

# News Release

September 24, 2020

Hitachi Transport System, Ltd.

## **Announcement of Partial Modification of the Strategic Capital and Business Alliance with SG Holdings and SAGAWA EXPRESS**

As disclosed in the March 30, 2016 release, “Announcement of Strategic Capital and Business Alliance among Hitachi Transport System, SG Holdings, and SAGAWA EXPRESS, Announcement of Secondary Distribution of Shares, and Announcement of Changes to Parent Company, Another Affiliated Company, and Major Shareholder of Hitachi Transport System”, we executed on that same day a capital and business alliance agreement with SG Holdings Co., Ltd. (headquarters: Kyoto City, Kyoto, Representative Director and President: Masahide Motomura; “**SG Holdings**”) and SAGAWA EXPRESS CO., LTD. (headquarters: Kyoto City, Kyoto, Representative Director and President: Hideo Araki; “**SAGAWA EXPRESS**”; we, SG Holdings and SAGAWA EXPRESS are collectively referred to as “**Companies**”); at our Board of Directors meeting held today, a resolution was passed to modify the capital and business alliance relationship of the Companies, as explained below, and because the Companies agreed to such amendment, we hereby give notice.

In conjunction with this matter, we intend to record an extraordinary gain in our non-consolidated financial results.

### 1. Background to Modification

Since commencement of the capital and business alliance, under the banner of “integration of the logistics business and the delivery business”, the Companies have engaged in creation of assorted synergies through the collaboration and cooperation exemplified by the “a sales alliance that makes use of a mutual customer base (Cross-Selling)” and “mutual utilization of vehicles and facilities etc. (Resource Sharing)”.

The effects of this collaboration and cooperation have steadily increased across all regions, and collaborative and cooperative activities have already taken hold as operational standards. For these reasons, the Companies share an awareness that, regardless of basis in a capital relationship, it is possible to continuously create such mutually beneficial effects through these kinds of collaborative and cooperative activities.

At the same time, as coronavirus infections continue to spread, the environment around the Companies is changing rapidly. As such, it has become necessary for the Companies, to address with haste the assorted challenges collectively faced by society through means such as e-commerce market expansion and maintenance and optimization of the global supply chain.

In light of these necessary responses to environmental change, the Companies have engaged thoughtfully in repeated consultations regarding policies to ensure their sustainable growth. Through such process the Companies concluded that, even while seeking to further strengthen business through collaborative and cooperative activities, each company’s promotion of its own independent growth strategy would contribute to the maximization of corporate value. Given this conclusion, the Companies decided to carry out a partial revision of the capital and business alliance relationship.

With the foregoing measures, our group will be able to accelerate the supply chain optimization that it is currently advancing with a number of collaborative partners, particularly those overseas, and to form and expand an ecosystem (economic sphere), including through the flexible utilization of treasury shares.

Under the business concept of “LOGISTEED”, which represents our resolve to lead our business into new territories beyond logistics, our group will accelerate collaboration with various partners and form and expand an ecosystem (economic sphere), as we aim to become the solution provider of choice for global supply chains.

### 2. Nature of Change

We will acquire a portion of our shares that SG Holdings possesses and we will transfer to SG Holdings all shares of SAGAWA EXPRESS that we possess. The Companies have decided to put off for the time being consideration of discussions aimed at managerial integration.

<As for our share repurchases>

Please see our notice issued today, "Notice Regarding Share Repurchase and Share Repurchase Offer through the Off-Auction Own Share Repurchase Transaction System (ToSTNeT-3) (Share Repurchase and Share Repurchase Offer through the Off-Auction Own Share Repurchase Transaction System (ToSTNeT-3) Based on Provisions in the Articles of Incorporation under the Companies Act, Article 459, Paragraph 1)". \*This release is only available in Japanese.

<As for the Transfer of SAGAWA EXPRESS' Shares>

We plans to transfer to SG Holdings the 10,655,240 shares of SAGAWA EXPRESS stock (20% of all outstanding shares) that we possess (transfer price: JPY 87.5 billion).

### 3. Schedule Going Forward

(1) Board of Directors resolution date	September 24, 2020
(2) Company share repurchase execution date	September 29, 2020 (planned)
(3) SAGAWA EXPRESS share transfer date	September 29, 2020 (planned)

### 4. Recording of Extraordinary Gains and Prospects Going Forward

Through the transfer of SAGAWA EXPRESS shares to SG Holdings in conjunction with the partial modification of the capital and business alliance, we will receive JPY 20.6billion in proceeds from sale of affiliate shares; we plans to record this as extraordinary gains in our non-consolidated financial results for the fiscal year ended March 31, 2021. The impact on the consolidated results for the fiscal year ended March 31, 2021 are still being examined. If it becomes clear that there will be a material impact on our consolidated results, we will give notice promptly.

End

#### ■ Contact Information

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