



SBS Business Report

For the year Ended December 31, 2019
(Security Code:2384)



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SBS Holdings, Inc.



Net sales and operating income both reached record highs for the second consecutive year due to the effect of mergers and acquisitions and sustained growth in existing businesses.

Masahiko Kamata, President and Representative Director

Results for the current fiscal year (FY2019)

In the business environment surrounding the SBS Group during the fiscal year under review, the demand for advanced logistics functions and delivery services increased due to the expansion of the e-commerce market, while the shortage of drivers, warehouse workers, and other personnel became more serious. In this environment, the Group opened new warehouses in Nanko (Osaka City), Odaka (Nagoya City), Fukuoka (Fukuoka City), and other locations, and expanded the support system for delivery drivers to start their own businesses. Through these and other initiatives, we were able to capture robust customer demand in both 3PL and home delivery services. In addition, SBS RICOH LOGISTICS SYSTEM Co., Ltd., which joined our Group in August 2018, contributed to the full-year performance. As a result, net sales increased 25.6% from the previous fiscal year to 255,548 million yen and operating income increased 23.5% from the previous fiscal year to 10,176 million yen, both of which were record highs for two consecutive years.

Future Business Activities

In the future, we expect the business model of the logistics business to change structurally as the EC market further expands and technological innovation utilizing LT (Logistics Technology) progresses rapidly. In these circumstances, our

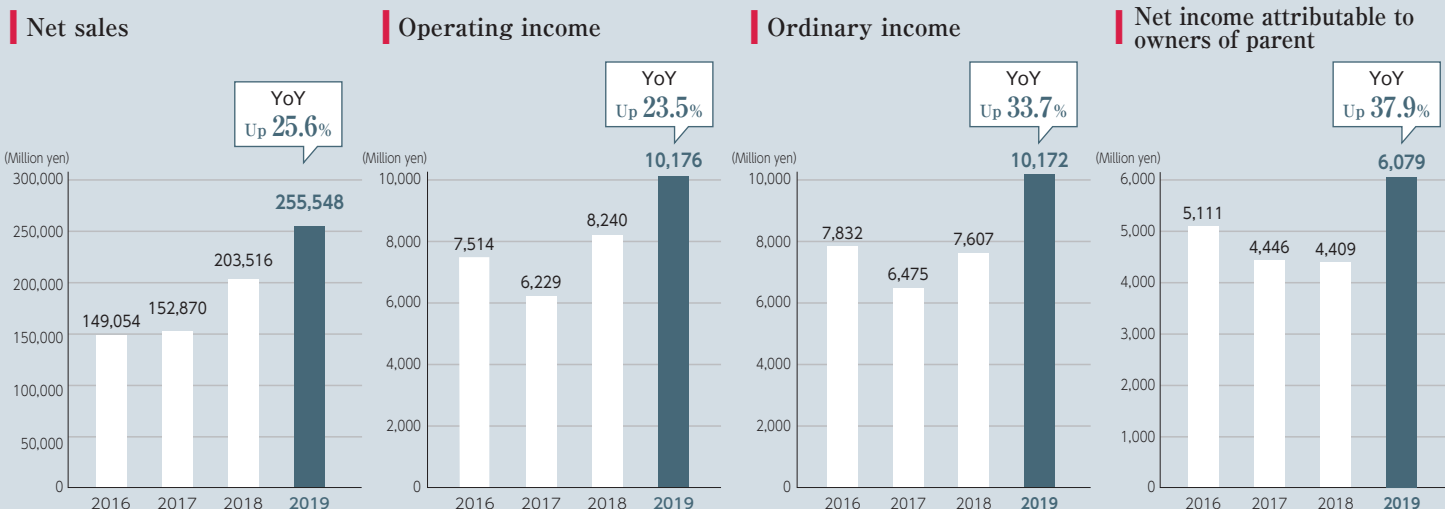
Group will continue its unique business model that has grown by balancing logistics, M&As, and the development of logistics facilities, while at the same time increasing its competitiveness by aggressively investing in Information and Logistics technologies and accelerating collaboration with other industries, for being the top tier of the logistics industry.

For the fiscal year ending December 2020, we plan to increase sales and profits in all segments, and work together to achieve net sales of 265,000 million yen, operating income of 11,200 million yen, ordinary income of 11,000 million yen, and net income attributable to owners of parent of 6,500 million yen.

Dividends

Our company considers the return of profits to shareholders is the one of its most important management policies, and its basic policy on profit distribution is to increase internal reserves to build a stronger management base, while striving to maintain continuous dividend payments and increase dividend in line with business performance. For the fiscal year under review, we have increased our dividend by 2 yen to 30 yen per share from the dividend forecast, due to the large effect of M&As and solid growth in our existing logistics business. We highly appreciate your continued support.

Consolidated Results for the fiscal year under review



Topics



Completed Nanko Distribution Center

SBS Logicom

The SBS Group's first self-developed distribution center in the Kansai region was completed in Suminoe-ku, Osaka. With a total floor area of 18,500 tsubo (approx. 61,157㎡), it is equipped with a temperature and humidity control system and highly functional equipment such as solar power generator and LED lighting.



Exhibited at the Logistics Solution Fair with two companies

SBS RICOH LOGISTICS SYSTEM/SBS Logicom

A joint exhibition under the theme of "Group synergies to make logistics more advanced and efficient"! We introduced the eight types of logistics services in which the two companies excel. We appealed the SBS Group's problem-solving capabilities, which have been enhanced with the Group's expansion.



Received the High Grade Agent, the highest level certification

SBS Finance

SBS Finance, which engages in joint purchasing of fuel and tires and sales of various types of insurance, has received the highest rank in the insurance agent business rating of Mitsui Sumitomo Insurance in recognition of its management, sales, human resources, and operational capabilities.



Opened distribution centers in Fukuoka and Nagoya

SBS RICOH LOGISTICS SYSTEM

The Distribution Center Fukuoka (Higashi-ku, Fukuoka/right in the photo) opened in September provides trade services with Asian countries. The Distribution Center Nagoya Odaka (Midori Ward, Nagoya/left in the photo) opened in October conducts 3PL and last-mile delivery operations. SBS RICOH LOGISTICS SYSTEM will aggressively expand its warehouse area.



Two driving schools joined the group

SBS Group

In order to improve driver skills and recruit new drivers, Anesaki Driving School (left in the photo) and Keiyo Driving School (right in the photo) have joined the SBS Group. Both Schools begin an activity in January, 2020 as SBS driving school.



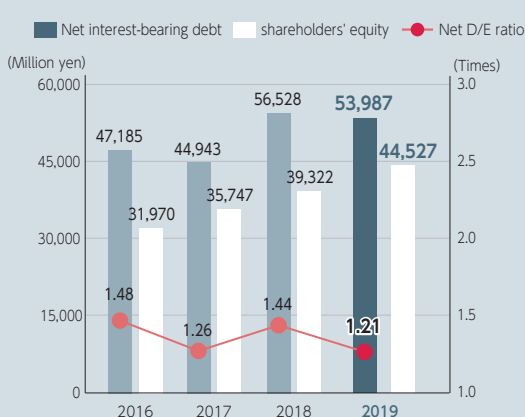
Awarded the Eco-Driving Activity Contest for Most Excellence and Excellence

SBS RICOH LOGISTICS SYSTEM Co., Ltd.

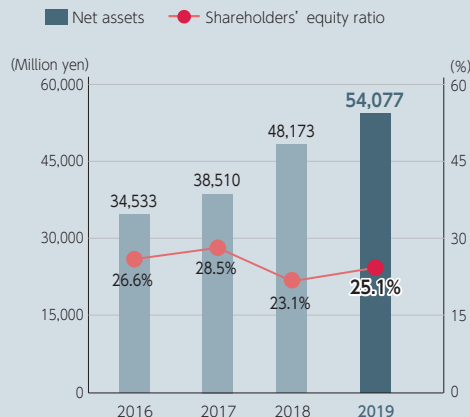
In the Eco-Driving Activity Competition sponsored by the Foundation for Traffic Ecology and Mobility, the Sako Sales Office won the Most Excellence Award for the first time in the 9th Challenge. In addition to the Fukushima Sales Office being selected as the next winner of the Excellence Award, the SBS SAN-AI Logistics East Japan, Tohoku Sales Office, and Miyagi Sales Office were also awarded certificates for excellent eco-driving activities.



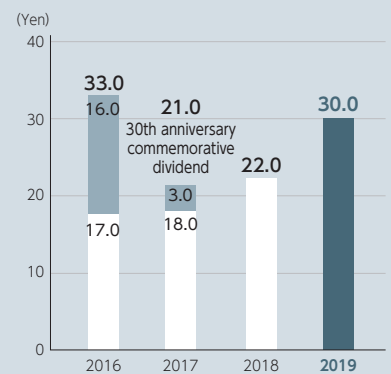
Net interest-bearing debt/Shareholders' equity/ Net D/E ratio (right axis)



Net assets / Shareholders' equity ratio



Changes in Dividends



*Net interest-bearing debt = long-term and short-term loans + bonds - cash and cash equivalents
 *Net D/E ratio = Net interest-bearing debt / Shareholders' equity

SBS Group's home delivery business is expanding rapidly with diverse work styles of drivers!



A pioneer in light freight delivery, SBS Sokuhai Support Co., Ltd.

The SBS Group is a comprehensive logistics company that responds to all kinds of logistics needs, including the development of logistics facilities as well as transportation and delivery services in a variety of fields, such as 3PL business, three temperature zones, precision equipment, and railways. Since the establishment in 1987, the SBS Group began with same-day delivery named SBS Sokuhai Support (formerly Kanto Sokuhai), which offered a previously unheard-of service of delivering small parcels and commercial cargo that came and went between many stores and businesses in Tokyo and three prefectures on the same day it was picked up.

With more than 30 years of accumulated know-how in delivering with light vehicles operated in urban areas, including commercial areas, office districts, and densely populated areas lined with residential complexes, SBS Sokuhai Support has become a leader in the SBS Group's home delivery business.

Making a breakthrough with the "Last-mile Delivery" for online shopping, expanding the support system for drivers to open their own businesses.



In recent years, with the expansion of the online shopping market, the demand for so-called home delivery services to deliver products to individuals' homes and offices has been growing rapidly, and SBS Sokuhai Support began delivering products of online supermarkets in 2008, and began full-fledged development of its EC home delivery services by accepting a commission from major global online shopping sites in 2015, and currently has about 1,800 light vehicles in operation.

At the SBS Group, where diversity in human resources is a source of competitiveness, we have achieved a high retention rate for our drivers by flexibly responding to the work styles desired by each one of them. The ability to quickly train well-trained managers and drivers helps to expand the area.

Premises before delivery, where is filled with a feeling of tension



SBS Group to expand nationwide by leveraging the comprehensive capabilities!

At present, the SBS Group has also started providing home delivery services at SBS RICOH LOGISTICS SYSTEM, SBS Logicom, SBS Flec, and SBS Zentsu and is horizontally deploying the home delivery in the areas where each company is strong with using know-how and network information possessed by SBS Sokuhai Support.



Start-up Partner



F Networks Corporation
Ryo Fuchigami,
Representative Director

Coming Tokyo from Fukuoka, I started my own business as a delivery driver. Becoming a partner with SBS Sokuhai Support, we could expand our business even without funds by utilizing an extensive support system such as vehicle leasing. As a result, more than 30 drivers were able to play active roles in 2 and a half years. In the future, I would like to develop a system that can solve driver problems and customer inconveniences. I aim to provide services that delight everyone by listening to the concerns of drivers on a daily basis while driving by myself.

Full-time driver



Sokuhai Division Tokyo Head Office
Yuki Kinoshita,
Leader

After joining the company in 2016 and gaining experience as a driver, I became the leader of the Chuo Ward in 2019 and became involved in supporting the site by training new drivers and handling inquiries. The most rewarding part of the job is hearing the words, "Thank you". In training our drivers, I respect the individuality of each of them, and I want to improve the quality of our deliveries through communication so that they can work with a positive attitude, which will lead to a positive evaluation from our customers.

Operation Supervisor



Partner Business Support Division
Hiroyuki Omiya,
Manager

I am in charge of supporting those who want to open a driver's business from the interview to the start-up phase, as well as management and operation. Having been involved in human resource training for a long time in my previous job, I try to assess the quality and quantity of work and assign the right person to the right place, taking into account the growth stage and personality of each driver. We provide the detailed support system that fully draws out the individuality and abilities of each person and makes them feel "glad to be a partner of SBS".

Social Contribution of the SBS Group

Contributing to solving social issues through our business

The SBS Group is engaged in a variety of social contribution activities, including cross-group initiatives led by the CSR Promotion Department of SBS Holdings, as well as each company's own initiatives. Here, we focus on our social contribution with the theme of logistics at its core.

Support for food banks through the provision of resources from the SBS Group

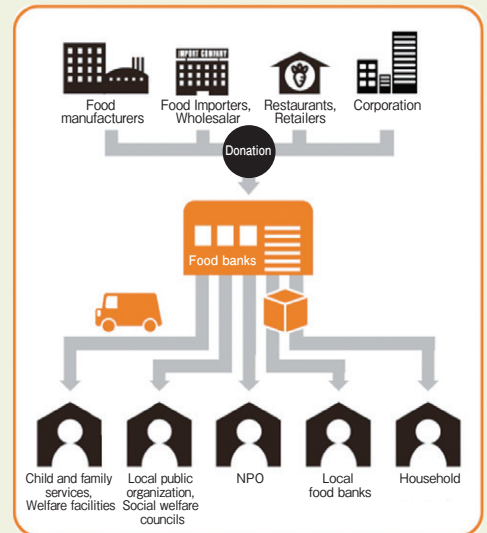
The SBS Group began supporting food banks last year. A food bank is an activity or organization that collects from corporations and other organizations food that has an expiration date but cannot be sold for various reasons and distributes it to people in need (person in distress). We are supporting Second Harvest Japan (2HJ), the largest food bank in Japan, based in Asakusabashi, Tokyo. We were looking for ways to contribute to society through logistics, and 2HJ's needs for logistics support coincided, leading to the conclusion of this support agreement. The first to provide temporary transportation of goods between food donors and 2HJ sites, and the second is to provide advice and recommendations on warehouse management and vehicle operation. In the case of temporary goods transportation, 2HJ usually uses its own vehicles to pick up donated foodstuffs (at the request of manufacturers, etc.), but when there is no available vehicle or driver (all volunteers), or when there is no way to secure a vehicle or manpower, an SBS vehicle can be used as an alternative transportation service. The process of implementing this support is



The process of implementing this support is

- (1) 2HJ requests support for SBS Holdings CSR Promotion Department
- (2) The CSR Promotion Department will search for an empty vehicle for the desired pickup date and time.
- (3) Request for cooperation from the business office that owns available cars
- (4) Collection and delivery on the designated date and time

This completes one round of support. On rare occasions, when the 2HJ warehouse is full, we receive requests to store supplies, and we respond to these requests as needed. The cost of these support activities is borne by the CSR Promotion Department through a budget recorded as a social contribution expense (appropriate fares are paid to sites), allowing sites to participate in these activities without placing a burden on them. The number of times we have supported them to date is as follows:



The support results of food banks

Date	Logistics	Shipment (Section)	Support cooperates
2018/5/17	Transportation	Cracker 209 cases (Misato city~2HJ Saitamayashio)	SBS Logicom
2018/10/4	Transportation	Brown rice 420kg (Ibaraki pref.~2HJ Saitamayashio)	SBS Logicom
2018/10/18	Preservation	Avocado oil 8,064 bottles (Transportation from to the warehouse of 2HJ as needed.)	SBS Zentsu
2018/11/15~22	Transportation	Instant noodles 780 boxes (Asahikawa city~2HJ Saitamayashio)	SBS Logicom
2019/6/13	Transportation	Chocolate 1.16t (Nishifunabashi~2HJ Saitamayashio)	SBS Logicom

*We paid adequate fares to the companion



We attach a magnet sheet at the time of the transportation.

The food bank support is a very meaningful initiative that not only contributes to strengthening the food lifeline for people in need, but also contributes to the reduction of food loss, which is a recent social problem. In the future, we will continue to work together with 2HJ to create a society where people have a place they can rely on when there is an issue for foods.

The SBS Group's main social contribution activities

Category	Support details and recipients	Details of support	Reception and Exhibition
Partnership with the social sector	Food Bank Support (Certified NPO Organization, Second Harvest Japan)	Transportation support between companies wishing to donate food from Second Harvest Japan (2HJ) and 2HJ's distribution centers. In addition, it provides advice and suggestions on warehouse operations and vehicle operations.	Implemented at the request of 2HJ.
	Support for Environmental Conservation Activities (Public Interest Incorporated Foundation, OISCA)	Sponsoring and support activities (participation in forest conservation activities and donations of collected items (used books, CDs and DVDs))	Collected items are accepted at any time.
Contributing to the local community	Social Contribution Sales Meeting (Sumida Ward Welfare Workplace Network (kai))	We sell sweets and bread made at about 20 welfare workplaces in Sumida Ward (where people with disabilities are involved in the work).	2 to 3 times/year at Olinas
	Donation of used stamps (Sumida Ward Council of Social Welfare)	Proceeds (stamps are purchased by a stamp company) are used for social welfare projects in Sumida Ward.	Accepted at any time CSR Promotion Department
Other (Collection of used items, etc.)	Collection of toothbrush (Toothbrush Collection Program) (LION/TerraCycle Japan G.K.)	This initiative collects used toothbrushes and recycles them into new plastic products, such as flowerpots. Aiming to reduce plastic waste and promote the use of recycled resources	Accepted at any time CSR Promotion Department
	Collection of Randoseru (Japanese school bag) - Randoseru for Life Collection (NPO, International Consulting Association)	An initiative to send Randoseru* to children in Afghanistan who still lack educational opportunities due to the civil war and other factors. It is known as an empowerment support to help girls in their schooling, especially because of their cultural lack of understanding of education for girls. * In Afghanistan, Randoseru has become a symbol of education as support has spread.	Accepted at any time CSR Promotion Department

Corporate Profile

Company Name	SBS Holdings, Inc.
President	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	¥3,920.75 million
Net sales	¥255.5 billion (consolidated) *For the year ended December 31, 2019
Head Office	4-1-3 Taihei, Sumida-ku, Tokyo 130-0012, Japan Tel: +81-3-3829-2222 (main) Fax: +81-3-3829-2822
Lines of Business	Logistics, property management, marketing, human resources, etc.

Consolidated Subsidiaries (January 1, 2020)	SBS RICOH LOGISTICS SYSTEM Co., Ltd.
	SBS SAN-AI LOGISTICS HIGASHINIHO Co., Ltd.
	SBS SAN-AI LOGISTICS KANTO Co., Ltd.
	SBS SAN-AI LOGISTICS TOKYO Co., Ltd.
	SBS SAN-AI LOGISTICS CHUBU Co., Ltd.
	SBS SAN-AI LOGISTICS KANSAI Co., Ltd.
	SBS SAN-AI LOGISTICS KYUSHU Co., Ltd.
	RICOH LOGISTICS CORPORATION [USA]
	RICOH INTERNATIONAL LOGISTICS (HK) LTD.
	RICOH INTERNATIONAL FREIGHT FORWARDING (SHENZHEN) CO., LTD.
	SBS Logicom Co., Ltd.
	SBS Freight Service Co., Ltd.
	SBS Global Network Co., Ltd.
	SBS Logicom Kanto Co., Ltd.
	SBS Flec Co., Ltd.
	SBS Flecnet Co., Ltd.
	SBS Zentsu Co., Ltd.
	SBS Sokuhai Support Co., Ltd.
	SBS Staff Co., Ltd.
	SBS Finance Co., Ltd.
SBS Asset Management Co., Ltd.	
L-MAX Co., Ltd.	
Marketing Partner Co., Ltd.	
SBS Logistics Singapore Pte. Ltd.	

Directors and Auditors (As of March 26, 2020)

President	Masahiko Kamata
Directors	Kenichi Iriyama
Directors	Masato Tajiri
Directors	Katsuhisa Wakamatsu
Directors	Hajime Kato
Directors	Jiro Iwasaki
Directors	Tetsuya Sekimoto
Directors	Shuichi Hoshi
Audit & Supervisory Board Member	Yasuhiro Yamashita (full-time)
Audit & Supervisory Board Member	Koki Kakehashi (full-time)
Audit & Supervisory Board Member	Masahito Takeda
Audit & Supervisory Board Member	Masato Matsumoto

Notes: Jiro Iwasaki, Tetsuya Sekimoto and Shuichi Hoshi are outside directors.
Masahito Takeda and Masato Matsumoto are outside audit & supervisory board members.

Stock Information

Number of shares authorized	154,705,200 shares
Number of shares issued	39,718,200 shares including 2,700 fractional shares
Unit Stock System	Yes (100 shares)
Number of shareholders	2,975

Major Shareholders

Shareholder	Shares Held	Ratio of Shares Held (%)
Masahiko Kamata	14,388,400	36.22
Japan Trustee Services Bank, Ltd. (trust account)	6,303,100	15.86
SBS Holdings Employee Share Ownership Association	1,374,700	3.46
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,317,700	3.31
SMBC TRUST BANK Designated Securities Trust	1,200,000	3.02
TOBU Properties Co., Ltd.	954,800	2.40
Hiroshi Date	830,900	2.09
GOVERNMENT OF NORWAY	826,400	2.08
Junichi Ouchi	800,000	2.01
Masaru Wasami	365,000	0.91

Note: The ratio of shares held against number of shares issued is truncated after the third decimal place.

Distribution of Shares by Shareholder Type

(Number of share issued: 39,718,200 shares)

