

May 18, 2018

To All Persons Concerned

Company: SBS Holdings, Inc.
Representative: Masahiko Kamata, President
Securities Code: 2384 (First Section, TSE)
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**Notice Concerning the Acquisition of a Partial Equity Interest in
Ricoh Logistics System Co., Ltd.**

The board of directors of SBS Holdings, Inc. (“SBS Holdings” or “the Company”) resolved on May 18, 2018 to acquire 66.6% (rounded down to the nearest first decimal point) of the issued and outstanding shares of Ricoh Logistics System Co., Ltd, (“Ricoh Logistics System”) a subsidiary of Ricoh Company, Ltd. (“Ricoh”) and to include Ricoh Logistics System in the Company’s scope of consolidation as a subsidiary company.

On the same date, Ricoh announced that it plans to transfer 33.4% (rounded down to the nearest first decimal point) of the issued and outstanding shares of Ricoh Logistics System to a joint venture that will be newly established. Thereafter, Ricoh plans to transfer ordinary shares equivalent to 33.4% of the new joint venture company to Otsuka Corporation (“Otsuka”), an important business partner of both Ricoh and Ricoh Logistics System (collectively these transfers are hereinafter referred to as the “Transactions”).

The Transactions are subject to the approval of the relevant authorities. Plans are in place to complete the Transactions on August 1, 2018.

The business environment of the logistic industry is becoming increasingly severe. This is mainly due to the increase in personnel or outsourcing costs stemming from the shortage of labor, as well as trends in oil prices which are on the rise.

Under these circumstances, the SBS Group celebrated its 30th anniversary on December 16, 2017 and took its first steps toward a new target in 2018, and the 2nd 30 years of the Group’s operations. In this milestone year, the potential exists to acquire a more powerful strategic partner and accelerate the Group’s growth strategy by acquiring a partial interest in Ricoh Logistics System.

1. Rational for Acquiring a Partial Equity Interest in Ricoh Logistics System Co., Ltd.

The SBS Group provides logistics services that embrace every facet of each customer’s supply chain. Drawing on the collective strengths of Group companies, the SBS Group also provides one-stop solutions for every possible logistics issue.

Meanwhile, Ricoh Logistics System is actively engaged in the third-party logistics (3PL) business in Japan and overseas as the logistics subsidiary of Ricoh, a major manufacturer of office printers and equipment. In addition to handling all of the logistics operations of the Ricoh Group, Ricoh Logistics System provides logistics services to customers outside the Ricoh Group. For example, Ricoh Logistics System addresses the logistics needs of the “tanomail,” office supply mail-order service business, of Otsuka Corporation on a contract basis.

Through this acquisition, the SBS Group will reinforce its potential with manufacturers with respect to logistics and moreover establish a strong system to firmly support customers’ supply chains.

By leveraging its management capabilities that are the product of its 3PL and real estate development know-how as well as past mergers and acquisitions with logistics companies, the SBS Group is confident in its ability to help Ricoh Logistics System secure further growth and a significant leap forward. At the same time, the SBS Group strongly believes that it can bolster its standing as a 3PL corporate group which has logistics functions in all directions by generating synergies through the integration of both company’s networks, customer relationships, technologies and know-how. On this basis, we see the acquisition of a partial equity interest in Ricoh Logistics System as an effective way to enhance the corporate value of the Group.

With the understanding that Ricoh Logistics System growth would provide support from a logistics perspective and help Ricoh achieve the goals set out under its RICOH Resurgent 19th Mid-Term Management Plan, the relevant parties entered into respective agreements to undertake the partial sale and acquisition of an equity interest in Ricoh Logistics System as well as the necessary steps to complete the Transactions. Upon conclusion of the aforementioned, all full-time executives of Ricoh Logistics System will remain to ensure operational continuity. At the same time, SBS Holdings will dispatch part-time executives to unite the Company Group and maximize the following synergy effects.

(1) Strengthen the nationwide network

We will work to expand our coverage over a large-scale while increasing operating efficiency by integrating the nationwide networks held by the Company and Ricoh Logistics System. In this manner, we will enhance our ability to address the wide-ranging needs of customers and secure scale merits that are essential to increasing our competitive advantage.

(2) Respond to mechanization and automation

The mechanization and automation of logistics centers is expected to progress at a rapid pace in line with the shortage of labor. Against this backdrop, we will work to roll out and entrench the know-how of Ricoh Logistics System, as a pioneer in its field, throughout the Group as a whole.

(3) Expand the logistics real estate development model

In addition to accelerating the pace of our logistics real estate development business model growth, we will also promote increased efficiency through such initiatives as the effective use of warehouses and consolidation of bases by making the most of the Group’s strengths in logistics center development together with the mechanization and automation know-how of Ricoh Logistics System.

(4) Strengthen supply chain management

We will provide highly efficient logistics services over an increasingly wide area by expanding the logistics supply chain management domain that draws on the production logistics know-how of

Ricoh Logistics System and promote cooperation between the Group and Ricoh Logistics System to build one-stop services and promote other measures.

(5) Expand overseas operations

We will bolster our overseas operations by incorporating the overseas network and know-how of Ricoh Logistics System into the Group. We will minimize any duplication across each company's networks and hold high expectations regarding synergistic effects.

2. Overview of Ricoh Logistics System Co., Ltd.

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(1)	Company name	Ricoh Logistics System Co., Ltd.		
(2)	Address	2-6, Keihin-Jima 1-chime, Ohta-ku, Tokyo		
(3)	Representative	Katsuhisa Wakamatsu, Representative Director & President		
(4)	Business	Transportation and warehousing		
(5)	Paid-in capital	¥448 million		
(6)	Date of establishment	February 1, 1964		
(7)	Major shareholders and ownership ratio	Ricoh Co., Ltd. 100%		
(8)	Relationships between the companies	Capital	Not applicable	
		Personnel	Not applicable	
		Business	Not applicable	
(9)	Financial results and financial position for the most recent three years			
	Fiscal years ended March 31	2016	2017	2018
	Consolidated net assets	¥14,502 million	¥13,430 million	¥13,939 million
	Consolidated total assets	¥33,634 million	¥32,569 million	¥33,246 million
	Consolidated net assets per share	¥2,231	¥2,066	¥2,145
	Consolidated net sales	¥74,679 million	¥71,420 million	¥71,725 million
	Consolidated operating profit	¥1,957 million	¥2,182 million	¥1,929 million
	Consolidated ordinary profit	¥1,867 million	¥2,092 million	¥2,057 million
	Net income attributable to owners of the parent	¥1,278 million	¥1,294 million	¥1,428 million
	Consolidated earnings per share	¥197	¥199	¥220
	Cash dividends per share	¥145	¥308	(Plan) ¥214

3. Overview of the Company Transferring Shares to be Acquired (As of March 31, 2018)

(1)	Company name	Ricoh Company, Ltd.		
(2)	Address	306, Nakamagome 1-chome, Ohta-ku, Tokyo		
(3)	Representative	Yoshinori Yamashita President and CEO		
(4)	Business	Development, manufacture and sale of office printing, thermal media and other equipment		
(5)	Paid-in capital	¥135,364 million		
(6)	Date of establishment	February 6, 1936		
(7)	Net assets	¥988,755 million		
(8)	Total assets	¥2,641,030 million		
(9)	Major shareholders and ownership ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)		9.02%
		Japan Trustee Services Bank, Ltd. (Trust Account)		6.77%
		Japan Trustee Services Bank, Ltd. (Trust Account 9)		5.33%
		Nippon Life Insurance Company		3.95%

	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1		3.39%
	GOLDMAN SACHS INTERNATIONAL (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)		3.06%
	ECM MF (Standing proxy: Tachibana Securities Co., Ltd.)		3.02%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2.90%
	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)		2.73%
	THE NEW TECHNOLOGY DEVELOPMENT FOUNDATION		2.13%
(10) Relationships between the companies	Capital	Not applicable	
	Personnel	Not applicable	
	Business	Not applicable	
	Situation applicable to other parties	Not applicable	

4. Number of Shares to be Acquired, Acquisition Amount and the Number of Shares Owned before and after Acquisition

(1)	Number of shares owned prior to transfer	0 shares (Number of voting rights held : 0) (Ratio of voting rights held : 0.0%)
(2)	Number of shares to be acquired	4,333,333 common shares (Number of voting rights: 4,333,333)
(3)	Acquisition amount	Ricoh Logistics System Co., Ltd. ¥18,000 million Advisory and other fees (estimate) ¥300 million Total (estimate) ¥18,300 million
(4)	Number of shares owned after transfer	4,333,333 common shares (Number of voting rights : 4,333,333) (Ratio of voting rights held : 66.6%)

Note: Plans are in place to utilize bank borrowings to fund the acquisition amount.

5. Schedule

(1)	Board of Directors resolution date	May 18, 2018
(2)	Agreement execution date	May 18, 2018
(3)	Acquisition date	August 1, 2018 (planned)

6. Outlook

Plans are in place to include Ricoh Logistics System in the Company's scope of consolidation as a consolidated subsidiary following the acquisition of a partial equity interest. The impact of this acquisition of a partial equity interest in Ricoh Logistics System on the Company's consolidated financial results is currently under scrutiny. Details will be provided as and when determined.

7. Other

This acquisition of a partial equity interest in Ricoh Logistics System is subject to certain terms and conditions. The acquisition can only take place after the statutory waiting period in connection with the notification clause stipulated in Article 10, Paragraph 2 of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade has elapsed. Other terms and conditions include the absence of any measures or procedures to prevent a cease and desist order relating to the acquisition of a partial equity interest issued by the Fair Trade Commission.