

Summary of Consolidated Financial Results [IFRS] for the Third Quarter Ended December 31, 2022

January 30, 2023

Listed Company: **Hitachi Transport System, Ltd.** Stock Exchange: Prime Market of Tokyo
 Code Number: 9086 URL: <https://www.hitachi-transportssystem.com/en/>
 Representative: Hiroaki Takagi, Representative Executive Officer, President and Chief Operating Officer (COO)
 Person in Charge: Tetsuro Taga, General Manager of Public Relations Department, Corporate Strategy Office
 Date of the Release of Quarterly Report (Schedule): February 14, 2023
 Date of the Start of Dividend Payment (Schedule): -
 Creates Supplementary Materials for Quarterly Summaries: Yes
 Briefing Held on Quarterly Settlement of Accounts: No

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Highlights for the Third Quarter Ended December 31, 2022

(April 1, 2022 to December 31, 2022)

(1) Consolidated Financial Results (Cumulative)

(% indicates the percentage change over year)

	Revenues		Adjusted operating income* ¹		EBIT * ²		Income before income taxes		Net income		Net income attributable to stockholders of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2022	617,963	12.1	36,949	26.3	34,653	30.0	30,762	33.4	21,570	56.2	20,030	53.4
December 31, 2021	551,410	16.2	29,252	10.1	26,646	(23.0)	23,052	(24.3)	13,808	(28.8)	13,054	(30.3)

	Basic earnings per share attributable to stockholders of the parent company
	Yen
December 31, 2022	239.27
December 31, 2021	155.98

*1. [Adjusted operating income] = [Revenues] - [Cost of sales] - [Selling, general and administrative expenses]

*2. EBIT (Earnings Before Interest and Taxes) = [Income before income taxes] - [Interest income] + [Interest expenses]

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to stockholders of the parent company	Total equity attributable to stockholders of the parent company ratio
	Million yen	Million yen	Million yen	%
December 31, 2022	795,716	200,915	192,056	24.1
March 31, 2022	791,878	178,213	170,170	21.5

2. Dividends

	Dividend per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
March 31, 2022	—	28.00	—	28.00	56.00
March 31, 2023	—	0.00	—	—	—
March 31, 2023 (Forecasts)	—	—	—	0.00	0.00

(Note) Revision of the latest dividends forecasts: None

(Note) As stated in "Notice regarding Dividend Distribution (No Dividend)" dated April 28, 2022, "Announcement of Results of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Change in the Parent Company and Largest Shareholder who is a Major Shareholder" dated November 30, 2022, "Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation" dated December 27, 2022 and "Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves" dated January 25, 2023, the Company is expected to become a wholly-owned subsidiary of HTSK Co., Ltd. through a share consolidation and a series of procedures, with the Company's shares to be delisted, and accordingly, we do not pay a year-end dividend for the fiscal year ending March 31, 2023.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

As stated in "Announcement of Results of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Change in the Parent Company and Largest Shareholder who is a Major Shareholder" dated November 30, 2022, "Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation" dated December 27, 2022 and "Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves" dated January 25, 2023, the Company is expected to become a wholly-owned subsidiary of HTSK Co., Ltd. through a share consolidation and a series of procedures, with the Company's shares to be delisted. The consolidated financial forecasts for the year ending March 31, 2023 are not disclosed as it is not calculated on the assumption that the company shares will be delisted.

*** Notes**

- (1) Changes in significant subsidiaries during the term (Change in specified subsidiaries causing changes in scope of consolidation): None
- (2) Changes in accounting policies, accounting estimates
 - (a) Changes in accounting policies required by IFRS: None
 - (b) Changes other than (a) above: None
 - (c) Changes in accounting estimates: None
- (3) Number of shares issued (Common stock)
 - (a) Number of shares at the end of the term (Including treasury stock)
 - As of December 31, 2022: 84,101,714 shares,
 - As of March 31, 2022: 84,101,714 shares
 - (b) Number of treasury stock at the end of the term
 - As of December 31, 2022: 229,487 shares,
 - As of March 31, 2022: 413,230 shares
 - (c) Average number of shares during the term
 - Nine Months ended December 31, 2022: 83,712,075 shares,
 - Nine Months ended December 31, 2021: 83,688,262 shares

(Note) Quarterly financial results are outside the scope of quarterly review by certified public accountants or an audit corporation.

(Note) Explanation on the appropriate use of financial forecasts and other important items

- As stated in "Announcement of Results of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Change in the Parent Company and Largest Shareholder who is a Major Shareholder" dated November 30, 2022, "Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation" dated December 27, 2022 and "Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves" dated January 25, 2023, the Company is expected to become a wholly-owned subsidiary of HTSK Co., Ltd. through a share consolidation and a series of procedures, with the Company's shares to be delisted. The consolidated financial forecasts for the year ending March 31, 2023 are not disclosed as it is not calculated on the assumption that the company shares will be delisted.
- The supplementary material on financial results will be posted on the Company's website.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

For the third quarter ended December 31, 2022, consolidated financial results of the Hitachi Transport System Group (hereinafter called “the Group”) are as follows.

(Million yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Y on Y change
Revenues	551,410	617,963	112%
Adjusted operating income	29,252	36,949	126%
EBIT	26,646	34,653	130%
Net income attributable to stockholders of the parent company	13,054	20,030	153%

Revenues, adjusted operating income, EBIT, and net income attributable to stockholders of the parent company increased by 12%, 26%, 30%, and 53% year-on-year to ¥617,963 million, ¥36,949 million, ¥34,653 million, and ¥20,030 million, respectively.

Results by business segment during the period are as follows.

【Domestic logistics business】

(Million yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Y on Y change
Revenues	313,929	317,764	101%
Segment profit (Adjusted operating income)	18,519	17,890	97%

Revenues of domestic logistics business increased by 1% year-on-year to ¥317,764 million.

Segment profit decreased by 3% year-on-year to ¥17,890 million mainly due to the fire at a logistics center of our consolidated subsidiary.

【Global logistics business】

(Million yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Y on Y change
Revenues	227,692	289,895	127%
Segment profit (Adjusted operating income)	9,729	17,826	183%

Revenues of global logistics business increased by 27% year-on-year to ¥289,895 million mainly due to contributions from the freight forwarding business, operation of new projects, and the effect of foreign exchange rate fluctuations.

Segment profit increased by 83% year-on-year to ¥17,826 million mainly due to an increase in revenues, improved profitability, and the effect of foreign exchange rate fluctuations.

【Other services (logistics related businesses)】

(Million yen)

	Nine Months Ended December 31, 2021	Nine Months Ended December 31, 2022	Y on Y change
Revenues	9,789	10,304	105%
Segment profit (Adjusted operating income)	1,004	1,233	123%

Revenues of other services increased by 5% year-on-year to ¥10,304 million.

Segment profit increased by 23% year-on-year to ¥1,233 million.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as of December 31, 2022 amounted to ¥795,716 million, an increase of ¥3,838 million compared with the end of the previous fiscal year. Current assets decreased by ¥18,217 million due to a decrease of ¥30,752 million in cash and cash equivalents despite increases of ¥6,250 million in trade receivables and contract assets and ¥4,601 million in other financial assets. Non-current assets increased by ¥22,055 million due to increases of ¥10,294 million in property, plant and equipment and ¥6,966 million in right-of-use assets. Total liabilities as of December 31, 2022 amounted to ¥594,801 million, a decrease of ¥18,864 million compared with the end of the previous fiscal year. Current liabilities decreased by ¥8,384 million due to a decrease of ¥9,244 million in current portion of long-term debt. Non-current liabilities decreased by ¥10,480 million due to a decrease of ¥10,690 million in long-term debt.

Total equity as of December 31, 2022 amounted to ¥200,915 million, an increase of ¥22,702 million compared with the end of the previous fiscal year. Total equity attributable to stockholders of the parent company ratio increased from 21.5% at the end of the previous fiscal year to 24.1%.

2) Cash flows

Cash and cash equivalents (hereinafter called “cash”) as of December 31, 2022 was ¥64,155 million, a decrease of ¥30,752 million from March 31, 2022.

Cash flows from each activity for the nine months ended December 31, 2022 and their significant components are as follows:

Net cash provided by operating activities was ¥44,853 million, an increase of ¥2,894 million from the nine months ended December 31, 2021. This is mainly due to an increase in cash from depreciation and amortization of ¥41,807 million and recording net income of ¥21,570 million despite a decrease in cash from income taxes paid of ¥12,903 million and interest paid of ¥4,269 million.

Net cash used in investing activities was ¥25,467 million, an increase of ¥12,195 million compared with the nine months ended December 31, 2021. This is mainly due to decreases in cash from purchase of property, plant and equipment and intangible assets of ¥19,677 million and purchase of investments in subsidiaries of ¥3,796 million.

Net cash used in financing activities was ¥50,821 million, an increase of ¥6,929 million compared with the nine months ended December 31, 2021. This is mainly due to decreases in cash from repayments of lease liabilities of ¥26,431 million and repayments on long-term debt of ¥20,084 million.

(3) Explanation of Future Forecast Information including Consolidated Financial Forecasts

As stated in “Announcement of Results of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Change in the Parent Company and Largest Shareholder who is a Major Shareholder” dated November 30, 2022, “Announcement of Holding an Extraordinary Shareholders Meeting Related to Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation” dated December 27, 2022 and “Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves” dated January 25, 2023, the Company is expected to become a wholly-owned subsidiary of HTSK Co., Ltd. through a share consolidation and a series of procedures, with the Company’s shares to be delisted. The consolidated financial forecasts for the year ending March 31, 2023 are not disclosed as it is not calculated on the assumption that the company shares will be delisted.

The supplementary material on financial results will be posted on the Company’s website.

[URL] <https://www.hitachi-transportssystem.com/en/ir/library/presentations/>

2. Summary of Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Million yen)

	As of March 31, 2022	As of December 31, 2022
(Assets)		
Current assets		
Cash and cash equivalents	94,907	64,155
Trade receivables and contract assets	131,862	138,112
Inventories	1,363	1,636
Other financial assets	10,580	15,181
Other current assets	10,758	12,169
Total current assets	249,470	231,253
Non-current assets		
Investments accounted for using the equity method	6,762	7,286
Property, plant and equipment	169,290	179,584
Right-of-use assets	281,265	288,231
Goodwill	25,881	29,953
Intangible assets	21,270	20,783
Deferred tax assets	14,022	14,282
Other financial assets	17,259	17,443
Other non-current assets	6,659	6,901
Total non-current assets	542,408	564,463
Total assets	791,878	795,716

(Million yen)

	As of March 31, 2022	As of December 31, 2022
(Liabilities)		
Current liabilities		
Trade payables	54,561	48,502
Short-term debt	1,114	79
Current portion of long-term debt	20,092	10,848
Lease liabilities	31,926	33,567
Income tax payable	5,385	3,546
Other financial liabilities	22,019	33,441
Other current liabilities	38,044	34,774
Total current liabilities	173,141	164,757
Non-current liabilities		
Long-term debt	120,386	109,696
Lease liabilities	251,343	257,922
Retirement and severance benefits	39,436	37,536
Deferred tax liabilities	7,969	9,085
Other financial liabilities	18,435	10,534
Other non-current liabilities	2,955	5,271
Total non-current liabilities	440,524	430,044
Total liabilities	613,665	594,801
(Equity)		
Equity attributable to stockholders of the parent company		
Common stock	16,803	16,803
Retained earnings	145,026	163,410
Accumulated other comprehensive income	9,162	12,038
Treasury stock, at cost	(821)	(195)
Total equity attributable to stockholders of the parent company	170,170	192,056
Non-controlling interests	8,043	8,859
Total equity	178,213	200,915
Total liabilities and equity	791,878	795,716

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

Condensed Quarterly Consolidated Statement of Profit or Loss

(Million yen)

	Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Revenues	551,410	617,963
Cost of sales	(481,048)	(533,125)
Gross profit	70,362	84,838
Selling, general and administrative expenses	(41,110)	(47,889)
Adjusted operating income	29,252	36,949
Other income	1,497	2,680
Other expenses	(2,064)	(6,293)
Operating income	28,685	33,336
Financial income	74	650
Financial expenses	(2,526)	(42)
Share of profits of investments accounted for using equity method	413	709
Earnings before interest and taxes	26,646	34,653
Interest income	1,047	562
Interest expenses	(4,641)	(4,453)
Income before income taxes	23,052	30,762
Income taxes	(9,244)	(9,192)
Net income	13,808	21,570
Attributable to:		
Stockholders of the parent company	13,054	20,030
Non-controlling interests	754	1,540

	Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Earnings per share attributable to stockholders of the parent company		
Basic	¥155.98	¥239.27
Diluted	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

(Million yen)

	Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Net income	13,808	21,570
Other comprehensive income (OCI)		
Items not to be reclassified into net income		
Net changes in financial assets measured at fair value through OCI	(687)	56
Remeasurements of defined benefit plans	(66)	255
Share of OCI of investments accounted for using the equity method	1	2
Total items not to be reclassified into net income	(752)	313
Items that can be reclassified into net income		
Foreign currency translation adjustments	2,434	2,735
Net changes in cash flow hedges	(2)	(12)
Share of OCI of investments accounted for using the equity method	60	130
Total items that can be reclassified into net income	2,492	2,853
Other comprehensive income	1,740	3,166
Comprehensive income	15,548	24,736
Attributable to:		
Stockholders of the parent company	14,681	22,952
Non-controlling interests	867	1,784

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

(Million yen)

Nine Months ended December 31, 2021 (April 1, 2021 to December 31, 2021)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	236,311	1,861	(99,817)	155,158	6,949	162,107
Changes in equity							
Net income		13,054			13,054	754	13,808
Other comprehensive income			1,627		1,627	113	1,740
Transactions with non-controlling interests			14		14		14
Dividends		(4,696)			(4,696)	(162)	(4,858)
Transfer to retained earnings		1	(1)		—		—
Acquisition and sales of treasury stock				(1)	(1)		(1)
Cancellation of treasury stock		(99,080)		98,994	(86)		(86)
Share-based remuneration transactions		84		3	87		87
Changes in liabilities for written put options over non-controlling interests		(590)	163		(427)	(109)	(536)
Total changes in equity	—	(91,227)	1,803	98,996	9,572	596	10,168
Balance at end of period	16,803	145,084	3,664	(821)	164,730	7,545	172,275

(Million yen)

Nine Months ended December 31, 2022 (April 1, 2022 to December 31, 2022)							
					Total equity attributable to stockholders of the parent company	Non-controlling interests	Total equity
	Common stock	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost			
Balance at beginning of year	16,803	145,026	9,162	(821)	170,170	8,043	178,213
Changes in equity							
Net income		20,030			20,030	1,540	21,570
Other comprehensive income			2,922		2,922	244	3,166
Dividends		(2,348)			(2,348)	(230)	(2,578)
Transfer to retained earnings		(91)	91		—		—
Acquisition and sales of treasury stock		984		600	1,584		1,584
Share-based remuneration transactions		(21)		26	5		5
Changes in liabilities for written put options over non-controlling interests		(170)	(137)		(307)	(738)	(1,045)
Total changes in equity	—	18,384	2,876	626	21,886	816	22,702
Balance at end of period	16,803	163,410	12,038	(195)	192,056	8,859	200,915

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Million yen)

	Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Net income	13,808	21,570
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	37,970	41,807
Income taxes	9,244	9,192
Share of profits (losses) of investments accounted for using equity method	(413)	(709)
Loss by fire	—	4,633
Insurance proceeds	(76)	(947)
Gain on sale of property, plant and equipment	(229)	(286)
Interest and dividends income	(1,121)	(648)
Interest expenses	4,641	4,453
(Increase) decrease in trade receivables and contract assets	(4,427)	(3,285)
(Increase) decrease in inventories	(338)	(245)
Increase (decrease) in trade payables	(1,432)	(7,492)
Increase (decrease) in retirement and severance benefits	1,846	(1,923)
Decrease in other assets and liabilities	(10,653)	(2,947)
Other	1,491	316
Subtotal	50,311	63,489
Interest and dividends received	1,300	953
Interest paid	(4,428)	(4,269)
Fire-related payments	—	(3,364)
Insurance proceeds received	76	947
Income taxes paid	(5,300)	(12,903)
Net cash provided by operating activities	41,959	44,853
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(13,473)	(19,677)
Proceeds from sale of property, plant and equipment and intangible assets	668	870
Proceeds from sale of investments in associates	14	—
Purchase of investments in subsidiaries	—	(3,796)
Payments into time deposits	(655)	(17,282)
Proceeds from withdrawal of time deposits	519	14,507
Payments for acquisition of businesses	—	(107)
Other	(345)	18
Net cash used in investing activities	(13,272)	(25,467)

	Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)	Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)
Cash flows from financing activities		
Decrease in short-term debt, net	(1,168)	(1,144)
Repayments of long-term debt	(10,305)	(20,084)
Repayments of lease liabilities	(25,364)	(26,431)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(1,763)	—
Dividends paid to stockholders of the parent company	(4,696)	(2,348)
Dividends paid to non-controlling interests	(162)	(230)
Acquisition of treasury stock	(1)	(8)
Other	(433)	(576)
Net cash used in financing activities	(43,892)	(50,821)
Effect of exchange rate changes on cash and cash equivalents	949	683
Net increase (decrease) in cash and cash equivalents	(14,256)	(30,752)
Cash and cash equivalents at beginning of period	104,815	94,907
Cash and cash equivalents at end of period	90,559	64,155

(5) Summary of Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

None

(Additional Information)

(Impact of the spread of the novel coronavirus infection)

We believe COVID-19 has only a limited impact in terms of valuation of the Group's assets as of December 31, 2022. However, if a significant change in the situation regarding the spread of COVID-19 further increases uncertainty, we may need to review the carrying amount of assets or liabilities after the fourth quarter ending March 31, 2023.

(Fire at our consolidated subsidiary)

On November 29, 2021, a fire broke out at a logistics center at Maishima Sales Office of Hitachi Transport System West Japan Co., Ltd., one of our consolidated subsidiaries, and was put out on December 4, 2021.

Provision for loss by fire for the third quarter was ¥7,955 million and included loss related to rental properties such as costs to dismantle and remove buildings burned, and the payments to customers and other affected parties that can be reasonably estimated. Changes in “Provision for loss by fire” and “Other payables” included in “Other current liabilities” and “Other non-current liabilities” during the nine months ended December 31, 2022 are shown in the table below.

(Million yen)

	Provision for loss by fire	Other payables
Balance at beginning of year (April 1, 2022)	6,423	295
Increase during the period	3,447	1,021
Reclassified to other payables	(1,167)	1,167
Decrease due to intended use	(748)	(2,450)
Balance at end of period (December 31, 2022)	7,955	33
Current liabilities	5,627	33
Non-current liabilities	2,328	—

In addition, during the nine months ended December 31, 2022, the Company recorded ¥327 million of various costs arising from alternative transportation in cost of sales and ¥4,633 million of additional recognition of provision for loss by fire as “Loss by fire” in other expenses. Insurance money related to the fire the amount of which is fixed of ¥915 million was recorded as insurance proceeds in other income, but the impact of the insurance money still in processing on the Company's consolidated financial statements in future periods is not yet to be determined at this point.

The Company is now discussing the payments, etc. related to the fire with the relevant parties, and because some of the effects stated above were calculated based on the best estimate using the information available to us at this point, in the case where it becomes necessary to review the accounting estimates as the discussion progresses, it may have an impact on the Company's consolidated financial statements in future periods.

(Results of the Tender Offer and Change in the Parent Company and Largest Shareholder who is a Major Shareholder)

Regarding the tender offer by HTSK Co., Ltd. (the “Tender Offeror”) for the common shares of the Company (the “Company Shares”) (the “Tender Offer”) as stated in the “Announcement of Expression of Opinion in Support of the Scheduled Commencement of the Tender Offer by HTSK Co., Ltd. for the Shares of Hitachi Transport System, Ltd., and Recommendation of Tender” released on April 28, 2022, we were notified on October 21, 2022 that the Tender Offeror commences the Tender Offer on October 28, 2022. In light of this notification, the Company, at the Board of Directors’ meeting held on October 27, 2022, resolved once again to express its opinion supporting the Tender Offer and to recommend that the Company’s shareholders tender their Shares in the Tender Offer.

The above-mentioned board resolution was made on the assumption that the Tender Offeror intends to acquire all the Company Shares and that the Company Shares are planned to be delisted through the Tender Offer and a series of procedures scheduled thereafter.

The Tender Offer was completed on November 29, 2022, which resulted in changes in the Company’s parent company and the largest shareholder who is a major shareholder on December 6, 2022 (the commencement date of the settlement of the Tender Offer).

1. Results of the Tender Offer

The Tender Offer was successfully completed as the total number of the Company Shares tendered in the Tender Offer exceeded the minimum number of shares to be purchased.

2. Overview of the shareholder, etc. to be changed

(1) Overview of the shareholder to be a new parent company and the largest shareholder who is a major shareholder

[1] Name	HTSK Co., Ltd
[2] Location	Meiji Yasuda Life Insurance Building 11F, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo
[3] Name and Title of Representative	Steven Codispoti, Representative Director
[4] Type of Business	Trade and any other business incidental or related to trade
[5] Amount of Capital	5,000 yen
[6] Date of Foundation	April 21, 2022
[7] Major Shareholders and Shareholding Ratio	HTSK Holdings Co., Ltd. (shareholding ratio: 100.00%)
[8] Relationship between the Company and the Tender Offeror	
Capital Relationship	N/A
Personal Relationship	N/A
Transaction Relationship	N/A
Status as a Related Party	N/A

(2) Overview of the person to be a new parent company

[1] Name	HTSK Holdings Co., Ltd.
[2] Location	Meiji Yasuda Life Insurance Building 11F, 2-1-1 Marunouchi, Chiyoda-ku, Tokyo
[3] Name and Title of Representative	Michael Longo, Representative Director
[4] Type of Business	Trade and any other business incidental or related to trade
[5] Amount of Capital	5,000 yen
[6] Date of Foundation	April 21, 2022

[7] Major Shareholders and Shareholding Ratio	HTSK Investment L.P. (shareholding ratio: 100.00%)		
[8] Relationship between the Company and the Tender Offeror			
	Capital relationship	N/A	
	Personnel relationship	N/A	
	Transaction relationship	N/A	
	Status as Related Party	N/A	

(3) Overview of the shareholder who will no longer fall under the largest shareholder

[1] Name	Hitachi, Ltd.
[2] Location	1-6-6 Marunouchi, Chiyoda-ku, Tokyo
[3] Name and Title of Representative	Keiji Kojima, Executive Officer, President & CEO
[4] Type of Business	Electrical machinery and equipment manufacturing industry
[5] Amount of Capital	462, 817 million yen (as of December 31, 2022)

3. Number of voting rights owned by, voting right ownership ratio of, and the number of shares owned by, the shareholder, etc. before and after the change

(1) HTSK Co., Ltd. (Tender Offeror)

	Attributes	Number of voting rights (voting right ownership ratio, number of shares owned)			Rank of major shareholders
		Those directly owned	Those jointly owned	Total	
Before the change	—	—	—	—	—
After the change	Parent company and largest shareholder who is a major shareholder	428,676 units (51.11%) (42,867,630 shares)	—	428,676 units (51.11%) (42,867,630 shares)	First rank

(2) HTSK Holdings Co., Ltd

	Attributes	Number of voting rights (voting right ownership ratio, number of shares owned)			Rank of major shareholders
		Those directly owned	Those jointly owned	Total	
Before the change	—	—	—	—	—
After the change	Parent company (indirectly holding the Company Shares)	—	428,676 units (51.11%) (42,867,630 shares)	428,676 units (51.11%) (42,867,630 shares)	—

(3) Hitachi, Ltd.

	Attributes	Number of voting rights (number of shares owned)	Voting right ownership ratio	Rank of major shareholders
Before the change	Another affiliate and largest shareholder who is a major shareholder	334,715 units (33,471,578 shares)	39.91%	First rank
After the change	Another affiliate and a major shareholder	334,715 units (33,471,578 shares)	39.91%	Second rank

(Share Consolidation, Abolition of the Provisions regarding a Share Unit, and Partial Amendment to the Articles of Incorporation)

While the Tender Offer has been completed, the Tender Offeror was not able to acquire all of the

Company Shares (excluding the Company Shares owned by Hitachi, Ltd. (“Hitachi”) and treasury shares owned by the Company) through the Tender Offer. Therefore, upon the Tender Offeror’s request, the Company resolved at the Board of Directors’ meeting held on December 27, 2022 to convene an extraordinary shareholders’ meeting on February 2, 2023 (the “Extraordinary Shareholders’ Meeting”) and submit the proposals for share consolidation (the “Share Consolidation”), abolition of the provisions regarding a share unit and partial amendment to the Articles of Incorporation, for the purpose of making the Tender Offeror and Hitachi the only shareholders of the Company. During the course of the above procedures, the Company Shares will meet the delisting criteria of the Tokyo Stock Exchange, Inc., and accordingly, the Company Shares will be designated as securities to be delisted for the period from February 2, 2023 through February 23, 2023 and delisted on February 24, 2023.

1. Outline of the Share Consolidation(1) Content of the Share Consolidation

[1] Class of Shares to be Consolidated

Common shares

[2] Consolidation Ratio

On February 28, 2023 (planned), the Company Shares owned by the shareholders entered or recorded in the latest shareholders registry as of February 27, 2023 will be consolidated at a ratio of 4,781,654 shares to one share.

[3] Total Number of Issued Shares to be Reduced

83,872,350 shares

[4] Total Number of Issued Shares Before the Effectuation of the Share Consolidation

83,872,367 shares

(Note) The Company resolved at the Board of Directors’ meeting held on December 27, 2022 to cancel 229,347 shares of its treasury shares on February 27, 2023; accordingly, the total number of issued shares after the cancellation is set forth as the “Total Number of Issued Shares Before the Effectuation of the Share Consolidation.”

[5] Total Number of Issued Shares After the Effectuation of the Share Consolidation

17 shares

[6] Total Number of Authorized Shares on the Effectuation Date

68 shares

[7] The Method of the Treatment in the case of Accrual of Fractional Shares Less than One Share and the Amount of Money Expected to be Delivered to Shareholders upon the Treatment

The Company Shares owned by the shareholders other than the Tender Offeror and Hitachi are planned to be fractional shares of less than one share upon the Share Consolidation.

If, due to the Share Consolidation, fractions of less than one share arise in the number of shares, each shareholder of the Company holding such fractional shares will receive an amount of cash obtained by selling the Company Shares equivalent to the total number of such fractional shares (with such total number rounded down to the nearest whole number if there is any fraction less than one share) (the “Fractional Equivalent Shares”) to the Company or the Tender Offeror as per the procedures specified in Article 235 of the Companies Act (Act No. 86 of 2005; as amended; the same applies hereinafter) and other relevant laws and regulations. Regarding the sale, pursuant to Article 234, Paragraph 2 of the Companies Act as applied *mutatis mutandis* pursuant to Article 235, Paragraph 2 of the same Act, the Company intends to sell to the Tender Offeror, the Fractional Equivalent Shares by obtaining the court’s permission, by taking into account the following matters: as the Company Shares are planned to be delisted as of February 24, 2023 and become shares without market price, there is little prospect of any purchaser appearing by way of auction; and as the Share Consolidation is implemented as part of the Transaction, the purposes of which are making the Tender Offeror the only shareholder of the Company and delisting the Company Shares, it will be consistent, as far as the purpose is concerned, that the Tender Offeror shall be the purchaser of the Fractional Equivalent Shares.

If the court’s permission above is obtained as planned, the Company intends to set the sales price in this case at a price that will result in the delivery of money to each of the shareholders in an amount equivalent to the amount obtained by multiplying the number of the Company Shares owned by the

shareholders, who are stated or recorded in the latest shareholders register as of February 27, 2023, the day preceding the effective date of the Share Consolidation, by 8,913 yen, which is the same price as the Tender Offer Price. However, in cases where the court's permission cannot be obtained or adjustment of fractions are required for calculation purposes, the amount actually delivered may be different from the above amount.

(2) Schedule of the Share Consolidation

[1]	Date of public notice of the record date of the Extraordinary Shareholders Meeting	Friday, November 18, 2022
[2]	Record date of the Extraordinary Shareholders Meeting	Tuesday, December 6, 2022
[3]	Date of resolution by the board of directors	Tuesday, December 27, 2022
[4]	Date of holding of the Extraordinary Shareholders Meeting	Thursday, February 2, 2023 (planned)
[5]	Date of designation as securities to be delisted	Thursday, February 2, 2023 (planned)
[6]	Last trading date of the Company Shares	Wednesday, February 22, 2023 (planned)
[7]	Date of delisting of the Company Shares	Friday, February 24, 2023 (planned)
[8]	Date of effectuation of the Share Consolidation	Tuesday, February 28, 2023 (planned)

(Segment Information)
 Nine Months Ended December 31, 2021 (April 1, 2021 to December 31, 2021)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	313,929	227,692	541,621	9,789	551,410	—	551,410
Revenues from intersegment transactions or transfers	—	—	—	12,441	12,441	(12,441)	—
Total	313,929	227,692	541,621	22,230	563,851	(12,441)	551,410
Segment profit	18,519	9,729	28,248	1,004	29,252	—	29,252
Other income							1,497
Other expenses							(2,064)
Financial income							74
Financial expenses							(2,526)
Share of profits of investments accounted for using the equity method							413
Interest income							1,047
Interest expenses							(4,641)
Income before income taxes							23,052

Note: 1. “Other services” includes information system development, sale and maintenance of motor vehicles which are excluded from the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

Nine Months Ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Million yen)

	Reporting segment			Other services ¹	Total	Adjustments and eliminations ²	Amount recorded in consolidated financial statements
	Domestic logistics	Global logistics	Subtotal				
Revenues							
Revenues from outside customers	317,764	289,895	607,659	10,304	617,963	—	617,963
Revenues from intersegment transactions or transfers	—	—	—	15,363	15,363	(15,363)	—
Total	317,764	289,895	607,659	25,667	633,326	(15,363)	617,963
Segment profit	17,890	17,826	35,716	1,233	36,949	—	36,949
Other income							2,680
Other expenses							(6,293)
Financial income							650
Financial expenses							(42)
Share of profits of investments accounted for using the equity method							709
Interest income							562
Interest expenses							(4,453)
Income before income taxes							30,762

Note: 1. “Other services” includes information system development, sale and maintenance of motor vehicles which are excluded from the reporting segments.

2. Company-wide expenses which do not belong to any business segment such as corporate general administration expenses incurred in the parent company are allocated to each business segment in accordance with a rational basis.

(Significant Subsequent Events)

(Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves)

As announced by “Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves” dated January 25, 2023, we resolved, at the Board of Directors’ meeting held on January 25, 2023, to [1] issue Class A shares and Class B shares (collectively, the “Class Shares”) through third-party allotment to HTSK Co., Ltd. (the “Scheduled Allottee”) (the “Capital Increase through Third-Party Allotment”), [2] partially amend the Articles of Incorporation including establishment of provisions concerning the Class Shares (the “Amendment to the Articles of Incorporation”), and [3] reduce the amount of stated capital, capital reserves, and retained earnings reserves after the Capital Increase through Third-Party Allotment (the “Capital Reduction, etc.”), as below.

Further, all of the Capital Increase through Third-Party Allotment, the Amendment to the Articles of Incorporation and the Capital Reduction, etc. will be implemented on March 1, 2023, and subject to the Share Consolidation taking effect on February 28, 2023, and the Scheduled Allottee and Hitachi, Ltd. becoming the only shareholders of the Company.

1. Capital Increase through Third-Party Allotment

(1) Overview of Offering

[1] Overview of Class A Shares

(i) Payment Date	March 1, 2023
(ii) Number of Shares to Be Newly Issued	One (1) Class A shares
(III) Issue Price	10,000,000,000 yen per share
(iv) Amount of Funds to Be Procured	10,000,000,000 yen
(v) Details of Assets Contributed in Kind	Entire claim for compensation of 10,000,000,000 yen (the “Claim for Compensation”) to be held by the Scheduled Allottee against the Company through a series of procedures (Note) under a four-party agreement dated October 27, 2022 between the Company, the Scheduled Allottee, Hitachi and HTSK Holdings Co., Ltd. (the “Scheduled Allottee Parent”) (the “Four-Party Agreement”). The amount of the Claim for Compensation to be contributed will be the same amount as the face value of the Claim for Compensation.
(vi) Method of Offering or Allotment (Scheduled Allottee)	All of the Class A shares will be allotted to the Scheduled Allottee through third-party allotment.
(vii) Others	<ul style="list-style-type: none">• Class A shares do not carry any put options or call options the consideration for which is common shares.• The shareholders holding Class A shares do not have voting rights at a shareholders meeting.• Under the Conditions of Issuance of Class A Shares, any transfer or acquisition of Class A shares must be approved by the Company’s shareholders meeting.

[2] Overview of Class B Shares

(i) Payment Date	March 1, 2023
(ii) Number of Shares to Be Newly Issued	One (1) Class B share
(III) Issue Price	127,200,000,000 yen per share
(iv) Amount of Funds to Be Procured	127,200,000,000 yen
(v) Method of Offering or Allotment (Scheduled Allottee)	All of the Class B shares will be allotted to the Scheduled Allottee through third-party allotment.
(vi) Others	<ul style="list-style-type: none">• Class B shares do not carry any put options or call options the consideration for which is common shares.• The shareholders holding Class B shares do not have voting rights at shareholders meeting.• Under the Conditions of Issuance of Class B Shares, any transfer or acquisition of Class B shares must be approved by the Company’s shareholders meeting.

(2) Amount, Purpose of Use, and Scheduled Time of Paying-out of, Funds to be Procured

[1] Amount of Funds to Be Procured

(i) Total Amount to be Paid-in	127,200,000,000 yen
(ii) Estimated Issuance Costs	490,000,000 yen
(III) Estimated Net Proceeds	126,710,000,000 yen

(Note 1) As the issuance of Class A shares will be implemented through contribution in-kind of a monetary claim, no payment will be made in cash. The total amount to be paid-in is the amount equivalent to the total amount to be paid-in for Class B shares of 127,200,000,000 yen.

(Note 2) The estimated issuance costs do not include consumption tax or the like.

(Note 3) The estimated issuance costs include the amount equivalent to the registration and license tax, attorney fees, and other costs and expenses.

[2] Specific Purpose of Use of Funds to be Procured

Specific Purpose of Use	Amount	Scheduled Time of Paying-out
Funds to implement the Share Repurchase	126,710,000,000 yen	March 2023

(3) Overview of the Scheduled Allottee

For the overview of the Scheduled Allottee, please see “(Additional information) (Results of the tender offer and change in the parent company and largest shareholder who is a major shareholder) 2. Overview of the shareholder, etc. to be changed (1) Overview of the shareholder to be a new parent company and the largest shareholder who is a major shareholder.”

2. Amendment to the Articles of Incorporation

For details, please see “Announcement of Issuance of Class Shares through Third-Party Allotment, Partial Amendment to the Articles of Incorporation, and Reduction in the Amount of Stated Capital, Capital Reserves and Retained Earnings Reserves” dated January 25, 2023.

3. Capital Reduction, etc.

(1) Purpose of the Capital Reduction, etc.

The Capital Reduction, etc. will be conducted in order to secure the distributable amounts to implement the Share Repurchase, and on condition that payment for the Capital Increase through Third-Party Allotment is made.

While the Capital Reduction, etc. requires approval by a resolution of a shareholders meeting, upon the effectuation of the Share Consolidation on February 28, 2023, the Company intends to obtain the written consent of the Scheduled Allottee and Hitachi, being the Company’s shareholders at that time, for the resolution of the shareholders meeting, and deem that the shareholders meeting has been held based on Article 319, Paragraph 1 of the Companies Act; accordingly, for the Capital Reduction, etc., the Company shall not hold a shareholders meeting constituted by those who are the Company’s shareholders before the effectuation of the Share Consolidation.

(2) Details of the Capital Reduction, etc

Pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will reduce the amount of stated capital, capital reserves and retained earnings reserves, and transfer the amount of reductions in stated capital and capital reserves in full to “other capital surplus,” and the amount of reduction in retained earnings reserves in full to “earned surplus carried forward,” respectively.

1) Reduction in the Amount of Stated Capital

(i) Amount of Stated Capital to be Reduced

The amount of stated capital after the Capital Increase through Third-Party Allotment (85,402,892,578 yen) will be reduced by 85,092,892,578 yen to 310,000,000 yen.

(ii) Amount of Surplus to be Increased

Other capital surplus 85,092,892,578 yen

2) Reduction in the Amount of Capital Reserves

(i) Amount of Capital Reserves to be Reduced

The amount of capital reserves after the Capital Increase through Third-Party Allotment (82,024,713,629 yen) will be reduced by 82,024,713,629 yen to 0 yen.

(ii) Amount of Surplus to be Increased

Other capital surplus 82,024,713,629 yen

3) Reduction in the Amount of Retained Earnings Reserves

(i) Amount of Retained Earnings Reserves to Be Reduced

The amount of retained earnings reserves (4,200,723,144 yen) will be reduced by 4,200,723,144 yen to 0 yen.

(ii) Amount of Surplus to be Increased

Earned surplus carried forward 4,200,723,144 yen

(3) Schedule of the Capital Reduction, etc.

[1]	Date of resolution by board of directors	Wednesday, January 25, 2023
[2]	Public notice on creditors' objections	Wednesday, February 1, 2023 (planned)
[3]	Final due date for creditors' objections	Tuesday, February 28, 2023 (planned)
[4]	Date of resolution by shareholders meeting	Tuesday, February 28, 2023 (planned)
[5]	Effectuation date	Wednesday, March 1, 2023 (planned)