



SG Holdings Co., Ltd.

Results Presentation for FY 2022/3

April 28, 2022

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Highlights of FY 2022/3

In the Delivery Business, the number of packages handled in express package delivery services was steady, backed by the expansion of the e-commerce market.

In the Logistics Business, as global supply chain disruptions continued, and marine and air freight charges remained high, strong performance was maintained by focusing on securing container space to respond to strong demand from customers.

The Group's performance was strong in FY 2022/3 primarily due to these factors.

- **Industry**

- The new normal has become entrenched and the Last One Mile market such as e-commerce was vibrant.
- In addition to the COVID-19 pandemic, growing geopolitical risks also had an impact resulting in the disruption of global supply chains
- ESG initiatives such as decarbonization were further accelerated, responding to the 2024 problem⁽¹⁾ and strengthening governance

- **Overview of the Group's performance**

- The number of packages handled in express package delivery services exceeded the previous year due to the expansion of the e-commerce market
- Expolanka⁽²⁾ focused on securing marine and air container space, responding to robust demand from customers
- Initiatives to reduce labor and improve network efficiency continued, such as digitalization and investment in facilities
- The Group actively disclosed ESG information, and obtained the highest rank of "AAA" from MSCI, a global ESG assessment institution

Note (1) Due to the law concerning the establishment of relevant laws to promote workplace reforms, the upper limit for overtime work of 960 hours per year (i.e., no more than 80 hours per month on average) is applied to vehicle drivers starting from April 1, 2024.

(2) Expolanka Holdings PLC is a consolidated subsidiary of SG Holdings Co., Ltd. based in Sri Lanka.

Summary of consolidated financial results

(Units: billion yen)	FY2021/3	FY2022/3	YoY
Operating revenue	1,312.0	1,588.3	121.1%
Operating income [Operating margin]	101.7 [7.8%]	155.7 [9.8%]	153.1%
Ordinary income	103.6	160.2	154.6%
Net income attributable to owners of the parent	74.3	106.7	143.6%
EBITDA	128.1	188.7	147.3%
Annual dividends	35 yen ⁽²⁾	50 yen	

Note (1) Amounts less than 100 million yen are rounded down. (2) A common stock split on a 2 for 1 basis was carried out on November 1, 2020. The dividend per share for the FY 2021/3 assumes the split had been carried out at the beginning of the fiscal year.

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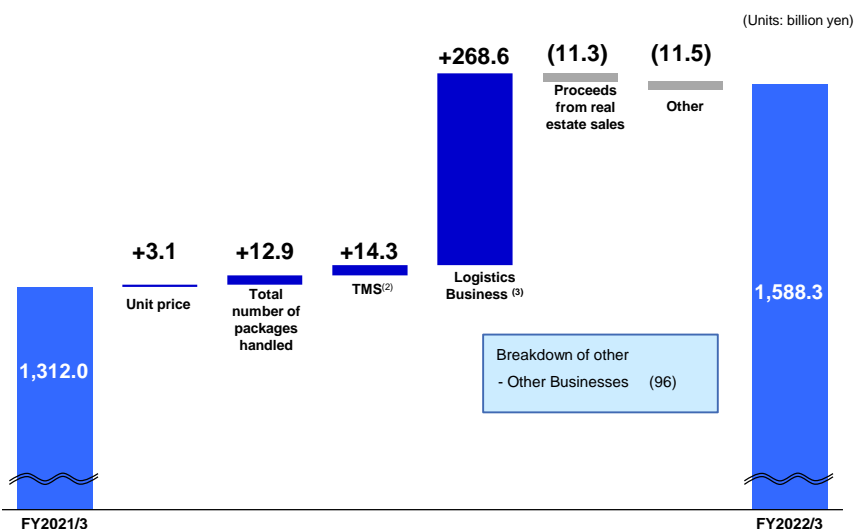
■ Results of the Group [YoY change]

- Operating revenue: + 276.2 billion yen
- Operating income : + 53.9 billion yen
- Ordinary income : + 56.6 billion yen
- Net income attributable to owners of the parent: + 32.3 billion yen
- EBITDA : + 60.6 billion yen

■ FY2022/3 dividends

- Interim : 20 yen (previous fiscal year 18 yen)
- Year-end : 30 yen (previous fiscal year 17 yen)

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) Excluding TMS.

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■ Express package delivery services and TMS results [YoY change]

- Average unit price :646 yen [+2 yen, +0.3%]
- Total number of packages handled:
1,423 million packages [+20 million packages, +1.4%]
- TMS :107.6 billion yen [+14.3 billion yen, +15.4%]

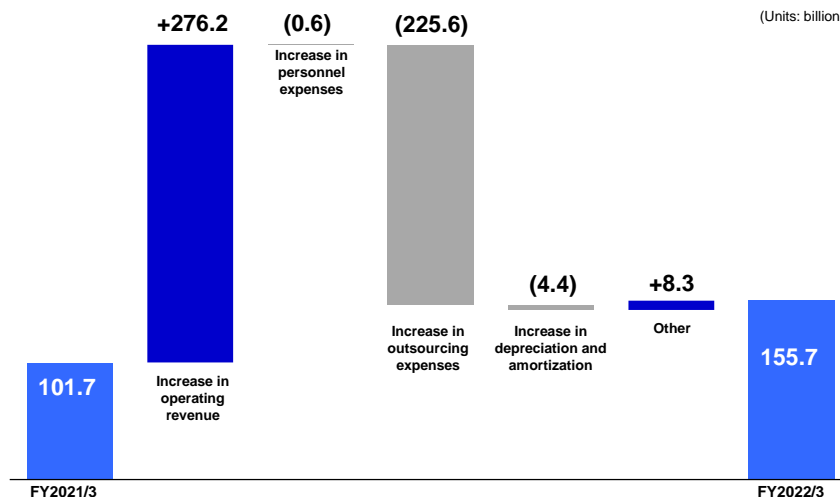
■ Expolanka (Logistics Business) Performance

- Operating revenue :377.7billion yen [+254.6 billion yen, +206.9%]

Analysis of changes in operating income



(Units: billion yen)



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

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■ Breakdown of major expenses

(Units: billion yen)

Subjects	FY 2022/3	YoY Change	YoY	Main factors
Personell expenses	443.9	+0.6	+0.1%	Increase in Logistics Business revenue
Outsourcing expenses	804.4	+225.6	+39.0%	
Depreciation and amortization	30.4	+4.4	+16.9%	Facility investments such as X Frontier
Other(including fuel expenses)	153.7	(8.3)	(5.2)%	Decrease in the proceeds from sales of real estate holdings
Total	1,432.6	+222.3	+18.4%	

Results by segment

(Units: billion yen)	FY2021/3	FY2022/3	YoY
Total operating revenue	1,312.0	1,588.3	121.1%
Delivery Business	1,014.9	1,043.1	102.8%
Logistics Business	207.8	477.0	229.6%
Real Estate Business	22.8	11.2	49.4%
Other Businesses	66.4	56.8	85.5%
Total operating income	101.7	155.7	153.1%
Delivery Business	71.4	93.2	130.4%
Logistics Business	12.7	48.4	380.2%
Real Estate Business	11.3	6.6	58.4%
Other Businesses	4.2	4.6	110.7%
Adjustments	1.9	2.7	141.4%

Note Amounts less than 100 million yen are rounded down.

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■ Breakdown of main changes in operating income [YoY change]

- Delivery Business: +21.7 billion yen
 - Increase in unit price of express package delivery, increase in TMS sales and decrease in compensations
- Logistics Business: +35.7 billion yen
 - Expolanka results: 43.8 billion yen [+34.5 billion yen, +368.9%]
- Real Estate Business: (4.7) billion yen
 - Decrease in the proceeds from sales of real estate holdings
- Other Businesses: +0.4 billion yen

Overview of results by segment

Delivery Business

- Due to the new normal becoming entrenched, shipments of mail order sales such as e-commerce continued to be steady
- Unit price was almost the same as the previous year, as cross-border e-commerce transactions increased, and the number of smaller packages increased.
- TMS performed well as a result of proposal sales by GOAL[®](1)
- Sagawa Express Co., Ltd. and Japan Post Co., Ltd. commenced initiatives such as joint operation of line-haul transportation with the aim of realizing sustainable transportation

Logistics Business

- Expolanka focused on securing marine and air container space, responding to robust demand from customers
- We received contracts for new business such as 3PL through comprehensive solution proposals made by GOAL[®]

Real Estate Business

- The scale was decreased from initial plans in the Q4 with the sale of real estate holdings

Other Businesses

- BPO transactions increased
- Automobile sales and e-Collect[®](2) transactions decreased

Notes: (1) GOAL is a registered trademark of SG Holdings Co., Ltd.
(2) e-Collect[®] is a registered trademark of SG Holdings Co., Ltd.

Consolidated Statement of Cash Flows

Major cash flow items

(Units: billion yen)	As of March 31, 2021	As of March 31, 2022
Cash flows from operating activities	121.2	81.8
Cash flows from investing activities	0.5	(45.2)
Free cash flows	121.7	36.5
Cash flows from financing activities	(121.9)	(25.3)
Net increase (decrease) in cash and cash equivalents	0.4	18.2
Cash and cash equivalents at end of the year	69.1	87.3

Note (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 81.8 billion yen

Major components:

Income before income taxes	160.6 billion yen
Depreciation and amortization	30.3 billion yen
Net changes in accrued bonuses	0.6 billion yen
Net changes in trade notes and accounts receivable	(87.9) billion yen
Net changes in trade notes and accounts payable	21.4 billion yen
Net changes in advance payments	(7.0) billion yen
Net changes in deposits received	(1.1) billion yen
Income taxes paid	(38.8) billion yen

• Cash flows from investing activities (45.2) billion yen

Major components:

Purchases of property, plant and equipment	(53.2) billion yen
Purchases of intangible assets	(6.1) billion yen
Proceeds from sales of investment securities	15.1 billion yen

• Cash flows from financing activities (25.3) billion yen

Major components:

Cash dividends paid	(24.0) billion yen
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Consolidated Balance Sheet

(Units: billion yen)	As of March 31, 2021	As of March 31, 2022	(Units: billion yen)	As of March 31, 2021	As of March 31, 2022
Current assets	303.6	389.6	Liabilities	385.4	409.8
Cash and deposits	69.1	87.3	Accounts payable	79.7	93.7
Accounts receivable and other receivables	187.8	247.8	Interest-bearing debt	123.7	135.2
Inventories	30.7	29.7	Other	181.8	180.8
Other current assets	15.8	24.7			
Non-current assets	486.6	532.1	Net assets	404.8	511.9
Property, plant and equipment	352.8	387.2	Portion attributable to owners of the parent	398.3	496.3
Goodwill	4.0	2.3	Non-controlling interests	6.5	15.5
Other non-current assets	129.7	142.4			
Total assets	790.2	921.7	Total liabilities and net assets	790.2	921.7

Note Amounts less than 100 million yen are rounded down.

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■ Equity ratio

- Equity ratio: 53.8% [+3.4 points from end of previous fiscal year]

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Consolidated earnings and dividend forecast

(Units: billion yen)	FY2022/3 results	FY2023/3 earnings forecast	YoY
Operating revenue	1,588.3	1,650.0	103.9%
Operating income [Operating margin]	155.7 [9.8%]	142.0 [8.6%]	91.2%
Ordinary income	160.2	143.0	89.2%
Net income attributable to owners of the parent	106.7	96.0	89.9%

Dividend per share	Interim	20 yen	25 yen
	Year-end	30 yen	26 yen
	Total	50 yen	51 yen

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

(2) Assumptions for the earnings forecast for FY 2023/3: Average unit price of 647 yen and 1.43 billion packages to handle in Delivery Business.

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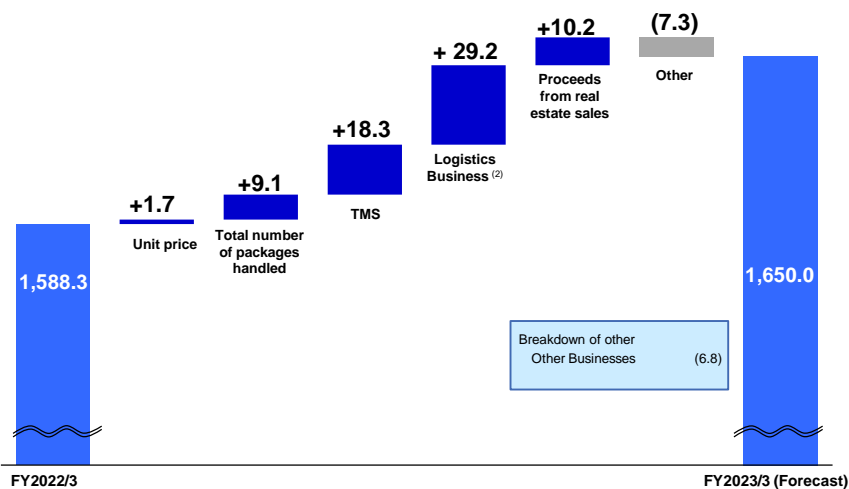
■ Earnings forecast for FY 2023/3 [YoY change]

Forecasts for FY 2023/3 were formulated based on the results for FY 2022/3, and the current situation.

- Operating revenue : +61.6 billion yen
- Operating income : (13.7) billion yen
- Ordinary income : (17.2) billion yen
- Net income attributable to owners of the parent: (10.7) billion yen

Analysis of changes in operating revenue forecast

(Units: billion yen)



Notes (1) Amounts less than 100 million yen are rounded down. (2) Excluding TMS.

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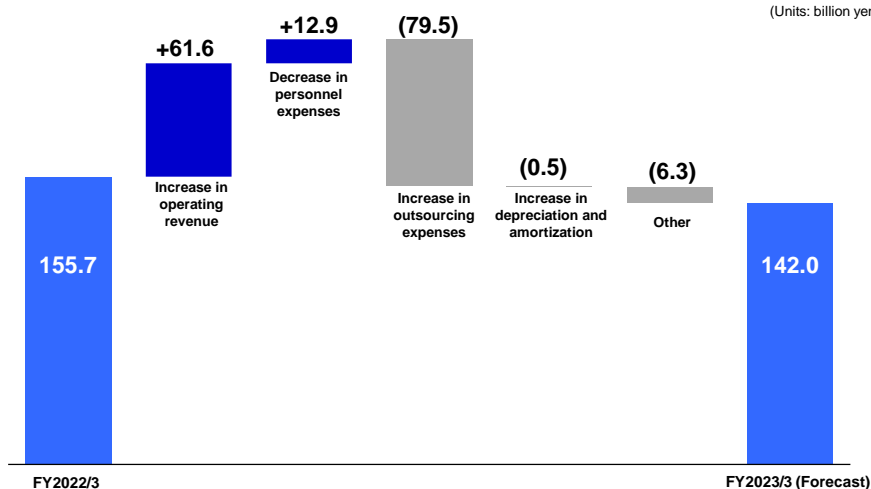
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■ Earnings forecast for FY 2023/3 [YoY change]

- Average unit price : 647 yen [+0.2%]
- Total number of packages to handle : 1.43 billion packages [+1.0%]
- TMS : 126.0 billion yen [+17.1%]

Analysis of changes in operating income forecast

(Units: billion yen)



Note Amounts less than 100 million yen are rounded down.

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■ Earnings forecast for FY 2023/3 [YoY change]

- Operating revenue : 1.65 trillion yen [+3.9%]
- Personnel expenses : 431.0 billion yen [(2.9)%]
- Outsourcing expenses : 884.0 billion yen [+9.9%]
- Depreciation and amortization : 31.0 billion yen [+1.8%]

Consolidated earnings forecast (FY2023/ 3 1H)

(Units: billion yen)	FY2022/3 1H results	FY2023/3 1H earnings forecast	YoY
Operating revenue	726.0	810.0	111.6%
Operating income [Operating margin]	58.8 [8.1%]	61.0 [7.5%]	103.6%
Ordinary income	58.8	61.0	103.7%
Net income attributable to owners of the parent	39.8	41.0	102.9%

Note Amounts less than 100 million yen are rounded down.

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■ Forecast for FY2023/3 1H [YoY change]

- Operating revenue : + 83.9 billion yen
- Operating income : + 2.1 billion yen
- Ordinary income : + 2.1 billion yen
- Net income attributable to owners of the parent:
+ 1.1 billion yen

Overview of forecasts by segment

(Units: billion yen)	FY2022/3 results	FY2023/3 earnings forecast	YoY
Total operating revenue	1,588.3	1,650.0	103.9%
Delivery Business	1,043.1	1,067.0	102.3%
Logistics Business	477.0	510.0	106.9%
Real Estate Business	11.2	23.0	203.7%
Other Businesses	56.8	50.0	87.9%
Total operating income	155.7	142.0	91.2%
Delivery Business	93.2	99.0	106.2%
Logistics Business	48.4	27.0	55.7%
Real Estate Business	6.6	9.0	136.1%
Other Businesses	4.6	4.0	85.9%
Adjustments	2.7	3.0	108.3%

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

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■ YoY change by segment

- Operating revenue **+61.6 billion yen**
 - Delivery Business **+23.8 billion yen**
 - Logistics Business **+32.9 billion yen**
 - Real Estate Business **+11.7 billion yen**
 - Other Businesses **(6.8) billion yen**

- Operating income **(13.7) billion yen**
 - Delivery Business **+5.7 billion yen**
 - Logistics Business **(21.4) billion yen**
 - Real Estate Business **+2.3 billion yen**
 - Other Businesses **(0.6) billion yen**
 - Adjustments **+0.2 billion yen**

• Logistics Business: Assumptions for the earnings forecast

Forecast of Expolanka's earnings and volume of freight to handle [YoY change]

Earnings: Operating revenue 400.0 billion yen [+ 6%]

Operating income 22.0 billion yen [(50)%]

Volume of freight to handle: Air 198k t [+ 0%]

Ocean 283k TEU [+ 1%]

Exchange rate :1\$=125 yen

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Growth strategy for TMS

Expand challenge areas while increasing shares in existing areas

Areas	Major customers
Existing areas	<ul style="list-style-type: none"> • Daily necessities & luxury goods • Telecommunication etc. • Food and Agriculture • Distribution and Restaurant • Contracts from Transportation and Logistics companies <p>etc.</p>
Challenge areas	<ul style="list-style-type: none"> • Heavy industry • Medical • Global • Local government support <p>etc.</p>

Our Group's unique competitive advantages

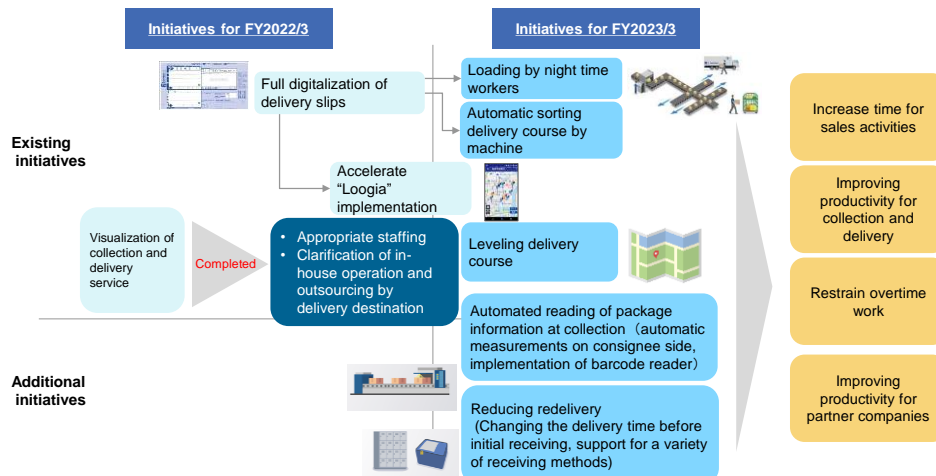
Sales activities by our approximately 30,000 sales drivers

Utilize various resources of Group companies (3PL, forwarding, overseas business, etc.)

Over 8,000 vehicles of partner companies

Initiatives for FY2023/3 ②

Digitalization efforts



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Summary of consolidated financial results (single quarters)

(Units: billion yen)	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
Operating revenue	347.5	109.4%	378.5	119.3%	440.5	126.9%	421.7	127.8%	1,588.3	121.1%
Operating income [Operating margin]	28.9 [8.3%]	104.4%	29.9 [7.9%]	120.8%	55.9 [12.7%]	155.3%	40.8 [9.7%]	309.9%	155.7 [9.8%]	153.1%
Ordinary income	29.6	102.9%	29.2	121.8%	57.7	155.3%	43.6	319.3%	160.2	154.6%
Net income attributable to owners of the parent	20.6	119.9%	19.1	95.5%	40.1	155.2%	26.7	239.2%	106.7	143.6%
EBITDA	36.1	106.3%	37.6	120.7%	63.8	150.1%	51.0	250.9%	188.7	147.3%

Note Amounts less than 100 million yen are rounded down.

Results by segment (single quarters)

(Units: billion yen)	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
Total operating revenue	347.5	109.4%	378.5	119.3%	440.5	126.9%	421.7	127.8%	1,588.3	121.1%
Delivery Business	254.3	104.6%	252.9	101.5%	283.0	103.2%	252.7	101.8%	1,043.1	102.8%
Logistics Business	77.0	189.1%	108.2	219.9%	141.3	257.7%	150.3	238.8%	477.0	229.6%
Real Estate Business	1.9	11.5%	1.8	99.1%	1.8	94.4%	5.6	314.9%	11.2	49.4%
Other Businesses	14.0	86.3%	15.4	91.3%	14.3	88.9%	13.0	76.0%	56.8	85.5%
Total operating income	28.9	104.4%	29.9	120.8%	55.9	155.3%	40.8	309.9%	155.7	153.1%
Delivery Business	20.2	129.4%	17.7	98.4%	36.6	124.1%	18.5	224.4%	93.2	130.4%
Logistics Business	5.7	280.1%	9.0	209.3%	16.3	441.6%	17.3	646.8%	48.4	380.2%
Real Estate Business	1.4	16.7%	1.0	99.2%	0.9	81.5%	3.1	513.1%	6.6	58.4%
Other Businesses	0.9	101.5%	1.5	154.1%	1.0	112.5%	1.1	84.4%	4.6	110.7%
Adjustments	0.6	88.8%	0.5	163.0%	0.9	137.4%	0.6	258.5%	2.7	141.4%

Note Amounts less than 100 million yen are rounded down.

Results of Expolanka (single quarters)

(Units: billion yen)	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
Operating Revenue	53.3	256.3%	83.6	296.9%	119.6	364.8%	121.1	293.2%	377.7	306.9%
Operating income	4.3	313.2%	8.1	247.0%	15.2	575.3%	16.1	803.7%	43.8	468.9%
Air Volume (k t) ⁽²⁾	42	197.5%	60	162.7%	57	139.2%	37	121.9%	198	151.5%
Ocean Volume(kTEU) ⁽²⁾	72	275.1%	73	155.9%	66	119.3%	69	117.0%	281	149.4%

Note (1)Amounts less than 100 million yen are rounded down.
(2)rounded down to the nearest whole number.

Status of the products and services

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

	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
(Millions of packages, yen)										
Total number of packages handled ⁽¹⁾	347	101.5%	343	99.9%	383	101.8%	349	102.5%	1,423	101.4%
Hikyakū Express ⁽²⁾	333	101.4%	330	100.0%	369	102.0%	336	102.8%	1,369	101.6%
Other ⁽³⁾	13	105.9%	13	96.0%	14	95.8%	12	94.4%	54	97.9%
Average unit price	645	101.8%	648	100.7%	649	99.8%	641	99.2%	646	100.3%

e-Collect: Status of number of packages and value of payments settled

	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
(Millions of packages, billion yen)										
Number of packages	19	87.4%	17	78.9%	18	81.9%	16	85.3%	72	83.3%
Value of payments settled	227.4	92.2%	208.4	82.1%	230.6	84.4%	194.2	86.3%	860.7	86.1%

Status of TMS

	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
(Billion yen)										
Sales	24.9	117.6%	27.0	115.5%	27.6	111.7%	27.9	117.4%	107.6	115.4%

Sales by region

	FY2022/3		YoY
(Billion yen)			
Operating revenue	1,588.3	121.1%	
Japan	1,182.3	101.7%	
Overseas	406.0	272.4%	

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

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

(3) Other shows the number of packages handled by Hikyakū Large Size Express⁽⁴⁾ and other companies.

(4) Hikyakū Express_® and Hikyakū Large Size Express_® are a registered trademarks of SG Holdings Co., Ltd.

Breakdown of operating expenses

Major expense items in consolidated accounts

(Units: billion yen)	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
Total operating expenses	318.6	109.9%	348.5	119.2%	384.6	123.6%	380.8	120.2%	1,432.6	118.4%
Personnel expenses	109.3	99.7%	111.4	101.9%	113.7	103.0%	109.4	96.1%	443.9	100.1%
Outsourcing expenses (including subcontracted vehicle expenses)	165.6	127.4%	190.9	138.4%	224.4	144.3%	223.3	143.9%	804.4	139.0%
Fuel expenses	2.6	129.2%	3.1	123.5%	3.2	133.9%	3.0	128.4%	12.0	128.7%
Depreciation and amortization	7.2	115.2%	7.4	116.3%	7.7	120.4%	7.9	115.8%	30.4	116.9%
Other expenses	33.7	80.5%	35.5	98.5%	35.3	97.5%	37.0	96.2%	141.6	92.7%

Major expense items in Delivery Business

(Units: billion yen)	Q1		Q2		Q3		Q4		Full year	
	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY	FY2022/3	YoY
Total operating expenses	245.3	103.0%	246.7	102.1%	258.0	100.8%	245.5	98.1%	995.6	101.0%
Personnel expenses	93.9	97.4%	95.5	99.9%	95.5	99.9%	89.7	90.9%	374.7	97.0%
Outsourcing expenses (including subcontracted vehicle expenses)	117.8	107.3%	116.9	103.6%	127.2	101.2%	120.4	102.3%	482.4	103.5%
Fuel expenses	2.6	129.2%	3.1	124.0%	3.1	134.0%	2.9	128.0%	11.9	128.7%
Depreciation and amortization	5.1	116.5%	5.3	119.0%	5.3	120.1%	5.4	112.9%	21.2	117.0%
Other expenses	25.7	101.6%	25.8	98.3%	26.6	96.0%	27.0	101.2%	105.2	99.2%

Note Amounts less than 100 million yen are rounded down.

Status of employees, vehicles and locations

(Employees, vehicles, locations)		As of March 31, 2021	As of March 31, 2022
Total number of employees (Within, number of partner employees ⁽¹⁾)	Total	97,774 [45,753]	96,536 [44,211]
	Delivery Business	79,902 [36,839]	78,073 [34,862]
	Logistics Business	13,172 [6,886]	13,466 [6,992]
	Real Estate Business	63 [-]	72 [-]
	Other Businesses	3,888 [1,801]	4,179 [2,148]
	Corporate (common)	749 [227]	746 [209]
Sagawa Express	Number of vehicles	26,673	26,742
	Number of major locations	864	873
	Transfer centers	23	23
	Sales offices	428	429
	Small stores ⁽²⁾	413	421

Notes (1) Average number of persons during the period. (2) Total number of service centers and delivery centers.

Reference: Outlook for Consolidated Free Cash Flow

Major cash flow items

(Units: billion yen)	FY2022/3 results	FY2023/3 outlook ⁽³⁾
Cash flows from operating activities	81.8	154.0
Cash flows from investing activities	(45.2)	(48.0)
Free cash flows ⁽²⁾	36.5	106.0

■ Major investments in FY2022/3 (results) ⁽³⁾

- Real estate investment : 32.0 billion yen
- Vehicle investment : 16.0 billion yen
- IT investment : 6.0 billion yen

■ Major investments in FY2023/3 (outlook) ⁽³⁾

- Real estate investment : 19.0 billion yen
- IT investment : 10.0 billion yen
- Vehicle investment : 8.0 billion yen

※Cash flows from investment activities in
FY2022/3 includes 15.1 billion in proceeds from
sales of investment securities.

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.
(3) Figures are approximate values.

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