



January 31, 2022

The 3rd Quarter of FY2021 (Ended December 31, 2021) Financial Results Briefing

 Hitachi Transport System, Ltd.

I . 3Q of FY2021 Financial Results

- Overview
- Breakdown by Group
- Detail of variations for Revenues/Operating income
- Deviation from the Plan
- Full-year Forecasts
- Overseas Results by Region
- <Reference> Results by Business Category
- 3Q Topics (DX, Domestic and Global Businesses, and ESG)



Report on the fire (9th)

- 1. When:** Around 8:50 AM on November 29, 2021 (the fire was put out at 5:00 PM on December 4, 2021)
- 2. Where:** Site name: Maishima Sales Office of Hitachi Transport System West Japan Co., Ltd. (GLP Maishima II)
Location: 2-1-92, Hokyokuchi, Konohana-ku, Osaka City, Osaka
Main items handled: Pharmaceutical products, medical supplies, foods, tools, etc.
- 3. Cause:** The cause is currently under investigation by the fire department and police. An employee of a staffing agency under contract with Hitachi Transport System West Japan Co., Ltd. was arrested on suspicion of arson on January 15, 2022
- 4. Damage:** Personal damage/All employees were confirmed safe
Property damage/Of the total floor area of 53,000 m², approx. 38,700 m² were burned
- 5. Impact on shipping, etc.:** Alternative locations were secured in our sites in neighboring regions and other regions to continue operation

We express our sincere apologies for causing a great deal of inconvenience and concern to our stakeholders.



I . 3rd Quarter of FY2021 Financial Results

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

	FY2020		FY2021				
	3Q (9 months)		3Q (9 months)			Full year	
	Results	Results	Y o Y		Forecasts (Announced on Jan. 31)	Y o Y	
			%	change			
Revenues	4,745	5,514	116%	+769	7,200	110%	
Operating income *	<5.6> 265.8	<5.3> 292.5	110%	+26.8	<5.2> 375.0	102%	
EBIT (Earnings before interest and taxes)	<7.3> 346.2	<4.8> 266.5	77%	-79.7	< - > -	-	
Net income attributable to stockholders of the parent company	<3.9> 187.4	<2.4> 130.5	70%	-56.8	< - > -	-	

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

<Deviation from the original plan>
Revenues: +30 billion yen
Operating income: ±0 billion yen

Items other than revenues and adjusted operating income are yet to be determined as it is difficult to reasonably calculate them at this point due to the fire at a logistics center of our group company Hitachi Transport System West Japan Co., Ltd. on November 29, 2021.

3Q of FY2021 Results (Breakdown by Group)

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

		Revenues			Operating Income		
		3Q (9 months)	Y o Y	3Q (9 months)	Y o Y		
Organic	Domestic logistics	<56>	2,746	100%	176.0	100%	
	Global Logistics	Overseas	<35>	1,700	151%	83.7	133%
		Allocated to domestic companies (freight forwarding and others)	<7>	336	156%	10.0	330%
	Total	<42>	2,036	152%	93.7	142%	
	Others (logistics-related businesses, etc.)	<2>	109	92%	10.0	107%	
Total		<100>	4,891	116%	279.7	111%	
VTC Group	Domestic logistics	<62>	416	106%	15.6	100%	
	Overseas	<38>	258	123%	3.7	94%	
	Total	<100>	674	112%	19.3	99%	
Consolidated adjustment/Amortization of customer-related intangible assets of VANTEC Group, etc.		-	-51	(+22)	-6.4	(-1.3)	
Total	Domestic logistics	<57>	3,139	100%	185.2	100%	
	Global Logistics	Overseas	<35>	1,953	149%	87.3	129%
		Allocated to domestic companies (freight forwarding and others)	<6>	324	166%	10.0	330%
	Total	41%	2,277	+10% 151%	33% 97.3	+7% 137%	
	Others (logistics-related businesses, etc.)	<2>	98	89%	10.0	107%	
Total		<100>	5,514	116%	292.5	110%	

Indicates a ratio of Global logistics.

3Q of FY2021 Results (Detail of variations for Revenues)

3Q (9months) of FY2021 Revenues (Results)

(100 million yen)

•Expansion of existing operations: +75
•Increase in customer logistics, others: +424
(includes COVID-19 impacts)

Environmental/
volume
changes, etc.
+499

3Q of FY20 → 3Q of FY21

•USD: ¥ 106 → ¥111
•EUR: ¥ 122 → ¥131
•CNY: ¥ 15.4 → ¥17.3

Effect of exchange
fluctuation
+130

Implementation of
portfolio strategy
-31

•Domestic : +54
•Global : +85

New orders
+140

New
collaborative
innovation
+31

+171

5,514

4,745

+769

	Environmental/volume changes, etc.		Subtotal	Effect of exchange fluctuation	Implementation of portfolio strategy	New orders	New collaborative innovation	Total
	Expansion of existing operations	Increase/decrease in customer logistics (includes COVID-19 impacts)						
Domestic	66	-122	-56		-7	54	20	11
Global	9	559	569	130	-24	85	9	770
Others		-13	-13				1	-12
Total	75	424	499	130	-31	140	31	769

3Q (9 months) of FY2020 (Results)

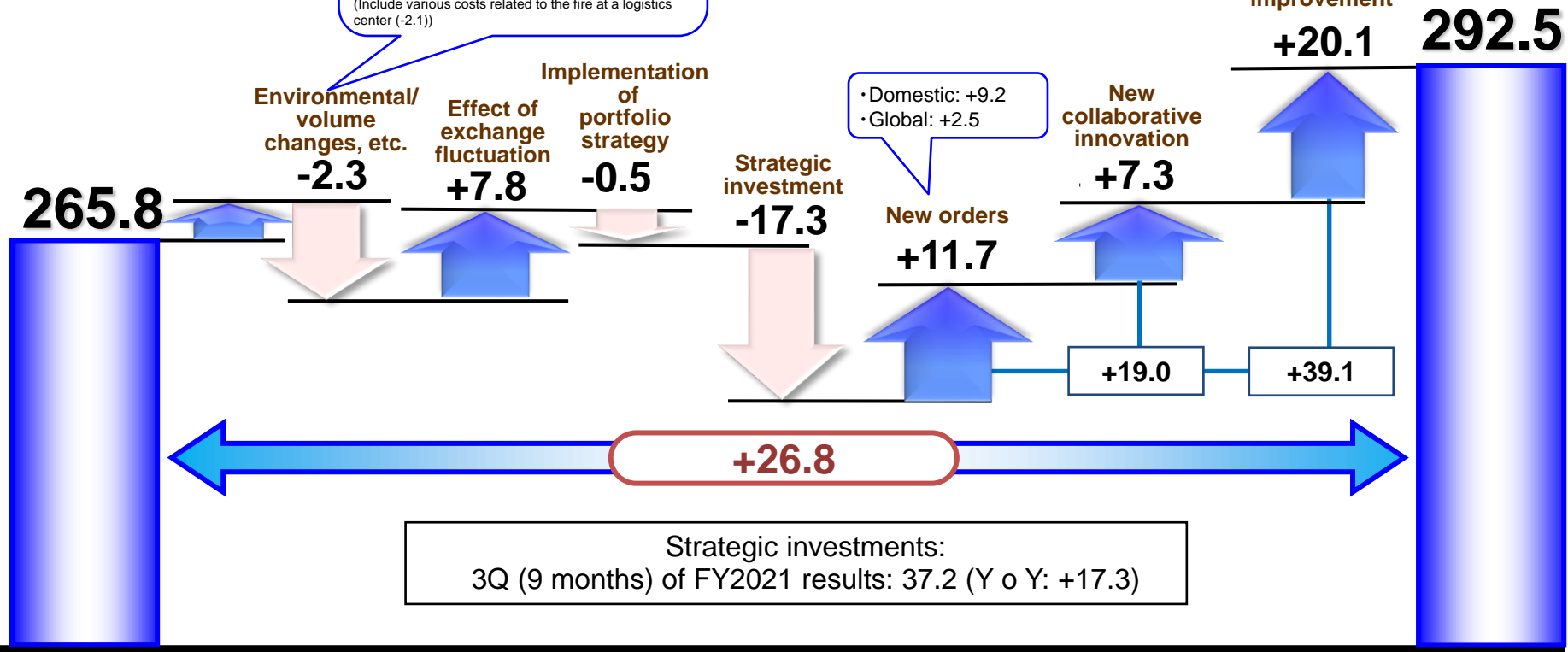
3Q (9 months) of FY2021 (Results)

3Q of FY2021 Results (Detail of variations for Operating Income) **LOGISTEED**

**3Q of FY2021
Operating income
(results)**

(100 million yen)

- Expansion of existing operations: +5.9
- Increase in customer logistics, others: +30.8 (includes COVID-19 impacts)
- Cost increase due to logistics recovery: -9.0
- Impact of "equal pay for equal work": -8.2
- Others: -21.6
(Include various costs related to the fire at a logistics center (-2.1))



Strategic investments:
3Q (9 months) of FY2021 results: 37.2 (Y o Y: +17.3)

3Q (9 months) of FY2020 (Results)

3Q (9 months) of FY2021 (Results)

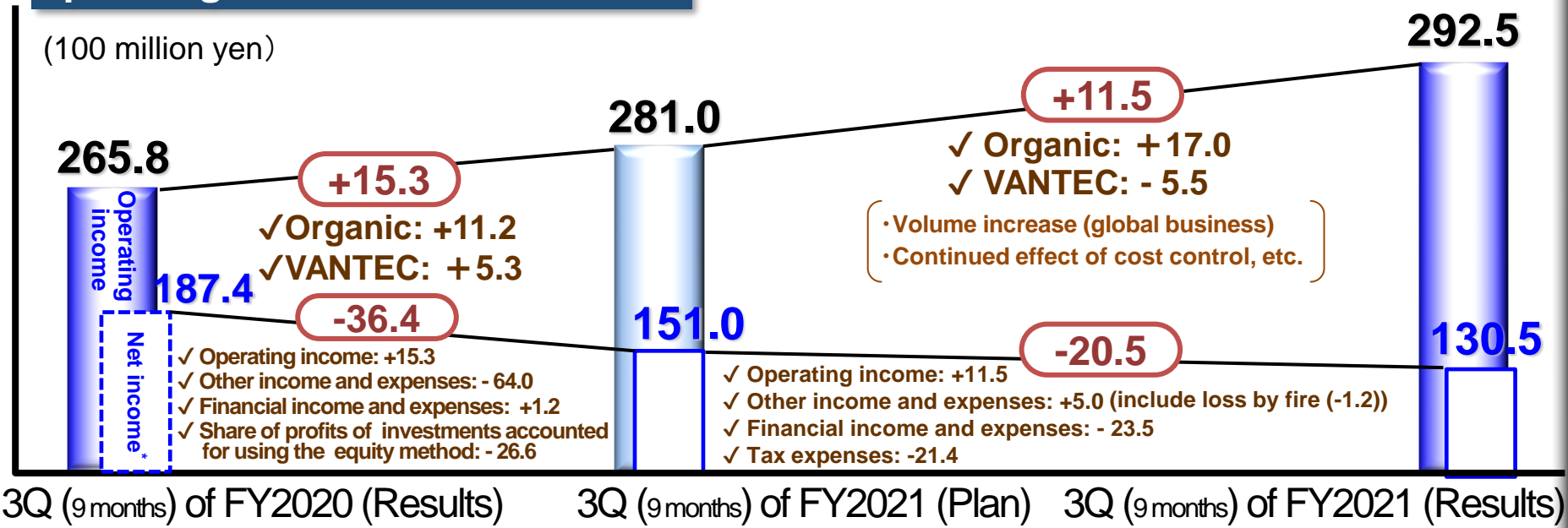
[Revenues] Plan: 5,160 → Result: 5,514 (+354)
(100 million yen)

[Operating income] Plan: 281.0 → Result: 292.5 (+11.5)

Exceeded the plan due to volume increase in Global logistics

Deviation in operating income and net income

(100 million yen)

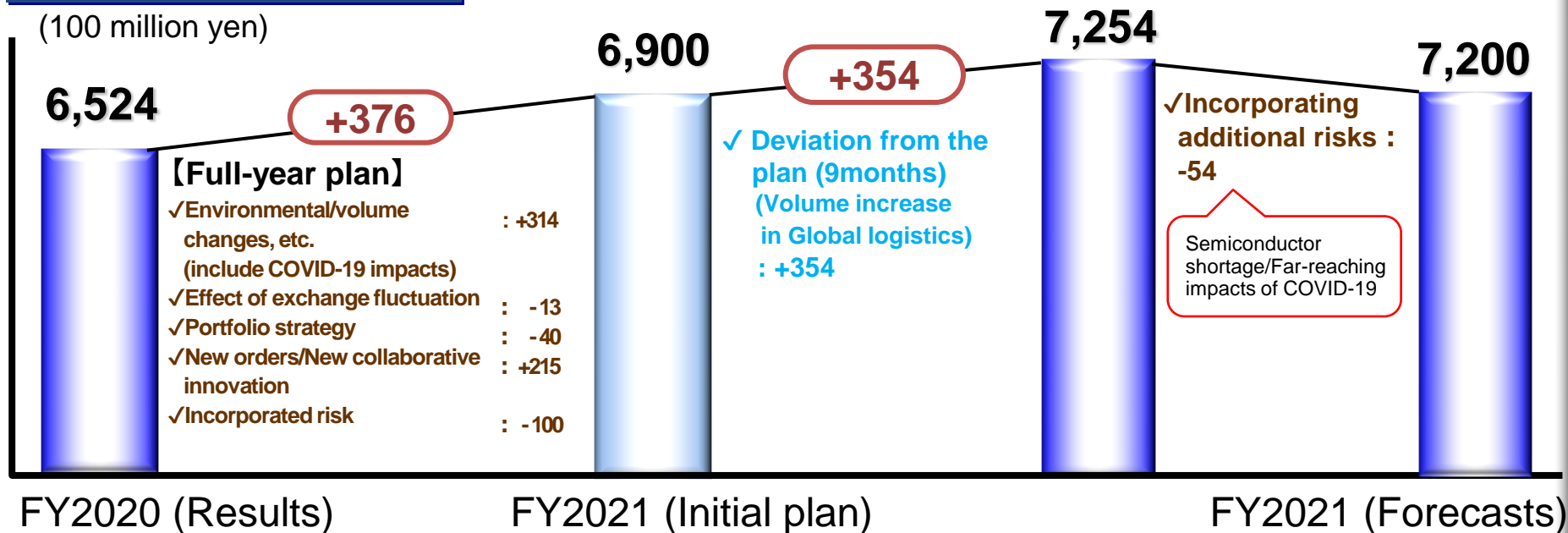


* Net income attributable to stockholders of the parent company

- 9 months (Results): Exceeded the plan due to volume increase in Global logistics (+354 above plan) (100 million yen)
- Full-year (Forecasts): Upwardly revised full-year plan considering better-than-expected 3Q results and various business risks (semiconductor shortage, far-reaching impacts of COVID-19)

Revenues

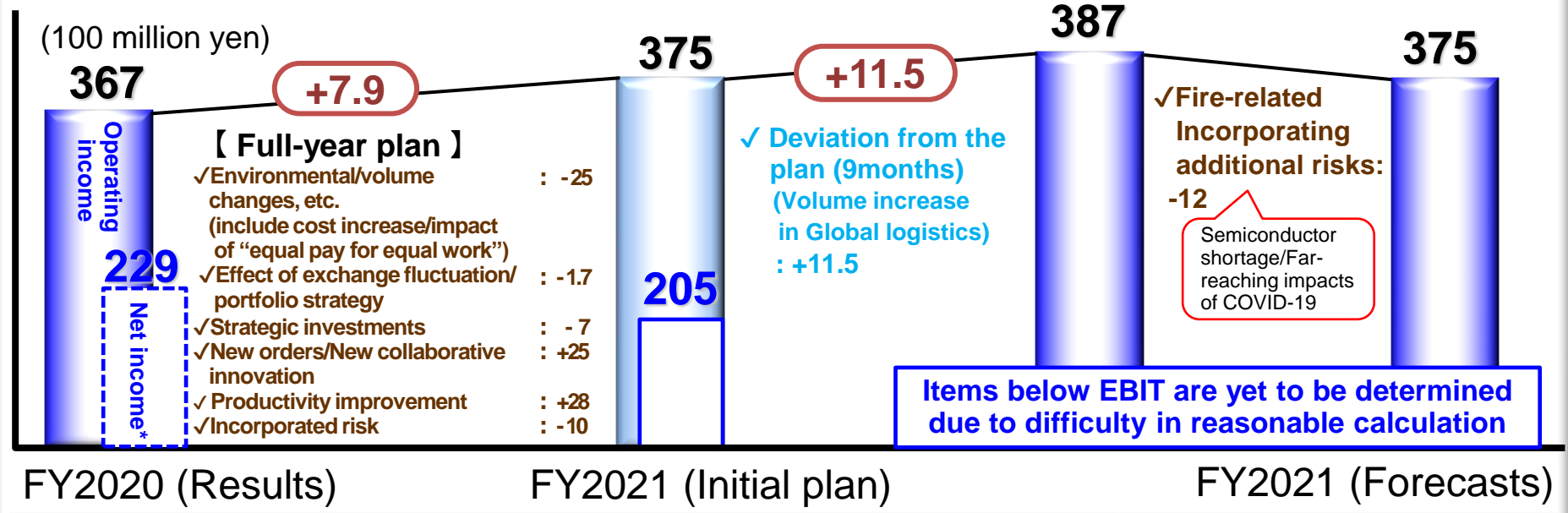
(100 million yen)



FY2021 Full-year Forecasts (Operating Income/Net Income)

- 9 months (Results): Exceeded the plan due to volume increase in Global logistics (+11.5 above plan) despite various costs related to the fire at a logistics center (-2.1) (100 million yen)
- Full-year (Forecasts): No change in full-year plan considering additional costs related to the fire and various business risks (semiconductor shortage, far-reaching impacts of COVID-19)

Operating income/Net income



*Net income attributable to stockholders of the parent company



3Q of FY2021 Results (Overseas Results by Region)

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

	Revenues			Operating income		
	FY2020	FY2021		FY2020	FY2021	
	3Q (9 months)	3Q (9 months)		3Q (9 months)	3Q (9 months)	
	Results	Results	Y o Y	Results	Results	Y o Y
North America	291	421	144%	8.0	9.8	122%
Europe *	453	625	138%	32.3	37.3	116%
Asia (excluding China)	263	405	154%	11.1	23.4	211%
China	297	467	157%	17.7	21.8	123%
Others	35	40	114%	3.8	2.7	70%
Consolidated adjustment, etc.	-28	-5	(+22) 100Million yen	-5.1	-7.7	(-2.6) 100Million yen
Total	1,311	1,953	149%	<5.2%> 67.8	<4.5%> 87.3	129%

* Including Turkey



(Ref.) 3Q of FY2021 Results (Breakdown by Business Category)

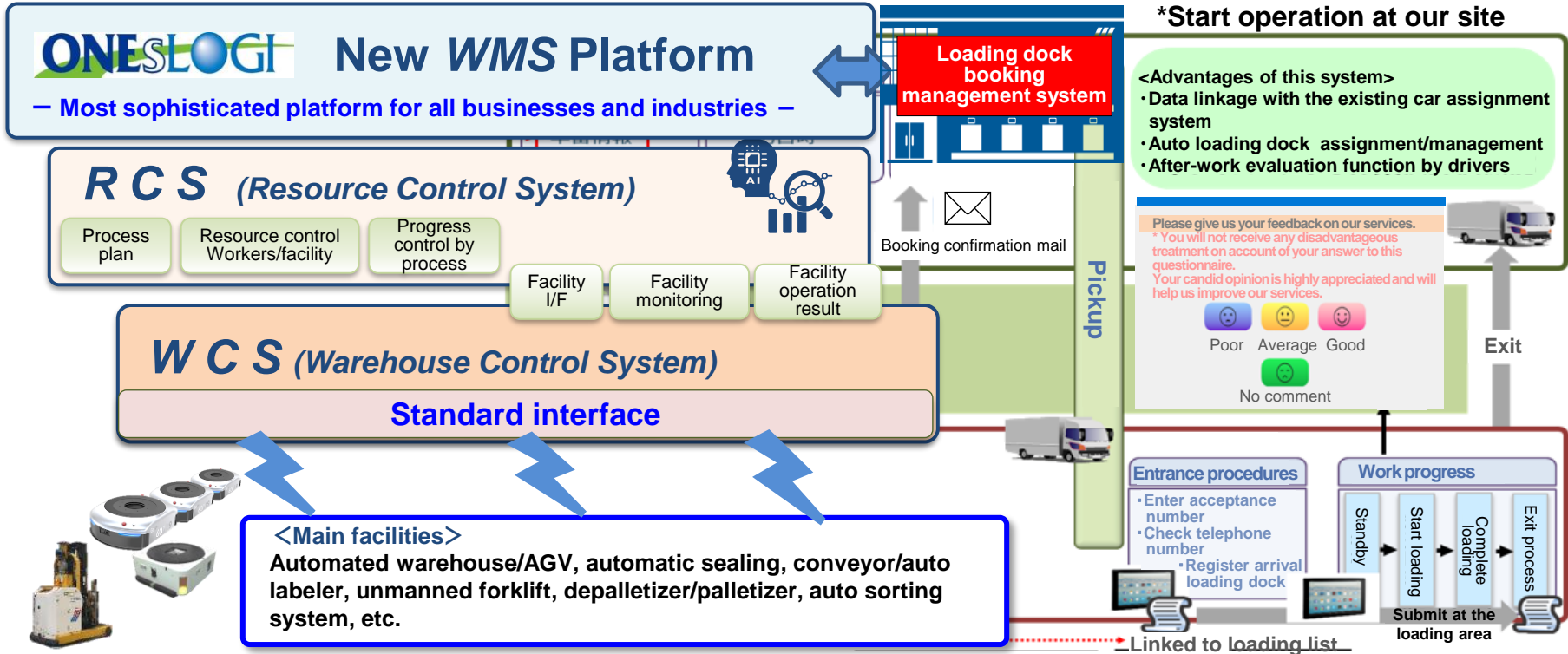
Reference Results by Business Category (Estimated)

(Unit: 100 million yen)

		3Q (9 months) of FY2020			3Q (9 months) of FY2021			
		Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin	
	Domestic	2,748	173.9	6.3% (6.4%)	2,758	177.0	6.4% (6.5%)	
	Global	554	38.9	7.0% (7.5%)	684	41.3	6.0% (6.5%)	
3PL		3,302	212.8	6.4% (6.6%)	3,442	218.3	6.3% (6.5%)	
	Domestic	196	2.6	1.3% (3.0%)	323	9.5	2.9% (4.0%)	
	Global	476	18.3	3.8% (4.2%)	905	41.0	4.5% (4.7%)	
Forwarding		673	20.8	3.1% (3.9%)	1,228	50.5	4.1% (4.5%)	
	Domestic	383	9.4	2.4% (4.1%)	387	6.9	1.8% (3.5%)	
	Global	276	11.2	4.1% (4.2%)	360	4.3	1.2% (1.3%)	
Automobile		659	20.6	3.1% (4.1%)	746	11.2	1.5% (2.4%)	
Other services		111	11.6	10.4% (10.4%)	98	12.6	12.8% (12.8%)	
Total		4,745	265.7	5.6%	5,514	292.5	5.3%	

(): Excluding amortization of customer-related intangible assets

Linkage of WMS and truck loading dock reservation management system



✓Linkage of WMS Platform and RCS

✓Develop and introduce loading dock booking management system to support White Logistics movements and contribute to CO₂ reduction

Enhance domestic sites

[Enhance cosmetics logistics]

- Supply materials to new factory (procurement logistics)



Name: Inagawa Materials Center
Location: Inagawa town, Hyogo
Total floor space: Approx. 25,000m²
Items handled: Label, container, etc.
Start of operation: November 2021

- Establish a new “hazardous substances warehouse”



Name: Otsu Logistics Center
Location: Otsu City, Shiga
Total floor space: Approx. 2,100m²
Items handled: Cosmetics
Start of operation: January 2022

[Continue collaborative innovation (joint proposal)]

- Signed a contract for operation of supply/parts center for customer’s EC business



Name: Parts Center
Location: Kobe City, Hyogo
Total floor space: Approx. 5,100m²
Items handled: Motorcycles accessories
Start of operation: January 2022
Feature: Expansion of customer’s BtoC sales channels

<Reference> 3Q (9 months) of FY2021

New collaborative innovation contributions (Unit: 100million yen)

	Revenues	Operating Income
Domestic	20	5.4
Global	9	1.9
Other	1	0.1
Collaborative innovation effects	31	7.3

Initiatives in North America

[Signed a contract for customer's operation of construction machinery maintenance parts center]

China (Shanghai)

- Total floor space: Approx. 28,000m²
- Start of operation: May 2015



Japan (Ibaraki)

- Total floor space: Approx. 69,000m²
- Start of operation: April 2014



Singapore

- Total floor space: Approx. 15,000m²
- Start of operation: April 2019



The U.S. (Atlanta)

- Total floor space: Approx. 31,000m²
- Start of operation: March 2022 (plan)



Atlanta
Customer's factory



- Building a new large center adapting to the change in the customer's business strategy
- It covers from North America to South and Central America and contributes to the customer's business expansion.
- Its layout and operation are designed to suit the characteristics of maintenance parts by reference to the operation in Japan and other countries.

Topics: ESG Initiatives

CDP Climate Change Report (Second straight year) (December 2021)

- **Received “leadership level” score of “A-”**
in CDP Climate Change Report 2021
- **Assessment: Globally assess corporate efforts on climate change, water security, etc.**
- **Score band: Eight grades**
(from “D- (lowest)” to “A (highest)”))
- **104 Japanese companies received “A-”**
*Only two land transportation companies including HTS received “A-” or better



(MLIT) Received “Logistics DX/Standardization Award” at the FY2021 Green Logistics Partnership Conference Excellent Business Entities Award (December 2021)

- **Project name: Merchandise export using the same container used for domestic transport of materials by diverting marine containers**
—Automation of manual loading operation by introducing vanning machines to solve labor shortage and improve work environment —
- **Business operators: Unicharm Products Co., Ltd. , Sumitomo Seika Chemicals Company, Limited., Imoto Lines, Ltd. Hitachi Transport System, Ltd., and VANTEC Corporation**

[Features of the project]

- Use marine containers for domestic truck transport
- Modal shift from long distance land transport to coastal shipping
- Use automated vanning machines



[Improvement effect]

- Reduced CO₂ emissions by 61% and labor hour by 874.5 man-hour/year
- Cut number of trucks in service by 50% and driving hours by 59%



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 Hitachi Transport System, Ltd.



Toward New Dimensions

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