

SBS Business Report

for the Year Ended December 31, 2024

January 1, 2024 to December 31, 2024



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SBS Holdings, Inc.

In FY2025, We're Laser-Focused on Improving Profitability

Masahiko Kamata, President and Representative Director



In FY2024 the path forward for the Japanese economy remained stubbornly opaque. Notable bright spots appeared, including an improving employment and personal-income environment and swelling demand from inbound tourism, which powered a recovering trend in domestic consumption. On the other hand, cost of resources and materials remained high and prices of daily necessities rose, while the impact of personnel shortages grew more serious. The logistics industry faced its share of struggles. Logistics volumes slipped during the period under review amid slumping semiconductor demand and weakness in purchasing activities caused by high prices for goods. At the same time, insufficient shipping capacity and rising costs surfaced, as symbolized by the “2024 logistics problem.” To counter these challenges, the SBS Group captured third-party and fourth-party logistics business (3PL and 4PL, respectively) in our mainstay logistics business. In addition, the Group implemented a framework to respond to the wide-ranging EC logistical needs of its customers such as beginning full-fledged deployment of EC Logistics Omakase-kun, its one-stop EC platform service, and opening large-scale logistics centers, extending EC logistical support throughout both eastern and western Japan in FY2024. Through concerted development of these newly established bases, the SBS Group extended its operating floor space to a total of “1 million tsubo” (3.3 million sqm).

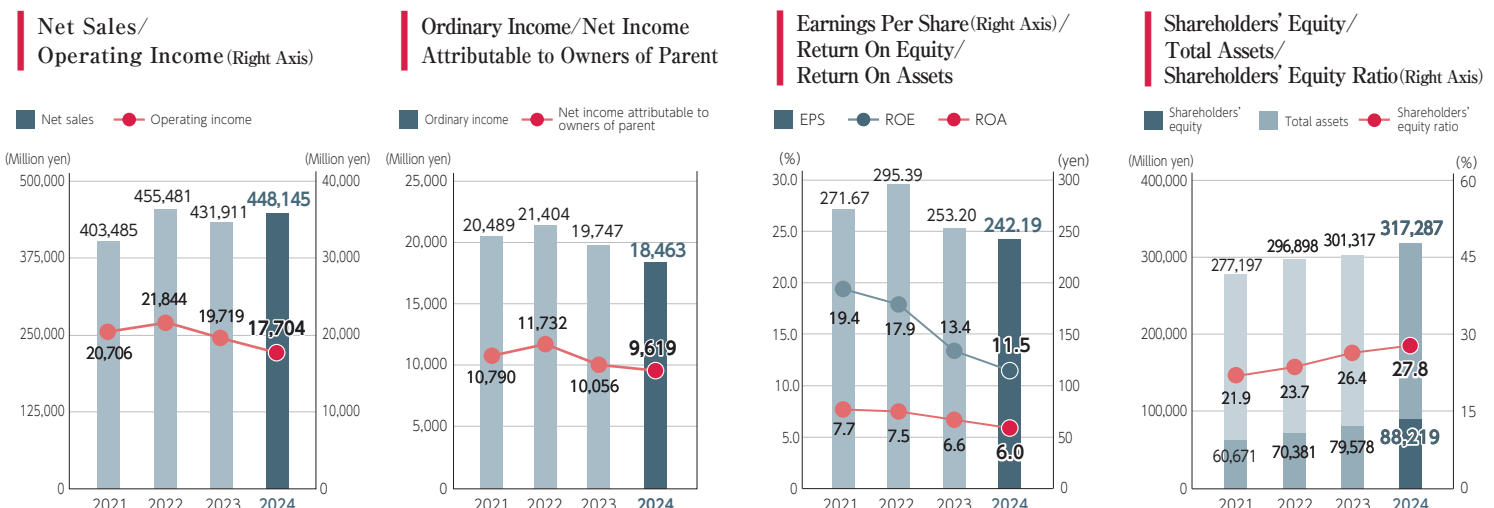
Consolidated business results continued to disappoint overall in FY2024. Net sales grew by 16,233 million yen (+3.8%) year on year to 448,145 million yen. However, operating income decreased by 2,014 million yen (–10.2%) to 17,704 million yen and ordinary income declined by 1,284 million yen (–6.5%) to 18,463 million yen. Net income attributable to owners of parent fell by 437 million yen (–4.3%) to 9,619 million yen. Since the year before last, I have been observing bases of operation overseas and loss-making sites in Japan. I am pained to conclude that measures to enhance

profitability, such as ensuring full use of effective floor space in each warehouse and raising load percentages on trucks, remain a work in progress.

The SBS Group is focused on expanding both the scope of its operations and the breadth of its portfolio, and on securing outstanding personnel. To these ends, the Group is positioning M&A as a vital component of its growth strategy. In October 2024, as part of these efforts, SBS Holdings acquired from NSK Ltd. 66.61% of the shares of NSK Logistics Co., Ltd. (now SBS NSK Logistics Co., Ltd.). In December 2024, the Company concluded a share acquisition agreement with Blackbird Logistics B.V., the holding company of the Netherlands-based Zwaluw Group, a group of 3PL firms. Through these and other actions, the SBS Group is building a framework in Japan and worldwide for delivering comprehensive, value-added logistics services. In FY2025, the Group will build on these results, steadily implementing the patient efforts listed above to enhance profitability.

That said, the pursuit of earnings is not the Group's only priority. A corporate Group that cannot fulfill society's needs, such as consideration for the environment, compliance, and response to customers' increasingly diverse logistical requirements, cannot long endure. The SBS Group views changes such as these as opportunities for business expansion. In the spirit of responding flexibly to society's demands, the Group is carrying out Group-wide compliance training, accelerating the introduction of EV trucks and concertedly introducing a contactless delivery service for the so-called “last mile” of delivery. On behalf of the employees and directors of the SBS Group, I ask shareholders for their understanding of our business activities and growth strategy, and for your continued support and encouragement.

Consolidated Business Results for the Fiscal Year Under Review



EC Logistics Omakase-kun Operations Expanded Briskly, Phase 1 of Noda Seto Logistics Center Heading for Full Occupancy

SBS Group's largest center of operations, Noda Seto Logistics Center, opened in February 2024. With 33,000 sqm of floor space spread over the 4th floor, Noda Seto Logistics Center provided the launchpad for EC Logistics Omakase-kun, a total support service for e-commerce (EC) logistics from storage and picking (sorting) to packing, gift-wrapping and shipping. The diverse range of goods handled by Omakase-kun includes sundries, foodstuffs and cosmetics.

In the year since Noda Seto Logistics Center began operations, business has grown briskly. The number of client EC companies has grown to 26, for whom the Center now makes 350,000 shipments monthly. That growth is continuing: By March 2025, the 4th floor is expected to be full, with shipments reaching 450,000 per month by the middle of 2025.

60% Increase in Dedicated Floor Space! Noda Seto Logistics Center Launches Support for Frozen and Refrigerated Products

With the 4th floor of Noda Seto Logistics Center to be full, SBS Group has mobilized 19,860 sqm of floor space on the first floor for the dedicated use of EC Logistics Omakase-kun. While the 4th floor includes non-climate-controlled space and temperature-controlled space (maintained between about 20°C and 30°C), the 1st floor will be newly equipped for frozen (-25°C and lower) and refrigerated (5-10°C) storage. The "cold chain" thus forged will support a wide variety of products with special characteristics, such as ice cream and cakes.

Overview of Noda Seto Logistics Center Building A

Address: 1452-4 Seto, Noda-shi, Chiba JAPAN

Site area: 73,271 sqm

Total floor area: 166,386 sqm

Number of floors: 4 floors above ground



EC Logistics Omakase-kun is Expanding into Western Japan! Deployment in All Major Markets in Japan in Near Future

EC Logistics Omakase-kun has launched in western Japan as well. The service has begun operations at Logistics Center Yao, completed in Yao, Osaka Prefecture, in December 2024, using all 6,620 sqm on the 2nd floor as its dedicated floor space. By adopting the same internal warehouse systems as Noda Seto Logistics Center, Logistics Center Yao enables EC operators to centralize inventory management across eastern and western Japan. Going forward, SBS Group intends to expand its network of logistics centers to all major markets in Japan, delivering solutions to EC operators in each region.

Overview of Logistics Center Yao

Address: 3-31 Izumi-cho, Yao-shi, Osaka JAPAN

Site area: 15,852 sqm

Total floor area: 26,416 sqm

Number of floors: 4 floors above ground



What Customers Are Saying

DX in Mail-Order Logistics Has been Achieved, Contributing to Improved Customer Satisfaction

Supported by two brands, Nihonchokuhan and Yuyu Seikatsu, our company has provided mail-order services to over 14.85 million customers since its foundation. When we moved our base of operations to Tokyo, we knew we would need a logistics center in the Kanto area. From the perspective of providing standardized service, we wanted a warehouse that had implemented digital transformation (DX). EC Logistics Omakase-kun fits the bill.

Thanks to the dedication of all staff, the warehouse transfer was completed smoothly. In June 2024 we began handling a wide range of mail-order products, including daily necessities, apparel, health foods, bedding, consumer electronics, golf gear and general foodstuffs. EC Logistics Omakase-kun applies DX to capture logistical data in real time, enabling us to ship on weekends, thereby boosting customer satisfaction. We expect soon to begin providing B2B mail-order service and to enter full-fledged global operations. Automation will enable us to shorten lead times from order acceptance to order shipment even further.



Masahiko Hikosaka
Director, Nihonchokuhan Inc.

Supporting Customers' EC Logistics with a Staff of 230 People

When EC Logistics Omakase-kun was launched, only two sales reps were involved in the service. Since then, the business has steadily expanded, with increased staffing to match. Today some 230 people are employed at Noda Seto Logistics Center and Logistics Center Yao, including part-timers. These employees will mature as individual workers and grow as a team as they continue to support customers' EC logistics. To supplement their operations, SBS Group expects gradually to introduce robotic automation during the current fiscal year.



SBS Group Launches SBS Eco-Logi Delivery, a Sustainable Contactless Delivery Service



SBS Sokuhai Support Co., Ltd. is a Group company that specializes in same-day delivery services. In November 2024, SBS Sokuhai Support launched SBS Eco-Logi Delivery. Predicated on contactless delivery, SBS Eco-Logi Delivery achieves 1) delivery at reasonable prices, 2) reduction of CO₂ emissions through reduced rates of re-delivery (returning to a destination because the recipient wasn't at home, etc.) and 3) a solution to the problem of driver shortages. The result is formation of a sustainable delivery system that is eco-friendly and logistically efficient.

Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has adopted SBS Eco-Logi Delivery as a supporting business for its "operations on emergency measures to reduce re-delivery." SBS Eco-Logi Delivery is expected to serve as a valuable mechanism for sustainably reducing Japan's high rate of re-delivery.

Eco-Friendly Delivery

According to a survey by MLIT, CO₂ emissions from re-delivery in courier and other delivery services amount to 250,000 t or more a year in Japan. The SBS Group has identified reducing re-delivery rates as a vital environmental theme. Offered in Metropolitan Tokyo and the three adjacent prefectures of Kanagawa, Chiba and Saitama, SBS Eco-Logi Delivery is a contactless delivery service that in principle eliminates re-delivery. The reduction in CO₂ emissions it achieves makes SBS Eco-Logi Delivery a purpose-driven delivery service, in line with the call for "development of eco-friendly logistics facilities and transportation/delivery systems" spelled out in SBS Next Stage 2025, the Group's Mid-Term Management Plan.



Easing the Burden on Corporate Shippers

Making contactless delivery a condition of shipping reduces the need for inquiries during shipping and increases the percentage of deliveries that are successful on the first try. By constructing a highly efficient service in this way, shipping fees can be reduced to more reasonable levels. In addition to general EC parcel delivery, corporate shippers who provide clothing rental services are considering introducing SBS Eco-Logi Delivery as a delivery method.

For clothing rental services, the Group envisions the use of drop boxes for replacement delivery of rental costumes without face-to-face contact. Proving tests are currently under way. After SBS Eco-Logi Delivery is introduced, the number of trips required per delivery could be cut in half.

Delivery Issues Solved by Replacement Delivery Without Face-to-Face Contact



Issues for delivery providers

- When recipients are not at home, parcels have to be re-delivered.
- Parcels have to be delivered and collected twice.



Issues for service customers

- Receiving and returning parcels is time-consuming.
- Recipients have to wait for the next time the item arrives.



Replacement delivery without face-to-face contact



Advantages for delivery providers

- Eliminating the need for face-to-face contact reduces re-delivery to zero.
- Replacement delivery cuts the number of delivery trips in half.

Advantages for service customers

- Simply drop the parcel in the drop box and receiving and returning is complete.
- Waiting time to receive the next item is eliminated.

Overview of a costume rental service

Improved Work Environment for Drivers

The SBS Group has partnered with Mercari, a marketplace app, to launch Eco Mercari Shipping, a service for delivery without face-to-face contact. With Eco Mercari Shipping, customers can send parcels from drop boxes, called Smari boxes, located at Lawson convenience stores. Eco Mercari Shipping is a dedicated contactless delivery service that supports anonymous shipping (no need to write the recipient's details on the parcel, etc.). In addition to reducing re-deliveries, Eco Mercari Shipping enables dispatchers to plot the shortest possible delivery routes. This improvement further boosts delivery efficiency and contributes to a revolution in driver workstyles. With the logistics industry chronically beset by a shortage of drivers, the SBS Group is partnering with shipper companies to offer drivers more comfortable work environment.

Customer sending a parcel using a Smari box (photo courtesy of Mitsubishi Corporation)





With Logistics Centers Opening in Succession, the Group's Operating Floor Space Now Exceeds "1 Million Tsubo"

SBS Group

In February 2024, the SBS Group opened its largest-ever logistics center, Noda Seto Logistics Center Building A. This was only the beginning in 2024, as the Group opened North Kanto Branch Kashiwa Shonan Warehouse, a medical logistics platform site, in May; and Logistics Center Yokohama Fukuura, with over 56,000 sqm of floor space, in August. With multiple new logistics centers available for use, providing a combined 400,000 sqm of floor space, the Group's total operating floor space soared past the "1 million tsubo" (3.3 million sqm) mark. Finally (for 2024), in December, the Group inaugurated Logistics Center Yao, the Group's first EC-strategy base in the Kansai region. Located 60 minutes from Kansai International Airport, the facility is ideal for international cargo shipping.



Logistics Center Yokohama Fukuura



Toward a More Value-Added Logistics Service NSK Logistics Joins the SBS Group

SBS Holdings

SBS Holdings acquired from NSK Ltd. 66.61% of the common stock of its logistics subsidiary, NSK Logistics Co., Ltd. With this move, NSK Logistics became a member of the SBS Group, changing its name to SBS NSK Logistics Co., Ltd. NSK Logistics was established in 1999, with operations in domestic logistics, imports and exports on behalf of the NSK Group. Its strengths include high levels of skill and expertise in shipping, storage, cargo handling, packing, and import and export contracting.



SBS NSK LOGISTICS
For Your Dreams.



Continuing Kudos for SBS Improvement Success Stories Group Company Wins Award in Packaging Category for 22nd Successive Year

SBS Toshiba Logistics

The year under review was a banner year for SBS Toshiba Logistics Co., Ltd. for recognition of its improvement success stories. In May 2024, SBS Toshiba Logistics earned Platinum certification under the "System for Recognition of Excellence in Improvement of Logistical Workplaces," organized by the Japan Institute of Logistics Systems. The award was bestowed on SBS Toshiba Logistics at Japan Logistics Improvement Success Story Convention 2024. Moreover, in June 2024, the same company was selected for the Excellence in Logistical Improvement Award, which is conferred on companies whose outstanding success stories were lauded at the aforementioned Convention. SBS Toshiba Logistics also won the Special Prize at the 25th Logistics Environment Awards, sponsored by the Japan Association for Logistics and Transport. Finally, in August 2024 the company shone at the Japan Packaging Contest 2024, winning the Industrial Packaging Award, picking up an award at the contest for the 22nd year running.



Accepting the Special Prize at the 25th Logistics Environment Awards



Trucks Headed for the Scrapyard are Converted to EVs, Significantly Reducing CO₂ Emissions in Preparation for Mass Production

SBS Holdings

In the first initiative of its kind in Japan, SBS Holdings is working to convert small diesel trucks into EVs, with a view to mass-producing the vehicles in the future. The Company is already partnering with IAT Co., Ltd. and YAMATO Mobility & Mfg. Co., Ltd. to convert 2 t Isuzu Elf and 1.5 t Mitsubishi Fuso Canter small diesel trucks, which had been headed to the scrapyard, to EVs, with performance and safety tests underway on demonstration tracks. The converted vehicles demonstrate similar range to new-built EV trucks, and can be returned to duty as delivery vehicles quickly and at low cost.



Pre-owned truck converted to EV



With Acquisition of Shares in a Dutch Logistics Firm, SBS Group Moves to Expand Operations to the Whole of Europe

SBS Holdings

SBS Holdings concluded a share acquisition agreement with Blackbird Logistics B.V., the holding company of the Zwaluw Group, a group of logistics firms based in the Netherlands. Under the agreement, the Company will acquire 80% of the common stock of Blackbird Logistics. The Zwaluw Group is expanding its warehouse service operations in Rotterdam, Europe's largest port, to deploy a cargo usage and transport service throughout Europe. With this agreement, the SBS Group plans to strengthen its 3PL operations in Europe and integrate them with its existing businesses and customer networks in China and elsewhere in Asia, thereby reinforcing Group-wide overseas operations. Currently SBS Holdings is establishing an intermediate holding company in Europe and is moving forward with the necessary procedures to incorporate it into the Group.

NEW

Young Actor Fumiya Takahashi Appears in an SBS Group Commercial, Becoming the Group's Brand Ambassador

SBS Group

In 2024 the SBS Group welcomed a new brand ambassador: actor Fumiya Takahashi. Takahashi made his TV acting debut in 2019 with *Kamen Rider Zero-One*. For his lead role in the 2023 film *Kokan Uso Nikki (Our Secret Diary)*, Takahashi won the 47th Japan Academy Film Prize for Newcomer of the Year. Takahashi is featured on the SBS Group website and YouTube channel and appeared in a commercial for Noda Seto Logistics Center, which opened in February 2024, where his showcasing of the appeal of EC Logistics Omakase-kun received positive reviews.



Gallery of SBS Group commercials



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	448.1 billion yen (consolidated) *For the year ended December 31, 2024
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, 2025)

SBS Toshiba Logistics Corporation
SBS Logistar Corporation
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 NSK LOGISTICS Co., Ltd.

SBS Furukawa Logistics Corp.

SBS Staff Co., Ltd.

SBS Finance Co., Ltd.

Marketing Partner, Inc.

SBS Asset Management Co., Ltd.
LMAX Co., Ltd.

Directors (as of March 25, 2025)

Representative Director	Masahiko Kamata
Director	Shuichi Hoshi
Director	Masato Taiji
Director	Yasuhito Tanaka
Director	Natsuki Gomi
Director	Katsuhisa Wakamatsu
Outside Director	Jiro Iwasaki
Outside Director	Yoshinobu Kosugi
Outside Director	Chizu Sekine
Director (Full-time Audit & Supervisory Committee Member)	Hiroya Kawai
Outside Director (Audit & Supervisory Committee Member)	Sachie Tsuji
Outside Director (Audit & Supervisory Committee Member)	Eiichiro Washio

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	5,157

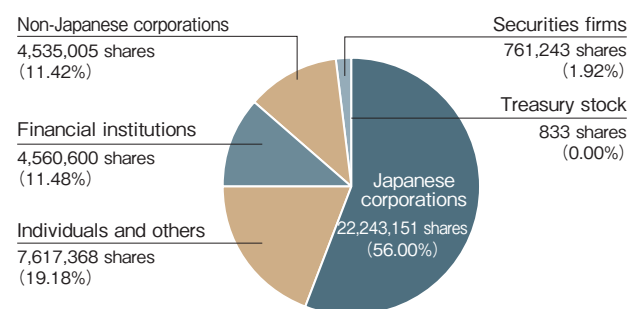
Major Shareholders (as of December 31, 2024)

Shareholder Name	Number of Shares Held	Shareholding Ratio (%)
Kamata Kikaku Co., Ltd.	19,888,400	50.07
The Master Trust Bank of Japan, Ltd. (trust account)	2,167,400	5.45
Custody Bank of Japan, Ltd. (trust account)	2,112,200	5.31
SBS Holdings Employee Share Ownership Association	1,238,300	3.11
Masaru Wasami	1,078,600	2.71
TOBU Properties Co., Ltd.	1,001,000	2.52
Junichi Ouchi	601,400	1.51
HSBC BANK PLC A/C M AND G(ACS) VALUE PARTNERS CHINA EQUITY FUND	419,900	1.05
Bansei Institute for General Research Co., Ltd.	410,000	1.03
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	303,400	0.76

*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)



Dividends/Dividend Payout Ratio(Right Axis)

