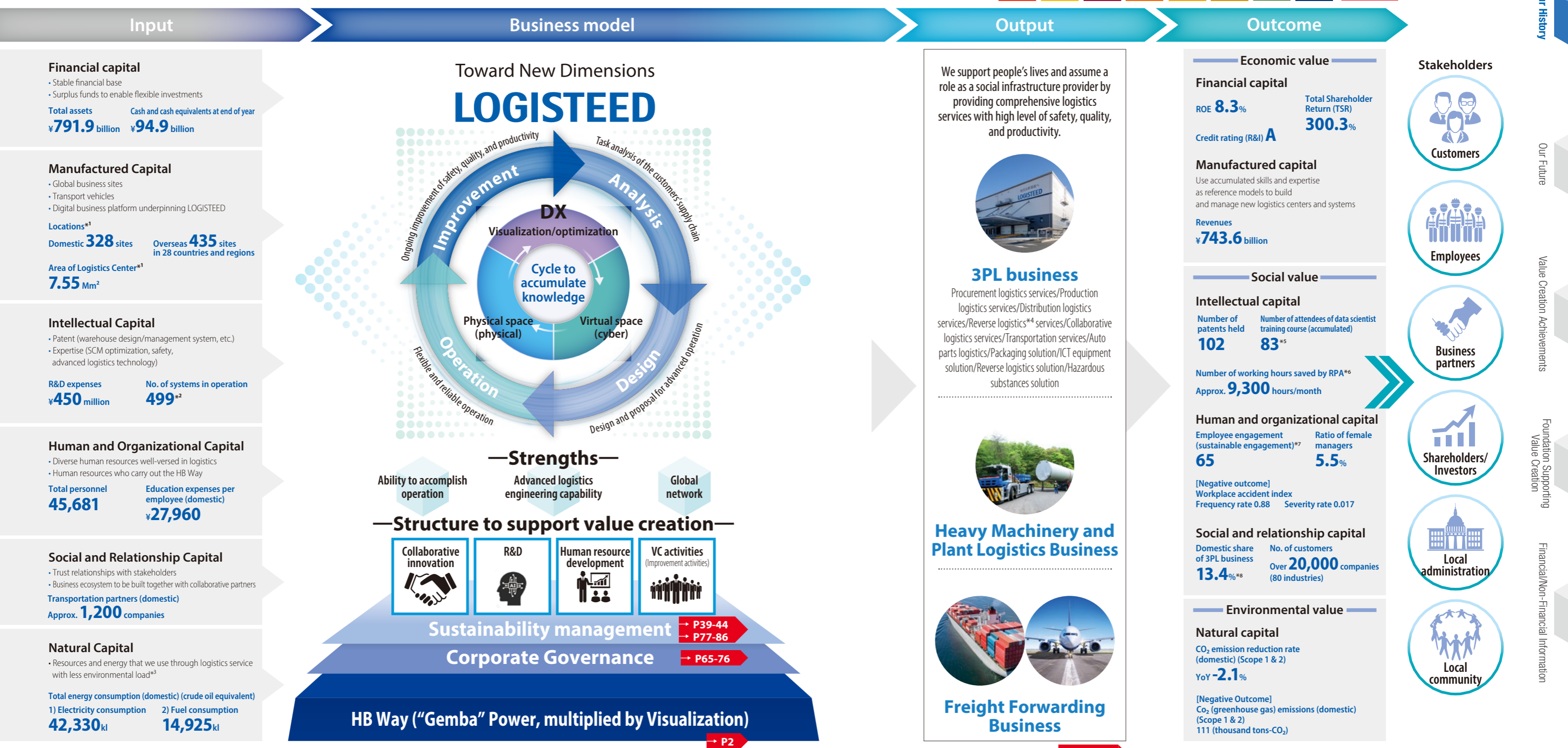


Value Creation Process of the HTS Group

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.

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



Financial capital
 • Stable financial base
 • Surplus funds to enable flexible investments
Total assets Cash and cash equivalents at end of year
¥791.9 billion **¥94.9 billion**

Manufactured Capital
 • Global business sites
 • Transport vehicles
 • Digital business platform underpinning LOGISTEED
Locations*1
 Domestic **328** sites Overseas **435** sites
 in 28 countries and regions
Area of Logistics Center*1
7.55 Mm²

Intellectual Capital
 • Patent (warehouse design/management system, etc.)
 • Expertise (SCM optimization, safety, advanced logistics technology)
R&D expenses **No. of systems in operation**
¥450 million **499**^{*2}

Human and Organizational Capital
 • Diverse human resources well-versed in logistics
 • Human resources who carry out the HB Way
Total personnel **Education expenses per employee (domestic)**
45,681 **¥27,960**

Social and Relationship Capital
 • Trust relationships with stakeholders
 • Business ecosystem to be built together with collaborative partners
Transportation partners (domestic)
 Approx. **1,200** companies

Natural Capital
 • Resources and energy that we use through logistics service with less environmental load*3
Total energy consumption (domestic) (crude oil equivalent)
 1) Electricity consumption 2) Fuel consumption
42,330kl **14,925kl**

* As of March 31, 2022
 *1 Number of locations and area of logistics centers exclude those of AIT Group and HTB-BCD Travel Group. *2 Self-developed systems
 *3 Including modal shift, use of eco cars, introduction of double-trailer trucks and sharing of facilities and equipment

We support people's lives and assume a role as a social infrastructure provider by providing comprehensive logistics services with high level of safety, quality, and productivity.



3PL business
 Procurement logistics services/Production logistics services/Distribution logistics services/Reverse logistics*4 services/Collaborative logistics services/Transportation services/Auto parts logistics/Packaging solution/ICT equipment solution/Reverse logistics solution/Hazardous substances solution



Heavy Machinery and Plant Logistics Business



Freight Forwarding Business

Economic value
Financial capital
 ROE **8.3%** Total Shareholder Return (TSR) **300.3%**
 Credit rating (R&I) **A**

Manufactured capital
 Use accumulated skills and expertise as reference models to build and manage new logistics centers and systems
Revenues
¥743.6 billion

Social value
Intellectual capital
 Number of patents held **102** Number of attendees of data scientist training course (accumulated) **83**^{*5}
 Number of working hours saved by RPA*6
 Approx. **9,300** hours/month

Human and organizational capital
 Employee engagement (sustainable engagement)*7 **65** Ratio of female managers **5.5%**
 [Negative outcome] Workplace accident index Frequency rate 0.88 Severity rate 0.017

Social and relationship capital
 Domestic share of 3PL business **13.4%**^{*8} No. of customers Over **20,000** companies (80 industries)

Environmental value
Natural capital
 CO₂ emission reduction rate (domestic) (Scope 1 & 2) YoY **-2.1%**
 [Negative Outcome] CO₂ (greenhouse gas) emissions (domestic) (Scope 1 & 2) **111** (thousand tons-CO₂)

- Stakeholders**
- Customers
 - Employees
 - Business partners
 - Shareholders/Investors
 - Local administration
 - Local community

*4 Logistics related to disposal of used products as well as return/collection of unneeded products to be reused, resold, and recycled
 *5 No. of attendees of in-house training to foster data scientist with advanced data analyst skills *6 Robotic Process Automation
 *7 Total score of favorable responses in employee engagement survey *8 Calculated by the Company using data in "Monthly Magazine LOGI-BIZ"