

# Summary of Business Results for the Third Quarter Ended September 30, 2020 [Japan GAAP] (Consolidated)

November 9, 2020

Company **SBS Holdings, Inc.** Listed on the TSE  
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 Expected date of filing of quarterly report: November 9, 2020 Expected starting date of dividend payment: -  
 Preparation of quarterly supplementary financial document: None  
 Quarterly results briefing: None

(Rounded down to million yen)

## 1. Consolidated business results for the nine months ended September 2020 (January 1, 2020 through September 30, 2020)

### (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	%
Nine months ended Sep. 2020	191,619	0.5	8,562	9.8	8,440	8.5	5,363	13.5
Nine months ended Sep. 2019	190,754	40.2	7,801	119.5	7,778	126.4	4,727	155.9

(Note) Comprehensive income

Nine months ended September 2020: 5,531 million yen (5.7%)

Nine months ended September 2019: 5,233 million yen (144.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Sep. 2020	135.04	-
Nine months ended Sep. 2019	119.02	-

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Sep. 2020	188,825	58,384	26.1
As of Dec. 2019	180,047	54,077	25.1

(Reference) Shareholders' equity

As of September 2020: 49,283 million yen

As of December 2019: 45,128 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 2019	-	0.00	-	30.00	30.00
Year ending Dec. 2020	-	0.00	-	-	-
Year ending Dec. 2020(forecast)	-	-	-	32.00	32.00

(Note) Revisions to dividend forecast for the current quarter: None

## 3. Forecast of consolidated business results for the fiscal year ending December 2020 (January 1, 2020 through December 31, 2020)

(% change from the previous corresponding period)

	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
Year ending Dec. 2020	265,000	3.7	11,200	10.1	11,000	8.1	6,500	6.9	163.66

(Note) Revisions to business forecast for the current quarter: None

**\*Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Applications of simplified accounting procedures and accounting procedures unique to the preparation of quarterly consolidated financial statements: None

(3) 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

(4) Shares outstanding (common stock)

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

As of September 2020 39,718,200 shares

As of December 2019 39,718,200 shares

② Treasury stock at the end of period

As of September 2020 575 shares

As of December 2019 575 shares

③ Average number of stock during period (quarterly cumulative period)

Nine months ended September 2020 39,717,625 shares

Nine months ended September 2019 39,717,670 shares

**\*Quarterly financial summary is not subject to the quarterly review procedures by certified public accountants or auditing firms.**

**\*Explanation regarding appropriate use of financial forecasts and other special instructions**

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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Results of Operations

During the nine months ended September 30, 2020 (January 1, 2020 to September 30, 2020), restraint of global economic activities and a decline in import and export due to the spread of new coronavirus (COVID-19) worsened the economic sensation, and the economic outlook remains sluggish. On the other hand, the demand for distribution of daily necessities such as food and daily products, as well as the e-commerce markets, has been expanding against the backdrop of self-restraint on going out and measures to close schools. The Group is actively responding to this demand while placing top priority on ensuring the safety of its customers, business partners and employees.

In terms of financial performance, labor costs, vehicle hiring costs and other expenses increased in line with the increase in sales. On the other hand, sales and profits increased YoY thanks to the progress in cost improvement, the stabilization of fuel prices compared to the previous year, and the recording of profits higher than the previous fiscal year from liquidation of logistics properties. As a result, net sales were 191,619 million yen (up 0.5% YoY), operating income was 8,562 million yen (up 9.8%), ordinary income was 8,440 million yen (up 8.5%), and net income attributable to owners of parent was 5,363 million yen (up 13.5%).

The results of operations by segment are as follows:

#### (Logistics business)

In the Logistics business, in addition to expanding business with existing customers, we focused on acquiring new customers seeking high logistics functions. BtoB logistics and overseas operations were significantly impacted by the expansion of COVID-19. However, the performance was supported by efforts to capture the growing demand for same-day delivery business from e-commerce services, a remarkably growing market, and increased demand for consumer cooperative delivery, food distribution and so forth. As a result, net sales were 177,767 million yen (down 0.4% YoY) and operating income was 3,994 million yen (down 4.4%).

#### (Property Management business)

The Property Management business consists of the Development and Leasing businesses. In the development business, to promote the Group's 3PL businesses, we are comprehensively developing large-scale warehouses that meet customers' logistics requirement, from land acquisitions to construction. The leasing business earns rental income from income-generating properties (warehouses, office buildings, residential properties, etc.) owned by the Group. We have liquidated our real estate properties and recovered funds for future investments. The revenues recorded as a result of the liquidation are included in the Property Management Business.

With regard to the liquidation of real estate, we transferred our 40% stake in the Nagatsuta Distribution Center in the form of a trust beneficiary interest, and compared to the transfer of our 30% stake in the distribution center in the same period of the previous fiscal year, this transfer increased sales and profit. Net sales were 8,827 million yen (up 22.7% YoY) and operating income was 4,256 million yen (up 24.3%).

#### (Other business)

The main operation of the Other business is the Temporary Staffing business, the Marketing business, the Solar Power Generation business, and the Environmental business. The Temporary Staffing business remained in a difficult situation, but profits increased in the Solar Power Generation business and the Environmental business. As a result, net sales amounted to 5,025 million yen (down 2.7% YoY) and operating income was 168 million yen (down 26.3%).

### (2) Financial Position

Total assets at the end of the third quarter amounted to 188,825 million yen, an increase of 8,777 million yen from the end of the previous fiscal year. Although inventories decreased due to the sale of the Nagatsuta Distribution Center, cash and deposits increased and construction in progress increased due to the construction of the Yokohama Kanazawa Distribution Center.

Liabilities were 130,440 million yen, an increase of 4,470 million yen from the end of the previous fiscal year. This was mainly due to an increase in short-term loans.

Net assets increased by 437 million yen to 58,384 million yen. This was mainly due to the payment of dividends of 30 yen per share totaling 1,191 million yen despite the recording of 5,363 million yen in net income attributable to owners of parent.

### (3) Consolidated Earnings Forecasts and Other Forward-Looking Information

As the spread of COVID-19 continues worldwide, continued restraint in economic activities may have an impact on our full-year results. However, at this point, there are many uncertainties and it is difficult to forecast the extent of the impact. On the other hand, we are actively capturing demand for daily necessities and e-commerce, which is expanding in the market amid this environment. At this stage, we will not change our full-year business forecasts announced on February 10, 2020, and will work to achieve it. If it becomes necessary to revise the forecasts in light of the future business environment and business trends, we will disclose it promptly.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of Dec. 31, 2019)	Current Third Quarter (As of Sep. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	18,503	26,864
Notes and accounts receivable	33,128	32,010
Inventories	6,330	4,212
Other	6,453	6,204
Allowance for doubtful accounts	-39	-34
Total current assets	64,376	69,256
Fixed assets		
Property, plant and equipment		
Buildings and structures	55,615	55,421
Accumulated depreciation and impairment loss	-27,389	-27,870
Buildings and structures, net	28,226	27,550
Machinery, equipment and vehicles	26,623	28,043
Accumulated depreciation and impairment loss	-14,703	-15,463
Machinery, equipment and vehicles, net	11,919	12,580
Land	43,093	43,064
Leased asset	6,342	5,683
Accumulated depreciation and impairment loss	-3,784	-3,530
Leased assets, net	2,558	2,152
Construction in progress	2,106	5,277
Other	5,966	6,155
Accumulated depreciation and impairment loss	-4,270	-4,497
Other, net	1,696	1,658
Total property, plant and equipment	89,599	92,283
Intangible fixed assets		
Goodwill	5,411	5,165
Other	5,024	5,080
Total intangible fixed assets	10,436	10,245
Investments and other assets		
Investments and other assets	16,005	17,116
Allowance for doubtful accounts	-369	-76
Total investments and other assets	15,635	17,039
Total fixed assets	115,671	119,569
Total assets	180,047	188,825

(Millions of yen)

	Previous fiscal year (As of Dec. 31, 2019)	Current Third Quarter (As of Sep. 30, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	14,751	13,417
Electronically recorded obligations	4,928	4,073
Short-term borrowings	17,500	22,500
Current portion of long-term loans payable	9,809	9,811
Income taxes payable	1,565	1,678
Provision for bonuses	1,436	3,120
Other	12,905	11,627
Total current liabilities	62,896	66,228
Long-term liabilities		
Long-term loan payable	45,181	46,966
Obligations for retirement plan	5,955	5,993
Other	11,937	11,252
Total long-term liabilities	63,074	64,211
Total liabilities	125,970	130,440
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,920	3,920
Capital surplus	2,651	2,651
Retained earnings	37,956	42,259
Treasury stock	-0	-0
Total shareholders' equity	44,527	48,830
Other accumulated comprehensive income		
Valuation difference on securities	825	507
Foreign currency translation adjustment	-132	-73
Remeasurements of defined benefit plans	-93	18
Total other accumulated comprehensive income	600	452
Non-controlling shareholders' equity	8,948	9,101
Total net assets	54,077	58,384
Total liabilities and net assets	180,047	188,825

## (2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

## Quarterly Consolidated Statement of Income

Third Quarter

(Millions of yen)

	Previous Third Quarter (January 1, 2019 - September 30, 2019)	Current Third Quarter (January 1, 2020 - September 30, 2020)
Net sales	190,754	191,619
Cost of sales	171,147	171,330
Gross profit	19,606	20,289
Selling, general and administrative expenses	11,805	11,726
Operating income	7,801	8,562
Non-operating income		
Interest income	27	15
Dividends income	54	52
Equity in income of affiliates	335	297
Other	344	138
Total non-operating income	763	503
Non-operating expenses		
Interest expenses	507	510
Other	279	114
Total non-operating expenses	786	625
Ordinary income	7,778	8,440
Extraordinary income		
Income on sales of fixed assets	92	62
Gain on sales of investment securities	-	436
Gain on sales of stock of affiliates	20	-
Total extraordinary income	112	499
Extraordinary loss		
Loss on sales of fixed assets	22	11
Loss on retirement of noncurrent assets	102	14
Impairment losses	-	26
Loss on valuation of investment securities	-	44
Other	-	2
Total extraordinary loss	125	98
Income before income taxes	7,764	8,841
Income taxes	3,018	3,744
Income taxes-deferred	-384	-548
Total income tax	2,633	3,195
Net income	5,131	5,645
Net income attributable to owners of non-controlling shareholders	404	282
Net income attributable to owners of parent	4,727	5,363



Quarterly Consolidated Statements of Comprehensive Income

Third Quarter

(Millions of yen)

	Previous Third Quarter (January 1, 2019 - September 30, 2019)	Current Third Quarter (January 1, 2020 - September 30, 2020)
Net income	5,131	5,645
Other comprehensive income		
Valuation difference on securities	87	-268
Foreign currency translation adjustment	-79	47
Adjustments for retirement benefits	108	90
Share of other comprehensive income of companies accounted for by the equity-method	-14	15
Total other comprehensive income	101	-114
Comprehensive income	5,233	5,531
Breakdown		
Comprehensive income attributable to owners of parent	4,773	5,215
Comprehensive income attributable to owners of non- controlling interests	459	315

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

Segment information

[Segment information]

#### I. Third quarter of the previous fiscal year (January 1, 2019 to September 30, 2019)

Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reportable Segments				Adjusted amount (Note1)	Amounts posted in quarterly consolidated income statement (Note 2)
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	178,394	7,193	5,166	190,754	-	190,754
Intersegment sales or transfers between segments	304	72	295	672	-672	-
Total	178,698	7,265	5,462	191,426	-672	190,754
Segment income	4,180	3,423	229	7,833	-32	7,801

(NOTE) 1. Adjustments to segment profit are 38 million yen for elimination of intersegment transactions and -70 million yen for profit and loss relating to the Company not allocated to each reportable segment.

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

#### Third quarter of the current fiscal year (January 1, 2020 to September 30, 2020)

Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reportable Segments				Adjusted amount (Note1)	Amounts posted in quarterly consolidated income statement (Note 2)
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	177,767	8,827	5,025	191,619	-	191,619
Intersegment sales or transfers between segments	320	72	299	691	-691	-
Total	178,087	8,899	5,324	192,311	-691	191,619
Segment income	3,994	4,256	168	8,420	141	8,562

(NOTE) 1. Adjustments to segment profit are 44 million yen for elimination of intersegment transactions and 97 million yen for profit and loss relating to the Company not allocated to each reportable segment.

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