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NEWS RELEASE

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Notice Regarding Administrative Disposition against the Company's Subsidiary

SGH Global Japan Co., Ltd. (hereinafter “SGJ”), a consolidated subsidiary of SG Holdings Co., Ltd. (the “Company”), has received administrative disposition in the form of revocation of its customs brokerage license and revocation of its bonded warehouse permits, following the disposition of administrative notification it received for violation of the Customs Act as described in the “Notice Concerning Expiration of Bonded Warehouse License for the Company’s Subsidiary” disclosed by the Company on February 2, 2026 (hereinafter referred to as the “Previous Disclosure”).

The Company and SGJ solemnly acknowledge this matter, deeply regret it, and sincerely apologize to our customers and all concerned parties. To prevent such situations from recurring, we will thoroughly strengthen compliance, establish governance systems, and implement measures to prevent recurrence.

1. Overview of the matter

As stated in the Previous Disclosure, an investigation by Tokyo Customs revealed that foreign cargo handled at the Tokyo Logistics Center Bonded Warehouse in June 2025 was imported without obtaining permission from the Director General of Customs. This conduct violated the provisions of Article 67 of the Customs Act*, and SGJ and the employees involved were subject to a disposition of administrative notification from Tokyo Customs in December 2025.

As a result of the aforementioned disposition of administrative notification, SGJ’s customs brokerage license and the bonded warehouse permits for its bonded warehouses at the Narita Logistics Center and the Kansai International Airport Logistics Center have each been revoked.

[Details of administrative disposition]

(1) Customs brokerage

Suspension of customs brokerage operations: June 1, 2026 - August 31, 2026

Revocation of customs broker license: August 31, 2026

* The revocation will take effect on September 1, 2026.

(2) Bonded warehouses

Revocation of bonded warehouse permit: May 31, 2026

Applicable locations: Narita Logistics Center Bonded Warehouse, Kansai International Airport Logistics Center Bonded Warehouse

* The revocation will take effect on June 1, 2026.

2. Cause of occurrence and measures to prevent recurrence

[Cause of occurrence]

The direct cause of this incident was a decline in compliance awareness among the employees involved in the operations. However, underlying this was a structural issue in the form of front-line staffing levels not keeping pace with the significant increase in cargo volume brought about by the rapid growth of the cross-border e-commerce market in recent years. As a result, we deeply reflect on and take very seriously the fact that the true causes of this incident were the excessive psychological and physical pressure placed on front-line staff, which forced them to prioritize delivery lead times over legal compliance, as well as serious deficiencies in our governance framework, which should have detected and corrected these issues at an earlier stage.

[Measures to prevent recurrence]

Based on a strong determination to ensure that a serious violation of laws and regulations such as this never occurs again, the Group, under the leadership of top management, has formulated a comprehensive set of measures to prevent recurrence consisting of the following five items: (i) redesign of operations, (ii) review of organizational structure, (iii) review of human resources systems, (iv) thorough compliance training, and (v) fundamental strengthening of the governance structure. We are currently implementing these measures not as a one-off initiative, but as a sustainable framework.

(1) Improvement of operations (measures related to (i) and (ii))

Immediately after the incident came to light, SGJ took immediate emergency measures and began implementing fundamental operational improvements. We reviewed our workflow to eliminate operations dependent on specific personnel, mandated a double-check system involving multiple personnel, and increased and reassigned personnel in line with appropriate workloads, thereby creating an environment in which front-line staff are not subjected to excessive pressure.

(2) Improvements to governance and compliance training (measures related to (iii), (iv), and (v))

Rather than treating this matter as an issue confined to a single subsidiary, we view it as the most critical management challenge facing the entire Group, and have implemented a large-scale organizational restructuring aimed at strengthening and enhancing risk management and governance systems across the entire Group. We will continue to provide practical compliance training designed to foster a change in mindset among all personnel across the Group, from management to general employees. Going forward, we will continue to rigorously monitor our operations to prevent these measures from becoming mere formalities, and the entire Group will work as one to spare no effort in preventing recurrence and restoring trust.

3. Measures following the revocation of license

In response to this disposition, in order to ensure that the transportation of cargo entrusted to us by customers is not affected, SGJ will outsource its customs declaration operations and the storage of cargo undergoing customs clearance procedures to partner companies.

4. Impact on performance

As for the impact on performance for the fiscal year ending March 31, 2027, although outsourcing expenses and other costs associated with the above measures will be incurred, the impact has already been incorporated into the previously disclosed earnings forecast, and there will be no revision to the earnings forecast as a result of this matter.

We sincerely apologize once again for the significant inconvenience and concern this situation has caused our customers and all other concerned parties.

- * Article 67 of the Customs Act: Pursuant to the provisions of Cabinet Order, a person seeking to export or import cargo must declare to the Director General of Customs the cargo's product name, its quantity and price (or the quantity and value forming the basis for assessing duties, for cargo being imported (excluding cargo subject to a special declaration)), and other necessary particulars, and obtain permission from the Director General of Customs after passing through the necessary cargo inspection.