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NEWS RELEASE

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Notice of Revisions to Earnings Forecast

SG Holdings Co., Ltd. (the "Company") hereby announces that, in the light of recent trends in earnings and the impact on earnings of making Chilled & Frozen Logistics Holdings Co., Ltd. (C&F) a consolidated subsidiary, the Company has revised the earnings forecast for the fiscal year ending March 31, 2025 disclosed on April 30, 2024, as detailed below.

Revisions to the consolidated earnings forecast for the fiscal year ending March 31, 2025

(1) Details of the revisions

	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of the parent	Basic net income per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	1,380,000	96,000	97,000	64,500	103.12
Revised forecast (B)	1,470,000	90,000	91,000	60,000	95.93
Amount of change (B-A)	90,000	(6,000)	(6,000)	(4,500)	
Percentage change (%)	6.5	(6.3)	(6.2)	(7.0)	
Reference: Results for the fiscal year ended March 31, 2024	1,316,940	89,204	90,850	58,279	92.98

(2) Reasons for the revisions

The full-year forecasts were revised to reflect the results of the first six months of the fiscal year (April 1, 2024 to September 30, 2024) and the outlook for the third quarter and beyond. This revision was made because the results of the Delivery Business for the first six months of the fiscal year fell short of assumptions, and the fact that the Logistics Business and the Real Estate Business exceeded assumptions.

With regard to the Delivery Business, the average unit price progressed as expected during the first six months due to the revision of reported fares from April 2024 and efforts to receive appropriate freight tariffs for each transaction. Meanwhile, there was a pause in the improvement of consumer sentiment, and demand for express package delivery services did not recover overall, with the number of packages decreasing more than expected due in part to the intensification of the competitive environment. In light of this business environment, etc., we expect the same trend as in the first six months to continue from the third quarter onwards, and have lowered our forecast for the number of packages for the full year from 1.36 billion to 1.32 billion.

In the Logistics Business, during the first six months, ocean and air freight rates rose at Expolanka, which operates a forwarding business, against the backdrop of rising geopolitical risks. The volume of ocean and air cargo was strong due to factors such as the impact of the geopolitical risks mentioned above and the acquisition of new customers. In addition to reflecting these results, we have also revised our forecasts for ocean and air freight rates and the volume of air cargo upwards for the third quarter and beyond, based on current trends.

An upward revision has been made with regard to the Real Estate Business, incorporating the revenue from the sale of real estate in the second quarter. Furthermore, the results and forecasts for the third quarter and beyond have been revised downward for Other Businesses due to a decrease in BPO transactions and a decrease in sales of new vehicles, including large trucks.

With regard to C&F (Logistics Business), which has become a newly consolidated subsidiary, the deemed acquisition date is September 30, 2024, and it has been included in the results forecast for the period from October 1, 2024 to March 31, 2025. As a result, operating revenue is expected to increase, but this is not expected to have a significant impact on operating income, taking into account the fact that, while C&F's operating income will be added, amortization of goodwill, etc. will also arise. The amount of amortization of goodwill is calculated based on the amount of goodwill that arose at the time of the acquisition of C&F's shares, which is provisionally recorded because the allocation of acquisition costs has not been completed as of the end of the first six months.

Based on the above, the full-year forecasts for operating revenue, operating income, ordinary income and net income attributable to owners of the parent have been revised.

* The earnings forecasts contained in this document are calculated based on information available at the time of the publication of the document, and actual results may differ from these figures.