



SG Holdings Group
New Mid-term Management Plan

SGH Story 2024

March 30, 2022

SG Holdings Co., Ltd.

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02 - 08

Review of Mid-term Management Plan “Second Stage 2021”

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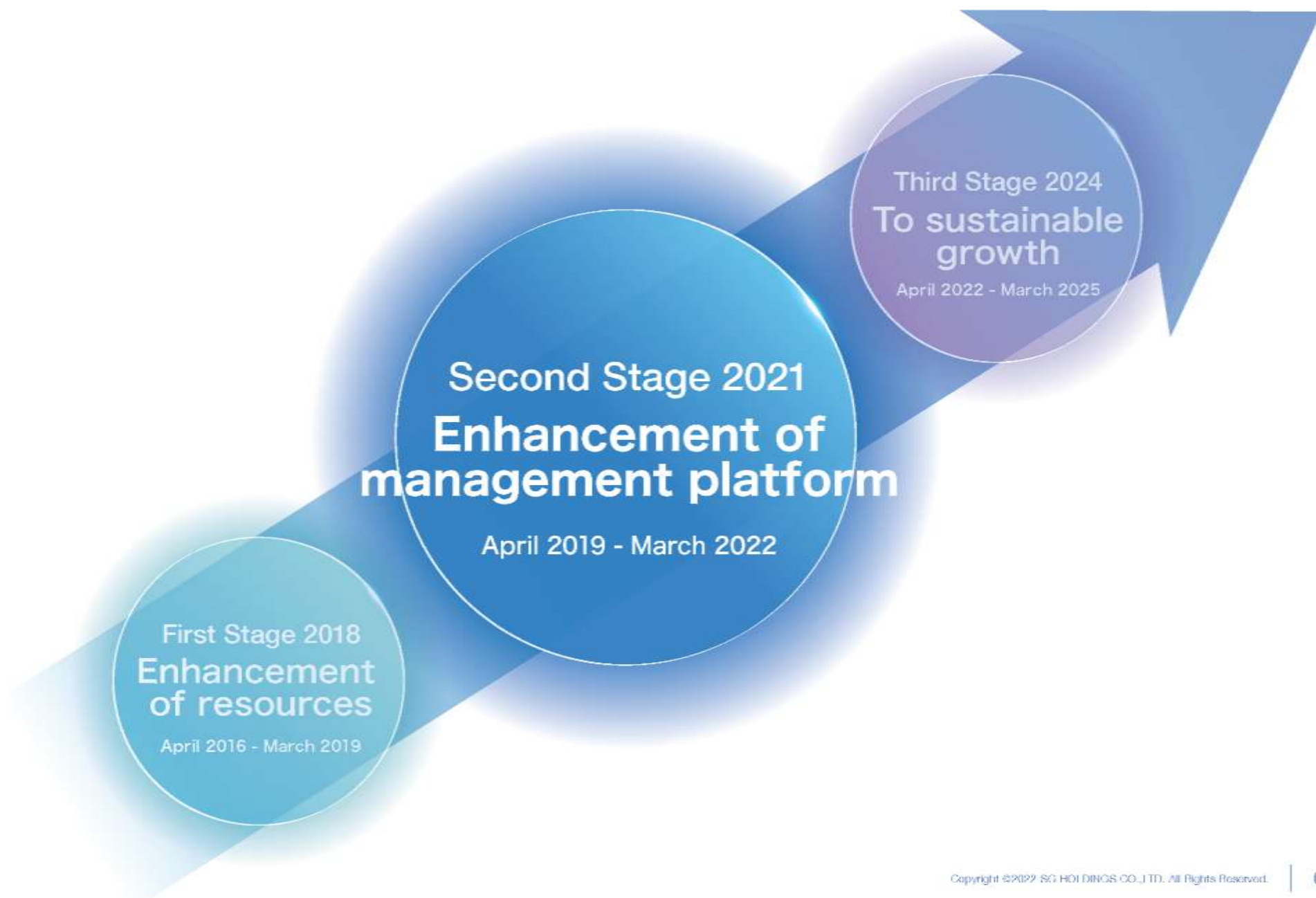
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Appendix

Positioning of Mid-term Management Plan “Second Stage 2021”



Review of Mid-term Management Plan "Second Stage 2021" – Management Targets

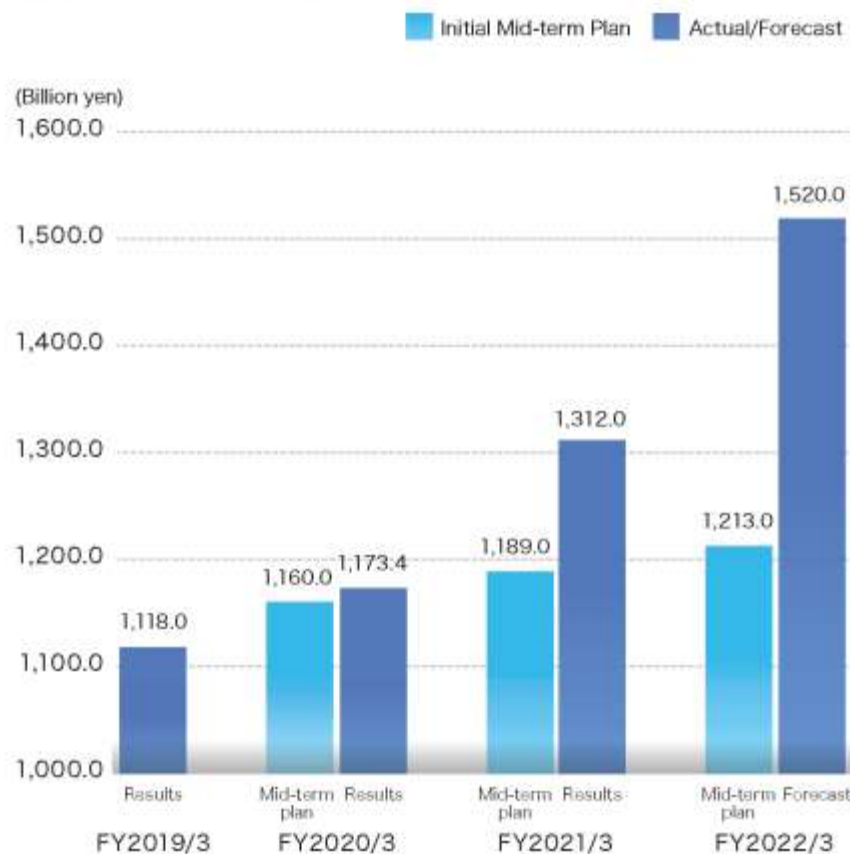
(Billion yen)	FY2019/3	FY2022/3			
	Results	Mid-term plan	Forecast (Earnings forecast as of January 28, 2022)	Comparison with FY2019/3	Comparison with Mid-term plan
Operating revenue	1,118.0	1,213.0	1,520.0	136.0%	125.3%
Operating income	70.3	74.0	139.0	197.7%	187.8%
Operating margin	6.3%	6.1%	9.1%	+2.8pt	+3.0pt
Net income attributable to owners of the parent	43.4	45.5	96.0	221.2%	211.0%
EBITDA	91.3	106.0	169.0	185.1%	159.4%

* Rounded down to nearest 100 million yen

Review of Mid-term Management Plan "Second Stage 2021" – Management Targets

■ Operating revenue and operating income

【Consolidated operating revenue】



【Consolidated operating income and margin】

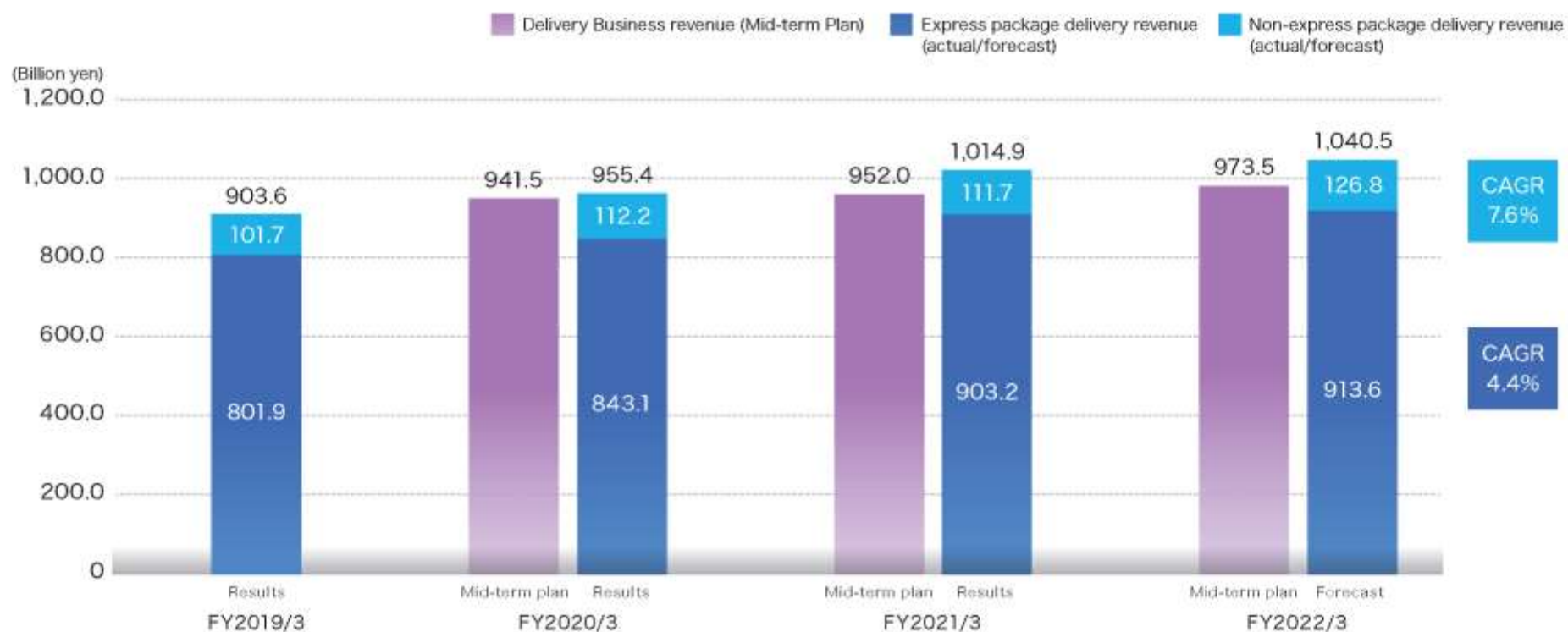


* Rounded down to nearest 100 million yen

* FY2022/3 forecast is the forecast disclosed on January 28, 2022

Review of Mid-term Management Plan "Second Stage 2021" – Management Targets

Results of the Delivery Business (express package delivery/non-express package delivery)

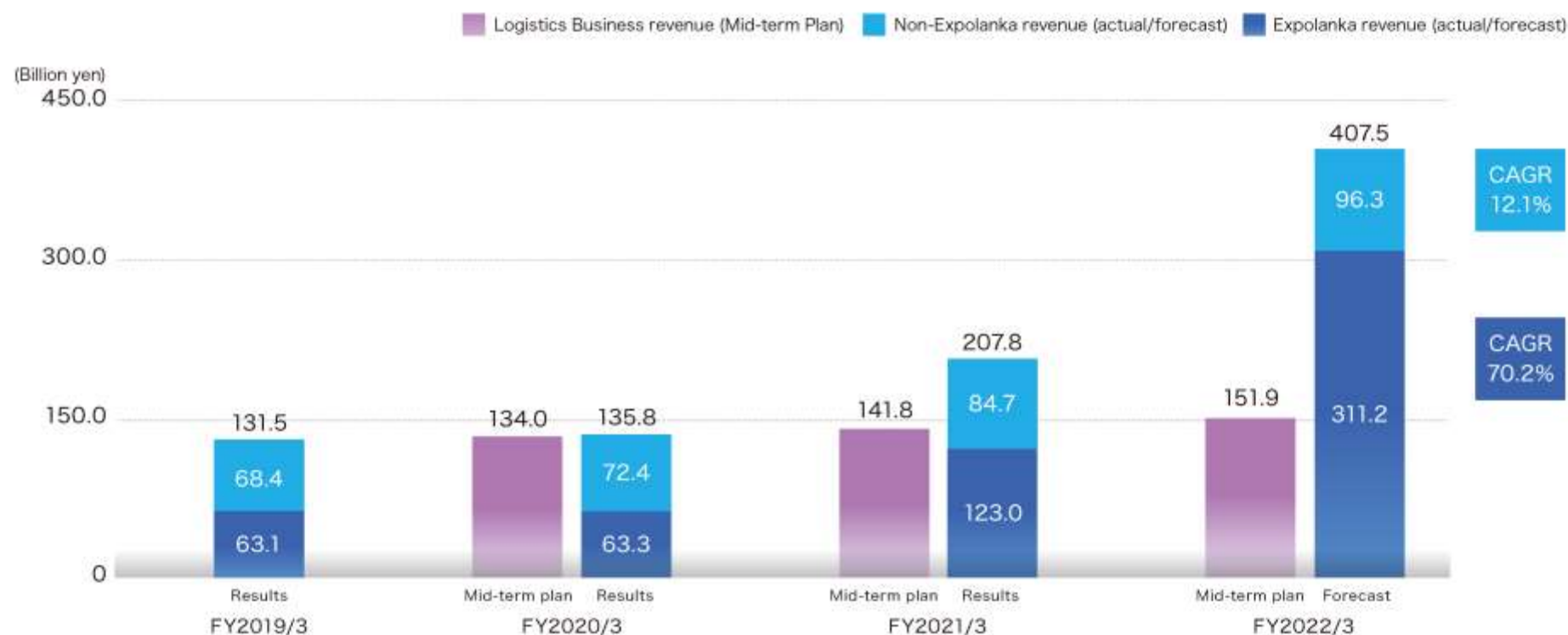


* Rounded down to nearest 100 million yen

* FY2022/3 forecast is the forecast disclosed on January 28, 2022

Review of Mid-term Management Plan "Second Stage 2021" – Management Targets

Results of the Logistics Business (Expolanka/non-Expolanka)



* Rounded down to nearest 100 million yen

* FY2022/3 forecast is calculated based on the forecast disclosed on January 28, 2022

Review of Mid-term Management Plan "Second Stage 2021" – Management Targets

Investment results over the three years

Enhanced management platform through active investments to construct a large-scale logistics facility and to increase environmentally friendly vehicles



* Rounded down to nearest 100 million yen

Overview of Mid-term Management Plan “Second Stage 2021”

■ Overview of “Second Stage 2021”

Quantitative

- » Forecast for FY2022/3 is 1.52 trillion yen in operating revenue and 139 billion yen in operating income
- » Number of packages handled exceeding 1.4 billion
- » Expolanka forecast to have 311.2 billion yen in operating revenue and 32.8 billion yen in operating income
- » Equity ratio exceeding 50%
- » EBITDA increase by 59% from initial plan (FY2022/3 forecast: 169.0 billion yen)

Qualitative

- » Operation of X FRONTIER
- » Provision of solutions such as GOAL[®] and TMS
- » Improvement of engagement of Group employees
- » Selected as DX brand and in all ESG indicators adopted by GPIF
- » Selected in CDP's A List (highest rank)
- » Certified as Best Workplace in the D&I Award 2021

The management indicators targeted for nine years were brought forward to six years

* FY2022/3 forecast is calculated based on the forecast disclosed on January 28, 2022

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Change in management environment

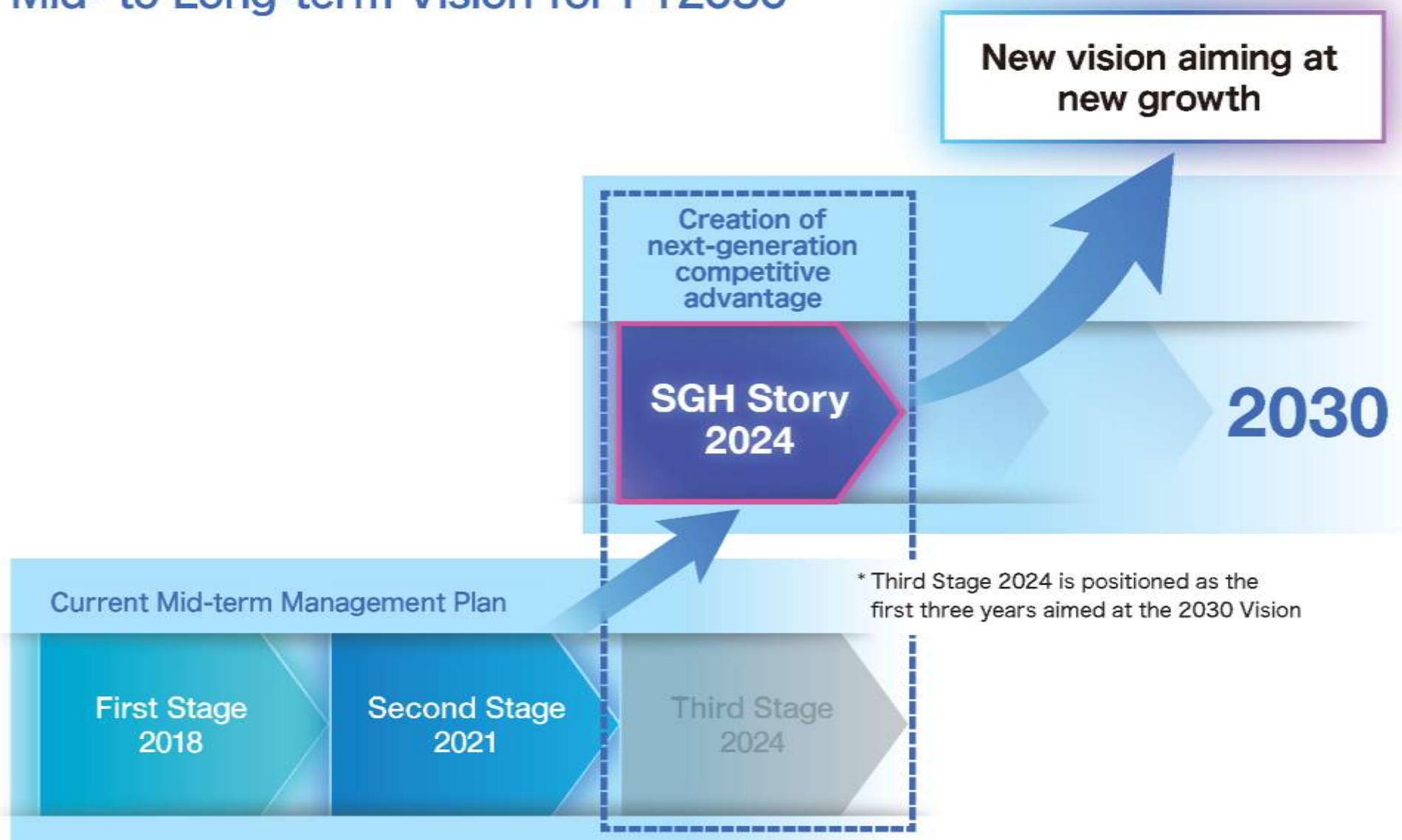
Change in management environment



Changes in the socioeconomic environment will speed up

SG Holdings Group New Long-term Vision

Mid- to Long-term Vision for FY2030



SG Holdings Group SGH Vision 2030

Now more than ever, the rigors of the future are relentlessly demanding answers.

How can we create a sustainable society?

How can our customers, and our society, create a new narrative of growth?

Our answer to this challenge is to develop the innovations in logistics essential for a new society.

Combining our strengths with the strengths of our diverse partners
across industrial boundaries.

And beyond transforming logistics, our aim is to generate value that connects today to the future.

To grow a new story that lets us all share hope.



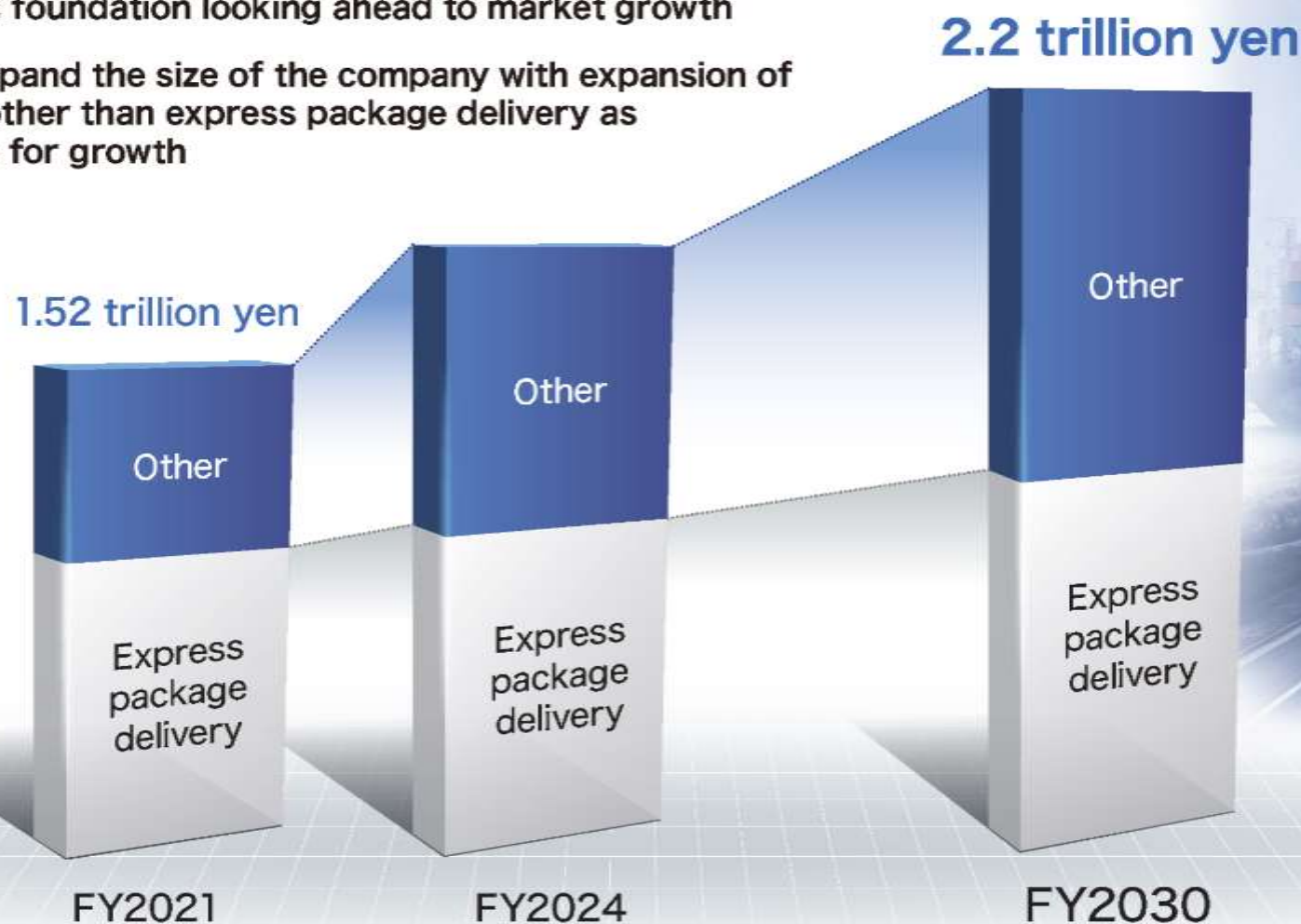
The S in Story is Gosh blue:
it both symbolizes GSH and SAGAWA and
demonstrates our determination to tackle pressing issues
such as Solutions, Social, Smart, Share, Sustainable—and more—
that begin with the letter S.



SG Holdings Group New Long-term Vision

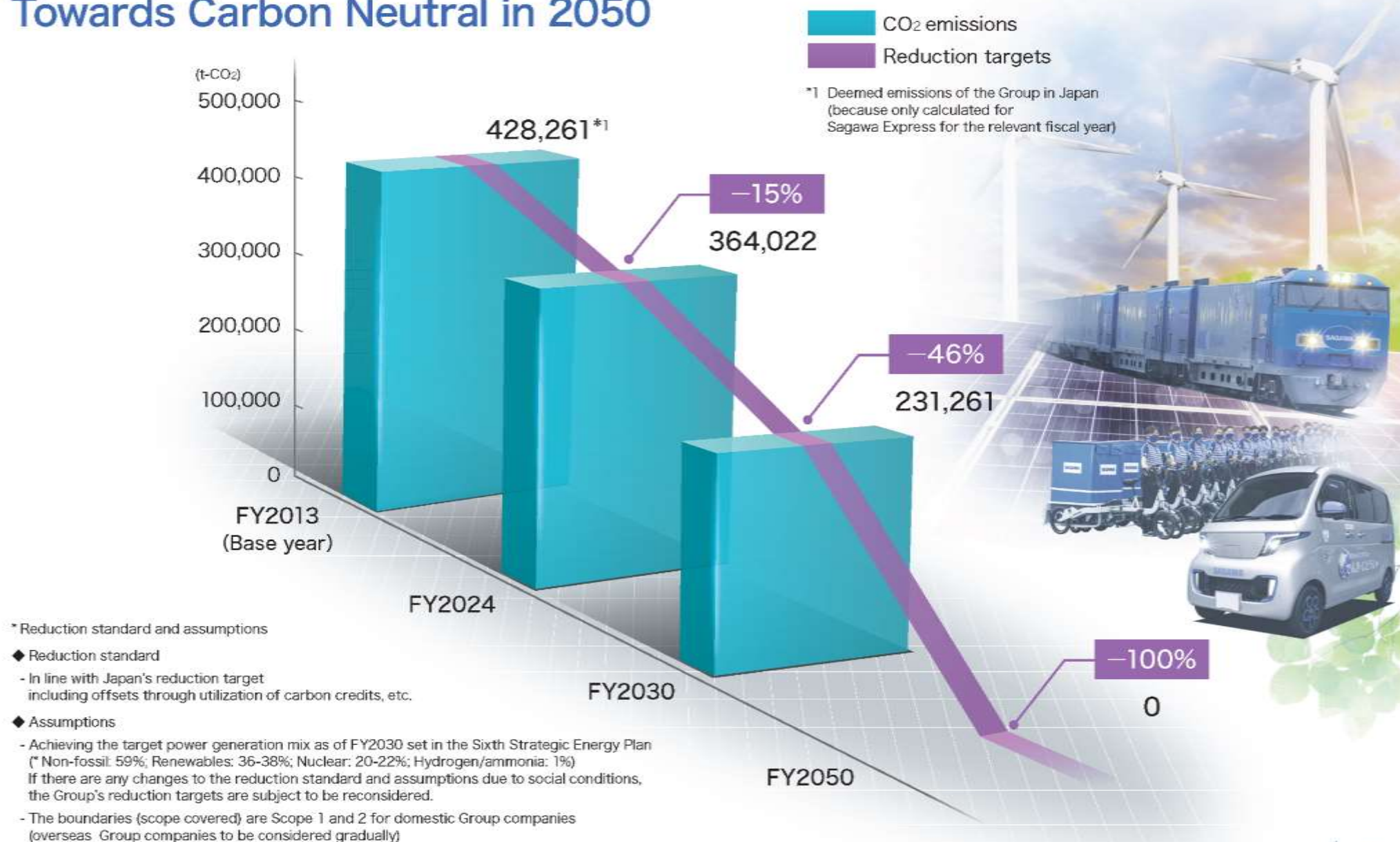
Image of Growth until FY2030

- » Continue to expand express package delivery service as a business foundation looking ahead to market growth
- » Seek to expand the size of the company with expansion of business other than express package delivery as the engine for growth



SG Holdings Group New Long-term Vision

Towards Carbon Neutral in 2050



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New Mid-term Management Plan

New Mid-term Management Plan

「SGH Story 2024」

Basic Policy

Creation of next-generation competitive advantages to realize sustainable growth

FY2025/3 Numerical Targets

Operating revenue

1.65 trillion yen

Operating income

160.0 billion yen

Net income attributable to owners of the parent

105.0 billion yen

New Mid-term Management Plan Management Strategy (Summary)

Basic Policy

Creation of next-generation competitive advantage to realize sustainable growth

Key Strategies

Enhancement of comprehensive logistics solutions (GOAL[®])

- 1 Promotion of services aimed at solving social and environmental issues such as decarbonization
- 2 Expansion of TMS/3PL networks and enhancement of ancillary solutions
- 3 Strengthening international and overseas services
- 4 Improvement of profitability through enhancement of service and improvement of efficiency in express package delivery service

Expansion of management resources leading to the creation of competitive advantages

- 5 Strengthening domestic and overseas transportation network including alliances
- 6 Investment in human capital and improvement of employee engagement
- 7 Creation of competitive advantages through investment in DX
- 8 Creation of new value through open innovation

Further advancement of governance

- 9 Creation of governance structure that meet global standards
- 10 Ongoing advancement of compliance

New Mid-term Management Plan Management Strategy

Promotion of services aimed at the resolution of social and environmental issues such as decarbonization

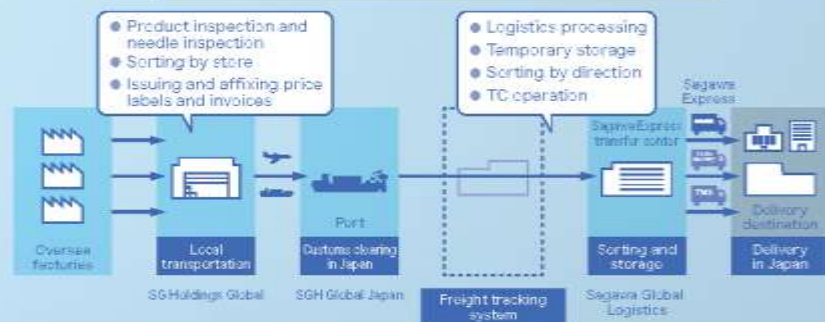
Promotion of social and environmental services

Example) Smart import[®]



After

Direct delivery to domestic destinations



Reduction of CO₂ by shortening transportation distance with direct delivery that does not pass through domestic logistics warehouses

Example) Town support service



Group's decarbonization initiatives



Switching to EVs



Development and usage of renewable energy facilities

Expansion of TMS/3PL networks and enhancement of ancillary solutions

Expand to entire logistics market using strong customer base

logistics market size
24 trillion yen



Strengthening of capability to propose solutions

Increasing quality and speed of proposals

30,000 Sales Drivers

SGH
GOAL
(The Success of Logistics)



Strengthening of competitive advantage of 3PL

Latest material handling
(Labor saving and streamlining)

Data analysis
(Improvement of productivity)

Platforming



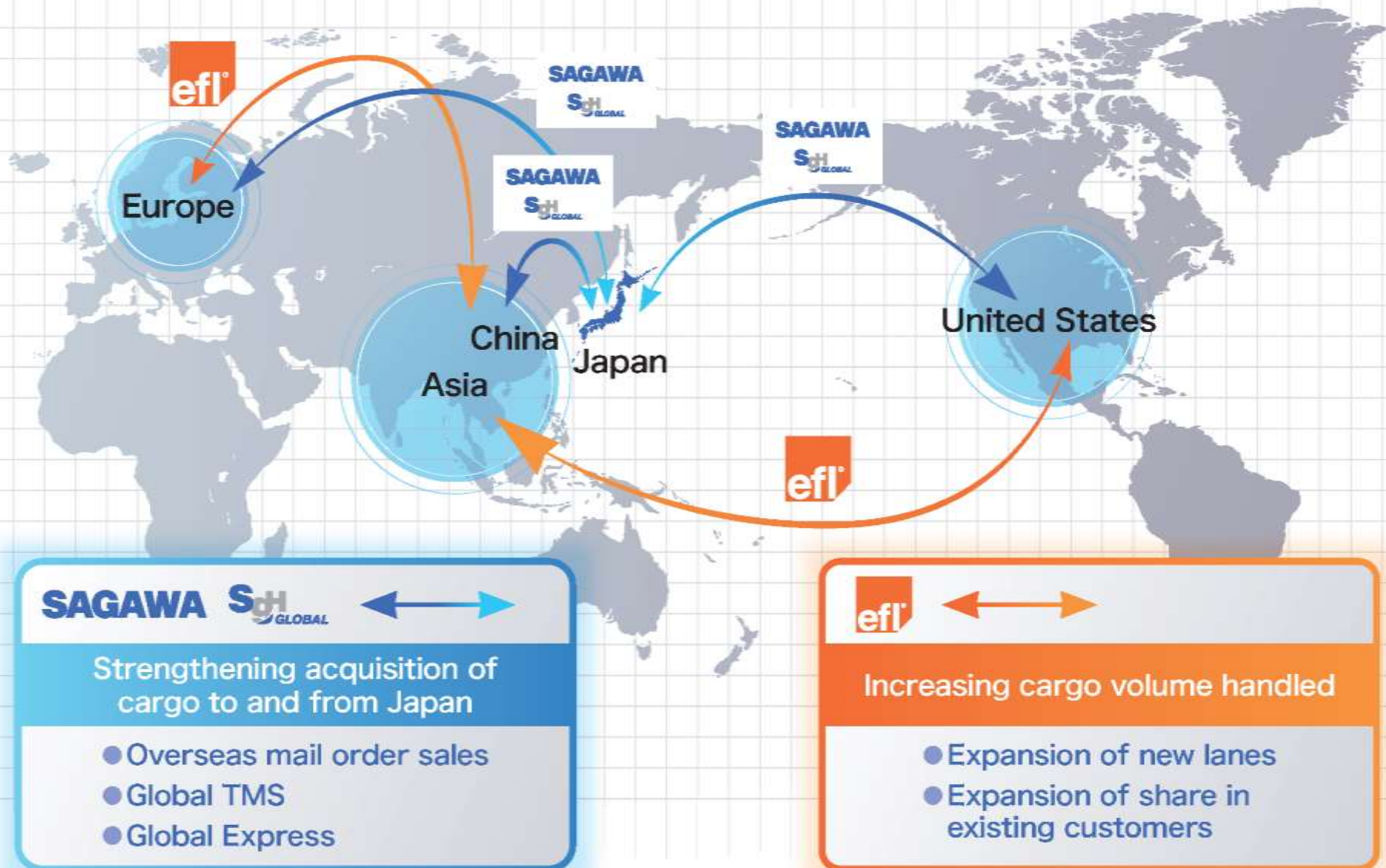
Expansion of own properties to areas with good access to major consumption areas



New Mid-term Management Plan Management Strategy

3

Strengthening international and overseas services

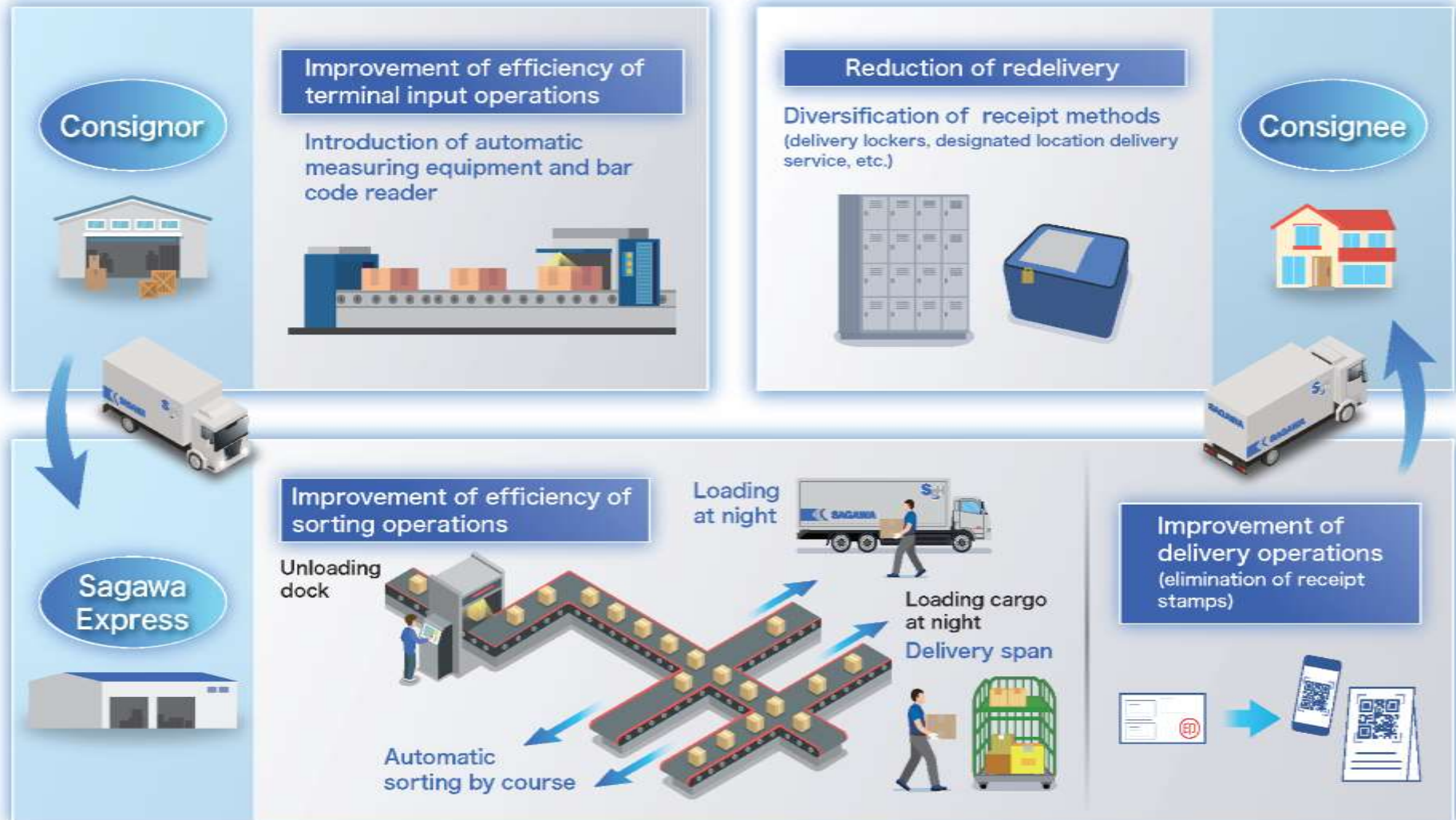


New Mid-term Management Plan Management Strategy

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Improvement of profitability through enhancement of service and improvement of efficiency in express package delivery service

Improvement of operational efficiency through DX initiatives (examples)



Strengthening domestic and overseas transportation network including alliances

Strengthening transfer center capacity

Establishment of
new transfer centers

Introduction of latest
material handling
(Labor saving and
streamlining)

Optimal investment in sales offices

Appropriate
investment according
to priority

Introduction of
automatic sorting
(Labor saving and
streamlining)

Strengthening the network with alliances

Global logistics infrastructure

Global express package delivery network
Japanese forwarders
etc.

Express package delivery infrastructure

Delivery supporters
Post-in service
LCC express package delivery
Joint line-haul transportation
etc.



Creation of TMS/3PL network

Domestic logistics infrastructure

Overseas local infrastructure



China
•
ASEAN



North
America



Europe
•
UK

Areas to be strengthened

Global
Express

toB delivery

Global
TMS

Forwarding
Logistics
toB delivery

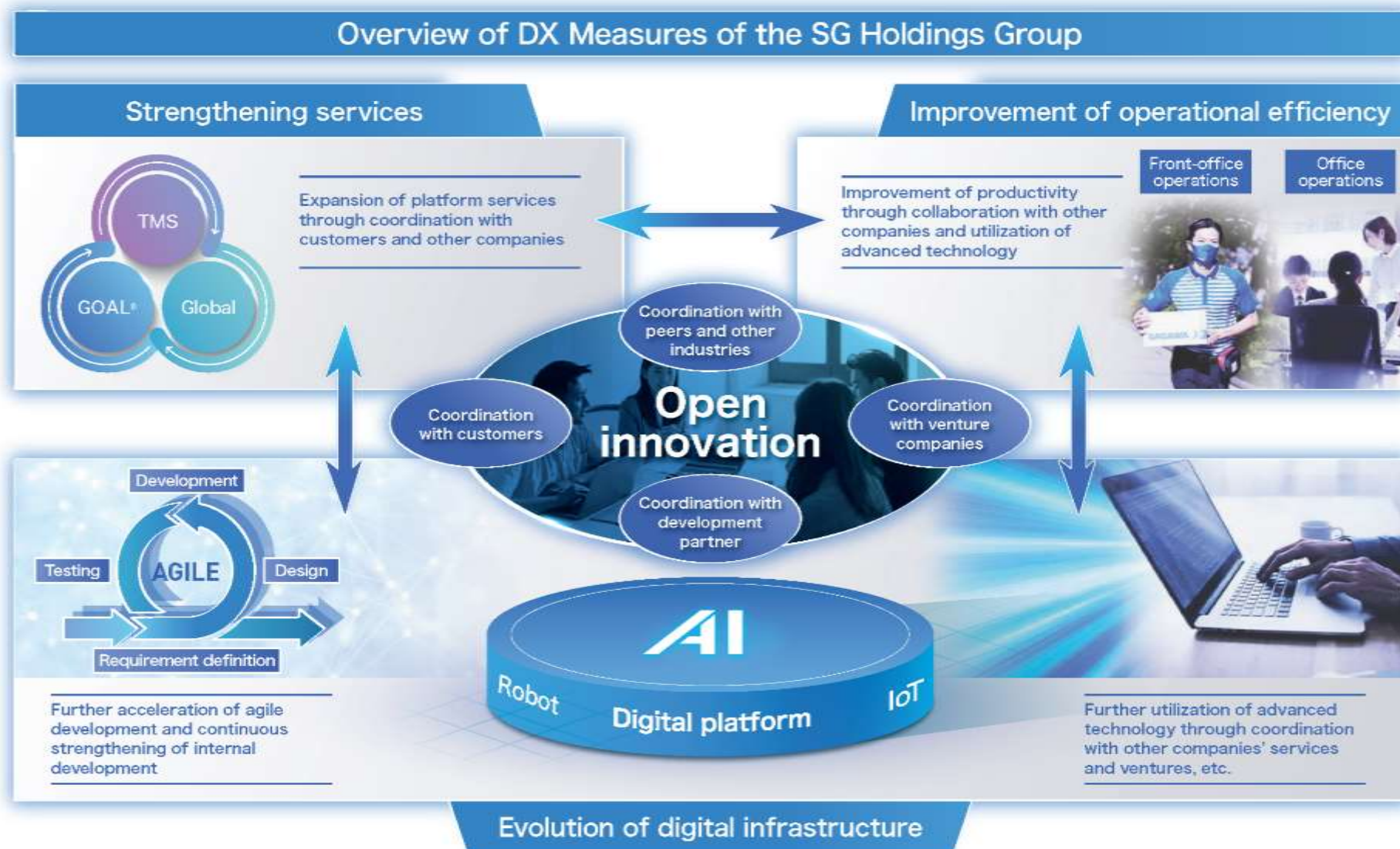
Overseas mail
order sales

Customs clearing
toC delivery
Logistics
Retail infrastructure

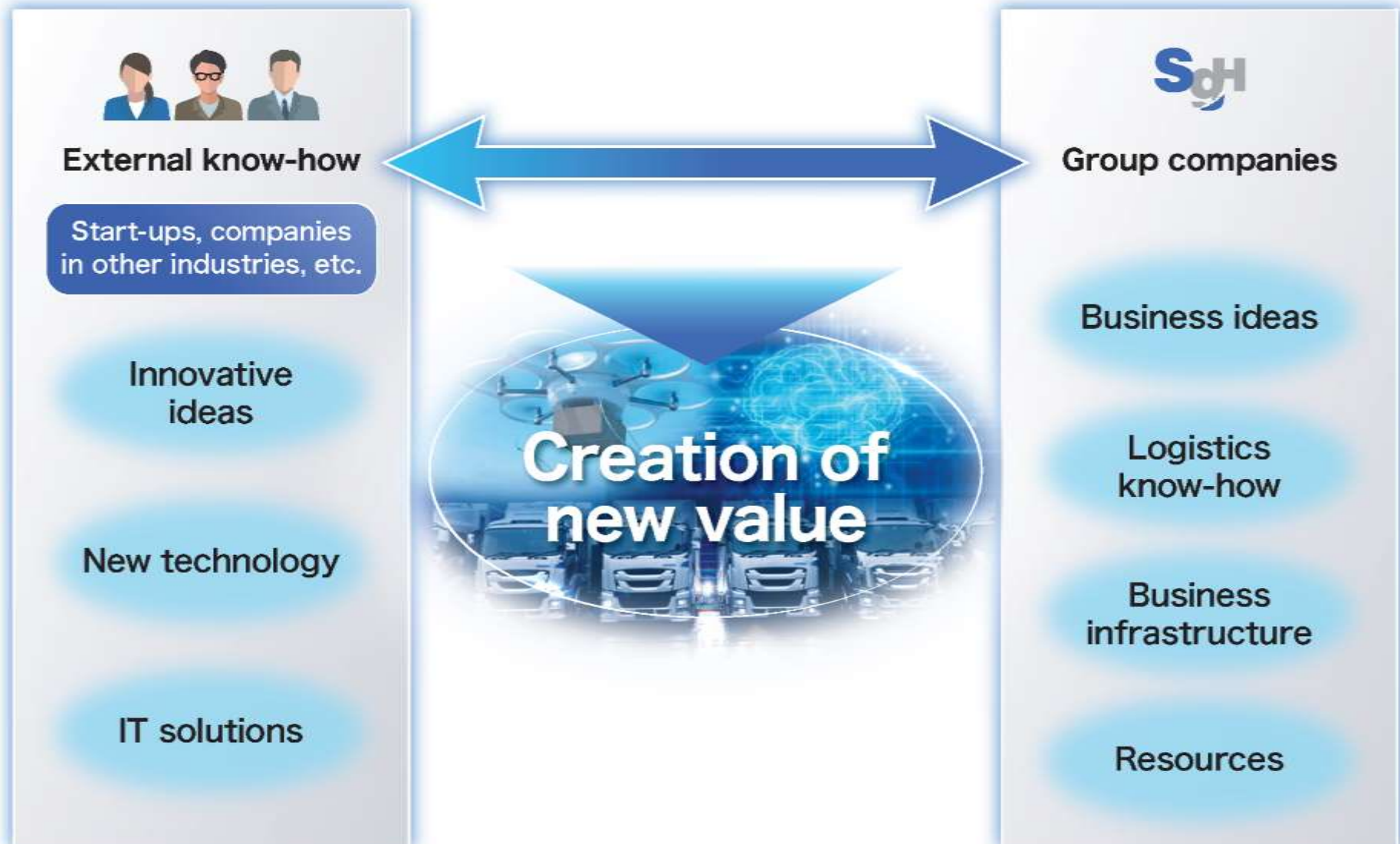
Investment in human capital and improvement of employee engagement



Creation of competitive advantage through investment in DX



Creation of new value through open innovation



New Mid-term Management Plan Management Targets

(Billion yen)	FY2022/3	FY2025/3	
	Forecast (Earnings forecast as of January 28, 2022)	Target	Comparison with FY2022/3
Operating revenue	1,520.0	1,650.0	108.5%
Operating income	139.0	160.0	115.1%
Operating margin	9.1%	9.6%	+0.5pt
Net income attributable to owners of the parent	96.0	105.0	109.3%

* Note Rounded down to nearest 100 million yen

New Mid-term Management Plan Management Targets (Figures by Segment)

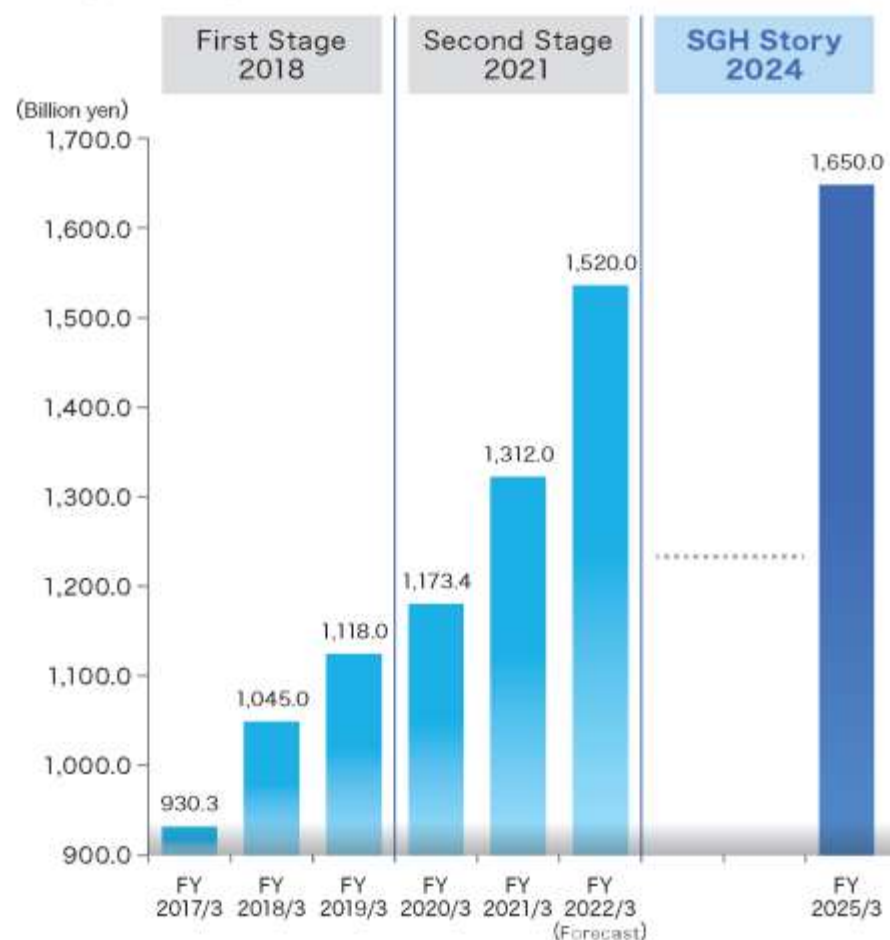
(Billion yen)		FY2022/3	FY2025/3	
		Forecast (Earnings forecast as of January 28, 2022)	Mid-term plan	Comparison with FY2022/3
Operating revenue	Delivery	1,040.5	1,124.0	108.0%
	Logistics	407.5	450.0	110.4%
	Real estate	13.5	15.0	111.1%
	Other	58.5	61.0	104.3%
Operating income	Delivery	89.0	112.0	125.8%
	Logistics	37.0	37.0	100.0%
	Real estate	7.0	6.0	85.7%
	Other	4.0	4.0	100.0%
	Adjustments	2.0	1.0	50.0%

* Note Rounded down to nearest 100 million yen

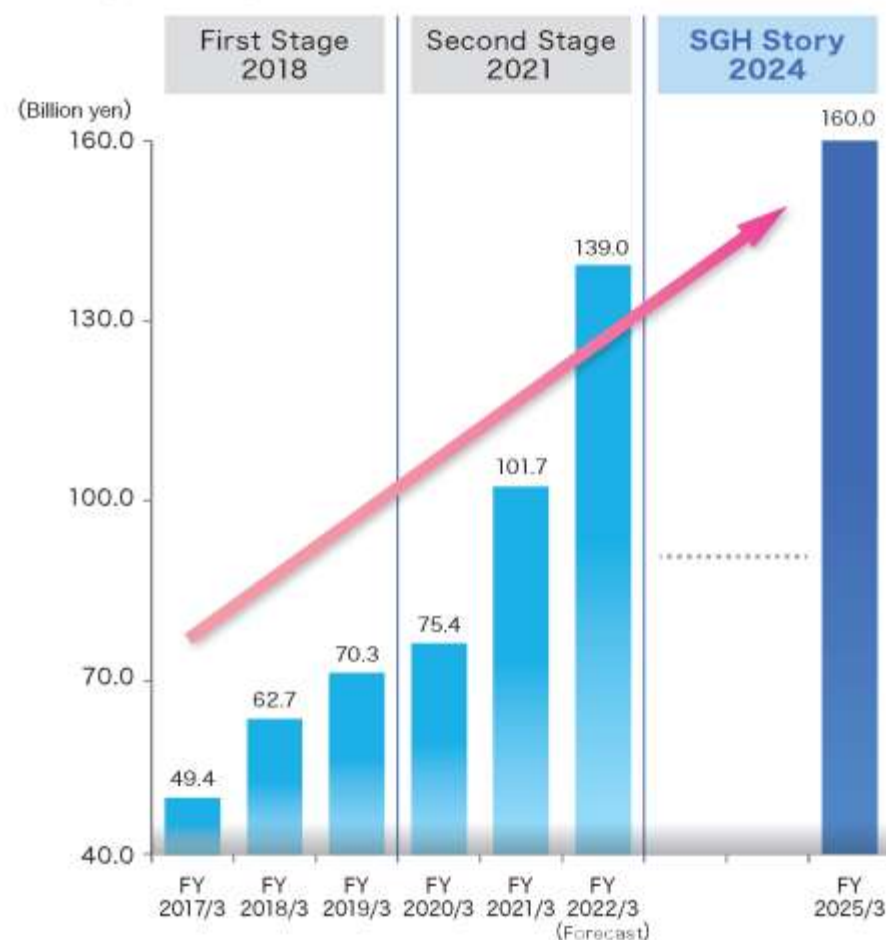
New Mid-term Management Plan

Consolidated Results

【Operating revenue】



【Operating income】



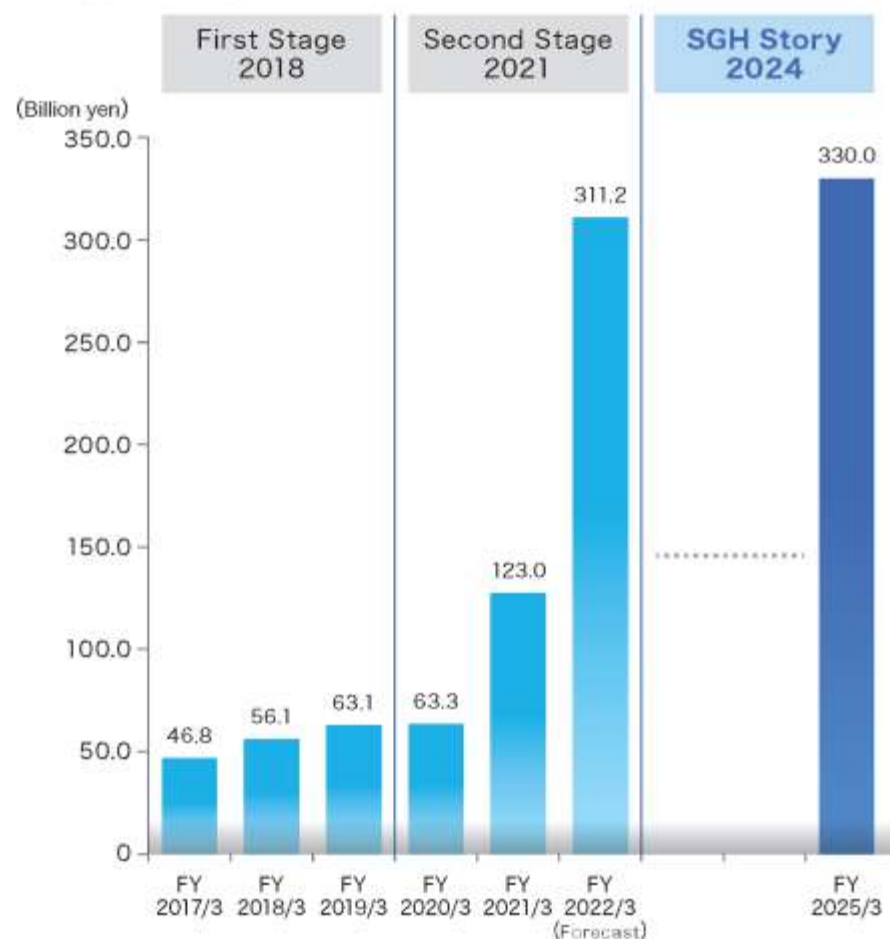
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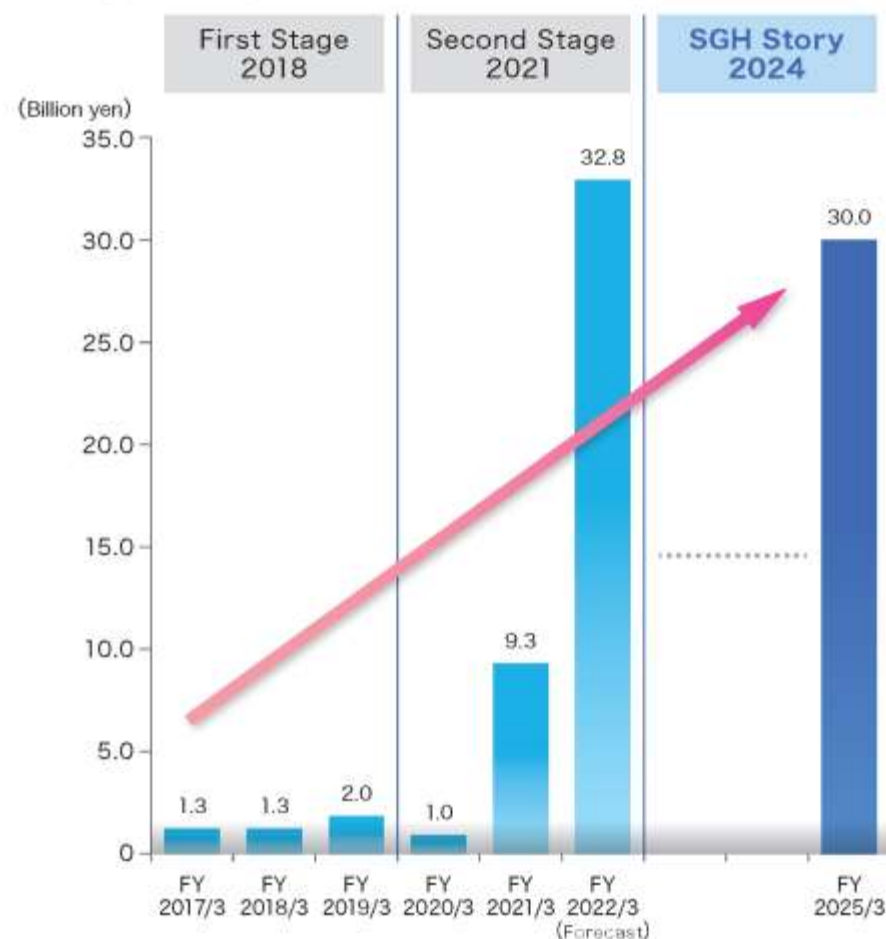
New Mid-term Management Plan

■ Expolanka Results

【Operating revenue】



【Operating income】



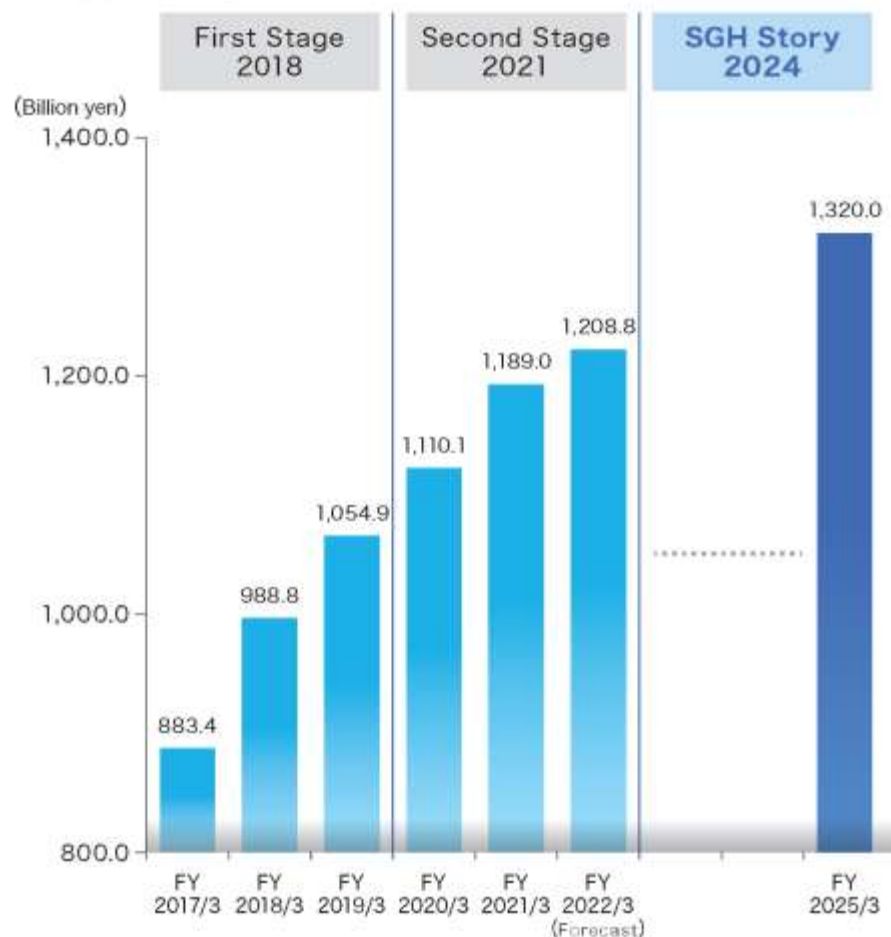
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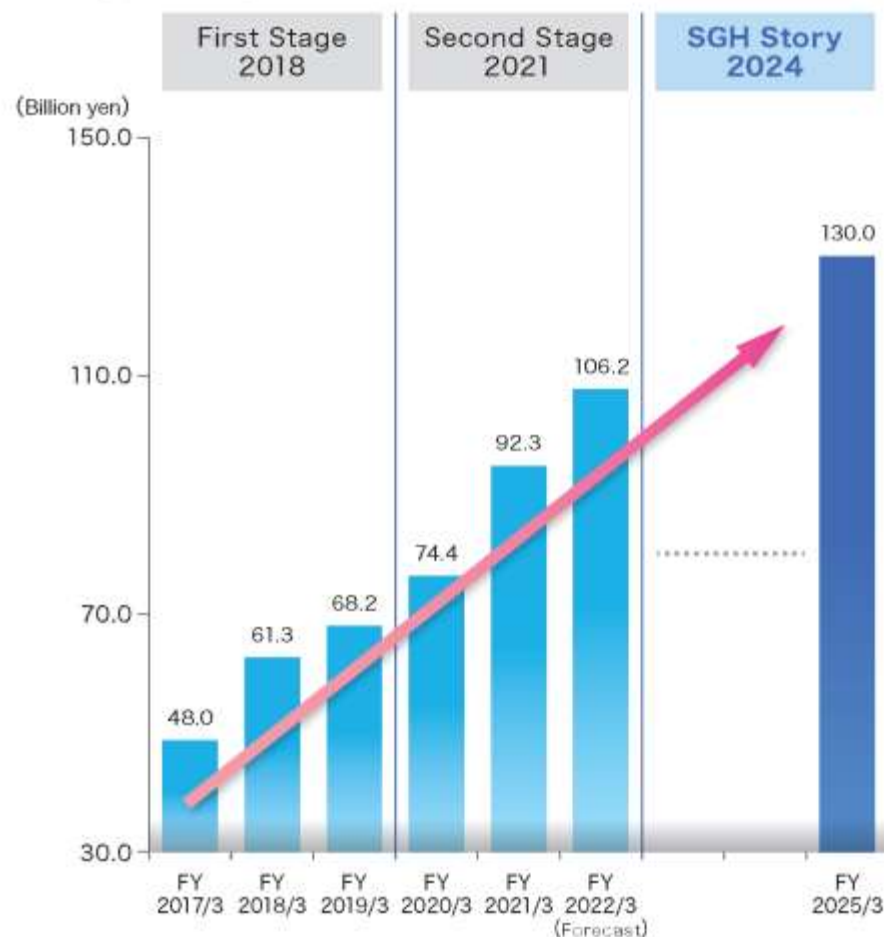
New Mid-term Management Plan

Results Excluding Expolanka

【Operating revenue】



【Operating income】



* Rounded down to nearest 100 million yen

* FY2022/3 forecast is calculated based on the forecast disclosed on January 28, 2022

New Mid-term Management Plan Investment Plan

■ Three-year Investment Plan

- Transfer center concept with consideration of growth in the express package delivery market
- Commencement of usage of EVs starting with light vehicles



Total investment (3-year total) (Billion yen)	215.0
Facility investment	145.0
Vehicle investment	35.0
IT investment	25.0
Other	10.0

* Rounded down to nearest 100 million yen

New Mid-term Management Plan Dividend Policy

■ Dividend Policy

【Basic Policy】

- » Secure the necessary internal reserves for strengthening future business operations and management structure, while continuing to provide stable dividends
- » Consolidated payout ratio of 30% or higher, aiming to increase dividends from the previous year

Dividend per share



* The Company performed a 1:3 stock split of common shares on September 21, 2017, and a 1:2 stock split of common shares on November 1, 2020. The amounts for earnings per share, net assets per share and dividends per share are shown based on the assumption that the stock splits both took place at the start of the fiscal year ended March 31, 2017.

* The fiscal year ended March 31, 2021 includes a special dividend of 5 yen per share

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Reference Materials

		FY2022/3 Forecast	FY2025/3 Plan	Comparison with FY2022/3
Number of packages handled and unit price in the Delivery Business	Number of packages handled (Billion packages)	1.41	1.45	103%
	Unit price (Yen)	648	648	100%
TMS (Billion yen)		100.0	170.0	170%



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