

Initiatives to Improve Corporate Value and Share Price

- Action to implement management that is conscious of cost of capital and stock price -

June, 2025 SG Holdings Co., Ltd.



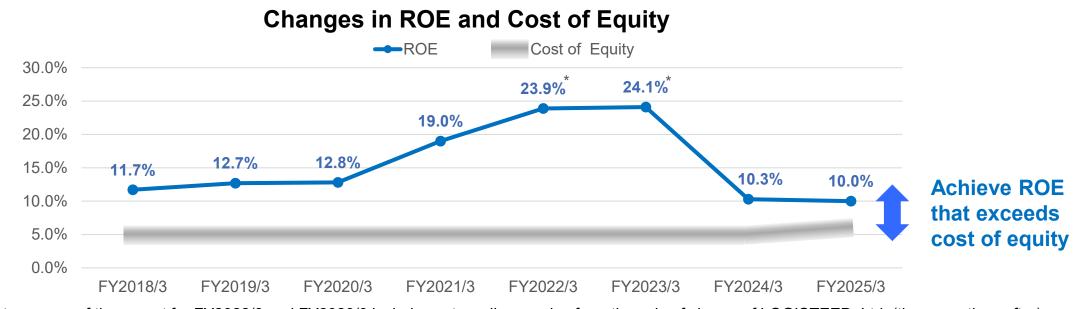
Cost of Capital and Return on Capital – Current Status and Issues

Analysis of Current Situation

- ROE has consistently exceeded cost of equity since listing
- In the period from FY2021/3 to FY2023/3, the Company's performance surged against the backdrop of COVID-19, and ROE reached its highest level. Return on capital by business segment is still improving as we prioritize scaling up logistics solutions other than express package delivery service
- Current cost of equity is around 7-8% based on CAPM and other analysis

Recognition of the Issues

- Need to maintain and improve ROE above cost of equity on an ongoing basis
- Cost of equity is also expected to rise to a certain level in the future due to changes in the business portfolio, etc.



^{*} Net income attributable to owners of the parent for FY2022/3 and FY2023/3 includes extraordinary gains from the sale of shares of LOGISTEED, Ltd. (the same thereafter).



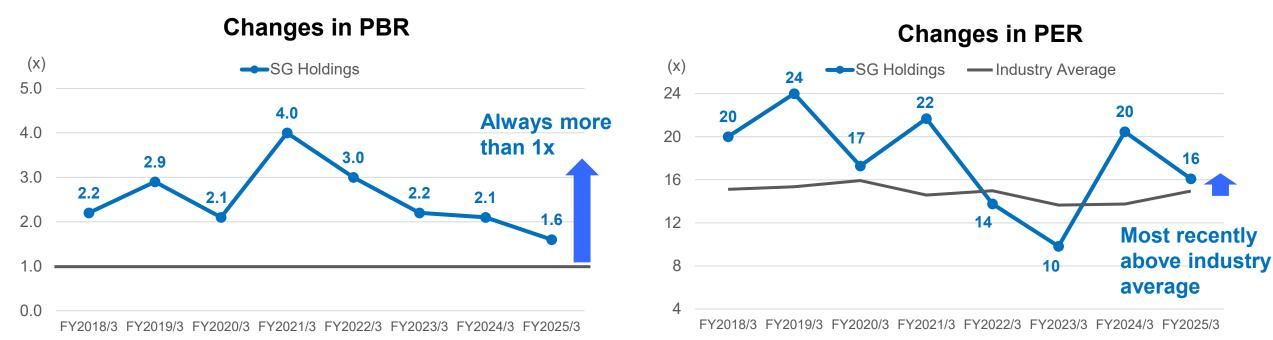


Analysis of Current Situation

- PBR has always remained above 1x since listing
- Current PER is approximately 16x, roughly in line with the industry average of around 13x to 16x (TSE Prime Market and land transportation sector)

Recognition of the Issues

- Necessary to achieve a PBR of over 1x on a sustained basis by improving transparency of capital policies and enhancing dialogue with the capital market, etc.
- The current PER remains at a level that does not sufficiently reflect growth potential, highlighting the need for improvement efforts

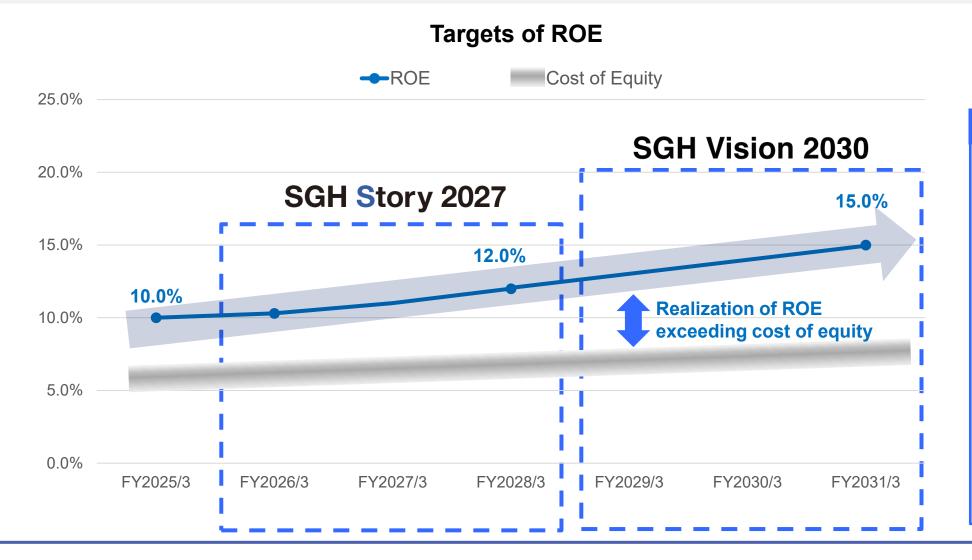


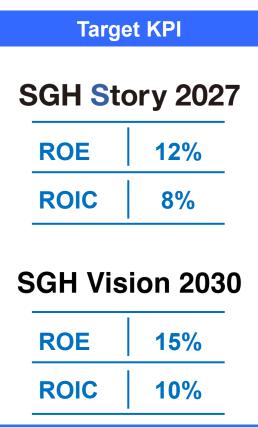
^{*} The Company conducted a 2-for-1 stock split on November 1, 2020. The PBR and PER figures have been calculated on the assumption that the stock split had been effective from the beginning of FY2018/3.

Initiatives to Achieve Management That is Conscious of Cost of Capital and Stock Price – Planning and Disclosure



Target Level ■ Aim for 15% ROE in FY2030 as a long-term trend target to continuously increase corporate value (improving the return on capital of each business, expanding shareholder returns, etc.)





Initiatives to Achieve Management That is Conscious of Cost of Capital and Stock Price



Specific Measures **Strategic Direction Improvement of** ROIC ↗ **ROIC by Business > WACC** ROE Jo **Improvement** Financial Leverage

Specific Initiatives

- Introduction of ROIC-based business portfolio management
- Maintain the annual cycle of segment-based ROIC verification, followed by reporting to the Investment Committee and Board of Directors, and subsequent examination of improvement measures
- Expand synergies across businesses while maintaining and enhancing the Group's overall growth and capital efficiency

Delivery Business

Volume Strategy: Expand services for the three growth areas: real commerce, low-temperature logistics, and cross-border E-commerce Unit Price Strategy: Increase unit price through continuous efforts to receive appropriate freight tariffs and expansion of high unit price services

Logistics Business

Low-temperature Logistics
Strategy: Promoting the initiatives to create Group synergies. Also, support volume growth in express package delivery service

Domestic 3PL Strategy: Provide high value-added services, expand and streamline existing services

Global Logistics Business

Forwarding Business Strategy: Expand business scale and customer

base, and work to stabilize earnings

Express Services Business

Strategy: Focus on cross-border

E-commerce to/from Japan and boost
the growth of the express package
delivery service

Strengthening Shareholder Returns

- Progressive dividends
- Flexible implementation of acquisition of treasury shares
- Total return ratio (3-year cumulative): 60% or more

Utilizing Financial Leverage

- Increase capital efficiency: target an equity ratio of approximately 40% as the lower limit
- Fundraising in growth investments basically utilizes debt. As the cost of debt is lower than the cost of equity, we will minimize WACC increase as much as possible

Initiatives to Achieve Management That is Conscious of Cost of Capital and Stock Price – Specific Measures



Strategic Direction

Controlling the Cost of Equity > ✓

Increase in Expected Growth Rate ↗

Specific Initiatives

Enhancing Governance Structure

- Review of the composition of the Nomination and Remuneration Advisory Committee:
 - Changing Chairperson from the Inside Director to the Outside Director
- Restructuring of global governance structure:
 Delisting of Expolanka, sophisticating governance in light of global logistics strategy
- > Establishment of an executive share ownership association: Increased incentives to drive business performance and share price

Dialogue with Capital Markets

- Dialogue with top management and Outside Directors to permeate growth strategy and governance policy and progress
 - Small meetings with the President and Outside Directors: once per year
 - Thematic small meetings: Holding meetings aligned with market interests, such as Delivery Business, Global Business, and low-temperature logistics. (at least 3 times in FY2026/3)
 - Meetings with investors and analysts: Approx. 300 times per year
 - Enhancing overseas IR

Enhancing Disclosure

- Clear statement of mid- to long-term KPIs (capital efficiency targets such as ROE and ROIC)
- ➤ Improvement of specificity and transparency of the Mid-term Management Plan: Clearly state cash allocations and a specific view toward 2030
- Continuous improvement of sustainability disclosures
- Formation of a virtuous cycle of enhancing internal feedback of investor opinions and reflecting them in policies and disclosures



Disclaimer

This document has been prepared to provide corporate information, etc. on SG Holdings Co., Ltd. (hereinafter referred to as "the Company") and SG Holdings Group companies (hereinafter referred to as "the Group"), and is not intended for 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; risk of system, administrative, personnel or legal violation risks; occurrence of fraud or scandal; ruin 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 alliance 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 Group 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.