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New logistics, nurturing a new society together.

SG Holdings Co., Ltd.

Results Presentation for FY2025/3 Q3

February 7, 2025

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Financial Highlights

- Consolidated financial results in the first nine months saw **increases in revenue and income** year on year
 - Operating revenue:
 - The average unit price of express package delivery services shifted generally as planned. However, the number of packages continues to follow a weak year on year trend
 - Expolanka, which operates a forwarding business, performed well
 - Increased due to Chilled & Frozen Logistics Holdings Co., Ltd. (C&F) being newly included in the scope of consolidation from the third quarter
 - In the Real Estate Business, real estate holdings were sold in the second quarter
 - Operating income:
 - While income decreased in the Delivery Business due to a decrease in the number of packages, etc., income increased in the Logistics Business due to an increase in Expolanka's income
 - The Real Estate Business saw an increase in income due to the sale of real estate holdings
- The full-year earnings forecast remains **unchanged** from the previous forecast
 - Looking by segment, the progress and forecast for the Delivery Business are slightly weak compared to the full-year plan. On the other hand, the overall consolidated results are forecast to be generally as planned due to the Logistics Business being higher than anticipated in the third quarter
- Topics
 - For examples of synergies with C&F, see pages 14 to 17
 - Today, SGH decided the acquisition of shares of Morrison Express Worldwide Corporation with the aim to expand global logistics business. For details, please see page 28 onwards

Overview of Results

Delivery Business

- The total number of packages decreased in both BtoB and BtoC due to factors such as the stagnation in the improvement of consumer sentiment, and the competitive environment is becoming more intense, such as some major e-commerce business operators making moves to expand their in-house delivery networks
- The average unit price rose due to a revision of reported fares in April 2024, efforts to receive appropriate freight tariffs in each transaction, etc.
- TMS⁽¹⁾ sales saw an increase due to proposal-based sales by GOAL^{®(2)}, etc.
- There is an upward trend in costs related to securing resources for the sustained and stable provision of services, such as an increase in the unit price of consignment

Logistics Business

- Ocean and air freight rates rose due to disruptions in ocean transportation caused by the avoidance of passage through the Red Sea and fluctuations in market prices caused by the associated shift to air transportation, in addition to progression of pricing negotiations with customers
- The volume of ocean and air cargo performed well due to factors such as the above impact of the Red Sea and the acquisition of new customers

Real Estate Business

- Real estate holdings were sold in the second quarter. Businesses such as real estate leasing and management progressed as planned

Other Businesses

- BPO transactions decreased, sales of new vehicles such as large trucks decreased

Notes (1) TMS: Transportation Management System. A value added transportation service other than express package delivery service utilizing the Group's logistics network.
 (2) GOAL is a registered trademark of SG Holdings Co., Ltd.

Summary of Consolidated Financial Results

➤ C&F results are included in consolidated results from the third quarter

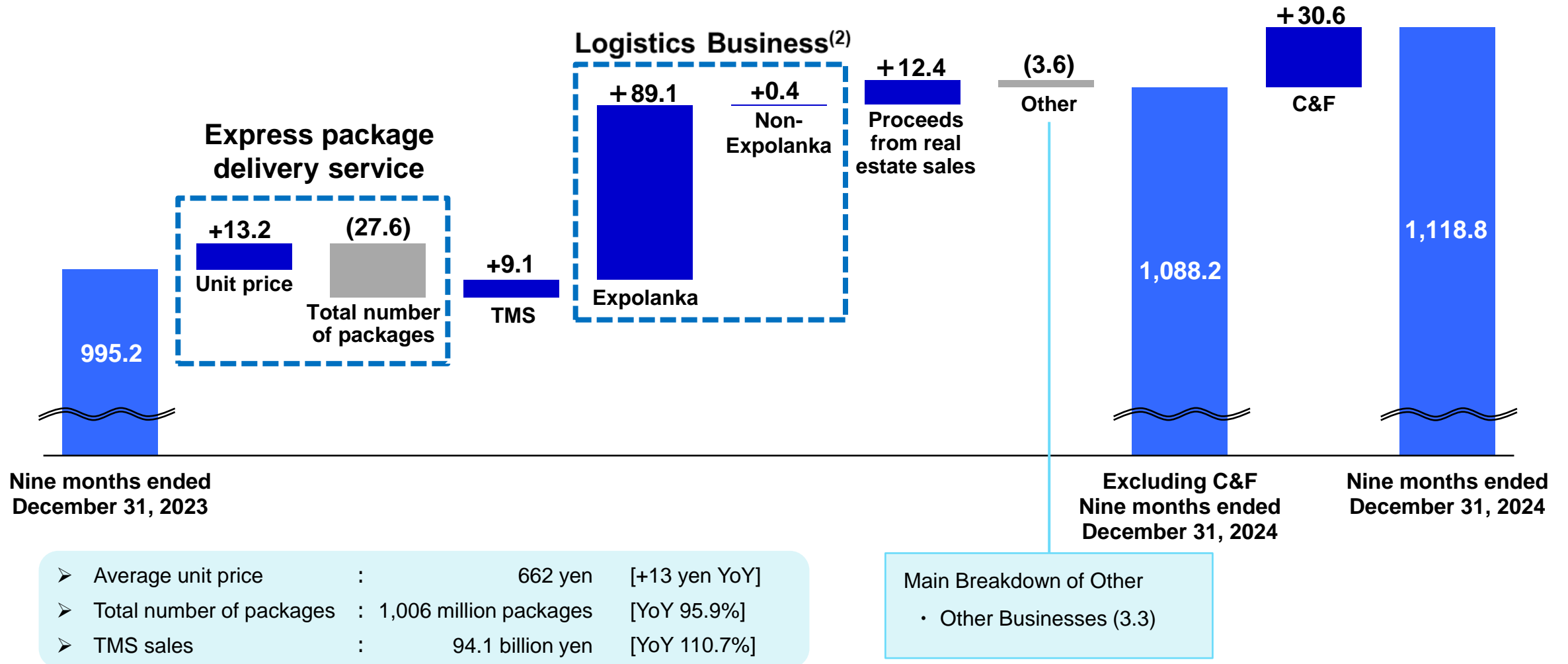
(Units: billions of yen)	Nine months ended December 31, 2023	Nine months ended December 31, 2024	YoY change	YoY (%)
Operating revenue	995.2	1,118.8	+ 123.5	112.4%
Operating income [Operating margin]	71.6 [7.2%]	76.6 [6.9%]	+ 4.9	106.9%
Ordinary income	73.8	77.2	+ 3.4	104.7%
Net income attributable to owners of the parent	48.3	51.3	+ 3.0	106.3%

[Reference] ROE⁽²⁾ for nine months ended December 31, 2024 : 11.9% (same period of the previous year: 11.5%)

Notes (1) Amounts less than 100 million yen are rounded down. (2) ROE calculation method: Net income attributable to owners of the parent × 12/9 ÷ average equity capital during the period. (3) The amortization of goodwill is calculated based on the amount of goodwill that has been provisionally recorded because the allocation of acquisition costs in the amount of goodwill that arose on the acquisition of C&F's shares has not been completed as of the end of the third quarter (and the same thereafter).

Analysis of Changes in Operating Revenue

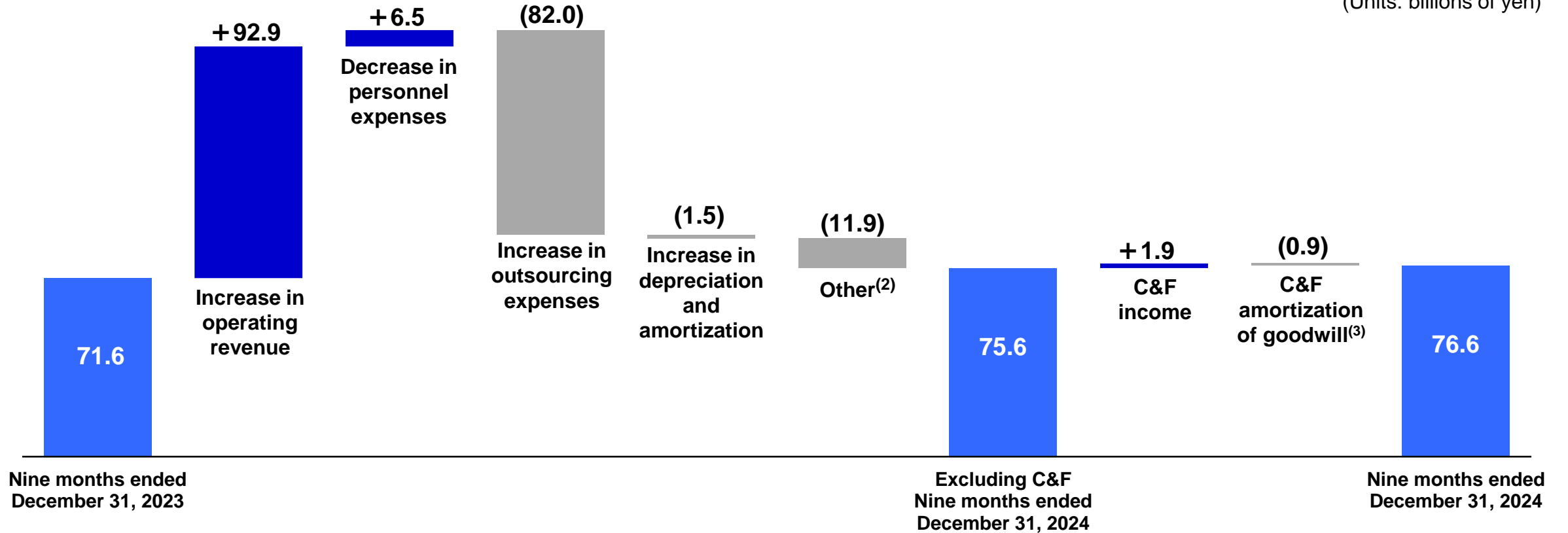
(Units: billions of yen)



Notes (1) Amounts less than 100 million yen are rounded down. (2) Excluding TMS and C&F.

Analysis of Changes in Operating Income

(Units: billions of yen)



- Personnel expenses : Decrease in expenses due to the decline in the total number of packages, etc.
- Outsourcing expenses : Increase in Logistics Business revenue, increase in unit price of consignment for Delivery Business, etc.
- Depreciation and amortization : Purchases of property, plant and equipment, etc.
- Other⁽²⁾ : Increase in costs of sales of property, etc.

Notes (1) Amounts less than 100 million yen are rounded down. (2) "Other" includes fuel expenses. (3) The amount of amortization of goodwill for C&F is calculated based on the amount of goodwill that has been provisionally recorded (see Note (3) on page 4 for details).

Results by Segment

➤ C&F is classified into the Logistics Business

(Units: billions of yen)	Nine months ended December 31, 2023	Nine months ended December 31, 2024	YoY change	YoY (%)	Breakdown of increase/decrease in operating income
Total operating revenue	995.2	1,118.8	+ 123.5	112.4%	<ul style="list-style-type: none"> • <u>Delivery Business</u> - While the average unit price rose and TMS sales increased, the number of packages decreased. In addition, income decreased due to factors such as an increase in outsourcing costs caused by an increase in the unit price of consignment • <u>Logistics Business</u> - Increase due to increase in cargo volume and higher freight rates of Expolanka - Increase due to the inclusion of C&F's income, but decrease due to the amortization of goodwill • <u>Real Estate Business</u> - Increase due to the sale of real estate holdings • <u>Other Businesses</u> - Decrease due to a decrease in BPO transactions, a decrease in sales of new vehicles such as large trucks • <u>Adjustments</u> - Advisory expenses for acquisition of C&F shares, etc.
Delivery Business	784.4	779.7	(4.6)	99.4%	
Logistics Business	163.4	282.8	+ 119.3	173.0%	
Real Estate Business	5.5	17.8	+ 12.2	318.4%	
Other Businesses	41.7	38.4	(3.3)	92.0%	
Total operating income	71.6	76.6	+ 4.9	106.9%	
Delivery Business	66.1	61.9	(4.1)	93.8%	
Logistics Business	(2.7)	6.7	+ 9.4	—	
Real Estate Business	3.4	6.4	+ 3.0	188.1%	
Other Businesses	2.9	1.4	(1.5)	49.4%	
Adjustments	1.8	0.0	(1.8)	0.0%	

Note (1) Amounts less than 100 million yen are rounded down.

Consolidated Statement of Cash Flows

(Units: billions of yen)	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities	39.2	79.5
Cash flows from investing activities	(32.2)	(119.2)
Free cash flows ⁽²⁾	7.0	(39.6)
Cash flows from financing activities	(69.5)	20.9
Net increase (decrease) in cash and cash equivalents	(59.0)	(15.9)
Cash and cash equivalents at the end of period	119.2	131.2

Notes (1) Amounts less than 100 million yen are rounded down. (2) Free cash flows = cash flows from operating activities + cash flows from investing activities.

Consolidated Balance Sheet

	FY2024/3	FY2025/3 Q3		FY2024/3	FY2025/3 Q3
(Units: billions of yen)			(Units: billions of yen)		
Current assets	397.3	419.4	Liabilities	306.7	496.0
Cash and deposits	147.2	131.2	Accounts payable	78.4	89.8
Accounts receivable and other receivables	189.9	232.7	Interest-bearing debt	84.7	213.4
Inventories	37.5	28.0	Other	143.5	192.8
Other current assets	22.6	27.3			
Non-current assets	499.6	657.9	Net assets	590.2	581.3
Property, plant and equipment	387.9	458.6	Portion attributable to owners of the parent	577.5	576.8
Goodwill ⁽³⁾	8.3	83.4	Non-controlling interests	12.7	4.5
Other non-current assets	103.3	115.8			
Total assets	897.0	1,077.4	Total liabilities and net assets	897.0	1,077.4
			Equity ratio	64.4%	53.5%

Notes (1) Amounts less than 100 million yen are rounded down. (2) Assets and liabilities increased significantly due to the impact of newly consolidated C&F in the first half of the fiscal year. (3) The amount of goodwill for C&F is provisionally recorded.

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Consolidated Earnings and Dividend Forecast

➤ No change from the previous forecast announced on November 8, 2024

(Units: billions of yen)	FY2024/3 results	FY2025/3 earnings forecast (Announced on November 8, 2024)	YoY change	YoY (%)
Operating revenue	1,316.9	1,470.0	+ 153.0	112%
Operating income [Operating margin]	89.2 [6.8%]	90.0 [6.1%]	+ 0.7	101%
Ordinary income	90.8	91.0	+ 0.1	100%
Net income attributable to owners of the parent	58.2	60.0	+ 1.7	103%

(Units: yen)

Dividend per share	Interim	26	26	+ 1	—
	Year-end	25	26		
	Total	51	52		

Notes (1) Amounts less than 100 million yen are rounded down. (2) The consolidated results for the full year include the results forecast for C&F for the period from October 1, 2024 to March 31, 2025 (and the same thereafter).

Earnings Forecast by Segment

	FY2024/3 results	FY2025/3 earnings forecast (Announced on November 8, 2024)	YoY change	YoY (%)
(Units: billions of yen)				
Total operating revenue	1,316.9	1,470.0	+ 153.0	112%
Delivery Business	1,028.5	1,024.0	(4.5)	100%
Logistics Business	219.7	370.0	+ 150.2	168%
Real Estate Business	12.6	24.0	+ 11.3	190%
Other Businesses	56.0	52.0	(4.0)	93%
Total operating income	89.2	90.0	+ 0.7	101%
Delivery Business	81.5	74.0	(7.5)	91%
Logistics Business	(4.8)	5.0	+ 9.8	—
Real Estate Business	7.1	10.0	+ 2.8	140%
Other Businesses	3.4	2.0	(1.4)	59%
Adjustments	2.0	(1.0)	(3.0)	—

Note (1) Amounts less than 100 million yen are rounded down.

Assumptions for the Consolidated Earnings Forecast <No change from the previous forecast>

- **Express package delivery service, TMS**
 - Average unit price : 662 yen [+14 yen YoY]
 - Total number of packages : 1.32 billion packages [YoY: 96%]
 - TMS sales : 120.0 billion yen [YoY: 106%]

- **Expolanka**
 - Operating revenue : 201.0 billion yen [YoY: 176%]
 - Operating income : 2.0 billion yen [YoY: -]
 - Volume : Air 140 kt [YoY: 139%]
Ocean 170k TEU [YoY: 114%]

- **C&F⁽²⁾**
 - Operating revenue : 59.0 billion yen [YoY: -]
 - Operating income : 2.3 billion yen [YoY: -] * Excluding 2.0 billion yen in amortization of goodwill (provisional)

- **Operating expenses**
 - Personnel expenses : 453.0 billion yen [YoY: 104%]
 - Outsourcing expenses : 710.0 billion yen [YoY: 120%]
 - Depreciation and amortization : 40.0 billion yen [YoY: 114%]
 - Other⁽³⁾ : 177.0 billion yen [YoY: 106%]

- **Exchange rate**
 - Expected to be 1\$=146 yen in FY2025/3 Q4

Notes (1) Expolanka's earnings are based on IFRS accounting standards. (2) C&F's earnings forecast is for the period from October 1, 2024 to March 31, 2025.
(3) "Other" includes fuel expenses.

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Creation of Synergies with C&F①

To Day1

Completed items

- ✓ Preparation for consolidated accounting
- ✓ Formulation of a joint logo for the two companies
- ✓ Mutual inspection of locations
- ✓ Organization of decision-making flow

Major items

- ✓ Planning of services provided
- ✓ Consideration of synergy within the SGH Group (procurement functions for vehicles, fuel, etc., real estate, systems, human resources and temporary staffing, etc.)

Short term (FY2025-)

Expansion of revenue

- ✓ Start of roll-out in frozen e-commerce area
- ✓ Expansion of chilled area in joint delivery
- ✓ Expansion of Cool TMS business

Effect on costs and management

- ✓ Human resource exchange, dispatch of personnel
- ✓ Reduction of listing maintenance costs
- ✓ Improving the efficiency of cash management
- ✓ Human resource development such as joint recruitment of new graduates and training

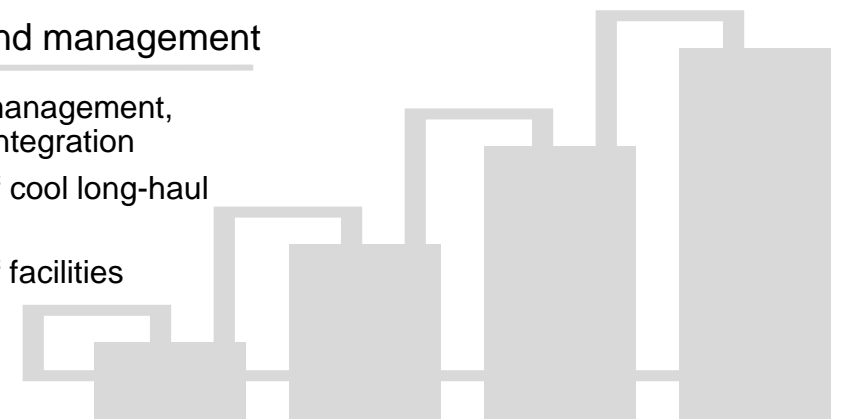
Medium term (FY2026-28)

Expansion of revenue

- ✓ Expansion of warehouse space through additional investment
- ✓ Expansion of e-commerce and express package delivery domains
- ✓ Increase of international import and export projects
- ✓ Creation of synergy effect of 7.5 billion yen in operating income throughout the SGH Group as a whole

Effect on costs and management

- ✓ Streamlining of management, such as system integration
- ✓ Joint operation of cool long-haul transportation
- ✓ Joint utilization of facilities



Long term (FY2030-)

Expansion of revenue

- ✓ Building one of Japan's best efficient cold chains that extends from upstream to downstream

Creation of Synergies with C&F②

➤ Effects of joint initiatives between the SGH Group and C&F

● Expansion of revenue

- Since our joint initiatives began four months ago, several projects have already been acquired. These worth around 500 million yen in annual operating income
- About two-thirds of the above projects acquired are regular, ongoing projects, and are expected to stably contribute to future results
- We have received many consultation requests on improving the efficiency of logistics, and will continue to contribute to the growth of our customers' businesses from a logistics perspective

● Effect on costs and management

- Creation of synergy effects through integration and utilization of the functions of SGH Group companies
- Reduction of listing maintenance costs
- Expected to reduce expenses by more than 100 million yen per year

● Future priority items

- Expansion of investment in Logistics Business infrastructure (warehouses, vehicles, personnel) in line with the expansion of the number of projects
- Expansion of capacity for low-temperature delivery services



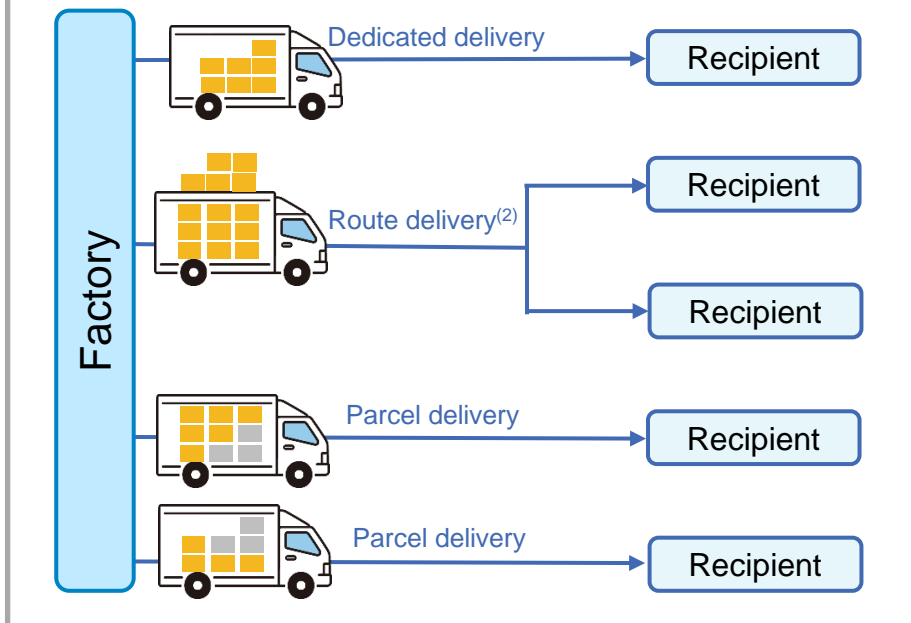
Example of Synergy Creation with C&F – Solution for Dairy product manufacturer

➤ Utilizing C&F's infrastructure to provide optimal logistics solutions to customers

Customer's issue

As sales volume increases, logistics capacity becomes strained. The use of multiple delivery companies and sorting work at factory increased

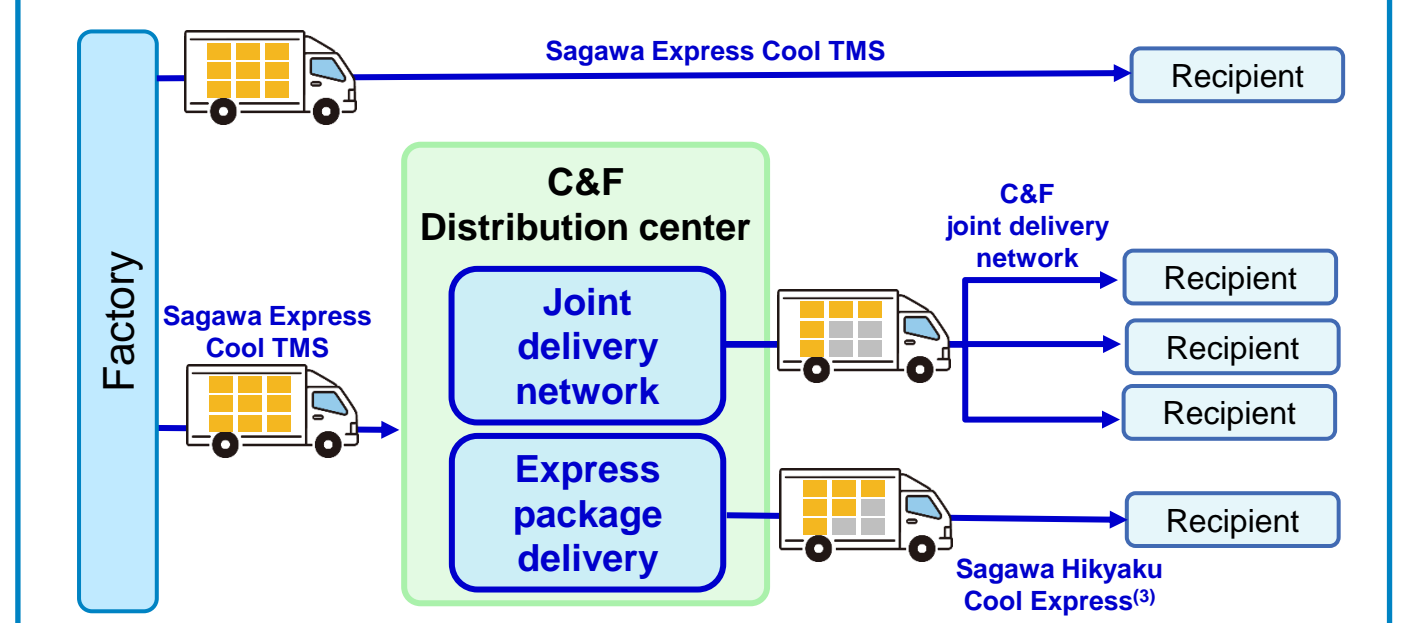
Before



Solution

Utilizing Sagawa Express Cool TMS, C&F's distribution centers⁽¹⁾ and joint delivery makes it possible to build a transportation and delivery system tailored to the destination and cargo volume

After



Notes (1) Storage-type distribution center. (2) Delivering goods to predetermined stores or offices at a specific time and date along a predetermined route. (3) Hikyaku Cool Express is a registered trademark of SG Holdings Co., Ltd. in Japanese.

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External Environment

Domestic Logistics Market

- The cargo volume is expected to recover to a certain degree as wage hikes become established and the effects of the government's economic measures support consumer spending
- As the positive trend in real wages has not become well established, there has been a pause in the improvement of consumer sentiment during the first nine months of the fiscal year. In addition, some major e-commerce business operators have been making moves to expand their in-house delivery networks, and the competitive environment remains intense
- Ongoing cost increases are expected in response to the 2024 problem, rising prices and labor costs, etc.

International Logistics Market

- There is a growing uncertainty about demand and freight rates for both ocean and air cargo associated with disruption in ocean transportation by avoiding the Red Sea and a shift to air transportation

Summary of Consolidated Financial Results (Single Quarters)

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Operating revenue	334.5	105.0%	373.5	115.0%	410.7	116.8%	1,118.8	112.4%
Operating expenses	315.0	105.1%	353.8	116.1%	373.2	117.0%	1,042.1	112.8%
Personnel expenses	106.4	97.1%	109.6	100.8%	120.6	107.7%	336.7	101.9%
Outsourcing expenses	159.8	112.4%	184.1	126.4%	192.3	121.8%	536.3	120.3%
Fuel expenses	3.1	102.6%	3.5	95.3%	4.3	134.1%	11.0	110.1%
Depreciation and amortization	9.0	108.5%	9.0	104.5%	10.8	122.8%	28.8	112.1%
Other expenses	36.5	100.0%	47.4	125.4%	45.1	121.6%	129.1	115.8%
Operating income [Operating margin]	19.5 [5.8%]	104.1%	19.6 [5.3%]	97.4%	37.5 [9.1%]	114.4%	76.6 [6.9%]	106.9%
Ordinary income	19.4	104.2%	19.2	92.8%	38.5	112.1%	77.2	104.7%
Net income attributable to owners of the parent	12.4	104.8%	13.0	95.9%	25.9	113.3%	51.3	106.3%

Note (1) Amounts less than 100 million yen are rounded down.

Results by Segment (Single Quarters)

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Total operating revenue	334.5	105.0%	373.5	115.0%	410.7	116.8%	1,118.8	112.4%
Delivery Business	251.7	99.9%	248.6	98.3%	279.3	100.0%	779.7	99.4%
Logistics Business	68.6	133.9%	97.5	177.1%	116.6	204.1%	282.8	173.0%
Real Estate Business	1.7	96.2%	14.3	732.0%	1.6	94.6%	17.8	318.4%
Other Businesses	12.3	91.6%	12.9	87.4%	13.1	97.6%	38.4	92.0%
Total operating income	19.5	104.1%	19.6	97.4%	37.5	114.4%	76.6	106.9%
Delivery Business	17.9	104.8%	11.4	66.1%	32.5	103.0%	61.9	93.8%
Logistics Business	0.0	—	3.4	—	3.3	—	6.7	—
Real Estate Business	1.1	103.0%	4.1	364.3%	1.0	94.6%	6.4	188.1%
Other Businesses	0.3	32.6%	0.7	65.0%	0.3	52.0%	1.4	49.4%
Adjustments	(0.0)	—	(0.2)	—	0.3	41.8%	0.0	0.0%

Note (1) Amounts less than 100 million yen are rounded down.

Delivery Business - Summary of Financial Results (Single Quarters)

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Operating revenue	251.7	99.9%	248.6	98.3%	279.3	100.0%	779.7	99.4%
Operating expenses	244.4	99.1%	247.5	100.0%	257.4	99.0%	749.3	99.4%
Personnel expenses	86.9	95.2%	90.1	99.7%	86.9	93.7%	264.1	96.2%
Outsourcing expenses	123.1	102.0%	121.8	100.1%	133.8	101.9%	378.8	101.4%
Fuel expenses	3.0	102.0%	3.4	95.1%	3.2	102.0%	9.8	99.4%
Depreciation and amortization	5.8	108.5%	5.9	107.2%	6.1	108.8%	17.9	108.2%
Other expenses	25.3	96.8%	26.0	99.3%	27.2	101.1%	78.6	99.1%
Operating income	17.9	104.8%	11.4	66.1%	32.5	103.0%	61.9	93.8%
[Operating margin]	[7.1%]		[4.6%]		[11.6%]		[8.0%]	

Notes (1) Amounts less than 100 million yen are rounded down. (2) Operating revenue is presented as “operating revenue from external customers.” Operating expenses show operating expenses to total segment operating revenue, including “intersegment operating revenue and transfers.”

Results of Expolanka

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Operating revenue	42.1	172.5%	70.8	256.1%	58.5	193.1%	171.5	208.2%
Operating costs	35.3	181.8%	60.7	272.5%	49.0	193.4%	145.1	216.3%
Operating gross profit	6.7	136.4%	10.2	188.0%	9.5	192.1%	26.4	172.6%
Selling, general and administrative expenses	7.4	106.6%	7.5	116.3%	7.9	110.1%	22.9	110.9%
Operating income	(0.6)	—	2.6	—	1.5	—	3.5	—
Air volume (kt) ⁽²⁾	33	153.9%	41	164.2%	36	140.7%	110	152.8%
Ocean volume (kTEU) ⁽²⁾	33	81.5%	58	125.8%	43	147.1%	135	115.7%
[Reference] Exchange rate (1\$/yen) ⁽³⁾	155.88	113.5%	149.38	103.3%	152.44	103.1%	152.57	106.5%

Notes (1) Amounts less than 100 million yen are rounded down. (2) Rounded down to the nearest whole number. (3) Average rate for the quarter (Cumulative AR).

(4) Operating revenue is presented as “operating revenue from external customers.” Operating expenses show operating expenses to total segment operating revenues, including “group internal operating revenue.”

[Reference] Results of C&F

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Operating revenue	29.8	103.6%	30.5	103.2%	30.6	102.5%	90.9	103.1%
Operating costs	27.2	103.7%	27.7	102.6%	27.8	102.5%	82.9	102.9%
Operating gross profit	2.5	101.9%	2.7	109.4%	2.9	111.1%	8.2	107.6%
Selling, general and administrative expenses	1.0	95.3%	1.0	108.4%	1.0	112.4%	3.1	105.1%
Operating income	1.5	106.7%	1.6	110.1%	1.9	110.5%	5.1	109.2%

Notes (1) Amounts less than 100 million yen are rounded down. (2) The above C&F results are included in consolidated results from the third quarter of this fiscal year.
(3) Operating revenue is presented as “operating revenue from external customers” from the third quarter of this fiscal year. Operating expenses show operating expenses to total segment operating revenues, including “group internal operating revenue.”

Consolidated Statement of Cash Flows - General Breakdown

Nine months ended December 31, 2024

(Units: billions of yen)

• Cash flows from operating activities	79.5	• Cash flows from investing activities	(119.2)
Major components:		Major components:	
Income before income taxes	77.6	Purchases of property, plant and equipment	(22.6)
Depreciation and amortization	28.6	Purchases of intangible assets	(4.4)
Amortization of goodwill	2.4	Purchases of shares of C&F	(92.5)
Net changes in accrued bonuses	(13.0)		
Foreign exchange losses (gains)	2.1	• Cash flows from financing activities	20.9
Net changes in trade notes and accounts receivable	(29.0)	Major components:	
Net changes in inventories	9.2	Net changes in short-term bank loans	112.3
Net changes in trade notes and accounts payable	6.0	Repayment of long-term bank loans	(19.1)
Net changes in deposits received	11.2	Repayments of lease obligations	(6.0)
Net changes in accrued expenses	2.6	Additional purchase of shares of Expolanka	(34.0)
Net changes in advances paid	(3.1)	Cash dividends paid	(32.1)
Net changes in accrued consumption taxes	3.8		
Income taxes paid	(15.3)		

Note (1) Amounts less than 100 million yen are rounded down.

Status of Products and Services

Delivery Business: Status of number of packages and unit price

(Units: millions of packages, yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Total number of packages	329	96.6%	323	95.5%	353	95.7%	1,006	95.9%
Hikyaku Express ⁽²⁾⁽⁴⁾	318	96.6%	312	95.5%	341	95.6%	971	95.9%
Other ⁽³⁾	11	96.8%	11	96.0%	12	97.6%	35	96.8%
Average unit price	655	101.8%	662	102.3%	668	101.9%	662	102.0%

[Reference] YoY change in weekdays for nine months ended December 31, 2024: Weekdays +2, Saturdays -1, Sundays and holidays -1

Status of TMS

(Units: billions of yen)	Q1		Q2		Q3		Nine months ended December 31, 2024	
	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)	FY2025/3	YoY (%)
Sales	29.3	108.9%	31.1	112.7%	33.7	110.6%	94.1	110.7%

Notes (1) Amounts less than 100 million yen are rounded down. (2) Hikyaku Express shows the number of packages Sagawa Express Co., Ltd. notified to the Ministry of Land, Infrastructure, Transport and Tourism. (3) Other shows the number of packages by Hikyaku Large Size Express⁽⁴⁾ and other companies. (4) Hikyaku Express and Hikyaku Large Size Express are registered trademarks of SG Holdings Co., Ltd. in Japanese.

Status of Employees, Vehicles and Locations

(Units: employees, vehicles, locations)		FY2024/3	Nine months ended December 31, 2024	Change from the end of the previous year
Total number of employees [number of partner employees ⁽¹⁾ within]		93,403	99,639	+ 6,236
		[41,094]	[41,121]	[+ 27]
	Delivery Business	73,751	74,212	+ 461
		[31,549]	[32,107]	[+ 558]
	Logistics Business ⁽²⁾	14,805	20,966	+ 6,161
		[7,368]	[7,248]	[(120)]
Real Estate Business	97	95	(2)	
	[2]	[2]	[-]	
Other Businesses	4,049	3,672	(377)	
	[1,983]	[1,572]	[(411)]	
Corporate (common)	701	694	(7)	
	[192]	[192]	[-]	
Sagawa Express	Number of vehicles	25,992	25,860	(132)
	Number of major locations	847	833	(14)
	Transfer centers	22	22	—
	Sales offices	427	428	+ 1
	Small stores ⁽³⁾	398	383	(15)

Notes (1) Average number of employees during the period. (2) The number of employees in the Logistics Business increased due to the inclusion of C&F from the third quarter of this fiscal year. (3) Total number of service centers and delivery centers.



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

Explanatory Materials

Regarding the Acquisition of

Shares of Morrison Express

February 7, 2025
SG Holdings Co., Ltd.

Introduction

We have decided to welcome Morrison Express Worldwide Corporation into the SG Holdings Group (hereinafter referred to as "Morrison").



MORRISON
EXPRESS

■ Number of shares acquired /
shareholding ratio after the acquisition

18,053,620 shares / 100.0%

■ Transaction price

USD 900 MM⁽¹⁾

■ Acquisition structure

Acquired by SGG⁽²⁾, a wholly owned consolidated subsidiary of SG Holdings, or a wholly owned subsidiary established by SGG

■ Transaction execution date

July 1, 2025 (scheduled)

Notes (1) Enterprise value basis (the actual acquisition price will be determined after adjustments are made for the target company's net interest-bearing debt, working capital, etc. at the time of completion of the transaction) (2) SGG is an abbreviation for SG Holdings Global Pte. Ltd.

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SGH Group Long-Term Vision - Expanding the Global Logistics Infrastructure

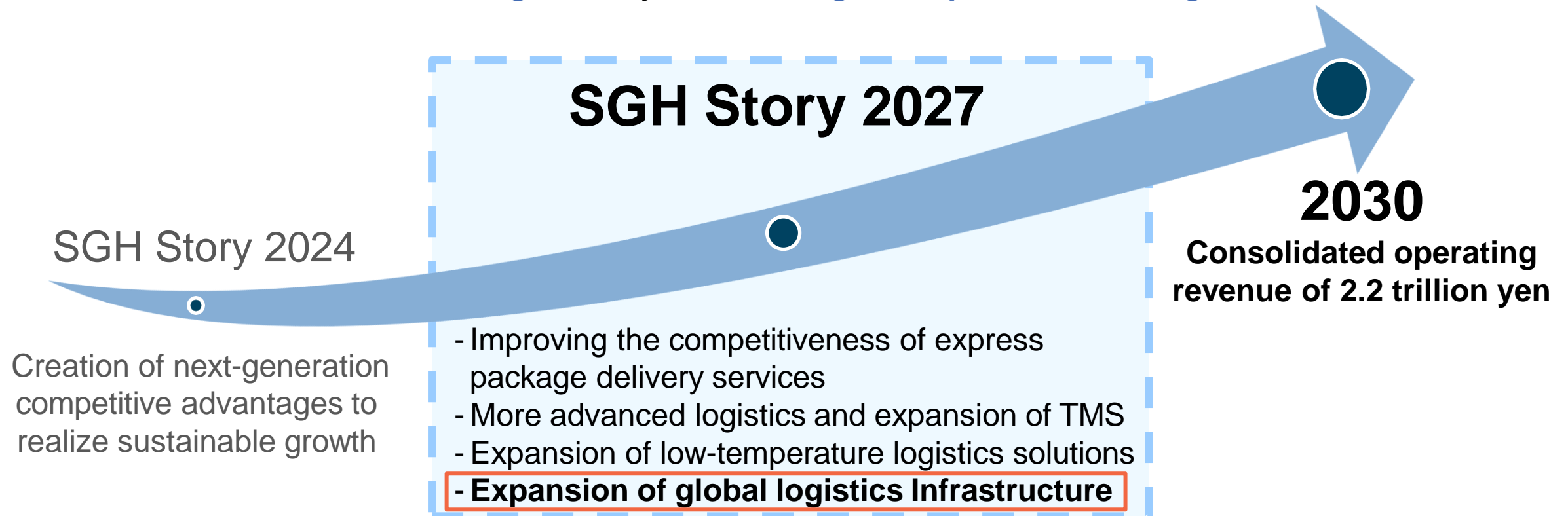
Long-term Vision

Grow the new Story.

New logistics, nurturing a new society together.

Further expansion of services as an indispensable presence (infrastructure) for customers and society

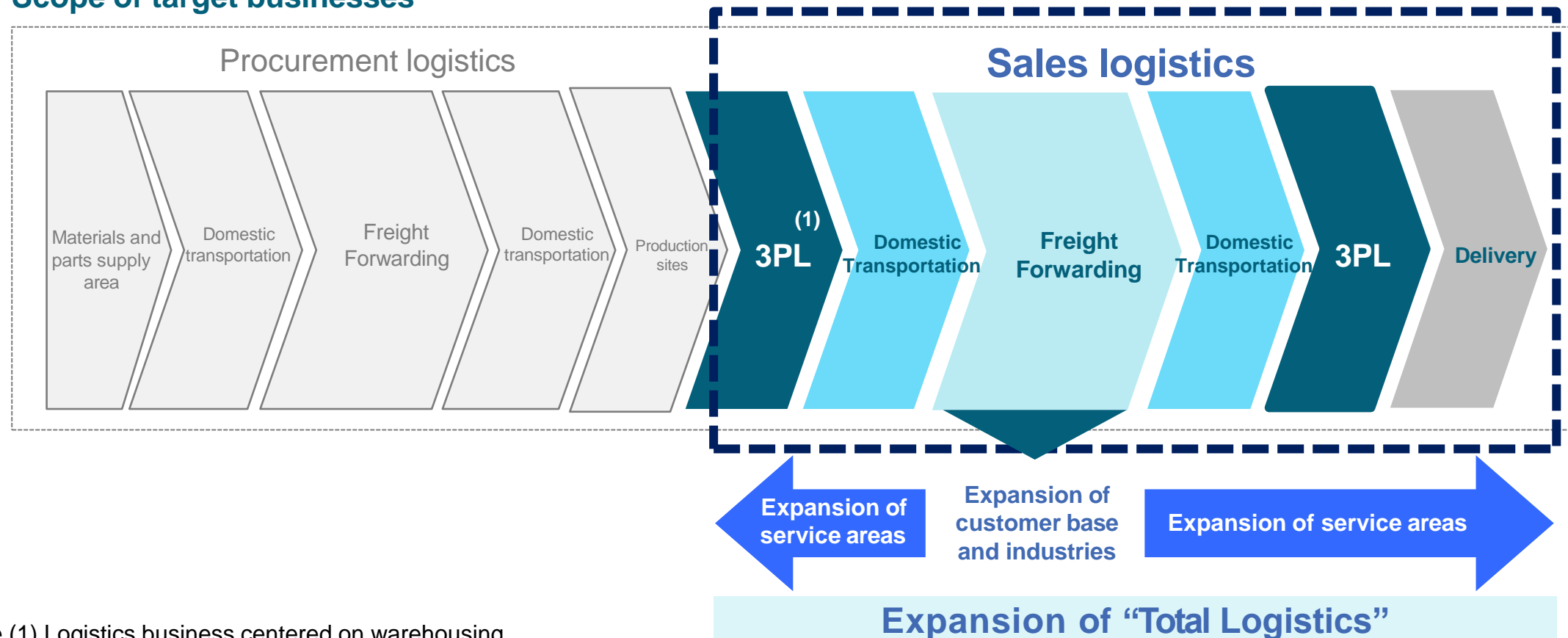
- Expansion of the “Total Logistics” service area provided by the SGH Group
- Realization of sustained growth by establishing a competitive advantage



Direction of Expansion of Global Logistics Infrastructure

- Acquiring a customer base by targeting the sales logistics (origin 3PL to destination) area of customers' supply chains
- Expansion of business scale and profitability through expansion of industries, service domains, and areas covered, including inorganic strategies
- Establishing quality improvement and improved operational efficiency in a wide area of the supply chain, including cross-border e-commerce, etc.

Scope of target businesses

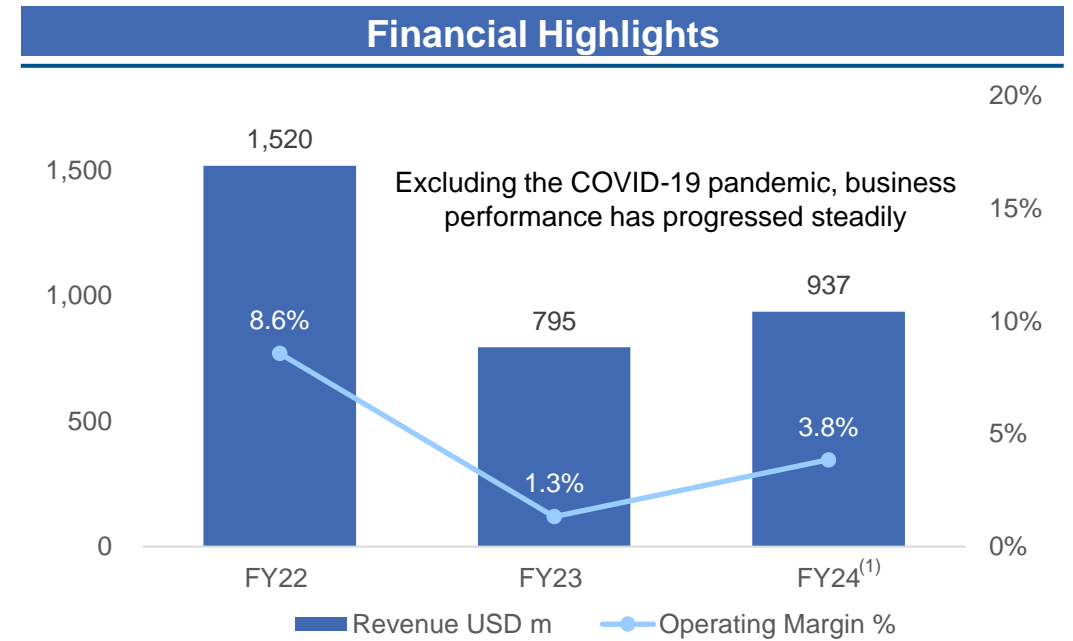


Note (1) Logistics business centered on warehousing

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Overview of Morrison

Company Name	Morrison Express Worldwide Corporation
HQ Location	Taipei
Founded / Established	1972
President	Danny T. Chiu
Business Contents	Global Freight Forwarder -Industry leader in air transport of high-tech and electronic products 3PL, customs brokerage
Customer Industry	Semiconductor, electronic machinery, retail



Company's Main Locations

Eindhoven Warehouse (Netherlands)



Phoenix Warehouse (USA)



Los Angeles Office (USA)



Hong Kong Office



Note (1) FY2024 figures are unaudited

Overview of Morrison - Business

- Since its founding, the company has expanded primarily to Taiwanese semiconductor manufacturing EMS⁽¹⁾ customers. As Taiwanese customers have moved their manufacturing to China, the company has expanded its business to include upstream process materials from finished product logistics
- The company can share information through digitalization, controlling the entire value chain and keeping a close eye on the customers

High Tech Industries-related value chain



MORRISON
EXPRESS

Engage customers across the value chain

96% customer cultivated independently

starting from EMS customers

15+ years of relationship

on average with top 15 customers

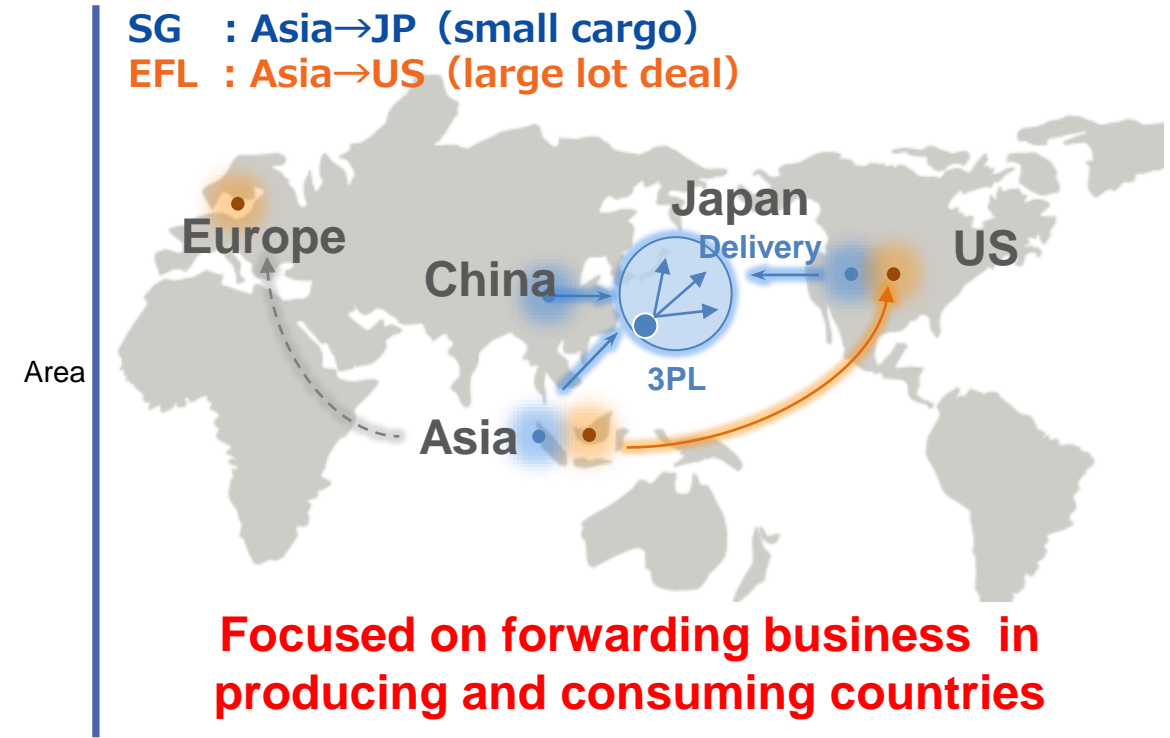
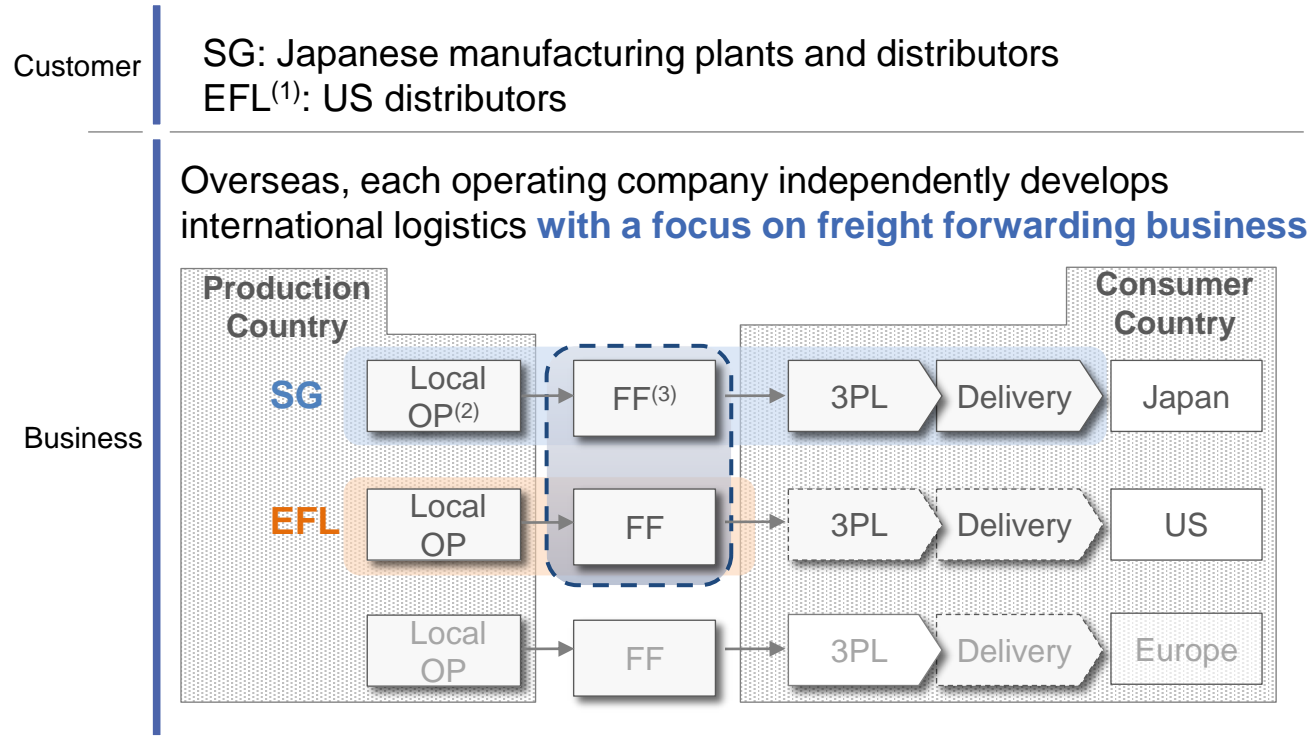
6,000 Companies

global business record with high-tech companies worldwide

Note (1) EMS: Electronics Manufacturing Service, a service that outsources or accepts orders for the manufacture and design of electronic devices

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Looking Back at Past Initiatives (Global Business Initiatives in "SGH Story 2024")



Results

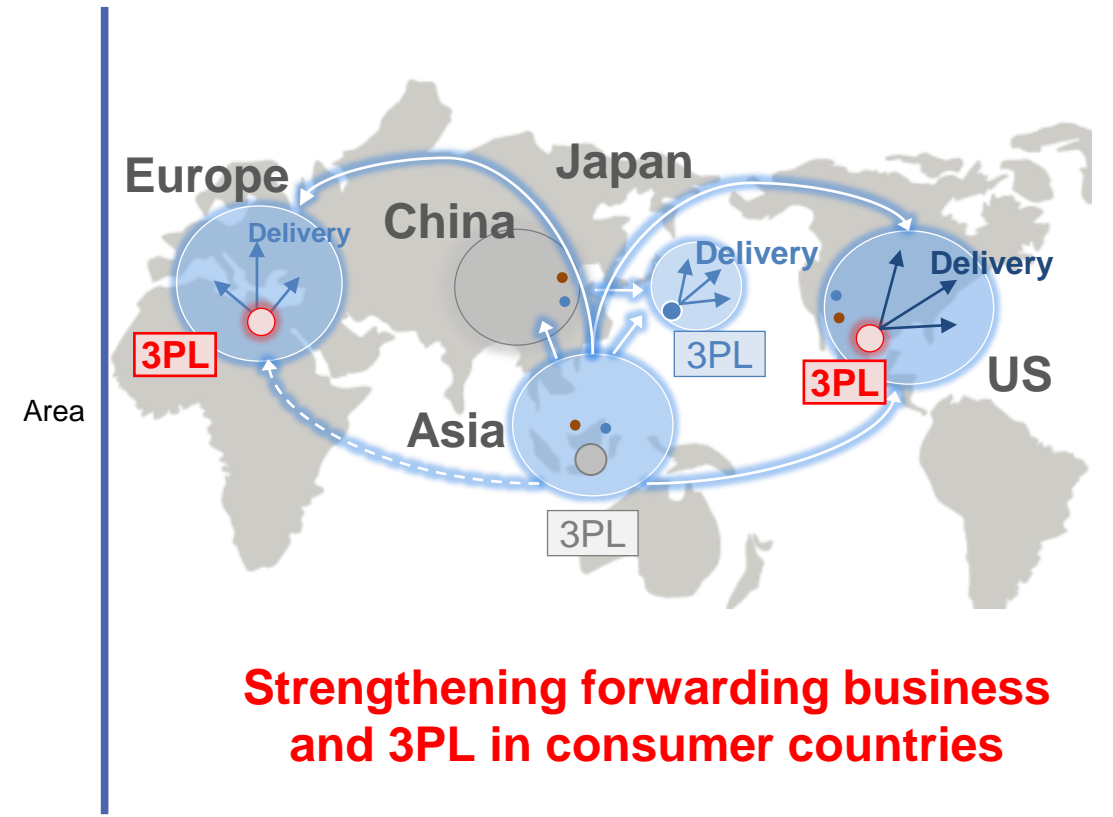
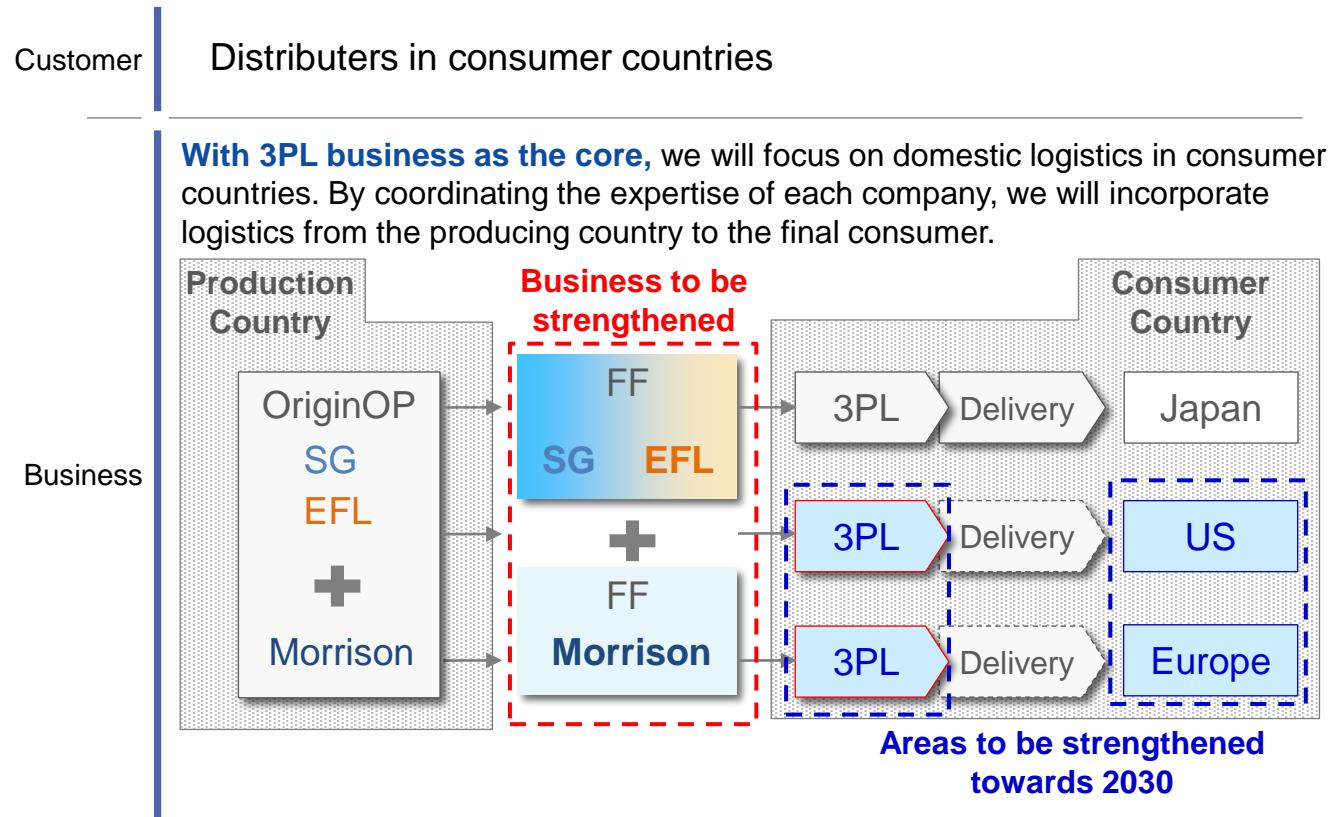
- ✓ Growth of EFL in cargo bound for the United States
- ✓ Expand handling of global small cargo (global express package delivery service) including cross-border e-commerce to Japan

Next Step

- ✓ Improvement of business stability in forwarding business
- ✓ Providing value to customers through global total logistics

Notes (1) A general term for the Group companies that have forwarding functions and are under the ownership of Expolanka. (2) Local operations (3)Freight Forwarding

Positioning of This Share Acquisition and International Strategy Towards 2030



Initiatives in this case

- ✓ Strengthening the forwarding business infrastructure
- ✓ Advancing solutions by acquiring logistics know-how in the electronic parts and semiconductor industry
- ✓ Expanding global network

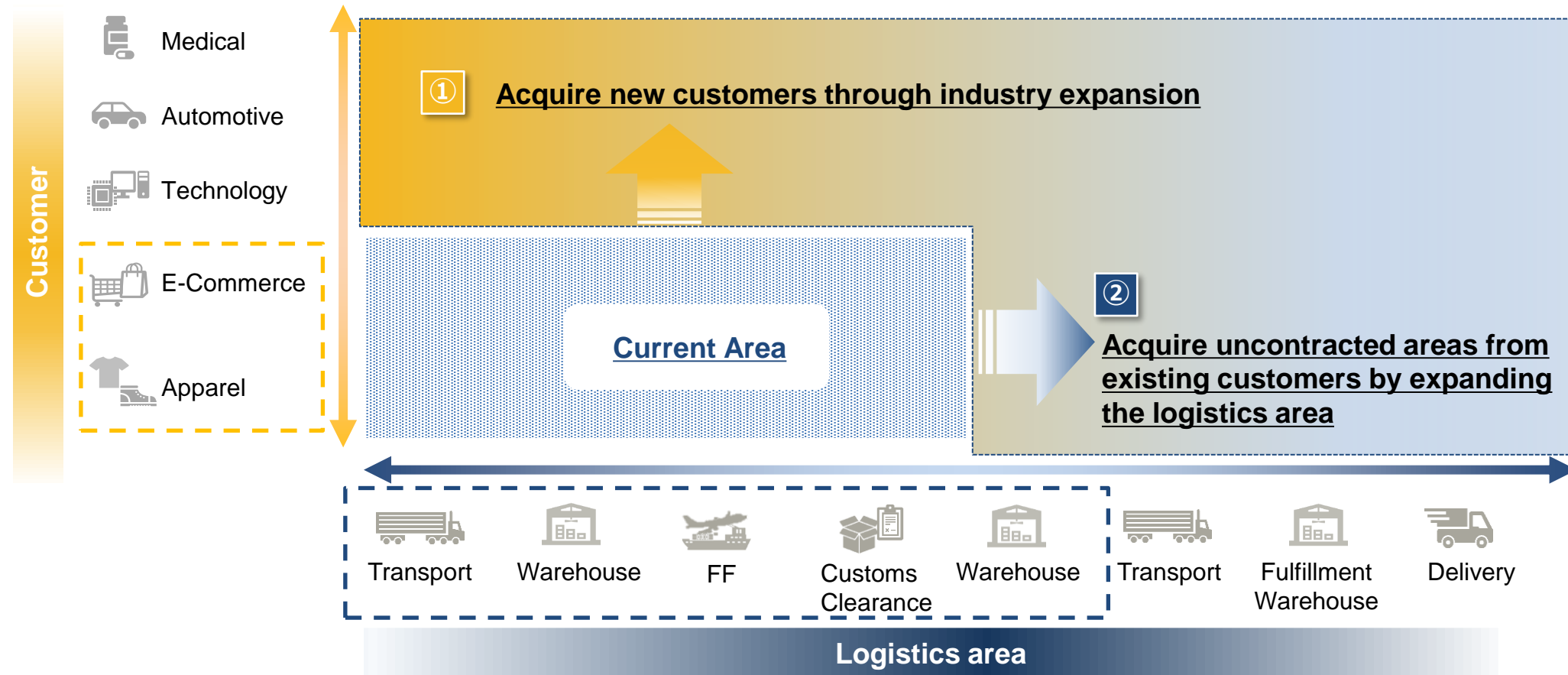
Target for 2030

- ✓ Strengthen 3PL business in consumer countries based on the customer base of EFL / Morrison's forwarding business
- ✓ Expand business scope by providing high-value total solutions to customers through 3PL business and digital technology

Current Status and Awareness of Issues on SGH Group's Global Logistics

- ① By providing services not only to specific customers but also to other industries, we will build a business base that is less susceptible to volatility by economic trends and customer shipment needs
- ② Expanding the contract logistics area for customers by expanding the supply chain area associated with the freight forwarding business

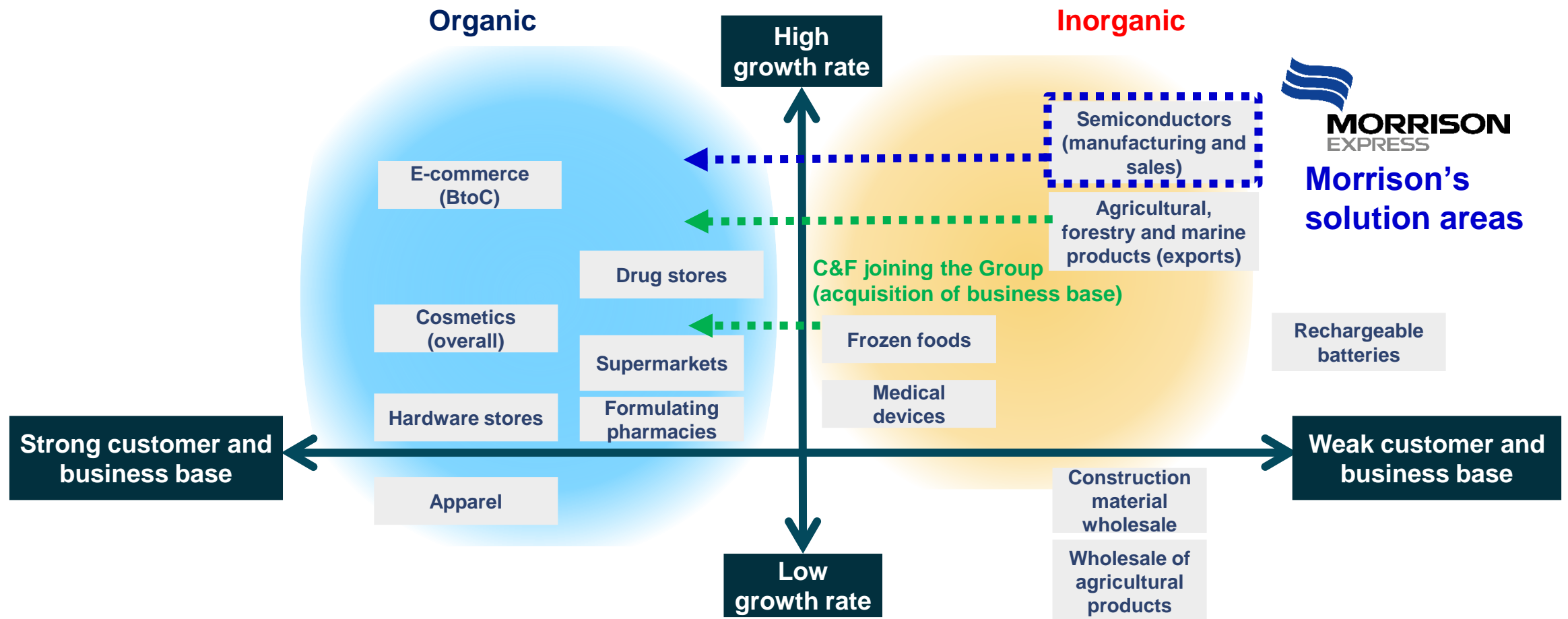
Acquisition of “**Morrison**” to expand customer base and stabilize business by integrating with existing business



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Strategic Significance of This Share Acquisition

- This acquisition is positioned as a growth investment to expand our business domain and expand our customer base
- By incorporating know-how in the growing field of semiconductor-related logistics, we aim to further improve our solutions
- We will create synergies by collaborating not only with EFL, the core company of the forwarding business, but also with domestic business companies



Purpose of the Share Acquisition

① Logistics Know-how

- Stabilization of quality, price and lead time by sharing air / sea procurement and semiconductor logistics operation know-how

② New Industries and Customers

- By reaching customers in new industries, we will approach new customers in each area
- It will also serve as a foothold into new fields

③ Strengthening Business Base in Asia

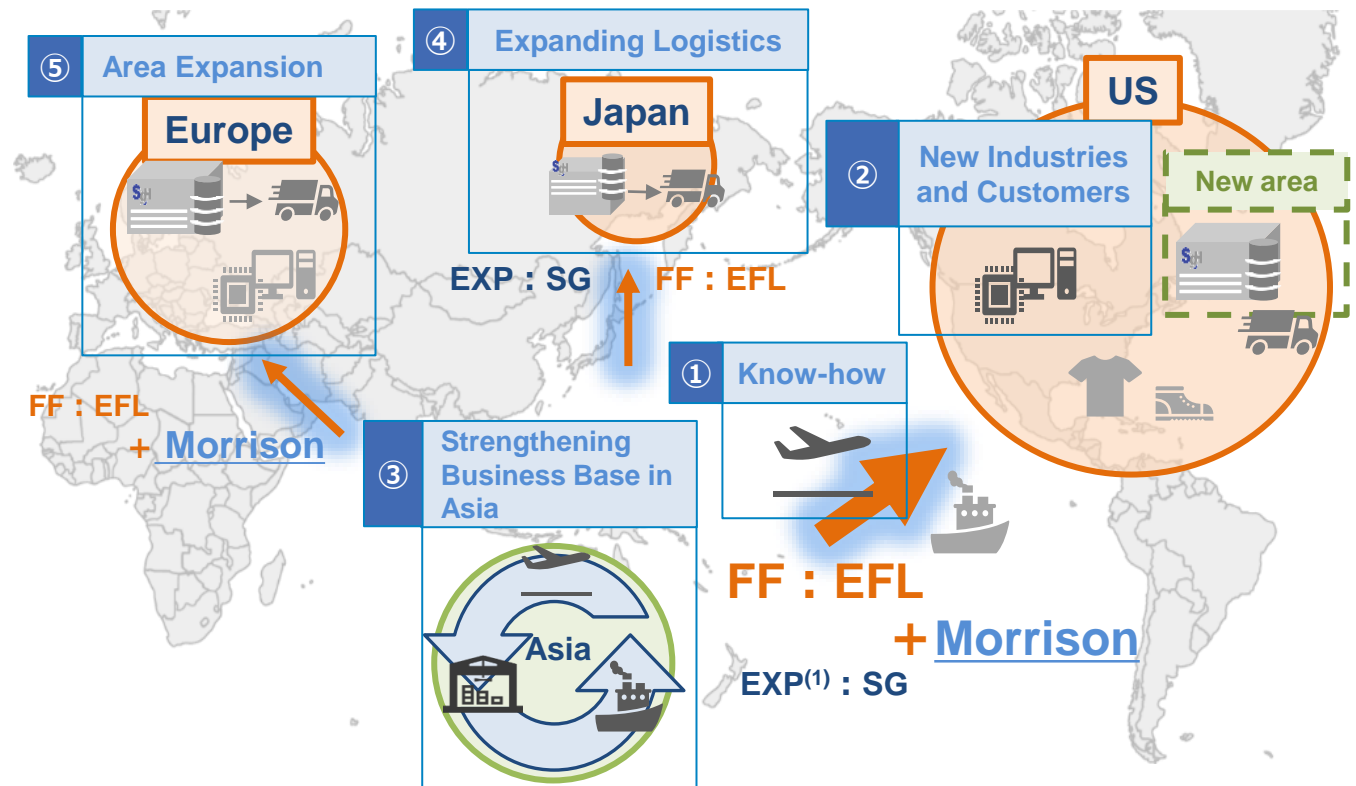
- Strengthening our business base in Asia will expand the range of solutions we can provide to our customers regarding cargo to and from Asia

④ Expanding Logistics to Japan

- By bringing new customers from overseas, it will contribute to the expansion of domestic business such as transportation and logistics in Japan

⑤ Area Expansion

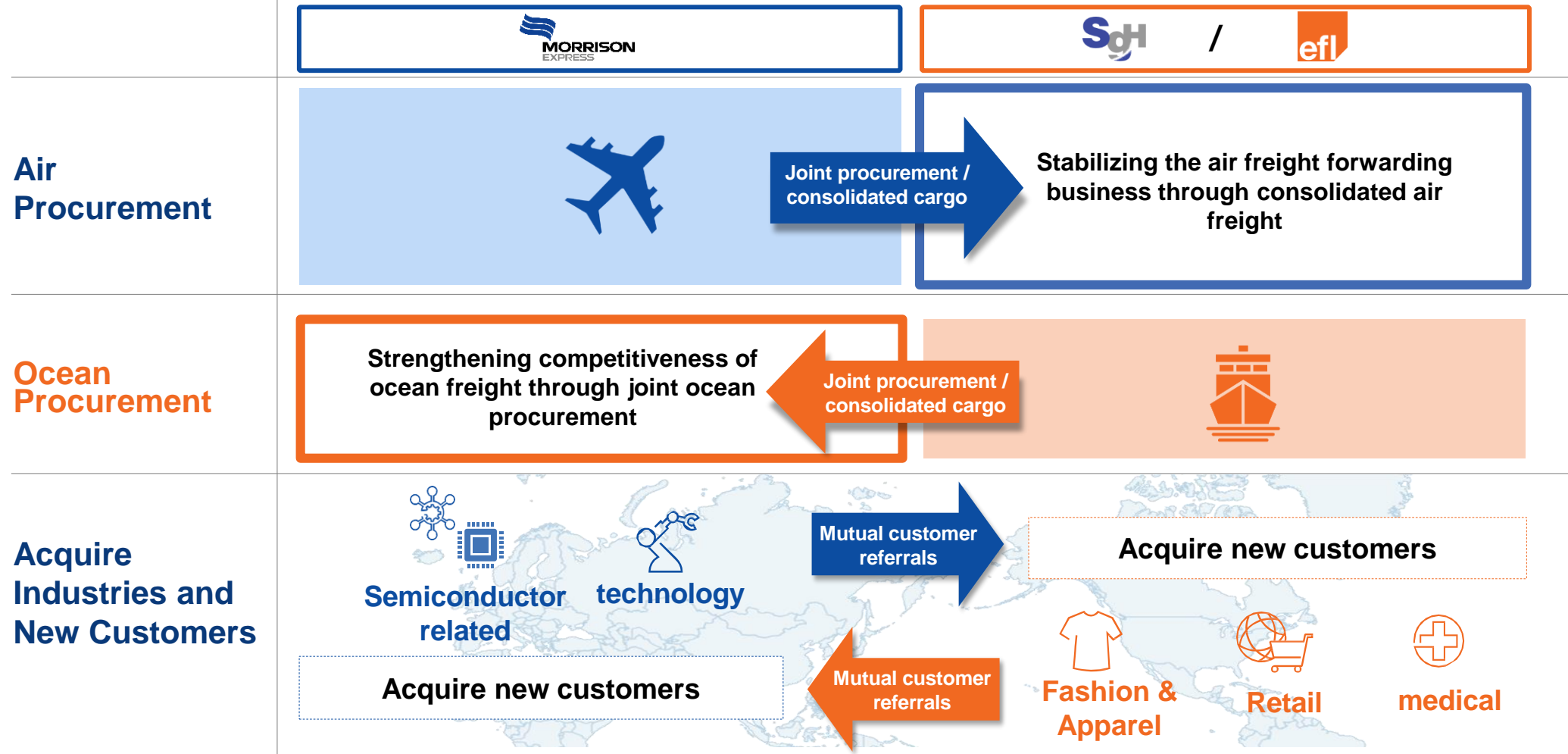
- Expand business into new areas such as Europe based on the customer base and location network of SG, EFL and Morrison



Note (1) Global express package delivery service

Purpose of This Acquisition ①/② Acquisition of Know-how, New Industries and customers

- Morrison has over 20 years of experience operating air freight forwarding in the electronic parts and semiconductor industry, and has extensive knowledge of air fare negotiation, securing cargo space, etc.
- Their strong sales base, industry know-how and volume can contribute to the SGH Group's expansion into growth areas and new business expansion.

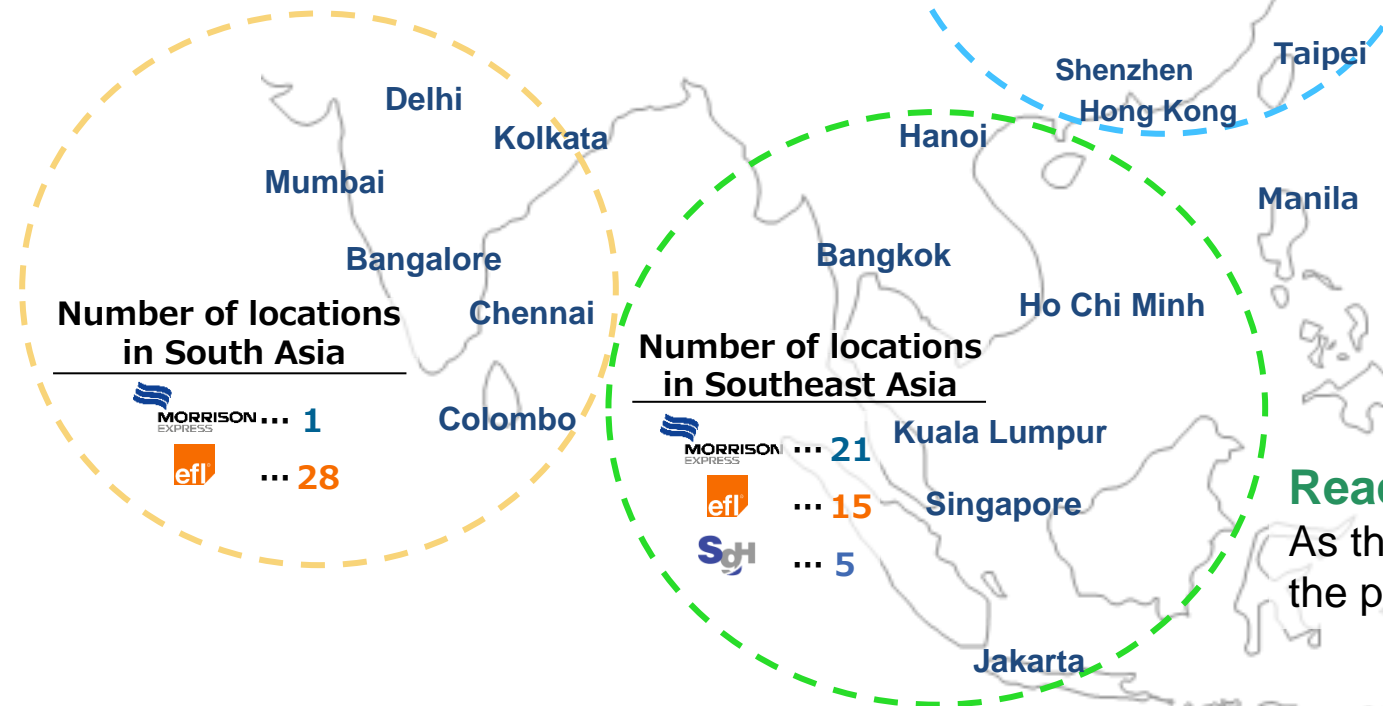


Purpose of This Acquisition ③ Strengthening Business Base in Asia

- With the addition of Morrison's network of locations, we are further strengthening our logistics service network, primarily in Asia.
- We are taking steps to maximize the strengths of both companies, including reorganizing our locations.

Reaching the Indian market

Where major semiconductor manufacturers are accelerating their expansion and investment



- Strength in mainland **China and East Asia**
- Strength in **Southeast Asia** and **India**
- Strength in **Japan and East Asia**

Reaching the Chinese market

The world's second largest economy and a huge market

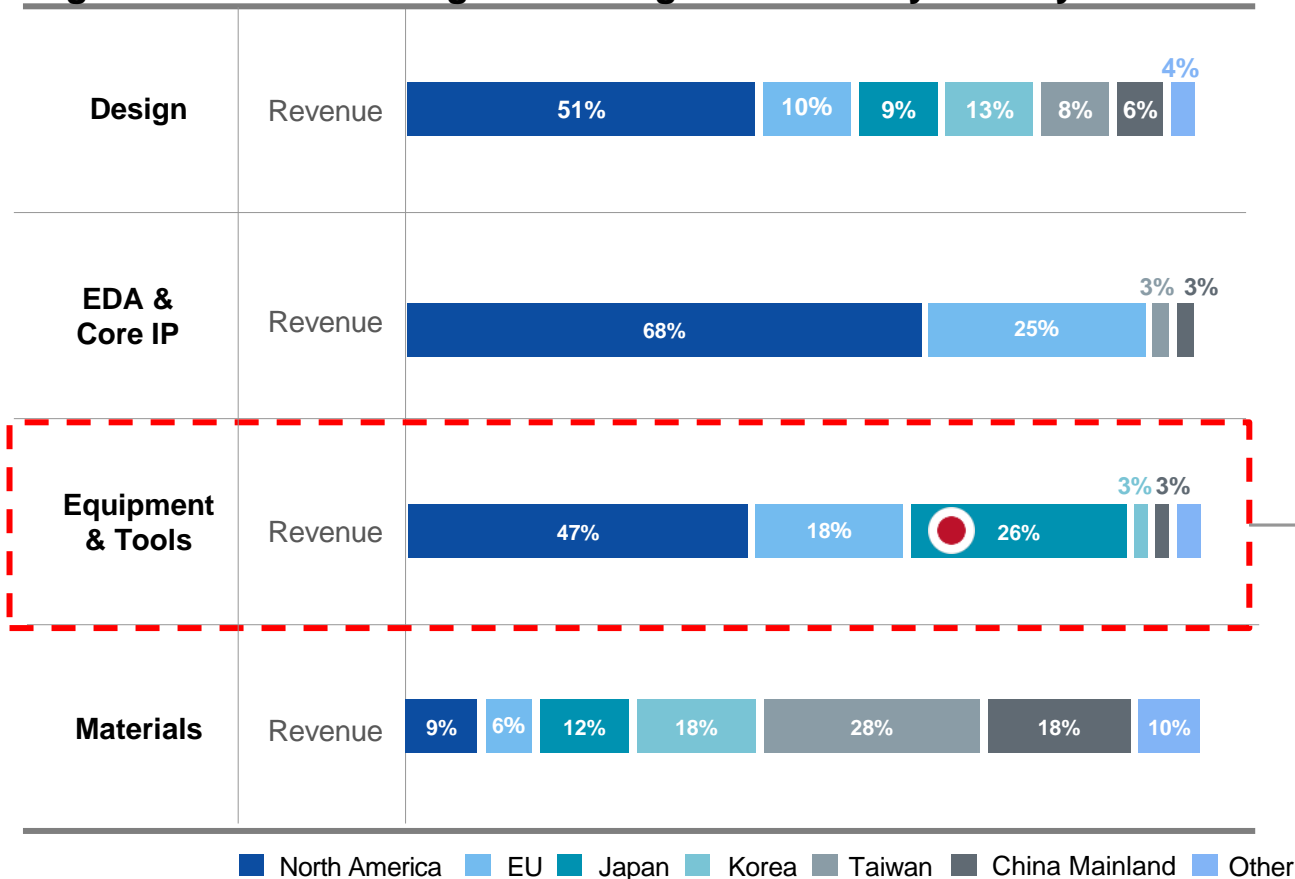
Reaching the Southeast Asian market

As the population grows and the economy develops, the presence as a production base increases

Purpose of This Acquisition ④ Expansion of Logistics to Japan

- Japanese semiconductor manufacturing equipment manufacturers are the second largest in the world in terms of sales after American companies
- Based on SGH Group resources, we aim to expand our business through domestic logistics solutions in Japan and increase cargo to and from Japan.

High-tech manufacturing-related segment share by country (1)

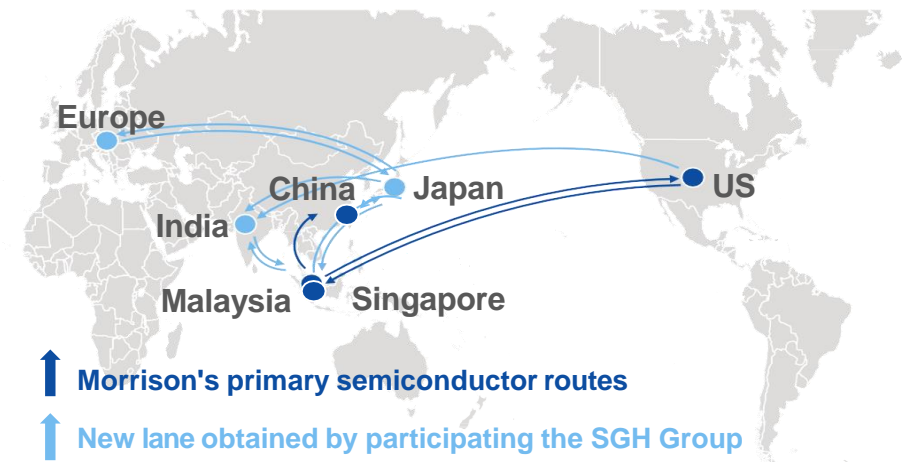


Domestic logistics solutions in Japan



*Strengthening collaboration with Sagawa Express to maximize resource utilization

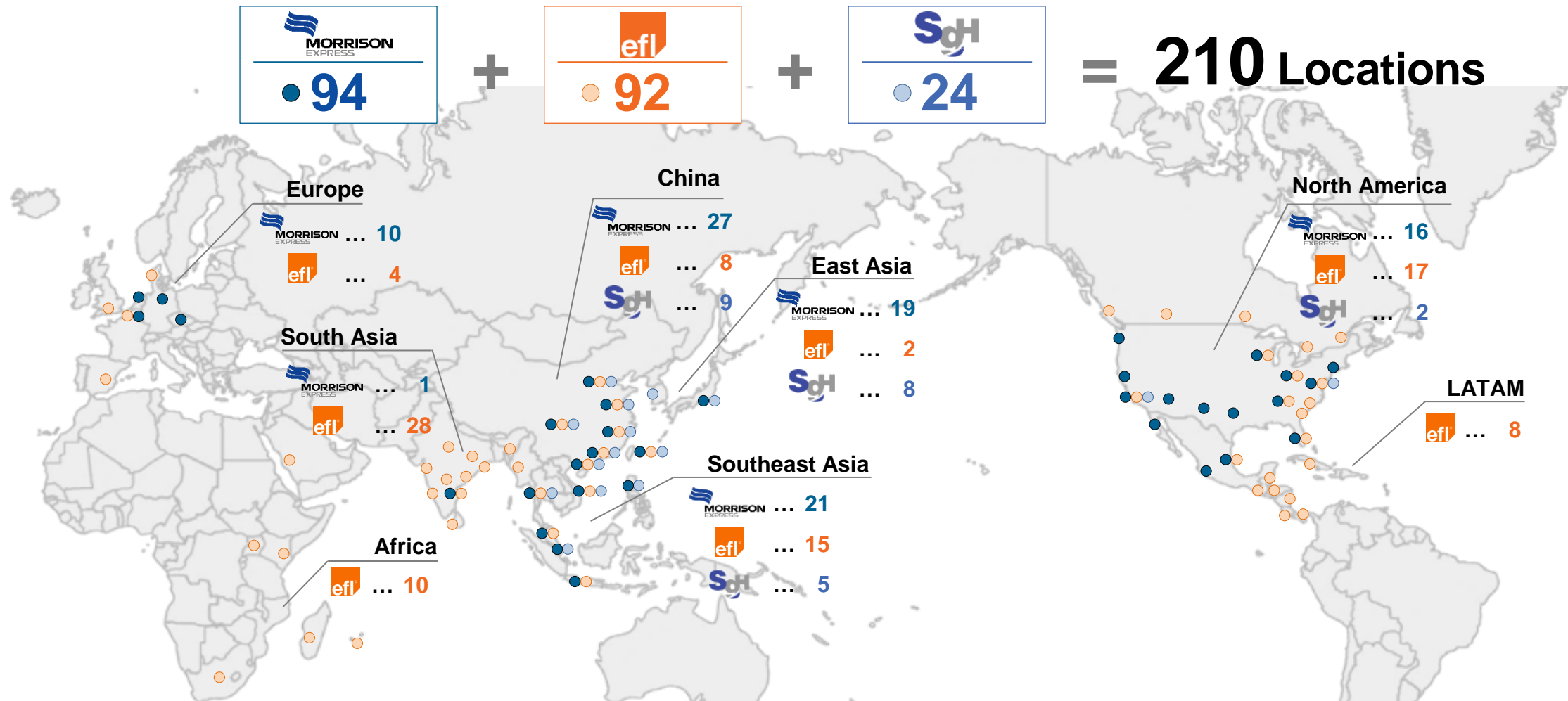
Increase in cargo to and from Japan



Note (1) As of FY2022. Data from report published on April 2024 by BCG + SIA (Semiconductor Industry Association)

Purpose of This Acquisition ⑤ Area Expansion

- The addition of Morrison will accelerate SG / EFL's existing business development in Europe, East Asia (China, Taiwan, Korea) and the United States.
- SGH Group's resources will enable Morrison to expand new businesses in India, Japan, Latin America and Africa.

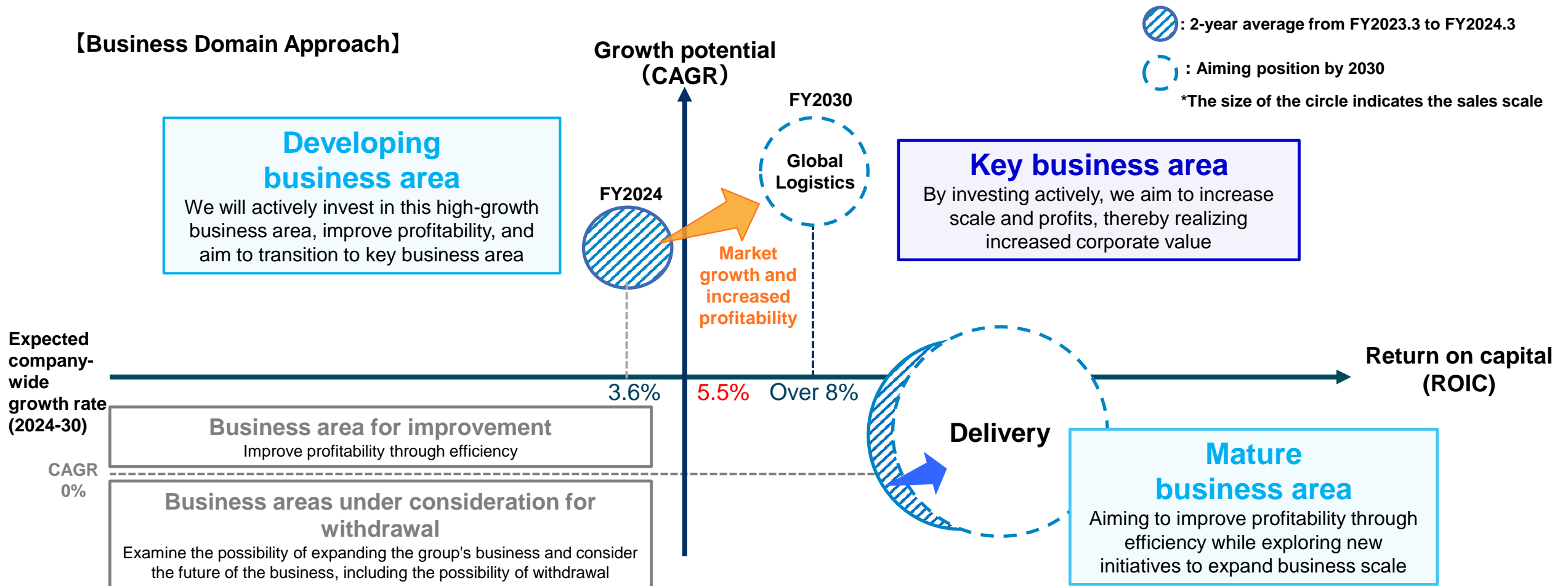


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SGH Group's Way of Thinking on Business

- Consider the direction of strategies in each business area from the perspective of market growth and capital profitability
- Although the ROIC of global logistics is currently below WACC 5.5%, considering market growth and profitability expansion, we will achieve profitability that exceeds the boarder by FY2030
- We actively utilize bank loans as an effort to reduce WACC as much as possible. We plan to borrow the full amount for this acquisition as well

【Business Domain Approach】

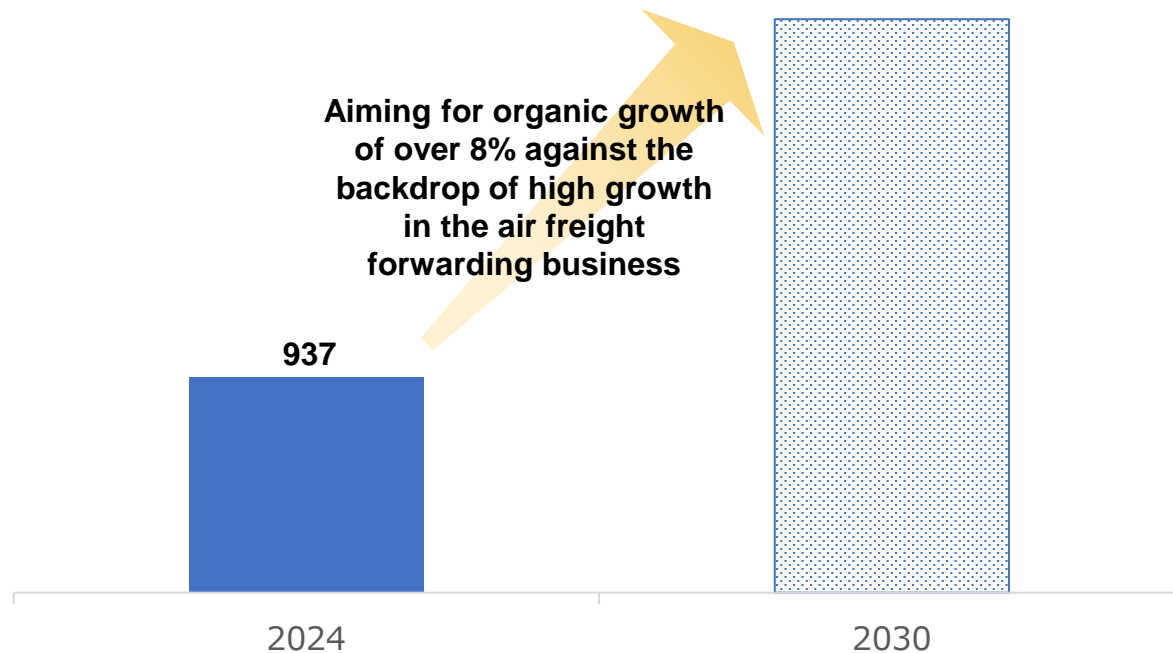


Profitability of the Share Acquisition In This Transaction

- This investment is expected to generate highly probable synergies mainly according to the five objectives of the share acquisition mentioned in the preceding pages
 - The market multiple level of industry peers over the past year has been around 13-20x⁽¹⁾, and the transaction price is at a similar level

Morrison's sales growth outlook for FY2030

Unit: USD MM



Synergy Effect



Towards 2030
 We believe it is possible to achieve **EBITDA of over USD 90 MM** due to Morrison's self-sustaining growth and the further manifestation of the synergies mentioned above.

Note (1) Trading multiples of listed shares of peer companies engaged in freight forwarding business (adjusted for the impact of the adoption of IFRS 16)

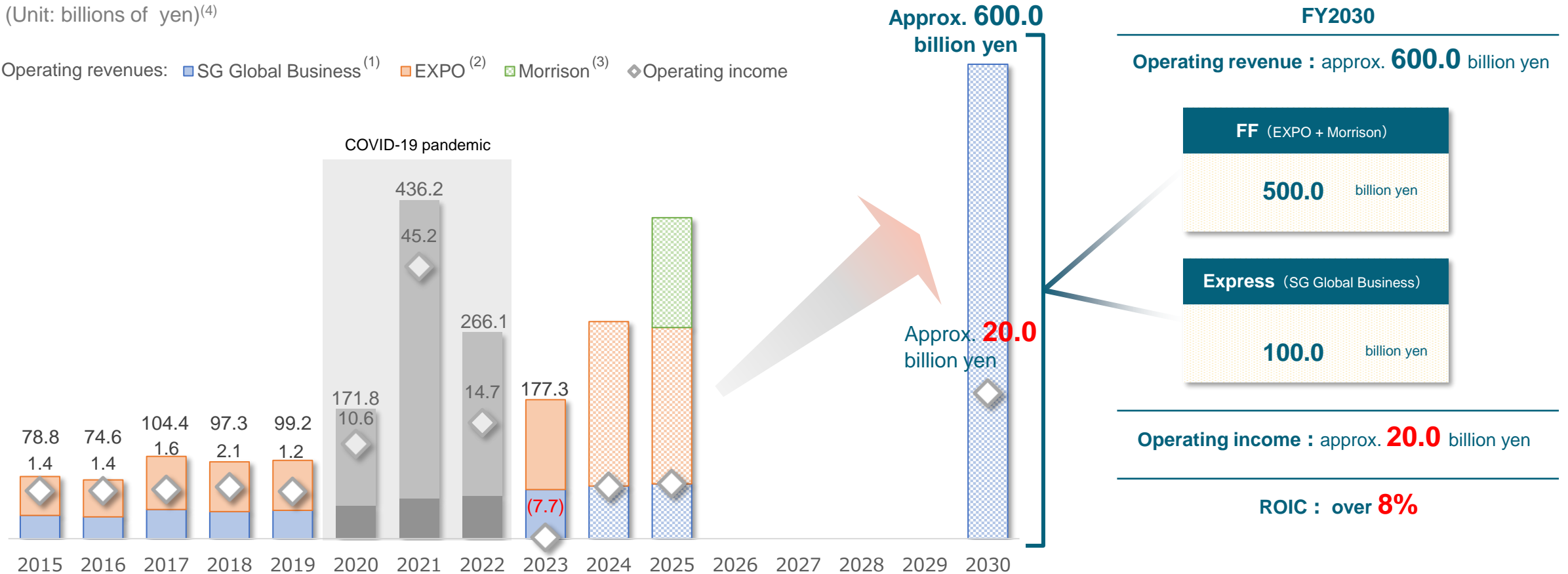
Global Logistics Business Plan Up to FY2030

- Going forward, the Group aims to achieve operating revenue of approximately 600.0 billion yen, operating income of approximately 20.0 billion yen, and ROIC of over 8% by FY2030 for global logistics business

【Global Logistics Business Performance Transition】⁽⁵⁾

(Unit: billions of yen)⁽⁴⁾

Operating revenues: ■ SG Global Business⁽¹⁾ ■ EXPO⁽²⁾ ■ Morrison⁽³⁾ ◆ Operating income

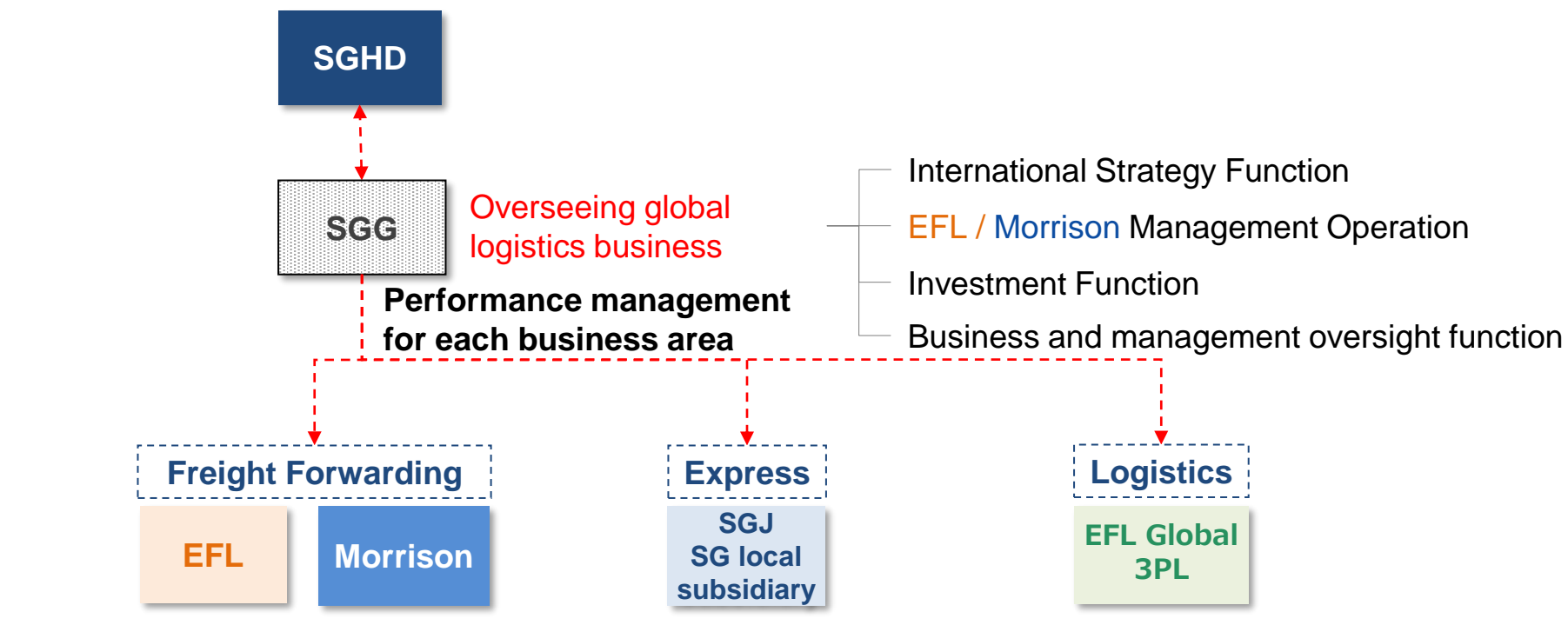


Notes (1) SG Global Business: SGH Global Japan and overseas subsidiaries (excluding Expo) under the ownership of SGH Global Japan and SGG (2) Consolidated figures for Expolanka (3) Consolidated figures for Morrison, converted to a fiscal year ending in March (4) USD / JPY = 140 (budgetary rate for December 2024) (5) Figures for FY2024 and after are forecasts and business plans

Global Logistics Management Structure

- Governance will be strengthened by having SGG manage the overall management and control of the global logistics
- Management and control will be carried out for each of the three segments to speed up decision-making.
 1. Freight Forwarding business
 2. Express business
 3. Logistics business (strengthening logistics functions will be considered in the future)

Reorganization of the management structure



Note (1) SGHD stands for SG Holdings Co., Ltd., and SGJ stands for SGH Global Japan Co., Ltd.

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