COMPANY RESEARCH AND ANALYSIS REPORT

SBS Holdings, Inc.

2384

Tokyo Stock Exchange Prime Market

1-May-2025

FISCO Ltd. Analyst

Yuzuru Sato

FISCO Ltd.

https://www.fisco.co.jp

Contents

Summary

Company forecasts recovery in Logistics business profitability via earnings restructuring, and return to growth trajectory

SBS Holdings, Inc. <2384> (hereafter, also "the Company") is a major 3PL (comprehensive logistics services) company which is continuing to grow thanks to its unique business model through active M&A and development and liquidation of logistics facilities. The Company has carried out large-scale M&A and converted companies into subsidiaries, such as Ricoh Logistics System Co., Ltd. (now SBS RICOH LOGISTICS SYSTEM CO., LTD.) in 2018 and Toshiba Logistics Co., Ltd. (now SBS Toshiba Logistics Corporation) in 2020. Between FY12/17 and FY12/24, the scope of its sales grew by roughly 2.9 times.

1. Overview of FY12/24 results

In the FY12/24 consolidated results, net sales rose 3.8% year on year (YoY) to ¥448,145mn, while operating income declined 10.2% to ¥17,704mn. Net sales turned up for the first time in two fiscal years, owing mainly to progress optimizing logistics charges and acquiring new customers in the Logistics business, and liquidation in the Property Management business. On the other hand, profit declined for the second straight fiscal year, reflecting growth in startup costs for new logistics facilities, and lower profit accompanying lower shipping volume. The operating floor area of logistics facilities expanded to 3,570,247 m^2, rising 12.1% from the end of the previous fiscal year, owing partly to the opening of Noda Seto Building A, one of the Group's largest logistics facilities.

2. FY12/25 forecasts

For the FY12/25 consolidated results, the Company forecasts net sales growth of 8.2% YoY to ¥485,000mn and operating income growth of 15.8% to ¥20,500mn. It targets record-high net sales for the first time in three fiscal years by advancing growth strategies in the three priority areas of 3PL, international logistics, and e-commerce (EC) logistics in the Logistics business. It also expects operating income to turn to growth through the promotion of optimal personnel allocation to improve earnings at logistics facilities that were unprofitable in the previous fiscal year, and ongoing efforts to optimize logistics charges and eliminate vacant warehouse space by acquiring new customers. For the Property Management business, the Company plans on liquidation in 2H and single-digit sales and profit growth for the full fiscal year. It projects logistics facility operating floor area of 3,768,595 m^2 at the end of FY12/25, up 5.6% from the end of FY12/24. Excluding M&A effects, it only envisions a modest increase of 2.0%, but that is because it will prioritize improving the profitability of new logistics bases launched in the previous fiscal year.

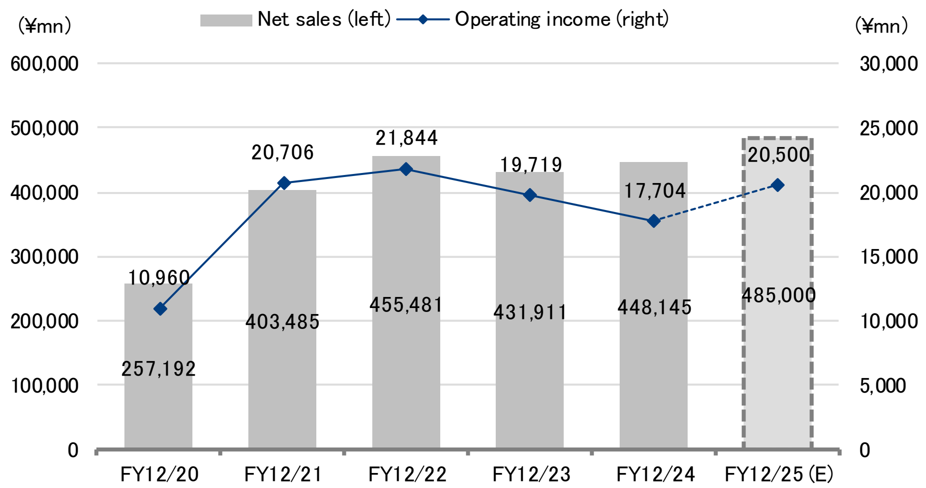
3. Growth strategy progress and shareholder return policy

Under SBS Next Stage 2025, the medium-term management plan announced in February 2023, the Company had targeted net sales of ¥500.0bn and operating income of ¥27.5bn in FY12/25. However, it subsequently lowered the target for net sales by ¥15.0bn due to factors such as a decline in marine freight rates and changes in semiconductor market conditions, and for operating income by ¥7.0bn due mainly to changes in the business environment and impact from startup losses for newly opened bases. However, the Company is still aiming for net sales of ¥700.0bn or higher and a Logistics business operating income margin of 4.5% or higher (FY12/24 result: 2.2%) in FY12/30 by really getting to work on restructuring the Logistics business's revenue model in 2025, while advancing growth strategies in 3PL, international logistics, EC logistics, which are positioned as priority businesses, and M&A strategy. In addition, its policy for capital allocation over the next three years is to continue to proactively invest in the growth base while utilizing financial leverage, and strengthening shareholder returns (dividends of ¥10.0–11.0bn over the next three years). Regarding the dividend policy, the Company raised its consolidated dividend payout ratio target to 30% or higher from FY12/25. It raised the dividend per share ¥5.0 YoY to ¥70.0 in FY12/24 (dividend payout ratio of 28.9%), and plans on an increase of ¥15.0 to ¥85.0 in FY12/25 (dividend payout ratio of 30.1%).

Key Points

- Forecasts record-high net sales in FY12/25 and turn to profit growth at levels for first time in three fiscal years
- Targets net sales of ¥700.0bn or higher and Logistics business operating income margin of 4.5% or higher in FY12/30
- Aims to expand corporate value by raising profit margins and optimizing capital structure

Results trends



Source: Prepared by FISCO from the Company's financial results

Company profile

Ongoing growth driven by unique business model entailing 3PL and liquidation of in-house developed logistics facilities, along with M&A strategy

1. History

The Company was founded in 1987 by current Representative Director Masahiko Kamata as a unique company providing a "same-day delivery" transport system, which did not exist at the time, in the Tokyo metropolitan area. In 2003, it registered over-the-counter shares with the Japan Securities Dealers Association, and after strengthening its fiscal foundation, it expanded the contents of its business by leveraging M&A. Starting with the acquisition of Snow Brand Logistics Co., Ltd. (now SBS Flec Co., Ltd.) in 2004, it successively turned major logistics companies into Group companies, including Tokyu Logistic Co., Ltd. (now SBS Logicom Co., Ltd.) in 2005, and Zentsu Co., Ltd. (now SBS Zentsu Co., Ltd.) in 2006, Ricoh Logistics System Co., Ltd. (now SBS RICOH LOGISTICS SYSTEM CO., LTD.) in 2018 and Toshiba Logistics Co., Ltd. (now SBS Toshiba Logistics Corporation) in 2020. These acquisitions have become a driving force for expanding the scale of the business.

While expanding the Logistics business, in 2004, it initiated the development of logistics facilities to strengthen the 3PL business. It has established a unique business model entailing quickly recovering investment funds through a liquidation scheme and reinvesting the funds in the development of new logistics facilities. It rapidly increased the operating floor area of logistics facilities from around 1,752,000 m^2 at the end of 2020 to 3,570,274 m^2 at the end of December 2024, or roughly by two times in four years, due in part to the active promotion of M&A along with self-development. The Company plans to continue pursuing these growth strategies to achieve further business expansion.

History

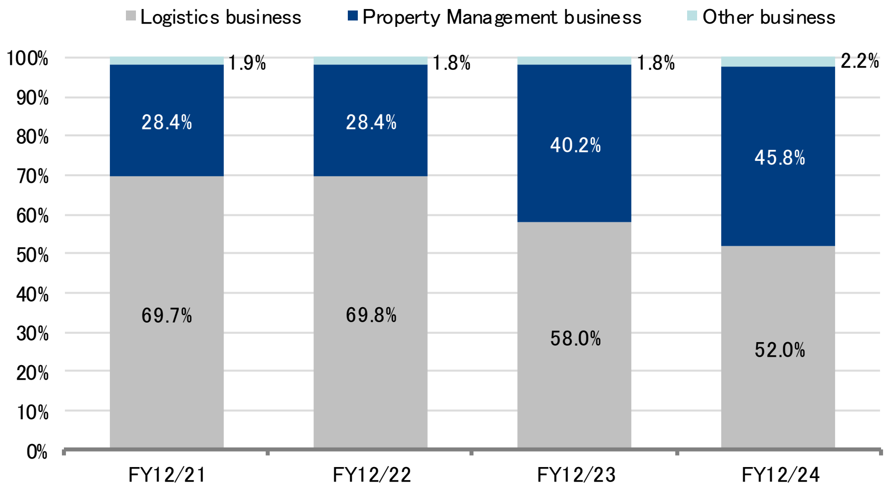
Date	
Dec. 1987	Established Kanto Sokuhai Co., Ltd. (now SBS Holdings), began same-day deliver operations in the Tokyo metropolitan area
Apr. 1994	Started a mailing service business
Mar. 1998	Established a marketing business (Marketing Partner, Inc.)
Dec. 2003	Registered over-the-counter shares with the Japan Securities Dealers Association (listed on the Tokyo Stock Exchange Second Section in 2012, and the First Section in 2013)
May 2004	Acquired Snow Brand Logistics Co., Ltd. (now SBS Flec Co., Ltd.) through M&A, entered into food logistics
Sept. 2004	Established a real estate securitization business (Amax Co., Ltd.)
Jun. 2005	Acquired Tokyu Logistic Co., Ltd. (now SBS Logicom Co., Ltd.) through M&A
Jan. 2006	Acquired Zentsu Co., Ltd. (now SBS Zentsu Co., Ltd.) through M&A, strengthened food logistics for co-ops
Apr. 2010	Acquired Victor Logistics Co., Ltd. through M&A
Jul. 2010	Acquired AC System Corporation (now SBS Global Network Co., Ltd.) through M&A
Apr. 2011	Acquired Nippon Record Center Co., Ltd. through M&A
Oct. 2011	Acquired Atlas Logistics Pvt. Ltd., an international logistics company in India
May 2012	Established a company for regional business control in Singapore
Jul. 2014	Acquired Transpole Logistics Pvt Ltd., an international logistics company in India, through M&A (sold in Mar. 2016)
Jan. 2015	Completed construction of Nagatsuda Logistics Center, consolidated and merged six regional subsidiaries of SBS Flec Co., Ltd., established SBS Flecnet Co., Ltd.
Jul. 2015	Merged SBS Sokuhai Co., Ltd. and SBS Support Logi Co., Ltd. to establish SBS Sokuhai Support Co., Ltd.
Aug. 2015	Established SBS Logistics Singapore Pte. Ltd., a company for Asian business control in Singapore
Aug. 2018	Acquired Ricoh Logistics System Co., Ltd. (now SBS RICOH LOGISTICS SYSTEM CO., LTD.) through M&A
Jun. 2019	With Keiyo Driving School Co., Ltd. as a surviving company, merged with and absorbed Anesaki Driving School Co., Ltd. to form SBS Driving School Co., Ltd.
Nov. 2020	Acquired Toshiba Logistics Co., Ltd. (now SBS Toshiba Logistics Corporation), a logistics subsidiary of Toshiba Corp. through M&A
Dec. 2021	Acquired Furukawa Logistics Corp. (now SBS Furukawa Logistics Corp.), a logistics subsidiary of Furukawa Electric Co., Ltd., through M&A
Feb. 2022	Transferred and consolidated head office functions to Nishi-Shinjuku, Shinjuku-ku
Mar. 2022	Transferred and consolidated Group head office functions to Nishi-Shinjuku
Apr. 2022	Transitioned to the Tokyo Stock Exchange Prime Market in conjunction with the TSE's market recategorization
Dec. 2022	Established LT Lab, an advanced LT testing facility
Jan. 2023	Launched "EC Logistics Omakase-kun," a platform to provide fulfillment services for EC business
Oct. 2023	SBS Logicom Co., Ltd. merged Toyo Transport Warehouse Co., Ltd.
Oct. 2024	Acquired NSK Logistics Co., Ltd. (now SBS NSK LOGISTICS Co., Ltd.), a logistics subsidiary of NSK Ltd., through M&A

Source: Prepared by FISCO from the Company's website, annual securities report, and Company releases

2. Business description

The Company has three business segments: Logistics business, Property Management business, and Other business. The Logistics business is the mainstay, accounting for over 90% of net sales and the majority of operating income. In the Property Management business, as the majority of operating income comes from gains on the sale of owned logistics facilities, there may be profit fluctuations depending on the timing and scale of the facility sale, but operating income has trended around ¥7.0bn over the past few years.

Profit distribution by segment

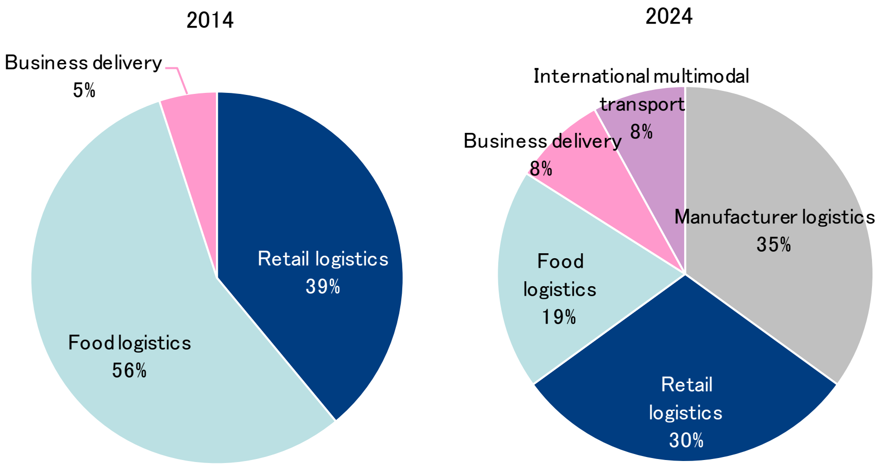


Source: Prepared by FISCO from the Company's financial results

(1) Logistics business

The Logistics business provides integrated logistics services primarily in the area of inter-Company logistics. These include 3PL, whereby the Company is contracted directly by the shipper to undertake logistics operations; food logistics in three temperature ranges (frozen, refrigerated, and room temperature) and general logistics, same-day delivery services of small parcels, and the international logistics business, which are provided by Group companies. Looking at the breakdown of sales by type in FY12/24, manufacturer logistics accounted for the largest share at 35%, followed by retail logistics at 30%, food logistics at 19%, business delivery at 8%, and international multimodal transport at 8%. In FY12/14, the share for retail logistics was 39%, food logistics was 56%, and business delivery was 5%, which shows how the Company has expanded its logistics portfolio by engaging in numerous M&A. In terms of the Group companies' operating areas, SBS Toshiba Logistics, SBS RICOH LOGISTICS SYSTEM, SBS Flec, and SBS Furukawa Logistics operate nationwide, SBS Sokuhai Support operates in the Tokyo metropolitan area, and other Group companies operate in major urban centers, mainly in Kanto, Kansai, and Chubu. The two main Group companies engaged in international logistics are SBS Toshiba Logistics and SBS RICOH LOGISTICS SYSTEM.

Breakdown of net sales by logistics type



Source: Prepared by FISCO from the Company's results briefing materials

Under the growth strategy of the medium-term management plan, which started in FY12/23, the Company intends to strengthen the three businesses of 3PL, EC logistics, and international logistics. Looking at the sales shares of these three businesses, in FY12/24, 3PL accounted for 58%* of sales while EC logistics accounted for 14% and international logistics accounted for 13%.

* 3PL's sales share is by contract type, so in some cases it includes EC logistics and international logistics.

(2) Property Management business

The Property Management business consists of a development business and a leasing business. The development business develops logistics facilities and liquidizes them for the generation of revenue to expand its 3PL business. In the leasing business, the Group receives rent revenue from office buildings and condominiums, and other properties that it owns.

The Company's property liquidation business model is characterized by low-risk and high earnings. In developing new logistics facilities, it utilizes its special license as a logistics company and is able to reduce development costs by having an expert asset management team and purchasing land using licenses held by logistics companies and creating lean buildings from a logistics perspective to realize competitively priced rent. Therefore, even if freight volume decreases due to factors such as economic downturns, demand is expected to shift from the relatively high priced warehouses of other companies nearby, so the Company will be able to continue operating without a loss in capacity utilization. The Company's 3PL locations operate with a capacity utilization of almost 100%, increasing their value as commercial property before selling them. Moreover, the Company continues to use the facilities under sale-and-lease back arrangements, ensuring the purchaser can secure stable profitability, thereby establishing a win-win relationship.

(3) Other business

In Other business, the Temporary Staffing business, which is centered on dispatch of light duty workers in warehouses, accounts for approximately 50% of net sales. This is followed by the Marketing business (operation of pet food mail order website, e-commerce support services, etc.), which accounts for approximately 20%, with the remainder made up of Solar Power Generation business, Environmental business (collection and intermediate processing of general and industrial waste), and the Insurance business, among others. In regard to Solar Power Generation business, the Company has installed solar panels on the roofs of its own logistics centers and offices. The electricity generated (total capacity of approximately 19 MW as of the end of FY12/24) is not only sold but also used in its own operations.

Results trends

Sales rose but profits fell in FY12/24, reflecting startup losses for new logistics bases and lower shipping volumes

1. Overview of FY12/24 results

In FY12/24, net sales increased 3.8% YoY to ¥448,145mn, operating income decreased 10.2% to ¥17,704mn, ordinary income declined 6.5% to ¥18,463mn, and net income attributable to owners of parent contracted 4.3% to ¥9,619mn. Although net sales increased for the first time in two fiscal years due to progress optimizing logistics charges and acquiring new customers in the Logistics business, profit declined for the second straight fiscal year, weighed on by heavier costs due to lower shipping volumes and startup losses for new logistics bases. Looking at results by business segment, sales and profits rose in the Property Management business and the Other business, but higher sales and lower profits in the Logistics business weighed on overall results. Profit at all lines fell short of the Company's forecasts, mainly because startup losses for new bases were higher than anticipated and lackluster shipping volumes lingered. Non-operating income improved ¥606mn YoY, mainly because investment earnings on equity-method increased ¥436mn and subsidy income rose ¥216mn.

FY12/24 consolidated results

(¥mn)

	FY12/23		FY12/24				
	Results	vs. net sales	Company forecast	Results	vs. net sales	YoY	vs. forecasts
Net sales	431,911	-	450,000	448,145	-	+3.8%	-0.4%
Cost of sales	381,770	88.4%	-	398,308	88.9%	+4.3%	-
SG&A expenses	30,422	7.0%	-	32,133	7.2%	+5.6%	-
Operating income	19,719	4.6%	21,000	17,704	4.0%	-10.2%	-15.7%
Ordinary income	19,747	4.6%	20,500	18,463	4.1%	-6.5%	-9.9%
Extraordinary income or loss	-1,250	-	-	-1,074	-	-	-
Net income attributable to owners of parent	10,056	2.3%	10,500	9,619	2.1%	-4.3%	-8.4%

Source: Prepared by FISCO from the Company's financial results

Looking at results for Group companies, SBS Toshiba Logistics' net sales rose 2.2% YoY to ¥117,672mn, but operating income fell 18.4% to ¥3,547mn. Net sales turned up slightly due to higher shipping volumes for products like home appliances, but profit fell due to lower shipping volumes for products like semiconductors and growth in upfront costs from opening new logistics bases. Similarly, SBS RICOH LOGISTICS SYSTEM's net sales rose 3.0% YoY to ¥104,375mn but operating income fell 4.3% to ¥3,348mn. Sales grew as new orders were acquired from home improvement centers and momentum was strong in relation to precision instruments and office supplies, but profit declined due to higher costs accompanying new logistics base openings. SBS Logicom's net sales increased 2.0% YoY to ¥74,800mn and operating income grew 2.2% to ¥5,837mn. Both sales and profit turned up, owing to the acquisition of new customers in Japan and optimization of logistics charges. As for other Group companies, SBS Flec and SBS Zentsu reported higher sales but lower profits. SBS Sokuhai Support posted lower sales and profits, owing mainly to transactions with a major customer dropping out from June 2024, and growth in costs from the start of unattended delivery services for a major EC retailer. In contrast, SBS Furukawa Logistics' sales and profits grew.

Performance by Group company

(¥mn)

		FY12/23	FY12/24	Change	Change (%)	Details on changes
SBS Toshiba Logistics	Net sales	115,140	117,672	2,532	2.2%	Growth in logistics volumes for home appliances, etc.
	Operating income	4,347	3,547	-800	-18.4%	Rise in costs for opening new logistics bases
SBS RICOH LOGISTICS SYSTEM	Net sales	101,311	104,375	3,064	3.0%	New customer acquisition, etc.
	Operating income	3,496	3,348	-148	-4.3%	Rise in costs for opening new logistics bases
SBS Logicom	Net sales	73,301	74,800	1,498	2.0%	Sales growth from new orders
	Operating income	5,712	5,837	124	2.2%	
Other	Net sales	142,158	151,297	9,138	6.4%	
	Operating income	6,161	4,971	-1,190	-19.3%	Rise in costs for opening new logistics bases and business management

Notes: 1. Figures are on an internal management basis.
2. For SBS Logicom, real estate liquidation figures are excluded.
Source: Prepared by FISCO from the Company's results briefing materials

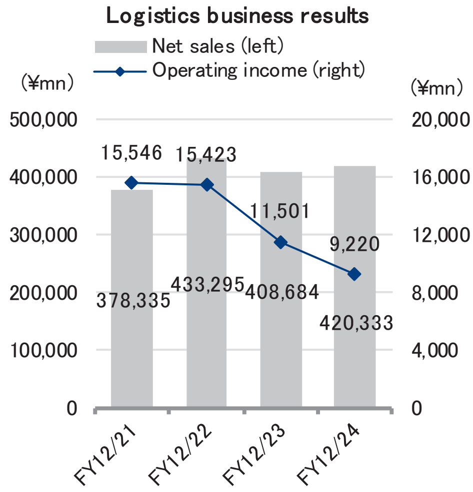
Logistics business sales rose and profit fell, but profit turned up slightly in 4Q

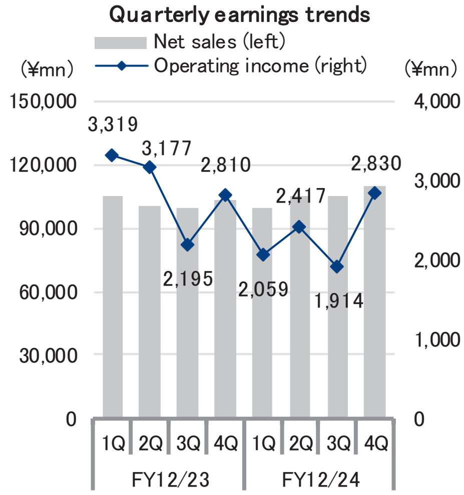
2. Trends by business segment

(1) Logistics business

In the Logistics business, net sales increased 2.9% YoY to ¥420,333mn but operating income decreased 19.8% to ¥9,220mn. Although net sales turned to growth for the first time in two fiscal years, operating income declined for the third straight fiscal year. On a quarterly basis, however, profit rose 0.7% YoY in 4Q, swinging to growth—albeit modest—for the first time in six quarters, thereby marking an end to earnings deterioration.

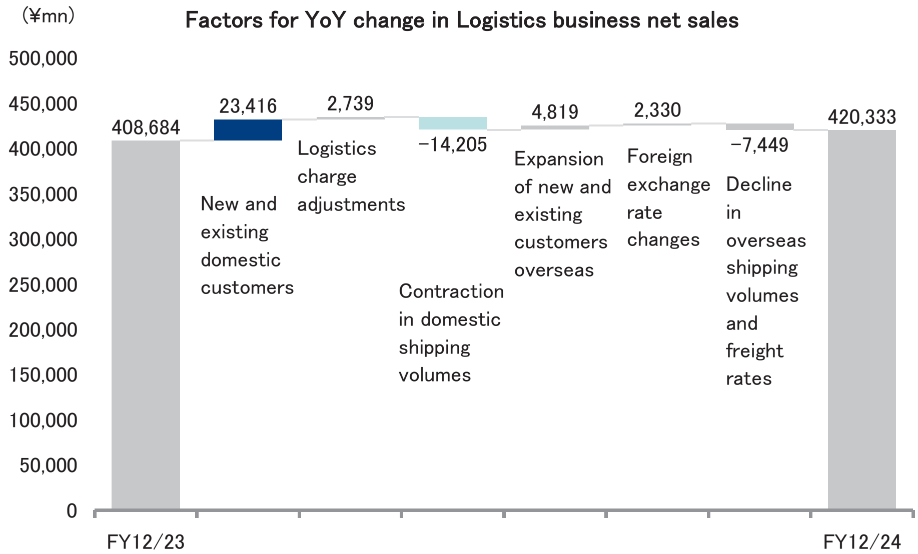
Results trends





Source: Prepared by FISCO from the Company's financial results and results briefing materials

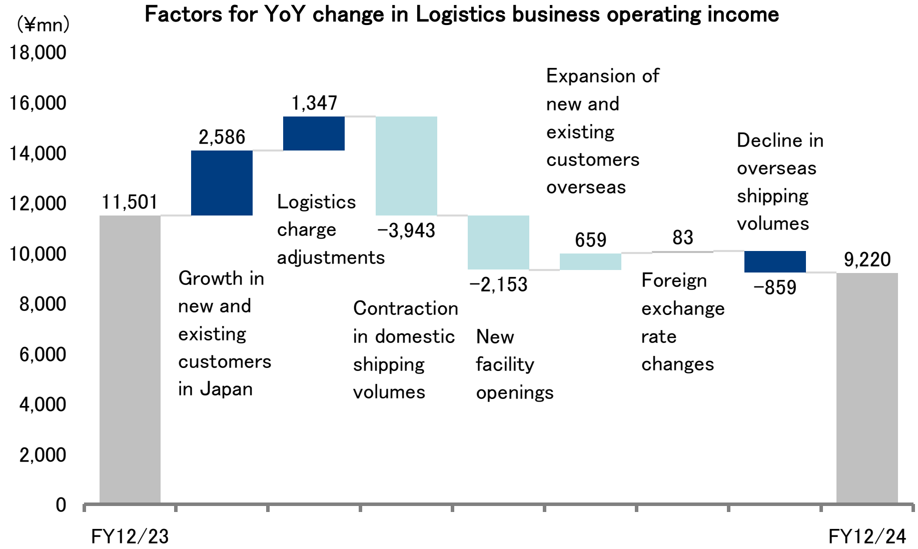
Looking at the factors behind the change in net sales, lower shipping volumes in Japan reduced sales by ¥14,205mn and lower freight rates and shipping volumes overseas by ¥7,449mn. In contrast, there were boosts to sales from growth in transactions with existing customers and acquisitions of new customers in Japan of ¥23,416mn, optimization of logistics charges of ¥2,739mn, growth in transactions with existing customers and acquisitions of new customers overseas of ¥4,819mn, and weak yen benefits of ¥2,330mn. In terms of acquiring new domestic customers, the Company took on unattended delivery services for a major EC retailer. In addition, net sales grew to small and medium-sized EC retailers through EC Logistics Omakase-Kun due to the opening of Noda Seto Building A in February 2024. The average foreign exchange rate was ¥142/USD, slight yen depreciation from ¥139/USD in the previous fiscal year.



Source: Prepared by FISCO from the Company's results briefing materials

Looking at the factors behind the change in operating income, profit increased by ¥2,586mn due to expansion of new and existing customers in Japan, ¥1,347mn due to optimization of logistics charges, ¥659mn due to expansion of new and existing customers overseas, and ¥83mn due to changes in foreign exchange rates. In contrast, profit decreased by ¥3,943mn due to lower domestic shipping volumes, ¥2,153mn due to growth in new logistics base opening costs, and ¥859mn due to lower overseas shipping volumes. In addition to lower shipping volumes in Japan and overseas, higher costs from opening new logistics bases weighed on profits. The Company opened six logistics bases (sites 9,917 m^2 or larger) in Japan in 2024, but factors such as the gradual pace of growth in capacity utilization and the utilization of many temporary employees to handle the startups increased costs.

Factors for YoY change in Logistics business operating income

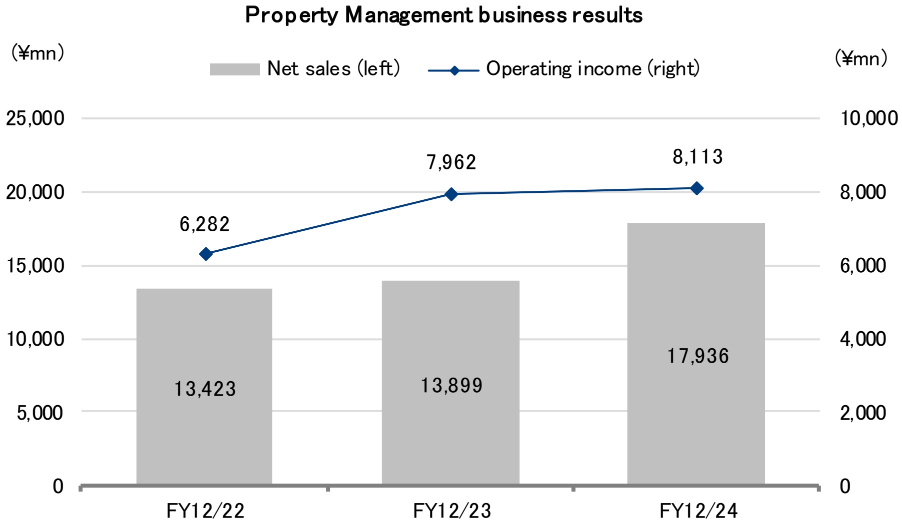


Source: Prepared by FISCO from the Company's results briefing materials

(2) Property Management business

The Property Management business's net sales grew 29.0% YoY to ¥17,936mn and operating income rose 1.9% to ¥8,113mn. In the real estate liquidation business, the Shin-Sugita Distribution Center (Kanagawa Prefecture) was liquidated in 1Q and the Fukagawa Warehouse (Tokyo) in 4Q, with total net sales increasing ¥4.2bn to ¥15.9bn and operating income rising ¥0.6bn to ¥7.4bn. In the rental business, net sales declined ¥0.2bn and operating income fell ¥0.45bn. Vacant floor space arose at some rental properties and a roughly ¥1.0bn increase in depreciation from the opening of Noda Seto Building A were the factors for the decrease in profit.

Results trends



Source: Prepared by FISCO from the Company's financial results and results briefing materials

(3) Other business

Net sales in the Other business rose 5.9% YoY to ¥9,875mn and operating income increased 8.5% to ¥390mn. Net sales increased by higher sales in the Temporary Staffing and Marketing businesses, while earnings improvement in the Temporary Staffing business drove profit growth.

Financial standing has improved, plans to work on raising ROE going forward

3. Financial condition and management indicators

In the Company's financial condition as of the end of FY12/24, total assets were up ¥15,970mn from the previous fiscal year-end to ¥317,287mn. Looking at the main factors behind the change, in current assets, there were respective increases in notes and accounts receivable - trade, and contract assets by ¥2,714mn and inventories by ¥3,747mn. In noncurrent assets, property, plant and equipment increased ¥4,314mn due mainly to the opening of new logistics bases, investments and other assets increased ¥3,662mn, and intangible assets increased ¥507mn.

Total liabilities were ¥204,338mn, up ¥5,614mn from the end of the previous fiscal year. This mainly reflected a decline of ¥833mn for income taxes payable and increases of ¥2,921mn for interest-bearing debt, ¥3,474mn for notes and accounts payable-trade, and ¥527mn for asset retirement obligations. Total net assets were ¥112,948mn, up ¥10,356mn. Retained earnings increased ¥7,038mn, mainly due to the booking of net income attributable to owners of parent, which was partly offset by dividends paid. Also, accumulated other comprehensive income increased ¥1,603mn and non-controlling shareholders' equity rose ¥1,715mn.

Looking at management indicators, the shareholders' equity ratio, a measure of stability, increased from 26.4% at the previous fiscal year-end to 27.8%, and the net D/E ratio decreased from 0.90 times to 0.85 times, so the Company's financial condition continues to improve. The winding down of large-scale M&A from December 2021, and enhancement of capital efficiency through property liquidation schemes has led to improved financial standing. Regarding M&A, the Company acquired 66.61% of the shares of NSK Logistics (currently SBS NSK LOGISTICS) for ¥1,018mn in October 2024. In addition, it plans to acquire all of the shares of the Netherlands 3PL company Blackbird Logistics for ¥7,500mn (excluding advisory and other fees of ¥300mn) in April 2025. The Company plans to expand earnings by continuing to proactively invest in the growth base while utilizing financial leverage. During the three years through FY12/27, the Company plans to operate business targeting a shareholders' equity ratio of 25–30% and a net D/E ratio of 0.9–1.2 times. Meanwhile, ROE declined from 19.4% in FY12/21 to 11.5% in FY12/24. This owes to declines in three key components of ROE—the net profit margin, total asset turnover, and financial leverage. However, the Company plans to raise ROE from FY12/25 by working to increase profit margins and optimizing capital structure (strategic capital allocation, appropriate financial leverage, bolstering of shareholder returns).

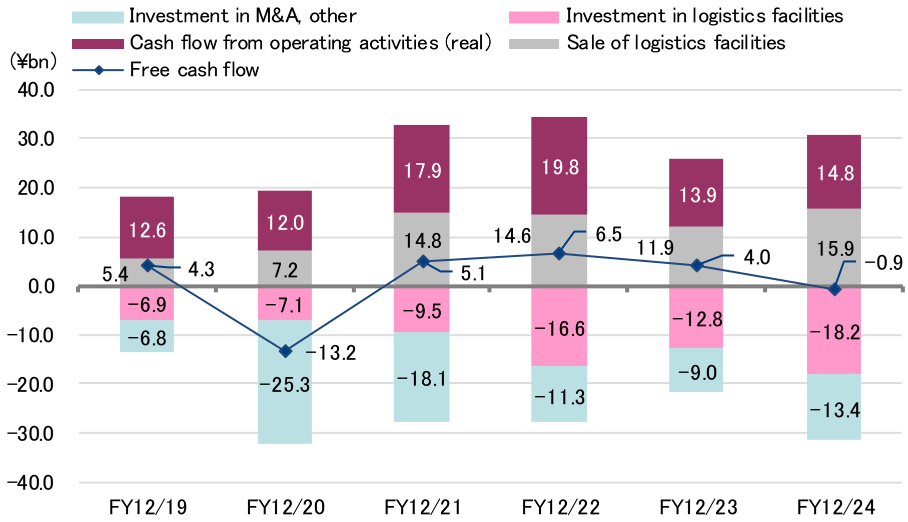
Consolidated balance sheet and management indicators

(¥mn)

	FY12/21	FY12/22	FY12/23	FY12/24	Change
Current assets	121,541	146,023	150,375	157,861	7,486
Cash and deposits	23,800	32,673	29,668	29,703	35
Inventories	22,425	31,207	38,056	41,803	3,747
Noncurrent assets	155,655	150,874	150,942	159,425	8,483
Total assets	277,197	296,898	301,317	317,287	15,970
Total liabilities	196,489	204,726	198,724	204,338	5,614
Interest-bearing debt	98,656	104,094	101,593	104,514	2,921
Stability					
Shareholders' equity ratio	21.9%	23.7%	26.4%	27.8%	1.4pp
Net debt to equity ratio (times)	1.23	1.01	0.90	0.85	-0.05

Note: Interest-bearing debt includes lease liabilities. Net debt to equity ratio = Net interest-bearing debt (interest-bearing debt – cash and deposits) ÷ shareholders' equity
Source: Prepared by FISCO from the Company's financial results

Trends in cash flows



Source: Prepared by FISCO from the Company's results briefing materials

Outlook

The Company forecasts record-high net sales in FY12/25 and turn to profit growth at levels for first time in three fiscal years

1. FY12/25 forecasts

For FY12/25 consolidated results, the Company forecasts growth in net sales of 8.2% YoY to ¥485,000mn, operating income of 15.8% to ¥20,500mn, ordinary income of 8.9% to ¥20,100mn, and net income attributable to owners of parent of 16.4% to ¥11,200mn. It targets record-high net sales for the first time in three fiscal years by advancing growth strategies in 3PL, international logistics, and EC logistics, which are areas of focus in the Logistics business. On the profit front, it looks to turn to profit growth for the first time in three fiscal years by working to restructure earnings in the Logistics business, including by eliminating vacant warehouse space and improving profitability at bases newly launched in the previous fiscal year. The Company only expects ordinary income growth in the single digits because it envisions non-operating income worsening slightly based on conservative assumptions for investment earnings on equity-method and subsidy income, which increased in the previous fiscal year. However, it forecasts double-digit growth in net income attributable to owners of parent to a level near the record high (¥11,732mn in FY12/22), owing to the contraction of ¥1,037mn in impairment losses booked in extraordinary loss. In the Property Management business, the Company plans on liquidation in 2H, so it forecasts a double-digit profit decline in 1H. However, it expects sales and profits in the Logistics business sales to turn up from 1H.

Consolidated outlook for FY12/25

(¥mn)

	FY12/24		FY12/25			
	Results	YoY	1H forecast	YoY	Full-year forecast	YoY
Net sales	448,145	3.8%	228,000	+2.8%	485,000	8.2%
Operating income	17,704	-10.2%	5,800	-47.1%	20,500	15.8%
Ordinary income	18,463	-6.5%	5,700	-49.9%	20,100	8.9%
Net income attributable to owners of parent	9,619	-4.3%	3,200	-50.4%	11,200	16.4%
Net income per share (¥)	242.19		80.57		281.99	

Source: Prepared by FISCO from the Company's financial results

Looking at growth drivers for operating income, the Company expects expansion of transactions with newly acquired and existing customers, optimization of logistics charges, improved profitability at unprofitable logistics bases started up in the previous fiscal year, a reduction in vacant warehouse space, and M&A effects to contribute to profit growth in the Logistics business. In addition, it expects Property Management business profit to rise due to the liquidation of high-income properties. It set its marine freight rate and foreign exchange rate assumptions at the same level as in the previous fiscal year, with its forecasts factoring in neutral impact on results.

Outlook by business segment

(¥mn)

	FY12/22	FY12/23	FY12/24	FY12/25 (E)	YoY
Net sales					
Logistics business	433,295	408,684	420,333	455,600	8.4%
Property Management business	13,423	13,899	17,936	18,400	2.6%
Other business	8,762	9,328	9,875	11,000	11.4%
Operating income					
Logistics business	15,423	11,501	9,220	11,800	28.0%
Property Management business	6,282	7,962	8,113	8,700	7.2%
Other business	402	359	390	500	28.1%
Adjustments	-264	-104	-20	-500	-
Operating income margin	4.8%	4.6%	4.0%	4.2%	0.2pp
Logistics business	3.6%	2.8%	2.2%	2.6%	0.4pp
Property Management business	46.8%	57.3%	45.2%	47.3%	2.1pp
Other business	4.6%	3.8%	3.9%	4.5%	0.6pp

Source: Prepared by FISCO from the Company's results briefing materials

(1) Logistics business

For the Logistics business, the Company forecasts net sales growth of 8.4% YoY to ¥455,600mn and operating income growth of 28.0% to ¥11,800mn. Along with striving to expand sales through reinforcement of the three priority fields, it will work to optimize logistics charges, improve the profitability of unprofitable logistics bases launched in the previous fiscal year, reduce vacant warehouse space, and so forth. As for M&A effects, earnings from SBS NSK LOGISTICS made into a subsidiary in October 2024 (annual net sales of about ¥16.5bn, operating income is modest) will contribute throughout the year, and earnings from Blackbird Logistics scheduled to become a subsidiary in April 2025 are to be added from 3Q.

According to the Company's disclosure documents, Blackbird Logistics attained double-digit sales and profit growth in FY12/23, with net sales of 44mn euros and operating income of 11mn euros. Converted to Japanese yen at ¥156/EUR, the scale of its net sales is ¥7.0bn and operating income is ¥1.7bn. Blackbird Logistics is likely joining the Group amid its continued strong growth to resolve the challenge of financing needed to expand locations to meet customer demand. Discount store companies, which are core customers, are accelerating expansion into European countries, and expanding locations has become a pressing task for Blackbird Logistics supporting logistics. By joining the Group, which has 3PL know-how and sufficient funds, Blackbird Logistics is likely to realize strong growth going forward. Additionally, the Company looks to not only expand business in Europe by having 3PL bases in Europe but also strengthen overseas business by developing 3PL business in places like the US and Asia in the future.

Blackbird Logistics's results trends

(1,000 euros)

	FY12/21	FY12/22	FY12/23	YoY
Net sales	26,841	36,921	44,429	20.3%
Operating income	6,034	7,103	11,014	55.1%
Profit margin	22.5%	19.2%	24.8%	-
Net income	2,049	2,497	4,417	76.9%
Net assets	9,520	10,979	9,689	-11.7%
Total assets	21,558	28,672	26,534	-7.5%

Source: Prepared by FISCO from the Company's IR news releases

For results at the three main subsidiaries (SBS Toshiba Logistics, SBS RICOH LOGISTICS SYSTEM, SBS Logicom), the Company forecasts higher sales and profits. For SBS Toshiba Logistics, it forecasts net sales growth of 5% YoY due to the acquisition of new customers and expansion of transactions with existing customers, and profit growth of 28% through efforts to optimize logistics charges and improve the profitability of new logistics bases. SBS RICOH LOGISTICS SYSTEM aims for net sales growth of 4% and operating income growth of 12% by strengthening sales activities targeting full-capacity operations at the Distribution Center Yao (Osaka Prefecture), an EC logistics base that opened November 2024, as well as working to eliminate vacant space at other new sites, optimizing logistics charges, and so forth to bring unprofitable sites into the black. SBS Logicom envisions solid growth of 1% in net sales and 5% in operating income, supported by bolstered sales capabilities, enhanced logistics quality, and reinforced personnel recruitment.

Outlook by Group company

(¥bn)

		FY12/24	FY12/25 (E)	YoY
SBS Toshiba Logistics	Net sales	117.6	123.0	5%
	Operating income	3.5	4.5	28%
SBS RICOH LOGISTICS SYSTEM	Net sales	104.5	108.9	4%
	Operating income	3.4	3.8	12%
SBS Logicom	Net sales	74.8	75.6	1%
	Operating income	5.8	6.1	5%

Source: Prepared by FISCO from the Company's results briefing materials

At Noda Seto Building A (Chiba Prefecture, 142,148 m^2), which opened in February 2024 and is one of the Group's largest logistics facilities, capacity utilization is steadily rising and expected to approach 100% by around July 2025. Of its four floors, the Company initially planned on dedicating one floor with 33,057 m^2 space to EC logistics, and allocating the remaining three floors to Group companies, but brisk EC logistics transactions led it to increase the dedicated floor's space by 50% from the initial plan to 49,586 m^2. Vacant space apparently remains at facilities such as the Distribution Center Yokohama Fukuura (SBS RICOH LOGISTICS SYSTEM, 56,198 m^2) opened in August 2024 and the Kashiwa shonan Warehouse (SBS Toshiba Logistics, approx. 28,760 m^2) opened in September 2024, so the Company targets full-capacity operations within the year. It expects logistics facility operating floor area in FY12/25 to rise 5.6% to 3,768,595 m^2 from the end of the previous fiscal year, but only increase 2.0% excluding growth from M&A. This is because it is prioritizing improving the profitability of new logistics bases opened in 2024.

(2) Property Management business

For the Property Management business, the Company forecasts net sales growth of 2.6% YoY to ¥18,400mn and operating income growth of 7.2% to ¥8,700mn. It expects slightly lower sales and profits in the rental business due to lingering impact from vacant space that arose in 2024, but growth of ¥0.5bn in net sales and ¥0.6bn in operating income in the development business from the execution of liquidation in the development business.

(3) Other business

For the Other business segment, the Company forecasts net sales growth of 11.4% YoY to ¥11,000mn and operating income growth of 28.1% to ¥500mn. In addition to growth in income from electricity sales as the installment of solar power systems at new logistics bases has progressed, it expects higher sales and profits in the Marketing business. Also, the Temporary Staffing business is apparently on track to turn to profit after continued losses for the past several years.

Targets net sales of ¥700.0bn or higher and Logistics business operating income margin of 4.5% or higher in FY12/30

2. Medium-term management plan progress

(1) Management indices

The Company has been advocating mega-ventures growing with "LT×IT" and it seeks to solidify its position as the industry leader, meet the logistics needs of all its customers, and become a company that coexists with and is trusted by society. Under its three-year medium-term management plan SBS Next Stage 2025, which started in FY12/23, the Company's management vision consists of three points: 1) Contribute to the creation of value for customers through the provision of services; 2) Emphasize ESG as social infrastructure and contribute to all stakeholders; and 3) Continuously return profit to shareholders in line with business performance. The Company has been aiming for further improvements to corporate value and sustainable growth.

As management indices for the plan's final year in FY12/25, the Company had targeted net sales of ¥500.0bn, operating income of ¥27.5bn, and an operating income margin of 5.5%. As previously mentioned, however, the Company lowered those initial targets in its latest forecasts for net sales of ¥485.0bn, operating income of ¥20.5bn, and an operating income margin of 4.2%. As factors behind the shortfalls of ¥15.0bn for net sales and ¥7.0bn for operating income, the Company's analysis calls for net sales to increase by ¥16.5bn due to the consolidation of NSK Logistics, but decrease by ¥25.0bn due to a decline in marine freight rates since the plan was established and ¥6.5bn due to changes in the business environment including semiconductor market conditions. As for operating income, it expects drags of ¥3.0bn from changes in the market environment, ¥3.0bn from losses arising from launch of new logistics bases, and ¥1.0bn from a shortfall for other net sales. Since results have trailed initial plans for two straight fiscal years, owing not just to changes in the external environment but also internal factors (new business startup losses), the Company plans to work on restoring profitability as a top priority in FY12/25.

Management indices

(¥bn)

	FY12/23		FY12/24 forecast	FY12/25 forecast	CAGR FY12/23–FY12/25
	Forecast	Results			
Net sales	457.0	431.9	450.0	500.0	7.6%
Logistics business	433.5	408.6	424.8	468.1	7.0%
Property Management business	14.3	13.8	15.1	21.9	26.0%
Other business	9.2	9.3	10.0	10.0	3.7%
Operating income	22.8	19.7	21.0	27.5	18.1%
Logistics business	15.5	11.5	13.0	19.0	28.5%
Property Management business	7.5	7.9	7.9	8.0	0.6%
Other business	0.3	0.3	0.4	0.5	29.1%
Operating income margin	5.0%	4.6%	4.7%	5.5%	
Shareholders' equity ratio	25.5%	26.4%	-	30.0%	

Source: Prepared by FISCO from the Company's medium-term management plan

Looking at progress on priority measures, the Company is on track in establishing a Group platform in the areas of 3PL, international logistics and EC logistics with regard to its growth strategy, and making steady headway in terms of logistics infrastructure with the operating floor area of logistics facilities exceeding 3,305,785 m^2. As for LT×IT, it opened a new LT lab and is gradually implementing robotics solutions (transport-related, GTP-related*) at logistics bases. Regarding sustainability initiatives, it is promoting a transition to EVs (converting used vehicles to EVs, introducing EV vans), and working to bolster human resources including by conducting next-generation training, so it can be judged to be making steady progress except for results figures.

* GTP (Goods To Person) refers to robots supporting workers' picking, carrying, and other tasks in warehouses.

The Company intends to continue to aim for strong growth centered on the Logistics business, while the Property Management business serves as a stable earnings base, targeting consolidated net sales of ¥700.0bn or higher in FY12/30. It also looks to raise the Logistics business's operating income margin from 2.2% in FY12/24 to 4.5% or higher in FY12/30 by revamping its earnings structure. Assuming the Logistics business's operating income margin has risen to the 4.5% level when net sales reach ¥700.0bn, operating income is estimated to expand to around ¥39.0bn*.

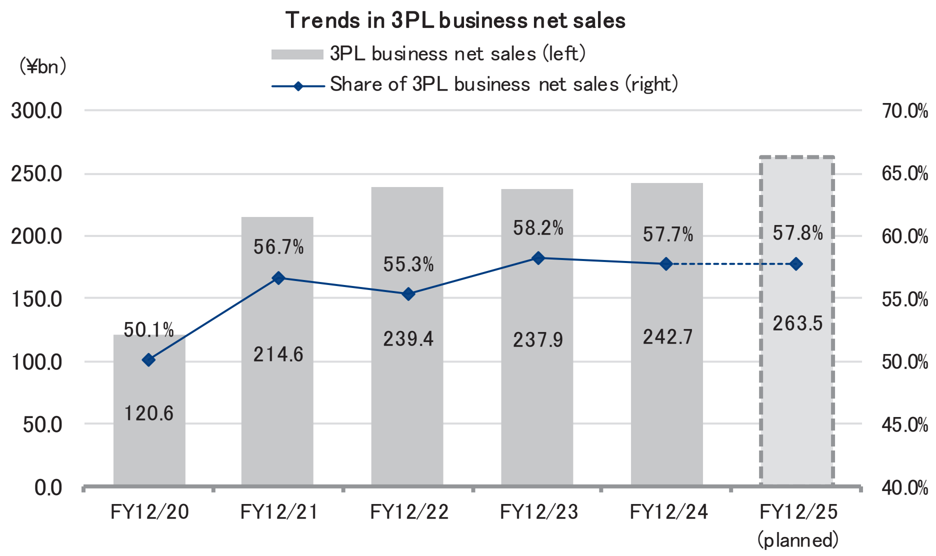
* Based on the assumption that results in the Property Management business and the Others business remain flat compared with FY12/25 forecasts

(2) Promotion of income growth strategies

a) 3PL

For 3PL business, net sales rose 2.0% YoY to ¥242.7bn in FY12/24, slightly topping plan. In FY12/25, the Company projects growth of 8.6% to ¥263.5bn, with a boost from the consolidation of NSK Logistics. Its domestic market share is steadily rising, reaching the 5% level in 2023, and it targets ongoing growth moving forward by developing new customers and expanding business with existing customers, while continuing to develop logistics facilities and other infrastructure.

As for development plans for 2026 onward, the Company has not only decided to establish the 112,396 m^2 Tomisato Distribution Center (tentative name) in Chiba Prefecture scheduled to open in August 2026, but has already purchased land for development exceeding 528,925 m^2. If all of that is developed, the operating floor area of logistics facilities is expected to increase 21.0% from the end of the previous fiscal year to 4,330,578 m^2, and 3PL sales capacity to expand almost proportionally.



Source: Prepared by FISCO from the Company's results briefing materials

Operating floor area of Group logistics facilities

Name	Location	Operating (consolidated) time	Operating floor areas (m^2)	Type	Operating company
Operating floor area by the end of Dec. 2023			3,200,661		
Noda Seto Building A	Chiba	Feb. 2024	144,793	In-house development	LMAX
Kashiwa shonan Warehouse	Chiba	May 2024	28,780	Rent	SBS Toshiba Logistics
Totsuka Warehouse	Kanagawa	May 2024	17,266	Rent	SBS Toshiba Logistics
Shigakonan Branch	Shiga	Jun. 2024	44,052	Rent	SBS Logicom
Distribution Center Yokohamafukuura	Kanagawa	Aug. 2024	56,750	Rent	SBS RICOH LOGISTICS SYSTEM
Atsugi Low Temperature Distribution Center	Kanagawa	Sep. 2024	14,214	Rent	SBS Flec
BC Kawasakitakatsu	Kanagawa	Oct. 2024	10,056	Rent	SBS RICOH LOGISTICS SYSTEM
Distribution Center Yao	Osaka	Nov. 2024	26,416	Rent	SBS RICOH LOGISTICS SYSTEM
Other (expansion under 9,917 m^2 and portion cancelled)		-	45,348	Rent	SBS Group
Operating floor area by the end of Dec. 2024 (existing + planned)			3,588,340		
(M&A consolidated)		Jan. 2025	23,689	Rent	SBS NSK LOGISTICS
Nanko First Branch	Osaka	Mar. 2025	10,380	Rent	SBS Logicom
Kawasakiminami Branch	Kanagawa	Mar. 2025	33,057	Rent	SBS Logicom
(M&A consolidated)	Europe	Apr. 2025	102,998	Rent	Blackbird Logistics
North Kanto Branch (Natori Warehouse)	Chiba	Apr. 2025	11,728	Rent	SBS Toshiba Logistics
BC Kumamoto (tentative name)	Kumamoto	Apr. 2025	10,357	Rent	SBS RICOH LOGISTICS SYSTEM
Other (expansion under 9,917 m^2 and portion cancelled)		-	7,342	Rent	SBS Group
Plans to open in 2025			199,553		
Tomisato Distribution Center (tentative name)	Chiba	Aug. 2026	112,396	In-house development	LMAX
Noda Seto Building B	Chiba	Planned	112,396	Development site	SBS Asset Management
Tokorozawa (land A)	Saitama	Planned	23,140	Development site	SBS Logicom
Tokorozawa (land B)	Saitama	Planned	13,223	Development site	SBS Sokuhai Support
Yokoshibahikari-cho Land	Chiba	Planned	198,347	Development site	SBS Logicom
Kasumigaura City Land	Ibaraki	Planned	66,115	Development site	SBS Logicom
Chikushino	Fukuoka	Planned	92,561	Development site	LMAX
Nasu	Tochigi	Planned	33,057	Development site	LMAX
(Small-scale land)		Planned	1,983	Development site	SBS Group
Development plans for 2026 onward			555,239		
Total operating area (existing + planned)			4,343,133		

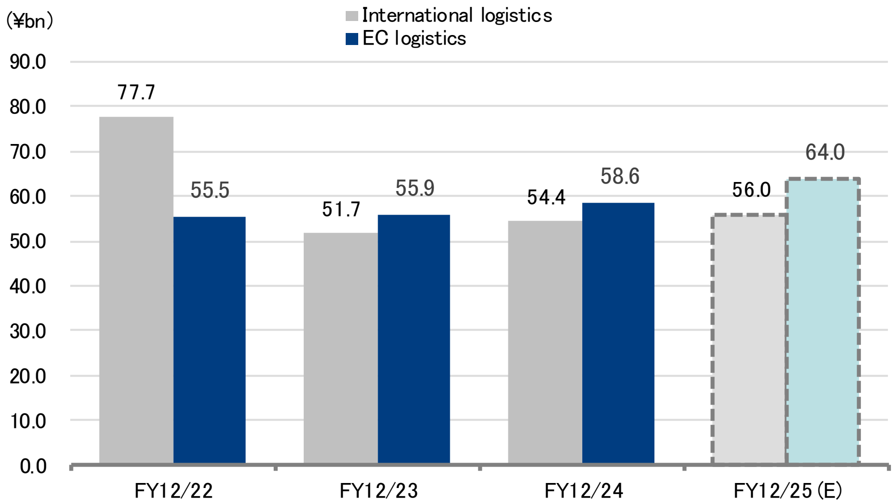
Source: Prepared by FISCO from the Company's results briefing materials

b) International logistics, EC logistics

For international logistics business, net sales rose 5.2% YoY to ¥54.4bn in FY12/24, broadly in line with plan. For FY12/25, the Company forecasts growth of 2.9% to ¥56.0bn. It has streamlined its international logistics operations into a two-company format with SBS Toshiba Logistics and SBS RICOH LOGISTICS SYSTEM, which is expected to accelerate business development moving ahead. By region, it aims to expand incoming and outgoing freight in East and Southeast Asia and logistics transactions within those areas. It also looks to grow 3PL business overseas by enhancing the logistics functions of its local networks and its customer base. In Europe, it has gained a foothold by making Blackbird Logistics a Group company, and it will pursue M&A with an eye to advancing 3PL business in places like North America and Asia in the future.

For EC logistics business, net sales increased 4.8% YoY to ¥58.6bn in FY12/24, slightly trailing plan. The last-mile business, which accounts for about half of net sales, was significantly impacted by lost orders from major customers. On the other hand, orders were brisk for the EC logistics fulfillment service EC Logistics Omakase-Kun, with the number of customers growing at a pace of around five companies each month. The industry's first dedicated EC platform—the EC Noda Seto Distribution Center—started operating in February 2024, and orders have been so strong that the Company increased the center's operating floor space from 33,057 m^2 to 49,586 m^2 in spring 2025. The center is equipped with rare constant-temperature facilities (20°C and 30°C zones) and refrigerator/freezers (approx. 1,652 m^2), which enables it to handle a wide range of products from food to supplements, electronic devices, apparel, and general merchandise. Its ability to offer one-stop solutions from assisting in establishing EC to logistics and customer support is also a feature and strength. In FY12/25, the Company forecasts net sales in the EC logistics business will rise 9.2% YoY to ¥64.0bn, growth accelerating with help from the EC Noda Seto Distribution Center's floor space expansion, and a full-year contribution from the Company's first EC logistics base in Kansai, the Distribution Center Yao (approx. 26,446 m^2).

Trends in international logistics and EC logistics business net sales



Source: Prepared by FISCO from the Company's results briefing materials

(3) Earnings structure reform

In the Logistics business, the Company aims to promptly reform the earnings structure and raise the operating income margin to 4.5% or higher (FY12/24 result: 2.2%).

The profit margin worsened in FY12/24 for five factors. They are upfront startup costs for newly opened logistics bases, vacant warehouse space remaining high, low vehicle loading ratios, a high-cost personnel structure (high percentage of temporary staff), and slowness optimizing logistics charges. As measures to improve those areas targeting a recovery in profitability, the Company will work to strengthen sales activities to eliminate vacant space, promote joint deliveries to improve vehicle loading ratios, review optimal personnel composition by directly hiring workers, and thoroughly optimize logistics charges mainly for major customers. In addition, it set three KPIs to visualize the results of these initiatives, with plans for ongoing improvement. Specifically, it will monitor the amount of losses at unprofitable sites, the amount of vacant warehouse space, the proportion of regular full-time employees and number of temporary employees, and the status of logistics charge optimization, and exhaustively work to make improvements therein.

a) Reduction of unprofitable sites and losses

In FY12/24, losses for newly opened logistics bases (at six main companies' domestic sites) rose to ¥2,150mn, which was one reason for earnings deterioration. However, the Company plans to shrink those losses to ¥970mn in FY12/25 (for a boost to profit of ¥1,180mn) by working to raise vehicle and chartered vehicle loading ratios, maximize warehouse floor area ratios, thoroughly optimize logistics charges, and reduce the use of temporary staffing.

b) Reduction of vacant warehouse space

Vacant warehouse space (at six main companies' domestic sites) rapidly increased to 84,297 m^2 (ratio of vacant space: 2.38%) at the end of FY12/24, roughly tripling from 27,438 m^2 (0.93%*) at the end of the previous fiscal year, partly because new sites were successively opened at SBS Toshiba Logistics, SBS RICOH LOGISTICS SYSTEM, and so on, thereby weighing on results. In FY12/25, the Company expects more locations to operate at full capacity due to bolstered sales activities, and intends to reduce effectively vacant space including upper-level space at warehouses. It envisions these initiatives reducing vacant space to 11,900 m^2 (0.34%) at the end of FY12/25, bringing about profit improvement of ¥960mn. It plans to continue to thoroughly implement these measures in 2026 onward to improve profitability.

* FY12/24 results briefing materials

c) Optimization of personnel composition and logistics charges

The Company plans to raise its flexibility to respond to logistics fluctuations and enhance its employees' abilities, and work to optimize the composition of on-site personnel. Specifically, it will promote stable on-site management and cost optimization by reducing the extent of temporary staffing and business outsourcing susceptible to variations in job performance and increasing the proportion of part-time and temporary workers directly employed. Among Group companies, SBS Logicom's percentage of direct hires has long been high, with the ratio of temporary staffing only around 10%. As the Company appears to assume a high ratio of temporary staffing for Group companies like SBS Toshiba Logistics and SBS RICOH LOGISTICS SYSTEM, it intends to share SBS Logicom's personnel-related operational know-how with them. In addition, it plans to reposition veteran full-time employees proficient in logistics operations having spent many years in the field as new sales and new logistics base startup professionals, as well as enhance the value of human resources through reskilling.

As for measures to optimize logistics charges, the Company will continue to strengthen price negotiations with customers in 2025 as personnel expenses, raw material prices, energy costs, and so forth are expected to rise. In negotiating, it will work to gain customers' acceptance of price increases by working with them to reduce total costs by proposing things such as higher value-added services and productivity improvements through appropriate operational improvements in light of frontline conditions, load volume trends, and so on. It will focus especially on optimizing logistics charges in low-temperature logistics, infrastructure-related business, and areas like home appliances and semiconductors.

Aims to expand corporate value by optimizing capital structure and raising profit margins

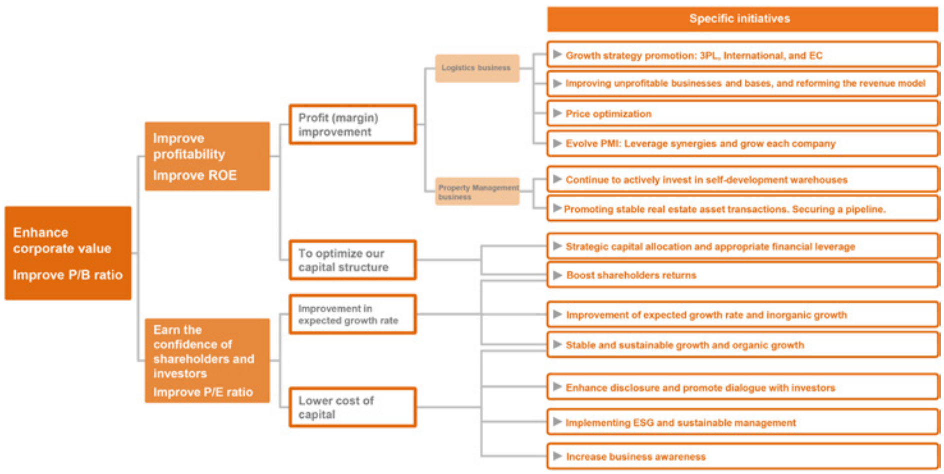
3. Corporate value expansion initiatives and capital allocation

(1) Initiatives to expand corporate value

The Company plans to expand corporate value by advancing measures to raise ROE (=raise profitability) and the P/E ratio (=gain confidence from investors and shareholders). As mentioned previously, the Company plans to raise ROE by improving profitability in the Logistics business, and continuing with development investment and liquidation in the Property Management business as a stable revenue base. To raise the P/E ratio, it will implement measures that lead to higher expected growth rates and lower capital costs.

As for ROE, the Company intends to ensure a stable level of 12–14% in the future compared to 11.5% in FY12/24. In addition, the Company's P/E ratio has trailed the land transportation industry average these past few years, but it aims to raise it to the industry average level of about 15 times in the future. Further, it looks to raise its P/B ratio to the 1.2–2.0 times level in the future by advancing these initiatives.

Initiatives to raise corporate value



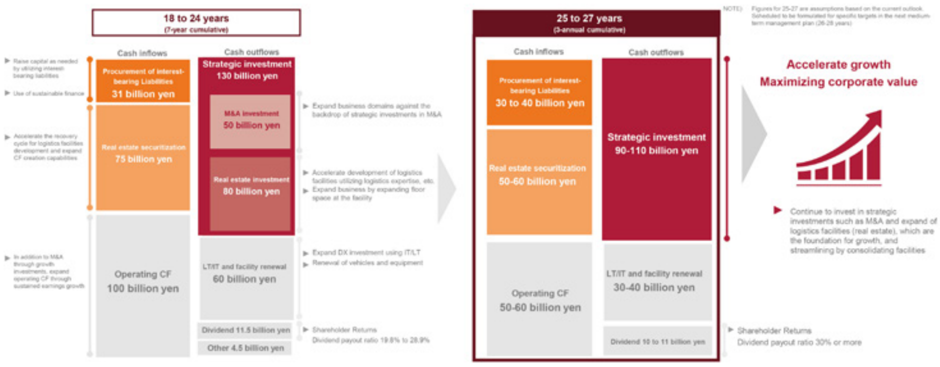
Source: The Company's results briefing materials

(2) Capital allocation

As for its thinking on capital allocation moving ahead, the Company's policy is to allocate capital based on three key points: strategically investing in the growth base and aiming to expand shareholder returns; accelerating the cycle of making and recouping investments through real estate portfolio reshuffling via capital efficiency-conscious investment; and actively using interest-bearing debt to maintain appropriate financial leverage.

Looking at the three years in total through 2025, the Company plans on cash inflows of ¥50.0bn–60.0bn from operating activities, ¥50.0bn–60.0bn from real estate liquidation, and ¥30.0bn–40.0bn from procurement of interest-bearing debt, and cash outflows of ¥90.0bn–110.0bn for strategic investment (including M&A), ¥30.0bn–40.0bn for LT/IT investment and facility updates, and ¥10.0bn–11.0bn for dividends. It aims to accelerate growth and maximize corporate value through proactive strategic investment and shareholder returns. Whether these goals will be attained hinges on whether earnings structure reform and growth strategies in the Logistics business proceed smoothly, so future developments will be closely watched.

Capital allocation



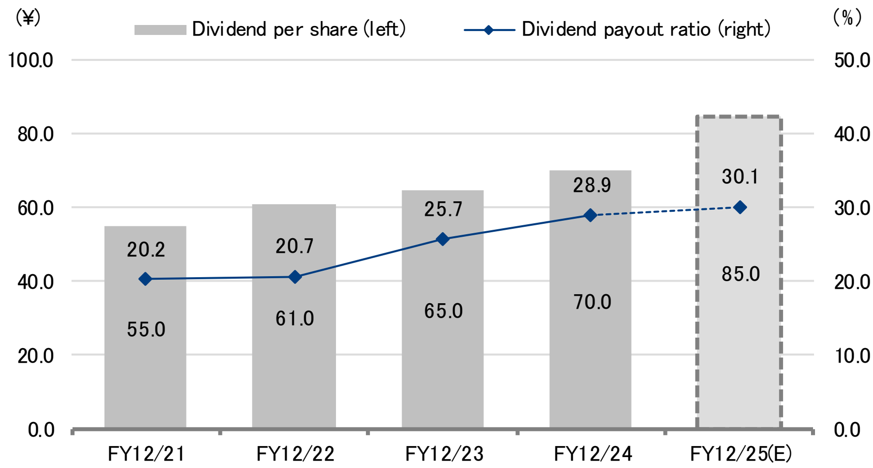
Source: The Company's results briefing materials

Shareholder return policy

Dividend policy targets increased consolidated dividend payout ratio target of 30% or higher

The Company has continued to increase dividends, with its basic policy for shareholder returns being to maintain continuous dividends and increase the level of dividends in line with operating results. However, it communicated that it is raising its dividend payout ratio target to 30% or higher from FY12/25. In FY12/24, it increased the dividend per share for the seventh straight fiscal year, lifting it ¥5.0 YoY to ¥70.0 (dividend payout ratio of 28.9%). In FY12/25, it plans to continue to raise the dividend with an increase of ¥15.0 to ¥85.0 (dividend payout ratio of 30.1%). If the dividend payout ratio falls below 30%, the dividend is likely to increase further. The Company intends to continue to aim for steady and continuous dividend increases going forward.

Dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Disclaimer

FISCO Ltd. (“FISCO”) offers stock price and index information for use under the approval of the Tokyo Stock Exchange, the Osaka Exchange, and Nikkei Inc.

This report is provided solely for the purpose of offering information and is not a solicitation of investment nor any other act or action.

FISCO has prepared and published this report based on information it deems reliable. However, FISCO does not warrant the accuracy, completeness, certainty, nor reliability of the contents of this report or the said information.

The issuers’ securities, currencies, commodities, and other financial instruments mentioned in this report may increase or decrease in value or lose their value due to influence from corporate activities, economic policies, world affairs, and other factors. This report does not make any promises regarding any future outcomes. If you use this report or any information mentioned herein, regardless of the purpose therefor, such use shall be based on your judgment and responsibility, and FISCO shall not be liable for any damage incurred by you as a result of such use, irrespective of the reason.

This report has been prepared at the request of the company subject hereto, based on the provision of information by such company through telephone interviews and the like. However, the hypotheses, conclusions, and all other contents are based on analysis by FISCO. The contents of this report are current as of the date of preparation and are subject to change without notice. FISCO is not obligated to update this report.

FISCO and its affiliated companies, as well as the directors, officers, and employees thereof, may currently or in the future trade or hold the financial instruments or the securities of issuers that are mentioned in this report.

Please use the information in this report with an understanding and acceptance of the above points.

■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp