





Mid- to long-term business opportunities and risks

Changes in the business environment	Business opportunities	Risks	Responses by the SG Holdings Group
 <p>Evolution of the logistics market</p>	<ul style="list-style-type: none"> • Increase in the number of express delivery packages due to growth of the e-commerce market • Provision of new services through the diversification of transportation modes • Expansion of global logistics and cross-border e-commerce markets 	<ul style="list-style-type: none"> • Deterioration of economic conditions and the business environment due to heightened geopolitical risks overseas • Decrease in unit price due to the launch and spread of inexpensive logistics products • Decline in share in the express package delivery services market due to entry by companies from other industries • Decrease in BtoB packages due to contraction of instore sales, etc. 	<ul style="list-style-type: none"> • Improving efficiency in express package delivery service and profitability through enhancement of service • Expansion of TMS/3PL networks and enhancement of ancillary solutions • Strengthening of global network through collaboration with leading overseas business operators
 <p>Evolution of technology</p>	<ul style="list-style-type: none"> • Improvement of efficiency and labor saving through the utilization of advanced technology, standardization of operations <small>(operations not dependent on level of skill)</small> • Development of new services utilizing AI and broadband communication • Utilization of open innovation 	<ul style="list-style-type: none"> • Discontinuous technological innovation due to destructive innovation • Commoditization due to shift from a labor-intensive industry to a process industry • Increased security risks 	<ul style="list-style-type: none"> • Expansion of platform services through coordination with customers and other companies • Improvement of productivity through digitalization • Creation of efficient infrastructure such as X FRONTIER • Service development in open innovation <small>(HIKYAKU LABO, etc.)</small>
 <p>Changes in corporate management</p>	<ul style="list-style-type: none"> • Movements to review global supply chains • Increase in outsourcing of logistics due to concentration on main business by companies • Heightened dependence on specialist logistics operators due to increasingly complex and advanced supply chains 	<ul style="list-style-type: none"> • Increased costs centered on fuel and energy prices due to inflation • Implementation of in-house logistics by large-scale business operators • Commoditization of express package delivery services 	<ul style="list-style-type: none"> • Support for creation of optimal supply chains and value chains through GOAL • Implementation of stable outsourcing and support measures for partner companies
 <p>Changes in social needs</p>	<ul style="list-style-type: none"> • Expansion of the Last One Mile business due to the new normal becoming well established • Increased opportunities for customization due to factors such as more complex customer preferences • Implementation of omni-channel retail 	<ul style="list-style-type: none"> • Re-establishment of the express package delivery services network through strengthening of regulations on long working hours <small>(response to the 2024 problem for logistics)</small> • Decrease of working population and rise of personnel expenses in Japan • Increase in response cost due to diversification of consumer needs • Increase in absence redelivery due to increase in single-person households and deliveries to individual homes 	<ul style="list-style-type: none"> • Provision of diverse services not limited to express package delivery services • Reduction of absence redelivery through diverse receipt methods and strengthening of web services • Enhancement of labor productivity through improvement of operational efficient involving partner companies • Realization of a working environment enabling diverse personnel to work enthusiastically • Creation of diverse value through Diversity & Inclusion
 <p>Response to social issues</p>	<ul style="list-style-type: none"> • Be a company chosen for leading the industry with environmental action • Increase in business through the provision of services reducing CO₂ throughout the entire supply chain • Provision of services supporting local communities • Expansion of demand for BCP measures within anticipation of increasingly severe disasters and aging infrastructure 	<ul style="list-style-type: none"> • Increased cost due to stronger environmental regulation and promotion of decarbonization • Decline in competitiveness due to delay in environmental action • Reduced efficiency of network due to depopulation 	<ul style="list-style-type: none"> • Initiatives aimed at carbon neutrality in fiscal 2050 <small>(active introduction of environmentally friendly vehicles such as EVs, utilization of renewable energy, etc.)</small> • Support for the reduction of greenhouse gases by customer companies through the provision of services with low environmental impact • Maintaining regional infrastructure through mixing freight and passengers and joint delivery • Establishment of emergency lifelines in coordination with local governments <small>(Town Support)</small>