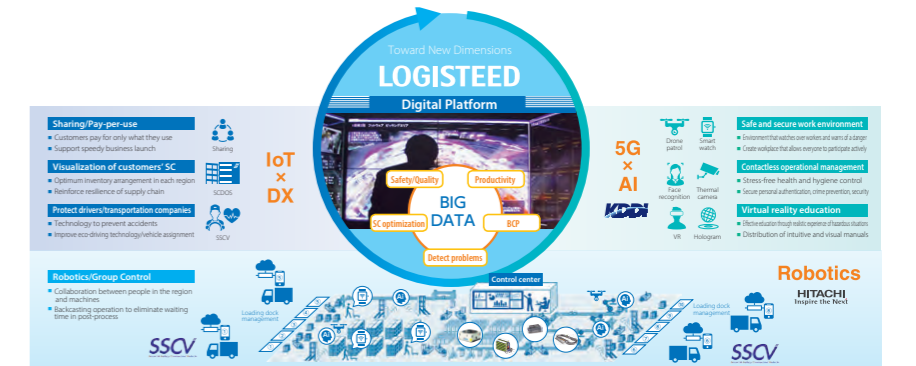
Tsukuba DC Extended Building



Measures toward LOGISTEED

Sophisticate logistics using 5G (collaborative innovation with KDDI)

HTS and KDDI CORPORATION announced the plan to jointly conduct verification experiments aimed at optimizing operation of logistics centers as well as overall logistics by using various sensing with 5G technologies and image recognition by AI. (Joint press release in October 2019)
In FY2020, we will conduct various verification experiments under 5G environment in the actual fields of HTS in the Tokyo metropolitan area.



ESG Topics

HTS's initiatives

- Reduce CO₂ emissions through a review of transportation modes, improvement of transportation efficiency, and joint delivery
- Reduce waste through a review of packaging, and reduce CO₂ emissions through improvement of loading efficiency

FY2019 topics

- **August 2019:** Our group company VANTEC CORPORATION started the operation of double-trailer trucks (refer to page 63)
- **August 2019:** Received both "Logistics Award" and "Electric Equipment Packaging Award" at the Japan Packaging Contest 2019 (refer to page 63)
- **November 2019:** Received "2019 Excellent Business Entities Working on Modal Shift (new market category)"
- **December 2019:** Co-awarded "METI Minister's Awards" at the Green Logistics Partnership Conference (Hitachi Distribution Software Co., Ltd.)

Packaging solution

We have a facility specialized in packaging technology (Technical Center) and propose the optimal packaging solution based on accumulated quantitative data and evaluation test results.



Message from the officer in charge

As a pioneer and leader in the industry, we design the optimal supply chain and offer excellent logistics services with an aim to support customers' growth from the logistics aspect. As an essential infrastructure for our lives, we will continue to support society through stable operation and strive to create collaborative innovation in logistics with our customers and partner companies to deliver new values.

Kiyoshi Nagao

Vice President and Executive Officer, General Manager, Business Management Headquarters

