Value Creation Process of the HTS Group

A business model to realize value creation of the HTS Group consists of a value chain comprising of task analysis, design for operation, operation and improvement of the customers' supply chain and structure to support it such as collaborative innovation, R&D, human resource development, and VC activities, with the HB Way indicating how the Group should be and a path to take as the source of all values.

Using our strengths of “Ability to accomplish operation,” “Advanced logistics engineering capability,” and “Global network” as key drivers, we strive to reinforce our value chain to sustainably create economic, social, and environmental values to our stakeholders. We will contribute to SDGs through sustainable increase of corporate value.

**Input**
- **Financial capital**
  - Stable financial base
  - Surplus funds to enable flexible investments
  - Total assets: ¥791.9 billion → ¥94.9 billion
- **Manufactured Capital**
  - Global business sites
  - Transport vehicles
  - Digital business platform underpinning LOGISTEED
  - Locations*: Domestic 328 sites, Overseas 435 sites in 28 countries and regions
  - Area of Logistics Centers*: 7.55 million m²
- **Intellectual Capital**
  - Patent (warehouse design/management system, etc.)
  - Expertise (SCM optimization, safety, advanced logistics technology)
  - Self-developed systems
- **Human and Organizational Capital**
  - Human resources who carry out the HB Way
  - Diverse human resources well-versed in logistics
- **Social and Relationship Capital**
  - Trust relationships with stakeholders
  - Social and Relationship Capital
  - Intellectual capital
  - Human and organizational capital
  - Social value
  - Total personnel: 45,681
  - Total assets: ¥499 billion
  - Number of employees: 4,568 persons
  - Education expenses per employee (domestic): ¥27,960
  - Intellectual Property (R&D): ¥450 million

**Business model**
- **Logistics business services**
  - Transportation services, Reverse logistics services, Collaborative logistics services
  - Distribution logistics services, Production logistics services
  - Procurement logistics services
  - Auxiliary logistics services

**Output**
- **Economic value**
  - Financial capital
    - ROE 8.3%
    - Total Shareholder Return (TSR) 300.3%
  - Managed Capital
    - Use accumulated skills and expertise as reference models to build and manage new logistics centers and systems
  - Revenue: ¥743.6 billion
- **Human and organizational capital**
  - Number of attendees of data scientist training course (accumulated): 102
  - Number of working hours saved by RPA: 374.6 billion
- **Social and relationship capital**
  - Employee engagement (sustainable engagement)
    - Ratio of female managers: 65
  - Employee engagement (sustainable engagement)
    - Workplace accident index: Frequency rate 0.88, Severity rate 0.017
  - Social and relationship capital
    - Domestic share of 3PL business: 13.4% (accumulated)
    - No. of customers: Over 20,000 companies (83 industries)
- **Environmental value**
  - Natural capital
    - CO₂ emission reduction rate (domestic) (Scope 1 & 2): 11.1% (80 industries)
    - CO₂ (greenhouse gas) emissions (domestic) (Scope 1 & 2): 111 (thousand tons-CO₂)

**Outcomes**

1. **Sustainability management**
   - Collaborative innovation
   - R&D
   - Human resource development
   - VC activities

2. **Economic value**
   - Financial capital
   - Managed Capital
   - Revenue

3. **Stakeholders**
   - Customers
   - Employee
   - Social partners
   - Shareholders
   - Local administration

**Our Future Foundation Supporting Value Creation**

**Value Creation Process of the HTS Group**

**Our History**

**Value Chain**

**Organization**

**Financials**

**Corporate Governance**

**SBDC (Sustainable Development Goals) on which we focus for sustainable growth**

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