



October 27, 2022

The 2nd Quarter of FY2022 (Ended September 30, 2022) Financial Results Briefing

 **Hitachi Transport System, Ltd.**

2Q of FY2022 Financial Results

- Overview
- Breakdown by Group
- Detail of Variations for Revenues/Adjusted Operating Income
- Overseas Results by Region
- 2Q Topics
(Reinforce/Expand Overseas Business, Evolve Smart Logistics, Others)
- Supplementary Material
Financial position, Cash flows, Key Financial Indicators/
Operating Expenses, etc.
- <Reference> Results by Business Category



1H of FY2022 Results (Overview)

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

	FY2021		FY2022			
	1H		1H			
	Results		Results		YoY	
					%	Change
Revenues	3,601	4,120	114%	+520		
Adjusted operating income	<5.3> 189.1	<5.8> 239.1	126%	+50.0		
EBIT (Earnings before interest and taxes)	<4.9> 174.6	<6.0> 247.9	142%	+73.2		
Net income attributable to stockholders of the parent company	<2.5> 90.8	<3.7> 150.9	166%	+60.0		



1H of FY2022 Results (Breakdown by Group)

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

		Revenues		Adjusted operating income					
		1H	YoY	1H	YoY				
Organic	Domestic logistics	<48>	1,822	100%	106.1	92%			
	Global logistics	Overseas	<42>	1,598	149%	103.6	203%		
		Allocated to domestic companies (freight forwarding and others)	<7>	269	125%	13.4	208%		
	Total		<50>	1,867	145%	116.9	203%		
	Others (logistics-related businesses, etc.)		<2>	79	108%	7.6	115%		
Subtotal		<100>	3,768	118%	230.6	128%			
Vantec Group	Domestic logistics	<77>	287	103%	10.7	90%			
	Global logistics (overseas)		<23>	87	134%	53%	1.5	311%	64%
	Subtotal		<100>	375	84%	12.2	86%		
Consolidated adjustment/amortization of customer-related intangible assets of VANTEC Group, etc.		-	-22	(+8)	-3.8	(+1.0)			
Total	Domestic logistics	<51>	2,097	100%	<47>	112.6	92%		
	Global logistics	Overseas	<41>	1,685	136%	<44>	105.5	199%	
		Allocated to domestic companies (freight forwarding and others)	<7>	268	128%	<6>	13.4	208%	
	Subtotal		47%	1,953	135%	50%	118.9	200%	
	Others (logistics-related businesses, etc.)		<2>	70	107%	<3>	7.6	115%	
Subtotal		<100>	4,120	114%	<100>	239.1	126%		

*VANTEC U.S. and Indonesia were transferred to Organic from FY2022. Shows YoY change based on pre-transfer figures.

 Indicates a ratio of Global logistics.



1H of FY2022 Results (Detail of Variations for Revenues)

Revenues (Results)

(100 million yen)

- Expansion of existing operations : +72
- Increase in customer logistics, others : +121

Environmental/
volume changes, etc.

+193

3,601

1H of FY21 → 1H of FY22

- USD: ¥ 110 → ¥134
- EUR: ¥ 131 → ¥139
- CNY: ¥ 17.0 → ¥19.9

Effect of exchange
fluctuation
+192

New orders
+116

- Domestic: +39
- Global: +77

New
collaborative
innovation
+19

+135

4,120

+520

(Unit: 100 million yen)

	Environmental/volume changes, etc.			Effect of exchange fluctuation	New orders	New collaborative innovation	Total
	Expansion of existing operations	Increase in customer logistics, others	Subtotal				
Domestic	43	- 88	- 44		39	13	8
Global	29	205	233	192	77	5	508
Others		4	4			1	4
Total	72	121	193	192	116	19	520

1H of FY2021 (Results)

1H of FY2022 (Results)

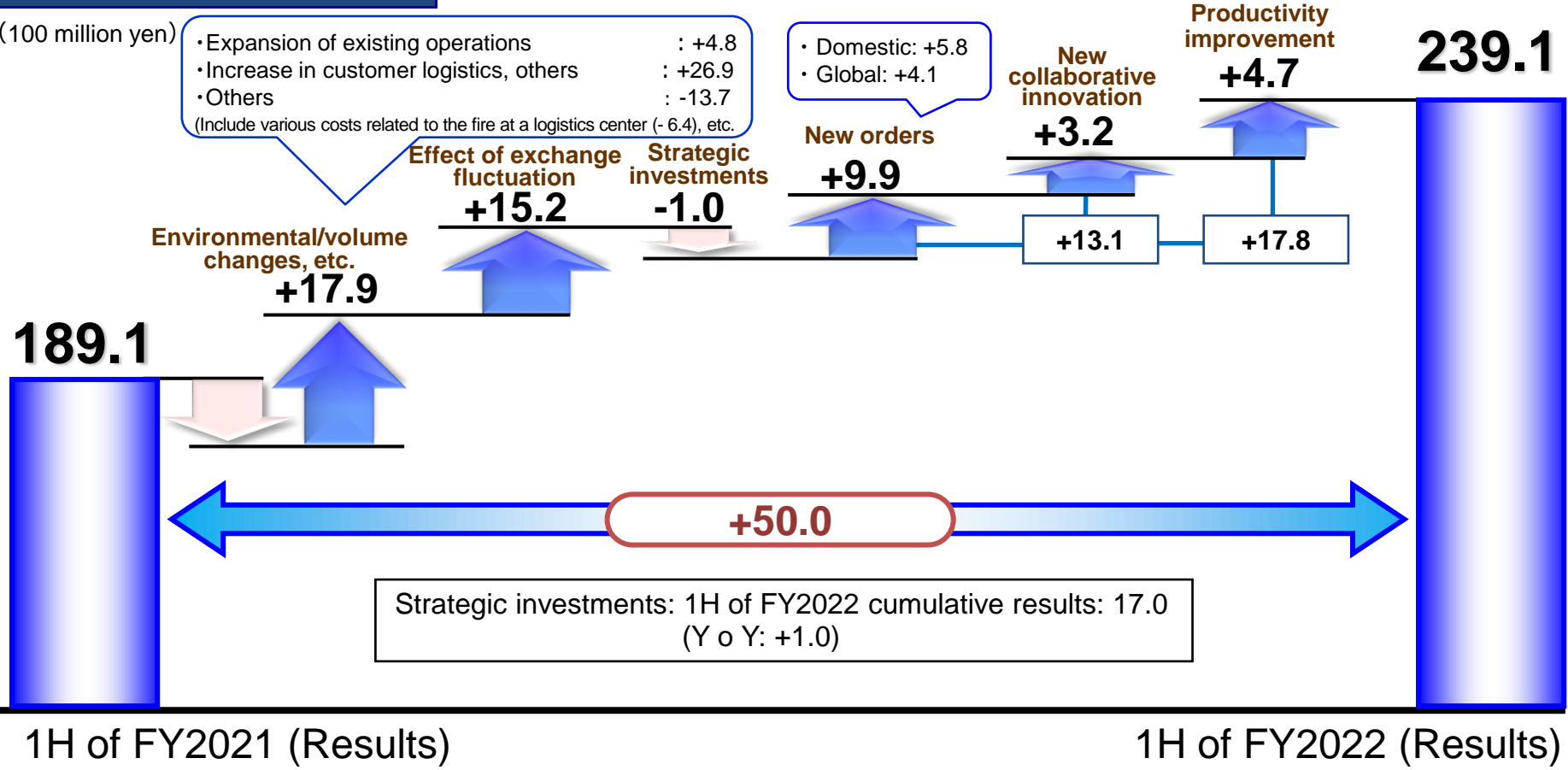
1H of FY2022 Results (Detail of Variations for Adjusted Operating Income)

Adjusted operating income (Results)

(100 million yen)

- Expansion of existing operations : +4.8
 - Increase in customer logistics, others : +26.9
 - Others : -13.7
- (Include various costs related to the fire at a logistics center (-6.4), etc.)

- Domestic: +5.8
- Global: +4.1



1H of FY2021 (Results)

1H of FY2022 (Results)



1H of FY2022 Results (Overseas Results by Region)

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

	Revenues			Adjusted operating income		
	FY2021	FY2022		FY2021	FY2022	
	1H Results	1H Results	YoY	1H Results	1H Results	YoY
North America	273	425	155%	9.1	20.6	226%
Europe* ¹	400	580	145%	21.2	48.9	231%
Asia* ²	278	373	134%	16.8	23.1	138%
China	289	308	107%	12.0	16.8	140%
Elimination of intra-company transaction, etc.	-4	- 1	(+3) 100Million yen	- 6.0	- 3.9	(+2.2) 100Million yen
Total	1,236	1,685	136%	<4.3%> 53.0	<6.3%> 105.5	199%

*¹ Including Turkey

*² Including Oceania and others

Europe: Enhance pharmaceutical logistics business

■ Acquisition of shares of Cyber Freight International Holding B.V. (Expected)

Name : Cyber Freight International Holding B.V.
 Date of establishment : October 7, 1999
 Headquarters : Nieuw-Venep, the Netherlands



Description of business : Freight forwarding (ocean/air), warehousing, delivery, etc.

Business sites : 1) Headquarters/warehouse (near Amsterdam Airport Schiphol)
 : 2) Rotterdam Office

Customer segments : Mainly pharmaceuticals, foods and general products

Results (FY2021) : Consolidated Revenues: 50.1M€ (approx. 7,020 million yen)/year
 : Consolidated EBITDA: 2.4M€ (approx. 340 million yen)/year

- Possess knowledge of pharmaceutical operations and forwarding network
- Expand pharmaceutical logistics business in global market



Headquarters/warehouse (appearance)



Freezer (-80°C)



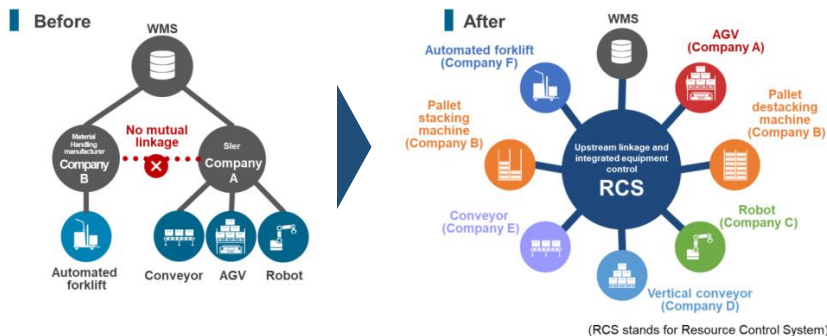
Pharmaceutical cleanroom (customs inspection)



Storage area by temperature zone (15-25°C, 2-8°C)

Received the 28th Japan MH Grand Prize (Excellence Award) and Logistics Award 2022 (Semi Grand Prize) (August 2022)

■ "Automated Robotic Sorting system (ARS)" received the awards
(Introduced in East Japan II Medical DC from October 2021)



- Fully automated processes after total picking (pallet transport, case sorting, and staging) during the case shipping operation
- Realized mutual equipment linkage of different manufacturers through an integrated control system RCS*
- Become possible for multiple customers to share equipment through a standardized WMS*2 for medical logistics

*1 Resource Control System: An integrated control system to optimize logistics center operation
*2 Warehouse Management System: Logistics center management system

Received "Logistics Award" and "Electrical Equipment Packaging Award" in the Japan Packaging Contest 2022 (September 2022)

■ **Logistics Award: Change of shipping box for steam turbine blades**
 • Changed the packaging specification from wooden box to reinforced carton box

[Improvement effect]

- Reduced the work processes by 20%
- Reduced the transportation costs by 60%
- Reduced CO₂ emissions by 88 % when disposing of shipping boxes



■ **Electrical Equipment Packaging Award: The electrical trolley package made of only corrugated board**

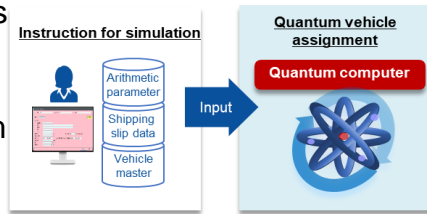
- Changed to wood-free, all corrugated board specification

[Improvement effect]

- Reduced the amount of wood used by 100%
- Reduced material costs by 20%

Ultrafast vehicle assignment simulation using quantum computers (October 2022)

Instantly calculate numerous patterns of combinations considering special shipping factors with human-quantum computer interaction (on demand)



■ Outline

- Vehicle assignment considering special factors such as size /weight of cargoes, arrival time, and vehicle size restrictions was difficult with conventional computers
- Use a mathematical optimization model by quantum computers to instantly calculate vehicle allocation and delivery routes

Start of operation: August 2022
(Kashiwa City, Chiba)



Address social/environmental issues

- Address 2024 problem by automating vehicle assignment
- Reduce CO₂ emissions by improving vehicle assignment efficiency and reducing the number of vehicles in use



Patent registration for “Transport planning system, method and program in compliance with laws and regulations” offered by SSCV

Patent number: 7144602

Registration date: September 20, 2022

■ Outline of invention

- System that develops transport plans complying with laws and regulations and considering drivers’ working time limit
- Develop transport plans with the optimal combination of drivers/vehicles/origins/destinations/transport routes

■ Features

- Comply with “Standard for the improvement of vehicle drivers’ working hours, etc.” by MHLW
- Update transport plans in real time
- Update labor information by driver and reflect it next day’s transport plans

The 54th National Truck Driver Contest (October 2022)

Our Group's drivers won in 4-ton and Trailer Divisions



**Mr. Matsuura won in
4-ton Division**

**Mr. Maura won in
Trailer Division**

The 37th National Forklift Driving Competition (October 2022)

**Our Group's forklift operators won in
both Women and General Divisions
for two consecutive years**



**Ms. Ujiie won in
Women's Division**

**Mr. Noguchi won in
General Division**



[Supplementary Material]

Financial Position, Cash Flows,
Key Financial Indicators/Operating Expense, etc.



(Unit: 100 million yen)

	FY2021	FY2022	
	As of Mar. 31, 2022	As of Sept. 30, 2022	YoY
(Assets)			
Current assets	2,495	2,404	- 91
Non-current assets	5,424	5,611	+187
Total	7,919	8,015	+97
(Liabilities)			
Current liabilities	1,731	1,703	- 28
Non-current liabilities	4,405	4,309	- 96
Total	6,137	6,012	- 125
(Equity)			
Equity attributable to stockholders of the parent company	1,702	1,914	+213
Non-controlling interests	80	89	+8
Total	1,782	2,003	+221
Total liabilities and equity	7,919	8,015	+97



(Unit: 100 million yen)

	FY2021	FY2022	
	1H	1H	YoY
Cash flows from operating activities	351	365	+14
Cash flows from investing activities	- 87	- 169	- 82
Cash flows from financing activities	- 298	- 410	- 112
Effect of exchange rate changes on cash and cash equivalents	2	17	+15
Net increase in cash and cash equivalents	- 32	- 197	-165
Cash and cash equivalents at beginning of period	1,048	949	- 99
Cash and cash equivalents at end of period	1,016	752	- 264



Financial indicators, etc.

		FY2021		1H of FY2022	
Total equity attributable to stockholders of the parent company*1	(100 million yen)	21.5	1,702	23.9	1,914
Total equity per share attributable to stockholders of the parent company	(Yen)		2,033.37		2,287.44
Basic earnings per share attributable to stockholders of the parent company (EPS)	(Yen)		161.47		180.26
Return on equity (ROE)	(%)		8.3		16.7*
Return on assets (ROA)	(%)		1.7		3.8*
Price book-value ratio (PBR)	(Ratio)		3.30		3.79

*1. ○ indicates total equity attributable to stockholders of the parent company ratio (%). *2. Annualized rate

Major operating expenses

(Unit: 100 million yen, (): composition ratio(%))

	FY2021		FY2022			
	1H		1H		YoY	
					%	changes
Subcontract expenses	(51.3)	1,848.8	(52.4)	2,158.6	117%	309.8
Personnel expenses	(22.9)	825.5	(21.5)	887.0	107%	61.5
Rent expenses	(2.9)	103.4	(2.7)	109.4	106%	6.0
Depreciation expenses	(7.0)	250.4	(6.7)	276.8	111%	26.4

Capital expenditures

(Unit: 100 million yen)

	FY2021		FY2022
	1H	Full year	1H
Purchased assets*	90.3	223.8	151.0

* Based on fixed assets recorded in the balance sheet

(Ref.) Number of employees*1

(Unit : Person)

	FY2021		FY2022
	As of Sept. 30, 2021	As of Mar. 31, 2022	As of Sept. 30, 2022
Regular Employees	22,749	22,918	23,619
Part time/temporary/other employees*2	21,843	22,763	22,113
Total	44,592	45,681	45,732

*1. Excludes employees of associates accounted for by the equity method

*2. Includes employees who were reemployed after reaching mandatory retirement age



(Ref.) 1H of FY2022 Results (Breakdown by Business Category)

Reference

Results by Business Category (estimated)

(Unit: 100 million yen)

	1H of FY2021			1H of FY2022		
	Revenues	Adjusted Operating income	Adjusted Operating margin	Revenues	Adjusted Operating income	Adjusted Operating margin
Domestic	1,830	115.3	6.3% (6.3%)	1,833	107.6	5.9% (5.9%)
Global	447	25.2	5.6% (6.1%)	617	47.4	7.7% (8.0%)
3PL	2,277	140.5	6.2% (6.3%)	2,450	155.0	6.3% (6.4%)
Domestic	209	6.2	3.0% (4.0%)	265	12.9	4.9% (5.7%)
Global	549	23.7	4.3% (4.5%)	710	43.8	6.2% (6.3%)
Freight Forwarding	758	29.9	3.9% (4.4%)	976	56.7	5.8% (6.2%)
Domestic	261	5.9	2.3% (3.9%)	271	5.8	2.1% (3.7%)
Global	237	4.9	2.1% (2.2%)	355	13.6	3.8% (3.9%)
Automobile	498	10.8	2.2% (3.1%)	626	19.4	3.1% (3.8%)
Other services	67	8.0	11.8% (11.8%)	69	8.0	11.5% (11.5%)
Total	3,601	189.1	5.3%	4,120	239.1	5.8%

(): Excluding amortization of customer-related intangible assets



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 **Hitachi Transport System, Ltd.**



Toward New Dimensions

LOGISTEED