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NEWS RELEASE

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Notice Concerning Disposal of Treasury Shares by Third-Party Allotment for the Purpose of Supporting the Social Contribution Activities of the SGH Disaster Prevention Support Foundation

SG Holdings Co., Ltd. (hereinafter, the "Company") hereby announces that, at a meeting held today, the Board of Directors resolved to dispose of treasury shares by third-party allotment for the purpose of supporting the social contribution activities of the SGH Disaster Prevention Support Foundation (hereinafter referred to as the "Foundation") as follows.

The disposal of treasury shares will be subject to approval at the 19th Ordinary General Meeting of Shareholders scheduled to be held in June 2025.

1. Objectives of the Foundation

(1) Objectives of the Foundation

Disaster prevention support has become an urgent social issue in Japan, where disasters occur frequently. The Company established the Foundation to fulfill the responsibility as a company that plays a role in social infrastructure by working together with the national government's disaster prevention measures to prepare under normal circumstances and to build and operate a rapid and accurate support system in the event of a disaster.

In addition to providing reconstruction assistance to disaster-affected areas and support for the livelihoods of affected people, the Foundation has established a system to respond to emergency assistance immediately after a disaster occurs, and will continue to work toward the realization of a disaster-resilient and sustainable society.

(2) Overview of the Foundation

① Name	SGH Disaster Prevention Support Foundation
② Address	2F, SGH Building Shinsuna II, 1-8-2 Shinsuna, Koto-ku, Tokyo
③ Chairperson (Representative Director)	Eiichi Kuriwada
④ Details of activities	(1) Receipt of relief supplies distributed by the government at the Foundation's logistics sites, managing inventory, and arranging for the transportation of supplies in the event of a disaster

	(2) Storage and maintenance of medical containers, etc., and deployment to disaster-affected areas in the event of a disaster (3) Holding transportation materials to facilitate the receipt of relief supplies at shelters, delivery to shelters in the event of a disaster, and arrangement of installation (4) Recovery, maintenance, and storage of durable goods for future disasters when shelters are dismantled Other matters required to achieve the objectives of the Foundation
⑤ Funding of activities	Approx. 1.1 billion yen per year (Note) At the time of establishment, the Company contributed 30 million yen in contribution, and this will be used, together with dividends from the Company's shares allotted through the disposal of treasury shares described in 2. (1), as funding for activities.
⑥ Date of establishment	March 7, 2025
⑦ Relationship with the Company	
Capital relationship	The Company is a contributing company to the Foundation.
Personnel relationship	The Company's Chairperson and CEO also serves as the Chairperson of the Foundation. Furthermore, the Company's President and COO also serves as a trustee of the Foundation.
Business relationship	The Company donates to the Foundation. The Foundation is considering entering into outsourcing agreements with logistics companies, including the Company, for the operation of warehouse facilities.
Status as a related party	Not applicable.

2. Disposal of Treasury Shares

(1) Outline of Disposal

① Number of shares to be disposed of	Common shares: 20,000,000 shares
② Disposal price	1 yen per share
③ Amount of funds to be raised	20,000,000 yen
④ Method of solicitation or disposal	Disposal by third-party allotment
⑤ Disposal recipient	SGH Disaster Prevention Support Foundation
⑥ Disposal date	To be determined
⑦ Other	The disposal of treasury shares shall be subject to the approval of a special resolution concerning favorable issuance at the Company's Ordinary General Meeting of Shareholders to be held in June 2025. The

	date and other matters related to the disposal shall be resolved at a meeting of the Board of Directors held after the relevant General Meeting of Shareholders. In addition, the treasury shares to be acquired in the matter pertaining to the acquisition of treasury shares resolved at the meeting of the Board of Directors held on May 9, 2025 will be allocated as the shares to be contributed.

※ To the Company's best knowledge, we have confirmed that the intended recipient of disposition and its officers have no connection whatsoever with anti-social forces, and we have submitted a confirmation letter to Tokyo Stock Exchange, Inc. to that effect.

(2) Purpose and Reasons for Disposal

The Group aims to be an indispensable presence (infrastructure) for customers and society, and have participated in the Cabinet Office's working group established in light of the 2024 Noto Peninsula Earthquake and made recommendations on disaster prevention measures. In order to deliver relief supplies to the disaster-affected areas as quickly as possible, it was recognized that it is important to enable the decentralized stockpiling of relief supplies throughout Japan as part of the national government's push-type support. The Group has been discussing with the Cabinet Office how to build a system for distributed stockpiling and managing supplies under normal circumstances and for quickly receiving relief supplies in the event of a disaster. It is very important for private sector companies to work together with the government, and we will establish a system in which the government, the Foundation and the Group, which has expertise in the management and distribution of supplies and Last One Mile delivery capabilities, will work as one.

Specific activities of the Foundation include the following.

① Decentralized stockpiling of supplies for push-type assistance from the national government at eight locations nationwide.

② Management of medical containers planned to be owned by the national and local governments, and establishment of response measures in the event of a disaster

③ Arrangements for holding and installing transportation materials to reduce the burden of receiving supplies at shelters

④ We will work on receiving, storing, maintaining, reusing and recycling durable goods when shelters are dismantled.

We believe that we can establish an integrated system by having the Foundation bear the costs of purchasing various supplies and materials, warehouse-related expenses for storage, and various maintenance costs.

The Group believes that fulfilling our social responsibilities and earning the trust and support of our stakeholders through support for the activities of the Foundation will contribute to sustainable growth and medium- to long-term corporate value enhancement of the Group.

We have considered supporting the Foundation's activities through donations from the Company, but such donations would reduce the profits of the Group and there is a risk that the content of our support would be

affected by business performance. However, these initiatives are responsible projects that must be pursued continuously without interruption, and it is necessary to secure a sustainable source of funding for these activities. The Company has established a progressive dividend policy, and allotting treasury shares to the Foundation will enable the Foundation to obtain a stable source of funding in the form of dividends. This will enable us to support the national and local governments through collaboration by the Foundation and the Group, thereby enabling long-term social contribution activities. We believe that these aspects will also contribute to enhancing the corporate value of the Group.

(3) Amount of Funds to be Raised, Intended Use, and Scheduled Expenditure Period

① Amount of funds to be raised

a. Total payment amount	20,000,000 yen
b. Approximate amount of issuance expenses	0 yen
c. Estimated amount after deductions	20,000,000 yen

② Specific use of funds to be raised

The above estimated amount after deductions will be used to cover the costs required for the establishment of the Foundation and the initial costs for warehouses and offices necessary for the start of operations.

(4) Approach to Reasonableness of Use of Funds

The funds raised will be used to cover various expenses incurred in establishing the Foundation, such as fees for tax accountants and accountants, initial costs for warehouses and offices leased by the Foundation, and investments. These expenses are essential for the establishment of the Foundation and the commencement of its operations, and considering that the activities of the Foundation will contribute to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term, we believe that the use of funds for these purposes is reasonable.

(5) Reasonableness of Disposal Conditions, etc.

① Basis for Calculating the Payment Amount and Specific Details Thereof

The Foundation will work together with the national government and the Group to build a disaster prevention support system in Japan and provide assistance in the event of a disaster.

We believe that these activities will contribute to the sustainable growth and medium- to long-term corporate value enhancement of the Group. The disposal of treasury shares is intended to provide funds for the activities of the Foundation, and the funds raised will be allocated to the initial expenses of the Foundation as described in (3) ② above. For this reason, we believe that a disposal price of 1 yen per share is reasonable. The disposal of treasury shares constitutes a favorable issuance to the Foundation and is subject to the approval of a special resolution concerning favorable issuance at the Company's Ordinary

General Meeting of Shareholders to be held in June 2025.

② Basis for determining that the scales of the number of shares to be disposed of and dilution of shares are reasonable.

We believe that the scale of the number of shares to be disposed of, which will serve as the source of funding for the Foundation's activities, is reasonable in order for it to carry out its activities in a long-term and stable manner. In addition, since it is unlikely that the shares disposed of through the disposal of treasury shares will be sold on the stock market, we believe that the impact on the secondary market will be minimal and that the number of shares to be issued is reasonable.

Furthermore, the scale of dilution resulting from this disposal of treasury shares is small at 3.20% of the total number of issued shares (3.20% of the total number of 6,254,013 voting rights, both rounded to two decimal places), and is considered to have minimal impact on the stock market.

Furthermore, as stated in "2.(2) Purpose and Reasons for Disposal" above, the activities of the Group through the Foundation will lead to the enhancement of the Group's corporate value, and we have determined that this effect will outweigh the dilution resulting from the disposal of treasury shares.

(6) Reasons for Selection of the Disposal Recipient, etc.

① Overview of the disposal recipient

Please refer to the details shown in "1. (2) Overview of the Foundation" above.

② Reasons for selection of the disposal recipient

As stated in "2. (2) Purpose and Reasons for Disposal" and "2. (5) ①Basis for Calculating the Payment Amount and Specific Details Thereof" above, we have determined that it is appropriate to select the Foundation as the disposal recipient, as we believe that the Foundation's disaster prevention support activities, working as one with the national government and the Group, will contribute to the enhancement of the Group's corporate value from a medium- to long-term perspective.

③ Disposal recipient's holding policy

The Foundation's policy is to hold the shares for the long term, as dividends from the Company's common shares are the main source of funding for its activities. Additionally, we intend to obtain a written commitment from the Foundation agreeing that if all or part of the allotted shares are transferred within two years from the allotment date, the name and address of the transferee, the number of shares transferred, the transfer date, the transfer price, the reason for the transfer, and the method of transfer will be reported to the Company in writing, that the Company will report this information to the Tokyo Stock Exchange, and that the content of such report will be made available for public inspection.

Furthermore, the Foundation will not exercise its voting rights on the shares of the Company.

④ Details of confirmation of the existence of assets required for payment by disposal recipient

Payments will be made in cash using the donation from the Company at the time of the Foundation's establishment as the source of funds.

(7) Major shareholders and shareholding ratios after disposal

Before disposal (as of March 31, 2025)		After disposal	
Shinsei Holdings Co., Ltd.	16.82%	Shinsei Holdings Co., Ltd.	16.82%
The Master Trust Bank of Japan, Ltd. (Trust Account)	8.18%	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.18%
SGH Culture and Sports Promotion Foundation	7.55%	SGH Culture and Sports Promotion Foundation	7.55%
Sumitomo Life Insurance Company	3.93%	Sumitomo Life Insurance Company	3.93%
Mitsui Sumitomo Insurance Company, Limited	3.93%	Mitsui Sumitomo Insurance Company, Limited	3.93%
Sagawa Printing Co., Ltd.	3.56%	Sagawa Printing Co., Ltd.	3.56%
Custody Bank of Japan, Ltd. (Trust Account)	3.43%	Custody Bank of Japan, Ltd. (Trust Account)	3.43%
MUFG Bank, Ltd.	3.24%	MUFG Bank, Ltd.	3.24%
Sumitomo Mitsui Banking Corporation	3.24%	Sumitomo Mitsui Banking Corporation	3.24%
Tanaka Industry Co., Ltd.	3.15%	Tanaka Industry Co., Ltd.	3.15%

(Notes) 1. The percentage of shares held in relation to the total number of shares issued is stated.

2. Treasury shares held by the Company are not included.

3. The major shareholders and shareholding ratios after the disposal are based on the shareholder register as of March 31, 2025, taking into account only the increase or decrease in the number of shares resulting from the disposal of treasury shares.

4. The Company has announced a third-party allotment of 3,879,400 shares from treasury stock in conjunction with the introduction of an employee incentive plan called the “Stock Grant ESOP Trust.” For details, please refer to the “Notice Concerning Disposal of Treasury Shares by Third-Party Allotment for the Introduction of an Incentive Plan for SG Holdings Employees” announced today.

(8) Future Outlook

We believe that the impact on the Company’s future business performance will be minimal, but we will promptly provide notice if any matters requiring disclosure arise in the future.

(9) Procedures under the Corporate Code of Conduct

As the dilution ratio of the shares in this matter is less than 25%, and there is no change in the controlling shareholders, the procedures for receiving an opinion from an independent third party and confirming the intent of shareholders, as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, are not required.

(10) Performance and Equity Finance Status for the Last Three Years

① Performance for the last three years (consolidated)

	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	1,434,609 million yen	1,316,940 million yen	1,479,239 million yen
Operating income	135,275 million yen	89,204 million yen	87,847 million yen
Ordinary income	137,941 million yen	90,850 million yen	88,867 million yen
Profit attributable to owners of parent	126,511 million yen	58,279 million yen	58,120 million yen
Net income per share	199.56 yen	92.98 yen	92.92 yen
Dividend per share	51 yen	51 yen	52 yen

② Current number of shares issued and number of potential shares (as of March 31, 2025)

	Number of shares	Percentage of shares issued
Number of shares issued	640,394,400 shares	100.00%
Number of potential shares at the current conversion price (exercise price)	–	–
Number of potential shares at the minimum conversion price (exercise price)	–	–
Number of potential shares at the maximum conversion price (exercise price)	–	–

③ Recent stock price trends

a. Trends over the past three years

	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025
Opening price	2,332 yen	1,969 yen	1,909 yen
High	2,599 yen	2,208 yen	1,927 yen
Low	1,744 yen	1,838 yen	1,352 yen
Closing price	1,960 yen	1,903 yen	1,496 yen

b. Trends over the past six months

	2024			2025		
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Opening price	1,554 yen	1,513 yen	1,469 yen	1,514 yen	1,440 yen	1,547 yen
High	1,598 yen	1,589 yen	1,528 yen	1,521 yen	1,587 yen	1,677 yen
Low	1,456 yen	1,433 yen	1,452 yen	1,428 yen	1,408 yen	1,484 yen
Closing price	1,530 yen	1,471 yen	1,506 yen	1,464 yen	1,533 yen	1,496 yen

c. Stock price on the business day prior to the date of the resolution for disposal

	May 8, 2025
Opening price	1,510.0 yen
High	1,522.5 yen
Low	1,503.0 yen
Closing price	1,513.5 yen

④ Equity finance status for the last three years

Disposal of treasury shares by third-party allotment

Payment date	July 31, 2023
Amount of funds procured	45,285,751 yen
Disposal price	2,107 yen per share
Total number of shares issued at the time of offering	640,394,400 shares
Number of shares disposed of through the offering	21,493 common shares
Disposal recipients	Persons who retired from the position of director of the Company (excluding outside directors): 1 Persons who retired from the position of executive officer of the Company: 1
Total number of shares issued after offering	640,394,400 shares
Initial use of funds and planned expenditure schedule at the time of disposal	The disposal of treasury shares by third-party allotment is to persons who retired from the position of director (excluding outside directors) and executive officer of the Company based on a performance-based stock compensation plan, and no restrictions have been placed on the use of the funds, etc.
Planned expenditure schedule at the time of disposal	Not applicable.
Current allocation status	Not applicable.

Disposal of treasury shares by third-party allotment

Payment date	July 31, 2024
Amount of funds procured	3,114,045 yen

Disposal price	1,485 yen per share
Total number of shares issued at the time of offering	640,394,400 shares
Number of shares disposed of through the offering	2,097 common shares
Disposal recipients	Persons who retired from the position of executive officer of the Company: 1
Total number of shares issued after offering	640,394,400 shares
Initial use of funds and planned expenditure schedule at the time of disposal	The disposal of treasury shares by third-party allotment is to a person who retired from the position of executive officer of the Company based on a performance-based stock compensation plan, and no restrictions have been placed on the use of the funds, etc.
Planned expenditure schedule at the time of disposal	Not applicable.
Current allocation status	Not applicable.