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1. Review of LOGISTEED2021

Priority measures
1. Implement portfolio strategy, including M&As and alliances, to build a solid core domain (Smart Logistics)
2. Implement collaborative innovation strategy aiming at enhancement of the core domain and further expansion of domains
3. Design supply chain based on and originating from the logistics domain
4. Originate and succeed operation (hands-on approach) toward the next generation
5. Environment, social and governance as well as corporate ethics

The Hitachi Transport System Group delivers high-quality services that will help make the world a better place for people and nature for generations to come.
2. Mid-term Management Plan (LOGISTEED2024)

2-1. Future Vision

LOGISTEED2024
Solidify business and enter global markets

Priority measures
1. Reinforce/expand overseas business (to become a leading 3PL company in Asia)
2. Expand business domains with new added value (accelerate LOGISTEED)
3. Evolve Smart Logistics
4. Solidify ESG management base

Corporate Philosophy
The Hitachi Transport System Group delivers high-quality services that will help make the world a better place for people and nature for generations to come.

Corporate Vision
(Long-term vision)
The Most Preferred Global Supply Chain Solution Provider

Mid-term Management Plan
(LOGISTEED2021)
To become a leading 3PL company in Asia

Priority measures
1. Implement portfolio strategy, including M&As and alliances, to build a solid core domain
2. Implement collaborative innovation strategy aiming at enhancement of the core domain and further expansion of domains
3. Design supply chain based on and originating from the logistics domain
4. Originated and succeeded operation (hands-on approach) toward the next generation
5. Environment, social, governance and corporate ethics
2. Mid-term Management Plan (LOGISTEED 2024)

2-1. Future Vision

LOGISTEED2030
“Future Vision” to be realized by solid partnership

Collaborative innovation with partners to enhance capability

“High value-added solutions to optimize the entire SCM”
“Improve customer convenience and efficiency through DX”
“Enhance overseas value chain with a consistent approach”
“Engage actively in projects making advance investment”
“Promote strategic M&As”
“Solidify position as a platform provider”

And go further
LOGISTEED 2030
To become a global leading 3PL company

Mid-term Management Plan (LOGISTEED2024)
To become a leading 3PL company in Asia

Corporate Vision
(Long-term vision)

- Revenues: 1.5 trillion yen
- CO₂: Reduce by 50%
- Overseas ratio: Over 50%

Corporate Philosophy
### Material issues (Universal material issues)

1. Contribute to decarbonized society
2. Contribute to recycling-oriented society
3. Secure diverse human resources to support growth
4. Realize safe, healthy and rewarding workplace
5. Establish a responsible supply chain in which human rights are respected
6. Governance and compliance
7. Prevent accidents during operation
8. Risk management
9. Build and evolve resilient, sustainable logistics services
10. Deepen DX
11. Establish business models through collaborative innovation
12. Enhance disaster prevention/mitigation

### Environmental Recognition

- Declining birthrate and aging population in Japan
- Labor shortages
- Unstable global situation
- SC vulnerability risk
- Drastic changes in the industrial structure
- Digital technological innovation
- Toward sustainable society
- ESG/SDGs

### Mid-term Management Plan (LOGISTEED2024)

<table>
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<th>Direction</th>
<th>Priority measures</th>
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<td>Promote automation/labor-saving to create worker-friendly workplace</td>
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<td>Respond to structural changes and create high added value</td>
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<td>Improve sustainability of logistics and supply chain resilience</td>
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<td>Reduce environmental load and enhance initiatives on human rights/governance</td>
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1. Reinforce/expand overseas business (to become a leading 3PL company in Asia)
2. Expand business domains with new added value (accelerate LOGISTEED)
3. Evolve Smart Logistics
4. Solidify ESG management base

### Role and the way to move forward

**HIB WAY**

Expand collaborative innovation domains across businesses and industries

New innovations

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2. Mid-term Management Plan (LOGISTEED2024)

2-3. Priority Measures

Aim to become a global supply chain strategic partner with DX, LT, and “Gemba” Power

1. Reinforce and expand overseas business (to become a leading 3PL company in Asia)
   • Execute M&As in all areas: North America (transport), Europe (3PL/Forwarding), India (transport)
   • Make investment in focused areas: India, Thailand, Indonesia, and Malaysia (Auto parts, food, daily commodities, etc), China (automation/labor-saving, etc.)

2. Expand business domains with new added value (accelerate LOGISTEED)
   • Solve supply chain issues, propose visualization and optimization through DX
   • Expand new services in boundary domain between manufacturing and logistics, commence VAS

3. Evolve Smart Logistics
   • Achieve automation/labor-saving through linkage of systems and machines, improve working environment through DX
   • Enhance and expand functions of three-temperature zone warehouses, hazardous substances warehouses, etc.
   • Enhance the transport business and address the 2024 issue/decarbonization through SSCV*1

4. Solidify ESG management base
   • Implement disaster prevention measures and risk management
   • Implement sophisticated and ongoing safety/quality control activities
   • Accelerate decarbonization activities
   • Continue/expand VC*2 activities
   • Strengthen human resources for global development of DX and LT*3

*1.Digital platform for transportation  *2.Value Change & Creation  *3. Logistics Technology
2-3. Priority Measures
(1) Reinforce/Expand Overseas Business

North America: Expand in-plant logistics at customers’ factories

- Expand shared milkrun and trunk line transportation business

- Provide integrated logistics for factories (In-plant logistics service, cross-docking warehouse, milkrun/transport between warehouses)

- Enhance freight forwarding business base/ functions

- Group restructuring/ structural reform

- Promote M&As (Enhance transport capability in North America: U.S. (non-asset))

- Address driver shortages
2-3. Priority Measures
(1) Reinforce/Expand Overseas Business

Europe: Expand regional 3 PL business

- Expand service area of intermodal business

- Expand business in growing areas and markets in Europe (healthcare, temperature controlled transport, and apparel)

- Initiatives in EC-related business

- Promote M&As (Enhance 3PL and freight forwarding (apparel))

- Introduce EV/fuel-efficient vehicles

- Eco-friendly logistics center
2-3. Priority Measures

(1) Reinforce/Expand Overseas Business

China: Accelerate introduction of automated/labor-saving facilities

- Further improve safety, quality and productivity through automation and labor-saving
- Expand Southwest area, develop Greater Bay Area
- Enhance high value-added logistics services
- Increase EV, solar power generation
Asia: Expand investments/businesses in growing markets

- Expand investments/businesses in India, Thailand, Indonesia, and Malaysia, etc. (Auto parts, food, daily commodities, etc.)
- Develop cold chains
- Strengthen local/regional network
- Promote M&As (strengthen transport capability: India (asset, non-asset))
- Introduce automated/labor saving facilities at full scale
- Increase eco-friendly/multi-purpose logistics center and EV

- Multi-purpose logistics centers in four metros (India)
  - Delhi (2024 open)
  - Chennai (2023-2024 open)
  - Bangalore (2024 open)
  - Mumbai (2023 open)

- Dry/Chilled Integrated Center (Malaysia)

- Demonstration experiment by Mitsubishi Motors (MINICAB-MiEV)
  - Introducing EVs (Thailand)

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2-3. Priority Measures
(2) Expand Business Domains with New Added Value

Supply chain optimization

[Supply chain services for manufacturers]

Integrated management of SC data

Linkage between manufacturer system and logistics system

Material Procure Process Assemble Inspect Warehouse

Logistics management
Manufacturer/production
WMS*3/TMS*4/FMS*5
Warehouse arrangement, inventory management, transport volume/frequency, and cost management + resource planning

Operation
ERP*6 etc.
Order receipt, production, procurement, shipping, transport operation

Planning
MRP*7/ERP, etc.
Production, procurement, sales, inventory/logistics planning

[Expand SCDOS*1 services]

Cargo tracking

Seamless linkage with SSCV and trade information platform

Create resilient supply chain

Visualize emissions

Calculate Co₂ emissions by site

Cyber + Physical

Solve customer supply chain issues, optimize the entire supply chain by directly connecting procurement, manufacturing, and logistics

*7.Manufacturing Resource Planning

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Value Added Services (VAS)

- Procurement logistics/VMI*1
- Manufacturing support
- Packaging design solution
- Procurement
- Manufacturing
- Service
- Shipping
- Sales

Provide values to logistics-related services in customers’ value chain

- Circular economy
- Finance
- ESG/Sustainability
- Safety education services (e.g. VR)

*1. Vendor Managed Inventory  *2. Good Distribution Practice

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(3) Evolve Smart Logistics

Enhance warehouse business (Automation/labor-saving, DX)

Smart automation linking system and machine

DX of warehouse management (Link WMS with RCS*)

Digital control and instruction

Digitalization of work management domain

Expand introduction of automated facilities (Accelerate implementation at site)

Optimize resource usage

Warehouse Control System (WCS)

Connect operation in real time through linkage with customers’ ERP

Achieve energy-saving/standardization of work management domain and sophisticated anomaly detection

Achieve enhancement of real-time linkage with customers and sophisticated SCM

Digital devices for monitoring and warning

Drones, robots, security cameras, anomaly detection

Full utilization of smart watch, smartphone, and 5G

Monitor and warn using digital devices

Improve productivity using smart devices

Correct resource usage

AI CPS*

Total optimization based on data prediction and simulation (Orchestration)

Cyber

Physical

*1.Resource Control System  *2.Cyber Physical System
2-3. Priority Measures
(3) Evolve Smart Logistics

Enhance and expand warehouse functions
(Build/enhance three-temperature zone warehouses and hazardous substances warehouses)

- Increased needs for chilled/frozen products
- Sophisticated GDP compliance measures
- Digitalization (Increased demand for semiconductors)
- Needs to meet regulations/compliance requirements
- GDP compliance for cosmetics/medical supply
- Increased demand for lithium batteries

Build/enhance warehouses capable of responding to environmental changes and increasing demand to further improve service level

- Save electricity and water resources
- Comfortable work environment
- State-of-the-art automated warehouse for hazardous substances
- Eco-friendly, disaster-resistant warehouse
  ➔ Effectively use land, improve asset turnover ratio

Chilled warehouse in Malaysia

Logistics center for hazardous substances
2-3. Priority Measures
(3) Evolve Smart Logistics

Enhance transport business to cope with “2024 issue”

Physical measures

- Increase large capacity and short-haul truck transport
  - Double-trailer trucks, relay transport, swap body

- Consolidate vehicle assignment, promote sharing, increase personal vehicles
  - Centralized management of all HTS and local companies, shared terminal

- M&As, business succession, collaborative innovation
  - Strengthen transport partnership

Digital measures

- Link loading dock booking and warehouse operation → Reduce driver waiting time
  - Link WMS and loading dock booking management system
  - Comply with laws and regulations (drivers labor management)
    - Accelerate introduction of digital roll-call
  - Link SSCV-Safety and SSCV-Smart
  - Share/visualize information on risky areas → Improve safety
  - Collect Company-wide data, import external data

Reduce truck drivers’ working hours and waiting time and ensure strict labor management to cope with “2024 issue” and decarbonization

Year 2024 Problem: Concerns about issues that might arise from the upper limit of drivers’ working hours, etc. set by the work style reform-related bills.
2-3. Priority Measures

(4) Solidify ESG Management Base

Positioning of objectives and SDGs

Objective (1)
Contribute to decarbonized/recycling-oriented society

Material issues
1. Contribute to decarbonized society
2. Contribute to recycling-oriented society

Material issues
9. Build and evolve resilient, sustainable logistics services

Objective (2)
Build and evolve resilient, sustainable logistics services

Material issues
3. Secure diverse human resources to support growth
4. Realize safe, healthy and rewarding workplace
5. Establish a responsible supply chain in which human rights are respected
6. Governance and compliance

Material issues
7. Prevent accidents during operation
8. Risk management
10. Deepen DX
11. Establish business models through collaborative innovation

Foundation to support objectives

Objective (3)
Create new values through collaborative innovation

Material issues
12. Enhance disaster prevention/mitigation

Material issues
5. Establish a responsible supply chain in which human rights are respected
6. Governance and compliance
Medium-to-Long-term Environmental Targets (Decarbonization initiatives)

**CO₂ emission reduction targets**

- **2013 (Base year results)**: 129 (Thousand tons-CO₂)
- **2021 (Est.)**: 109
- **2024 (M-T plan target)**: 96
- **2030 (Target)**: 65
- **2050 (Target)**: Net Zero Carbon

**Avg. emission reduction rate (until 2030)**

- 2.94%/year

**CO₂ emission reduction initiatives**

1. Energy saving
2. Electrification
3. Procure renewable energy
4. Energy creation
5. Emissions trading

**Decarbonization investment**

(3 years of 2024 M-T Plan)

- ¥5 billion

**CO₂ emissions visualizing solution**

- Shift to EV/FCV
- Modal shift/Sharing
- Solar power generation facility

**2-3. Priority Measures**

*(4) Solidify ESG Management Base*

*1 Sum of Scope 1+2 in Japan.  *2 Compared to FY2013  *3 Total of investments and expenses during the M-T Plan period  *4 Average reduction rate until 2030*
2-3. Priority Measures
(4) Solidify ESG Management Base

Future vision of logistics center
(visualize safety/quality/productivity/fire prevention/security)

Current measures
- Security rounds
  - Security camera/full-time security guards
  - Blind spots exist
- Fire detection/fighting
  - Smoke detector/fire extinguisher/fire plug
  - Fire fighting by person
- Safety/quality/productivity
  - Safety cockpit
  - Forklift dashcam
  - SSCV
  - Eye tracker
  - Digital signage

Future measures
- Automate security
  - Patrol robot/drone
    - Detect suspicious person
- Automate fire detection/fighting
  - Thermal camera/fire-fighting robot/portable sprinkler
    - Fire fighting by machine
- Enhance safety/quality control activities
  - Web camera/automated forklift
    - Real-time visual instruction for incidents
    - Promote introduction of automated facilities
- Enhance environmental management
  - Temperature/humidity, CO2 detection system
    - Fire-prevention measures/anti-virus measures
    - Introduce emergency power generator
2-3. Priority Measures
(4) Solidify ESG Management Base

Human resource strategy

Accelerate LOGISTEED by increasing/enhancing development of global/DX human resources

Increase in employee engagement
- Promotion of VC Activities
- Conduct employee survey
- Hold career interview

Diversity & inclusion
- Boost understanding of diversity
- Promotion of women’s participation in the workplace
- Support for balancing work and childrearing/nursing care

Working-style reform
- Improve productivity through DX and improvement activities
- Enhance health

Secure/retain human resources
- Recruitment and retention of excellence human resources, including DX/global human resources

Human resource development/skill development
- Develop on-site management HR, DX/LT HR, and global HR
- Improve digital literacy, promote reskilling
- Review educational system
- Visualize human resources/skill

Build a basis of human resource system
- Introduce job-based human resource system
- Renew human resource management system
2. Mid-term Management Plan (LOGISTEED2024)

2-4. Investment Plan

Strategic investment for change and evolution into “LOGISTEED”

【LOGISTEED2021 (cumulative)】【LOGISTEED2024 (cumulative)】

<Investment + Dividends> (Results)

1,265 亿

1,380 亿

1,041

Investments (Cash basis)

Strategic investments (including M&A, etc.) (800 - 1,000)

1,750

(100 million yen)

Business investments (Over 750)

1,750

Business investments (Over 750)

Strategic investments (including M&A, etc.) (800 - 1,000)

Invest in growth opportunities

☑ Reinforce/expand overseas business

☑ M&As/capital policy, etc.

☑ Expand business domains

☑ Evolve Smart Logistics

Data management, data business Digital transport, etc.

☑ Solidify ESG management base

904

568

436

Dividends (137)

Strategic investments (including M&A, etc.) (336)

Business investments (568)

Investments (Cash basis)