



**SG Holdings Co., Ltd.**

**Results Presentation for**

**the Nine Months Ended December 31, 2020**

**January 29, 2021**

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## Highlights of the nine months ended December 31, 2020

Expansion of the e-commerce market accelerated due to the impact of the novel coronavirus (COVID-19), and the number of packages handled increased. Handled the increase in volume with stable quality as X FRONTIER's transfer center partially began operation. Furthermore, tight supply-demand balance of containers led to significant increase in revenue for oversea freight forwarding in the Logistics Business. The Group's performance was steady as a result of these factors.

- (Industry)
  - The e-commerce market was active and the number of express package delivery services centered on BtoC increased.
  - Delivery methods diversified, such as non-contact delivery and non-face-to-face delivery intended to prevent infection
  - In addition to the lack of air cargo space, the global shortage of containers led to tight supply-demand balance in freight forwarding.
- (Overview of the nine months ended December 31, 2020)
  - The change in sales mix continued as COVID-19 spread
    - BtoB decreased despite being on a recovery trend, and BtoC increased due to the expansion of the e-commerce market
    - Although the average unit price increased slightly year on year, it fell short of the Company's expectation due to the continued increase in BtoC packages
  - Provided stable service quality in response to the increased number of packages through partial operation of X FRONTIER's transfer center
  - Continued to implement infection prevention measures in the workplace, such as frequent alcohol sterilization and non contact temperature measurements when arriving at work
  - In the Logistics Business, both overseas revenue and income increased significantly. This was due to emergency shipments of personal protection equipment in the first half of the fiscal year, as well as the recovery in volume of goods of existing customers and the securing of container in the second half of the fiscal year.

## Summary of consolidated financial results

(Units: billion yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2020	YoY change
Operating revenue	895.5	982.0	109.7%
Operating income [Operating income margin]	63.9 [ 7.1% ]	88.5 [ 9.0% ]	138.4%
Ordinary income	67.6	89.9	133.1%
Net income attributable to owners of the parent	37.9	63.1	166.2%
EBITDA	81.2	107.7	132.7%

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

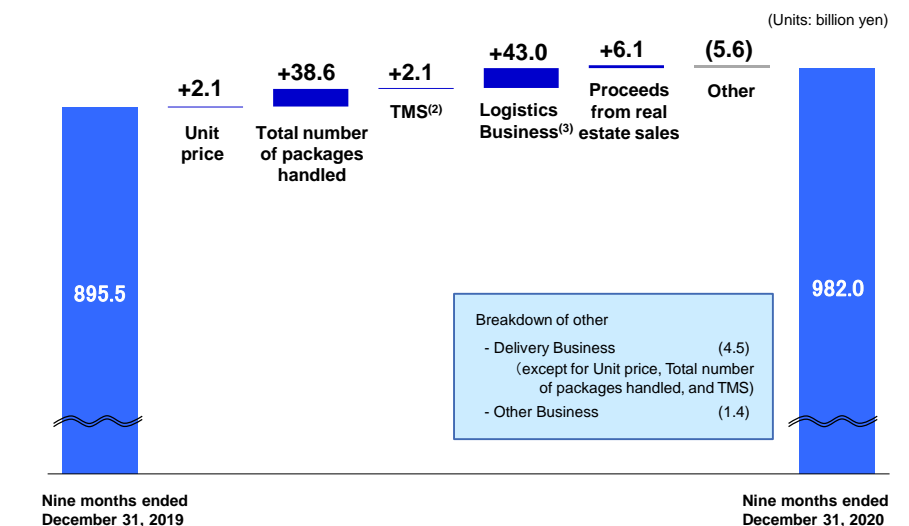
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### ■ Results of the Group [YoY change]

- Operating revenue : +86.4 billion yen [109.7%]
- Operating income : +24.5 billion yen [138.4%]
- Ordinary income : +22.3 billion yen [133.1%]
- Net income attributable to owners of the parent: +25.1 billion yen [166.2%]
- EBITDA : +26.5 billion yen [132.7%]

## Analysis of changes in operating revenue



Notes (1) Amounts less than 100 million yen are rounded down. (2) TMS: Transportation Management System. A value-added transportation service other than express package delivery service utilizing the Group's logistics network. (3) Excludes TMS sales

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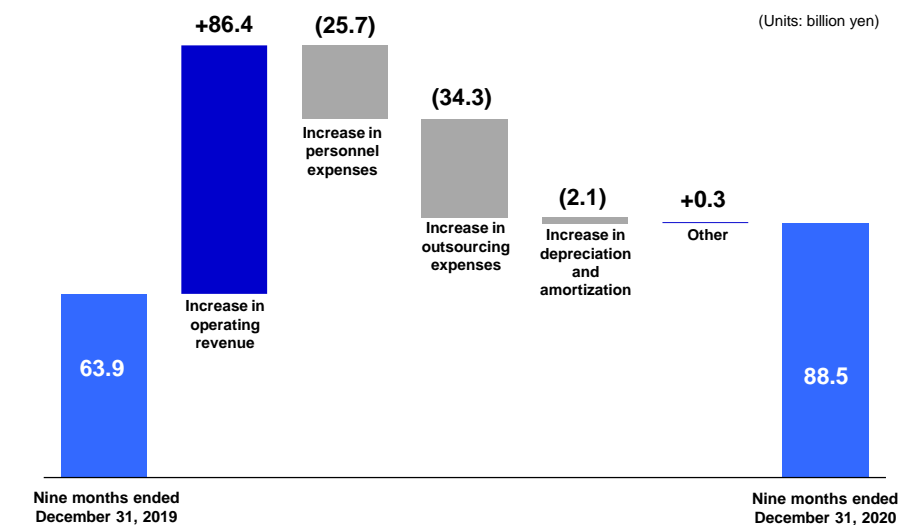
### ■ Actual results

- Average unit price : 643 yen [100.3% YoY]
- Number of packages handled : 1,062 million packages [106.0% YoY]
- TMS : 69.3 billion yen [103.2% YoY]

(Reference) Increase/decrease in days :

Weekdays +4, Saturdays +1, Sundays and holidays (5)

## Analysis of changes in operating income



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

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## ■ Actual results

- Operating revenues : 982.0 billion yen [109.7% YoY]
- Personnel expenses : 329.4 billion yen [108.5% YoY]
  - Increase in number of packages handled and temporary expenses such as COVID-19 compensations
- Outsourcing expenses : 423.5 billion yen [108.8% YoY]
  - Increase in the Logistics Business's outsourcing expenses  
[ +30.3 billion yen YoY]

## Results by segment

(Units: billion yen)	Nine months ended December 31, 2019	Nine months ended December 31, 2020	YoY change
<b>Total operating revenue</b>	895.5	982.0	109.7%
Delivery Business	727.9	766.7	105.3%
Logistics Business	102.3	144.8	141.5%
Real Estate Business	14.4	21.0	145.7%
Other Businesses	50.7	49.3	97.1%
<b>Total operating income</b>	63.9	88.5	138.4%
Delivery Business	50.9	63.2	124.1%
Logistics Business	2.0	10.0	486.4%
Real Estate Business	6.8	10.7	156.4%
Other Businesses	3.1	2.8	91.6%
Adjustments	1.0	1.6	164.8%

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 fiscal 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:

	Nine months ended December 31, 2020 operating income (billion yen)			Number of employees as of March 31, 2020 (within, number of partner employees)		
	Before change	After change	YoY change	Before change	After change	YoY change
Delivery Business	49.9	50.9	+0.9	58,732 [18,145]	78,017 [36,208]	19,285 [18,063]
Other Businesses	4.0	3.1	(0.9)	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 increase in average unit price was marginal. This was due to changes in sales mix, as relatively compact BtoC packages increased
- The partial operation of X FRONTIER's transfer center enabled stable service quality despite the increase in volume, while also improving productivity through decrease in driver waiting time, etc.
- The promotion of remote work and initiatives such as online sales continued as measures to address COVID-19

### Logistics Business

- In the first half of the fiscal year, emergency international shipments of personal protection equipment by Expolanka increased
- In the third quarter, the profitability of oversea business increased due to the recovery in the volume of goods of existing customers and the securing of container space in the midst of tight supply-demand balance

### Real Estate Business

- Planned sales of real estate sales (inclusion in privately placed REIT)

### Other Businesses

- Although cash-on-delivery settlement increased, vehicle sales decreased

**Notes** 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 71 locations in 25 countries and regions, operating air transportation for apparel as its core business, the development spans 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)	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities	26.5	90.3
Cash flows from investing activities	(48.7)	26.5
Free cash flows <sup>(2)</sup>	(22.2)	116.9
Cash flows from financing activities	(23.4)	(115.1)
Net increase (decrease) in cash and cash equivalents	(46.0)	1.5
Cash and cash equivalents at end of period	55.6	70.2

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 90.3 billion yen  
Major components:
 

Income before income taxes	99.5 billion yen
Depreciation and amortization	19.0 billion yen
Net change in accrued bonuses (parenthesis indicates decrease)	(6.9) billion yen
Loss (gain) on sale of investment securities (parenthesis indicates gain)	(11.3) billion yen
Net change in trade notes and accounts receivable (parenthesis indicates increase)	(43.6) billion yen
Net change in inventories (parenthesis indicates increase)	7.9 billion yen
Net change in trade notes and accounts payable (parenthesis indicates decrease)	12.4 billion yen
Net change in deposits received (parenthesis indicates decrease)	16.0 billion yen
Income taxes paid	(21.4) billion yen
- Cash flows from investing activities 26.5 billion yen  
Major components:
 

Purchases of property, plant and equipment	(34.4) billion yen
Proceeds from sales of shares of subsidiaries and associates	69.7 billion yen
- Cash flows from financing activities (115.1) billion yen  
Major components:
 

Proceeds from long-term bank loans	20.0 billion yen
Cash dividends paid	(21.3) billion yen
Purchase of shares of subsidiaries	(88.3) billion yen

## Consolidated Balance Sheet

(Units: billion yen)	As of March 31, 2020	As of December 31, 2020	(Units: billion yen)	As of March 31, 2020	As of December 31, 2020
<b>Current assets</b>	<b>270.8</b>	<b>306.4</b>	<b>Liabilities</b>	<b>349.6</b>	<b>386.5</b>
Cash and deposits	68.7	70.2	Accounts payable	62.7	74.8
Accounts receivable and other receivables	155.9	198.6	Interest-bearing debt	131.7	129.0
Inventories	28.8	20.9	Other	155.1	182.6
Other current assets	17.4	16.5			
<b>Non-current assets</b>	<b>501.8</b>	<b>465.7</b>	<b>Net assets</b>	<b>423.0</b>	<b>385.5</b>
Property, plant and equipment	321.6	340.0	Portion attributable to owners of the parent	383.9	379.8
Goodwill	4.0	3.9	Non-controlling interests	39.1	5.6
Other non-current assets	176.1	121.7			
<b>Total assets</b>	<b>772.7</b>	<b>772.1</b>	<b>Total liabilities and net assets</b>	<b>772.7</b>	<b>772.1</b>

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

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## ■ Equity ratio

- Equity ratio: 49.2% [(0.5) points compared to the previous fiscal year end]

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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 centered on GOAL®
- 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 overseas 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** GOAL is a registered trademark of SG Holdings Co., Ltd.

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## 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 October 30, 2020)	Fiscal year ending March 31, 2021 earnings forecast	YoY change	Comparison with previous forecast
Operating revenue	1,173.4	1,248.0	1,270.0	108.2%	101.8%
Operating income [Operating income margin]	75.4 [ 6.4% ]	97.0 [ 7.8% ]	100.0 [ 7.9% ]	132.5%	103.1%
Ordinary income	80.5	98.0	101.0	125.4%	103.1%
Net income attributable to owners of the parent	47.2	67.5	70.5	149.1%	104.4%
EBITDA	98.8	123.5	126.5	128.0%	102.4%

Dividend per share	Interim	22 yen	36 yen	36 yen	-	-
	Year-end	22 yen	15 yen	16 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 1,394 million packages to handle in Delivery Business (3) A common stock split on a 2-for-1 basis was carried out on November 1, 2020. As the split is reflected from the year-end dividend for the fiscal year ending March 31, 2021, the total dividend is written as "-." If the split had been carried out at the beginning of the fiscal year, the total dividend will be 34 yen.

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### ■ Full-year earnings forecast (comparison with previous forecast)

Forecasts for the year ending March 31, 2021, were revised upward based on the results for the nine months ended December 31, 2020, and the current situation.

- Operating revenues : +22.0 billion yen
- Operating income : +3.0 billion yen
- Ordinary income : +3.0 billion yen
- Net income attributable to owners of the parent: +3.0 billion yen
- EBITDA : +3.0 billion yen
- Anticipated average unit price : 643 yen [ ±0 yen ]
- Anticipated total number of packages handled : 1,394 million packages +22 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 : + 32.0 billion yen [+ 5.5 billion yen]
- Outsourcing expenses : + 32.5 billion yen [+ 13.5 billion yen]
- Depreciation and amortization : + 3.5 billion yen [± 0 billion yen]
- Other : + 4.0 billion yen [± 0 billion yen]

## Overview of forecasts by segment

(Units: billion yen)	Fiscal year ended March 31, 2020 actual results	Previous earnings forecasts for the fiscal year ending March 31, 2021 (Announced on October 30, 2020)	Fiscal year ending March 31, 2021 earnings forecasts	YoY change	Comparison with previous forecasts
<b>Total operating revenue</b>	1,173.4	1,248.0	1,270.0	108.2%	101.8%
Delivery Business	955.4	999.5	1,010.0	105.7%	101.1%
Logistics Business	135.8	160.0	172.5	127.0%	107.8%
Real Estate Business	16.2	22.5	23.0	141.6%	102.2%
Other Businesses	66.0	66.0	64.5	97.7%	97.7%
<b>Total operating income</b>	75.4	97.0	100.0	132.5%	103.1%
Delivery Business	59.8	71.5	72.5	121.2%	101.4%
Logistics Business	2.0	8.8	11.0	533.2%	125.0%
Real Estate Business	7.8	11.0	11.3	143.1%	102.7%
Other Businesses	4.3	4.0	3.5	81.4%	87.5%
Adjustments	1.3	1.7	1.7	125.6%	100.0%

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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## ■ Previous forecast by segment

- Operating revenue + 22.0 billion yen
  - Delivery Business + 10.5 billion yen
  - Logistics Business + 12.5 billion yen
  - Real Estate Business + 0.5 billion yen
  - Other Businesses (1.5) billion yen
- Operating income + 3.0 billion yen
  - Delivery Business + 1.0 billion yen
  - Logistics Business + 2.2 billion yen
  - Real Estate Business + 0.3 billion yen
  - Other Businesses (0.5) billion yen

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## Summary of consolidated financial results (single quarter)

(Units: billion yen)	First quarter		Second quarter		Third quarter	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Operating revenue	317.6	109.1%	317.2	106.9%	347.1	112.8%
Operating income [Operating income margin]	27.7 [ 8.7% ]	147.7%	24.7 [ 7.8% ]	134.4%	36.0 [ 10.4% ]	134.5%
Ordinary income	28.8	149.7%	23.9	121.9%	37.2	129.7%
Net income attributable to owners of the parent	17.2	170.3%	20.0	169.6%	25.8	161.2%
EBITDA	34.0	138.4%	31.2	129.8%	42.5	130.5%

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



## Results by segment (single quarter)

(Units: billion yen)	First quarter		Second quarter		Third quarter	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
<b>Total operating revenue</b>	<b>317.6</b>	<b>109.1%</b>	<b>317.2</b>	<b>106.9%</b>	<b>347.1</b>	<b>112.8%</b>
Delivery Business	243.2	104.4%	249.2	103.5%	274.2	108.0%
Logistics Business	40.7	129.0%	49.2	139.2%	54.8	155.1%
Real Estate Business	17.2	159.4%	1.8	104.3%	1.9	104.9%
Other Businesses	16.3	105.0%	16.8	90.6%	16.1	97.1%
<b>Total operating income</b>	<b>27.7</b>	<b>147.7%</b>	<b>24.7</b>	<b>134.4%</b>	<b>36.0</b>	<b>134.5%</b>
Delivery Business	15.6	126.8%	18.0	120.8%	29.5	124.8%
Logistics Business	2.0	399.3%	4.2	555.5%	3.7	475.8%
Real Estate Business	8.4	180.8%	1.1	120.4%	1.1	93.4%
Other Businesses	0.9	92.4%	0.9	68.8%	0.9	137.8%
Adjustments	0.6	257.7%	0.3	92.2%	0.6	171.0%

**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		Third quarter		First Nine months	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Total number of packages handled	342	104.7%	344	104.4%	376	108.8%	1,062	106.0%
Hikyakū Express <sup>(1)</sup>	329	105.5%	329	104.8%	361	109.2%	1,020	106.5%
Other <sup>(2)</sup>	12	89.0%	14	95.2%	14	100.2%	41	94.8%
Average unit price	634	100.6%	643	100.1%	650	100.2%	643	100.3%

### e-Collect<sup>®</sup> <sup>(3)</sup>: Status of number of packages and value of payments settled

(Millions of packages, billion yen)	First quarter		Second quarter		Third quarter		First Nine months	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Number of packages	22	101.6%	22	101.5%	23	103.9%	68	102.4%
Value of payments settled	246.7	101.7%	253.8	99.3%	273.3	107.2%	774.0	102.8%

### Status of TMS

(Billion yen)	First quarter		Second quarter		Third quarter		First Nine months	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Sales	21.2	102.2%	23.4	102.1%	24.7	105.1%	69.3	103.2%

Notes (1) Hikyakū Express shows the number of packages Sagawa Express Co., Ltd. reported to the Ministry of Land, Infrastructure, Transport and Tourism.

(2) Other shows the number of packages handled by Hikyakū Large Size Express and other companies.

(3) 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		Third quarter		First Nine months	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Total operating expenses	289.9	106.5%	292.4	105.1%	311.1	110.7%	893.4	107.4%
Personnel expenses	109.6	109.3%	109.4	106.5%	110.4	109.6%	329.4	108.5%
Outsourcing expenses (including subcontracted vehicle expenses)	130.0	104.6%	137.9	106.5%	155.5	114.9%	423.5	108.8%
Fuel expenses	2.0	74.9%	2.5	86.6%	2.4	85.5%	7.0	82.5%
Depreciation and amortization	6.2	111.3%	6.4	115.3%	6.4	110.9%	19.1	112.5%
Other expenses	41.9	106.7%	36.1	96.4%	36.2	99.8%	114.2	101.1%

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

(Units: billion yen)	First quarter		Second quarter		Third quarter		First Nine months	
	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change	Fiscal year ending March 31, 2021	YoY change
Total operating expenses	238.0	103.5%	240.9	102.4%	256.7	106.9%	735.7	104.3%
Personnel expenses	96.4	110.7%	94.8	106.1%	96.3	110.6%	287.7	109.1%
Outsourcing expenses (including subcontracted vehicle expenses)	109.7	99.0%	112.8	99.8%	125.7	105.3%	348.3	101.5%
Fuel expenses	2.0	76.3%	2.5	87.8%	2.3	87.1%	6.9	83.9%
Depreciation and amortization	4.4	117.5%	4.4	115.3%	4.4	113.2%	13.3	115.3%
Other expenses	25.3	99.3%	26.2	101.3%	27.7	103.0%	79.3	101.2%

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 employees, vehicles and locations

(Employees, vehicles, locations)		As of March 31, 2020	As of December 31, 2020
Total number of employees [Within, number of partner employees <sup>(1)</sup> ]	Total	95,291 [43,928]	97,049 [45,079]
	Delivery Business <sup>(2)</sup>	78,017 [36,208]	79,386 [36,486]
	Logistics Business	12,954 [5,995]	13,072 [6,699]
	Real Estate Business	69 [-]	64 [-]
	Other Businesses <sup>(2)</sup>	3,477 [1,488]	3,780 [1,663]
	Corporate (common)	774 [237]	747 [231]
Sagawa Express	Number of vehicles	26,661	28,188
	Number of major locations	857	864
	Transfer centers	24	23
	Sales offices	427	428
	Small stores <sup>(3)</sup>	406	413

**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.

## Disclaimer

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