



SBS Business Report

Shareholders' Newsletter for FY2020
January 1, 2020 - December 31, 2020

Words from the President

Consolidated Results

Special Feature

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Corporate Profile & Stock Information



SBS Holdings, Inc.

SBS Flec Net to Accept Technical Intern Trainees from Vietnam

SBS Flec Net has started accepting Vietnamese technical interns from 2020. This is an initiative based on the "Technical Internship System for Foreigners" established by the Japanese government, with the cooperation of Mirai Kyosei Kyodo Kumiai (MIS Association), which has long been involved in accepting trainees under this system. The main purpose of this program is to contribute to the development of human resources who will be responsible for the economic development of Vietnam, and to acquire know-how in food logistics during the 11-month training period. In 2020, a total of 12 trainees were accepted as the first-term trainees. We plan to continue this program on a regular basis.

The first-term trainees start their training in April 2020

The first-term trainees were assigned to the Kitakyushu Branch of SBS Flec Net on April 1, 2020. At the orientation on the first day, after a welcome speech from the president, Vietnamese employees who joined the company in 2018 gave a classroom lecture on the products and practical training on site in Vietnamese. The trainees took 11 months learning how to sort products in a chilled warehouse. They received practical training immediately after arriving in Japan, while COVID-19 was spreading rapidly, and they were forced to postpone the originally scheduled temporary return to Vietnam in February 2021 due to the infection. SBS Flec Net has provided maximum support to the first-term trainees, including the living environment. In the same month, seven more second-term trainees were assigned to the project, and together with the first-term trainees, 19 people are working on the site. After returning to their home country, we hope that they will use the results of their on-the-job training to play an active role as leaders in the next-generation logistics of Vietnam.



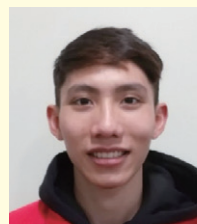
Susumu Kinoshita,

Representative of MIS Association

In recent years, Vietnam has been experiencing remarkable economic development and the standard of living of its people has been rising. It is expected that various domestic infrastructure development will become

urgent, and logistics is an important part of such infrastructure. I hope that after returning to their home country, these technical trainees will utilize the latest logistics know-how they learned at SBS Flec Net and contribute to the development of Vietnam's logistics network with pride as professionals.

The acceptance of technical intern trainees from countries with different cultures cannot be achieved without the understanding of the company on the accepting side. I would like to express my sincere gratitude to everyone at SBS Flec Net for their continued support of this meaningful international exchange program.



Technical Intern Trainee (1st term)

Chan Hau Kat

I have been assigned the task of using the logistics system to read the barcodes of food in the chilled storage and sort it for the local supermarkets.

The second-term trainees who joined the program after me are still getting used to the job, so as a fellow Vietnamese senior, I tell them how to handle the products carefully and neatly, and not to talk while working. I also teach my juniors, "If you can't read and write kanji, your work will be delayed, so let's study hard."

There are many good people in the workplace, and I always get help from them. As here is so good place to work, I would like to continue learning Japanese after I return to Vietnam in the future, and then return to Japan to work for SBS Flec Net.



Technical Intern Trainee (2nd term)

Chan Thi Huong

I am in charge of sorting food for shipment in chilled food warehouses.

I enjoy working every day as there are many kind people who always teach me their work enthusiastically. In the job, I

always recalculate and check the number of items to be sorted so that there are no mistakes. I am also careful to handle heavy items carefully. During breaks, it is fun to talk with Japanese people. The employees sometimes give me sweets, which makes me very happy.

After returning to Vietnam, I would like to take advantage of the skills I learned here and Japanese to get a job in food distribution. I will do my best to acquire job skills here!



Site Manager, SBS Flec Net Kitakyushu Sales Office

Ryuji Yamamoto,

Deputy General Manager

We strive to create a good working environment by face-to-face talking with employees. Especially with technical trainees, frequent communication is essential. Each of the 3 trainees has 1 instructor who gives careful guidance on business procedures and other topics. They also use their own educational materials to train them about 30 minutes a day on how to write Japanese characters, such as product names and land names, used in their work. When people get used to work, they tend to forget the basics, so we always strive to confirm and provide guidance on rules that have returned to the basics. I hope that the improvement of the skills of trainees will lead to the expansion of overseas transactions. We would also like to establish a system to accept trainees who wish to work in Japan after completing their training.

Under the COVID-19 crisis, we aggressively responded to expanding logistics demand, and achieved record highs for both net sales and operating income for the three consecutive years.

Masahiko Kamata, President and Representative Director



Business results for the fiscal year ended December 2020

In FY12/20, the logistics industry faced a challenging business environment, including a decrease in demand for BtoB logistics amid continued restraint in global economic activities and a decline in exports and imports due to the expansion of COVID-19. On the other hand, demand for daily necessities such as food and daily products, as well as e-commerce demand, continued to grow against the backdrop of "Stay-at-home trend" due to people refraining from going out. SBS Group has been proactively responding to this demand while placing the highest priority on preventing infections and ensuring the safety of customers, business partners, and employees.

In November 2020, we acquired a 66.6% stake in TOSHIBA LOGISTICS CORPORATION (current SBS TOSHIBA LOGISTICS CORPORATION) and made it a consolidated subsidiary. As a result, the SBS Group further expanded its service lineup and strengthened its overseas network, thereby establishing a system to further strengthen its logistics supply chain.

For the fiscal year under review, sales in the logistics business were almost unchanged, while sales in the property management business increased. As a result, net sales were 257,192 million yen (up 0.6% year on year) and operating income was 10,960 million yen (up 7.7%). Both consolidated net sales and operating income reached record highs for three consecutive years.

Future business activities

In the Logistics business, we anticipate further expansion of the e-commerce market and rapid technological innovations utilizing LT

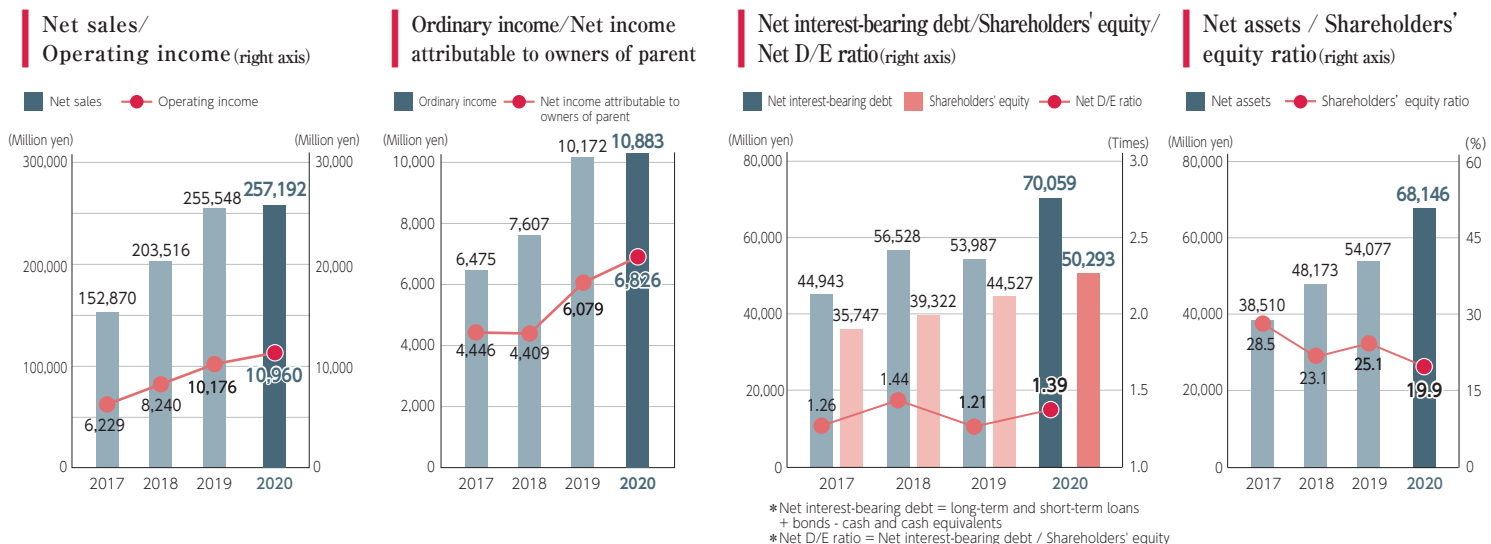
(Logistics Technology), resulting in structural changes in our business model. With these in mind, the SBS Group will continue its proprietary business model, which has grown while balancing logistics, M&A, and logistics facility development. At the same time, the Group will enhance its competitiveness by actively investing in IT and LT and accelerating collaboration with companies in other industries, aiming to become the top tier in the logistics industry.

In the fiscal year ending December 2021, we will further strengthen our sales activities and continue to aggressively work to bring in daily necessities and e-commerce, where demand is strong. Furthermore, after incorporating the contribution of newly consolidated TOSHIBA LOGISTICS CORPORATION to results and securitization of logistics properties, we plan to increase sales and profits with net sales of 380 billion yen, operating income of 15 billion yen, ordinary income of 14.8 billion yen, and net income attributable to owners of parent of 8.4 billion yen. To achieve this, we will work together as a group to carry out business activities and growth strategies.

Dividends

We regard the return of profits to our shareholders as one of our most important management policies. Our basic policy on the distribution of profits is to enhance our internal reserves in order to build a stronger management foundation, to continuously maintain dividends, and to improve the level of dividends in accordance with our business performance. For the fiscal year under review, in light of our solid business performance, we will increase the dividend per share by 3 yen from the forecast to 35 yen. We highly appreciate your continued support.

Consolidated Results for the fiscal year under review



Breakthrough to become a top group of domestic logistics companies! SBS TOSHIBA LOGISTICS CORPORATION will begin operations on January 1, 2021.

Unparalleled M&A strategy to steadily drive the SBS Group's growth

Immediately after its listing in 2003, the SBS Group expanded its operations through acquiring more than 20 companies, centered on logistics businesses that play a leading role in the logistics of Japan's leading companies, including SBS Flec (formerly Yukijirushi Butsuryu), SBS Logicom (formerly Tokyu Logistic), and SBS RICOH LOGISTICS SYSTEM (formerly RICOH LOGISTICS SYSTEM).

For the SBS Group, a venture company that was founded in 1987 and has a short history, M&A is not simply a means to increase sales. This is one of the essential measures for a logistics "mega-venture" to create high added value through the expansion of a wide range of logistics services and the fusion of "talent" with high knowledge and excellent DNA of national brand companies.

About SBS TOSHIBA LOGISTICS

SBS TOSHIBA LOGISTICS uses its global network to develop logistics services for energy-related social infrastructure, semiconductors, IT, and consumer electronics.

Our strength lies in the "4PL"* that we have built together with Toshiba Group.

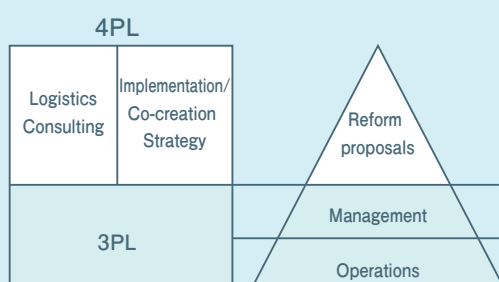
Although 4PL has long been a domain for SBS RICOH LOGISTICS SYSTEM, SBS Logicom, and others, the participation of TOSHIBA LOGISTICS will enable us to propose to customers worldwide, regardless of size or industry, as the SBS Group's main solution.

* What is 4PL (Fourth Party Logistics)?

Solutions added to 3PL (logistics operations and their management are comprehensively entrusted) that provide consulting services for planning and promoting logistics strategies from the perspective of the entire supply chain. We support the solution of management issues from the aspect of logistics by being involved from the planning of strategies in line with customers' management strategies.

Benefits of 4PL

- ① Discovering potential issues through visualization of the entire supply chain
- ② Propose improvement measures not only to reduce logistics costs but also to reduce inventories and fixed assets
- ③ We can reallocate human resources in the logistics department to growth areas.



Diversity is the source of competitiveness The unique PMI of SBS group

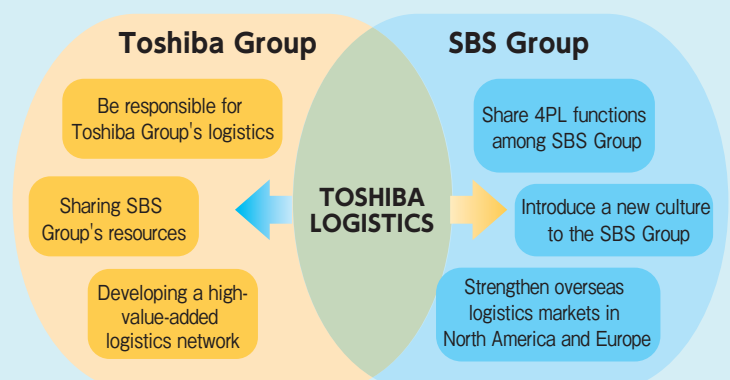
The SBS Group believes that the "crux" of M&A is not in the process of reaching an agreement, but in the post-merger integration (PMI) phase. We have a unique and one-of-a-kind operation. While sharing management resources such as warehouses, vehicles, and systems throughout the Group to control costs, we respect the autonomy and corporate culture of the management of each Group company, and maintain their own approaches in terms of employment systems for management and employees, and relationships with business partners.

Our stance is to allocate the surplus generated by the sharing of resources to new growth areas.

The DNA of the organization that each company has cultivated over many years is important, and the Group as a whole will pursue value created through the intersection of diverse values.

Example of PMI at SBS RICOH LOGISTICS SYSTEM (join the SBS Group from August 2018)

- **Share management resources:**
Integration of core systems, integration of bases, joint operation of sites
- **Creating new value:**
Expansion of sales divisions and information systems divisions, and inter-group restructuring, establishment of new bases and exchange of personnel within the Group





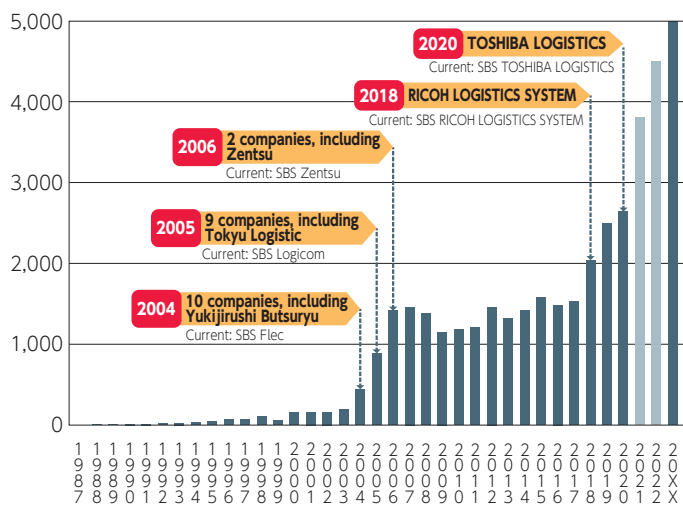
SBS Group takes on a new dimension with the strengths of "challenge" and "speed," the DNA of a venture company

"Logistics is an infrastructure industry. In order to contribute to more customers, therefore we must expand the scale of our business." This is our belief and pleasure since the founding of the SBS Group.

After the consolidation of SBS TOSHIBA LOGISTICS, the SBS Group is expected to rank 10th among domestic logistics companies excluding air transportation, shipping, and railroads, and also 5th among 3PL companies.

Going forward, as one of the major domestic logistics companies, we will grow dramatically to become a group of professionals responsible for logistics for a broader range of customers.

(Net sales/Billions of yen)



Topics



January

Opened the donated course at the University of Tokyo

SBS Group

In order to contribute to the resolution of issues faced by the logistics industry, we established a donated research division for advanced logistics science at the Research Center for Advanced Science and Technology, the University of Tokyo, jointly with two other companies.

We have begun education for the development of advanced logistics personnel.



February

The groundbreaking ceremony of the Yokohama Kanazawa Distribution Center (tentative name)

SBS Logicom & SBS RICOH LOGISTICS SYSTEM

2 of the 3 logistics facilities at the SBS Logicom Yokohama Kanazawa Branch were dismantled and newly established. Construction is scheduled for completion in July 2021, and we will begin joint operation of a large-scale 3PL with SBS RICOH LOGISTICS SYSTEM, aiming to realize high-level 3PL services that combine the strengths of both companies.



March

Reorganization to accelerate growth strategies

SBS Holdings

In preparation for the increasing importance of technological development symbolized by robotics technologies, AI, RPA, etc., reorganization to accelerate the growth strategy in April.

We established the IT Planning Division, which plans and proposes IT strategies, and the LT Planning Division, which is responsible for initiatives in the logistics technology field.



August

Acquired shares of HINOMARU KYUSO

SBS Flec

Acquired a portion of the shares (49% shareholding) of HINOMARU KYUSO, K.K., which operates a delivery network throughout Shikoku, focusing on food distribution in three temperature zones.

We can expect high synergies by strengthening our delivery network and enhancing our responsiveness to supply chain management.



November

Japan Future Logistics Fund decides first investment target

SBS Holdings

Concluded the first investment contract in the Japan Future Logistics Fund, which was established jointly with the Development Bank of Japan, Inc.

We have decided to invest in Ai&Ai Chiba Chuo Co., Ltd. which is engaged in light cargo transportation such as online supermarket delivery, route delivery, etc. in Chiba Prefecture and eastern Tokyo.



CORPORATE PROFILE & STOCK INFORMATION

Corporate Profile

Company Name	SBS Holdings, Inc.
President	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	¥3,920.75 million
Net sales	¥257.1 billion (consolidated) *For the year ended December 31, 2020
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, 2021)	SBS TOSHIBA LOGISTICS CORPORATION
	TL Logistics 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 (THAILAND) Co., Ltd. TOSHIBA LOGISTICS VIETNAM Co., Ltd. TOSHIBA LOGISTICS AMERICA, Inc. TOSHIBA LOGISTICS EUROPE GmbH
	SBS RICOH LOGISTICS SYSTEM Co., Ltd.
	SBS SAN-AI LOGISTICS Co., Ltd. RICOH LOGISTICS CORPORATION RICOH INTERNATIONAL LOGISTICS (HK) Ltd. Ricoh International Freight Agency (Shenzhen) Limited Company
	SBS Logicom Co., Ltd.
	SBS Freight Service Co., Ltd. SBS Global Network Co., Ltd. SBS Logicom Kanto Co., Ltd.
	SBS Flec Co., Ltd.
	SBS Flec Net 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, Inc.

Directors and Auditors (As of March 25, 2021)

Representative Director	Masahiko Kamata
Directors	Kenichi Iriyama
Directors	Masato Taiji
Directors	Yasuhito Tanaka
Directors	Katsuhisa Wakamatsu
Directors	Hajime Kato
Directors	Hiroaki Sato
Outside Director	Jiro Iwasaki
Outside Director	Tetsuya Sekimoto
Outside Director	Shuichi Hoshi
Directors (Full-time Audit Committee Member)	Yasuhiro Yamashita
Outside Director (Audit Committee Member)	Masato Matsumoto
Outside Director (Audit Committee Member)	Sachie Tsuji

Stock Information

Number of shares authorized	154,705,200 shares
Number of shares issued	39,718,200 shares including 2,590 fractional shares
Unit Stock System	Yes (100 shares)
Number of shareholders	3,911

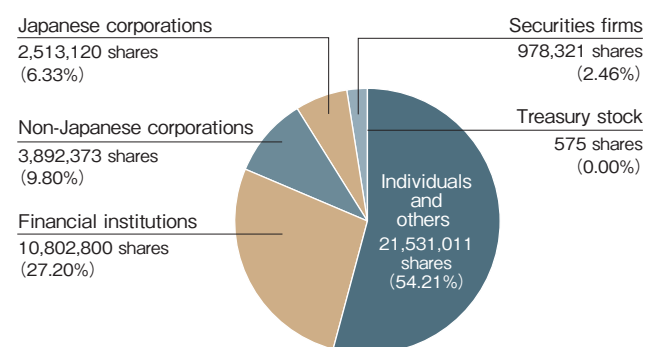
Major Shareholders

Shareholder	Shares Held	Ratio of Shares Held (%)
Masahiko Kamata	14,388,400	36.22
The Japan Custody Bank, Ltd. (Trust Account)	5,156,200	12.98
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,575,700	3.96
SBS Holdings Employee Stock Ownership Plan	1,354,100	3.40
SMBC Trust Bank, Ltd., as a trustee for securities trusts	1,200,000	3.02
Sumitomo Mitsui Trust Bank, Limited (Trust Account A13)	1,000,000	2.51
Tobu Real Estate Co., Ltd.	986,000	2.48
Junichi Ouchi	800,000	2.01
Masaru Wasami	576,700	1.45
Hiroshi Date	449,800	1.13

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)



Changes in Dividends

