EXPOLANKA HOLDINGS PLC
#15 A, Clifford Avenue,
Colombo 3, Sri Lanka
Tel: +94 11 4659500
Fax: +94 11 4659565
Email: contactus@expolanka.com
Web: www.expolanka.com

EXPOLANKA HOLDINGS PLC
(Company Reg. No. PB 744 PQ)

30th March 2022

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
#4-01, West Block, World Trade Centre
Echelon Square
Colombo 01

Dear Mr. Wijayawardhane,

DISCLOSURE OF STRATEGIC FORECAST INFORMATION

We write to inform you that our ultimate parent company, SG Holdings Co. Ltd, (SGH), as part of its strategic direction, has prepared a mid-term plan and an aspirational forecast upto the period 31st March 2025. This presentation includes information pertaining to Expolanka Holdings PLC (Expolanka) which information will be disclosed separately given the importance and contribution of Expolanka towards the SGH Group performance.

SGH, which is listed on the Tokyo stock exchange, will be disclosing this Mid Term aspirational Forecast via its various Investor Relation mediums.

In order to ensure consistency and uniformity of Information disclosed, we would like to submit the Investor relations presentation of SGH dated 30th March 2022 and would appreciate if you could upload same on to the Colombo Stock Exchange Website.

The aspirational forecast as is contained in the said presentation is based on information that is available today, giving due consideration towards the dynamic operating environment, global market conditions and various macro-economic factors which impact the business operations of Expolanka and should therefore be read with the above in mind given that this is an aspirational forecast.

The forecast has been prepared carefully, on a reasonable factual basis, with appropriate qualifications. Should subsequent developments indicate that the actual performance will not be reflective of prior estimates or projections, they shall be promptly reported with adequate explanation of the reasons for variance.

Thanking You
Yours Sincerely
EXPOLANKA HOLDINGS PLC

Mushtaq Ahamed
Director – Group Finance

Board of Directors
Mr. Hitoshi Kanahori (Chairman), Mr. Hanif Yusoof, Mr. Ha Yo,
Mr. Akira Oyama, Mr. Sanjay Kulatunga, Mr. Harsha Amarasekera

SG Holdings Group

New Mid-term Management Plan

SGH Story 2024

March 30, 2022

SG Holdings Co., Ltd.

Chapter. 1
Review of Mid-term Management Plan “Second Stage 2021”
02 - 08

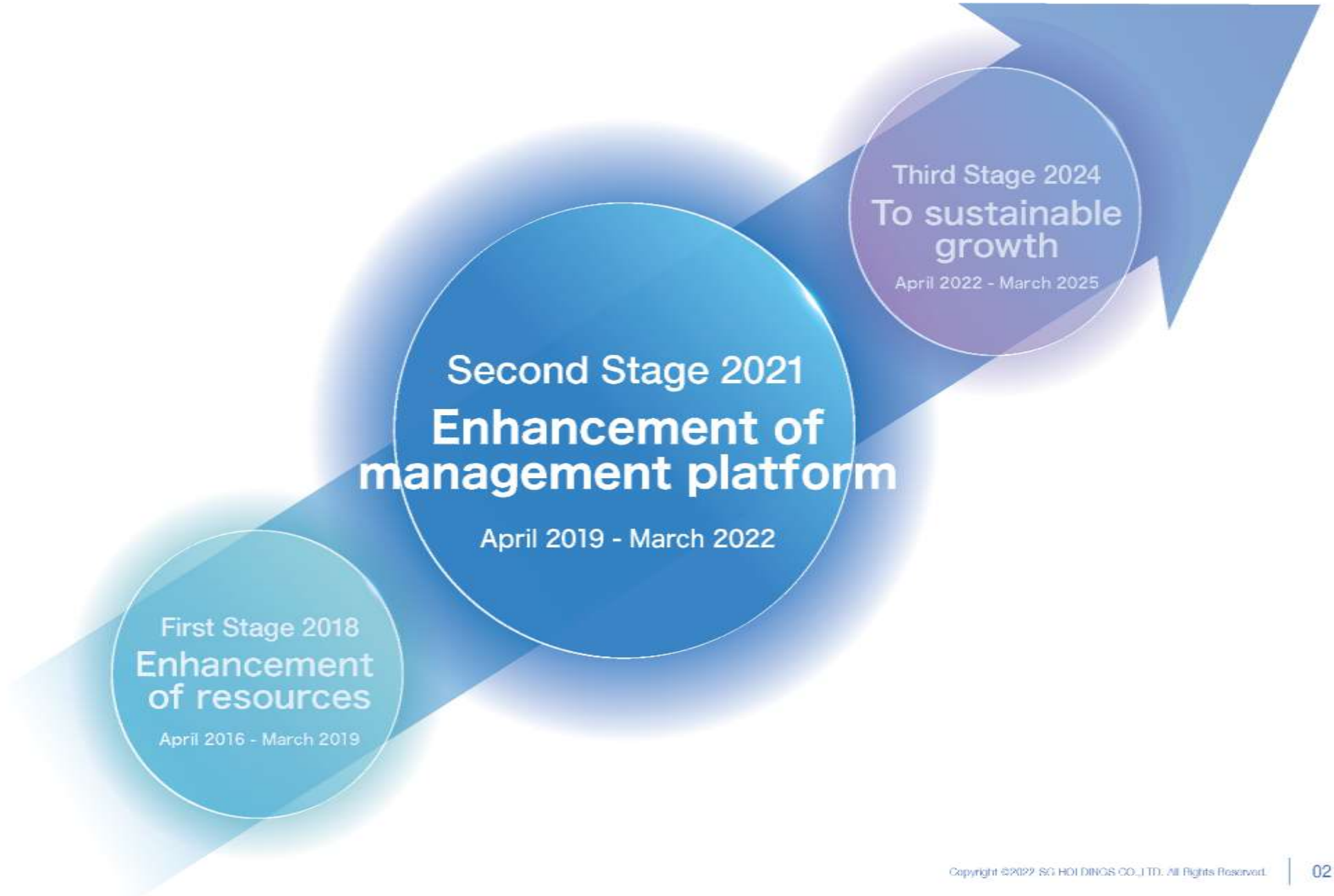
Chapter. 2
SG Holdings Group New Long-term Vision
10 - 14

Chapter. 3
New Mid-term Management Plan “SGH Story 2024”
16 - 32

Chapter. 4
Appendix
34

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Positioning of Mid-term Management Plan "Second Stage 2021"



Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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%

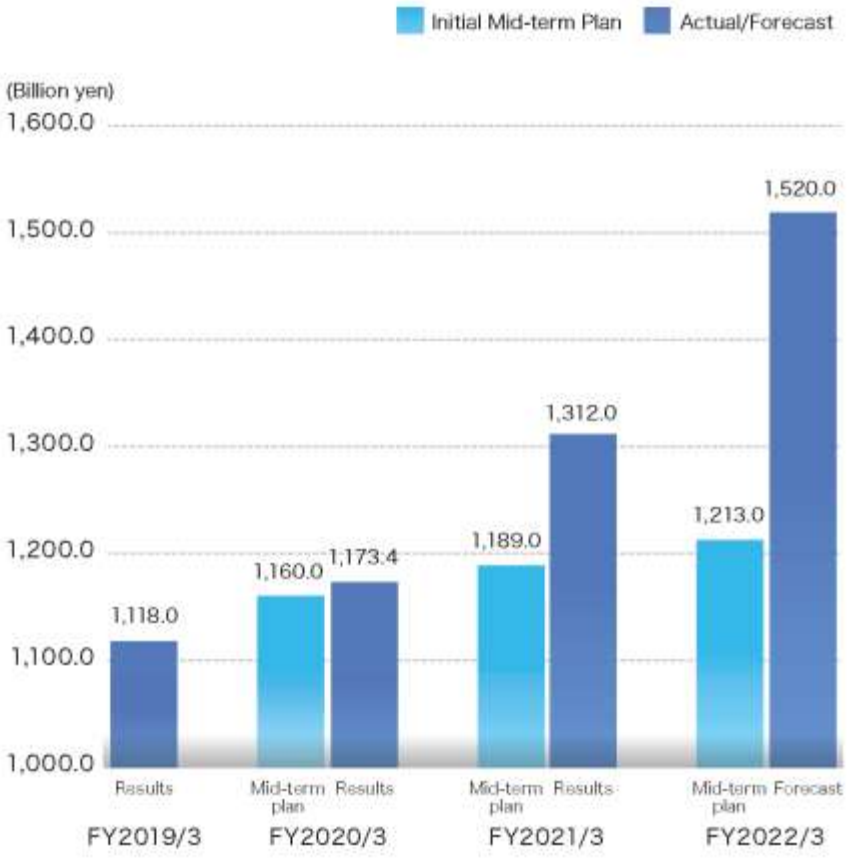
* Rounded down to nearest 100 million yen

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Total investment (3-year total) (Billion yen)	Plan	Forecast
	159.0	197.7
Facility investment	82.5	128.4
Vehicle investment	33.5	40.0
IT investment	35.0	18.2
Other	8.0	11.1

* Rounded down to nearest 100 million yen

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Chapter. 1
Review of Mid-term Management Plan “Second Stage 2021”
02 - 08

Chapter. 2
SG Holdings Group New Long-term Vision
10 - 14

Chapter. 3
New Mid-term Management Plan “SGH Story 2024”
16 - 32

Chapter. 4
Appendix
34

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Change in management environment

Change in management environment

Politics

- **Commitment to GHG reduction targets aimed at carbon neutral in 2050**
- **Response to problems with long working hours**
- Revision of Corporate Governance Code

Economy

- **Response to the New Normal**
- Increase in domestic e-commerce and cross-border e-commerce needs

Change in external environment

Society

- **Decline in working population**
- More severe disasters, aging domestic infrastructure, heightened BCP needs

Technology

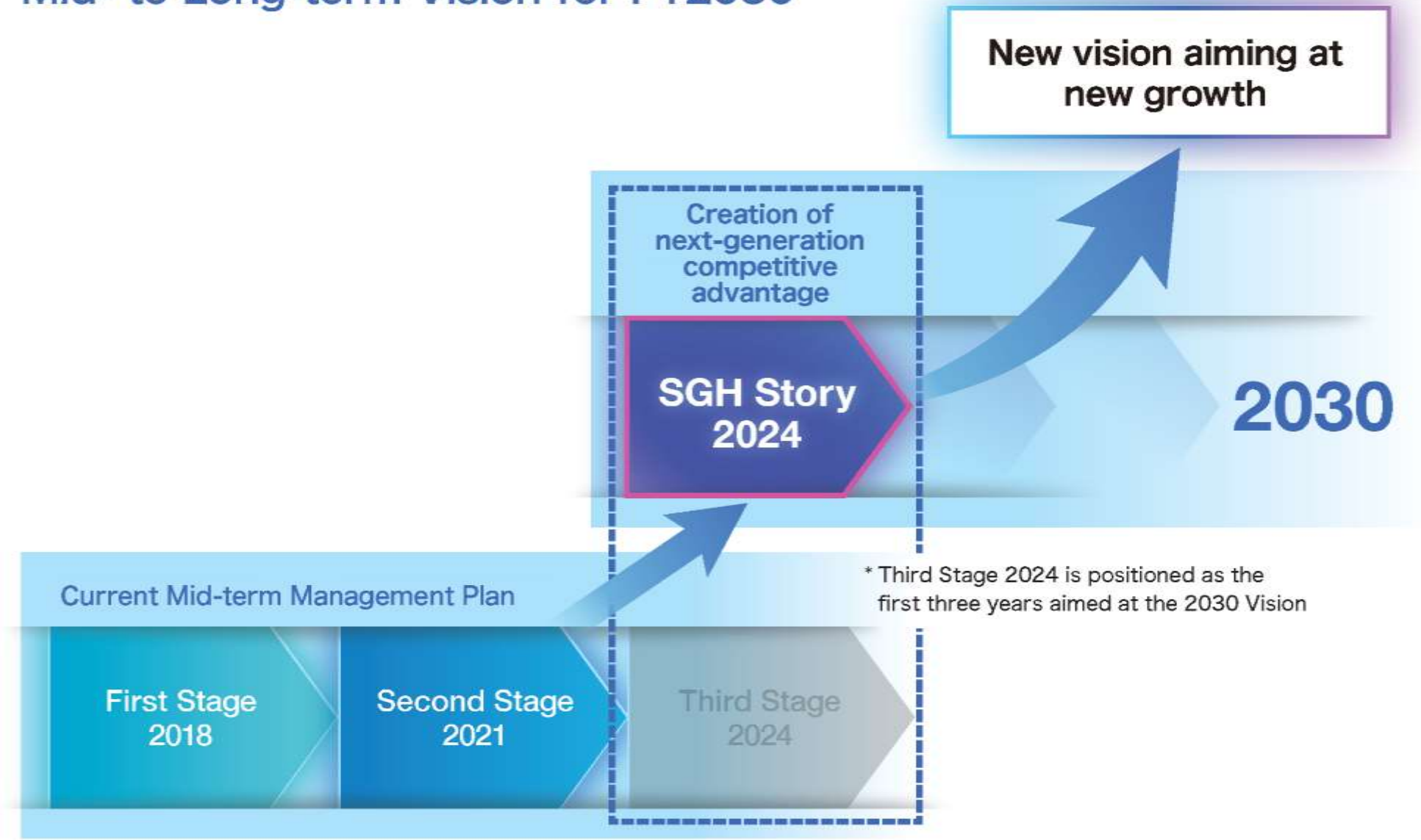
- **Evolution of AI and IoT technology, promotion of DX**
- **Advancement of logistics robotics**
- Spread of communication technologies such as 5G and 6G
- Advancements in automated driving, drones, etc.

Changes in the socioeconomic environment will speed up

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

SG Holdings Group New Long-term Vision

Mid- to Long-term Vision for FY2030



Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

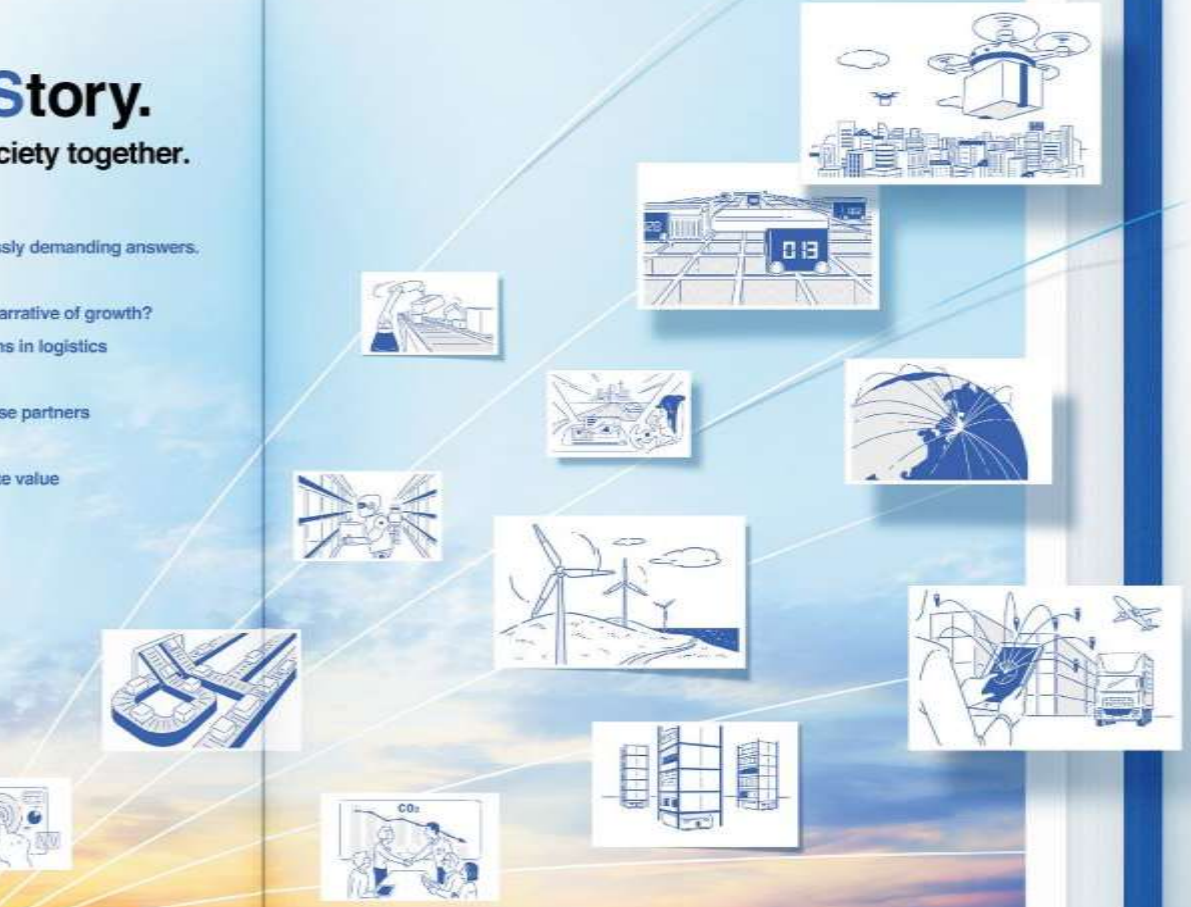
SG Holdings Group New Long-term Vision

SG Holdings Group SGH Vision 2030

Grow the new Story.

New logistics, nurturing a new society together.

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.



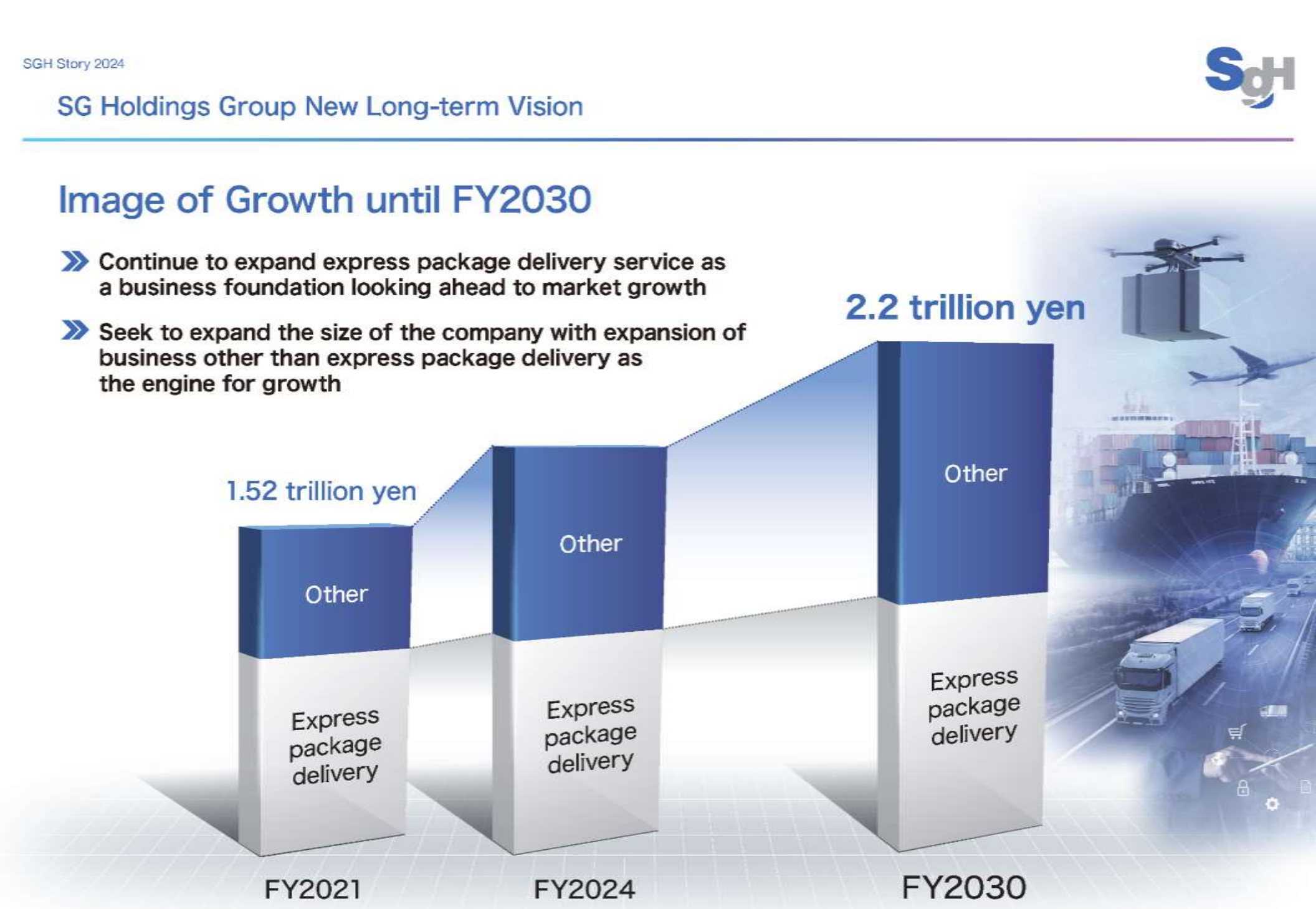
The S in Story is Sgh blue.
It both symbolizes SGH and SAGAWA and
demonstrates our determination to tackle pressing issues
such as Solutions, Social, Smart, Share, Sustainable—and more—
that begin with the letter S.

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

SG Holdings Group New Long-term Vision

Image of Growth until FY2030

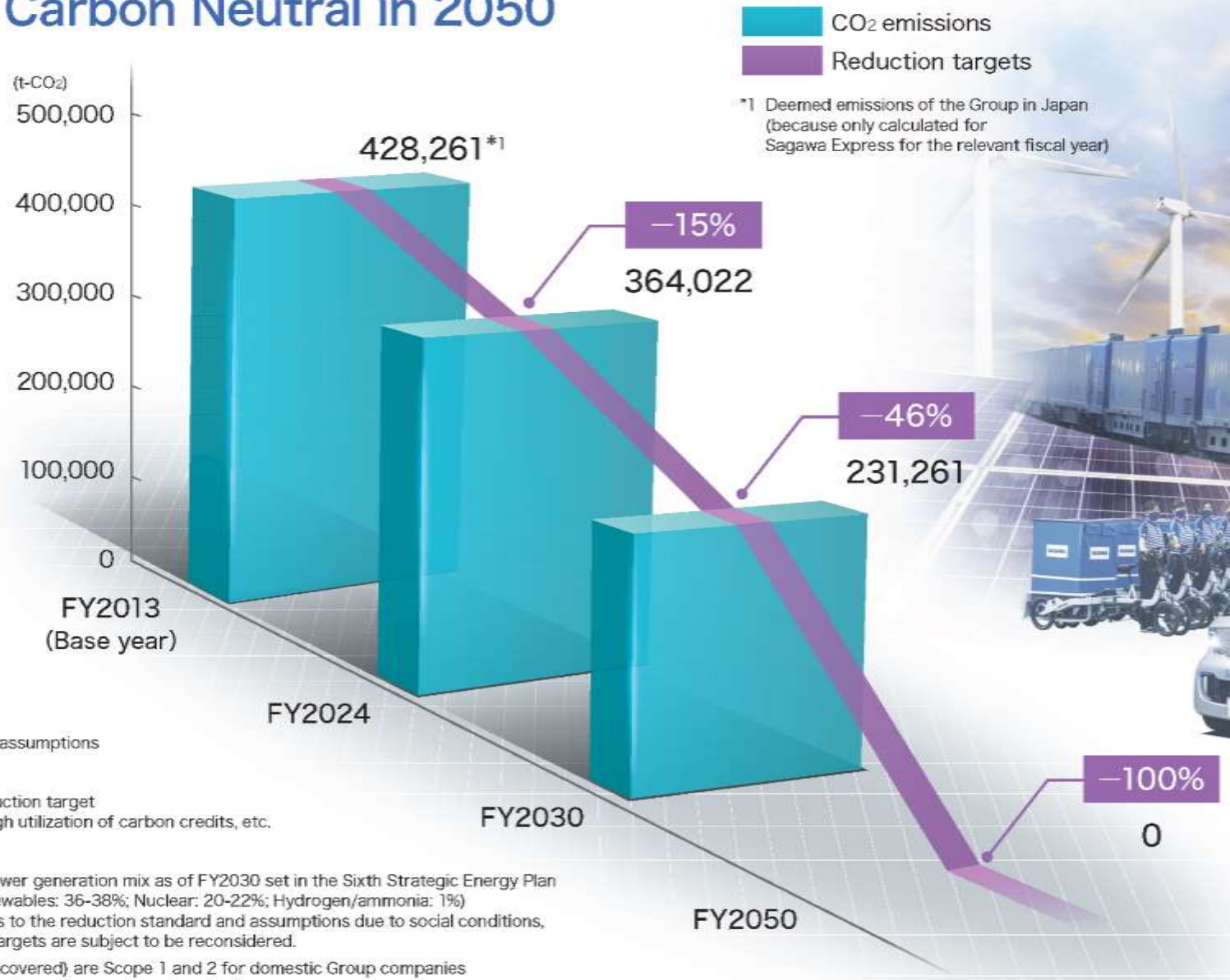
- Continue to expand express package delivery service as a business foundation looking ahead to market growth
- Seek to expand the size of the company with expansion of business other than express package delivery as the engine for growth



Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

SG Holdings Group New Long-term Vision

Towards Carbon Neutral in 2050



* Reduction standard and assumptions

◆ Reduction standard

- In line with Japan's reduction target including offsets through utilization of carbon credits, etc.

◆ Assumptions

- Achieving the target power generation mix as of FY2030 set in the Sixth Strategic Energy Plan (* Non-fossil: 59%; Renewables: 36-38%; Nuclear: 20-22%; Hydrogen/ammonia: 1%) If there are any changes to the reduction standard and assumptions due to social conditions, the Group's reduction targets are subject to be reconsidered.
- The boundaries (scope covered) are Scope 1 and 2 for domestic Group companies (overseas Group companies to be considered gradually)

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Chapter. 1
Review of Mid-term Management Plan “Second Stage 2021”
02 - 08

Chapter. 2
SG Holdings Group New Long-term Vision
10 - 14

Chapter. 3
New Mid-term Management Plan “SGH Story 2024”
16 - 32

Chapter. 4
Appendix
34

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 1

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

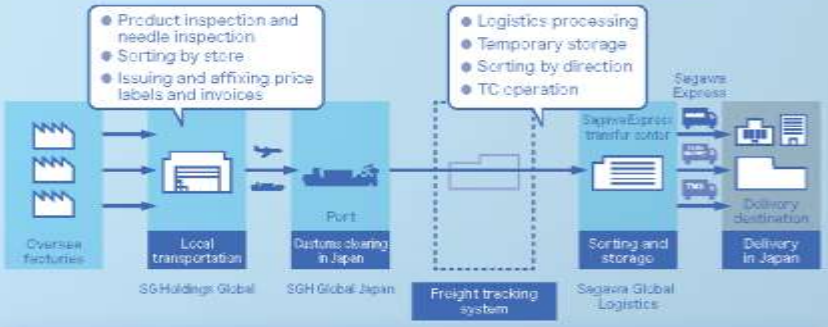
Promotion of social and environmental services

Example) Smart import©

Before

After

Direct delivery to domestic destinations



Reduction of CO_2 by shortening transportation distance with direct delivery that does not pass through domestic logistics warehouses

Example) Town support service

SAGAWA × Local government

Mixing freight and passengers
(Revitalization of regional infrastructure)

Monitoring service
(Aging society)

Group's decarbonization initiatives

Switching to EVs

Development and usage of renewable energy facilities

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 2

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

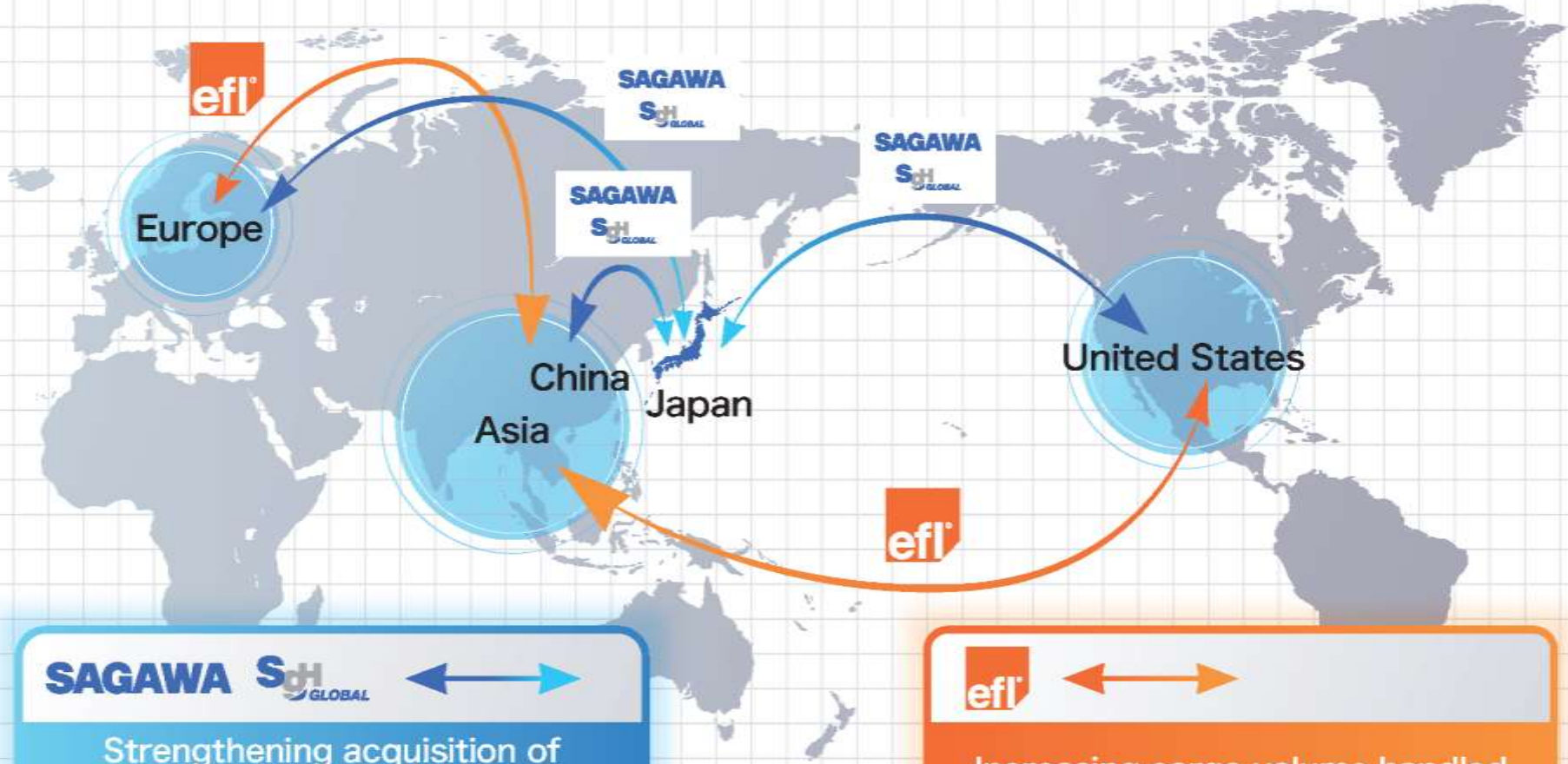
Increasing quality and speed of proposals

Strengthening of competitive advantage of 3PL

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 3

Strengthening international and overseas services



SAGAWA ⟷

Strengthening acquisition of cargo to and from Japan

- Overseas mail order sales
- Global TMS
- Global Express

efl ⟷

Increasing cargo volume handled

- Expansion of new lanes
- Expansion of share in existing customers

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 4

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

Improvement of operational efficiency through DX initiatives (examples)

Consignor

Improvement of efficiency of terminal input operations

Introduction of automatic measuring equipment and bar code reader

Reduction of redelivery

Diversification of receipt methods
(delivery lockers, designated location delivery service, etc.)

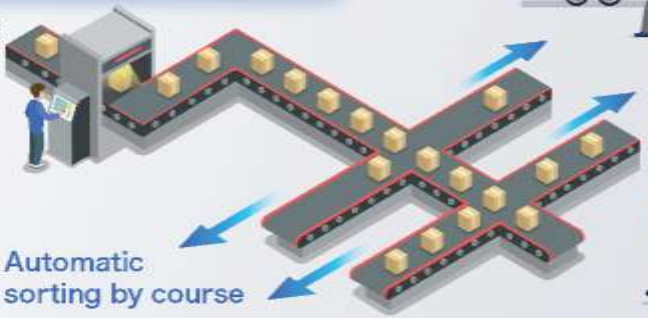
Consignee

Sagawa Express

Improvement of efficiency of sorting operations

Unloading dock

Loading at night



Loading cargo at night

Delivery span

Automatic sorting by course

Improvement of delivery operations
(elimination of receipt stamps)

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 5

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

Areas to be strengthened

Global Express	Global TMS	Overseas mail order sales
toB delivery	Forwarding Logistics toB delivery	Customs clearing toC delivery Logistics Retail infrastructure

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

New Mid-term Management Plan Management Strategy 6

Investment in human capital and improvement of employee engagement

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Creation of competitive advantage through investment in DX

Overview of DX Measures of the SG Holdings Group

Strengthening services

TMS

GOAL®

Global

Expansion of platform services through coordination with customers and other companies

Improvement of operational efficiency

Improvement of productivity through collaboration with other companies and utilization of advanced technology

Front-office operations

Office operations

Open innovation

Coordination with peers and other industries

Coordination with customers

Coordination with venture companies

Coordination with development partner

Development

Testing

AGILE

Design

Requirement definition

Further acceleration of agile development and continuous strengthening of internal development

AI

Robot

Digital platform

IoT

Further utilization of advanced technology through coordination with other companies' services and ventures, etc.

Evolution of digital infrastructure

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Creation of new value through open innovation

External know-how

Start-ups, companies in other industries, etc.

Innovative ideas

New technology

IT solutions

Group companies

Business ideas

Logistics know-how

Business infrastructure

Resources

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

(Billion yen)		FY2022/3 Forecast (Earnings forecast as of January 28, 2022)	FY2025/3 Mid-term plan	FY2025/3 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%

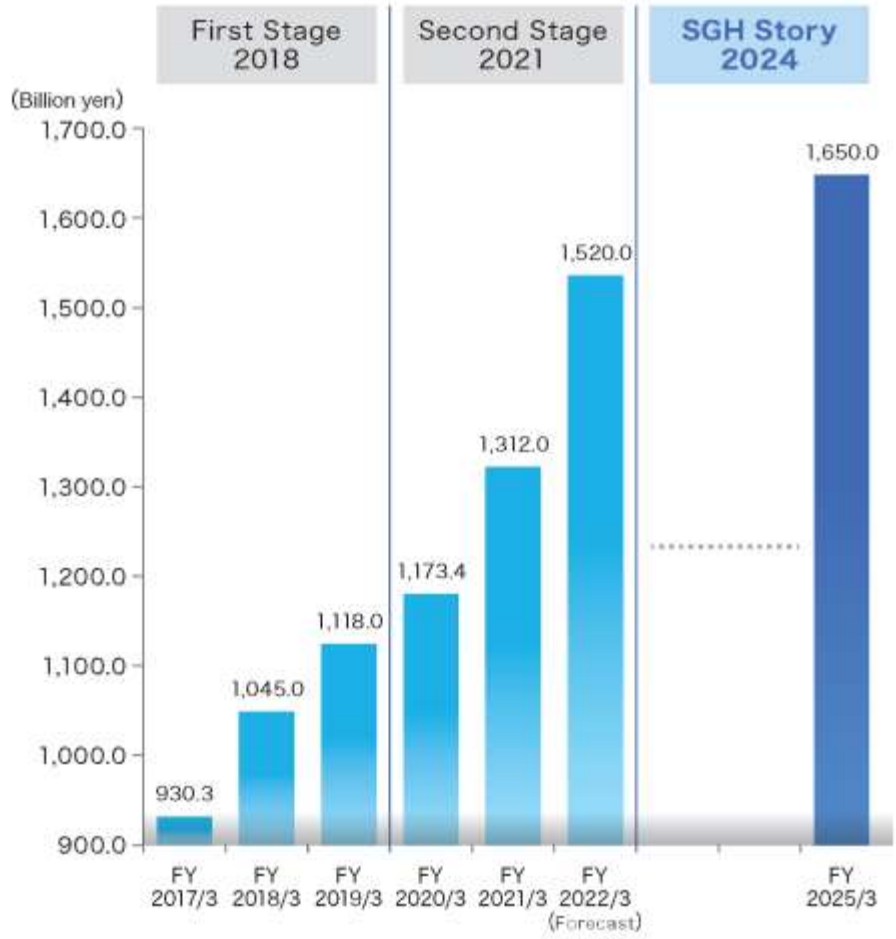
* Note Rounded down to nearest 100 million yen

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

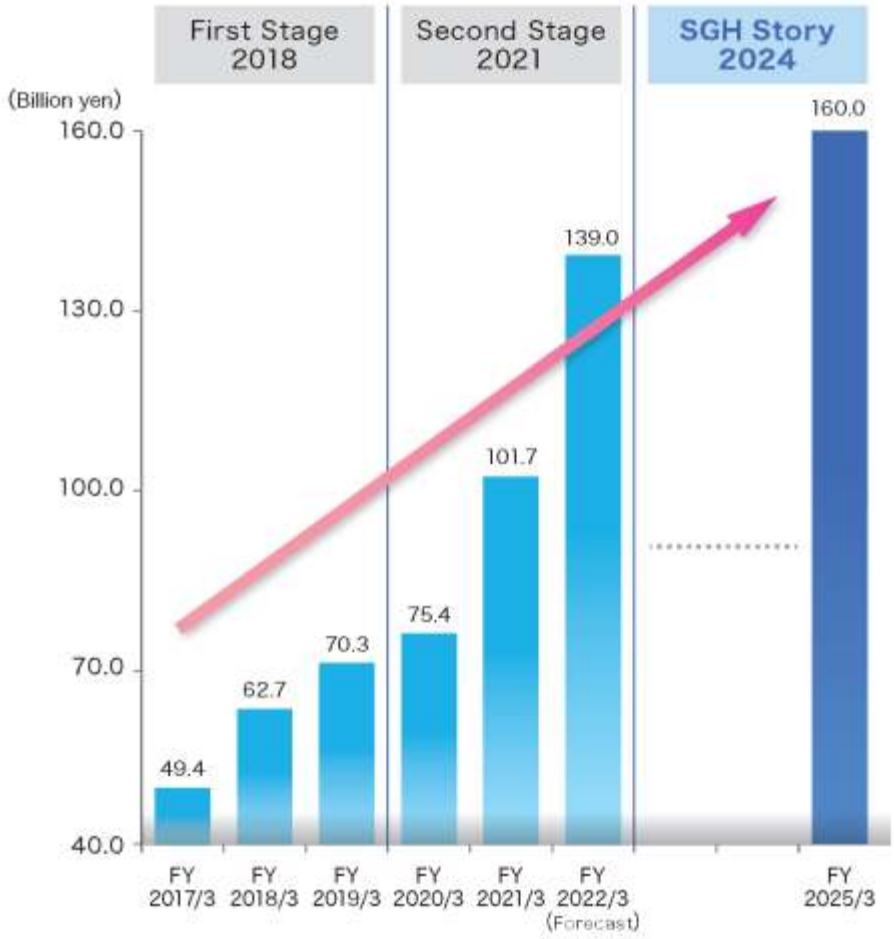
New Mid-term Management Plan

Consolidated Results

【Operating revenue】



【Operating income】



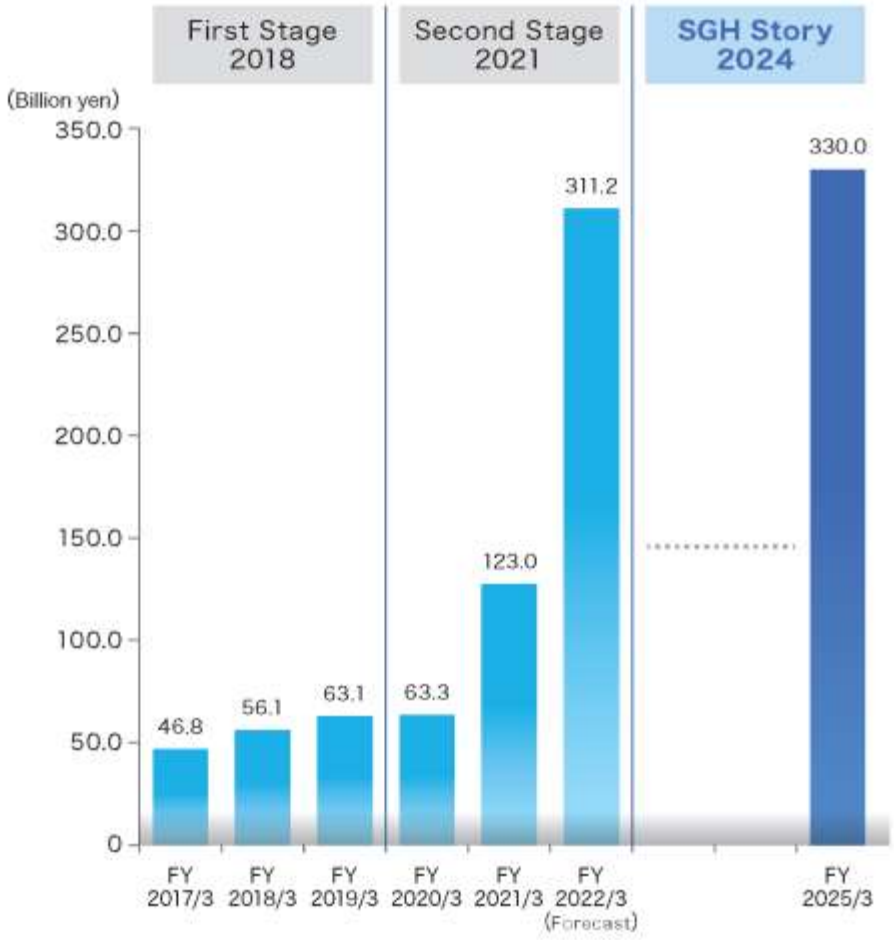
* Rounded down to nearest 100 million yen
* FY2022/3 forecast is the forecast disclosed on January 28, 2022

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

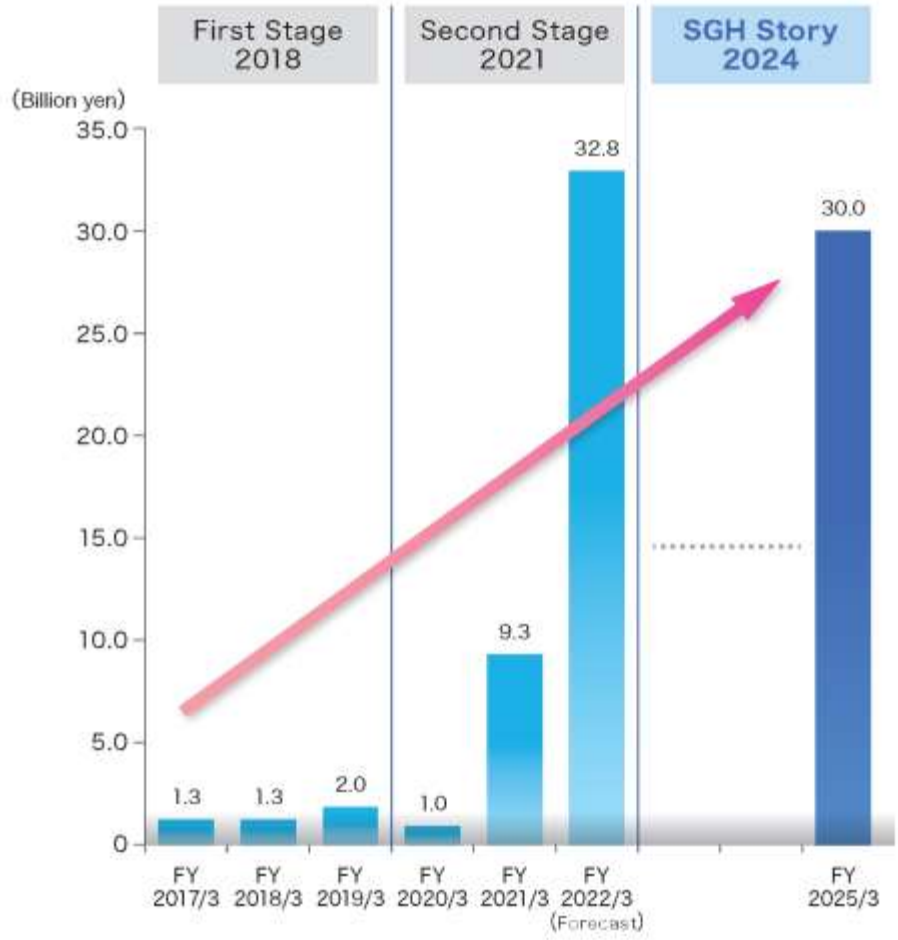
New Mid-term Management Plan

Expolanka Results

【Operating revenue】



【Operating income】



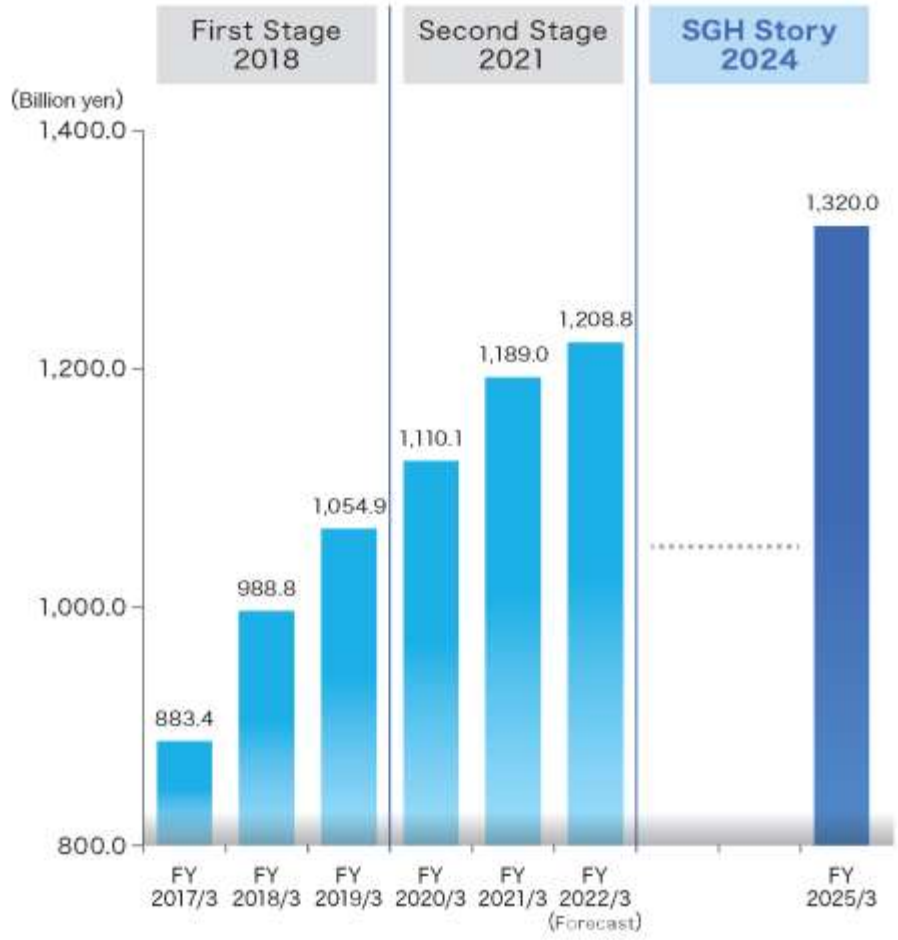
* Rounded down to nearest 100 million yen
* FY2022/3 forecast is calculated based on the forecast disclosed on January 28, 2022

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

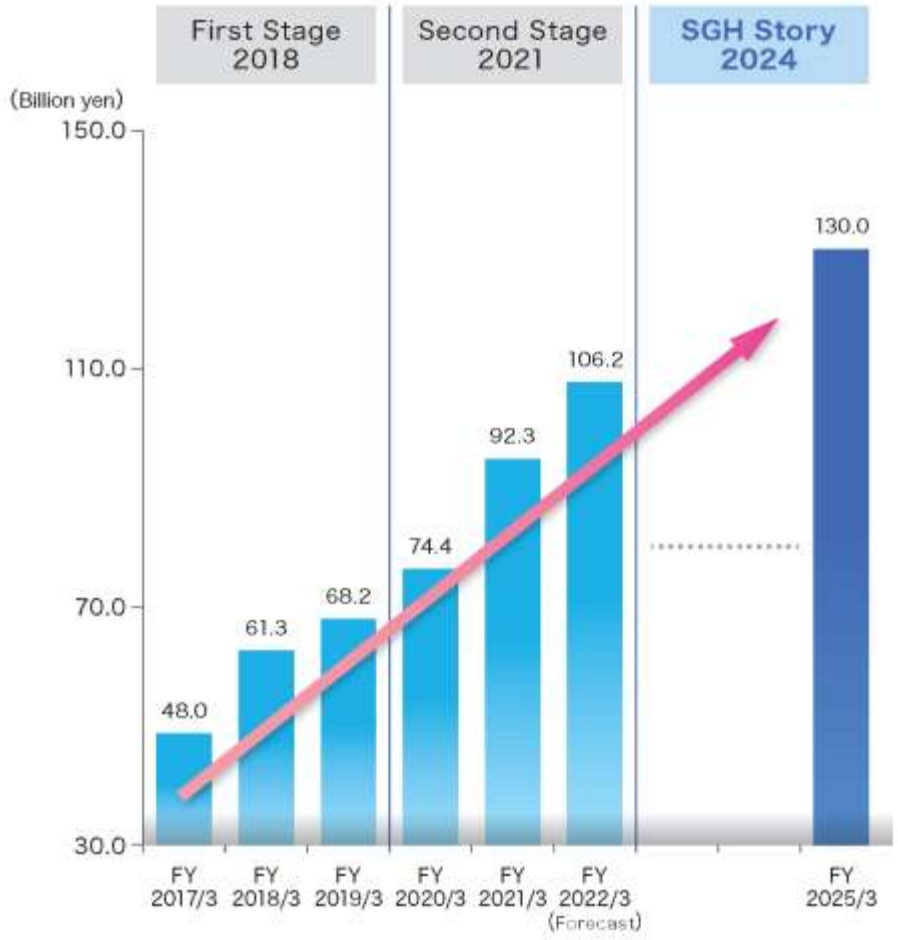
New Mid-term Management Plan

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

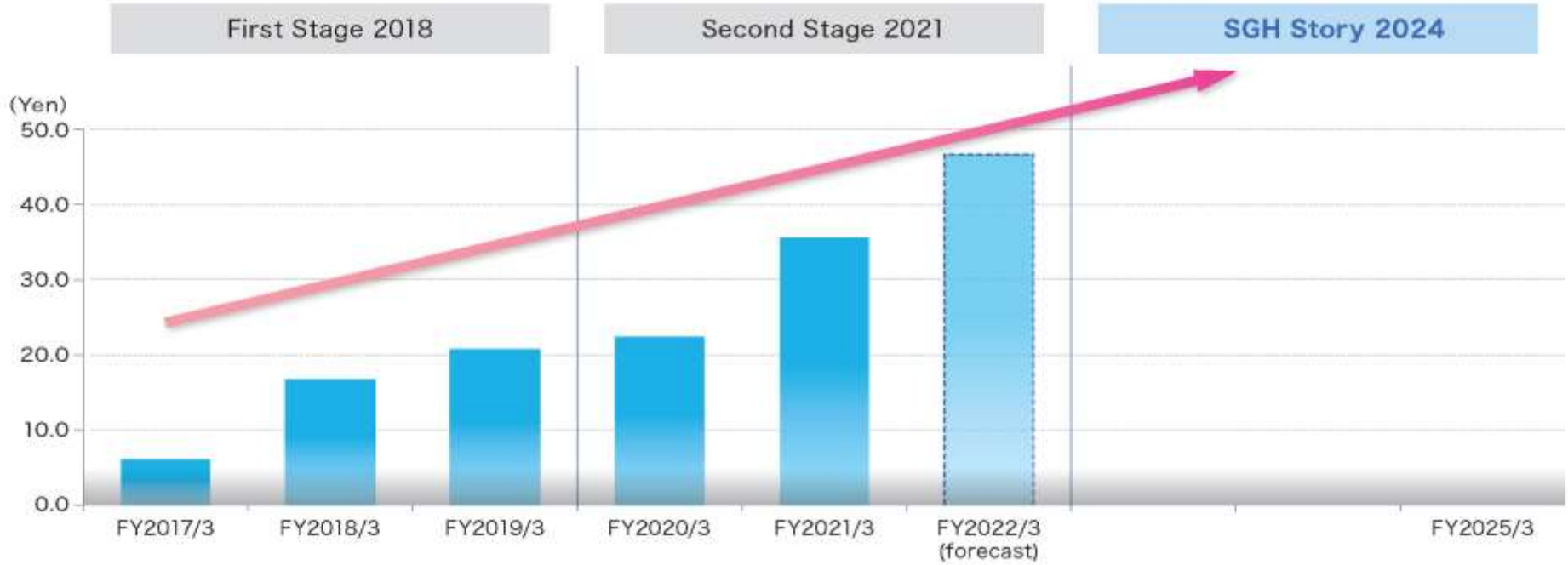
New Mid-term Management Plan Dividend Policy

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 palace 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

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Chapter 1
Review of Mid-term Management Plan “Second Stage 2021”
02 - 08

Chapter 2
SG Holdings Group New Long-term Vision
10 - 14

Chapter 3
New Mid-term Management Plan “SGH Story 2024”
16 - 32

Chapter 4
Appendix
34

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

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%

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.

Disclaimer

This document has been prepared to provide corporate information, etc. on SG Holdings Co., Ltd. (hereinafter referred to individually or collectively as "the Company" or "SgH"), and does not constitute a solicitation for the shares or other securities issued by the Company in Japan or overseas. Furthermore, this document may not be published or communicated to a third party in whole or in part without the Company's permission.

This document contains forward-looking statements such as the forecasts, plans and targets related to the Company. These statements include but are not limited to those containing the terms "forecast", "prediction", "expectation", "intent", "plan", "possibility", and synonyms thereof. These statements are based on information available to the Company and forecasts, etc. as of the date the document was prepared. Furthermore, these statements were made under certain assumptions (suppositions). These statements or assumptions (suppositions) may be objectively inaccurate or not be realized in the future.

Uncertainties and risks that may cause such a situation include but are not limited to: interest rate fluctuations; decline of share prices; fluctuation of exchange rates; fluctuation of the value of assets held; decline of credit standing; slowing of corporate production activities or personal consumption in Japan or abroad; rise of oil prices; rise of labor costs; low growth of the e-commerce market; failure to realize synergies or occurrence of dis-synergies in the capital and business alliance with Hitachi Transport System, Ltd.; risk of system, administrative, personnel or legal violation risks; occurrence of fraud or scandal; decline of image or loss of trust due to rumors or gossip; risk of business strategies or management plans not succeeding; new risks associated with the expansion of business, etc.; changes in the economic and financial environment; changes in competitive conditions; occurrence of large-scale disasters, etc.; risks associated with business alliances and outsourcing; decrease of deferred tax assets; and various other factors.

The statements made are current as of the date of this document (or date otherwise specified), and the Company has no obligation or intent to keep this information updated. The future outlook may not necessarily match actual results as a result of these factors.

Furthermore, information on companies, etc. other than the Company shown in this document cites publicly available information, etc. and the Company has neither verified nor does it warrant the accuracy, appropriateness, etc. of such information.

Copyright ©2022 SG HOLDINGS CO.,LTD. All Rights Reserved.