The 3rd Quarter of FY2020
(Ended December 30, 2020)
Financial Results Briefing

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Ⅱ. Progress of the Mid-term Management Plan
DX strategy, SSCV, CDP evaluation
I. 3rd Quarter of FY2020
Financial Results
# 3Q of FY2020 Results

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

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>Full-year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q (9 months)</td>
<td>3Q (9 months)</td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>5,105</td>
<td>4,745</td>
<td>6,400</td>
</tr>
<tr>
<td>Operating Income</td>
<td>&lt;5.1&gt; 259.0</td>
<td>&lt;5.6&gt; 265.8</td>
<td>&lt;5.3&gt; 340.0</td>
</tr>
<tr>
<td>EBIT</td>
<td>&lt;5.9&gt; 301.4</td>
<td>&lt;7.3&gt; 346.2</td>
<td>&lt;6.6&gt; 420.0</td>
</tr>
<tr>
<td>Net income attributable to stockholders of the parent company</td>
<td>&lt;3.2&gt; 162.5</td>
<td>&lt;3.9&gt; 187.4</td>
<td>&lt;3.4&gt; 220.0</td>
</tr>
<tr>
<td>ROE</td>
<td>9.5%</td>
<td>13.0%</td>
<td>- (+3.5%)</td>
</tr>
</tbody>
</table>

*1. Adjusted operating income is stated for Operating Income.

*2. Annualized rate.

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<Increase/Decrease from the original plan>
Revenues : -11 billion yen
Operating Income : +2.5 billion yen
EBIT : +3.45 billion yen
Net income : +0.5 billion yen

### 3Q of FY2020 Results (Breakdown by Group)

(Unit: 100 million yen, rounded off to the nearest integer. ( ): year-on-year change.)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q (9 months)</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Domestic logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>1,128</td>
<td>90%</td>
</tr>
<tr>
<td>Allocated to domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>companies(forwarding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and others)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,344</td>
<td>90%</td>
</tr>
<tr>
<td>Others(logistics-related businesses, etc.)</td>
<td>119</td>
<td>85%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,215</strong></td>
<td><strong>95%</strong></td>
</tr>
<tr>
<td>Global logistics(overseas)</td>
<td>211</td>
<td>88%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>603</strong></td>
<td><strong>82%</strong></td>
</tr>
<tr>
<td><strong>Consolidated adjustment/amortization of customer-related intangible assets of VANTEC Group, etc.</strong></td>
<td><strong>-73</strong></td>
<td>(-2)</td>
</tr>
<tr>
<td>Domestic logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>1,311</td>
<td>89%</td>
</tr>
<tr>
<td>Allocated to domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>companies(forwarding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and others)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td><strong>32%</strong></td>
<td><strong>1,507</strong></td>
</tr>
<tr>
<td>Others(logistics-related businesses, etc.)</td>
<td><strong>110</strong></td>
<td><strong>83%</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,745</strong></td>
<td><strong>93%</strong></td>
</tr>
</tbody>
</table>

Indicates a ratio of Global logistics.
### 3Q of FY2020 Results

(Quarterly changes in breakdown by group)

(Unit: 100 million yen, rounded off to the nearest integer. ( ):year-on-year change.)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Organic</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic logistics</td>
<td></td>
<td>902</td>
<td>98%</td>
<td>917</td>
<td>97%</td>
<td>934</td>
<td>99%</td>
</tr>
<tr>
<td>Global logistics</td>
<td>Overseas</td>
<td>321</td>
<td>74%</td>
<td>390</td>
<td>94%</td>
<td>417</td>
<td>102%</td>
</tr>
<tr>
<td></td>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>66</td>
<td>79%</td>
<td>64</td>
<td>78%</td>
<td>85</td>
<td>114%</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>387</td>
<td>75%</td>
<td>455</td>
<td>92%</td>
<td>502</td>
<td>104%</td>
</tr>
<tr>
<td></td>
<td>Others(logistics-related businesses, etc.)</td>
<td>39</td>
<td>89%</td>
<td>41</td>
<td>84%</td>
<td>39</td>
<td>83%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,327</td>
<td>90%</td>
<td>1,412</td>
<td>95%</td>
<td>1,475</td>
<td>100%</td>
</tr>
<tr>
<td>Vantec Group</td>
<td>Domestic logistics</td>
<td>112</td>
<td>69%</td>
<td>129</td>
<td>77%</td>
<td>151</td>
<td>89%</td>
</tr>
<tr>
<td></td>
<td>Global logistics(overseas)</td>
<td>53</td>
<td>64%</td>
<td>73</td>
<td>90%</td>
<td>84</td>
<td>112%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>166</td>
<td>68%</td>
<td>202</td>
<td>81%</td>
<td>235</td>
<td>96%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>Domestic logistics</td>
<td>62.9</td>
<td>116%</td>
<td>51.7</td>
<td>90%</td>
<td>61.5</td>
<td>95%</td>
</tr>
<tr>
<td>Global logistics</td>
<td>Overseas</td>
<td>12.2</td>
<td>73%</td>
<td>24.5</td>
<td>144%</td>
<td>26.3</td>
<td>180%</td>
</tr>
<tr>
<td></td>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>-1.2</td>
<td>(-1.6)</td>
<td>1.1</td>
<td>146%</td>
<td>3.1</td>
<td>236%</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>11.1</td>
<td>65%</td>
<td>25.7</td>
<td>144%</td>
<td>29.4</td>
<td>185%</td>
</tr>
<tr>
<td></td>
<td>Others(logistics-related businesses, etc.)</td>
<td>1.7</td>
<td>40%</td>
<td>3.6</td>
<td>145%</td>
<td>4.1</td>
<td>120%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>75.6</td>
<td>100%</td>
<td>81.0</td>
<td>104%</td>
<td>94.9</td>
<td>113%</td>
</tr>
<tr>
<td>Vantec Group</td>
<td>Domestic logistics</td>
<td>-3.5</td>
<td>(-8.5)</td>
<td>3.4</td>
<td>38%</td>
<td>15.7</td>
<td>146%</td>
</tr>
<tr>
<td></td>
<td>Global logistics(overseas)</td>
<td>-0.6</td>
<td>(-2.2)</td>
<td>2.2</td>
<td>137%</td>
<td>2.3</td>
<td>180%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>-4.1</td>
<td>(-10.7)</td>
<td>5.5</td>
<td>54%</td>
<td>18.0</td>
<td>149%</td>
</tr>
</tbody>
</table>
### 3Q of FY2020 Results (the COVID-19 impact)

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>3Q (9 months)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q (9 months)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating Income</td>
<td>Revenues</td>
<td>Operating Income</td>
<td>Revenues</td>
</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>-32</td>
<td>-6.8</td>
<td>-24</td>
<td>-5.7</td>
<td>-14</td>
</tr>
<tr>
<td>Europe</td>
<td>-25</td>
<td>-6.3</td>
<td>-10</td>
<td>-1.3</td>
<td>-6</td>
</tr>
<tr>
<td>Asia</td>
<td>-6</td>
<td>-1.5</td>
<td>-7</td>
<td>-0.6</td>
<td>-4</td>
</tr>
<tr>
<td>China</td>
<td>3</td>
<td>1.4</td>
<td>0</td>
<td>0.6</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>-61</td>
<td>-9.9</td>
<td>-17</td>
<td>-0.6</td>
<td>-9</td>
</tr>
<tr>
<td>VHF*</td>
<td>-9</td>
<td>-2.0</td>
<td>-7</td>
<td>-1.5</td>
<td>-3</td>
</tr>
<tr>
<td>Other</td>
<td>-2</td>
<td>-0.4</td>
<td>0</td>
<td>0.0</td>
<td>-2</td>
</tr>
<tr>
<td>Total</td>
<td><strong>-104</strong></td>
<td><strong>-19.1</strong></td>
<td><strong>-49</strong></td>
<td><strong>-7.8</strong></td>
<td><strong>-28</strong></td>
</tr>
</tbody>
</table>

|                | FY2020                      |            |            |            |            |
| Vantec Group   | 1Q | 2Q | 3Q (9 months) |
| Domestic       | -33 | -12.1 | -19        | -5.2       | -6         | -1.2       | -58      | -18.5          |
| Global         | -18 | -2.9  | -8         | -2.0       | -4         | -1.3       | -31      | -6.2           |
| Total          | **-52** | **-15.0** | **-27**    | **-7.2**   | **-11**    | **-2.4**   | **-89**  | **-24.6**      |
| Total (simple sum) | **-156** | **-34.1** | **-76**    | **-15.0**  | **-39**    | **-6.8**   | **-270** | **-56.0**      |

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*1 The above figures are estimates on a business basis (before the impact of IFRS reclassification (including lease) and some company-wide cost allocation).

*2 Abbreviated name of Hitachi Transport System Vantec Forwarding Co., Ltd.

Approximately 1.3 billion yen was recorded for subsidies (mainly overseas) in "other income" in the consolidated statement of income, and approximately 1.6 billion yen for fixed costs associated with non-operation of distribution centers and vehicles in "other expenses" Accounting.

3Q of FY2020 Results (Detail of Variations for Revenues)

3Q(9 months) of FY2020
Revenues (Results)

(100 million yen)

5,105

COVID-19 impact
-270

Environmental/ volume changes, etc.
-231

New orders
+141

Implementation of portfolio strategy
+2

Effect of exchange fluctuation
-25

New collaborative innovation
+165

4,745

Consolidation of PALENET CO., LTD., and Hitachi Transport System East Japan Distribution Services Co., Ltd.
Deconsolidation of HTB-BCD Travel Ltd., etc.

Effect of exchange fluctuation
-25

Implementation of portfolio strategy
+2

3Q(9 months) of FY2019
→ 3Q(9 months) of FY2020

• Domestic/Others: -194
• Overseas/Forwarding: -84
• Expansion of existing operations: +47

COVID-19 impact
-270

Domestic:
+78
Global:
+63

3Q(9 months) of FY2019 (Results)
3Q(9 months) of FY2020 (Results)
3Q of FY2020 Results (Detail of Variations for Operating Income)

- Expansion of existing operations: +3.1M
- Cost control: +34.7M
- Strategic Investments: -0.7M
- Withdrawal, etc.: -5.7M
- Others*: -3.6M

*Including IFRS16 Journal Influence -5.3M and LCM-7.3M

- Effect of VC21: +10.3
- Profitability improvement: +9.1

- Domestic: +11.3
- Global: +3.3

Environmental/volume changes, etc.
- Effect of exchange fluctuation
- Implementation of portfolio strategy
- New collaborative innovation
- New orders

The amount of Strategic investments: 3Q: 19.8 (Y o Y: +0.7)

COVID-19 impact

3Q of FY2020 Operating Income (Results)

(100 million yen)

2020

Operating Income 

3Q Results 

Expansion of existing operations: +3.1M
Cost control: +34.7M
Strategic Investments: -0.7M
Withdrawal, etc.: -5.7M
Others*: -3.6M
*Including IFRS16 Journal Influence -5.3M and LCM-7.3M
Effect of VC21: +10.3
Profitability improvement: +9.1
Domestic: +11.3
Global: +3.3

Environmental/volume changes, etc.
Effect of exchange fluctuation
Implementation of portfolio strategy
New collaborative innovation
New orders

The amount of Strategic investments: 3Q: 19.8 (Y o Y: +0.7)

COVID-19 impact

2020

Operating Income 

3Q Results 

Expansion of existing operations: +3.1M
Cost control: +34.7M
Strategic Investments: -0.7M
Withdrawal, etc.: -5.7M
Others*: -3.6M
*Including IFRS16 Journal Influence -5.3M and LCM-7.3M
Effect of VC21: +10.3
Profitability improvement: +9.1
Domestic: +11.3
Global: +3.3

Environmental/volume changes, etc.
Effect of exchange fluctuation
Implementation of portfolio strategy
New collaborative innovation
New orders

The amount of Strategic investments: 3Q: 19.8 (Y o Y: +0.7)
FY2020 Full-year Forecast (Revenues)

• 9 months (Results): Trend in downside due to COVID-19 impact and decrease in transportation quantity (Deference in plan -68M).
• Full-year (Forecast): Downward revision of -110M from the full-year forecast based on expansion risk of COVID-19 and semiconductor risk. Revised the full-year revenues forecast from the 3Q initial plan.

- Increase/decrease in transportation quantity (including COVID-19 impact): -414
- Effect of exchange fluctuation: -41
- Portfolio strategy: +20
- Other (New orders, etc.): +222

- Deference in plan (9 months): -68
- 4Q COVID-19 expansion risk, etc.: -42

FY2019 (Results): 6,723
FY2020 (Initial plan): 6,510
FY2020 (Forecast): 6,400

(100 million yen)
FY2020 Plan (Operating Income・Net income)

- 9 months (Results): Trend in upside due to business centered on China・North America has exceeded the plan (Deferece in plan +43M).
- Full-year (Forecast): Revised upward. Expected to exceed the initial plan although it incorporate business risk of COVID-19 and semiconductors business (+25M).

### Revenues・Operating Income

(100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2019 (Results)</th>
<th>FY2020 (Initial plan)</th>
<th>FY2020 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>335</td>
<td>345</td>
<td>340</td>
</tr>
<tr>
<td>Net Income</td>
<td>216</td>
<td>225</td>
<td>220</td>
</tr>
<tr>
<td>✓ Differences(9months)</td>
<td>+43</td>
<td>✓ Prior implementation of measures and weave additional risk : -5</td>
<td></td>
</tr>
<tr>
<td>✓ Weaving business risk:</td>
<td>-13</td>
<td>✓ Factors of increasing profits (Excess, gain on sales of shares, etc.)</td>
<td></td>
</tr>
<tr>
<td>✓ Factors of decreasing profits (Equity method investment profit (loss), etc.)</td>
<td>+10</td>
<td>✓ Factors of decreasing profits (Equity method investment profit (loss), etc.)</td>
<td></td>
</tr>
</tbody>
</table>

*Net income attributable to stockholders of the parent company
## 3Q of FY2020 Results (Overseas Results by Region)

(Unit: 100 million yen, rounded off to the nearest integer. ( ): year-on-year change.)

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY2020</td>
<td>FY2020</td>
</tr>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>North America</td>
<td>67</td>
<td>110</td>
</tr>
<tr>
<td>Europe*1</td>
<td>118</td>
<td>164</td>
</tr>
<tr>
<td>Asia (excluding China)</td>
<td>78</td>
<td>85</td>
</tr>
<tr>
<td>China</td>
<td>98</td>
<td>93</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Elimination of intra-company transactions, etc.*2</td>
<td>-6</td>
<td>-9</td>
</tr>
<tr>
<td>Total</td>
<td>368</td>
<td>455</td>
</tr>
</tbody>
</table>

*1. Turkey is treated as an Europe country.
*2. A Amortization of customer-related intangible assets of Vantec Group is included in “Elimination of intra-company transactions, etc.”
3Q(9 months) of FY2020 : Trend of New orders/New startups (Units: projects)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q (9 months)</td>
<td>3Q (9 months)</td>
<td></td>
</tr>
<tr>
<td>New Orders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>14</td>
<td>7</td>
<td>-7</td>
</tr>
<tr>
<td>Global</td>
<td>5</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>16</td>
<td>-3</td>
</tr>
<tr>
<td>New Startups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>15</td>
<td>12</td>
<td>-3</td>
</tr>
<tr>
<td>Global</td>
<td>5</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>20</td>
<td>20</td>
<td>0</td>
</tr>
</tbody>
</table>

(Reference1) New startups in 3Q

Domestic: [Shoes] Warehouse operation

[Sports apparel] Warehouse operation

Global: [Hygiene projects] Transportation business(Asia)

[Air conditioning equipment] Transportation within EU

(Reference2) The number of new orders of domestic sales division

<Including new projects (both new and old definition), one-time project (Heavy Machinery and Plant Logistics, etc.) and small scale projects>

Domestic: 1,642

Global: 1,502

New and existing projects in 3Q of FY2020

New projects in 3Q of FY2020

- Location: Fukuoka Pref.
  - Time: From Oct. 2020
  - Warehouse operation for industrial equipment

- Location: China
  - Time: From Oct. 2020
  - Warehouse operation for eyeglass maker

Existing projects

- Location: Osaka
  - Time: From May. 2017
  - Warehouse operation for eyeglass maker

- Location: Saitama Pref.
  - Time: From Oct. 2018
  - Warehouse operation for food maker

3Q(9 months) of FY2020 New Contributions

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>20</td>
<td>2.3</td>
</tr>
<tr>
<td>Global</td>
<td>4</td>
<td>0.8</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Collaborative Innovation Effects</strong></td>
<td><strong>24</strong></td>
<td><strong>3.3</strong></td>
</tr>
</tbody>
</table>

Progress rate against the full-year plan
- Domestic: 80%
- Global: 83%

Contributions to earnings through steady additions of new projects and continuous operation of existing projects

Collaborative innovation effect with AIT is included in figures above.
### Reference

#### Results by Business Category (estimated)

<table>
<thead>
<tr>
<th>Business Category</th>
<th>3Q (9 months) of FY2019 results</th>
<th>3Q (9 months) of FY2020 results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating Income</td>
</tr>
<tr>
<td>Domestic</td>
<td>2,819</td>
<td>172.3</td>
</tr>
<tr>
<td>Global</td>
<td>598</td>
<td>39.9</td>
</tr>
<tr>
<td><strong>3PL</strong></td>
<td>3,417</td>
<td>212.2</td>
</tr>
<tr>
<td>Domestic</td>
<td>220</td>
<td>2.9</td>
</tr>
<tr>
<td>Global</td>
<td>522</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Forwarding</strong></td>
<td>742</td>
<td>5.2</td>
</tr>
<tr>
<td>Domestic</td>
<td>481</td>
<td>16.8</td>
</tr>
<tr>
<td>Global</td>
<td>331</td>
<td>9.0</td>
</tr>
<tr>
<td><strong>Automobile</strong></td>
<td>812</td>
<td>25.8</td>
</tr>
<tr>
<td><strong>Other services</strong></td>
<td>134</td>
<td>15.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,105</td>
<td>259.0</td>
</tr>
</tbody>
</table>

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

Investment plan (Cash basis)

- Business investments: ¥36 billion
- Strategic investments: ¥30 billion (Including M&As, capital policy, etc.: ¥22 billion)

Toward LOGISTEED 2021 goals

- Strategic investments
  - DX (SWH/SSCV/SCDOS, etc.)
  - Overseas business (North America: Truck business, India: 3PL business)
  - Heavy Machinery and Plant Logistics business
  - Freight Forwarding business
  - Environmental investment (Medium-to-long-term environmental targets)

Create/expand ecosystem across regions and businesses

Flexible use of treasury stock and cash

Remaining funds: Over ¥70 billion

*Forecasts for FY2020 except dividends
**Vision: Visualize through DX**

Create solutions by adding analog insights and realize shared value with society

For details of DX strategy, please visit our website: [https://www.hitachi-transportsystem.com/jp/ir/corporate/vision/dx/](https://www.hitachi-transportsystem.com/jp/ir/corporate/vision/dx/)

### Policy

**Value creation through CPS**

- CPS (Cyber Physical System)
- Open Innovation

1. **Virtual space (Cyber)**
   - Visualization through DX
   - Big data/Al analysis

2. **Cycle to accumulate knowledge**
   - Digital answers alone are not enough for physical space
   - Optimization with analog insights

3. **Experience/expertise as a market leader in the BtoB logistics (domestic 3PL) market**

### External DX

- SCDOS (Visualization and analysis of information/Simulation)
- SWH (Automation and labor saving/Sharing/Pay-per-use)
- SSCV (Open transport digital platform)

### Internal DX

- Digital business platform
- Core system renewal
- Establishment of a portal site

- Warehouse digital platform
- Introduction of RPA

### External DX

- **Development of an organization and human resources to realize DX**
- **Enhancement of IT Governance (Establishment of IT Governance Code, etc.)**
- **Continuation of DX investments**
- **Establishment of a PDCA cycle for DX by setting and managing KPIs**

*1 Digital Transformation  *2 Cyber Physical System  *3 Third Party Logistics  *4 Supply Chain Design & Optimization Services  *5 Smart Warehouse  *6 Smart & Safety Connected Vehicle  *7 Robotic Process Automation

Build an open digital platform (SSCV land) through the transport business and contribute to solving social issues through collaborative innovation with various partners.

**Share and solve issues for business continuity**
- Cargo transport business
- Passenger transport business
- Commercial vehicles for sales

**Pursue CSV through collaboration with different industries**
- Smart city Urban development business
- Data driven business for workers' health
- New compensation system of non-life insurance companies
- Fleet service business

**Provide open SSCV service**

**Create data-driven new services**

**SSCV Land**

**Smart area**
- Driving instruction
- Vehicle/cargo seeking
- Vehicle assignment
- Estimate/order management

**Safety area**
- Driver's physical condition
- Thorough labor management
- Driver’s education to "individuals"
- Safety education to "individuals"
- Systematization of safety education
- Visualization of driving characteristics
- Enhancement of communication

**Vehicle area**
- Procurement
- Collaborative innovation
- Failure prediction
- Auto lease
- Maintenance

**Vehicle**
- Vehicle maintenance
- Insurance
- Tax payment
SSCV: Contribution to SDGs

(Healthcare)
Implement health and labor management to keep aging drivers safe and healthy

(Education)
Provide coaching and education based on individual driving data to improve safe driving skill

(Gender)
Create a female driver-friendly environment by promoting DX of transport operation

(Energy)
Promote eco-driving and reduce fuel consumption by improving delivery efficiency and visualizing driving behavior

(Growth/Employment)
Strengthen logistics infrastructure that is vital to society and improve status of transporters and drivers through DX of transportation and delivery

(Healthcare)

(Transportation and delivery)

(Healthcare)

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(Human Rights and Gender Equality)

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1. About Carbon Disclosure Project (CDP)

- CDP is an international non-profit organization that globally evaluates and discloses corporate efforts on climate change, water security, etc.
- Score band: Eight grades (from “D- (lowest)” to “A (highest)”)
- In the CDP Climate Change Report 2020, 75 Japanese companies received “A-” and HTS was the only land transportation company of the companies.

2. Our main environment-related measures

- Business strategy/Financial plan
  - Set medium-to-long-term environmental targets, implement SSCV initiatives
- Governance
  - Strengthen the management system for climate-related issues (including BOD level)
- Risk management
  - Identify climate-related risks/opportunities, estimate financial impacts and consider and implement countermeasures
- CO₂ emission reduction efforts
  - Promote capital investment for expansion of renewable energy use, etc.
Mid-term Management Plan: LOGISTEED 2021

Create and expand ecosystem across regions and businesses

Use treasury stock

Use cash

Enhance freight forwarding business

Supply chain design by SCDOS promoted by HTS

Smart
Operational efficiency improvement
Legal compliance

Safety
Safety driving management
Zero-accident society

Vehicle
Optimization of vehicle maintenance
Failure prediction/Preventive maintenance

Logistics domain
Sharing economy
IT/Finance/Lease
Manufacturers/Trade firms
Al/Robotics

Physical space
Physical platform

Cyber space
Big data, AI analysis

Next-generation logistics centers (large sites)

Legal compliance
Operational efficiency improvement

Supply chain design by SCDOS promoted by HTS

The picture of a radish. A radish is called "KABU" in Japanese, but it has the same pronunciation as stocks.
January 29, 2021

The 3rd Quarter of FY2020
(Ended December 30, 2020)
Financial Results Briefing

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Toward New Dimensions

LOGISTEED