April 28, 2021

FY2020
(Year Ended March 31, 2021)
Financial Results Briefing

Hitachi Transport System, Ltd.
Contents of Today’s Briefing

I. Summary of FY2020 Results
Overview, Breakdown by group, Detail of Variations for Revenues/Operating Income, COVID-19 impact, Overseas Results by Region, Trend of New Orders/New Startups, Collaborative Innovation

II. FY2021 Plan
Overview, Detail of Variations for Revenues/Operating Income

III. Progress of the Mid-term Management Plan:
LOGISTEED 2021
Progress, Dividend, Business Strategies (Logistics DX, SSCV, and more), Overseas, Collaborative Innovation Strategies, VC21, ESG, Eco-system, etc.

【About Supplementary Document】
Financial Status, Cash Flow, Key Financial Indicators/Operation Cost, Capital Investment/Employees, and others
I. Summary of FY2020 Results
(Unit: 100 million yen, rounded off to the nearest integer. < >: profit ratios (%). ( ): year-on-year change)

<table>
<thead>
<tr>
<th></th>
<th>FY2019 Results</th>
<th>FY2020 Results</th>
<th>Plan (as of Jan.29)</th>
<th>FY2020 Results</th>
<th>Plan (as of Jan.29)</th>
<th>Y o Y %</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>6,723</td>
<td>6,524</td>
<td>97%</td>
<td>-199</td>
<td>102%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>&lt;5.0&gt; 334.8</td>
<td>&lt;5.6&gt; 367.1</td>
<td>110%</td>
<td>+32.3</td>
<td>108%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBIT (Earnings before interest and taxes)</strong></td>
<td>&lt;5.9&gt; 396.1</td>
<td>&lt;6.8&gt; 444.3</td>
<td>112%</td>
<td>+48.2</td>
<td>106%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income attributable to stockholders of the parent company</strong></td>
<td>&lt;3.2&gt; 216.1</td>
<td>&lt;3.5&gt; 228.7</td>
<td>106%</td>
<td>+12.6</td>
<td>104%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>9.5%</td>
<td>11.8%</td>
<td>-</td>
<td>(+2.3%)</td>
<td>(+0.4%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stock Price</strong></td>
<td>¥2,349</td>
<td>¥3,720</td>
<td>158%</td>
<td>(+¥1,371)</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dividend Per Share</strong></td>
<td>¥43</td>
<td>¥48</td>
<td>116%</td>
<td>(+¥7)</td>
<td>(+¥2)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 Operating income in this document represents “Adjusted operating income.”

*2 To be resolved at the Board of Directors meeting in late May.
<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th></th>
<th>Operating income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full year</td>
<td>Y o Y</td>
<td>Full year</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Organic</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;64&gt;</td>
<td>3,687 99%</td>
<td>231.9 98%</td>
<td></td>
</tr>
<tr>
<td>Global Logistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;28&gt;</td>
<td>1,595 97%</td>
<td>88.7 148%</td>
<td></td>
</tr>
<tr>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>&lt;6&gt;</td>
<td>323 103%</td>
<td>7.4 495%</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>&lt;33&gt;</td>
<td>1,918 98%</td>
<td>96.1 156%</td>
<td></td>
</tr>
<tr>
<td>Others(logistics-related businesses, etc.)</td>
<td>&lt;3&gt;</td>
<td>162 89%</td>
<td>12.0 130%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>5,767 98%</td>
<td>339.9 111%</td>
<td></td>
</tr>
<tr>
<td>VANTEC group</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;65&gt;</td>
<td>547 84%</td>
<td>28.0 85%</td>
<td></td>
</tr>
<tr>
<td>Global logistics(overseas)</td>
<td>&lt;35&gt;</td>
<td>298 97%</td>
<td>5.9 134%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>845 89%</td>
<td>33.8 91%</td>
<td></td>
</tr>
<tr>
<td>Consolidated adjustment/amortization of customer-related intangible assets of VANTEC Group, etc.</td>
<td>-</td>
<td>- 88 (+3)</td>
<td>- 6.6 (+2.9)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;65&gt;</td>
<td>4,212 97%</td>
<td>251.8 97%</td>
<td></td>
</tr>
<tr>
<td>Global Logistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;29&gt;</td>
<td>1,862 97%</td>
<td>96.0 151%</td>
<td></td>
</tr>
<tr>
<td>Allocated to domestic companies(forwarding and others)</td>
<td>&lt;5&gt;</td>
<td>300 105%</td>
<td>7.4 495%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>&lt;33&gt;</td>
<td>2,163 98%</td>
<td>103.4 159%</td>
<td></td>
</tr>
<tr>
<td>Others(logistics-related businesses, etc.)</td>
<td>&lt;2&gt;</td>
<td>149 87%</td>
<td>12.0 130%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt;</td>
<td>6,524 97%</td>
<td>367.1 110%</td>
<td></td>
</tr>
</tbody>
</table>
**FY2020 Results (Detail of Variations for Revenues)**

**FY2020 Revenues (Result)**

(100 million yen)

- **COVID-19 impact**: -256

Environmental/volume changes, etc.

- **FY2019 result → FY2020 result**
  - Domestic/other: -229
  - Overseas/freight forwarding: -8
  - Expansion of existing operations: +60

**Effect of exchange fluctuation**: -18

Implementation of portfolio strategy

- **New collaborative innovation**

- **New orders**: +223

- **Plan (Announced on January 29, 2021)**

  - Domestic: +113
  - Global: +110

- **Increased in volume (Global business (Freight forwarding, etc.))/ LCM**

<table>
<thead>
<tr>
<th>Item</th>
<th>COVID-19 impact</th>
<th>Environmental/volume changes, etc.</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>- 137</td>
<td>- 220</td>
<td>46</td>
<td>- 173</td>
<td>32</td>
<td>113</td>
<td>25</td>
<td>- 141</td>
</tr>
<tr>
<td>Global</td>
<td>- 112</td>
<td>- 8</td>
<td>14</td>
<td>5</td>
<td>- 26</td>
<td>110</td>
<td>6</td>
<td>- 35</td>
</tr>
<tr>
<td>Other</td>
<td>- 7</td>
<td>- 9</td>
<td>- 9</td>
<td>- 8</td>
<td>1</td>
<td>1</td>
<td>- 23</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>- 256</td>
<td>- 237</td>
<td>60</td>
<td>- 177</td>
<td>- 3</td>
<td>223</td>
<td>32</td>
<td>- 199</td>
</tr>
</tbody>
</table>

* LCM: Life cycle management

Operating Income (Result)

(100 million yen)

COVID-19 impact
-50.2

Environmental/volume changes, etc.
+27.9

Implementation of portfolio strategy
-1.8

Strategic investments
-3.6

Strategic investments:
FY2020 cumulative result: 28.8 (YoY: +3.6)

FY2019 (Result)

- 335

FY2020 (Result)

+ 367

Productivity improvement
+30.1

New collaborative innovation
+29.8

New Orders
+4.8

Plan (Announced On January 29, 2021)

340

Deviation from the plan released on January 29, 2021: +27

- Increased in volume (Global business (Freight forwarding, etc.)/ LCM)
- Domestic: +18.3
- Global: + 6.7

Impact of "equal pay for equal work" temporary impact in FY2019

"Effect of VC21: +16.9
- Profitability improvement: +13.2

Expanding existing operations: +5.0
Cost control: +32.3
Other: - 9.4

Strategic investments:
FY2020 cumulative result: 28.8 (YoY: +3.6)
### FY2020 Summary of Financial Results (COVID-19 impact)

(COVID-19 impact : definition)
Direct impact of shutdowns of customers’ stores and factories due to lockdowns and indirect impact arising from a drop in volume due to decreases in consumers’ demand and spending

(Unit: 100 million yen)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Impact (YoY)</th>
<th>Details of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating Income</td>
</tr>
<tr>
<td>Domestic</td>
<td>-137</td>
<td>-34.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Temporary: Decrease in volume due to closure of customers’ stores and production suspension at customers’ factories</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ongoing: Decrease in volume due to decline in overseas visitors to Japan (inbound demand)</td>
</tr>
<tr>
<td>Global</td>
<td>-112</td>
<td>-14.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Temporary: Suspension/reduction of production at customers’ factories due to lockdowns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ongoing: Decrease in handling of import/export cargo</td>
</tr>
<tr>
<td>Other</td>
<td>-7</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The above figures are estimates on a business basis (before the impact of IFRS reclassification (including lease) and some company-wide cost allocation).</td>
</tr>
<tr>
<td></td>
<td>-256</td>
<td>-50.2</td>
</tr>
</tbody>
</table>

Approximately 1.5 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.

**COVID-19 impact and our measures**

**[Changes]**
- Measures not to stop logistics and online measures

**[Measures]**
- Non-contact operation management and emergency transportation
- Remote launch of new projects
- Flexible use of human resources, etc.
## FY2020 Results (Overseas Results by Region)

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

<table>
<thead>
<tr>
<th>Region</th>
<th>FY2019 Revenues</th>
<th>Operating Income</th>
<th>FY2020 Revenues</th>
<th>Y o Y</th>
<th>FY2020 Operating Income</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>423</td>
<td>12.6</td>
<td>417</td>
<td>99%</td>
<td>13.2</td>
<td>105%</td>
</tr>
<tr>
<td>Europe*1</td>
<td>660</td>
<td>42.9</td>
<td>628</td>
<td>95%</td>
<td>44.8</td>
<td>104%</td>
</tr>
<tr>
<td>Asia (Excluding China)</td>
<td>402</td>
<td>13.9</td>
<td>390</td>
<td>97%</td>
<td>18.0</td>
<td>130%</td>
</tr>
<tr>
<td>China</td>
<td>416</td>
<td>-1.2</td>
<td>411</td>
<td>99%</td>
<td>21.6</td>
<td>(+22.8)</td>
</tr>
<tr>
<td>Others</td>
<td>40</td>
<td>2.8</td>
<td>47</td>
<td>117%</td>
<td>4.7</td>
<td>168%</td>
</tr>
<tr>
<td>Elimination of intra-company transactions, etc.*2</td>
<td>-32</td>
<td>-7.3</td>
<td>-31</td>
<td>(+1.0)</td>
<td>-6.1</td>
<td>(+1.2)</td>
</tr>
<tr>
<td>Total</td>
<td>1,910</td>
<td>&lt;3.3%&gt;</td>
<td>1,862</td>
<td>97%</td>
<td>96.0</td>
<td>151%</td>
</tr>
</tbody>
</table>

*1. Turkey is treated as an European country.
*2. Amortization of Customer-related intangible assets of VANTEC Group is included in "Elimination of intra-company transactions, etc."
### FY2020: Trend of New orders/New startups

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New orders</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>20</td>
<td>16</td>
<td>-4</td>
</tr>
<tr>
<td>Global</td>
<td>6</td>
<td>12</td>
<td>+6</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>28</td>
<td>+2</td>
</tr>
<tr>
<td><strong>New startups</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>23</td>
<td>17</td>
<td>-6</td>
</tr>
<tr>
<td>Global</td>
<td>7</td>
<td>11</td>
<td>+4</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>28</td>
<td>-2</td>
</tr>
</tbody>
</table>

(Reference 1) New startups in FY2020

- **Domestic**: [Footwear] Warehouse operation
  - [e-Commerce] EC Warehouse operation
- **Global**: [Rubber manufacture] From Thai to North America
  - (Trilateral transportation)
  - [Cosmetics] Warehouse operation

(Reference 2) 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>
New Collaborative innovation and Revenue contribution by existing projects’ continuation operation

■ FY2020 New Projects (excerption)

From May 2020
- Logistics Center consolidation/relocation

From June 2020
- Warehouse operation for food manufacturers

From July 2020
- Warehouse management for sports makers

From October 2020
- Warehouse operation for industrial equipment manufacturers

From October 2020
- Warehouse operation for food manufacturers

From March 2021
- Warehouse operation for material manufacturers

■ FY2020/Stacking New Contributions (Unit: 100 Million yen)

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>25</td>
<td>3.3</td>
</tr>
<tr>
<td>Global</td>
<td>6</td>
<td>1.3</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td>Collaborative Innovation effect</td>
<td>32</td>
<td>4.8</td>
</tr>
</tbody>
</table>

The above table includes the effect of collaborative innovation with AIT.
Ⅱ. FY2021 Plan
(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>Plan</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>6,524</td>
<td>6,900</td>
<td>106%</td>
</tr>
<tr>
<td>Change</td>
<td>+376</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>&lt;5.6&gt;</td>
<td>&lt;5.4&gt;</td>
<td>102%</td>
</tr>
<tr>
<td>Change</td>
<td>+7.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT (Earnings before interest and taxes)</td>
<td>&lt;6.8&gt;</td>
<td>&lt;6.8&gt;</td>
<td>84%</td>
</tr>
<tr>
<td>Change</td>
<td>−72.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to stockholders of the parent company</td>
<td>&lt;3.5&gt;</td>
<td>&lt;3.0&gt;</td>
<td>90%</td>
</tr>
<tr>
<td>Change</td>
<td>−23.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>11.8%</td>
<td>12.7%</td>
<td></td>
</tr>
<tr>
<td>Dividend Per Share</td>
<td>¥ 50※</td>
<td>¥ 56</td>
<td>112%</td>
</tr>
<tr>
<td>Change</td>
<td>(+ ¥ 6)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

※ To be resolved at the Board of Directors meeting in late May.
Revenues (Plan) (100 million yen)

- Expansion of existing operations: +99
- Recovery of COVID-19 impact: +150
- Other: +65

(Volume changes/FY2020 temporary factor)

<table>
<thead>
<tr>
<th>Component</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental/volume changes, etc.</td>
<td>+314</td>
</tr>
<tr>
<td>Effect of exchange fluctuation</td>
<td>-13</td>
</tr>
<tr>
<td>Implementation of portfolio strategy</td>
<td>-40</td>
</tr>
<tr>
<td>New orders</td>
<td>+155</td>
</tr>
<tr>
<td>New collaborative innovation</td>
<td>+60</td>
</tr>
<tr>
<td>Incorporated risk</td>
<td>-100</td>
</tr>
<tr>
<td>New orders (-40)</td>
<td>+215</td>
</tr>
</tbody>
</table>

Revenues (Plan): 6,900

Revenues (Result): 6,524

Impacts:
- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

USD: ¥105
EUR: ¥125
CNY: ¥16.0

+376

FY2020 (Result) FY2021 (Plan)
FY2021 Plan (Detail of Variations for Operating Income)

**Operating income (Plan)**

(100 million yen)

- Expansion of existing operations: +12
- Decrease in COVID-19 impact: +30
- Cost increase (due to volume recovery): -25
- Impact of "equal pay for equal work": -10
- Other (Increase/decrease in customers, etc.): -32

**Environmental/volume changes, etc.**

- Effect of exchange fluctuation: -1

**Productivity improvement**

- FY2020 (Result) 367
- FY2021 (Plan) 375

- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

**Incorporated risk**

- FY2020 (Result) -25
- FY2021 (Plan) -10

**New collaborative innovation**

- FY2020 (Result) +18
- FY2021 (Plan) +46

**Implementation of portfolio strategy**

- FY2020 (Result) -0.7
- FY2021 (Plan) -7

- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

**New orders**

- FY2020 (Result) +18
- FY2021 (Plan) +7

- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

**Strategic investments:**

- FY2021 cumulative plan: 36 (YoY: +7)

Ⅲ. Progress of the Mid-term Management Plan: LOGISTEED 2021
**Mid-term Management Plan (Progress)**

**FY2021 Plan** (100 million yen)

<table>
<thead>
<tr>
<th>Numerical Targets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>6,900</td>
</tr>
<tr>
<td>Adjusted operating income</td>
<td>375</td>
</tr>
<tr>
<td>EBIT</td>
<td>372</td>
</tr>
<tr>
<td>ROE</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

**Our recognition**

By reflecting an impact of adopting IFRS16 “Leases,” “Numerical targets in the Mid-term Management Plan (after the adoption)”

☑ Adjusted operating income: 385
☑ EBIT: 425

**Catch-up in FY2022**

**Toward the next Mid-term Management Plan**

To become a leading 3PL company in Asia

☑ Establish a strong position in Japan and evolve into a regional leader in Asia
☑ Establish and enhance a solid management base (enhance funding capability and ecosystem)
☑ Next-generation logistics supporting Society 5.0

**Top line expansion**

- Expansion of business domains (Service/Region/Sales channel, etc.)

**Improve profitability**

- Collaborative innovation strategy
  - Partners (Industry peers/DX)
  - Real estate/Developer
  - PE funds, etc.

**Efficiency improvement**

- Resource management (Assets/Human resources, etc.)

- Cash generation (Asset securitization, etc.)

From materials released on May 24, 2019
Toward LOGISTEED 2021 goals
Create/expand ecosystem across regions and businesses

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

☑ Cumulative investment total (Cash basis)
  • Business investments : 345
  • Strategic investments : 284
    (Including M&As, capital policy, etc.: 22)

“PALENET,” “Hitachi Transport System East Japan Distribution Services,” “Acquisition of treasury stock,” and “SSCV-Safety external sales,” etc.

Flexible use of treasury stock and cash

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

Cumulative investment total (Cash basis)
Excluding tax deduction
Remaining funds: Over 700

(Unit: 100 Million yen)
### Trends and plans on dividend payout

(Unit: Yen/per share)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Dividend</th>
<th>Dividend payout ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>2008</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>2009</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>2010</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>2011</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>2012</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>2013</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>2014</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>2015</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>2016</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>2017</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>2018</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>2019</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>2020</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2021</td>
<td>56</td>
<td>56</td>
</tr>
</tbody>
</table>

- **☑ continue stable dividend (dividend increase)**
- **☑ aware of payout ratio of 20% or more**

**Adjusted Dividend payout plan (increase)**

**Applied Japanese standard**

**TSR outperforms TOPIX**

*Index with the stock price as of the end of March 2016 as 100.*

*Dividend payout ratio: \( \frac{\text{Dividend per share}}{\left( \frac{\text{Net income attributable to stockholders of the parent company}}{\text{Average number of shares during the term}} \right)} \)

**Applied IFRS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>HTS TSR (%)</td>
<td>125</td>
<td>163</td>
<td>180</td>
<td>133</td>
<td>208</td>
</tr>
<tr>
<td>Dividend includes TOPIX (%)</td>
<td>115</td>
<td>133</td>
<td>126</td>
<td>114</td>
<td>162</td>
</tr>
</tbody>
</table>
Strategic Investments: DX (Connected Supply Chain)

“Link warehouse and transport operations,” “Standardize and classify work/operating process” and “Bring together wisdom” through digitalization

- **Raw materials** → **Export/Import** → **Production** → **Export/Import** → **Warehouse/Wholesale** → **Sale** → **Consumers**

  - Improve efficiency of collaboration among multiple sites
  - Improve product planning efficiency
  - Sophisticate logistics
  - Sophisticate demand forecast

**Sharing/Pay per use**
- Pay per use

**Visualization of supply chains**
- Optimize inventory allocation in each region

**Protect drivers/transporters**
- Accident prevention

**Robotics/Group Control**
- Backcast operation to eliminate idle time at post process

**LOGISTEED**
- 『Digital platform』
  - **Safety/Quality**
  - **Productivity**
  - **SC optimization**
  - **BIG DATA**
  - **BCP**
  - Detect problems

**5G × AI**
- **IoT**

**Visualization of supply chains**
- Sc DOS

**Sharing/Pay per use**
- Pay per use

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Strategic Investments: SSCV (Generation of Economic, Social, and Environmental Values)

Promote expansion into the entire transportation business (land, passenger, etc.)
Use big data obtained to create new services/businesses

**Phase 1**
- Expand into group and partner companies
- HTS Group
  - Cargo transport business
  - Commercial vehicles/for sales
  - Passenger transport business

**Phase 2**
- Expand into other transporters and commercial vehicles
- Use SSCV data to create new services/businesses
- Smart city Urban development business
- Data driven business for workers health
- New compensation plan for non-life/life insurance companies
- Fleet service business

**Phase 3**
- Use SSCV vital data for the objective and medical survey of drivers’ actual fatigue conditions for the review of MHLW Notification on improvement criteria for drivers’ working conditions
- • Use SSCV to measure data used as a reference for full discussion on the review of MHLW Notification on improvement criteria to be conducted by medically comparing drivers’ working hours and the level of fatigue accumulation due to continuous driving

**Food delivery**
- Quantitative assessment of drivers’ safe driving

**Passenger service**
- (Route/chartered bus)
  - Contribution to enhanced safe operation and city development

**Garbage collection**
- Enhancement of safe operation, citizens’ complaint handling, efficiency improvement of collection service

- Installed to all vehicles of the Group
  - 1,269 cars at 84 sites
  - [Future development] Transportation partners
  - 3,600 cars

- ✔ Contribute to solving social issues such as drivers’ health/labor management and reduction of CO₂ emissions through efficient transportation

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The Netherlands
Enhancement of center (Order expansion)
(Start of operation: January 2022)

China
Introduction of automated/labor-saving facilities

Total investments: ¥12 billion*
(Cumulative total of key plans)

✓ Acceleration of global growth strategy
(including joint investment with collaborative innovation partners)

United States
Automobile related XD Center
(Order expansion)
(Start of operation: July 2021)

The Netherlands
Enhancement of center
(Order expansion)
(Start of operation: January 2022)

China
Introduction of automated/labor-saving facilities

India
Multipurpose logistics center
(Start of operation: July 2022)

Malaysia
Chilled warehouse (cold chain)
(Start of operation: April 2023)

Indonesia
Enhancement of center
(bonded + FWD)
(Start of operation: April 2023)

*Major investment plans for FY2021-2023
Collaborative Innovation Strategy: Maersk

Maersk basic strategy: Enhancement of L&S Service
Offer global, seamless Logistics through overseas import/export and building of domestic logistics

Maersk service menu

- Production line
- Inland transportation (Rail/truck/inland vessel)
- Warehouse
- Inland transportation (Train/truck/inland vessel)
- Export container terminal/gateway
- Rail/air/marine transportation
- Import container terminal/gateway
- Inland transportation (Train/truck/inland vessel)
- Customs clearing
- Inland transportation service (Train/truck/inland vessel)
- Inland transportation service (Rail/air/marine)
- Warehouse/delivery
- Customs clearing
- Inland transportation service
- Value protection (compensation service for cargo damage)
- Trade finance

L&S Service x LOGISTEED
(Toward expansion of collaborative innovation areas)

Blockchain technology base
SCM optimization proposal base

*L&S: Logistics and Services
VC21 Activities

VC21* activities: Daily activities that cultivate improvement culture and achieve environmental targets (Decarbonization)

VC21 activity cycle

- Implement VC21 activity cycle to cultivate improvement culture
- Realize LOGISTEED through repeated VC21 activities

Learn
- Share environmental know-how
  - E-learning
  - Find good examples
  - Establish environmental prize in VC Award

Implement improvement
- E-learning
- Find good examples
- Establish environmental prize in VC Award

Generate ideas
- Convincing caravan
  - Offer workshops aimed at improving employees’ understanding of decarbonization

Company-wide productivity reform by making full use of digital tools

Implement improvement = Environmental activities
- Support implementation of improvement for decarbonization
- Register our initiatives (VCJUMP)

Online event “VC Award”

## Environment (E)

### [Realize decarbonization in business processes]
- Establish a model location to measure the effects and examine how to assess (accumulating know-how)
  - Set electricity measurement device to collect data
  - Obtain and analyze data by week, month, and on seasonality and peak/off-peak
- Visualize CO₂ emissions using SCDOS and promote a sense of personal ownership for environmental activities through VC21 activities
  - Add a function to visualize CO₂ emissions in SCDOS to promote decarbonization at both customers and HTS
  - Workshops to improve understanding of decarbonization
  - Build a framework to visualize and share decarbonizing initiatives
- Adequate disclosure of our initiatives
  (Preparation to comply with TCFD requirements, Integrated Report)

## Social (S)

### [Accelerate diversity & inclusion and working-style reform]
- Increase the ratio of female managers in the entire Group
  (FY2023 target: Ratio of female managers of 10%*)
  *HTS only
  - Systematic promotion (job rotation and education support)
  - Enhance the hiring of experienced female workers (improve the system, use online interview)

### [Promote investment in human capital]
- Observe and visualize employee engagement, and develop and secure DX human resources
  - Conduct employee survey continuously
  - Improve organizational operation
  - Consider direct recruiting and a compensation system for DX human resources
Governance (G)

[Ensure to keep in mind “Basics and Ethics”]

- Improve operational efficiency and enhance governance through core system renewal (Develop digital audit environment, etc.)

- Appoint risk owners and risk response managers
  - Build a management system to manage and minimize various risks (growth, environmental changes, and operation)

- Conduct in-depth discussion on the essence of management at the Board of Directors (sustainability, DX, etc.)

-Toward promotion of sustainability in future vision-

<FY2021>
Reaffirm material issues and objectives

- Recognition of social responsibility
  - ESG evaluation analysis (Identify issues)

- Corporate activities
  - Reaffirmation of material issues (Identify ESG opportunities and risks)
  - Reflection in objectives

- Review and improve

✔ Value creation story based on “integrated thinking”
✔ Business strategy originating from SDGs
[Reference] SSCV Initiatives in Each ESG Area

**Environment (E)**

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

- **Climate change**
  - Reduce greenhouse gas emission by improving transportation/delivery efficiency (by sharing or increasing loading ratio)

**Social (S)**

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

- **Cities**
  - Contribute to realization of accident-free cities and society by popularizing safety support system using comprehensive digital data

- **Means of implementation**
  - Provide coaching and education based on individual driving data to improve safe driving skill

**Governance (G)**

- **Energy**
  - Strengthen logistics infrastructure that is vital to society and improve status of transporters and drivers through DX of transportation and delivery

- **Climate change**
  - Implement health and labor management to keep aging drivers safe and healthy

- **Healthcare**
  - Implement health and labor management to keep aging drivers safe and healthy

- **Cities**
  - Create new social and economic values by creating an ecosystem through collaborative innovation with various business partners using open digital platform

- **Innovation**
  - Enhance infrastructure with IoT technologies of transport business and aim at industrialization using accumulated data

- **Education**
  - Provide coaching and education based on individual driving data to improve safe driving skill
Create/Expand Ecosystem Across Regions and Businesses

Logistics domain

- Manufacturer/Trade firm
- AI/Robotics
- Material Handling/Developer
- Heavy Machinery and Plant Logistics
- Freight forwarding
- Smart logistics
- Fintech
- Wholesaler/Retailer/EC
- IT/Finance/Lease
- Sharing economy

3PL

Create/Expand Ecosystem Across Regions and Businesses

Supply chain design by SCDOS promoted by HTS

Supplementary Material
<Financial Position, Cash Flows, etc.>
**Supplementary Material** (Financial Position: Consolidated Statement of Financial Position)

(Unit: 100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2019 As of Mar.31 2020</th>
<th>FY2020 As of Mar.31 2021</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(Assets)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>2,674</td>
<td>2,474</td>
<td>−201</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>6,117</td>
<td>5,406</td>
<td>−711</td>
</tr>
<tr>
<td>Total</td>
<td>8,791</td>
<td>7,879</td>
<td>−912</td>
</tr>
<tr>
<td><strong>(Liabilities)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1,678</td>
<td>1,567</td>
<td>−111</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>4,721</td>
<td>4,692</td>
<td>−30</td>
</tr>
<tr>
<td>Total</td>
<td>6,399</td>
<td>6,258</td>
<td>−141</td>
</tr>
<tr>
<td><strong>(Equity)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity attributable to stockholders of the parent company</td>
<td>2,329</td>
<td>1,552</td>
<td>−777</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>64</td>
<td>69</td>
<td>+6</td>
</tr>
<tr>
<td>Total</td>
<td>2,393</td>
<td>1,621</td>
<td>−772</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>8,791</td>
<td>7,879</td>
<td>−912</td>
</tr>
<tr>
<td></td>
<td>FY2019</td>
<td>FY2020</td>
<td>YoY</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td>Full Year</td>
<td>Full Year</td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>782</td>
<td>553</td>
<td>−229</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>−12</td>
<td>698</td>
<td>+709</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activity</td>
<td>−457</td>
<td>−1,611</td>
<td>−1,153</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>−7</td>
<td>18</td>
<td>+25</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>306</td>
<td>−342</td>
<td>−648</td>
</tr>
<tr>
<td>Cash and Cash equivalents at beginning of year</td>
<td>1,084</td>
<td>1,390</td>
<td>+306</td>
</tr>
<tr>
<td>Cash and Cash equivalents at end of year</td>
<td>1,390</td>
<td>1,048</td>
<td>−342</td>
</tr>
</tbody>
</table>
### Financial Indicator etc.

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total equity attributable to stockholders of the parent company *1</td>
<td>26.5 (100 million yen)</td>
<td>19.7 1,552</td>
</tr>
<tr>
<td>Total equity per share attributable to stockholders of the parent company</td>
<td>2,087.52</td>
<td>1,854.01</td>
</tr>
<tr>
<td>Basic earnings per share attributable to stockholders of the parent company (EPS) (Yen)</td>
<td>193.76</td>
<td>240.02</td>
</tr>
<tr>
<td>Return on equity (ROE) (%)</td>
<td>9.5</td>
<td>11.8</td>
</tr>
<tr>
<td>Return on assets (ROA) (%)</td>
<td>2.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Return on invested capital (ROIC *2) (%)</td>
<td>4.3</td>
<td>4.4</td>
</tr>
<tr>
<td>Price book-value ratio (PBR) (Ratio)</td>
<td>1.13</td>
<td>2.01</td>
</tr>
</tbody>
</table>

### Major Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full Year</td>
<td>Full Year</td>
<td>%</td>
</tr>
<tr>
<td>Submontract Expenses</td>
<td>(48.4) 3,251.8</td>
<td>(48.5) 3,165.2</td>
<td>97%</td>
</tr>
<tr>
<td>Personal Expenses</td>
<td>(24.1) 1,619.5</td>
<td>(24.1) 1,575.1</td>
<td>97%</td>
</tr>
<tr>
<td>Rent Expenses</td>
<td>(3.1) 206.7</td>
<td>(2.8) 181.9</td>
<td>88%</td>
</tr>
<tr>
<td>Depreciation Expenses</td>
<td>(7.9) 528.2</td>
<td>(8.0) 521.6</td>
<td>99%</td>
</tr>
</tbody>
</table>
## Capital Expenditure

(Unit: 100 million yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full Year</td>
<td>Full Year</td>
<td>Full Year (Plan)</td>
</tr>
<tr>
<td>Purchased Assets *1</td>
<td>182.5</td>
<td>240.8</td>
<td>285.6</td>
</tr>
</tbody>
</table>

*1. Based on fixed assets recorded in the balance sheet.

## (Ref.) Number of employees *1

(Unit: Person)

<table>
<thead>
<tr>
<th></th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of Mar.31 2020</td>
<td>As of Mar.31 2021</td>
<td>As of Mar.31 2022(Plan)</td>
</tr>
<tr>
<td>Regular Employees</td>
<td>23,837</td>
<td>22,682</td>
<td>23,870</td>
</tr>
<tr>
<td>Employees and others *2</td>
<td>21,491</td>
<td>21,047</td>
<td>23,311</td>
</tr>
<tr>
<td>Total</td>
<td>45,328</td>
<td>43,729</td>
<td>47,181</td>
</tr>
</tbody>
</table>

*1. Excludes employees of associates accounted for by the equity method.
*2. Includes employees who were reemployed after reaching mandatory retirement age.
### Results by Business Category (Estimated)

* ( ): Excluding amortization of customer-related intangible assets. (Unit: 100 million yen)

<table>
<thead>
<tr>
<th>Business Category</th>
<th>FY2019 (Results)</th>
<th>FY2020 (Results)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating income</td>
</tr>
<tr>
<td>Domestic</td>
<td>3,766</td>
<td>226.1</td>
</tr>
<tr>
<td>Overseas</td>
<td>790</td>
<td>51.2</td>
</tr>
<tr>
<td>3PL</td>
<td>4,556</td>
<td>277.4</td>
</tr>
<tr>
<td>Domestic</td>
<td>285</td>
<td>2.3</td>
</tr>
<tr>
<td>Overseas</td>
<td>653</td>
<td>-0.2</td>
</tr>
<tr>
<td>Forwarding</td>
<td>938</td>
<td>2.1</td>
</tr>
<tr>
<td>Domestic</td>
<td>611</td>
<td>22.4</td>
</tr>
<tr>
<td>Overseas</td>
<td>443</td>
<td>11.9</td>
</tr>
<tr>
<td>Automobile</td>
<td>1,054</td>
<td>34.3</td>
</tr>
<tr>
<td>Other services</td>
<td>175</td>
<td>21.0</td>
</tr>
<tr>
<td>Total</td>
<td>6,723</td>
<td>334.8</td>
</tr>
</tbody>
</table>
April 28, 2021

FY2020
(Year Ended March 31, 2021)
Financial Results Briefing

Hitachi Transport System, Ltd.
Toward New Dimensions

LOGISTEED