July 30, 2021

The 1st Quarter of FY2021
(Ended June 30, 2021)
Financial Results Briefing

© Hitachi Transport System, Ltd.
I. 1Q of FY2021 Financial Results
Overview, Breakdown by Group,
Detail of variations for Revenues/Operating income,
Overseas results by region

II. Progress of the Mid-term Management Plan:
LOGISTEED 2021
Topics (DX, Domestic and overseas business,
Initiatives for environment),
Met the TSE’s continued listing criteria on the Prime Market
I. 1Q of FY2021 Financial Results
## 1Q of FY2021 Results

(Unit: 100 million yen, rounded off to the nearest integer. < >: profit ratios (%). ( ): year-on-year change)

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
<th>Plan (As of Apr. 28)</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>1Q</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Results</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>1,473</td>
<td>1,781</td>
<td></td>
<td>+308</td>
</tr>
<tr>
<td>Operating income*</td>
<td>&lt;4.7&gt;</td>
<td>69.8</td>
<td>&lt;5.7&gt; 102.3</td>
<td>+32.5</td>
</tr>
<tr>
<td>EBIT</td>
<td>&lt;7.3&gt;</td>
<td>107.1</td>
<td>&lt;5.4&gt; 95.8</td>
<td>-11.3</td>
</tr>
<tr>
<td>Net income attributable to stockholders of the parent company</td>
<td>&lt;4.3&gt;</td>
<td>63.3</td>
<td>&lt;2.7&gt; 48.2</td>
<td>-15.0</td>
</tr>
</tbody>
</table>

*Operating income in this document represents “Adjusted operating income.”*
## 1Q of FY2021 Results (Breakdown by Group)

(Unit: 100 million yen, rounded off to nearest integer. < >: composition ratio (%). ( ): year-on-year change)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Domestic logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;58&gt;</td>
<td>913</td>
</tr>
<tr>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>&lt;33&gt;</td>
<td>522</td>
</tr>
<tr>
<td>Subtotal</td>
<td>&lt;40&gt;</td>
<td>630</td>
</tr>
<tr>
<td>Others (logistics-related businesses, etc.)</td>
<td>&lt;2&gt;</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>1,578</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;64&gt;</td>
<td>139</td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;36&gt;</td>
<td>79</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>218</td>
</tr>
</tbody>
</table>

Consolidated adjustment/Amortization of customer-related intangible assets of VANTEC Group, etc.
- -15 ( +4 ) -2.8 ( -1.1 )

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;59&gt;</td>
<td>1,046</td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;34&gt;</td>
<td>598</td>
</tr>
<tr>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>&lt;6&gt;</td>
<td>106</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;40&gt;</td>
<td>704</td>
</tr>
<tr>
<td>Others (logistics-related businesses, etc.)</td>
<td>&lt;2&gt;</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>1,781</td>
</tr>
</tbody>
</table>
1Q of FY2021 Results (Revenues)

1Q of FY2021 Revenues (results)

(100 million yen)

- Expansion of existing operations: +20
- Increase in customer logistics, others: +213
  (includes COVID-19 impacts)

Environmental/volume changes, etc.
+233

FY20/1Q→FY21/1Q

- Domestic: +15
- Global: +20

1Q of FY2021 Results (Revenues)

New orders
+34

New collaborative innovation
+11

Effect of exchange fluctuation
+44

Implementation of portfolio strategy
-14

Total
1,781

1Q of FY2020 (results)

<table>
<thead>
<tr>
<th>Expansion of existing operations</th>
<th>Increase/decrease in customer logistics (includes COVID-19 impacts)</th>
<th>Subtotal</th>
<th>Effect of exchange fluctuation</th>
<th>Implementation of portfolio strategy</th>
<th>New orders</th>
<th>New collaborative innovation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>17</td>
<td>-1</td>
<td>17</td>
<td>-2</td>
<td>15</td>
<td>7</td>
<td>37</td>
</tr>
<tr>
<td>Global</td>
<td>2</td>
<td>220</td>
<td>222</td>
<td>44</td>
<td>-12</td>
<td>20</td>
<td>3</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>-6</td>
<td>-6</td>
<td>44</td>
<td>-14</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>213</td>
<td>233</td>
<td>44</td>
<td>-14</td>
<td>34</td>
<td>11</td>
</tr>
</tbody>
</table>
FY2021 Results (Operating Income)

1Q of FY2021 Operating income (results)

(100 million yen)

Expansion of existing operations: +2.2
Increase in customer logistics, others: +24.7 (includes COVID-19 impacts)
Cost increase due to logistics recovery: -7.4
Impact of “equal pay for equal work”: -3.1
Others: +3.5

Domestic: +2.0
Global: +1.2

Strategic investments:
- Domestic: +2.0
- Global: +1.2

Effect of exchange fluctuation: +2.8
Implementation of portfolio strategy: ▲0.9
Strategic investments: ▲1.8
New orders: +3.2
New collaborative innovation: +7.1
Productivity improvement: +12.6

Strategic investments: 1Q of FY2021 cumulative results: 7.3 (YoY: +1.8)
### 1Q of FY2021 Results (Overseas Results by region)

(Unit: 100 million yen, rounded off to the nearest integer. < >: profit ratio(%), ( ) : year-on-year change.)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2020 1Q</td>
<td>FY2021 1Q</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y o Y</td>
</tr>
<tr>
<td>North America</td>
<td>67</td>
<td>135</td>
</tr>
<tr>
<td>Europe*</td>
<td>118</td>
<td>195</td>
</tr>
<tr>
<td>Asia (excluding China)</td>
<td>78</td>
<td>120</td>
</tr>
<tr>
<td>China</td>
<td>98</td>
<td>136</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Elimination of intra-company transactions, etc.</td>
<td>-6</td>
<td>-3</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>598</td>
</tr>
</tbody>
</table>

* Turkey is treated as an European country.
### Reference

#### Results by Business Category (estimated)

<table>
<thead>
<tr>
<th></th>
<th>1Q of FY2020 (Results)</th>
<th>1Q of FY2021 (Results)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating income</td>
</tr>
<tr>
<td>Domestic</td>
<td>906</td>
<td>63.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>160</td>
<td>7.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3PL</td>
<td>1,066</td>
<td>70.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>62</td>
<td>-1.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>139</td>
<td>4.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forwarding</td>
<td>201</td>
<td>3.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>105</td>
<td>-5.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>65</td>
<td>-0.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile</td>
<td>170</td>
<td>-6.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other services</td>
<td>36</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,473</td>
<td>69.8</td>
</tr>
</tbody>
</table>

( ):Excluding amortization of customer-related intangible assets.
Ⅱ．Progress of the Mid-term Management Plan: LOGISTEED 2021
Mid-term Management Plan (Progress)

Toward “LOGISTEED 2021” goals and the next Mid-term Management Plan
Create/expand ecosystem across regions and businesses

To become a leading 3PL company in Asia

- Establish a strong position in Japan
- Establish and enhance a solid management base
- Evolve into a regional leader in Asia (Hub for Japan and Asia)

Flexible use of cash and treasury stock
- Favor cash
- Cancel treasury shares (from time to time)
- Use for alliance and M&A

(1) Strategic investments
- DX (Smart Warehouse/SSCV/SCDOS, etc.)
- Overseas business (North America: Truck business, India: 3PL business)
- Environmental investment (Europe: Intermodal/Circular Economy/EV)

(2) M&A strategy
- Enhance freight forwarding business
- Enhance business within Asia (3PL business (Warehouse/Transport and Delivery))
- Enhance domestic transport business

(3) Collaborative innovation strategy to realize the above:
- PE funds/business companies (Industry peers/DX)

Initial Topics

- Favor cash
- Cancel treasury shares (from time to time)
- Use for alliance and M&A

Canceled treasury stock ⇒ Met the TSE’s continued listing criteria for the Prime market

[1QTopics]

<table>
<thead>
<tr>
<th>DX</th>
<th>Domestic</th>
<th>Overseas</th>
<th>Initiatives for environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ Started service of SSCV-Safety</td>
<td>☑ Introduced new technology in East Japan II Medical DC</td>
<td>☑ North America: Started operation of factory logistics for automobile-related customers</td>
<td>☑ Updated “the HTS Group Medium-to-Long-term Environmental Targets 2030/2050”</td>
</tr>
<tr>
<td>☑ Selected as a “DX Certified Operator”</td>
<td></td>
<td>☑ China: Accelerated the introduction of automated/labor-saving facilities</td>
<td></td>
</tr>
</tbody>
</table>
Launched a new service of “SSCV-Safety” (Released on July 12, 2021)

Main features

- Use AI to analyze drivers’ vital signs before, after and while driving as well as driving data obtained from vehicle behavior
- Visualize drivers’ “fatigue” and “stress” to prevent accidents attributable to absent-minded driving
- Contribute to solving social issues faced by transporters including enhancement of “safety management of drivers” and establishment of better working environment

Effects of introduction in our offices

[Total number of incidents (near-miss)]

Cases/ Month

<table>
<thead>
<tr>
<th>Cases/ Month</th>
<th>January 2019</th>
<th>March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repellent driving</td>
<td>600</td>
<td>200</td>
</tr>
<tr>
<td>Emergency braking</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>Not stopping at temporary stops</td>
<td>200</td>
<td>0</td>
</tr>
<tr>
<td>Speeding/Inattentive driving</td>
<td>100</td>
<td>0</td>
</tr>
<tr>
<td>Sudden start/Sudden braking</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Sudden steering</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Insufficient following distance</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Collision alert/impact</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Down by 94%
Selected as a “DX Certified Operator” by METI (Released on May 12, 2021)

Digital Transformation Certification

*Digital Transformation (DX) Certification Program:
A national certification program under the Act on Facilitation of Information Processing which certifies business operators that meet basic requirements of the "Digital Governance Code" which defines responses required of companies in promoting DX

[CX strategy in the Mid-term Management Plan (LOGISTEED 2021)]
1. Basic Policy
   ✓ Value Creation through Cyber Physical Systems (CPS) and Collaborative Innovation
2. Priority measures
   (1) External DX that changes data to value through collaborative innovation
   (2) Internal DX that improves operational efficiency and collects data
   (3) Development of an organization and human resources to realize DX
   (4) Enhancement of IT governance
   (5) Continuation of DX investments
   (6) Establishment of a PDCA cycle for DX by setting and managing KPIs

CPS (Cyber Physical System)

Virtual space (Cyber)
Visualization through DX
Big data/Al analysis

Digital answers alone are not enough for physical space

Cycle to accumulate knowledge

Optimization with analog insights

Experience and know-how as a market leader in the BtoB logistics (domestic 3PL) market

Deep analog insights to move sites

Manufacturer
Wholesaler
Retailer
Supplier
Consumer

Sites that think by themselves

HB Way
1Q Topics: Domestic

East Japan II Medical DC

[Development/introduction of “new case sorting facilities” for general-purpose logistics centers]

- Pick cases by order using AGV*
- Full automation from pallet conveying to case sorting to staging
- Share facilities among multiple customers

New case sorting facilities
From September 2021

*AGV: Automated guided vehicle

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### 1Q Topics: Overseas

#### Initiatives in North America and China

**[North America: Started operation of customers’ factory logistics]**
- Undertake upstream processes of automobile production

**[China: Accelerated introduction of automated/labor-saving facilities]**
- Continuously provide safety/quality/productivity through labor-saving operation
- Reduce accident risk
- Build a work model integrating production with logistics (Pursue mass processing and accuracy)
- Reduce floor areas of external warehouse by high-density storage
- Visualize work location
- Build a model integrating high-density storage of pallets with quality assurance

Launched in October 2020

- Pallet conveyor AGV
- High-density automated horizontal conveyor rack

**From June 2020**

**From April 2021**
1Q Topics: Initiatives for Environment

Updated “the HTS Group Medium-to-Long-term Environmental Targets 2030/2050” (July 2021)

**CO₂ total emissions**

- **FY2030 target**
  - Compared to base year*¹
  - Down by 50%
  - Scope of emission: CO₂ emitted from energy consumption by the Group through its business operation
  - Type of energy: Electricity, fuel for vehicle, etc.
  - FY2050 stretch target
  - Aim at net-zero carbon

*¹: Base year: FY2013

**5 means to reduce CO₂ emissions**

- Energy saving
  - Modal shift
  - SSCV, VC activities
  - LED, eco-friendly vehicles, etc.

- Electrification
  - Electric vehicles, fuel cell vehicles, etc.

- Energy creation
  - Solar panel
  - Storage battery, etc.

- Emissions trading
  - Payment of carbon tax
  - Emissions trading, etc.

- Renewable energy
  - Purchase from energy-saving business operators, etc.

**Example of “energy saving”: “SSCV-Smart”**

- Improve efficiency through nationwide centralized vehicle assignment system
- Enhance initiatives toward carbon neutrality

**<Reference>** Received “Advanced Technology Award” at the 22nd Logistics Environment Award (Released on July 5, 2021)

- Operate logistics works of multiple EC operators with one platform
- Share automated/labor-saving facilities, information system, storage/work space and supervisors/managers
- Provide packaged services for EC logistics including data linkage, inventory storage, packaging and shipping

**CO₂ emissions:**

- Down 30% compared with the conventional model (74 tons/year)

**Outline of HTS’s shared automated warehouse for EC logistics**

*²: Definition of scope
Scope 1: Direct emissions from in-house energy use
Scope 2: Indirect emissions from the use of energy supplied by other companies
Scope 3: Indirect emissions by supply chains other than Scope 1 and 2
[Outline of the cancellation of treasury shares]

- Number of shares cancelled: 6,975,786 shares  
  (6.2% of the total number of issued shares before the cancellation)
- Date of cancellation: June 4, 2021

✔ HTS’s tradable share ratio: 37.2% (as of June 30, 2021*)

⇒ As a result of the cancellation, HTS met one of the TSE’s continued listing criteria on the Prime Market, “Tradable share ratio of at least 35%”  
(Received the notice of the assessment result from TSE on July 30, 2021)

* Base date for transition to new market segments of TSE

<Reference>

- Total number of issued shares after the cancellation: 104,800,928 shares
- Number of its treasury shares after the cancellation: 20,927,359 shares  
(20.0% of the total number of issued shares after the cancellation)
The 1st Quarter of FY2021  
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Toward New Dimensions
LOGISTEED