

Our Resources & Value Creation

— HTS Group Management Resources and Value Creation —

The HTS Group will improve the corporate value by enhancing our “Earning capability” and “Growing power” as well as “Sustainable capability,” with the use of our management resources accumulated over the last 69 years.

Resources — Bases for Value Creation —

Number of Companies*1/Locations*2

Locations

105 companies **740** sites

<Domestic: 27 companies 325 sites/Overseas: 78 companies 415 sites>



Area of Logistics Center*2

Warehouses

7.34Mm²

<Domestic: 5.13 Mm²/Overseas: 2.21 Mm²>



Total Personnel*3

Human Resources

46,295

<Domestic: 29,440 employees/Overseas: 16,855 employees>



Number of vehicles (including leased vehicles)

Vehicles

Total: 16,610

Truck*4: 3,939 Forklift: 5,730
Trailer: 5,188 Other*5: 1,753



*1 Number of companies includes SAGAWA EXPRESS Group and AIT Group.
*2 Numbers of sites and warehouse floor space exclude those of SAGAWA EXPRESS Group and AIT Group.
*3 Number of employees excludes associates accounted for using the equity method.
*4 Including tractors and vans
*5 Including buses and passenger cars, etc.

Services — Businesses & Solutions —

As a domestic 3PL market leader*, we provide comprehensive logistics services excellent in safety, quality, and productivity by taking advantage of our extensive network in Japan and overseas as well as abundant experience and know-how as a pioneer.

*Source: “3PL White Paper 2018” in September 2018 issue of monthly magazine LOGI-BIZ.

3PL business

Value

We provide the optimal logistics services for each stage of supply chain from material procurement and production to sales, distribution, after-sales service and recycling.

Menu

- Procurement logistics services
- Production logistics services
- Distribution logistics services
- Reverse logistics services
- Collaborative logistics services within the same industry



Heavy Machinery and Plant Logistics business

Value

We provide sequential service including transportation, installation, setting up and import/export procedures for heavy machinery and precision instruments in a safe and reliable manner with our sophisticated technologies and know-how accumulated since our establishment.

Menu

- Plant-related transport
- Machinery and equipment transport
- Railway-related equipment transport
- Precision instruments transport
- Various research equipment transport



Forwarding business

Value

We provide safe and high-quality transportation services seamlessly and efficiently leveraging our global network and expertise.

Menu

- International air transport services
- International ocean freight transport services
- International truck transport services
- International railway transport services



Automobile parts logistics business

Value

VANTEC CORPORATION with a global network and other overseas subsidiaries with experiences in automobile parts logistics provide high quality services efficiently using their strong response capability and abundant know-how.

Menu

- Procurement logistics services
- Production logistics services
- Distribution logistics services
- Collaborative logistics services

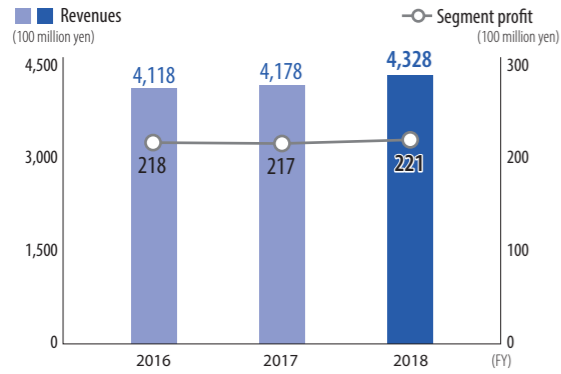


Other services (logistics related businesses) • Travel agency business • Information system development business • Sale and maintenance of automobiles business

Review of Operations

—Business Overview by Segment & FY2018 Topics—

Domestic logistics business (FY2018)



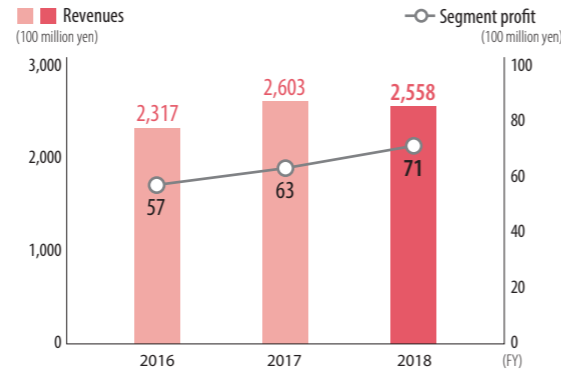
● **Revenues** (YoY) **+4%**

Revenues of domestic logistics business increased by 4% year-on-year to ¥432,793 million due to a steady growth of medical-related and other 3PL projects.

● **Segment profit** (YoY) **+2%**

Segment profit increased by 2% year-on-year to ¥22,099 million due to an increase in revenues and improved productivity despite an increase in work costs and the impact of natural disasters.

Global logistics business (FY2018)



● **Revenues** (YoY) **-2%**

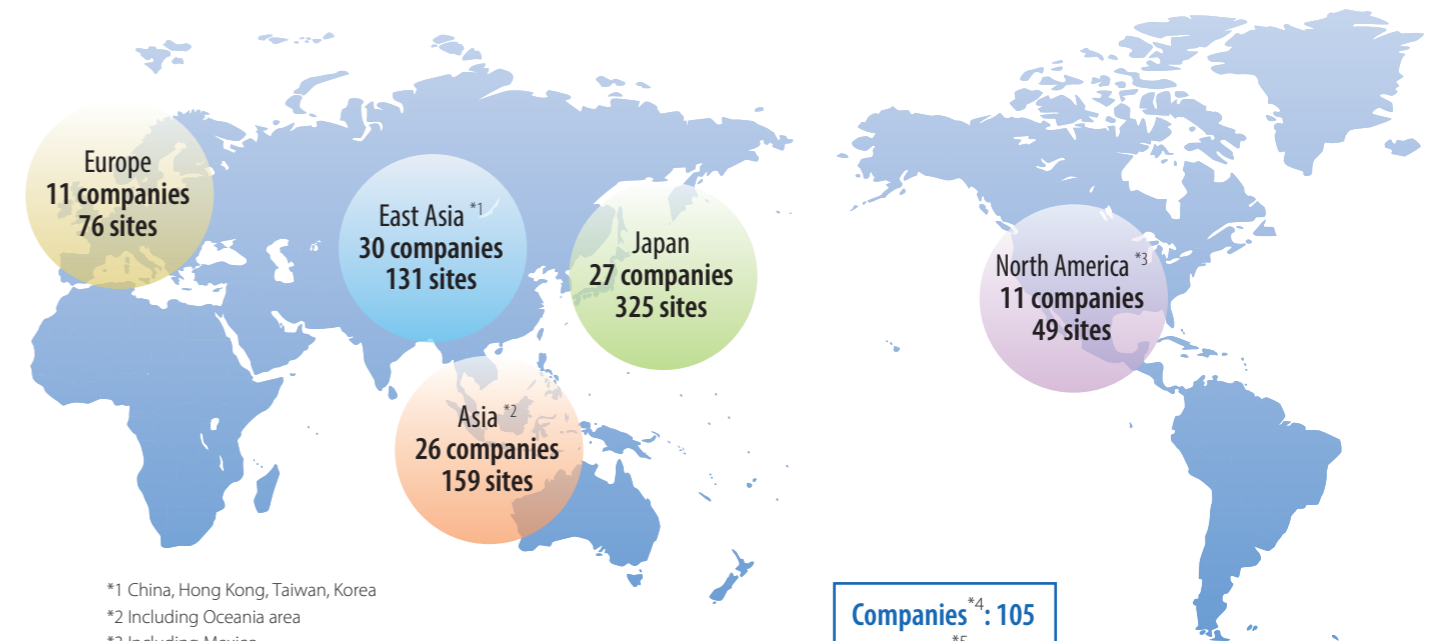
Revenues of global logistics business decreased by 2% year-on-year to ¥255,828 million due to an effect of foreign exchange rates and Nisshin Transportation Co., Ltd. becoming an associate accounted for using the equity method.

● **Segment profit** (YoY) **+13%**

Segment profit increased by 13% year-on-year to ¥7,108 million due to improved profitability of unprofitable projects.

Group Network — Network Extending to 29 Countries and Regions —

(As of March 31, 2019)



^{*1} China, Hong Kong, Taiwan, Korea
^{*2} Including Oceania area
^{*3} Including Mexico
^{*4} Number of companies includes SAGAWA EXPRESS Group and AIT Group.
^{*5} Number of sites excludes SAGAWA EXPRESS Group and AIT Group.

FY2018 Topics

Collaborative innovation

• **May 2018:** Started collaboration with Dai Nippon Printing Co., Ltd. and Toshiba Tec Corporation for the next-generation logistics service using electronic tags

• **Oct. 2018:** Concluded capital and business alliance agreement with AIT Corporation
 > Share exchange between AIT and Nisshin Transportation
 > Enhance forwarding business



• **Oct. 2018:** Concluded a business alliance agreement with Uhuru Corporation

• **Dec. 2018:** Concluded business alliance agreement with Hitachi Capital Corporation
 > Realize new innovations through "Finance, Commerce, Logistics, and Information"

• **Dec. 2018:** Started 3D print service in collaboration with DMM.com and SAGAWA EXPRESS CO., LTD.

Service expansion

• **May 2018:** Acquired license of bonded logistics center (PLB^{*}) in Indonesia
^{*} Pusat Logistik Berikat

• **Oct. 2018:** Opened Nilai Cold Warehouse (Negeri Sembilan, Malaysia)



• **Sep. 2018:** Acquired a patent for "Image inspection recognition device" jointly with our group company Hitachi Distribution Software Co., Ltd.

• **Dec. 2018:** Opened Kashiwa Platform Center (Kashiwa City, Chiba Prefecture)



2018

Apr May Jun Jul Aug Sep Oct Nov Dec 2019 Jan Feb Mar Apr

Branding

• **Apr. 2018:** Started new business concept "LOGISTEED"
 • **Oct. 2018:** Launched a special site for the group introduction movie and SSCV^{*}
 • **Feb. 2019:** Launched YouTube official channel

Toward New Dimensions
LOGISTEED

^{*} Smart & Safety Connected Vehicle

Commendations/Recognition from outside the Company

• **Jun. 2018:** The 19th Logistics Environment Awards^{*1} "Logistics Environmental Impact Mitigation Technology Development Award"



• **Aug. 2018:** Japan Packaging Contest 2018^{*2} "Large-sized Equipment Packaging Award"



• **Sep. 2018:** The 33rd National Forklift Driving Contest^{*3} General category 2nd prize



• **Oct. 2018:** The 50th National Truck Driver Contest^{*4} 11-ton/Female category 1st prize



• **Oct. 2018:** Acquired "Eruboshi (L Star) Certification (Stage 2)" based on the Act on Promotion of Women's Participation and Advancement in the Workplace by the Japanese Ministry of Health, Labour and Welfare

• **Nov. 2018:** 2018 Excellent Business Entities Working on Modal Shift: Award for Excellent Business Entities^{*1} (Effective use category)

^{*1} Hosted by Japan Association for Logistics and Transport ^{*2} Hosted by Japan Packaging Institute ^{*3} Hosted by the Land Transportation Safety & Health Association ^{*4} Hosted by the Japan Trucking Association