

## Consolidated Financial Results Announcement for the Nine Months Ended September 30, 2014

Company name: SBS Holdings, Inc.  
 Stock exchange listing: Tokyo Stock Exchange (TSE)  
 Stock code: 2384  
 URL: <http://www.sbs-group.co.jp/>  
 Representative: Masahiko Kamata, Representative Director and President  
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 Scheduled date of filing of Quarterly Report: November 14, 2014  
 Preparation of supplementary references regarding quarterly results: No  
 Holding the briefing of quarterly results: No  
 Date for commencement of dividend payments (planned): —

### 1. Consolidated Financial Results for the Nine Months Ended September 30, 2014 (from January 1, 2014 to September 30, 2014)

(Figures are rounded to the nearest one million yen.)

#### (1) Consolidated business results (Percentages show change in value from the same period of the previous fiscal year)

|                                   | Net sales   |       | Operating income |        | Ordinary income |        | Net income  |       |
|-----------------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|-------|
|                                   | Million yen | %     | Million yen      | %      | Million yen     | %      | Million yen | %     |
| 9 Months Ended September 30, 2014 | 103,150     | 8.6   | 3,288            | 113.2  | 2,933           | 129.7  | 2,501       | 340.8 |
| 9 Months Ended September 30, 2013 | 94,943      | (0.3) | 1,542            | (23.7) | 1,277           | (36.1) | 567         | 41.4  |

(Note) Comprehensive income:

9 Months Ended September 30, 2014: 2,640 million yen (209.3%);  
 9 Months Ended September 30, 2013: 853 million yen (-8.0%)

|                                   | Net income per share | Diluted net income per share |
|-----------------------------------|----------------------|------------------------------|
|                                   | Yen                  | Yen                          |
| 9 Months Ended September 30, 2014 | 64.08                | 63.98                        |
| 9 Months Ended September 30, 2013 | 44.33                | 44.15                        |

(Note) On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The net income per share and diluted net income per share are here calculated as if the stock split had occurred at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated financial condition

|                                   | Total assets | Net assets  | Equity ratio |
|-----------------------------------|--------------|-------------|--------------|
|                                   | Million yen  | Million yen | %            |
| 9 Months Ended September 30, 2014 | 123,572      | 33,036      | 25.2         |
| FY2013                            | 108,354      | 29,265      | 26.7         |

(Reference) Shareholders' equity

9 Months Ended September 30, 2014: 31,151 million yen; FY2013: 28,973 million yen

### 2. Dividend Status

| (Base date)       | Dividend per share |           |           |           |       |
|-------------------|--------------------|-----------|-----------|-----------|-------|
|                   | End of Q1          | End of Q2 | End of Q3 | End of Q4 | Total |
| FY2013            | —                  | 0.00      | —         | 40.00     | 40.00 |
| FY2014            | —                  | 0.00      | —         | —         | —     |
| FY2014 (forecast) | —                  | —         | —         | 14.00     | 14.00 |

(Note) Corrections regarding current dividend forecasts: None

On June 1, 2014 the Company conducted a 3-for-1 split of common shares. In tandem with this stock split, the year-end dividend forecast for December 31, 2014 is calculated at ¥13.33 per share and rounded up to ¥14 per share. In terms of the year-end dividend of ¥40 per share forecast in the fiscal year ending December 31, 2013, this is equivalent to ¥42 per share, representing a real increase of ¥2 per share.

### 3. Consolidated Financial Forecast for the Year Ending December 31, 2014 (January 1, 2014 – December 31, 2014)

(Percentage figures for the full year denote the year-on-year increase or decrease.)

|           | Net sales   |     | Operating income |      | Ordinary income |      | Net income  |       | Net income per share |
|-----------|-------------|-----|------------------|------|-----------------|------|-------------|-------|----------------------|
|           | Million yen | %   | Million yen      | %    | Million yen     | %    | Million yen | %     | Yen                  |
| Full year | 137,000     | 3.6 | 4,800            | 15.9 | 4,400           | 15.8 | 3,500       | 122.8 | 89.86                |

(Note) Corrections regarding current consolidated forecast figures: None

On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The effect of this share split is reflected in the consolidated financial forecast of net income per share.

#### \* Note

- (1) Important changes of subsidiaries during the term (changes of specified subsidiaries that lead to a change in the scope of consolidation): Yes  
New (1): Transpole Logistics Pvt. Ltd.  
Eliminated: None
- (2) Application of accounting principles and procedures specific in preparation of consolidated quarterly financial statements: No
- (3) Changes in accounting principles, changes in accounting estimates and restatements
  - 1) Changes in accounting principles accompanying revisions in accounting standards, etc: No
  - 2) Change other than 1): No
  - 3) Changes in accounting estimates: No
  - 4) Restatements: No
- (4) Number of shares issued (common stock)
  - 1) Number of shares issued at end of term (including treasury stock)  
9 Months Ended September 30, 2014: 39,622,200 shares  
FY2013: 39,613,200shares
  - 2) Number of treasury stock at end of term  
9 Months Ended September 30, 2014: 513,885 shares  
FY2013: 663,645 shares
  - 3) Average number of outstanding shares during the period (Accumulative figures for quarter)  
9 Months Ended September 30, 2014: 39,614,386 shares  
9 Months Ended September 30, 2013: 38,397,960 shares

(Note) On June 1, 2014 the Company conducted a 3-for-1 split of common shares. The number of shares at the end of the previous consolidated fiscal year and in the same quarter in the previous fiscal year are here calculated as if the stock split had occurred at the beginning of the previous consolidated fiscal year.

#### \*Presentation of the implementation status of quarterly review procedures

The consolidated financial results under review are exempted from the quarterly review procedures under the Financial Instruments and Exchange Act, and quarterly review procedures under the Financial Instruments and Exchange Act are implemented at the time of the release of this consolidated financial results announcement.

#### \*Instruction on a proper use of financial forecasts and other special instructions

1. On June 1, 2014 the Company conducted a 3-for-1 split of common shares.
2. Since any forward-looking statements about financial outlook printed in this document are based on information currently available to the company and on certain assumptions deemed reasonable. It does not guarantee that these results will be achieved. Actual results may differ significantly due to variety of factors. For assumptions used for financial forecasts and cautions on using these forecasts, refer to “3. Explanation of Forecast of Consolidated Business Results and Other Forecasts” under “I. Business Performance” on page 4.

# I. Business Performance

## 1. Explanation of Business Results

During the consolidated period for the nine months ended September 30, 2014, the Japanese economy was characterized by lingering uncertainty. As the background of the economic policies of the national government and quantitative easing by the Bank of Japan, the economy moved onto a gradual recovery footing, as private-sector business results improved and the employment picture brightened. Unfortunately, an increase in the consumption tax from 5% to 8% caused personal consumption to stagnate, while the decline in the yen caused by quantitative easing drove the cost of imported materials higher and chronic personnel shortages caused wages to rise. Factors such as these provided grist for concern regarding near-term prospects.

In the logistics industry, rush demand ahead of the consumption-tax hike was more than offset by stagnation in personal consumption, prompted by the protracted slump in demand that followed the tax hike and the unusual summer weather. Logistics volumes dropped, led by shipments related to personal consumption. Moreover, the industry remained plagued by high costs for fuel, vehicle hiring, and part-time and temporary workers, as well as a chronic shortage of drivers.

Confronted by this environment, the SBS Group worked together to pursue its business and investment strategies and to reinforce its management base. Underpinning these efforts was SBS Growth 2017, the Group's medium-term management plan launched during the consolidated business year under review and covering the period FY2014 through FY2017.

The business strategy of SBS Holdings, Inc. was flexible and multifaceted. To increase orders received in 3PL, the Company bolstered proposal-based sales, succeeding in securing new orders related to operation of logistics centers for supermarkets and major drugstore chains. The Company also launched 3PL for major meat processors, as well as mail-order and delivery services for large department-store chains in the Kanto and Kansai regions. In other business, personnel business benefited from rising demand caused by staff shortages, enabling the Group to open new sales offices, refurbish existing ones and expand sales areas.

The Company took several steps to expand its overseas operations. To accelerate business in the ASEAN region, the Company merged two local affiliates in Singapore and entered the container shipping industry in Singapore by acquiring a local container-shipping firm. In fast-growing India, in July the Group purchased shares in Transpole Logistics Pvt. Ltd., a forwarder. We expect our purchase of the stake in Transpole to play a major role in achieving one of the targets of the medium-term management plan, which is to raise net sales from overseas operations to ¥30 billion.

The Company's investment strategy was driven by its unique business model fusing logistics and finance. The Company acquired two overseas companies, increased capital investment in solar-power generation and built new logistics facilities, investing a total of some ¥14.7 billion. In contrast, as part of measures to rebalance its operating portfolio, in April the Company sold office buildings, and in August the Company transferred the remaining 49% of the trust beneficiary rights in its logistics facilities to its private placement fund, SBS Logifund No. 1 (to which it had transferred 51% of said rights in the previous consolidated fiscal year). The Company intends to reinvest the ¥5.5 billion acquired in acquisitions and facility development. Going forward, the Company aims to expand its sphere of operations with a judicious balance between investment and return, by driving its unique business model.

In other moves, the Company reorganized on several fronts. During the third quarter, to reinforce the Company's management base, the Company shifted the personnel, general-affairs, accounting, shipping-safety and other operations of two key subsidiaries, SBS Logicom Co., Ltd. and SBS Flec Co., Ltd., to SBS Holdings. The purpose of this move was to increase the efficiency of the Group's administrative operations while standardizing them and sharing processes. At the same time the Company implemented a "responsible-operating-officer" system, to increase mobility of management and achieve the targets of the medium-term management plan.

Net sales grew 8.6% from the previous corresponding period to ¥103,150 million. This figure was supported by increases in sales in logistics and personnel operations, as well as the transfer of trust beneficial rights in property management operations to a private placement fund. In earnings, the Company was tested by rising costs for vehicle hiring and part-time and temporary labor, as well as by the lump-sum appropriation of the costs of acquiring overseas subsidiaries. However, the transfer of trust beneficial rights to the private placement fund contributed ¥1,240 million to earnings. Operating income more than doubled 113.2% from the previous corresponding period to ¥3,288 million, while ordinary income surged 129.7% from the previous corresponding period to ¥2,933 million. Net income benefited not only from income from operations but also from extraordinary income of ¥1,351 million from gain on sales of noncurrent assets in the form of office buildings. Net income tripled 340.8% from the previous corresponding period to ¥2,501 million.

In the third quarter consolidated accounting period under review, the Company added a Singapore affiliate, SBS Logistics Holdings Singapore Pte. Ltd., to its consolidated accounts, retroactive to the first quarter. At the same time, the Company added Transpole Logistics Pvt. Ltd., an Indian acquisition, as well as that

company's two affiliates in Hong Kong and one affiliate in Singapore, to the consolidated accounts about the balance sheets.

Financial results by segment are as follows.

#### **(Logistics Business)**

The logistics business dealt with fluctuating demand and rising costs. Logistical volumes swelled significantly up to March, due to rush demand ahead of the consumption-tax hike, creating an exceptionally busy period for the Company's center operations and shipping-and-delivery operations. Despite a drop in reaction to the tax hike from April onward, the Company enjoyed stable net-sales results, thanks to the launch of new projects. However, because of a chronic shortage of trucks and personnel, a rise in vehicle hiring and work costs, and protracted negotiations with major customers regarding adjustment of freight rates and other fees, improvement of operating-margins has just begun and is continuing. Net sales increased 5.5% from the previous corresponding period to ¥93,654 million, while operating income jumped 235.2% to ¥964 million.

#### **(Property Management Business)**

In the Company's property management business, net sales soared 127.1% from the previous corresponding period to ¥4,573 million and operating income doubled 104.4% to ¥2,114 million. This tremendous increase was due not only to normal fee income but also to some extraordinary income items. Having transferred 51% of trust beneficial rights in logistical facilities to a private placement fund, SBS Logifund No. 1, in the previous consolidated fiscal year, the Company transferred the remaining 49% in the period under review. This move contributed ¥2,818 million in net sales and ¥1,240 million in operating income to the figures listed above.

#### **(Other Business)**

In other business, results were firm in personnel, environmental and marketing operations. Personnel operations benefited particularly from today's chronic personnel shortages in Japan, as requests for personnel dispatch rose. Solar-power generation results also grew. Net sales lifted 18.8% from the previous corresponding period to ¥4,923 million and operating income surged 162.2% from the previous corresponding period to ¥271 million.

## **2. Explanation of Financial Condition**

Total assets at the end of the third period under review totaled ¥123,556 million. This figure represents an increase of ¥15,201 million from the end of the previous fiscal year. Key components of total assets were an increase in cash and deposits of ¥1,773 million; property, plant and equipment, including replacement of vehicles and purchase of equipment and fixtures, of ¥2,222 million; notes and accounts receivable-trade from acquisition of subsidiaries, totaling ¥3,510 million; and the addition of goodwill worth ¥4,250 million.

Liabilities totaled ¥90,535 million, marking an increase of ¥11,446 million from the end of the previous fiscal year. Key factors included increases in liquid liabilities such as short-term loans payable and current portion of long-term loans payable (¥8,911 million increase), as well as an increase in noncurrent liabilities in the form of long-term loans payable (¥2,534 million).

Net assets consisted of ¥33,021 million, ¥3,755 million higher than at the end of the previous fiscal year. Among major factors in this result, while ¥519 million was paid out in dividends, net income of ¥2,501 million was appropriated during the period. Also, foreign exchange conversion adjustments of ¥164 million was made, and minority interests rose ¥1,578 million.

## **3. Explanation of Forecast of Consolidated Business Results and Other Forecasts**

The business environment through the remainder of the fiscal year is expected to be a difficult one for supporting revenues. Additional easing from the Bank of Japan and economic stimulus measures from the Japanese government have placed the Japanese economy on a clear economic footing. However, the protracted drop in demand in reaction to the consumption-tax hike and recessions in overseas economies raise considerable risks. In the logistics industry, shipments are expected to increase, and negotiations on adjustment of freight rates and other fees are expected to make progress. Nonetheless, truck and labor shortages and increases in public-utility costs are expected to raise costs overall.

The SBS Group will strive to fulfill the strategy outlined in the medium-term management plan, expand its cope of operations and improve operating efficiency. At this point there are no changes to the forecast of consolidated business results published July 30, 2014.

## II. Summary Information (Notes)

### 1. Important Changes of Subsidiaries during the Term

Beginning in the third quarter consolidated accounting period under review, SBS Logistics Holdings Singapore Pte. Ltd. and Transpole Logistics Pvt. Ltd., along with the latter's three subsidiaries, are included in the scope of the consolidated accounts. These changes are due to the increasing importance of SBS Logistics Holdings Singapore Pte. Ltd. and the Company's recent purchase of a stake in Transpole Logistics. Also, the Company has sold its stake in PAM Co., Ltd., removing this company from the scope of consolidation.

### 2. Application of Accounting Principles and Procedures Specific in Preparation of Consolidated Quarterly Financial Statements

No applicable items.

### 3. Changes in Accounting Principles, Changes in Accounting Estimates and Restatements

No applicable items.

### III. Consolidated Financial Statement

#### 1. Consolidated Balance Sheets

(Millions of yen)

|  | FY2013<br>(As of Dec 31, 2013) | 3Q FY2014<br>(As of Sep 30, 2014) |
|--|--------------------------------|-----------------------------------|
| <b>ASSETS</b>                                |                                |                                   |
| Current assets                               |                                |                                   |
| Cash and deposits                            | 10,339                         | 12,113                            |
| Notes and accounts receivable-trade          | 16,173                         | 19,683                            |
| Inventories                                  | 7,583                          | 8,332                             |
| Other  | 5,613                          | 8,481                             |
| Allowance for doubtful accounts              | (46)                           | (93)                              |
| Total current assets                         | 39,663                         | 48,517                            |
| Noncurrent assets                            |                                |                                   |
| Property, plant and equipment                |                                |                                   |
| Buildings and structures                     | 36,491                         | 36,247                            |
| Accumulated depreciation and impairment loss | (21,796)                       | (21,860)                          |
| Buildings and structures, net                | 14,694                         | 14,386                            |
| Machinery, equipment and vehicles            | 16,455                         | 17,809                            |
| Accumulated depreciation and impairment loss | (12,431)                       | (12,280)                          |
| Machinery, equipment and vehicles, net       | 4,024                          | 5,529                             |
| Land   | 36,170                         | 35,754                            |
| Lease assets                                 | 3,582                          | 3,496                             |
| Accumulated depreciation and impairment loss | (1,359)                        | (1,329)                           |
| Lease assets, net                            | 2,222                          | 2,167                             |
| Other  | 3,456                          | 5,070                             |
| Accumulated depreciation and impairment loss | (2,549)                        | (2,665)                           |
| Other, net                                   | 907                            | 2,405                             |
| Total property, plant and equipment          | 58,019                         | 60,242                            |
| Intangible assets                            |                                |                                   |
| Goodwill                                     | 909                            | 5,160                             |
| Other  | 864                            | 926                               |
| Total Intangible assets                      | 1,774                          | 6,087                             |
| Investments and other assets                 |                                |                                   |
| Investments and other assets                 | 9,100                          | 8,905                             |
| Allowance for doubtful accounts              | (203)                          | (195)                             |
| Total investments and other assets           | 8,897                          | 8,709                             |
| Total noncurrent assets                      | 68,691                         | 75,039                            |
| Total assets                                 | 108,354                        | 123,556                           |

(Millions of yen)

|   | FY2013<br>(As of Dec 31, 2013) | 3Q FY2014<br>(As of Sep 30, 2014) |
|---|--------------------------------|-----------------------------------|
| <b>LIABILITIES</b>                                    |                                |                                   |
| Current liabilities                                   |                                |                                   |
| Notes and accounts payable-trade                      | 7,721                          | 7,971                             |
| Current portion of bonds                              | 286                            | 286                               |
| Short-term loans payable                              | 18,255                         | 23,468                            |
| Current portion of long-term loans payable            | 9,416                          | 10,932                            |
| Income taxes payable                                  | 312                            | 704                               |
| Provision for bonuses                                 | 660                            | 1,400                             |
| Other   | 7,316                          | 8,116                             |
| Total current liabilities                             | 43,969                         | 52,880                            |
| Noncurrent liabilities                                |                                |                                   |
| Bonds payable   | 888                            | 632                               |
| Long-term loans payable                               | 20,709                         | 23,707                            |
| Provision for retirement benefits                     | 3,479                          | 3,532                             |
| Other   | 10,043                         | 9,782                             |
| Total noncurrent liabilities                          | 35,120                         | 37,655                            |
| Total liabilities                                     | 79,089                         | 90,535                            |
| <b>NET ASSETS</b>                                     |                                |                                   |
| Shareholders' equity                                  |                                |                                   |
| Capital stock   | 3,902                          | 3,904                             |
| Capital surplus                                       | 5,511                          | 5,554                             |
| Retained earnings                                     | 19,468                         | 21,326                            |
| Treasury stock  | (205)                          | (159)                             |
| Total shareholders' equity                            | 28,677                         | 30,625                            |
| Accumulated other comprehensive income                |                                |                                   |
| Valuation difference on available-for-sale securities | 323                            | 372                               |
| Deferred gains or losses on hedges                    | (23)                           | (7)                               |
| Foreign exchange conversion adjustments               | (3)                            | 160                               |
| Total accumulated other comprehensive income          | 296                            | 525                               |
| Subscription rights to shares                         | 8                              | 7                                 |
| Minority interests                                    | 283                            | 1,861                             |
| Total net assets                                      | 19,265                         | 33,021                            |
| Total liabilities, net assets                         | 108,354                        | 123,556                           |

**2. Consolidated Statements of Operations****(Nine Months Ended September 30, 2014)**

(Millions of yen)

|  | 3Q FY2013<br>(Jan 1, 2013 – Sep 30,<br>2013) | 3Q FY2014<br>(Jan 1, 2014 – Sep 30,<br>2014) |
|--|--|--|
| Net sales  | 94,943                                       | 103,150                                      |
| Cost of sales  | 86,388                                       | 92,648                                       |
| Gross profit   | 8,554  | 10,502                                       |
| Selling, general and administrative expenses               | 7,012  | 7,213  |
| Operating income   | 1,542  | 3,288  |
| Non-operating income                                       |  |  |
| Interest income  | 7  | 14   |
| Dividends income   | 51   | 39   |
| Equity in earnings of affiliates                           | 89   | 162  |
| Other  | 123  | 121  |
| Total non-operating income                                 | 271  | 338  |
| Non-operating expenses                                     |  |  |
| Interest expenses  | 437  | 408  |
| Other  | 99   | 284  |
| Total non-operating expenses                               | 536  | 692  |
| Ordinary income  | 1,277  | 2,933  |
| Extraordinary income                                       |  |  |
| Gain on sales of noncurrent assets                         | 101  | 1,351  |
| Gain on sales of investment securities                     | 285  | -  |
| Other  | -  | 32   |
| Total extraordinary income                                 | 387  | 1,384  |
| Extraordinary loss   |  |  |
| Loss on valuation of stocks of subsidiaries and affiliates | -  | 95   |
| Loss on change in equity                                   | -  | 42   |
| Office transfer expenses                                   | 191  | -  |
| Brand unification expenses                                 | 143  | -  |
| Other  | 113  | 23   |
| Total extraordinary loss                                   | 449  | 161  |
| Net quarterly income before taxes and other adjustments    | 1,215  | 4,156  |
| Income taxes-current                                       | 486  | 1,211  |
| Income taxes-deferred                                      | 163  | 437  |
| Total income taxes   | 650  | 1,648  |
| Income before minority interests                           | 564  | 2,508  |
| Minority interest income (loss)                            | (2)  | 6  |
| Net income   | 567  | 2,501  |



**Consolidated Quarterly Statements of Comprehensive Income****(Nine Months Ended September 30, 2014)**

(Millions of yen)

|   | 3Q FY2013<br>(Jan 1, 2013 – Sep 30,<br>2013) | 3Q FY2014<br>(Jan 1, 2014 – Sep 30,<br>2014) |
|---|--|--|
| Income before minority interests  | 564  | 2,508  |
| Other comprehensive income  |  |  |
| Valuation difference on available-for-sale securities                               | 127  | 47   |
| Deferred gains or losses on hedges  | 25   | 16   |
| Foreign exchange conversion adjustment  | 131  | 66   |
| Share of other comprehensive income of associates accounted for using equity method | 3  | 2  |
| Total other comprehensive income  | 288  | 132  |
| Comprehensive income  | 853  | 2,640  |
| (Breakdown)   |  |  |
| Comprehensive income attributable to owners of the parent                           | 851  | 2,630  |
| Comprehensive income attributable to minority interests                             | 1  | 10   |

**3. Notes on the Quarterly Consolidated Financial Statements**

(Notes regarding Going Concern)

No applicable items.

(Notes regarding Remarkable Change of Shareholder's Equity)

No applicable items.

(Segment Information)

**1. Information Concerning Net Sales and Profits and Losses for Reporting Segments**  
3Q FY2013 (January 1, 2013 – September 30, 2013)

(Millions of yen)

|                                  | Reporting Segment |                              |                |        | Adjustment Amount *1 | Consolidated Quarterly Income Statement Amount *2 |
|----------------------------------|-------------------|------------------------------|----------------|--------|----------------------|---|
|                                  | Logistics         | Property Management Business | Other Business | Total  |                      |   |
| Net sales                        |                   |                              |                |        |                      |   |
| Sales to external customers      | 88,783            | 2,014                        | 4,145          | 94,943 | —                    | 94,943  |
| Inter-segment sales or transfers | 130               | 8                            | 308            | 448    | (448)                | —   |
| Total                            | 88,914            | 2,023                        | 4,454          | 95,391 | (448)                | 94,943  |
| Segment income                   | 287               | 1,034                        | 103            | 1,425  | 116                  | 1,542   |

(Note)

1. The adjustment amount for segment income is ¥148 million not allocated to reporting segments by the parent company (company releasing the quarterly financial statement) and from -¥31 million lost in trading between segments.
2. Segment income is adjusted with operating income, as recorded in consolidated quarterly income statements.

**2. Information Concerning Net Sales and Profits and Losses for Reporting Segments**  
3Q FY2014 (January 1, 2014 – September 30, 2014)

(Millions of yen)

|                                  | Reporting Segment |                              |                |         | Adjustment Amount *1 | Consolidated Quarterly Income Statement Amount *2 |
|----------------------------------|-------------------|------------------------------|----------------|---------|----------------------|---|
|                                  | Logistics         | Property Management Business | Other Business | Total   |                      |   |
| Net sales                        |                   |                              |                |         |                      |   |
| Sales to external customers      | 93,654            | 4,573                        | 4,923          | 103,150 | —                    | 103,150   |
| Inter-segment sales or transfers | 150               | 5                            | 187            | 342     | (342)                | —   |
| Total                            | 93,805            | 4,578                        | 5,110          | 103,494 | (342)                | 103,150   |
| Segment income                   | 964               | 2,114                        | 271            | 3,350   | (62)                 | 3,288   |

(Note)

1. The adjustment amount for segment income is ¥74 million not allocated to reporting segments by headquarters of the Company and some consolidated subsidiaries and from -¥11 million lost in trading between segments.
2. Segment income is adjusted with operating income, as recorded in consolidated quarterly income statements.