



SBS Business Report

for the Year Ended December 31, 2022
January 1, 2022 to December 31, 2022

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We achieved historic new highs for both net sales and operating income in FY2022 for the fifth consecutive fiscal year. Our next target is to increase 100 billion yen in EC logistics-related net sales by accelerating the introduction of LT

Masahiko Kamata, President and Representative Director



In FY2022, economic activity in Japan and abroad showed signs of gradual recovery, and full-fledged economic revitalization is expected, despite the re-expansion of COVID-19, sharp increases in resource and fuel prices, and rapid fluctuations in exchange rates. Against this backdrop, while placing top priority on preventing infectious diseases and ensuring the safety of our customers, business partners and employees, the Group has worked to acquire 3PL, 4PL businesses in our mainstay Logistics business and proactively respond to growing logistics demand, such as e-commerce delivery.

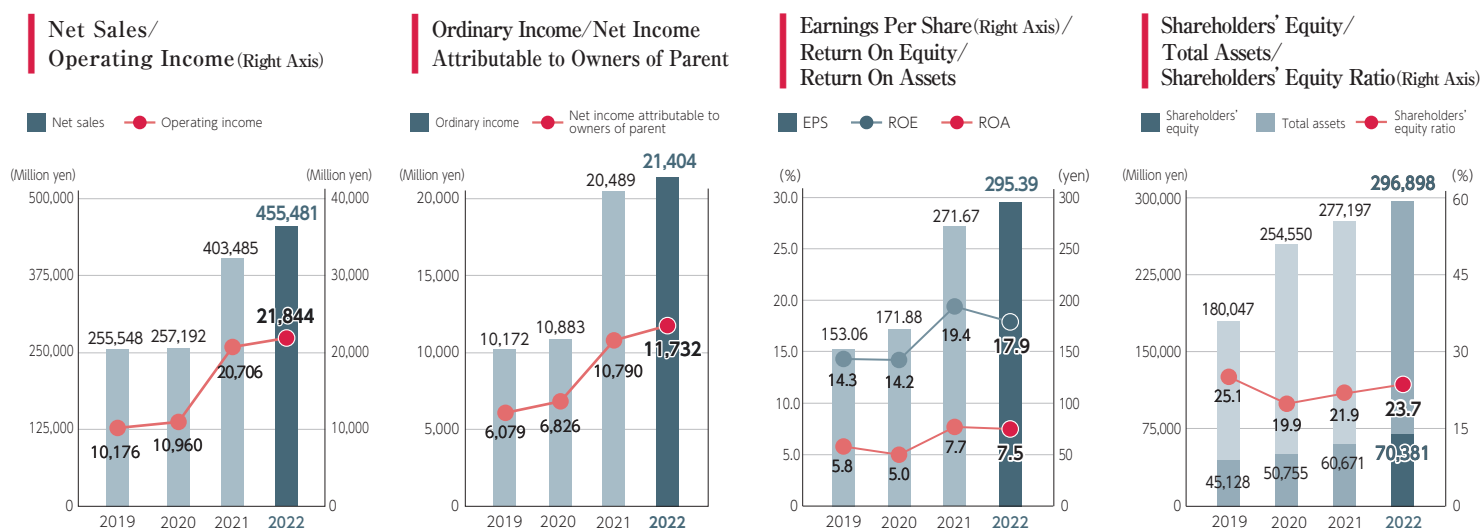
In addition, in our growth-strategy centered on M&A, we further expanded our group's service lineup by leveraging synergies among SBS Group companies, and put in place a structure to strongly support social logistics needs. In FY2022, net sales increased by 51,996 million yen (+12.9%) year on year to 455,481 million yen, operating income increased by 1,137 million yen (+5.5%) to 21,844 million yen, and ordinary income increased by 914 million yen (+4.5%) to 21,404 million yen. All net sales, operating income, and ordinary income reached record highs for the fifth consecutive year. This was due to the strong performance of the logistics businesses of the Group companies in line with rising marine and air freight rates in the overseas business, the impact of foreign exchange rates, and the increase in

domestic logistics volumes of electronic equipment and e-commerce products.

Regarding net income attributable to owners of parent, a loss on fire related to the fire at our consolidated subsidiary's logistics facilities (Ami Logistics Center No.2 of SBS Flec Co., Ltd.) was recorded as an extraordinary loss on June 30, 2022. Of the insurance proceeds received for noncurrent assets that were burned down or damaged by the fire, the amount corresponding to the aforementioned loss on fire was recorded as extraordinary income. As a result, net income increased by 942 million yen (+8.7%) to 11,732 million yen. This was also a record high for the fourth consecutive fiscal year.

We sincerely apologize again for causing concern and inconvenience among all stakeholders starting with shareholders due to the above-mentioned fire at Ami Logistics Center No.2, which fortunately, did not result in human suffering. The SBS Group will commit itself to the prevention of reoccurrence by implementing thorough countermeasures and continuing to be united as one in working on the Group's business activities and growth strategy. We are grateful for all the support of our shareholders and look forward to their continued support.

Consolidated Business Results for the Fiscal Year Under Review



Special
Feature

Vision of LT Lab, Cutting-edge Robotics Testing Facility



SBS Group established LT Lab which is a testing facility for increasing the accuracy of the latest Logistics Technology (LT) during introduction and early stabilizing LT in Logistics Center Saitama (SBS SAN-AI LOGISTICS CO., LTD) on December 1, 2022. We will make the latest robot solutions available to respective Group companies based on accumulated data in the lab to resolve medium-to long-term challenges such as staff shortages and increasing productivity at logistics sites.

Indispensable presence for rational LT introduction in logistics sites

The SBS Group proactively introduced robot solutions in its logistics sites and accumulated knowledge about LT. In our LT Lab, virtual environments according to the requirements of customers are built and advance testing is carried out to thoroughly collect operation knowledge and experience.

Consequently, the risk of not fully utilizing introduced robots in the sites can be reduced.

LT Lab's Strength



Daily data accumulation

① Specialists of logistics sites

Members with extensive careers in logistics sites operate the lab by utilizing their expertise.

② Thorough simulations

Designing perfect LT for each site by using performance analysis of solutions from multiple LT vendors.

③ Fostering LT literacy

The lab proactively welcomes visits from various stakeholders for educational purposes.

Ongoing testing for both the EC logistics specialized center to be established in a new logistics facility and existing sites

Currently, the lab is testing robot solutions to be used in Logistics Center Ichinomiya (SBS RICOH LOGISTICS SYSTEM/Operation scheduled to start in April 2023) as well as solutions for the EC logistics specialized center in Building A, Seto, Noda (tentative) (SBS Asset Management/Operation scheduled to start in January 2024).

Without being limited to new facilities, the lab also aims to introduce robotics solutions broadly in existing sites with packaging by synchronizing the Warehouse Management System (WMS) with other equipment. The lab is working hard for the early introduction of cutting-edge robotics solutions in logistics sites and mastering technology in a systematic manner.



Continuous introduction and testing of robots

Rollout of the “EC Logistics Omakase-kun (Entrustment)” EC Logistics Platform!

The SBS Group has developed a new one-stop “EC Logistics Omakase-kun(Entrustment)” service to cover operations from warehousing to shipping and delivery including EC site operation. In addition to contributing to the growth of Japan’s rapidly growing EC product sales market, the SBS Group aims for 100 billion yen increase in EC logistics-related net sales (one trillion yen increase in total logistics-related net sales) by 2030.

service website



Hiroki Hasegawa, Actor, Image character of EC Logistics Omakase-kun(Entrustment)

Establishment of Sustainability Policy and Sustainability Promotion Committee

■ Establishment of Sustainability Policy

Our group has always been committed to ensuring sustainable growth and resolving social issues. Today, the environment surrounding us has changed significantly, and it has become even more important to cope with both creating a sustainable society through resolving social issues and enhancing sustainable corporate value. In light of these circumstances, we have established the Sustainability Policy to indicate the values and goals that our employees should emphasize in promoting sustainability management.

Sustainability Policy of the SBS Group

Basic Principles

In the spirit of our management philosophy of “respecting people and fulfilling its social responsibility,” the SBS Group aims to contribute to the stability of people’s lives and the realization of a sustainable society through logistics, which is social infrastructure. To achieve this, under the following policy, we will actively promote sustainable initiatives by having all employees of our group recognize themselves as members of the international community.

Basic Policies

- ① We value people's connections and people's thoughts
- ② We connect with society and meets society's expectations
- ③ We connect with the earth and considers its future

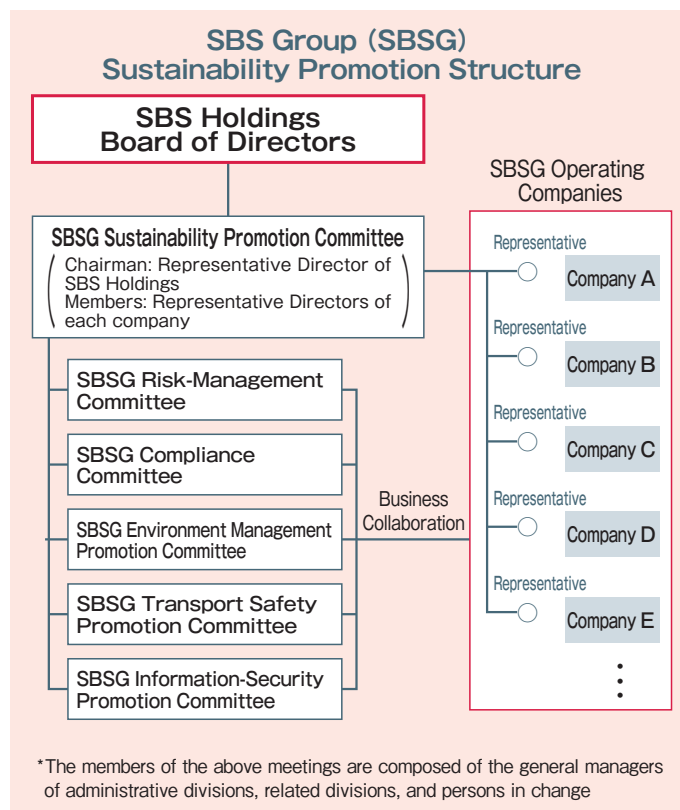
■ Establishment of the Sustainability Promotion Committee

(1) Purpose of establishing the committee : We have established the committee to develop and strengthen our management system in accordance with the above-mentioned sustainability policy, and to practice sustainability management throughout the Group to achieve both the realization of a sustainable society and the enhancement of sustainable corporate value.

(2) Role of the Committee : The committee is positioned as an advisory body to the Board of Directors and is responsible for formulating sustainability strategies and activity policies for the SBS Group as a whole, and monitoring KPI indicators and the status of coordination of activities within the Group.

(3) Structure of the Committee : This committee is chaired by our representative director and is composed of our directors and the representative directors of each Group company.

(4) Date of establishment of the committee : January 18, 2023



The Formulation of the SBS Group’s Mid-Term Management Plan “SBS Next Stage 2025”

SBS Holdings Inc. formulated a management plan titled “SBS Next Stage 2025” for a 3-year period from FY 12/2023 to FY 12/2025. The logistics industry is entering a revolutionary phase amid the shift to a decarbonized society, the growth of awareness of the sustainability of the supply chain, the shortage of manpower caused by structural problems, etc. Recognizing such a change in the business environment as a turning point for proceeding to the next growth stage, our company will implement measures for making a further leap forward.

【Management Philosophy and Management Vision】

Based on our management philosophy, The SBS Group set the following three mid-term management visions.

Mega-Ventures Growing with Logistics Technology (LT)×IT

We will solidify our position as the industry leader, meet the logistics needs of all our customers, and strive to be a company that coexists with and is trusted by society.

1. Contribute to the creation of value for customers through the provision of services. Management Vision
2. Emphasize ESG as social infrastructure and contribute to all stakeholders
3. Continuously return profits to shareholders in line with business performance

- A company that delights its customers and shareholders and brings happiness to its employees.
- A company that values its people and thrives when employees work with vitality and enthusiasm. Management Philosophy
- A company that fulfils its social responsibilities, coexists with society and contributes to social development.

【Priority Measures】

Considering our corporate history and current business environment, the SBS Group set four priority measures, and aim to execute them without fail during the period of our management plan.

- ① **Enhance the overall strength of the Group**
(group platform strategy and unique strategies of each company)
- ② **Develop and expand logistics business infrastructure**
- ③ **Improve/differentiate operational productivity through LT × IT**
- ④ **Strengthen the foundations of sustainability management and human capital initiatives**

【Financial Goals】

The SBS Group aim to achieve net sales of 500 billion yen and operating income of 27.5 billion yen in FY 12/2025. Through organic growth, excluding the effects of M&A, the company will strive to achieve an average annual growth rate of 4.5% in 3 years, our revenue structure, and increase operating income margin from the current value of less than 5% to 5.5% by improving. In parallel, it aims to raise shareholders’ equity ratio from the 20% level to 30%, to improve the soundness of its financial standing.

	Result in FY 2022	Forecast for FY2023	Forecast for FY2025 [100 million yen]
Net sales	4,555	4,570	5,000
Operating income	218	228	275
Shareholders' equity ratio	23.7%	25.5%	30.0%

Note: The forecast does not include the effects of M&A
Note: Rounded to the nearest unit



Received a Japan Star award in the Japan Packaging Contest
 Provided an online presentation on our award winning product in the award winner product showcasing

SBS Toshiba Logistics

SBS Toshiba Logistics Corporation received the Outstanding Logistics Improvement Award for its initiatives to improve site operations at the All Japan Logistics Improvement Case Conference 2022 in June. In the 23rd Logistics Environment Award held also in June, SBS Toshiba Logistics received one Sustainable Activity Award and four Special Awards. In the 2022 Japan Packaging Contest held in August, the company received the Chairman of Japan External Trade Organization (JETRO) Award in the Japan Star award category, which is the most prestigious award category, and two Industrial Packaging Awards in the Packaging Category Award, making the company an award winner for 20 consecutive years. In November, the company gave an online presentation on Lithium-ion Battery:100% Recycled EPS and Minimized Storage as a Japan Star award winning product in the Japan Packaging Contest Award Winner Showcase 2022.



Endorsement of activity to promote women's active participation and advancement in the workplace by Shintomi Town in Miyazaki Prefecture for fully supporting Viamaterras Miyazaki

SBS Holdings

Viamaterras Miyazaki, a female soccer club in Miyazaki, aims to join Japan's "WE League" female professional soccer league. Shintomi Town employs players from Viamaterras Miyazaki as government workers to create a supportive environment where female players can pursue dual career paths in soccer and work. SBS Holdings endorsed and supported the town's activities through a corporate version of the hometown tax.



Hosting a lecture and tour for students from the University of Tokyo for the development of advanced logistics specialists

SBS Holdings

To increase interest in the logistics industry among young people, as part of an endowed course offered to the Research Center for Advanced Science and Technology of the University of Tokyo, SBS Holdings provided a tour of the SBS RICOH LOGISTICS SYSTEM Yokohama Kanazawa Logistics Center in April while the LT Planning Division provided a lecture in June.



Participation in the "White Logistics" Movement

SBS Zentsu

SBS Zentsu endorsed the "White Logistics" Movement advocated by the Ministry of Land, Infrastructure, Transport and Tourism, Ministry of Economy, Trade and Industry, and Ministry of Agriculture, Forestry and Fisheries, and submitted a declaration of voluntary action for the realization of sustainable logistics in October. The company aims to improve the productivity of trucking, increase the efficiency of logistics, and create a working environment where employees can work safely, energetically, and without worry.



Hosting SBS Group Driver Contest for the first time in three years

SBS Group, SBS Sokuhai Support, SBS Zentsu

In November, the SBS Group 5th Driver Contest was held for the first time in three years for improving the safety knowledge and driving technique of drivers and disseminating safety awareness in the Group as a whole. In addition, SBS Zentsu held the 8th Home Delivery Division Driver Contest in April while SBS Sokuhai Support hosted the 2nd Sales Driver Customer Service Manners Contest in October.



Opening of new facilities including the Ichikawa Cold Center, an environmentally-friendly freezing and refrigeration center

SBS RICOH LOGISTICS SYSTEM, SBS Zentsu

SBS Zentsu launched operations of Ichikawa Cold Center which specializes in freezing and refrigeration logistics in October. This brand new environmentally-friendly cold center features solar panels installed on the roof and uses freezers with natural refrigerants. SBS RICOH LOGISTICS SYSTEM opened the 3PL business and distribution processing-capable Logistics Center Atsugi in May.



Consolidation of the headquarters function of the Group in Nishi-shinjuku

Large-size screen and cutting-edge LT technology welcome visitors

SBS Group

23 companies in the SBS Group were relocated together in Sumitomo Fudosan Shinjuku Grand Tower. The entrance of the new head office features a large size 4K screen. A cutting-edge robot showroom displaying a wide variety of LT equipment is also housed in the new head office.



Renewal of the group's uniform design

SBS Group

From April, staff members started working in new uniforms. The dark-color based stylish uniforms impart a sense of security and sophisticated image. The uniform is being worn in all Group companies including new Group members, SBS Toshiba Logistics and SBS RICOH LOGISTICS SYSTEM, which enhances the sense of unity as a Group.



EMC INC. and SOYU Co., Ltd. from Japan Logistics Future Investment joined the SBS Group

SBS RICOH LOGISTICS SYSTEM, SBS Flec

SBS RICOH LOGISTICS SYSTEM acquired all shares of EMC INC. in November for enhancement of its service parts logistics business through cooperation of the two companies. SBS Flec, which had acquired all the shares of SOYU Co., Ltd., merged with SBS Flecnet. This acquisition and merger realized a more robust distribution network in Chiba City and Noda City in Chiba, which is a key base for SBS Flec.



Corporate Profile and Stock Information

Corporate Profile

Company Name	SBS Holdings, Inc.
Representative Director	Masahiko Kamata
Established	December 16, 1987
Capital	3.92 billion yen
Net Sales	455.4 billion yen (consolidated) *For the year ended December 31, 2022
Location	8-17-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo, 160-6125, Japan Sumitomo Fudosan Shinjuku Grand Tower 25F Tel: 03-6772-8200 (main switchboard)
Business Activities	Logistics business, property management business, marketing business, human resources business, etc.

Consolidated Subsidiaries (January 1, 2023)

SBS Toshiba Logistics Corporation

TL Logi Service Co., Ltd.
Toshiba Logistics (Shanghai) Co., Ltd.
Toshiba Logistics (Hangzhou) Co., Ltd.
Toshiba Logistics (Dalian) Co., Ltd.
Toshiba Logistics Hong Kong Co., Ltd.
Toshiba Logistics (Singapore) Pte. Ltd.
Toshiba Logistics (Philippines) Corporation
TL Forwarding Service (Philippines) Corporation
Toshiba Logistics (Thailand) Co., Ltd.
TL Service (Thailand) Co., Ltd.
Toshiba Logistics Malaysia Sdn. Bhd.
Toshiba Logistics Vietnam Co., Ltd.
Toshiba Logistics India Private Limited
Toshiba Logistics America, Inc.
Toshiba Logistics Europe GmbH

SBS RICOH LOGISTICS SYSTEM CO., LTD.

SBS SAN-AI LOGISTICS CO., LTD.
RICOH LOGISTICS CORPORATION [USA]
RICOH INTERNATIONAL LOGISTICS (H.K.) Ltd.
Ricoh International Freight Forwarding (Shenzhen) Co., Ltd.
SBS Logistics (Thailand) Co., Ltd.
SBS Vietnam Co., Ltd.
Jass Co., Ltd.
SBS Global Network Co., Ltd.

SBS Logicom Co., Ltd.

SBS Freight Service Co., Ltd.
SBS Logicom Kanto Co., Ltd.
Kyokushin Unyu Kaihatsu (K.U.K. LINE)

SBS Flec Co., Ltd.

SBS Flecnet Co., Ltd.
Hinomaru Kyuso K.K.

SBS Sokuhai Support Co., Ltd.

SBS Zentsu Co., Ltd.

SBS Furukawa Logistics Corp.

SBS Staff Co., Ltd.

SBS Finance Co., Ltd.

Toyo Warehouse & Transportation Co., Ltd.

Marketing Partner, Inc.

SBS Asset Management Co., Ltd.

LMAX Co., Ltd.

Directors (as of March 28, 2023)

Representative Director	Masahiko Kamata
Director	Masato Taiji
Director	Yasuhito Tanaka
Director	Natsuki Gomi
Director	Katsuhisa Wakamatsu
Outside Director	Jiro Iwasaki
Outside Director	Shuichi Hoshi
Outside Director	Yoshinobu Kosugi
Director (Full-time Audit & Supervisory Committee Member)	Takashi Endo
Outside Director (Audit & Supervisory Committee Member)	Masato Matsumoto
Outside Director (Audit & Supervisory Committee Member)	Sachie Tsuji

Stock Information

Number of Shares Authorized	154,705,200 shares
Number of Shares Issued	39,718,200 shares
Unit Stock System	Yes (100 shares)
Number of Shareholders	4,849

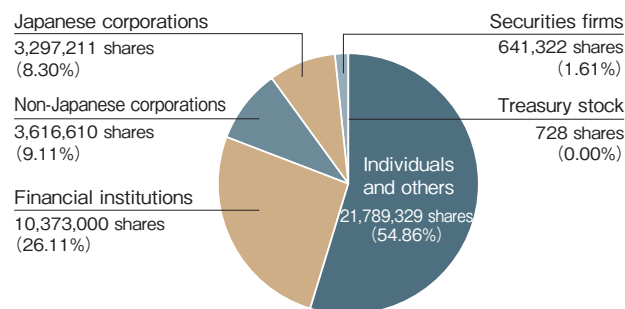
Major Shareholders (as of December 31, 2022)

Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
Masahiko Kamata	14,388,400	36.22
Custody Bank of Japan, Ltd. (trust account)	5,057,200	12.73
The Master Trust Bank of Japan, Ltd. (trust account)	2,458,700	6.19
SBS Holdings Employee Share Ownership Association	1,224,500	3.08
Sumitomo Mitsui Trust Bank, Limited (trust account Ko-18)	1,200,000	3.02
Masaru Wasami	1,078,600	2.71
TOBU Properties Co., Ltd.	1,001,000	2.52
Sumitomo Mitsui Trust Bank, Limited (trust account Ko-13)	1,000,000	2.51
Junichi Ouchi	601,400	1.51
UEDA YAGI TANSHI Co., Ltd.	500,600	1.26

*The ratio of shares held against the number of shares issued is truncated after the second decimal place.

Distribution of Shares by Shareholder Type

(number of shares issued: 39,718,200 shares)



Change in Dividends

