Grow the new Story.
New logistics, nurturing a new society together.

Initiatives to Improve Corporate Value and Share Price

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

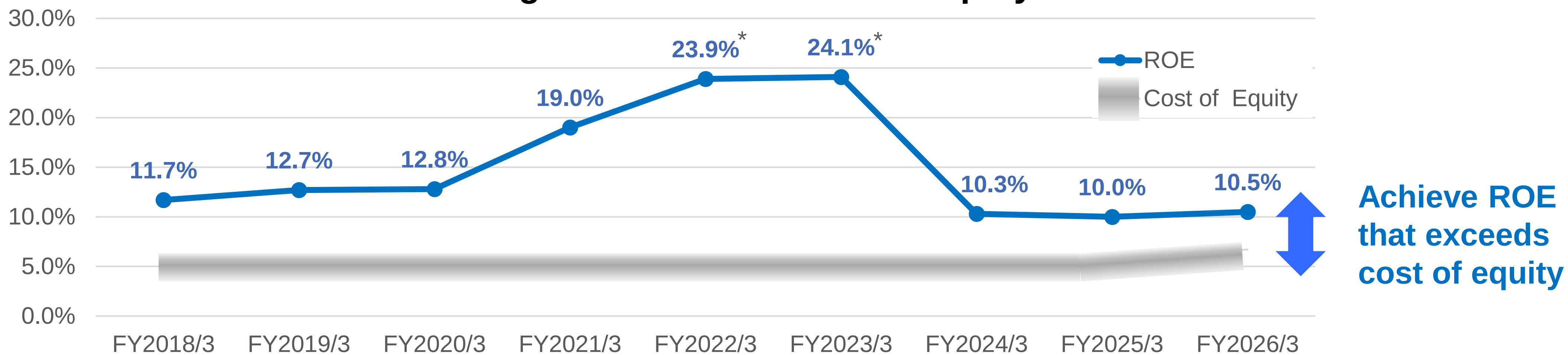
July, 2026

SG Holdings Co., Ltd.

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

Analysis of Current Situation	■ Current cost of equity is approximately 7-8%, based on CAPM and other analyses, reflecting the rising interest rate environment ■ Since listing, **ROE has consistently exceeded cost of equity** ■ ROE reached a record high from FY2021/3 to FY2023/3 amid strong earnings growth during COVID-19 ■ Since FY2024/3, growth investments have expanded, and improvements in capital profitability by business segment are still underway ■ Rising interest rates potentially becoming a medium- to long-term trend, **upward pressure on the cost of equity is expected to continue**
Recognition of the Issues	■ **Continued improvement in ROE is required while controlling the cost of equity**

Changes in ROE and Cost of Equity



* 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 hereinafter)

Market Evaluation – Current Status and Issues

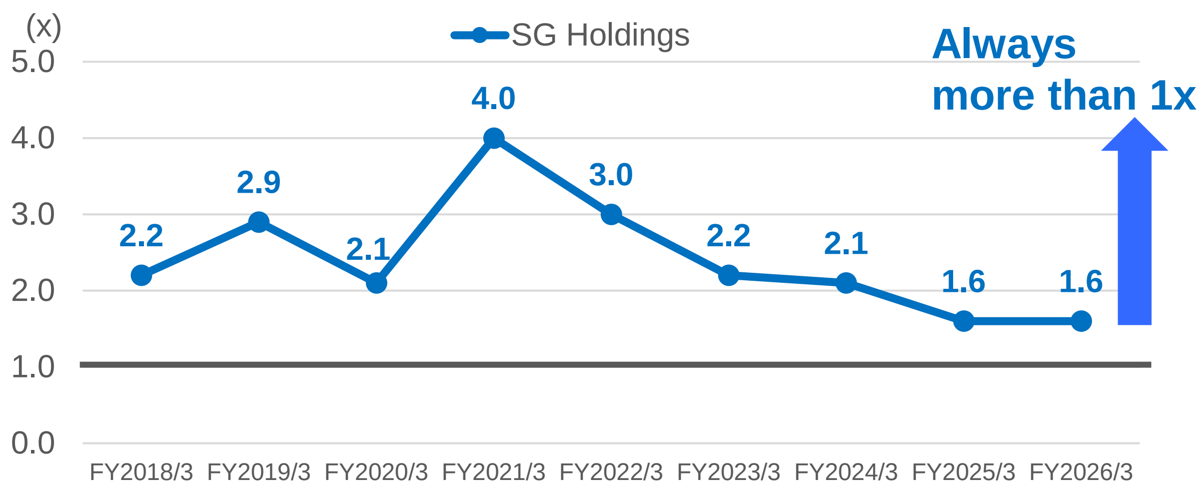
Analysis of Current Situation

- Since listing, **PBR has consistently remained above 1x**, supported by a high level of ROE compared with other companies in the transportation sector
- **Current PER is approximately 15x**, roughly in line with the industry average of approximately 13x to 16x (TSE Prime Market and land transportation sector)

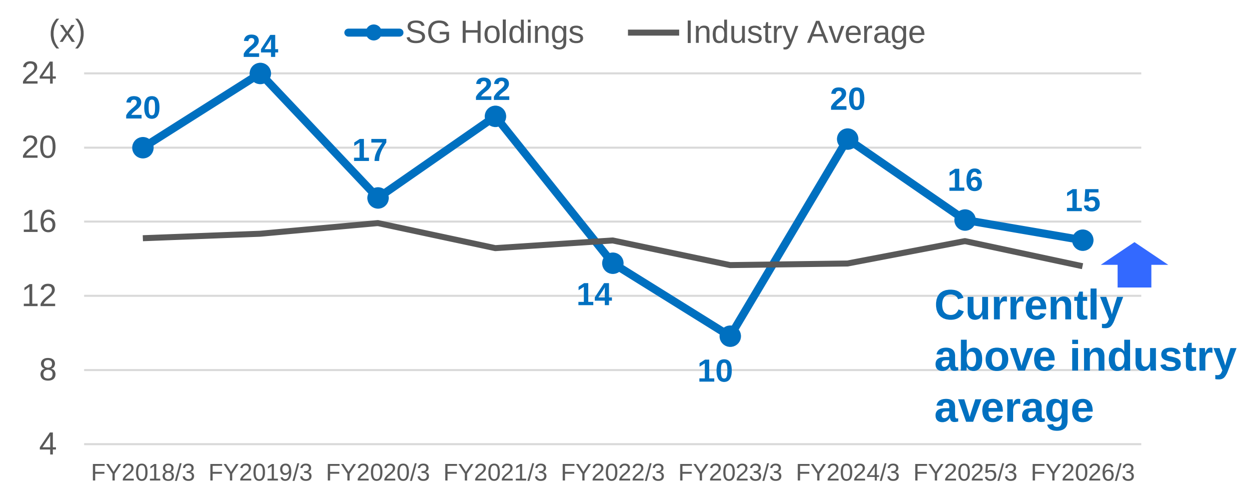
Recognition of the Issues

- Sustained achievement of PBR above 1x is required through enhanced disclosure on Total Logistics sophistication and dialogue with the capital markets
- The current PER does not sufficiently reflect growth potential, highlighting the need for improvement efforts

Changes in PBR



Changes in PER

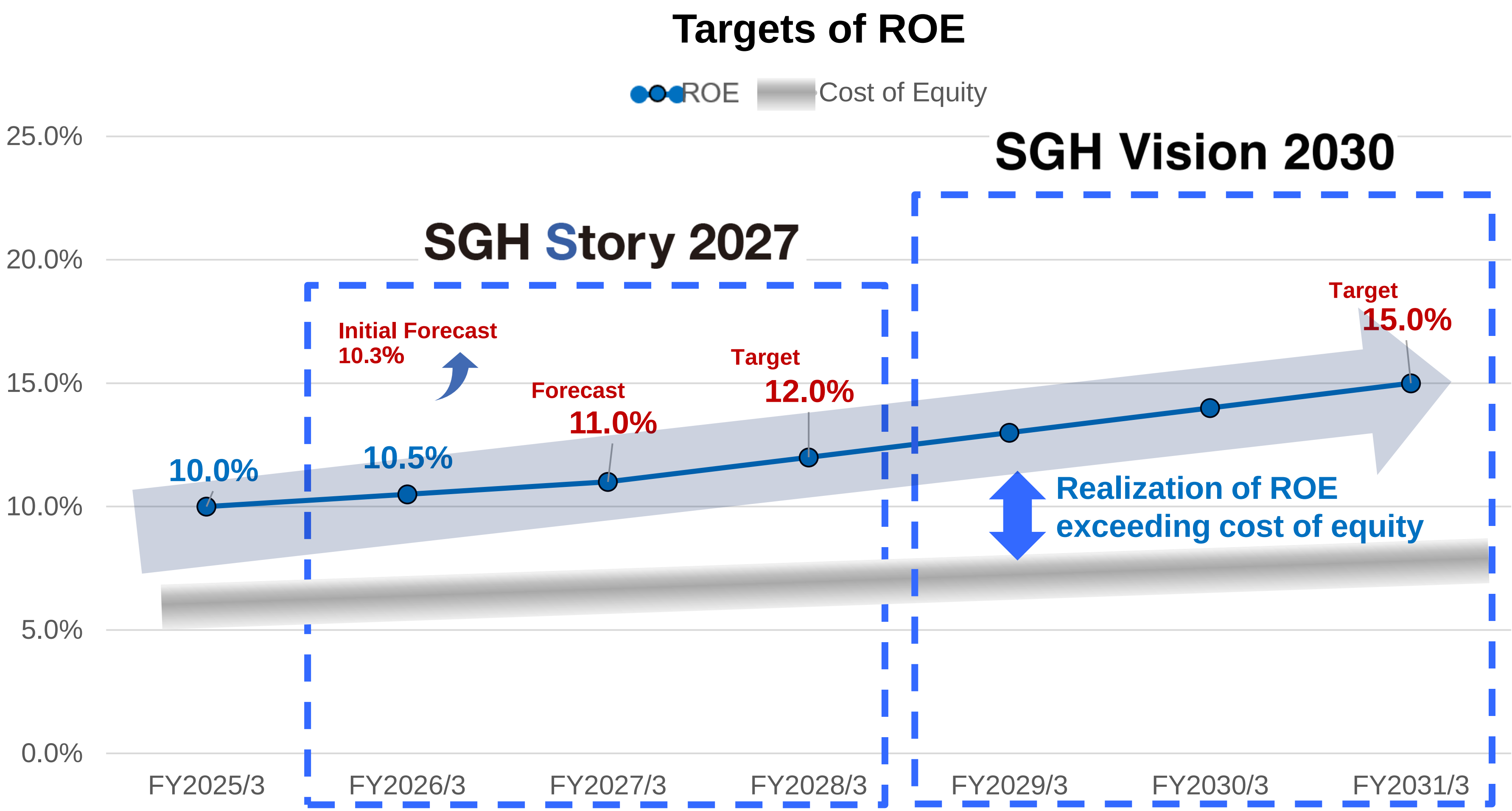


* The Company conducted a 2-for-1 stock split on November 1, 2020. The PBR and PER figures have been calculated on the assumption that the stock split had been effective from the beginning of FY2018/3

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

Target Level

- **Achievement of ROE of 15% by FY2030** is targeted through improving the profitability across businesses and enhancing shareholder returns



Target KPI

SGH Story 2027

ROE	12%
ROIC	8%

SGH Vision 2030

ROE	15%
ROIC	10%

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

<Logic Tree for Improving Corporate Value and Stock Price>

- Realization of corporate value and stock price improvement
  - ROE improvement
    - ROIC improvement
      - ROIC management
    - Utilization of financial leverage
      - Strengthening of shareholder returns
      - Financial leverage
  - PER Improvement
    - Suppression of cost of shareholders' equity
    - Improvement of expected growth rate
      - Advancement of governance
      - Expansion of disclosure
      - Expansion of dialogue with capital markets

ROIC management	<u>Improving profitability by implementing a growth strategy based on business portfolio management</u> • Delivery: Strengthen growth areas and improve efficiency by strengthening transportation infrastructure • Logistics: Expand business scale by creating group synergies • Global: Cost reductions at Expolanka and creation of synergies with Morrison
Strengthening of shareholder returns	<u>Total return ratio (3-year cumulative): 60% or more</u> • Progressive dividends • Flexible implementation of share buybacks
Financial leverage	<u>Improvement of capital efficiency</u> • As a general policy, utilization of debt for funding growth investments • Control the equity ratio at around 40%
Advancement of governance	<u>Enhancement of management structure</u> • Strengthening the functions of the Board of Directors • Enhancement of global governance structure
Expansion of disclosure	<u>Enhancement of disclosure</u> • Information disclosure (quantitative and qualitative) aimed at constructive dialogue with capital markets
Expansion of dialogue with capital markets	<u>Deepening of understanding for the Company</u> • Holding small meetings with the President and Outside Directors, and topic-specific briefing sessions • Consideration, implementation, and feedback on requests from capital markets

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

ROE Improvement (1)

ROIC Management: Improving Profitability by Executing Growth Strategies Based on the Business Portfolio

The company-wide hurdle rate is set at 5.5%, based on WACC and other factors. ROIC remains high in the Delivery Business. ROIC in the Logistics and Global Logistics Businesses temporarily declined due to an increase in goodwill associated with M&A, but profit contributions from acquired businesses have begun to materialize

Delivery Business

- From FY2024 onward, ROIC declined year on year due to factors including increased invested capital for the construction of large-scale transfer centers, but generally remained at around 11%
- The phase of large-scale growth investment has run its course. Going forward, investment will focus on labor-saving and efficiency-enhancing initiatives, including digital transformation, to ensure the steady recovery of invested capital. Review the asset holding policy and focus on improving profitability through investment returns

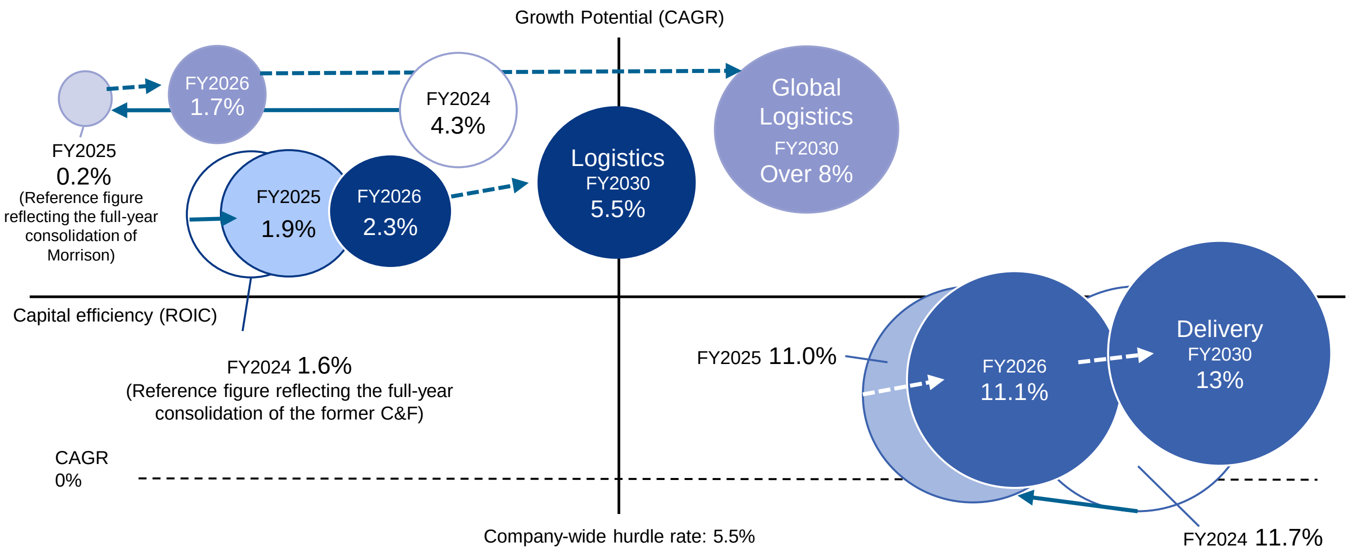
Logistics Business

- From FY2024 onward, ROIC declined due to the increase in goodwill resulting from the acquisition of the former Chilled & Frozen Logistics Holdings (C&F)* (ROIC improved when excluding the impact of goodwill)
- In FY2026, the low temperature logistics business will improve profitability through more advanced profitability management while strengthening its business foundations, including the launch of new facilities. Aim to achieve the FY2030 target of 5.5% through investments focused on profitability

Global Logistics Business

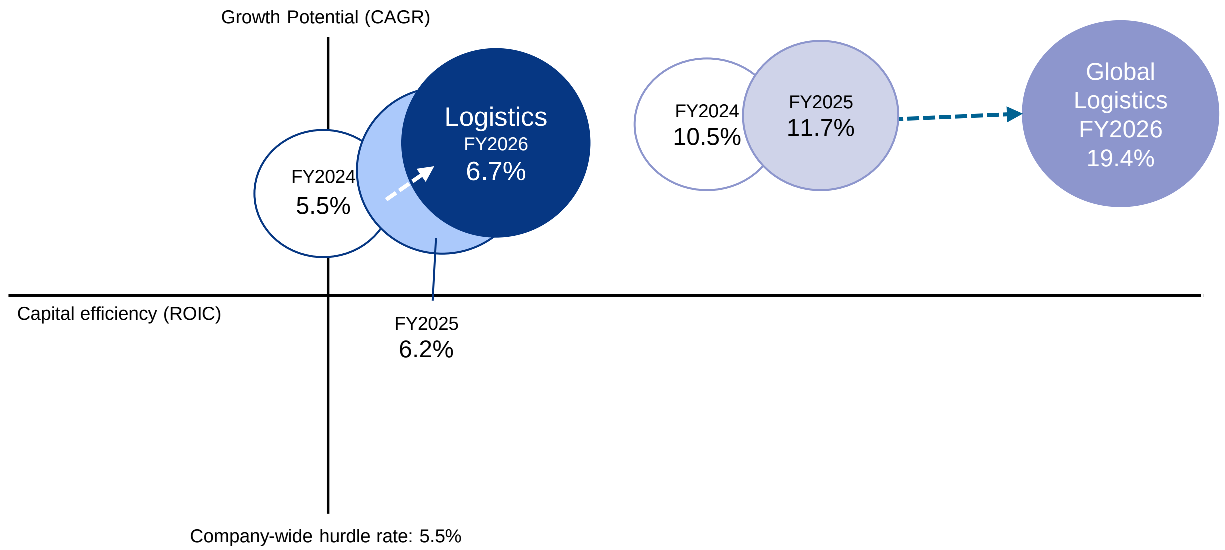
- In FY2025, ROIC declined due to the increase in goodwill resulting from the acquisition of Morrison and a decline in profit of Expolanka. However, ROIC improved when excluding the impact of goodwill, reflecting Morrison's inclusion in the Group
- In FY2026, synergies between Expolanka and Morrison will be promoted. ROIC is expected to improve by concentrating resources on the freight forwarding business and pursuing organizational reforms to strengthen profit-generating capabilities

[ROIC by Segment: Results and Outlook]



[ROIC by Segment (Excluding the Impact of Goodwill, etc.)]

* The Delivery Business is excluded because the impact of goodwill is minimal



* Absorption-type merger with Meito Transportation Co., Ltd. as the surviving company, effective April 1, 2025.
* ROIC by segment = NOPAT by segment / invested capital by segment. NOPAT by segment is calculated by adjusting operating income by segment for the effective tax rate, while invested capital by segment is calculated as the average working capital plus fixed assets for each segment during the fiscal year. ROIC by segment (excluding goodwill, etc.) is calculated by excluding goodwill amortization expense from NOPAT by segment and goodwill, etc. from invested capital by segment.

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

ROE Improvement (2)

Utilization of Financial Leverage

In FY2026/3, ROE ended up at 10.5%, exceeding the initial forecast, through balance sheet management measures such as the use of financial leverage for growth investments

Strengthening of shareholder returns

■ **Basic Policy: Cumulative total return ratio of 60% or more over the three years of the Mid-Term Management Plan**

- Progressive dividends
- Implement flexible share buybacks

■ **Initiatives for the current fiscal year**

- Progressive dividends (+1 yen YoY)

(yen)

	Interim	Year-end	Total
FY2025/3	26	26	52
FY2026/3	26	27	**53**

- For share buybacks, of the 60.0 billion yen authorization established under the current Mid-Term Management Plan, **buybacks of 45.0 billion yen were executed**

Financial Leverage

■ **Basic Policy: Improving capital efficiency**

- Control the equity ratio at around 40%
- Bank borrowings are utilized in executing growth investments
  - Funds for the acquisitions of the former C&F, Morrison, and others etc.

Through capital reduction and improved capital efficiency

	<FY2025/3>		<FY2026/3>
Equity ratio:	55.8%	→	**44.4%**

■ **Other initiatives (selection and concentration of assets)**

- Implement the following measures to improve asset efficiency
  - ✓ Organization of non-core businesses
  - ✓ Disposal of non-operating real estate
  - ✓ Disposal of cross-shareholdings
  - ✓ Review of cash and cash equivalents levels (down 24.0 billion yen from the previous fiscal year-end)

- For FY2026/3, ROIC by segment in the Logistics Business and Global Logistics Business were in a declining phase due to growth investments. ROE ended at 10.5%, 0.2 percentage points above the target, through the use of financial leverage and other measures
- In FY2027/3, **ROE of 11.0%** is targeted through **improvement of ROIC** driven by M&A synergies, etc. and enhanced capital efficiency through continuous balance sheet control

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

Improvement of PER

Suppression of cost of shareholders' equity and improvement of expected growth rate
Implementing various initiatives to enhance governance through dialogue with shareholders and investors

Expansion of disclosure and dialogue with capital markets

- The following IR activities were conducted in FY2026/3. Expanding opportunities for dialogue with investors through new initiatives

New	✓ Small meetings with President	2
New	✓ Small meetings with Outside Directors	1
New	✓ Theme-based briefings	2
	✓ Meetings with institutional investors and analysts	271, etc.

<Key Opinions Reflected in Initiatives Through IR Activities>

- Greater clarity should be provided regarding the involvement of outside directors and the decision-making processes in nominations and remuneration of officers
- To foster awareness of enhancing corporate value, metrics conscious of share price, such as ROE and TSR, should be incorporated into the officer remuneration system
- The presence of officers who do not hold the company's shares raises concerns regarding the company's growth potential

Advancement of governance

- Review of the officer remuneration system
  - ✓ Changed the method for determining base remuneration for officers. Incorporated the achievement levels of KPIs such as ROE and TSR, etc. into the evaluation criteria, directly reflecting the degree of contribution to corporate value
- Change of structure of the Nomination and Remuneration Advisory Committee
  - ✓ To establish a more transparent governance structure, the chairperson was changed from the Representative Director to an Independent Outside Director

■ Structure after change

Chairperson	Mika Takaoka, Independent Outside Director
Members	Osami Sagisaka, Independent Outside Director
	Hidekazu Matsumoto, President and COO

- Introduction of an executive share ownership association
  - ✓ Introduced an executive share ownership association program, establishing a scheme that enables officers to hold company shares. A portion of monthly remuneration is contributed, and used to purchase the Company's shares from the market, in principle on a monthly basis

The PER as of the end of FY2026/3 is approximately 15X, exceeding the industry average, but we recognize that there is room for the market to reassess its expectations for future growth. We will continue enhancing dialogue with capital markets and disclosure practices. In addition, we will build market expectations through the steady realization of growth investments and continued progress toward achieving the Mid-term Management Plan, thereby improving PER

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