

Summary of Business Results for the Year Ended December 31, 2019

[Japan GAAP] (Consolidated)

February 10, 2020

C o m p a n y	SBS Holdings, Inc.	Listed on the TSE
Stock Code	2384	URL: http://www.sbs-group.co.jp/
Representative	Masahiko Kamata, President and Representative Director	
C o n t a c t	Takashi Endo, Executive Officer and Account Manager	T E L: +81-3-3829-2222
Expected date of annual shareholders' meeting	: March 26, 2020	
Expected starting date of dividend payment	: March 10, 2020	
Expected date of filing of annual securities report	: March 26, 2020	
Preparation of supplementary financial document	: Yes	
Results briefing	: Yes (for institutional investors and analysts)	

(Rounded down to million yen)

1. Consolidated business results for the fiscal year ended December 2019

(January 1, 2019 through December 31, 2019)

(1) Consolidated results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2019	255,548	25.6	10,176	23.5	10,172	33.7	6,079	37.9
Year ended Dec. 2018	203,516	33.1	8,240	32.3	7,607	17.5	4,409	-0.8

(Note) Comprehensive income:

Year ended December 2019:	6,923 million yen (54.1%)
Year ended December 2018:	4,494 million yen (-4.4%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended Dec. 2019	153.06	-	14.3	5.8	4.0
Year ended Dec. 2018	111.01	-	11.6	5.1	4.0

(Reference) Investment earnings/loss on equity-method:

Year ended December 2019:	496 million yen
Year ended December 2018:	282 million yen

(Note) The Company has applied "Partial Revision of Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year, and the figures for the fiscal year ended December 2018 have been retroactively applied.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2019	180,047	54,077	25.1	1,136.22
As of Dec. 2018	171,796	48,173	23.1	1,001.05

(Reference) Shareholders' equity:

As of December 2019:	45,128 million yen
As of December 2018:	39,759 million yen

(Note) The Company has applied "Partial Revision of Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year, and the figures for the fiscal year ended December 2018 have been retroactively applied.

(3) Consolidated results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 2019	16,872	-12,579	-2,084	18,495
Year ended Dec. 2018	12,398	-22,433	14,815	16,303

2. Dividends

	Annual dividend					Total dividend (Total)	Dividend payout ratio (Consolidated)	Rate of total dividend to net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Dec. 2018	-	0.00	-	22.00	22.00	873	19.8	2.3
Year ended Dec. 2019	-	0.00	-	30.00	30.00	1,191	19.6	2.8
Year ending Dec. 2020 (forecast)	-	0.00	-	32.00	32.00		19.6	

3. Forecast of consolidated business results for the fiscal year ending December 2020

(January 1, 2020 through December 31, 2020)

(% change from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Jun. 2020	132,000	4.0	6,400	15.4	6,300	15.1	3,800	13.2	95.68
Year ending Dec. 2020	265,000	3.7	11,200	10.1	11,000	8.1	6,500	6.9	163.66

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation) : Yes

Elimination : 1

Name of the company : Nippon Record Center Co. Ltd

(2) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies associated with revision of accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(3) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of December 2019 39,718,200 shares

As of December 2018 39,718,200 shares

② Treasury stock at the end of period:

As of December 2019 575 shares

As of December 2018 512 shares

③ Average number of stock during period (cumulative period)

Year ended December 2019 39,717,665 shares

Year ended December 2018 39,717,717 shares

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended December 2019

(January 1, 2019 through December 31, 2019)

(1) Non-consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Dec. 2019	5,877	-9.1	2,672	-27.8	2,252	-29.3	2,241	-32.4
Year ended Dec. 2018	6,464	14.9	3,700	20.3	3,185	15.0	3,312	115.9

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Dec. 2019	56.43	-
Year ended Dec. 2018	83.41	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 2019	98,828	13,364	13.5	336.48
As of Dec. 2018	94,053	12,026	12.8	302.79

(Reference) Shareholders' equity:

As of December 2019:	13,364 million yen
As of December 2018:	12,026 million yen

***Financial summary is not subject to the review procedures by certified public accountants or auditing firms.**

***Explanation regarding appropriate use of business forecasts and other special instructions**

1. Forecasts regarding future performance in this material are based on information currently available to the company and certain assumptions that the company deems to be reasonable at the time this report was prepared. The company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.
2. The company plans to hold results briefing for institutional investors and analysts on February 19, 2020 (Wednesday). After the results briefing, the company will promptly post the presentation materials on the company website.

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1. Summary of Operating Results

(1) Summary of Operating Results for the Current Fiscal Year

During the fiscal year under review (January 1, 2019 to December 31, 2019), despite the continued serious shortages of personnel, including drivers, and the impact of frequent typhoons and other adverse events, the Logistics business of our Group performed steadily, particularly in the third-party logistics (3PL) business, as demand for logistics increased in line with the expansion of e-commerce markets and trends toward optimization of delivery rates. Furthermore, the full-year contribution of SBS RICOH LOGISTICS SYSTEM Co., Ltd., which joined the Group in August 2018, accelerated the pace of our overall business expansion.

As a result, net sales for the fiscal year under review increased by 52,031 million yen from the previous fiscal year to 255,548 million yen (up 25.6% YoY), and operating income increased by 1,935 million yen YoY to 10,176 million yen (up 23.5%), both record highs. Net income attributable to owners of the parent increased by 1,670 million yen to 6,079 million yen (up 37.9%).

Overview of Segments

(Logistics business)

In the Logistics business, while promoting initiatives to optimize shipping rates, we focused on acquiring new customers who require high logistics functions and expanding transactions with existing customers. As for the BtoB and BtoC services in the same-day delivery business, we captured demand for electronic commerce (e-commerce), a remarkably growing market. In addition, the Nanko Distribution Center (Suminoe-ku, Osaka, total floor space of approximately 18,540 tsubo), a multi-tenant large-scale warehouse, commenced operations in March, made a contribution. As a result of these factors, costs increased due to chronic labor shortages and other factors, but this was offset. Our Group's largest logistics center is planned to establish in Seto, Noda City, Chiba Prefecture, and we are ready to start construction by the end of this fiscal year after the construction of the land has been completed.

As a result, net sales of the Logistics business were 240,772 million yen (up 27.6% YoY) and operating income was 6,278 million yen (up 37.3%).

SBS RICOH LOGISTICS SYSTEM Co., Ltd. promoted effective use of the Group's business resources and personnel exchanges, including the mutual use and leasing of warehouses and vehicles owned by the SBS Group. We worked to expand the scope of our business by leasing new warehouses in Fukuoka and Nagoya, while promoting elimination and consolidation of logistics bases in Japan and overseas. The company's results for the fiscal year under review are net sales of 74,519 million yen and operating income of 1,636 million yen. Amortization of goodwill, etc. amounted to 612 million yen.

(Property management business)

In the Property management business, as in the previous fiscal year, we sold its 30% stake in Nagatsuta Distribution Center and recorded operating income of 2,417 million yen. On the other hand, due to a decrease in rental income accompanying this securitization, net sales in the Property management business were 7,802 million yen (down by 4.5% YoY) and operating income was 3,787 million yen (down by 3.2% YoY).

(Other businesses)

The main operation of the Other business segment are the Temporary Staffing business, the Marketing business, the Solar Power Generation business, and the Environment business. The Temporary Staffing and Marketing businesses recorded higher sales and profits, but the Environment business posted lower profits due to the impact of a temporary business contraction accompanying facility renovations. Net sales were 6,972 million yen (up 3.8% YoY) and operating income was 1,086 million yen (down 32.1%).

(2) Summary of Financial Condition in the Current Fiscal Year

Financial position

The main factors behind changes in assets, liabilities and net assets are as follows.

(Assets)

Total assets at the end of the fiscal year amounted to 180,047 million yen, an increase of 82.50 million yen from the end of the previous fiscal year. Current assets increased by 2,400 million yen from the end of the previous fiscal year to 64,376 million yen. This was due to increases in notes and accounts receivable-trade and cash and deposits resulting from business expansion, despite a decrease in inventories resulting from the sale of a stake in the Nagatsuta Distribution Center. In fixed assets, tangible fixed assets increased due to the completion of the Nanko Distribution Center, as well as increases in vehicles and land. In investments and other assets, investment securities increased due to the acquisition of a driving school. As a result, fixed assets increased by 5,850 million yen to 115,671 million yen.

(Liabilities)

Liabilities were 125,970 million yen, an increase of 2,346 million yen from the end of the previous fiscal year. As for current liabilities, notes and accounts payable increased due to an increase in net sales, and short-term loans payable increased. In fixed liabilities, long-term debt decreased due to restrained financing.

(Net assets)

Net assets increased by 5,903 million yen to 54,077 million yen. This was mainly due to the payment of dividends of 22 yen per share totaling 873 million yen despite the recording of 6,079 million yen in net income attributable to owners of parent. The shareholders' equity ratio was 25.1%, improved by 2.0 percentage points from the previous fiscal year.

A partial revision of the Tax Effects Accounting Standard (Corporate Accounting Standard, February 16, 2018) was applied from the beginning of the current fiscal year, and an explanation of financial conditions is provided by comparing and analyzing the financial conditions with the previous fiscal year after applying the relevant financial standards.

(3) Summary of cash flow in the current fiscal year

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review increased by 2,192 million yen to 18,495 million yen. The main factors behind changes in cash flows are as follows.

Cash flows from operating activities

Net cash provided by operating activities totaled 16,872 million yen. This was mainly due to income before income taxes and minority interests of 9.9 thousand yen million, depreciation and amortization of 7,007 million yen, and a decrease in inventories of 1,769 million yen resulting from the sale of a stake in the Nagatsuta Distribution Center, despite an increase in notes and accounts receivable-trade of 1,387 million yen accompanying the growth in net sales. This was an increase of 4,474 million yen from the previous fiscal year, mainly due to an increase in profitability.

Cash flows from investing activities

Net cash used in investing activities was 12,579 million yen, a decrease of 9,853 million yen from the previous fiscal year when we acquired SBS RICOH LOGISTICS SYSTEM Co., Ltd. Major expenditures were 10,504 million yen for the acquisition of tangible and intangible fixed assets, such as the acquisition of land and construction work for a logistics facility scheduled to be constructed at the Nanko Distribution Center and Noda City, Chiba Prefecture, and for the renewal of vehicles, and 1,271 million yen for the acquisition of shares of subsidiaries and affiliates.

Cash flows from financing activities

Net cash used in financing activities amounted to 2,084 million yen, as repayments of long-term debt exceeded proceeds from financing activities. This represented a significant decrease of 16,899 million yen compared with the previous fiscal year, when the funds for acquisitions were procured through co-financing.

(4) Future outlook

Looking at the outlook for the logistics industry going forward, while demand is trending strongly in line with the expansion of the EC market, due to the severe labor shortage, we recognize the need for simultaneous progress in capital investment to secure human resources on the site and save labor. In addition, if the economy slows down, there is a possibility that cargo volumes may fluctuate unstably, and we anticipate that we will be forced to be in the difficult situation.

Within the main segments, the Logistics business is expected to continue expanding by continuing to open logistics facilities and acquire new customers in response to further growth in EC demand. In addition to the expanded scale of the Group and the service domain, cross-organizational proposals are taking root, and we expect to increase the number of large-scale projects. In terms of incomes, we anticipate continued upward pressure on costs and continue to promote negotiations for rate revisions that involve proposals to improve the efficiency of the cost structure. As a result, we expect the Logistics business to continue on an upward trend in both sales and profits.

In the Property management business, rent is expected to decrease due to the sale of logistics facilities, but in the Development business, the Company plans to sell the remaining 40% of Nagatsuta Logistics Center, and is forecasting steady performance.

In light of these circumstances, the Group is working as a whole to implement business activities and shareholder strategies to achieve sales of 265,000 million yen, operating income of 11,200 million yen, ordinary income of 11,000 million yen, and net income attributable to owners of parent of 6,500 million yen. In light of the anticipated increase in development projects in the Property management business and the anticipated steady growth in logistics businesses, the Group plans to increase sales and profits for the fiscal year ending December 2020.

<Consolidated Financial Forecasts for FY12/20>		
Net sales	265,000 million yen	(up 3.7% YoY)
Operating income	11,200 million yen	(up 10.1%)
Ordinary income	11,000 million yen	(up 8.1%)
Net income attributable to owners of parent	6,500 million yen	(up 6.9%)

<Reference>Basic Policy on Profit Distribution and Dividends for the Current Fiscal Year

We regard the return of profits to shareholders as one of the Company's most important management policies, and the basic policy on the distribution of profits is to enhance internal reserves to build a more robust management foundation, and to maintain continuous dividend payments and to raise the level of dividends in line with business performance.

In the current fiscal year, given the solid performance of the logistics businesses of the main Group companies, including SBS RICOH LOGISTICS SYSTEM Co., Ltd., the Company will pay a year-end dividend of 30 yen per share, an increase of 2 yen from the planned year-end dividend of 28 yen per share. For details, please refer to the "Notice Concerning Dividend Payment from Retained Earnings for FY12/19 (Increase in Dividend)" announced on February 10, 2020.

2. Basic Policies regarding the Selection of Accounting Standards

In light of the comparability of consolidated financial statements between periods and among companies, the Group will continue to prepare its consolidated financial statements under Japanese GAAP for the time being.

In addition, with regard to the application of International Financial Reporting Standard, we intend to take appropriate measures in consideration of various conditions in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of Dec. 31, 2018)	Current fiscal year (As of Dec. 31, 2019)
Assets		
Current assets		
Cash and deposits	16,310	18,503
Notes and accounts receivable	31,807	33,128
Lease receivables and investment assets	1,089	1,107
Inventories	8,221	6,330
Other	4,583	5,345
Allowance for doubtful accounts	-36	-39
Total current assets	61,975	64,376
Fixed assets		
Property, plant and equipment		
Buildings and structures	47,250	55,615
Accumulated depreciation and impairment loss	-25,782	-27,389
Buildings and structures, net	21,468	28,226
Machinery, equipment and vehicles	24,699	26,623
Accumulated depreciation and impairment loss	-13,253	-14,703
Machinery, equipment and vehicles, net	11,445	11,919
Land	41,634	43,093
Leased assets	5,971	6,342
Accumulated depreciation and impairment loss	-3,458	-3,784
Leased assets, net	2,512	2,558
Construction in progress	6,633	2,106
Other	5,799	5,966
Accumulated depreciation and impairment loss	-4,119	-4,270
Other, net	1,680	1,696
Total property, plant and equipment	85,373	89,599
Intangible fixed assets		
Goodwill	5,739	5,411
Other	5,078	5,024
Total intangible fixed assets	10,818	10,436
Investments and other assets		
Investment securities	7,094	8,975
Guarantee deposits	4,443	4,602
Other	2,651	2,427
Allowance for doubtful accounts	-559	-369
Total investments and other assets	13,629	15,635
Total fixed assets	109,821	115,671
Total assets	171,796	180,047

(Millions of yen)

	Previous fiscal year (As of Dec. 31, 2018)	Current fiscal year (As of Dec. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,555	14,751
Electronically recorded obligations	-	4,928
Current portion of bonds	80	-
Short-term loan payable	15,500	17,500
Current portion of long-term loans payable	9,887	9,809
Accounts payable	7,066	3,099
Accrued expenses	4,654	4,851
Lease obligation	683	751
Income taxes payable	1,939	1,565
Accrued consumption taxes payable	1,186	1,813
Provision for bonuses	1,390	1,436
Other	2,549	2,388
Total current liabilities	58,493	62,896
Long term liabilities		
Long-term loan payable	47,371	45,181
Long-term guarantee deposited	1,728	1,953
Lease obligation	2,257	2,257
Obligations for retirement plan	6,073	5,955
Deferred tax liabilities	5,515	5,426
Asset retirement obligations	1,320	1,391
Other	864	908
Total long term liabilities	65,130	63,074
Total liabilities	123,623	125,970
Net assets		
Shareholders' equity		
Capital stock	3,920	3,920
Capital surplus	2,651	2,651
Retained earnings	32,750	37,956
Treasury stock	-0	-0
Total shareholders' equity	39,322	44,527
Other accumulated comprehensive income		
Valuation difference on securities	744	825
Foreign currency translation adjustment	-114	-132
Remeasurements of defined benefit plans	-193	-93
Total other accumulated comprehensive income	436	600
Non-controlling shareholders' equity	8,414	8,948
Total net assets	48,173	54,077
Total liabilities and net assets	171,796	180,047

(2) Consolidated Income Statements and Statements of Comprehensive Income
(Consolidated Income Statement)

(Millions of yen)

	Previous fiscal year (Jan. 1, 2018 - Dec. 31, 2018)	Current fiscal year (Jan. 1, 2019 - Dec. 31, 2019)
Net sales	203,516	255,548
Cost of sales	182,165	229,519
Gross profit	21,351	26,028
Selling, general and administrative expenses	13,110	15,851
Operating income	8,240	10,176
Non-operating income		
Interest income	26	41
Dividends income	41	61
Equity in income of affiliates	282	496
Other	156	402
Total non-operating income	505	1,001
Non-operating expenses		
Interest expenses	590	677
Office relocation expenses	1	132
Provision for allowance loss on litigation	220	-
Other	325	195
Total non-operating expenses	1,138	1,005
Ordinary income	7,607	10,172
Extraordinary income		
Income on sales of noncurrent assets	134	117
Gain on sales of stock of affiliates	-	20
Total extraordinary income	134	137
Extraordinary loss		
Loss on sales of fixed assets	37	25
Loss on retirement of noncurrent assets	92	256
Impairment loss	97	58
Loss on valuation of investment securities	-	60
Other	46	7
Total extraordinary loss	274	409
Income before income taxes	7,467	9,900
Income taxes	2,912	3,428
Income taxes-deferred	-221	-185
Total income tax	2,691	3,242
Net income	4,775	6,658
Net income attributable to owners of non-controlling shareholders	366	578
Net income attributable to owners of parent	4,409	6,079

{Consolidated Statements of Comprehensive Income}

(Millions of yen)

	Previous fiscal year (Jan. 1, 2018 - Dec. 31, 2018)	Current fiscal year (Jan. 1, 2019 - Dec. 31, 2019)
Net income	4,775	6,658
Other comprehensive income		
Valuation difference on securities	-185	157
Foreign currency translation adjustment	-25	-21
Remeasurement of defined benefit plans	-25	193
Share of other comprehensive income of companies accounted for by the equity-method	-45	-63
Total other comprehensive income	-281	265
Comprehensive income	4,494	6,923
(Breakdown)		
Comprehensive income attributable to owners of parent	4,192	6,242
Comprehensive income attributable to owners of non- controlling interests	301	680

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous fiscal year (January 1, 2018 - December 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	3,920	2,651	29,175	-0	35,747
Changes in current fiscal year					
Dividend of surplus			-834		-834
Net income attributable to owners of parent			4,409		4,409
Purchase of treasury stock				-0	-0
Net change other than shareholders' equity					
Total changes in current fiscal year	-	-	3,575	-0	3,574
Closing balance	3,920	2,651	32,750	-0	39,322

	Other accumulated comprehensive income				Non-controlling shareholders' equity	Total net assets
	Other securities Variance from valuation	Translation Adjustment account	Remeasurements of defined benefit plans	Total other comprehensive income		
Opening balance	879	-90	-135	653	2,109	38,510
Changes in current fiscal year						
Dividend of surplus						-834
Net income attributable to owners of parent						4,409
Purchase of treasury stock						-0
Net change other than shareholders' equity	-134	-24	-57	-216	6,304	6,087
Total changes in current fiscal year	-134	-24	-57	-216	6,304	9,662
Closing balance	744	-114	-193	436	8,414	48,173

Current fiscal year (January 1, 2,019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Opening balance	3,920	2,651	32,750	-0	39,322
Changes in current fiscal year					
Dividend of surplus			-873		-873
Net income attributable to owners of parent			6,079		6,079
Purchase of treasury stock				-0	-0
Net change other than shareholders' equity					
Total changes in current fiscal year	-	-	5,205	-0	5,205
Closing balance	3,920	2,651	37,956	-0	44,527

	Other accumulated comprehensive income				Non-controlling shareholders' equity	Total net assets
	Other securities Variance from valuation	Translation Adjustment account	Remeasurements of defined benefit plans	Total other comprehensive income		
Opening balance	744	-114	-193	436	8,414	48,173
Changes in current fiscal year						
Dividend of surplus						-873
Net income attributable to owners of parent						6,079
Purchase of treasury stock						-0
Net change other than shareholders' equity	80	-17	100	163	534	698
Total changes in current fiscal year	80	-17	100	163	534	5,903
Closing balance	825	-132	-93	600	8,948	54,077

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous fiscal year (Jan. 1, 2018 - Dec. 31, 2018)	Current fiscal year (Jan. 1, 2019 - Dec. 31, 2019)
Consolidated Statements of Cash Flows		
Income before income taxes	7,467	9,900
Depreciation and amortization	5,536	7,007
Impairment loss	97	58
Amortization of goodwill	163	327
Increase (decrease) in allowance for doubtful accounts	26	-185
Increase (decrease) in accrued bonuses	-45	46
Increase (decrease) in liability for retirement benefits	281	164
Interest and dividend income	-67	-102
Interest expenses	590	677
Share of profit (loss) of entities accounted for using equity method	-282	-496
Loss (gain) on sales of property, plant and equipment and intangible assets	-96	-91
Loss on retirement of tangible and intangible fixed assets	92	256
Loss (gain) on valuation of investments in securities	-	60
Loss (gain) on sales of shares of subsidiaries and associates	-	-18
Decrease (increase) in notes and accounts receivable-trade	-1,534	-1,387
Decrease (increase) in inventories	2,894	1,769
Increase (decrease) in notes and accounts payable-trade	906	6,150
Increase (decrease) in accrued consumption taxes	-476	750
Other	-886	-3,516
Sub-total	14,667	21,373
Interest and dividend received	183	193
Interest expenses paid	-585	-678
Income taxes paid	-1,867	-4,014
Consolidated Statements of Cash Flows from operating activities	12,398	16,872
Cash flow from investing activities		
Payments for acquisition of tangible and intangible fixed assets	-11,068	-10,504
Proceeds from sale of tangible and intangible fixed assets	383	145
Payments for retirement of property, plant and equipment	-	-251
Purchase of investment securities	-42	-128
Purchase of stocks of subsidiaries and affiliates	-	-1,271
Proceeds from sales of stocks of subsidiaries and affiliates	-	44
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-11,100	-
Payments for guarantee deposits	-311	-486
Proceeds from collection of guarantee deposits	248	137
Other	-542	-263
Cash flow from investing activities	-22,433	-12,579

(Millions of yen)

	Previous fiscal year (Jan. 1, 2018 - Dec. 31, 2018)	Current fiscal year (Jan. 1, 2019 - Dec. 31, 2019)
Cash flow from financing activities		
Net increase (decrease) in short-term loans	1,000	2,000
Repayments of lease obligations	-660	-716
Proceeds from long-term loan payable	25,000	8,000
Repayment of long-term loans payable	-9,484	-10,267
Redemption of bonds	-160	-80
Cash dividends paid	-834	-873
Dividends paid to non-controlling interests	-45	-145
Other	-0	-0
Cash flow from financing activities	14,815	-2,084
Effect of exchange rate change on cash and cash equivalents	-11	-16
Net Increase (Decrease) in cash and cash equivalents	4,768	2,192
Balance of cash and cash equivalents at beginning of period	11,534	16,303
Balance of cash and cash equivalents at year-end	16,303	18,495

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Changes in Significant Subsidiaries during the Current Consolidated Fiscal Year)

During the consolidated fiscal year under review, Japan Record Center Co., Ltd. was excluded from the scope of consolidation due to the merger of SBS Logicom Co., Ltd. as the surviving company.

(Change of Labeling Methods)

(Changes due to the adoption of "Partial Revision of Accounting Standard for Tax Effect Accounting")

Segment from the beginning of the fiscal year under review, the Company has adopted the "Partial Revision of Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). As a result, deferred tax assets are presented as investments and other assets, and deferred tax liabilities are presented as non-current liabilities.

As a result, "Deferred tax assets" under "Current assets" decreased by 895 million yen and "Deferred tax assets" included in "Other" under "Investments and other assets" increased by 336 million yen in the consolidated balance sheets for the previous fiscal year. In addition, "Deferred tax liabilities" included in "Other" under "Current liabilities" decreased by 7 million yen, and "Deferred tax liabilities" under "Non-current liabilities" decreased by 550 million yen.

Deferred tax assets of the same entity and deferred tax liabilities are presented after offsetting each other. As a result, total assets decreased by 558 million yen compared to the period before the change.

Segment information

[Segment information]

1. Reportable Segments

The reportable segments of the Group are those for which separate financial statements are available and for which the Board of Directors regularly examines to determine the allocation of management resources and evaluate business performance.

Under the holding company structure, each operating company formulates its own strategies and conducts its business activities as an independent management unit. However, the Group's core businesses are managed comprehensively and cross-sectionally.

Accordingly, the Group has 3 reportable segments: Logistics, Property management, and Other.

The Logistics business comprises operations such as trucking, railroad transportation, low-temperature logistics, international logistics, operation of logistics centers, processing of logistics, direct delivery to companies, and personal delivery. It also comprises 3PL businesses, logistics consulting businesses, and other businesses incidental to these businesses.

The Property management business segment comprises businesses that lease owned facilities for use in offices, housing, warehouses, etc., and businesses that construct warehouses for our logistic use and liquidate logistics facilities.

The main operation of the Other business segment are the Temporary Staffing business, the Marketing business, the Solar Power Generation business and environment business.

2. Information on net sales and profits or losses by reported segment

The accounting method for reportable business segments is based on the accounting policies adopted for the preparation of consolidated financial statements.

Income of reportable segments is based on operating income. Inter-segment profits and transfers are based on prevailing market prices.

3. Information on net sales and profits or losses by reported segment

Previous fiscal year (January 1, 2018 - December 31, 2018)

(Millions of yen)

	Reportable Segments				Adjusted amount (Note1)	Amounts posted in consolidated income statement (Note2)
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	188,627	8,172	6,716	203,516	-	203,516
Intersegment sales or transfers between segments	530	-	223	754	-754	-
Total	189,158	8,172	6,940	204,270	-754	203,516
Segment income	4,572	3,913	273	8,760	-519	8,240
Reportable Segments	128,179	33,040	4,257	165,477	6,319	171,796
Other						
Depreciation and amortization	4,676	471	308	5,456	79	5,536
Amortization of goodwill	163	-	-	163	-	163
Impairment loss	97	-	-	97	-	97
Property, plant and equipment Intangible assets increase	10,770	502	151	11,423	183	11,607

(NOTE) 1. Adjustments are as follows

- (1) The adjustment to segment income is an elimination of inter-segment transactions of 50 million yen and a loss of 570 million yen related to us that is not allocated to any reportable segment.
- (2) The adjustment to segment assets includes an elimination of inter-segment transactions of -46,971 million yen and corporate assets of 53,291 million yen that are not allocated to any reportable segment. Corporate assets mainly consist of surplus operating funds (cash and deposits) and assets related to the Group's internal financial and administrative divisions.
- (3) The adjustment to depreciation and amortization is an elimination of inter-segment transactions of minus 0 million yen and depreciation and amortization of 79 million yen that is not attributable to any reportable segment.
- (4) The adjustment to increase in property, plant and equipment and intangible assets is 183 million yen in corporate assets that are not allocated to each reportable segment.

2. Segment income is adjusted with operating income in the consolidated income statements of income.

FY2019 (January 1, 2019 to December 31, 2019)

(Millions of yen)

	Reportable Segments				Adjusted amount (Note1)	Amounts posted in consolidated income statement (Note2)
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	240,772	7,802	6,972	255,548	-	255,548
Intersegment sales or transfers between segments	420	96	406	922	-922	-
Total	241,192	7,898	7,378	256,470	-922	255,548
Segment income	6,278	3,787	186	10,251	-75	10,176
Reportable Segments	136,476	32,700	4,455	173,633	6,414	180,047
Other						
Depreciation and amortization	6,236	347	318	6,901	105	7,007
Amortization of goodwill	327	-	-	327	-	327
Impairment loss	58	-	-	58	-	58
Property, plant and equipment Intangible assets increase	12,025	153	319	12,497	-786	11,710

(NOTE) 1. Adjustments are as follows

- (1) The adjustment to segment income is an elimination of inter-segment transactions of 57 million yen and a loss of 132 million yen related to us that is not allocated to any reportable segment.
- (2) The adjustment to segment assets includes an elimination of inter-segment transactions of -51,859 million yen and corporate assets of 58,273 million yen that are not allocated to any reportable segment. Corporate assets mainly consist of surplus operating funds (cash and deposits) and assets related to the Group's internal financial and administrative divisions.
- (3) The adjustment to depreciation and amortization is an elimination of inter-segment transactions of minus 0 million yen and depreciation and amortization of 105 million yen that is not attributable to any reportable segment.
- (4) The adjustments to increases in property, plant and equipment and intangible assets include eliminations of inter-segment transactions of -1,125 million yen and corporate assets of 338 million yen that are not allocated to reportable segments.

2. Segment income is adjusted with operating income in the-consolidated income statements.

(Per-stock Information)

	Previous fiscal year (January 1, 2018 - December 31, 2018)	Current fiscal year (January 1, 2019 - December 31, 2019)
Net assets per share	1,001.05 yen	1,136.22 yen
Net income per share	111.01 yen	153.06 yen

(NOTE) 1. Diluted net income per share is not presented because there are no dilutive shares.

2. The basis for calculating net income per share is as follows:

	Previous fiscal year (Jan.1, 2018 – Dec.31, 2018)	Current fiscal year (Jan.1, 2019 - Dec.31, 2019)
Net income attributable to owners of parent (million yen)	4,409	6,079
Amounts not attributable to ordinary shareholders (million yen)	-	-
Net income attributable to owners of parent related to common stock (million yen)	4,409	6,079
Average number of shares of common stock outstanding during the period (shares)	39,717,717	39,717,665

(Significant subsequent events)

Not applicable.

4. Other

(1) Transfer of Directors

① Transfer of the Representative Director

Not applicable.

② Transfer of Other Officers

Name	New position	Current position
Hajime Kato	Executive director	Executive Vice President, SBS Flec Co., Ltd.
Koki Kakehashi	Auditor	Executive Officer, General Manager, CSR Dept.
Yoshitsugu Sato	(Retirement)	Director

(As of Sep. 26, 2020)

(2) Other

Not applicable.