

Founding Spirit

“Hikyaku no Kokoro”

“Hikyaku no Kokoro” devoting ourselves wholeheartedly to serving customers

“Hikyaku no Kokoro (the spirit of Edo-era express messengers),” a spirit that drives us to constantly consider what we can do for our customers and devote ourselves wholeheartedly to serving them, is the spirit of SG Holdings’ foundation. We inherited this up to the present, and have expanded the services we are able to provide and have a track record of achieving business growth by not simply carrying packages, but also continuing to think of what is best for customers’ businesses. Going forward, we will continue to be an indispensable presence (=infrastructure) for our customers and society with “Hikyaku no Kokoro” at heart.

Corporate Philosophy

Trust, Create, Challenge

SG Holdings Group will:

- Earn the trust of customers and society and grow together.
- Create new value, contributing to social development.
- Always take on the challenges presented to us, pursuing all possibilities.



Introduction

Message from the Chairperson

By steadfastly adhering to our founding spirit, we aim to continue to be an “indispensable presence (= infrastructure)” both domestically and internationally.

The Role We Play as a Logistics Company

Due to geopolitical risks such as prolonged wars and conflicts, as well as economic uncertainty caused by rising tariff policies, the world continues to face unstable conditions. Against this backdrop, Japan’s economy is experiencing a rapidly changing business environment with inflation and wage increases now the norm, and the environment surrounding companies still continues to grow increasingly harsh and complex.

Furthermore, the decline and aging in the domestic population, along with labor shortages intensified by the 2024 problem, are becoming more and more serious. Under these circumstances, logistics services, now taken for granted, may no longer be guaranteed to be available. The government’s Study Group for Realizing Sustainable Logistics has pointed out that if no measures are taken to tackle the 2024 problem, commercial truck transportation capacity could fall short by 34% in 2030. **We therefore strongly feel that the role we logistics companies play will become increasingly important.**

We began our journey in 1957 by delivering a single package as part of a courier business that would primarily operate between Kyoto and Osaka. At that time, we mainly handled cargo carried from manufacturers to wholesale distributors, and from wholesale distributors to retail stores. For over 65 years since then, we have continued to evolve with the changing times, based on our founding spirit of “Hikyaku no Kokoro” (the spirit of Edo-era express messengers). Today, centered around Sagawa Express’s express package delivery services, we have developed into a comprehensive logistics corporate group that provides optimal delivery services to customers by combining the various functions the Group possesses. Always staying close to our customers and striving to meet their expectations, we have continued to grow mainly through our express package delivery services, while also expanding our solution domains related to logistics such as charter transportation, 3PL, international logistics, and the real estate and IT that support logistics.



栗和田 栄一

Eiichi Kuriwada

Chairperson and CEO

Introduction

Message from the Chairperson

Moving forward, with our founding spirit of “Hikyaku no Kokoro” in our hearts, we will constantly consider what we can do for our customers and serve them with sincerity and dedication, aiming to remain a presence needed by society through logistics. This spirit is the driving force that will support the Group’s sustainable growth amid the ever-changing business environment.

Thoughts Behind “SGH Vision 2030”

We have incorporated these thoughts into “Grow the new Story. New logistics, nurturing a new society together,” which is our “SGH Vision 2030.” We have defined our vision as “continuing to be an indispensable presence (= infrastructure) for our customers and society.” **What it means for us to serve as social infrastructure is to never stop logistics, no matter the time or circumstance.**

In the past, following natural disasters and during the COVID-19 pandemic, we maintained our stance and continued to support everyone’s business and daily lives by providing logistics services centered on express package delivery as essential workers fulfilling our responsibilities, even under difficult circumstances. This corporate stance will remain unchanged going forward, and we intend to continue our business operations not only in Japan but also overseas while sticking firmly to our convictions.

Our Mission

Our mission as “social infrastructure” is to deliver the packages entrusted to us in line with our customers’ requests. While emphasizing quality and convenience, we have responded to diversifying customer needs by maintaining proper temperatures for items that need to be delivered cold, strictly adhering to specified delivery dates and times, and more. To continue meeting customer needs as social infrastructure, sustainable growth is essential. To that end, we welcomed Meito Transportation and Hutech norin, which have strengths in low-temperature logistics, into the Group last fiscal year, and this fiscal year we welcomed Morrison Express Worldwide Corporation (hereafter, Morrison), a global freight forwarder for high-tech and electronic products.

Through such moves, I believe that we have established the necessary foundation for achieving “SGH Vision 2030.” **I am also confident we can steadily advance toward realizing our vision of continuing to be an indispensable presence for our customers’ business growth.**

Even at times of disaster, our mission remains unchanged: to deliver necessary items to where they are needed and to never stop logistics. During large-scale disasters in the past, we have provided support swiftly and reliably, such as by delivering relief supplies to disaster-affected areas. We believe this is a role that only we, as a logistics company, can fulfill. In April 2025, the SGH Disaster Prevention Support Foundation, which was established in March of the same year, signed a “Business Cooperation Agreement on Push-type Relief Supplies” with the Cabinet Office for the purpose of speeding up disaster response and strengthening support systems. To establish a system for delivering supplies swiftly and appropriately to disaster-affected areas as required by the government, we aim to build new disaster support models by

utilizing the Group’s disaster support expertise. Through the foundation’s activities, we will realize continuous and effective support for areas that have not been adequately supported by national and local governments or the private sector. At the same time, as a corporate group, we will focus on business areas that can offer both social significance and profitability, leading to sustainable business operations.

Human Resources Are the Key to Logistics

What I consider important for maintaining social infrastructure not only during normal times but also during emergencies is human resources. In the logistics industry, which is labor-intensive, **I believe it is crucial how we secure human resources who can support logistics infrastructure**, including employees of the Company and partner companies, **and how we create rewarding work environments.** In order to create an environment where diverse personnel can play an active role, the Group has been working to promote the active participation of women for more than a decade, with the goal of “30% of profits being generated by women.” As a result, work environments have improved, and the proportion of employees who are female has exceeded 30%, indicating that these efforts have been successful to a certain degree. Moving forward, we will continue to promote DE&I, create environments in which diverse personnel, not limited to women, can thrive, and focus on securing and developing human resources that can support sustainable growth.

On the other hand, I also recognize that we are only half way there to improving the treatment of drivers, including at partner companies. If we face a shortage of drivers, there is a possibility that we may not be able to deliver the packages entrusted to us with the same quality and convenience as before. To maintain stable service quality for the Group going forward, we will work on improving driver treatment and creating an environment in which people can continue working in the logistics industry with pride.

Further Enhancement of Our Corporate Value

For corporate value enhancement, we have formulated the Mid-Term Management Plan “SGH Story 2027” as the second three-year plan toward achieving “SGH Vision 2030.” We have set management targets of 1,830.0 billion yen in operating revenue, 110.0 billion yen in operating income, and 12% ROE. To achieve this, we must first accomplish these targets, and this will require ensuring growth in each business segment. In other words, not only must we achieve stable growth in Delivery Business such as express package delivery service, but also produce business growth and create Group synergies especially in low-temperature logistics and international logistics. These are the most important keys for our future success.

By combining the business areas the Group has cultivated thus far with two new business areas, we will advance Total Logistics and achieve sustainable growth together with our customers.

Finally, while the world’s environment is changing significantly, the fact that logistics serves as important social infrastructure supporting social and economic activities remains unchanged. As its importance continues to grow, we will realize our vision and aim for corporate value enhancement by steadfastly adhering to our founding spirit, making sure that we never forget it.

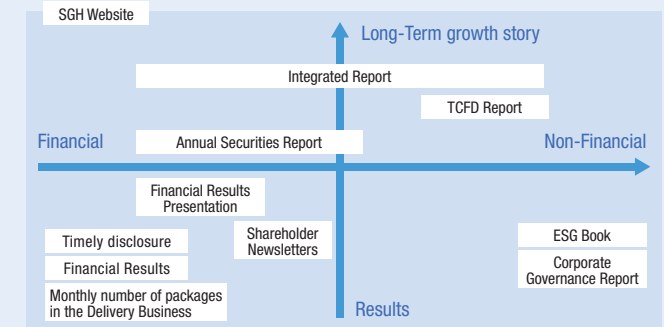
Introduction

What We Wish to Convey in Integrated Report 2025

The SG Holdings Group has integrated and published reports on the Group's economic value, social value and reduction of various risks in order to provide stakeholders with an understanding of the social significance and growth potential of the Group. The Integrated Report 2025 outlines how the business strategies and financial strategies of each business set forth in the Mid-Term Management Plan "SGH Story 2027" starting in FY2025, as well as the corporate governance that supports our corporate activities, will lead to the enhancement of corporate value, with the aim of realizing the "SGH Vision 2030", "Grow the new Story. New logistics, nurturing a new society together." It also aims to help our stakeholders better understand our path to sustainable growth. The "International Integrated Reporting Framework" published by the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" published by the Ministry of Economy, Trade and Industry were used as a reference when editing the report.

We will continue to work to improve our corporate value through dialogue with our stakeholders using this integrated report as a tool.

Positioning of Disclosure



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Period covered by the report

The results presented in this integrated report generally cover FY2025/3 (April 1, 2024 to March 31, 2025). However, information on the preceding and following periods is also provided as necessary.

Notes on forward-looking statements

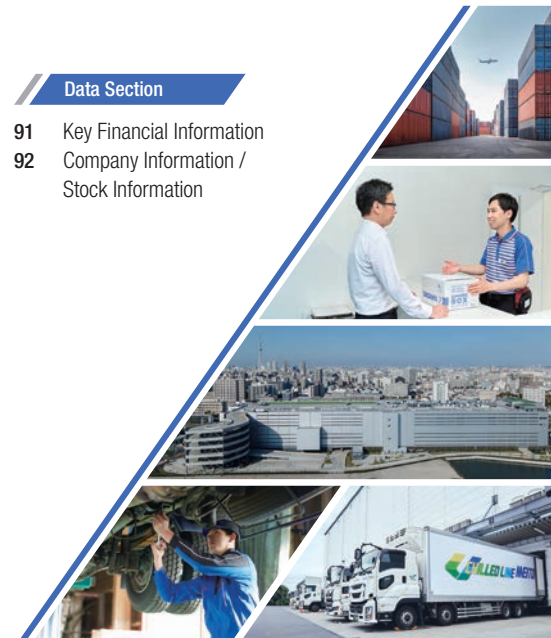
This report contains descriptions of the Group's future plans and strategies, results forecasts and outlooks. These descriptions are based on information available at the time of the publication of the report and certain assumptions deemed to be reasonable and contain risks and uncertainties concerning economic trends, the competitive environment, market demand, fuel prices, exchange rates, tax systems and various systems, etc. Therefore, the Group's future results forecasts may differ from the content described in this report.

* In this document, "the SG Holdings Group," "the Group" and "the SGH Group" refer to "SG Holdings Co., Ltd." and the Group companies under its control.

* SALES DRIVER®, GOAL®, X FRONTIER®, logo for "HIKAYKU LABO®", "Grow the new Story.®" and Real Commerce® are registered trademarks of the Group. Such notation is omitted from the report. In addition, wording such as Co. and Ltd. is omitted from Group company names in the text.

* From April 1, 2025, we changed the classification of our reportable segments, separating the forwarding business and overseas 3PL business, which were previously part of the Logistics Business, and turning them into the Global Logistics Business, taking into account factors such as the direction of our business strategy for achieving our Long-Term Vision and the differences in profitability for each business.

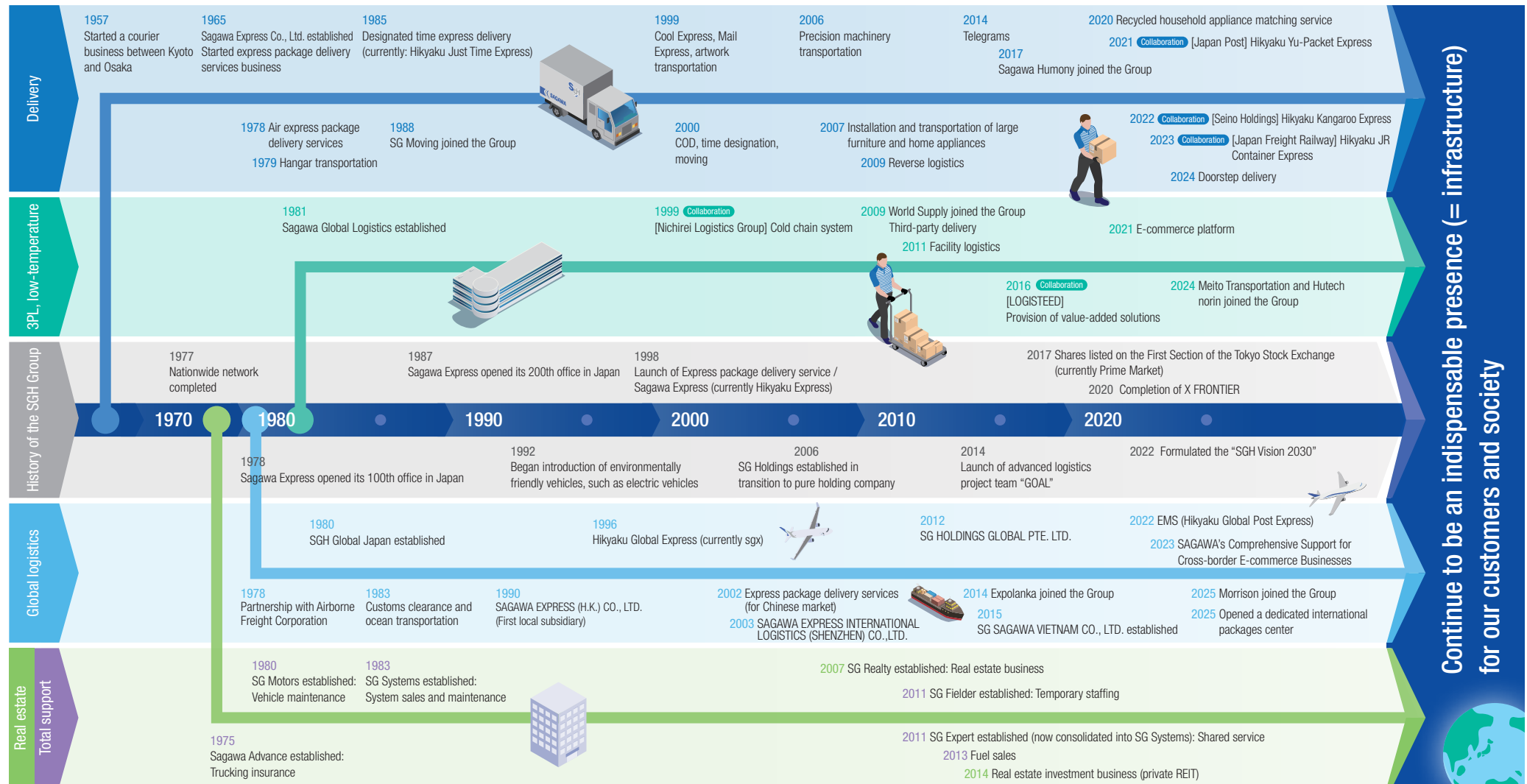
* The performance forecast figures are those announced on August 8, 2025.



Introduction

Journey of the SG Holdings Group

The history of the SG Holdings Group began when our founder delivered his first package. Since then, we have continued to grow while responding to the needs of our customers, inheriting the spirit of our foundation, “Hikyaku no Kokoro” (the spirit of Edo-era express messengers) that drives us to constantly consider what we can do for our customers, and devoting ourselves wholeheartedly to serving them. The Group is engaged in a wide range of business areas, including 3PL, low-temperature logistics, global logistics business, real estate business, and total support for logistics functions in order to meet the logistics needs of all our customers, which go beyond delivery. We are establishing a system that can provide optimal logistics solutions for our customers by organically integrating these services of the Group.



Introduction

Business Overview

Delivery Business



Major Group companies

Sagawa Express, Sagawa Humony,
SG Moving



As a core business of the Group, the Delivery Business not only provides transport services but, through coordination with Group companies, offers one-stop solutions that solve customers' logistics issues both in Japan and overseas. Centered on the Hikyaku Express delivery service provided by Sagawa Express, we offer a variety of services related to transportation such as TMS (Transportation Management System) and the assembly and installation of large furniture and home appliances. With logistics facilities and transport networks that fully cover Japan, and more than 20,000 SALES DRIVERS, we offer optimal solutions to our customers' diverse logistics needs.

Logistics Business



Major Group companies

Sagawa Global Logistics, World Supply,
Meito Transportation, Hutech norin



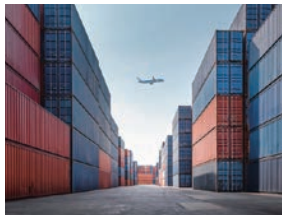
The Logistics Business provides services that can broadly cover customers' supply chains, including comprehensive 3PL services, which include distribution processing, distribution center and warehouse operations, and other services for department stores and large-scale retailers, such as third-party delivery services, in-store delivery services, and facility management services. For chilled and frozen products such as food and vaccines that require constant low-temperature control, we offer a cold chain that can deliver them safely and reliably through our facilities, including refrigerated and frozen warehouses and vehicles, and our expertise in thorough temperature control. With the addition of Meito Transportation and Hutech norin to the Group in 2024, we have gained an additional base in the area of low-temperature logistics.

Global Logistics Business



Major Group companies

SGH Global Japan, Expolanka, Morrison



Leveraging a network spanning 44 countries and regions, primarily in Asia but also Europe, North America, and Africa, the Global Logistics Business offers freight forwarding and international express services through optimal transport modes. We provide integrated logistics solutions combined with warehousing, inspection, needle detection, logistics processing, assortment, bonded operations, dangerous goods handling, and e-commerce support. With Morrison joining the Group in 2025, we achieved both the acquisition of infrastructure covering a wide scope in global logistics business and an expansion of our service domains.

Real Estate Business



Major Group companies

SG Realty, SG Assetmax



The Real Estate Business supports the Group's logistics business primarily through development, leasing and management of logistics facilities. This business is engaging in contributing to the improvement of competitiveness through the development of new logistics facilities, and working toward stable operation and strengthening of functions of the Group's facilities. In addition, the business is implementing strategic investment to increase asset value utilizing real estate know-how the Group has fostered. For example, we are optimizing transportation infrastructure nationwide through large-scale renovation and value enhancement of existing assets that have become obsolete or inefficient.

Total Support Business



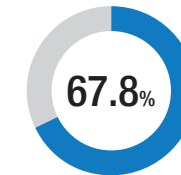
Major Group companies

Sagawa Advance, SG Motors, SG
Systems, SG Fielder

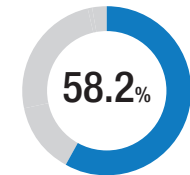


The Total Support Business handles various functions associated with logistics, such as vehicle maintenance and temporary staffing for logistics sites, to improve the quality of the services provided to customers. Through this business, we also create, propose and provide added value to support Total Logistics. In addition, we are responsible for functions that contribute to improved operational efficiency within the Group. By developing these new functions and services linked to the Group's logistics, we propose a wide range of value for customers.

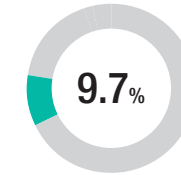
Composition of operating revenue
FY2025/3 *After the change in segments "SGH Story 2027" Target



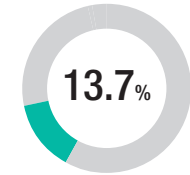
Operating revenue: 1,003.0 billion yen



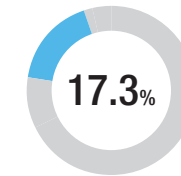
Operating revenue: 1,065.0 billion yen



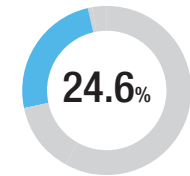
Operating revenue: 143.0 billion yen



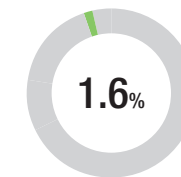
Operating revenue: 250.0 billion yen



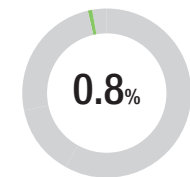
Operating revenue: 256.3 billion yen



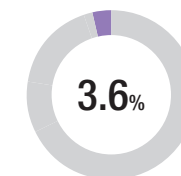
Operating revenue: 450.0 billion yen



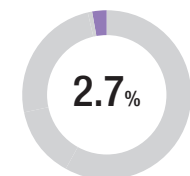
Operating revenue: 23.9 billion yen



Operating revenue: 15.0 billion yen



Operating revenue: 52.7 billion yen



Operating revenue: 50.0 billion yen

Introduction

Looking at SG Holdings in Numbers (as of March 31, 2025)

We present key numerical data on the Group's network and business scale to show how we continue to be an indispensable presence (= infrastructure) for our customers and society.



Share of express package delivery services in Japan

2nd place

International logistics cargo volume handled
(Expolanka and Morrison in parentheses)



Air: **143** thousand tons (311 thousand tons)



Ocean: **182** thousand TEU* (269 thousand TEU)

* TEU: A unit of measure for standard container capacity in international ocean transportation.
1 TEU = one 20-foot (approximately 6 m) container

Consolidated number of employees



104,595

* Figure for partner employees represents the average number of employees during the fiscal year.

Percentage of female employees
(Japan)



32.3%

Percentage of female managers
(Japan)



11.5%

External network for the Delivery Business



Number of line-haul transportation partner companies: Approx. **310**

Number of delivery supporter companies: Approx. **3,740**

Number of TMS partner companies: Approx. **2,270**

Greenhouse gas emissions reduction results (Scope 1 and 2, Japan)



-22.0%

Reduction rate compared to the base year (FY2013)

* Excluding Meito Transportation and Hutech norin.

Number of vehicles



29,557

(of which environmentally friendly vehicles accounted for 26,404)

* Figure for environmentally friendly vehicles only covers domestic Group companies.

Global network



44 countries and regions
214 companies

Operating revenue



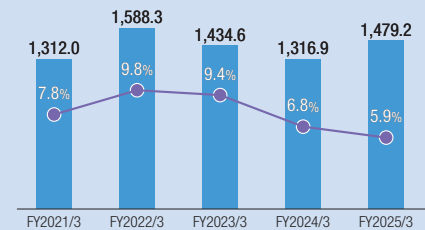
1,479.2 billion yen

Operating income margin



5.9%

■ Operating revenue (billion yen) ● Operating income margin



Return on equity (ROE)



10.0%

Equity ratio




55.8%

Introduction

External Recognition

 (as of July 2025)

The Group is highly regarded as a company group actively promoting initiatives aimed at the realization of a sustainable society, and has been included in multiple indexes inside and outside Japan, and received certification and awards from external groups and organizations.

>>  See "External Recognition" here



CDP



CDP (headquartered in London, UK) is an international environmental assessment NGO that surveys environmental measures taken by companies and municipalities and promotes environmental disclosure on the themes of response to climate change, water resource protection, and forest conservation. CDP's annual environmental disclosure and assessment process is widely recognized as a global standard for corporate environmental disclosure. The Company has been recognized as an A List company, the highest rating in the climate change category.

We were also selected as a Supplier Engagement Leader, the highest rating in CDP's Supplier Engagement Assessment. This assessment is based on CDP's annual corporate survey on climate change, which assesses companies on items related to supplier engagement, with the aim of improving their initiatives to reduce greenhouse gas emissions in their supply chains.

GPIF's six indexes

The Company has received high evaluations from globally active ESG rating agencies. The Government Pension Investment Fund (GPIF), which is the world's largest pension fund, has selected the Company as a constituent in all of the six ESG indexes in which it selects Japanese equities to invest in.



**FTSE Blossom
Japan Index**

2024 CONSTITUENT MSCI Japan
ESG Select Leaders Index



**FTSE Blossom
Japan Sector
Relative Index**

2024 CONSTITUENT MSCI Japan
Empowering Women Index (WIN)



Morningstar
Japan ex-REIT Gender Diversity Tilt Index

Global ESG indexes

Dow Jones Sustainability Asia Pacific Index

In 2024, the Group was selected for the first time as a component of the Dow Jones Sustainability Asia Pacific Index, which comprises companies in the Asia-Pacific region and is one of the world's leading ESG indexes, the Dow Jones Sustainability Index. The Dow Jones Sustainability Index is a stock index developed by S&P Dow Jones Indices that evaluates corporate sustainability from the perspectives of governance and economy, environment, and society, and selects outstanding companies.



FTSE4Good

FTSE4Good

This is an index developed by FTSE Russell that assesses and quantifies corporate initiatives of about 7,200 major companies worldwide from an ESG perspective, and selects companies that meet the criteria.



MSCI ESG Leaders Indexes

This is an index developed by MSCI that selects stocks with high ESG ratings from each industry from among companies around the world.

Other evaluation



DX Grand Prix 2025
Digital Transformation



Certified Health & Productivity Management
Organization Recognition Program 2025



D&I AWARD
BEST WORKPLACE
for Diversity & Inclusion
2024



work with Pride
Silver
2024



Kurumin Mark

Introduction

Message from the President

Moving beyond the major turning point in logistics to the second stage of the “SGH Vision 2030”

**松本 秀一**

Hidekazu Matsumoto

President and COO

Q How do you look back on the previous Mid-Term Management Plan, “SGH Story 2024?”

Three years of the previous Mid-Term Management Plan, when we laid the groundwork for future growth

Looking back on the previous Mid-Term Management Plan, “SGH Story 2024” (covering FY2023/3 to FY2025/3), we implemented various measures in response to the changes in the external environment, that far exceeded our initial expectations. While the effects of these measures are yet to fully materialize, we were also able to lay the foundations for future growth during those three years.

Joined Nishisaitama Sagawa Express Co., Ltd. Kumagaya Sales Office (now Sagawa Express Co., Ltd., Kumagaya Sales Office) as a sales driver in 1988. After that, involved in a wide variety of tasks at branch offices and the head office, from frontline sales to management, including sales development, corporate planning, human resources, legal affairs, general affairs, and CSR. In 2007, seconded to the Ministry of the Environment and worked on the promotion of a virtuous cycle between the environment and the economy, including socially responsible investment (SRI) and environmental finance. Has been working in general affairs and secretarial tasks at SG Holdings Co., Ltd. since 2011. Appointed Director in charge of Management and Control in 2019, and Representative Director of SG Holdings in 2021, and has held his current position since 2023.

Introduction

Message from the President

Although I took the helm as President midway through the previous Mid-Term Management Plan period. From the second quarter of FY2023/3, immediately after I took office, the number of packages in the Delivery Business began to decline due to changes in the business environment, and the performance of the Global Logistics Business was also weak due to factors such as the absence of the special demand fueled by the COVID-19 pandemic. Given the circumstances, we made it our top priority to fully understand and recognize the situation at the time and implement measures to address those issues.

The first three steps we took were to secure resources to maintain our logistics infrastructure, change our sales promotion structure, and reorganize our approach to shareholder returns. In the midst of full-scale measures to address the “2024 problem” and a shift to a rapidly inflationary environment, our goal was to prevent the loss of personnel that help keep our business running and to maintain our logistics infrastructure. To this end, we placed particular focus on improving the working environment and compensation paid to Group employees and partner companies. We worked to swiftly implement these measures, which I believe have achieved a certain level of success.

The business environment is undergoing rapid and drastic changes amid the post-COVID-19 era, turbulent international affairs, and intensifying competition in the domestic express package delivery service industry. We recognize that it is an ongoing challenge to grasp the increasingly diverse and sophisticated logistics needs of our customers resulting from these changes more quickly than ever before, and reflect these needs in our strategies. As part of efforts to address the situation, we have also begun improving our sales promotion system with a view to Groupwide optimization. We are accelerating our initiatives to consolidate customer information, which is the starting point for our solutions, with the aim of building a system that facilitates collaboration between sales teams and on-site operations across the Group.

We also reorganized our approach to shareholder returns. When we announced our new Mid-Term Management Plan, we set a dividend policy calling for progressive dividends and flexible share buybacks, and set a three-year cumulative total return ratio of 60% or more. We will build a long-standing relationship of trust with our shareholders by continuing to provide them with steady returns.

The harsh business environment during the previous Mid-Term Management Plan led to decisions that took into account not only the current environment but also medium- to long-term changes in the external environment. We believe that the inclusion of Meito Transportation, Hutech norin and Morrison to the Group has laid the groundwork for future growth by strengthening our foundation for providing Total Logistics as outlined in our “SGH Vision 2030.” The reason behind the consolidation of the two companies is that Japan will inevitably experience a population decline in the future, and with no prospects for a significant increase in GDP, we believe that simply relying on domestic express package delivery services will not be sufficient for the Company to achieve significant growth going forward. Looking at demand for express package delivery alone, we expect a moderate increase, driven by factors such as a rise in the e-commerce ratio. However, as there are many players in the last mile of transportation, competition is still overheated. To differentiate from industry peers, I believe that we need to become a logistics company that can provide comprehensive services upstream in the supply chain, starting from our strengths in express package delivery services; in other words, become **a logistics partner that can provide Total Logistics**. To this end, we need to forge ahead with enhancing the sophistication of our solution proposals based on our existing customer base and business foundations, and to acquire new customers and business foundations in areas with prospects for growth. As a means to secure these, We chose M&A as a strategic approach. Meito Transportation and Hutech norin operate in the area of low-temperature logistics, while Morrison operates in the high-tech and semiconductor-related logistics areas. These are all areas in which our Company did not

have sufficient resources, but ones with prospects for future growth, making their main battlefields areas that perfectly match our Group’s Total Logistics strategy. I believe that we can definitely create good synergies with these companies, and that these M&As have brought us closer to realizing our goal of providing Total Logistics services.



Q What approach will you take to achieve the “SGH Vision 2030”?

We recently redefined our Long-Term Vision, “Grow the new Story. New logistics, nurturing a new society together,” in simpler terms as “continue to be an indispensable presence (= infrastructure) for our customers and society.” Our goal of “continuing to be an infrastructure” is based on our sense of mission as a logistics company. Food and other resources are essential for people to survive. In modern society, it is difficult for many people to obtain these resources on their own, so someone needs to deliver them from the producer to the people. As the Group plays a role in this delivery, our major premise is that we must “continue to be an infrastructure” without stopping our operations, not only in normal times but also in times of disasters and other emergencies. With these aspirations at heart, we will carry out our business activities with pride, knowing that we are part of society’s infrastructure, and that this vision will also serve as the source of our sustainable growth.

Building Total Logistics solutions that meet the needs of our customers

The value that the Group must create to “continue to be an infrastructure” is the **provision of Total Logistics**. Total Logistics we are aiming for is the **provision of logistics that does not overlook even the smallest needs of our customers, and solves potential issues**. In other words, it means to provide highly convenient solutions that not only focus on ensuring the reliable delivery of packages, but also cover the transportation methods and logistics functions before and after delivery. For example, even when it comes to express package delivery services, I think there are many customers who use different companies depending on the size of the package and others, but in reality, doing so must be cumbersome. I believe that providing a comprehensive range of transport methods, from mailbox delivery, express package delivery, low-temperature logistics, heavy item delivery, special transportation, and even overseas delivery, will enable the SG Holdings Group to continue to be indispensable for our customers,

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and even to grow into an essential infrastructure for the consumers beyond our customers, and ultimately for society as a whole. Customizing delivery methods to align with customer needs is an area of expertise that we have continued to practice as part of our “Hiyaku no Kokoro” since our founding. We are confident that we can achieve Total Logistics by horizontally deploying the know-how we have cultivated over many years across a wide range of business areas.

We have expanded our customer base and business foundations both in Japan and overseas based on our express package delivery services business. However, we recognize that there is still variation in the logistics areas in which we excel, and that we are only able to meet a portion of needs. We will integrate logistics solutions that extend from upstream to downstream, while digging even deeper into customer needs for each business and function. Through this integration, we aim to manage our customers entire supply chain which is crucial for our future business growth.

To ensure the smooth implementation of our growth strategy, as President, I not only manage and supervise the execution of each business, but I also believe it is important to directly communicate in my own words to the heads of each Group company what we will do to realize this plan, and to share our vision with the entire Group. For this reason, since becoming President, I have been providing opportunities for information exchange among Group companies several times each month.

Based on the discussions that took place during such exchanges, when announcing our new Mid-Term Management Plan, we fleshed out our specific management targets for FY2030, set management targets for each segment and associated strategies. Also, we were conscious of making this information easier for people outside the Group and all employees in the Group to understand what we are aiming for and how we are going to achieve this. To achieve our targets, we will respect the independence of each Group company, while deepening mutual understanding through in-depth dialogue and building a system that allows for shared responsibility.

Q What are the key strategies of the new Mid-Term Management Plan, “SGH Story 2027,” and what are the most important issues to be addressed in achieving them?

Key strategies of the new Mid-Term Management Plan “SGH Story 2027”

We have positioned “SGH Story 2027,” which started this fiscal year, as the second stage in achieving the “SGH Vision 2030.” We are positioning the three years of the plan as a period in which to generate investment benefits based on the measures kicked off during the previous Mid-Term Management Plan.

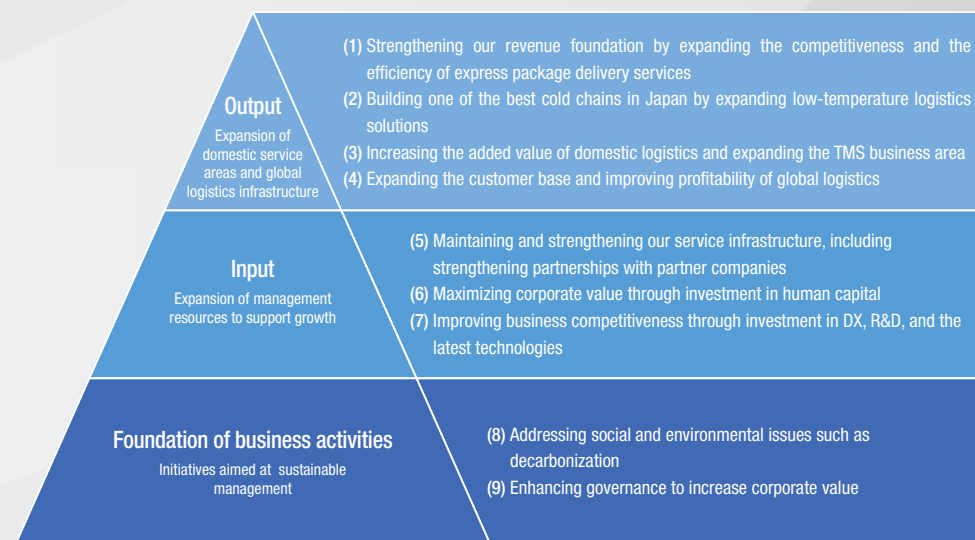
Our basic policy is “More advanced Total Logistics and expansion of global logistics infrastructure.” To achieve this, we have established nine key strategies.

Measures ▶ P.41

In terms of business activities, we aim to expand the scope of our operations, starting with the stable growth of our Delivery Business, including express package delivery services, through moves such as strengthening our low-temperature logistics areas by adding Meito Transportation and Hutech norin to the Group, and enhancing the foundation of our Global Logistics Business by adding Morrison to the Group. We will also accelerate our initiatives aimed at achieving the targets set forth in

our Mid-Term Management Plan by increasing the added value of our domestic logistics and expanding the scope of our TMS business. Furthermore, we will continue to address sustainability, which underpins these initiatives, and promote enhancement of governance within the Group.

Among these, the three most important points are the **development of the overseas business, acquisition and utilization of human resources, and the resolution of social and environmental issues.**



Provision of Total Logistics through the expansion of our overseas infrastructure and synergies with domestic operations

The business challenge we need to focus on in “SGH Story 2027” is expanding the infrastructure of our global business. When compared with the rest of the world, Japan’s express package delivery industry is extremely unique. In Japan, express package delivery is typically conducted face-to-face, and is characterized by attentive services, such as delivery within one or two days without additional charges and the ability to specify a desired delivery time, all at low cost. However, for example, Japanese-style express package delivery services have not been in demand in the United States. As such, at this stage it is important to conduct business in a manner that is appropriate to the different business practices in each country. We aim to expand our overseas business by building a system in which business practices and culture do not become obstacles to business, such as by appointing local personnel to the top positions of our local subsidiaries, while also conducting operations based on the view that these personnel will uphold governance to the same standards as in Japan, as members of the SG Holdings Group.

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Recently, our local subsidiary in the United States has been receiving inquiries asking if it is considering deploying the same services as in Japan. As countries around the world become societies with extremely low birth rates and aging populations, there is a possibility that the need for Japanese-style express package delivery services will gradually increase. Therefore, we believe that it is necessary to make preparations so that we can provide last mile services at any time, such as by improving the service quality of our domestic business.

Furthermore, we can utilize the brand power of Sagawa Express when doing business overseas, as it is well known among Japanese companies.

On the other hand, it's true that Sagawa Express lacks know-how in international transportation such as forwarding, given that its most prominent service is express package delivery. The key lies in the companies acquired through M&A, and in collaborating with Morrison and Expolanka, to expand our overseas business from the forwarding area. We will then expand our coverage to the entire sales logistics areas while strengthening our 3PL and other businesses in producer and consumer countries, our target customers. This is where Total Logistics has the greatest potential.

Creating a comfortable work environment and fostering motivation are the key to securing human resources

People are indispensable in logistics, a labor-intensive industry. I believe that we should prioritize improving working conditions and wages so that people on the ground, including not only drivers but also workers in warehouses and transfer centers, feel motivated and supported in their work.

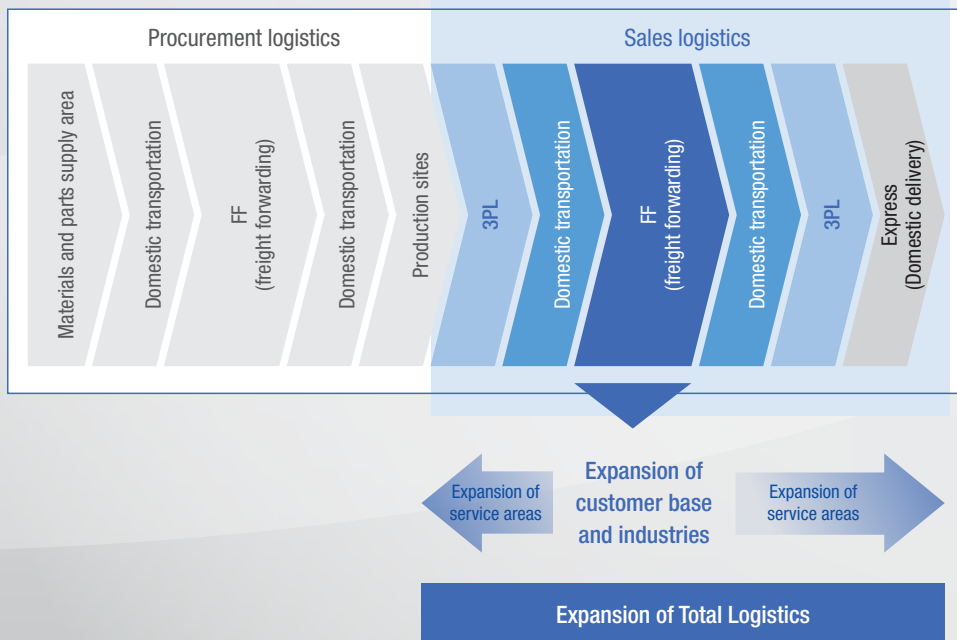
The Japanese logistics industry surrounding the Group is facing a major turning point triggered by the "2024 problem." Although it is expected that this will lead to improvements in the working environment, such as limiting the overtime work of truck drivers to 960 hours per year, it will also necessitate major changes to our business structure and work methods. To resolve this issue, it is essential that we increase operational efficiency and focus resources on areas where they are truly needed. In order to focus on our core business of delivering goods, the Group will also continue to invest in cutting-edge technology, such as by conducting experiments to replace the task of loading packages onto trucks with AI-equipped loading robots. In addition to our individual company efforts, cooperation across the logistics industry and fostering a society-wide mindset are also necessary. For example, if the scheduled delivery time for each package were categorized according to its urgency, less urgent items could be collected at distribution centers and delivered only when a certain amount had been accumulated, thereby increasing the loading rate of trucks.

As for improving wages, real wages are being eroded due to ongoing inflation and households are tightening their purse strings. Logistics companies are also facing rising costs, and unless they share a certain amount of the burden with their customers, the industry as a whole may well see an exodus of human resources, making it even harder to deliver goods.

We must share awareness of these challenges facing the logistics industry with our customers and society, strive for overall optimization, and further enhance the appeal of logistics as an industry. To achieve this, we need to cooperate with national and local governments, and when doing so should take an approach that transcends the boundaries of companies and industries.

On the other hand, over the medium- to long-term, for diverse personnel to thrive, simply improving working conditions is not enough; a sense of belonging to the company and motivation are also important. For example, we need to adjust our evaluation standards, as well as change the mindset of the logistics area, which has been male-dominated up until now. With in-house learning and training related to diversity as a driving force, we will build a system that fairly evaluates the achievements of female, junior, and non-Japanese employees. When measuring employee engagement surveys, we need to refine our analytical methods so that results are linked to job satisfaction and achievements, rather than simply improving results through single measures such as salary and benefits.

Scope of target businesses



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Giving back to society the know-how cultivated through disaster prevention and relief efforts

For the SG Holdings Group to “continue to be an infrastructure,” it is also essential that we solve social and environmental issues through our business activities. We place importance on Total Logistics as the value we provide, which can also contribute to solving social and environmental issues. For example, we will work to achieve carbon neutrality with an eye to realizing a sustainable society by establishing a reverse logistics system that enables the recycling and reuse of resources, and by reducing the CO₂ emissions of our vehicles and facilities.

In particular, in March 2025, we established the SGH Disaster Prevention Support Foundation with the aim of resolving the social issue of disaster prevention in Japan, where natural disasters occur frequently. The Foundation, which conducts disaster prevention projects in cooperation with the government, will utilize the Group’s logistics know-how to prepare warehouses, stockpile various relief supplies, and own and manage delivery-related equipment and materials in order to ensure the rapid delivery of supplies to disaster-affected areas and evacuation centers. In doing so, it will provide assistance in areas where national and local governments and private companies have not been able to reach.

Looking back, the Group’s disaster relief activities began with the Great Hanshin-Awaji Earthquake. After the earthquake struck, we were allowed to use space under the railway tracks at Shin-Kobe Station to set up a logistics base. Then, using the helicopter we owned at the time to search for passable routes, our employees visited the victims to check on and transport relief supplies. In these activities, I believe that we put into practice the know-how cultivated through our day-to-day sales activities, particularly our know-how to absorb the needs of our customers. Since then, we have continued to provide disaster relief support, including in the wake of the Great East Japan Earthquake, the Kumamoto Earthquake, and the most recent Noto Peninsula Earthquake. I have heard that these initiatives have led to many people in the disaster-affected areas becoming Sagawa fans. We have been involved in various disaster relief activities to date, including providing voluntary support and assisting with transportation-related tasks at the request of national and local governments. Our desire to expand the disaster response know-how we have cultivated through these efforts into areas that we have not been able to cover until now, and to prepare for the next emergency, led us to establish the Foundation. In order to prepare for disasters that could occur at any time and to ensure the Foundation’s stable and permanent activities, we have decided to allocate our treasury shares to the Foundation through third-party allotment, with the dividend from these shares to be used as a source of funds for its activities. This is because dividend income is not as heavily affected by our short-term performance as donations, and is considered to be an appropriate source of funding in light of the Foundation’s activities. As a logistics company, the Group uses public roads maintained by national and local governments free of charge to conduct our business. We are strongly committed to **giving back to national and local governments, our important stakeholders, especially in times of emergency**. Maintaining logistics functions and fulfilling our social responsibilities even in times of emergency embodies our vision of “continuing to be an indispensable presence (=infrastructure) for our customers and society.” We believe that gaining the trust of our customers and society in this way will lead to sustainable growth and the enhancement of our corporate value.

Q What is your approach to enhancing SG Holdings’ corporate value in a sustainable manner?

Implementing management that is conscious of cost of capital and stock price to achieve further growth

When announcing the current Mid-Term Management Plan, in addition to “realizing what we want to be,” that I have mentioned multiple times in the past, I also raised “enhancing our corporate value and share price” as an important theme that I wanted to convey to everyone. With an eye to 2030, we will steadily generate growth investment benefits, such as through investments in transfer centers in the Delivery Business and the M&A of two companies, and we will use the generated cash to return profits to shareholders and to fund future growth investments, thereby enhancing our corporate value and share price.

We have set an ROE target of 15% for FY2030. We will enhance ROE by striving to grow our business through the provision of Total Logistics while increasing the return on capital for each segment, as well as by adopting appropriate financial strategies.

We believe that the two M&A deals carried out in FY2025/3 mark a milestone in our large-scale growth investments. While some of the funds will be disbursed during the period of the current Mid-Term Management Plan, we will work to generate benefits as soon as possible. As I mentioned at the beginning, we have also enhanced our shareholder returns, such as clarifying our progressive dividend policy and setting a new total return ratio target.

Reducing the cost of shareholders’ capital is also important in enhancing corporate value. To ensure management transparency, we have set out the enhancement of governance as one of the key strategies in our Mid-Term Management Plan. In light of our dialogue with capital markets, we have also begun to enhance governance in line with the perspectives of our shareholders, such as by reviewing the composition of the Nomination and Remuneration Advisory Committee and introducing ROE and TSR criteria for determining Director remuneration. I will continue to place emphasis on communication that will enable shareholders to gain a deeper understanding of the Company’s present and future and feel reassured about our growth, including by creating opportunities for direct dialogue.

Through continued dialogue and information disclosure, we hope to gain the understanding of not only those in the capital markets, but also our customers, business partners, employees, and partner companies regarding our sustainable growth, and to build relationships that allow us to grow together.

“Hikyaku no Kokoro” is the spirit that drives us to constantly consider what we can do for our customers and devote ourselves wholeheartedly to serving them, which is the cornerstone of the company’s foundation. Going forward, we will continue to strive for sustainable growth and the enhancement of our corporate value to meet the expectations of all our stakeholders.