



**SG Holdings Co., Ltd.**  
**Results Presentation for**  
**the Six Months Ended September 30, 2020**

**October 30, 2020**

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## Highlights of the six months ended September 30, 2020

With no end of the novel coronavirus (COVID-19) pandemic in sight, demand for e-commerce continued and the number of packages handled increased. Performance was steady as a result of accurate responses to the increase in the number of packages, such as strengthening last mile delivery, and measures to improve productivity such as improving the efficiency of line-haul transportation.

- (Industry)
  - Even after the lift of the state of emergency, the e-commerce boom has continued and the needs for express package delivery is high due to changes in work style such as telework and changes in consumer lifestyles
  - BtoB packages are recovering due to the resumption of economic activity
  - Non-face-to-face delivery, such as non-contact delivery, intended to prevent infection are increasing
  
- (Overview of the six months ended September 30, 2020)
  - The change in sales mix continued as the end of the COVID-19 pandemic remains unclear
  - BtoB has decreased despite the recent recovery trend due to the resumption of economic activity
  - BtoC has increased due to the expansion of the e-commerce market

Although the average unit price increased slightly, it fell short of the Company's expectation due to the continued increase in BtoC packages

  - Engaged in strengthening last mile delivery in order to respond to the increase in packages
  - Continued productivity improvement measures such as increasing the loading ratio of line-haul transportation
  - Thoroughly implemented infection prevention measures in the workplace, such as frequent alcohol sterilization and non-contact temperature measurements when arriving at work

## Summary of consolidated financial results

(Units: billion yen)	Six months ended September 30, 2019	Six months ended September 30, 2020	YoY change	Previous earnings forecast (Announced on September 25, 2020)	Comparison with previous forecast
Operating revenue	587.7	634.8	108.0%	607.0	104.6%
Operating income [Operating income margin]	37.1 [ 6.3% ]	52.4 [ 8.3% ]	141.1%	43.0 [ 7.1% ]	122.1%
Ordinary income	38.9	52.7	135.6%	44.0	119.9%
Net income attributable to owners of the parent	21.9	37.2	169.9%	32.5	114.8%
EBITDA	48.6	65.2	134.1%		

Note Amounts less than 100 million yen are rounded down.

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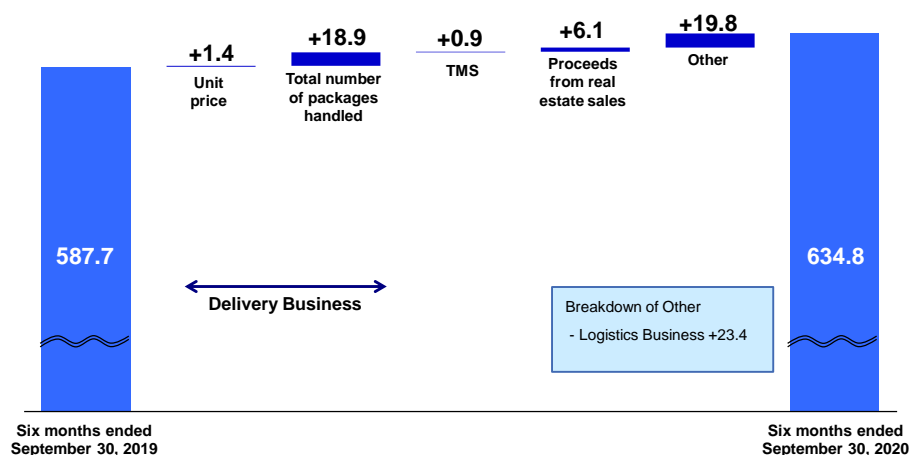
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### ■ Results of the Group [YoY change]

- Operating revenues: +47.1 billion yen [108.0%]
- Operating income: +15.2 billion yen [141.1%]
- Ordinary income: +13.8 billion yen [135.6%]
- Net income attributable to owners of the parent: +15.3 billion yen [169.9%]
- EBITDA: +16.6 billion yen [134.1%]

## Analysis of changes in operating revenue

(Units: billion yen)



Note Amounts less than 100 million yen are rounded down.

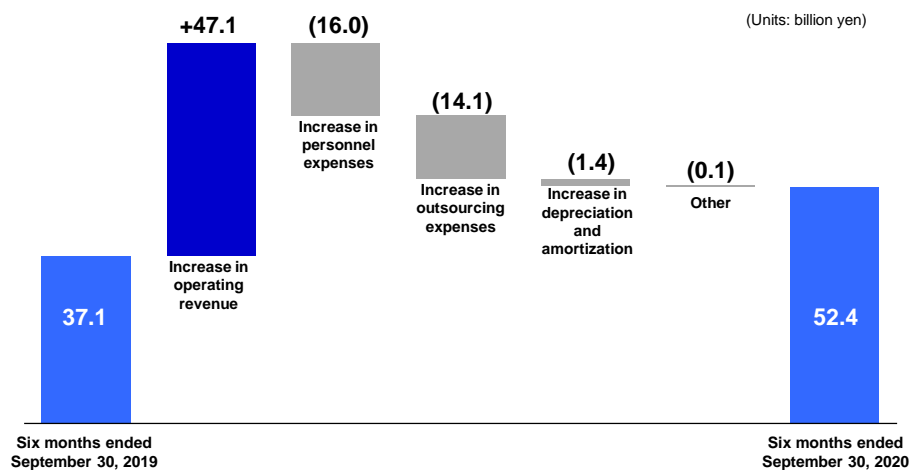
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### ■ Actual result

- Average unit price : 639 yen [100.3% YoY]
- Number of packages handled : 686 million packages [104.5% YoY]
- (Reference) Increase/decrease in days :  
Weekdays +3, Saturdays ±0, Sundays and holidays (3)
- TMS : 44.6 billion yen [102.1% YoY]

## Analysis of changes in operating income



Note Amounts less than 100 million yen are rounded down.

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### ■ Actual result

- Operating revenue : 634.8 billion yen [108.0% YoY]
- Personnel expenses : 219.0 billion yen [107.9% YoY]
  - Increase in number of packages handled and performance-based bonus
- Outsourcing expenses : 267.9 billion yen [105.6% YoY]
  - Increase in the Logistics Business's outsourcing expenses

## Results by segment

(Units: billion yen)	Six months ended September 30, 2019	Six months ended September 30, 2020	YoY change
<b>Total operating revenue</b>	587.7	634.8	108.0%
Delivery Business	473.9	492.5	103.9%
Logistics Business	66.9	89.9	134.4%
Real Estate Business	12.5	19.0	151.8%
Other Businesses	34.2	33.2	97.1%
<b>Total operating income</b>	37.1	52.4	141.1%
Delivery Business	27.2	33.6	123.5%
Logistics Business	1.2	6.3	492.9%
Real Estate Business	5.5	9.5	170.8%
Other Businesses	2.4	1.9	78.6%
Adjustments	0.6	1.0	161.1%

Notes (1) Amounts less than 100 million yen are rounded down. (2) Due to part of the "Other Businesses" being changed to "Delivery Business" from the fiscal year ending March 31, 2021, the comparison was made by reclassifying the figures for the previous year according to the change.

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### <<Increase in revenue and income>>

Delivery Business, Logistics Business, Real Estate Business

### <<Decrease in revenue and income>>

Other Businesses

### (Changes in measurement method for business segment profit and loss)

The Company has changed the allocation method of the Delivery Business and Other Businesses. This is based on actual business activities and management methods.

As a result, the performance for previous fiscal year has changed as follows:

	Six months ended September 30, 2019 operating income (billion yen)			Number of employees as of March 31, 2020 (within, number of partner employees)		
	Before change	After change	YoY	Before change	After change	YoY
Delivery Business	26.6	27.2	+0.6	58,732 [18,145]	78,017 [36,208]	19,285 [18,603]
Other Businesses	3.0	2.4	(0.6)	22,762 [19,551]	3,477 [1,488]	(19,285) [(18,063)]

## Overview of results by segment

### Delivery Business

- BtoB packages decreased overall despite the recent recovery trend. However, the overall number of packages handled increased as the increase in BtoC packages surpassed the decrease in BtoB packages.
- Although efforts to receive appropriate freight tariffs continued, the average unit price increased slightly. This was because relatively compact BtoC packages increased
- Continued to promote cost control such as optimization of line-haul transportation and personnel
- Continued work style reform efforts such as promotion of telework and online sales of GOAL<sup>®</sup> as part of measures to address COVID-19

### Logistics Business

- Emergency shipments of personal protection equipment by Expolanka<sup>(1)</sup> continued in the second quarter
- There have been signs of recovery in the volume of freight forwarding that had declined due to the impact of lockdowns

### Real Estate Business

- Planned sales of real estate sales (inclusion in private REITs)

### Other Businesses

- Automobile sales and BPO transactions declined

**Notes** GOAL is a registered trademark of SG Holdings Co., Ltd.

(1) Expolanka: A forwarder with a network that covers main areas across the globe, which joined the Group through a capital alliance in May 2014. It is based in Sri Lanka and has offices in approximately 60 locations in 27 countries and regions, operating apparel air transportation business with core regions spanning to Africa in the west and the United States in the east, and also has a powerful network of agents in Europe.



## Consolidated Statement of Cash Flows

### Major cash flow items

(Units: billion yen)	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities	11.1	65.3
Cash flows from investing activities	(31.3)	38.8
Free cash flows	(20.1)	104.2
Cash flows from financing activities	(16.3)	(92.0)
Net increase (decrease) in cash and cash equivalents	(36.8)	12.0
Cash and cash equivalents at end of period	64.8	80.7

Notes (1) Amounts less than 100 million yen are rounded down.

(2) Free cash flow = cash flows from operating activities + cash flows from investing activities.

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### ■ Consolidated cash flows

#### ▪ Cash flows from operating activities 65.3 billion yen

##### Major components:

Net income before income taxes	62.3 billion yen
Depreciation and amortization	12.6 billion yen
Increase/decrease in accrued bonuses (parenthesis indicates decrease)	8.0 billion yen
Gain /loss on sale of investment securities (parenthesis indicates gain)	(11.3) billion yen
Decrease/increase in trade notes and accounts receivable (parenthesis indicates increase)	(13.9) billion yen
Decrease/increase in inventories (parenthesis indicates increase)	7.6 billion yen
Income taxes paid	(12.6) billion yen

#### ▪ Cash flows from investing activities 38.8 billion yen

##### Major components:

Purchases of property, plant and equipment	(23.5) billion yen
Proceeds from sales of shares of subsidiaries and associates	69.7 billion yen

#### ▪ Cash flows from financing activities (92.0) billion yen

##### Major components:

Proceeds from long-term bank loans	20.0 billion yen
Cash dividends paid	(9.8) billion yen
Purchase of shares of subsidiaries	(88.3) billion yen

## Consolidated Balance Sheet

(Units: billion yen)	As of March 31, 2020	As of September 30, 2020	(Units: billion yen)	As of March 31, 2020	As of September 30, 2020
<b>Current assets</b>	<b>270.8</b>	<b>287.3</b>	<b>Liabilities</b>	<b>349.6</b>	<b>376.4</b>
Cash and deposits	68.7	80.7	Accounts payable	62.7	64.9
Accounts receivable and other receivables	155.9	169.6	Interest-bearing debt	131.7	139.3
Inventories	28.8	20.9	Other	155.1	172.1
Other current assets	17.4	16.0			
<b>Non-current assets</b>	<b>501.8</b>	<b>462.7</b>	<b>Net assets</b>	<b>423.0</b>	<b>373.6</b>
Property, plant and equipment	321.6	333.9	Portion attributable to owners of the parent	383.9	368.4
Goodwill	4.0	3.9	Non-controlling interests	39.1	5.2
Other non-current assets	176.1	124.8			
<b>Total assets</b>	<b>772.7</b>	<b>750.0</b>	<b>Total liabilities and net assets</b>	<b>772.7</b>	<b>750.0</b>

**Note** Amounts less than 100 million yen are rounded down.

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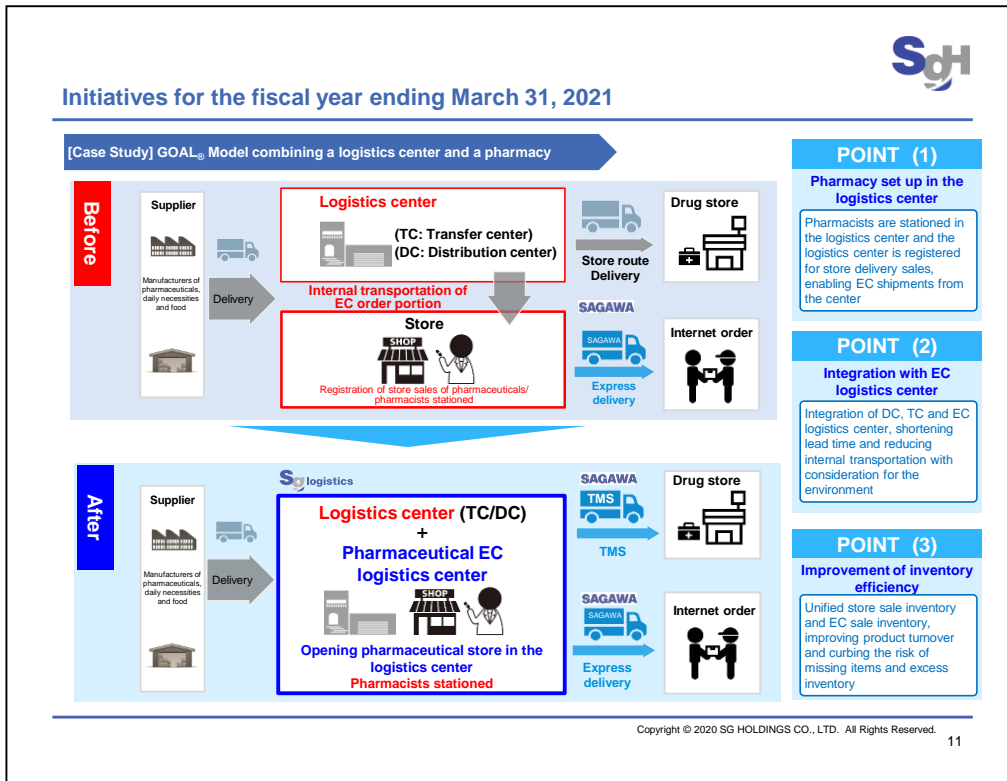
### ■ Equity ratio

- Equity ratio: 49.1% [(0.6) points YoY]

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### ■ [Case Study] Model combining a logistics center and a pharmacy

#### <Customer's issue>

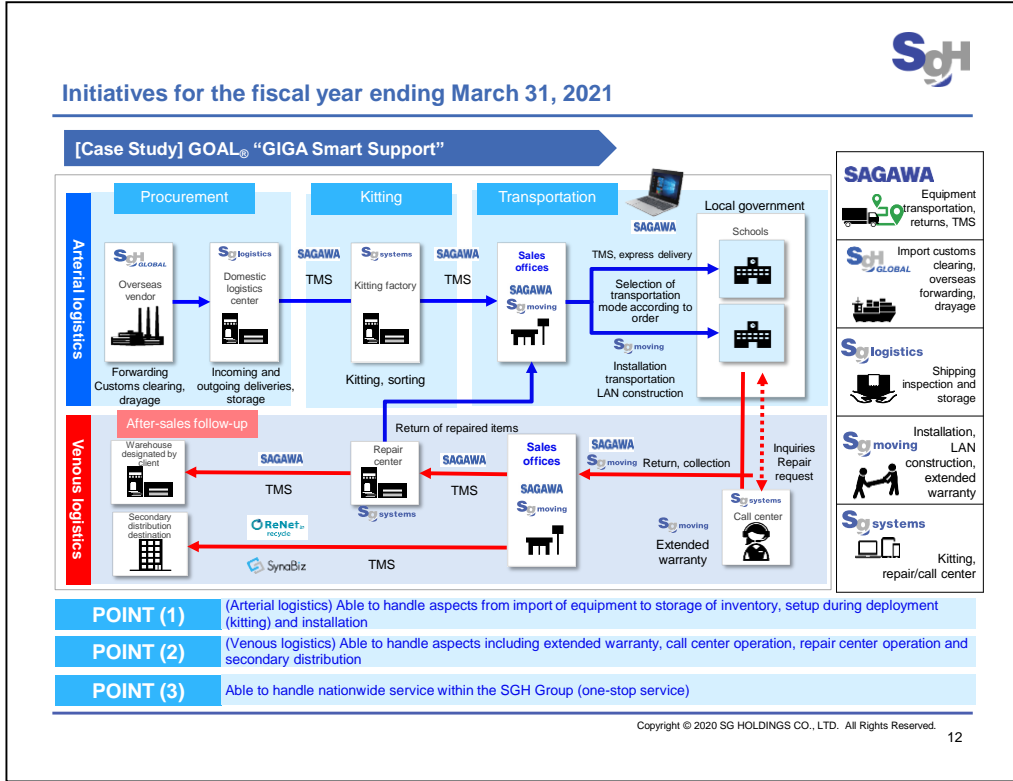
- (1) Shortening lead time
- (2) Responding to growing demand
- (3) Optimizing inventory

#### <Solutions by GOAL>

- (1) Shortened lead time by integrating the logistics center and EC center
- (2) The SG Holdings Group handled all operations of the EC center from procurement of goods to packaging and shipment as a one stop package, responding to growing demand
- (3) Unified the store sale inventory and EC sale inventory, optimizing the total inventory. Improved product turnover and curbed the risk of missing items and excess inventory

◎Handled the requirements for non-prescription drug sales:  
pharmaceutical store sales registration and the requirement of a stationed pharmacist through Group cooperation

◎Decreased CO<sub>2</sub> emission while decreasing customer's logistics costs through improving supply chain efficiency



■ [Case Study] GIGA Smart Support

<GIGA Smart School Program overview>

- A project proposed in December 2019 by the Ministry of Education, Culture, Sports, Science and Technology
- Aims to build an educational ICT environment that nurtures creativity by providing students with one device per child and a broadband communication network

<Initiative>

- The SG Holdings Group provides comprehensive support from procurement, customs, kitting, delivery, call center operations for repairment requests to device collection
- It is a unique solution provided by the Group, which covers a wide range of logistic operations in one-stop

## Initiatives for the fiscal year ending March 31, 2021

### [Case Study] Emergency shipments of personal protection equipment (PPE) by Expolanka

- In early April, it was confirmed that there was a need for speedy transportation by air associated with the increase in demand for emergency transportation of PPE due to the impact of COVID-19.
- Volume was obtained through active sales and the ability to source charter flights capable of handling emergency transportation.
- As a result, there were significant increases in revenue and income in the first half of the year.

**Actual result**  
**Major customers:**  
 7 companies  
**Charter flights:**  
 182



Monthly results	Apr.	May	Jun.	Jul.	Aug.	Sep.
Charter flights	6	15	60	36	27	38
Volume (tons)	705	1,377	4,916	2,814	1,126	707

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## ■ [Case Study] Emergency shipments of PPE by Expolanka

### <Conditions>

- Demand for emergency transportation of personal protection equipment has increased due to the global spread of COVID-19
- Needs were ascertained and active sales were conducted to obtain volume for existing customers and new customers

### <Strengths>

- Network: Offices placed in areas producing PPE, allowing agile response
- Procurement ability: Ability to procure charter flights in response to emergency demand
- Sales ability: Accurately assessed the market environment and conducted active sales. Acquired volume associated with the branding of having major brands as customers

### (Over view of Expolanka)

A forwarder with a network that covers main areas across the globe, which joined the Group through a capital alliance in May 2014. It is based in Sri Lanka and has offices in approximately 60 locations in 27 countries and regions, operating apparel air transportation business with core regions spanning to Africa in the west and the United States in the east, and also has a powerful network of agents in Europe.

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## Initiatives for the fiscal year ending March 31, 2021

### Fiscal 2019-2021 Mid-term Management Plan Second Stage 2021

#### <Management strategy>

- (1) Advance in logistics solutions
- (2) Optimal performance of management resources
- (3) Promotion of digitalization and latest technologies
- (4) Expansion of global business
- (5) Competitive advantages from inclusive corporate culture
- (6) Higher governance standard

### Initiatives for the fiscal year ending March 31, 2021

#### Delivery Business

- Strengthening of solutions such as TMS<sup>(1)</sup> centered on GOAL<sup>®</sup><sup>(2)</sup>
- Continued efforts to receive appropriate freight tariffs
- Expansion of business area through strengthening alliances
- Thorough implementation of measures to address COVID-19 and promotion of remote work
- Improvement of productivity through implementation of IT and promotion of work style reforms

#### Logistics Business

- Enhancement and expansion of entire supply chain including oversea 3PL
- Expansion of global freight forwarding network
- Expansion of services to and from Japan, such as cross-border e-commerce

#### Real Estate Business

- Development of facilities for strengthening logistics functions
- Continued sales of real estate

#### Other Businesses

- Improvement of service quality as services ancillary to logistics
- Development of new functions and services in coordination with logistics

**Notes** (1) TMS: Transportation Management System. A value-added transportation service other than home delivery utilizing the Group's logistics network.  
(2) GOAL is a registered trademark of SG Holdings Co., Ltd.



## Consolidated earnings and dividend forecast

(Units: billion yen)		Fiscal year ended March 31, 2020 actual results	Previous earnings forecast for the fiscal year ending March 31, 2021 (Announced on September 25, 2020)	Fiscal year ending March 31, 2021 earnings forecast	YoY change	Comparison with previous forecast
Operating revenue		1,173.4	1,220.0	1,248.0	106.3%	102.3%
Operating income [Operating income margin]		75.4 [ 6.4% ]	87.0 [ 7.1% ]	97.0 [ 7.8% ]	128.6%	111.5%
Ordinary income		80.5	89.0	98.0	121.7%	110.1%
Net income attributable to owners of the parent		47.2	62.5	67.5	142.7%	108.0%
EBITDA		98.8	113.5	123.5	124.9%	108.8%
Dividend per share	Interim	22 yen	34 yen	36 yen	-	-
	Year-end	22 yen	14 yen	15 yen		
	Total	44 yen	-	-		

Notes: (1) Amounts less than 100 million yen are rounded down. (2) Assumptions for the earnings forecast for the fiscal year ending March 31, 2021: Average unit price of 643 yen and 1.372 billion packages handled in Delivery Business (3) A common stock split on a 2-for-1 basis will be carried out on November 1, 2020. Dividends per share shown assume that the stock split was carried out at the start of the previous fiscal year. If before the stock split, the year-end dividend forecast is 30 yen and the total dividend will be 66 yen.

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### ■ Forecasts for the year ending March 31, 2021 [differences from previous forecasts]

Forecasts for the year ending March 31, 2021 were revised upward based on the results of the six months ended September 30, 2020, and the current situation.

- Operating revenue: +28.0 billion yen [102.3%]
- Operating income: +10.0 billion yen [111.5%]
- Ordinary income: +9.0 billion yen [110.1%]
- Net income attributable to owners of the parent: +5.0 billion yen [108.0%]
- EBITDA: +10.0 billion yen [108.8%]

- Anticipated average unit price: 643 yen
- Previous forecast: 643 yen [±0 yen]
- Anticipated total number of packages handled: 1.372 billion packages
- Previous forecast: 1.332 billion packages [+ 40 million packages]

### ■ Dividend forecast

- The breakdown of the interim dividend of 36 yen is a normal dividend of 26 yen and a special dividend of 10 yen
- The year-end dividend (forecast) is based on the 2-for-1 common stock split effective on November 1, 2020

[Reference] Breakdown of year-on-year change in operating expenses

[differences from previous forecasts]

- Personnel expenses: + 26.5 billion yen [+ 10.0 billion yen]
- Outsourcing expenses: + 19.0 billion yen [+ 8.0 billion yen]
- Depreciation and amortization: + 3.5 billion yen [± 0 billion yen]
- Other: + 4.0 billion yen [± 0 billion yen]

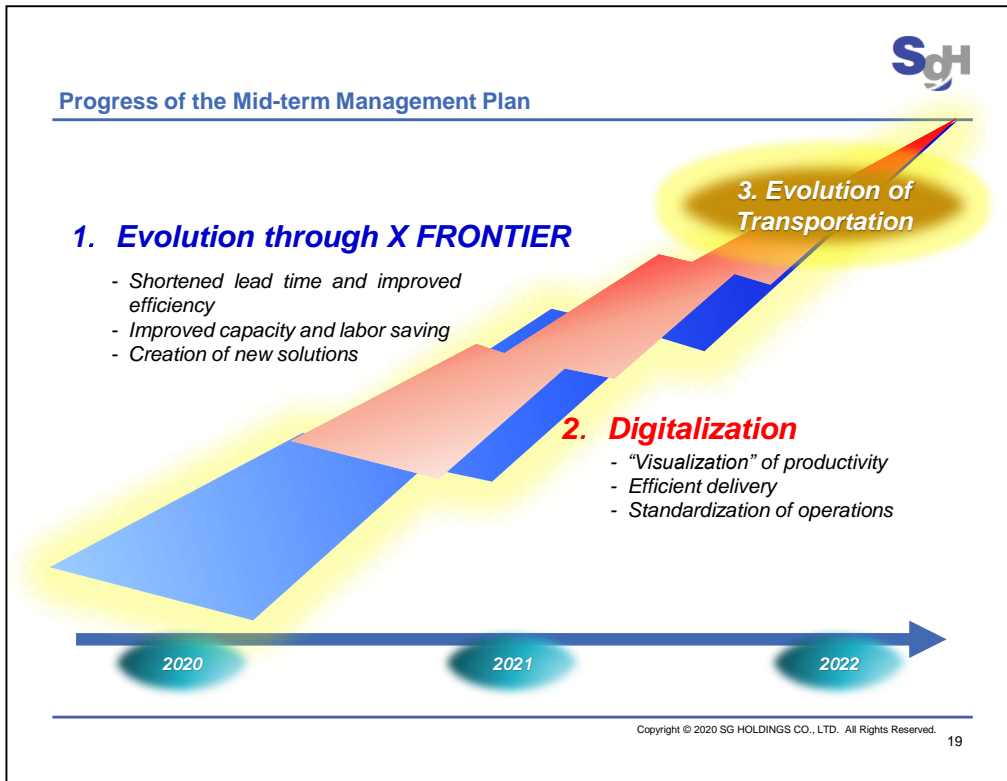
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▪ <u>Operating revenue</u>	Previous forecast	+28.0 billion yen
Delivery Business	Previous forecast	+23.0 billion yen
Logistics Business	Previous forecast	+4.0 billion yen
▪ <u>Operating income</u>	Previous forecast	+10.0 billion yen
Delivery Business	Previous forecast	+5.5 billion yen
Logistics Business	Previous forecast	+4.3 billion yen

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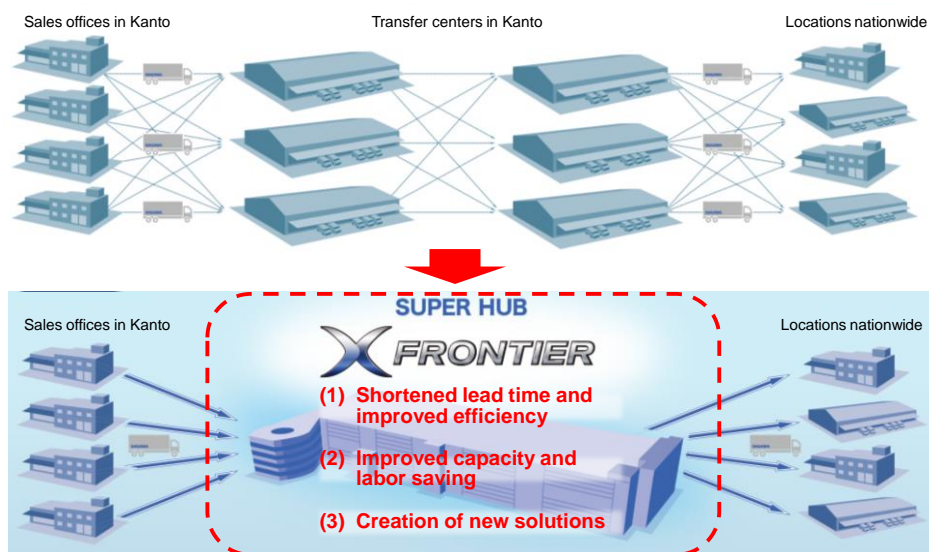
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■ X FRONTIER and digitalization

- We aim for the evolution of transportation through the improvement of network efficiency with X FRONTIER, and the unified management of information and the optimization of operations through digitalization

## 1. Evolution through X FRONTIER



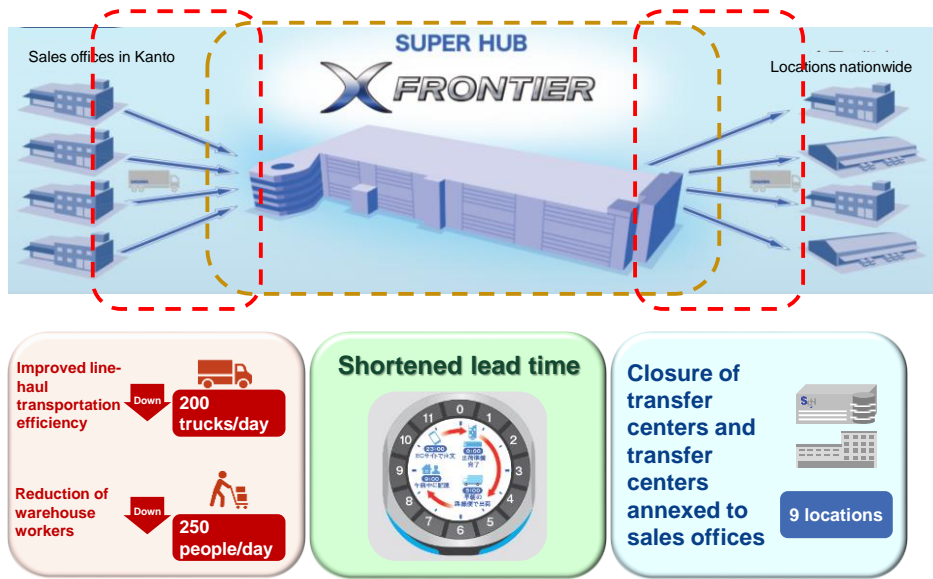
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## ■ Evolution through X FRONTIER

- Evolving the hub & spoke model to address quality, speed and operating environment
  - (1) Improve transportation by consolidating locations
  - (2) Realize high processing capacity through mechanization
  - (3) Strengthen logistics functions through consolidation of Group companies

## 1. Evolution through X FRONTIER (1) Shortened lead time and improved efficiency



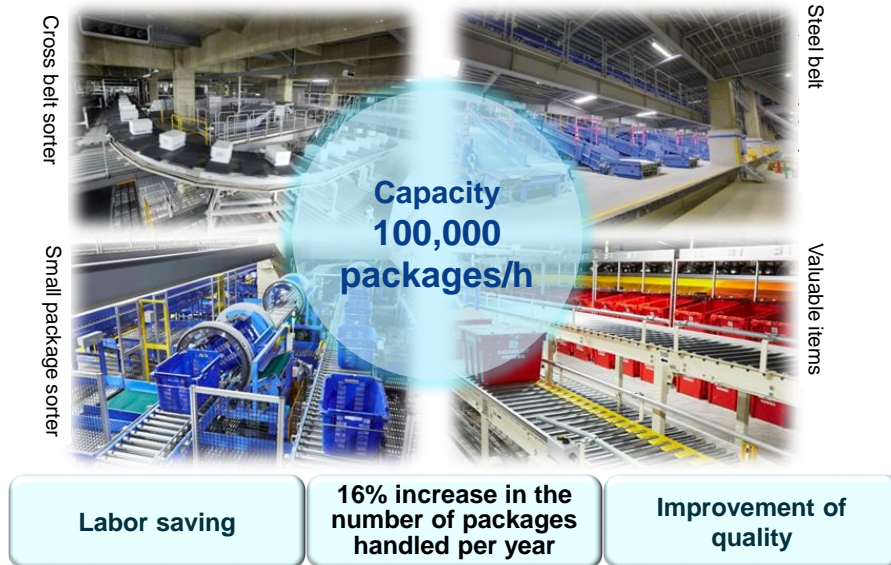
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### ■ Evolution through X FRONTIER (1): Consolidation of locations

- As a large facility, X FRONTIER will consolidate 9 transfer centers around Kanto. We will realize a more efficient transportation network and provide high-quality, stable logistics services
  - Efficiency of the transportation network is improved by reducing the number of line-haul shipments and the number of warehouse personnel
  - Sorting of packages in sales offices is no longer required, shortening lead time

1. Evolution through X FRONTIER  
(2) Improved capacity and labor saving



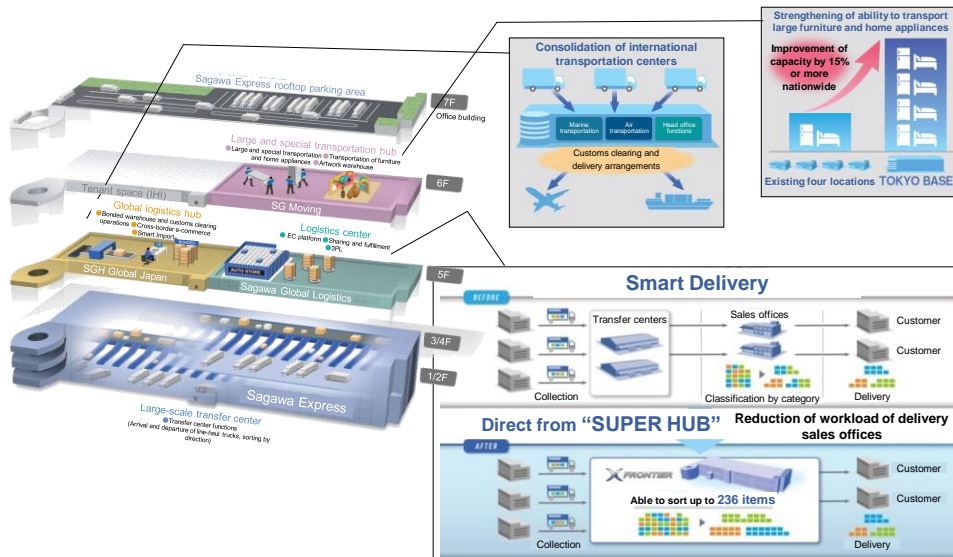
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■ Evolution through X FRONTIER (2): Mechanization

- Realized high processing capacity of 100,000 packages per hour by introducing the latest material handling
  - To improve transfer center processing capacity, which had been a bottleneck in the transportation network
  - Also expanded capacity of the transportation network as a whole by enabling sales offices that had also served as transfer centers to focus on collection and delivery
  - Quality to improve due to labor saving

## 1. Evolution brought about by X FRONTIER (3) Creation of new solutions



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### ■ Evolution through X FRONTIER (3): Strengthening logistics functions

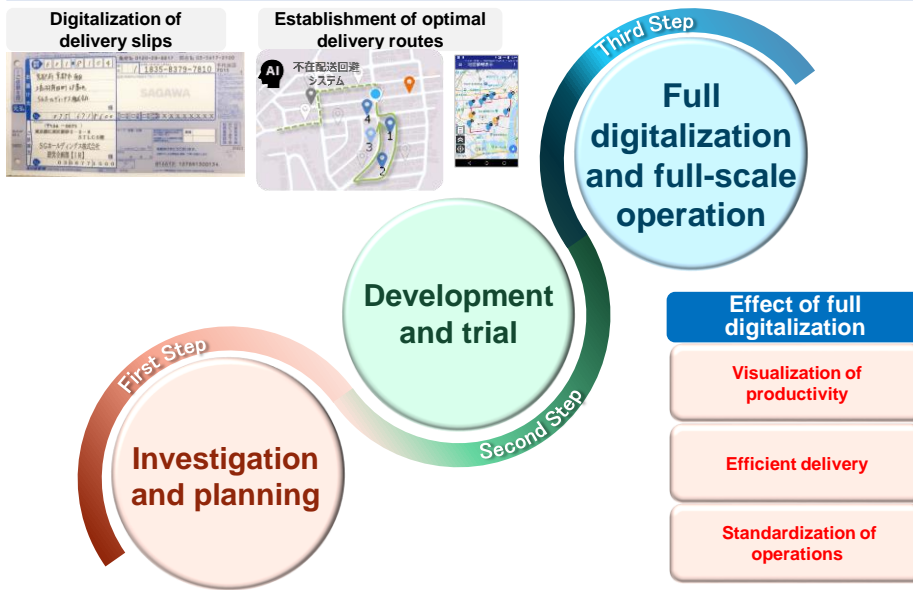
- Consolidated the functions of four Group companies, allowing more advanced solutions to address customer supply chains which are speeding up and becoming increasingly complex

(Group companies)

- Sagawa Express: Handles all forms of “transportation” through express delivery and TMS
- SG Moving: Handles transportation of large items such as home appliances and furniture and special items such as artwork
- Sagawa Global Logistics: Provides 3PL services such as logistics processing, product storage, consigned forwarding and EC platform service
- SGH Global Japan: Provides international transportation services such as customs clearing services and freight forwarding



## 2. Digitalization: Digitalization roadmap

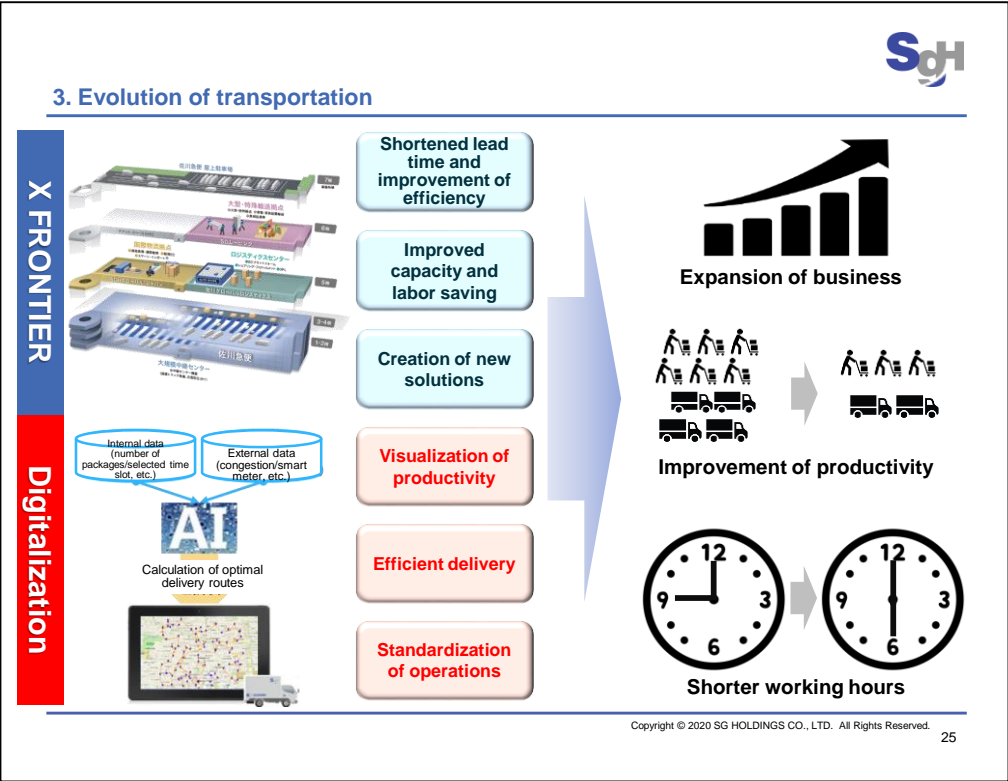


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### ■ Digitalization roadmap

- Aiming for full digitalization and full-scale operation
- To optimize operations with initiatives such as automatic establishment of delivery routes through centralized management of information including the digitalization of delivery slips
- To realize appropriate personnel and vehicle allocation, improvement of productivity and standardization of operations through the visualization of information



■ Evolution of transportation

- Aim to provide more high-quality services and improve operational efficiency through the improvement of network efficiency with X FRONTIER, and the unified management of information through digitalization

#### 4. Contribution to SDGs

**We are contributing to SDGs through the activities to expand business and improve productivity**

(1) CO<sub>2</sub> emissions by trucks



**Consolidation of network through  
X FRONTIER**



**Improvement of transportation efficiency,  
reduction of CO<sub>2</sub> emissions**

(2) Labor-intensive



**Promotion of mechanization  
and digitalization**



**Labor saving, improvement of  
working environment**

**Towards a sustainable society**

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#### ■ Contribution to SDGs: Effect of X FRONTIER and digitalization

##### (1) Improvement of network efficiency through X FRONTIER

- To reduce CO<sub>2</sub> emissions per package delivered by consolidating the transportation network
- To improve value-added solutions for client companies through consolidation of Group functions, etc. To handle the entire supply chain from upstream to downstream, improving overall efficiency, and reducing environmental impact

##### (2) Promotion of mechanization and digitalization

- Improving processing capacity by introducing new material handling. Realizing labor saving and reduction of workload
- Optimizing delivery routes, etc., through the centralized management of information
- Creating a more employee-friendly working environment that enables a diverse range of people to work in addition to responding to the decreasing working population

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## Summary of consolidated financial results (single quarter)

(Units: billion yen)	First quarter			Second quarter		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Operating revenue	291.0	317.6	109.1%	296.6	317.2	106.9%
Operating income [Operating income margin]	18.7 [ 6.4% ]	27.7 [ 8.7% ]	147.7%	18.4 [ 6.2% ]	24.7 [ 7.8% ]	134.4%
Ordinary income	19.2	28.8	149.7%	19.6	23.9	121.9%
Net income attributable to owners of the parent	10.1	17.2	170.3%	11.8	20.0	169.6%
EBITDA	24.5	34.0	138.4%	24.0	31.2	129.8%

**Note** Amounts less than 100 million yen are rounded down.

## Results by segment (single quarter)

(Units: billion yen)	First quarter			Second quarter		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoYchange	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoYchange
<b>Total operating revenue</b>	291.0	317.6	109.1%	296.6	317.2	106.9%
Delivery Business	233.0	243.2	104.4%	240.8	249.2	103.5%
Logistics Business	31.6	40.7	129.0%	35.3	49.2	139.2%
Real Estate Business	10.8	17.2	159.4%	1.7	1.8	104.2%
Other Businesses	15.5	16.3	105.0%	18.6	16.8	90.6%
<b>Total operating income</b>	18.7	27.7	147.7%	18.4	24.7	134.4%
Delivery Business	12.3	15.6	126.8%	14.9	18.0	120.8%
Logistics Business	0.5	2.0	399.3%	0.7	4.2	555.5%
Real Estate Business	4.6	8.4	180.8%	0.9	1.1	120.4%
Other Businesses	1.0	0.9	92.4%	1.4	0.9	68.8%
Adjustments	0.2	0.6	257.7%	0.3	0.3	92.2%

**Notes** (1) Amounts less than 100 million yen are rounded down. (2) Due to part of the "Other Businesses" being changed to "Delivery Business" from the fiscal year ending March 31, 2021, the comparison was made by reclassifying the figures for the previous year according to the change.

## Status of the products and services

### Delivery Business: Status of number of packages handled and unit price

(Millions of packages, yen)	First quarter			Second quarter			First six months		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Total number of packages handled <sup>(1)</sup>	326	342	104.7%	329	344	104.4%	656	686	104.5%
Hikyaku Express <sup>(2)</sup>	312	329	105.5%	314	329	104.8%	627	659	105.1%
Other <sup>(3)</sup>	14	12	89.0%	14	14	95.2%	29	27	92.1%
Average unit price	630	634	100.6%	642	643	100.1%	636	639	100.3%

### e-Collect <sup>®</sup> (4): Status of number of packages and value of payments settled

(Millions of packages, billion yen)	First quarter			Second quarter			First six months		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Number of packages	22	22	101.6%	22	22	101.5%	44	44	101.6%
Value of payments settled	242.6	246.7	101.7%	255.5	253.8	99.4%	498.1	500.6	100.5%

### Status of TMS

(Billion yen)	First quarter			Second quarter			First six months		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Sales	20.7	21.2	102.2%	22.9	23.4	102.1%	43.7	44.6	102.1%

Notes (1) The total number of packages handled is the number of packages handled through the Group's major services.  
(2) Hikyaku Express shows the number of packages Sagawa Express Co., Ltd. notified to the Ministry of Land, Infrastructure, Transport and Tourism.  
(3) Other shows the number of packages handled by Hikyaku Large Size Express and other companies.  
(4) e-Collect is a registered trademark of SG Holdings Co., Ltd.

## Breakdown of operating expenses

### Major expense items in consolidated accounts

(Units: billion yen)	First quarter			Second quarter			First six months		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Total operating expenses	272.2	289.9	106.5%	278.2	292.4	105.1%	550.5	582.3	105.8%
Personnel expenses	100.3	109.6	109.3%	102.6	109.4	106.5%	203.0	219.0	107.9%
Outsourcing expenses (including subcontracted vehicle expenses)	124.2	130.0	104.6%	129.5	137.9	106.5%	253.7	267.9	105.6%
Fuel expenses	2.7	2.0	74.9%	2.9	2.5	86.6%	5.7	4.6	80.9%
Depreciation and amortization	5.6	6.2	111.3%	5.5	6.4	115.3%	11.2	12.7	113.3%
Other expenses	39.2	41.9	106.7%	37.4	36.1	96.4%	76.7	78.0	101.6%

### Major expense items in Delivery Business<sup>(2)</sup>

(Units: billion yen)	First quarter			Second quarter			First six months		
	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change	Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021	YoY change
Total operating expenses	230.0	238.0	103.5%	235.2	241.6	102.8%	465.2	479.7	103.1%
Personnel expenses	87.1	96.4	110.7%	89.4	95.6	106.9%	176.5	192.0	108.8%
Outsourcing expenses (including subcontracted vehicle expenses)	110.9	109.7	99.0%	113.0	112.8	99.8%	224.0	222.6	99.4%
Fuel expenses	2.6	2.0	76.3%	2.8	2.5	87.8%	5.5	4.5	82.3%
Depreciation and amortization	3.7	4.4	117.5%	3.8	4.4	115.3%	7.6	8.8	116.4%
Other expenses	25.5	25.3	99.3%	25.9	26.2	101.3%	51.4	51.6	100.3%

Notes (1) Amounts less than 100 million yen are rounded down. (2) Due to part of the "Other Businesses" being changed to "Delivery Business" from the fiscal year ending March 31, 2021, the comparison was made by reclassifying the figures for the previous year according to the change.



## Status of employees, vehicles and locations

(Employees, vehicles, locations)		As of March 31, 2020	As of September 30, 2020
Total number of employees (Within, number of partner employees <sup>(1)</sup> )	Total	95,291 [43,928]	95,560 [43,610]
	Delivery Business <sup>(2)</sup>	78,017 [36,208]	78,125 [35,350]
	Logistics Business	12,954 [5,995]	13,144 [6,669]
	Real Estate Business	69 [-]	63 [-]
	Other Businesses <sup>(2)</sup>	3,477 [1,488]	3,420 [1,353]
	Corporate (common)	774 [237]	808 [238]
Sagawa Express	Number of vehicles	26,661	26,624
	Number of major locations	857	860
	Transfer centers	24	24
	Sales offices	427	427
	Small stores <sup>(3)</sup>	406	409

Notes (1) Average number of persons during the period. (2) Due to part of the "Other Businesses" being changed to "Delivery Business" from the fiscal year ending March 31, 2021, the comparison was made by reclassifying the figures for the previous year according to the change. (3) Total number of service centers and delivery centers.

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