

# Summary of Business Results for the First Quarter Ended March 31, 2021 [Japan GAAP] (Consolidated)

May 12, 2021

Company **SBS Holdings, Inc.** Listed on the TSE  
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 Expected date of filing of quarterly report: May 12, 2021 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 three months ended March 2021 (January 1, 2021 through March 31, 2021)

### (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	%
Three months ended Mar. 2021	93,002	35.2	4,737	-6.7	4,703	-7.1	2,220	-27.7
Three months ended Mar. 2020	68,809	6.5	5,079	32.4	5,064	35.8	3,073	36.2

(Note) Comprehensive income

Three months ended March 2021: 3,089 million yen (3.9%)

Three months ended March 2020: 2,971 million yen (17.5%)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
Three months ended Mar. 2021	55.91	-	-	-
Three months ended Mar. 2020	77.38	-	-	-

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Mar. 2021	262,500	69,704	19.7
As of Dec. 2020	254,550	68,146	19.9

(Reference) Shareholders' equity

As of March 2021: 51,628 million yen

As of December 2020: 50,755 million yen

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
Year ended Dec. 2020	Yen -	Yen 0.00	Yen -	Yen 35.00	Yen 35.00
Year ending Dec. 2021	-	-	-	-	-
Year ending Dec. 2021 (forecast)	-	0.00	-	43.00	43.00

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

## 3. Forecast of consolidated business results for the fiscal year ending December 2021 (January 1, 2021 through December 31, 2021)

(% 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
For the six months ending Jun. 2021	190,000	47.1	9,000	44.2	8,900	41.8	5,400	30.7	135.96
Year ending Dec. 2021	380,000	47.7	15,000	36.8	14,800	36.0	8,400	23.0	211.49

(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) Application of accounting procedures specific to preparation of the consolidated quarterly 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 March 2021 39,718,200 shares

As of December 2020 39,718,200 shares

② Treasury stock at the end of period

As of March 2021 575 shares

As of December 2020 575 shares

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

Three months ended March 2021 39,717,625 shares

Three months ended March 2020 39,717,625 shares

**\*This quarterly consolidated financial result announcement is not subject to audit procedures.**

**\*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 three months ended March 31, 2021 (January 1, 2021 to March 31, 2021), the spread of COVID-19 since the previous year did not show signs of containment, and the State of Emergency was declared in January, resulting in further delays in economic recovery. On the other hand, demand for daily necessities and e-commerce sales, which grew rapidly in the previous year on the back of "stay-at-demand" accompanying self-restraint on going out, continues to grow. The Group has been proactively responding to this demand while giving top priority to preventing infections and ensuring safety among customers, business partners, and employees.

In addition, TOSHIBA LOGISTICS CORPORATION, which we acquired a 66.6% stake in November of the previous year, began contributing to consolidated results in January of this year. In addition, the acquisition of all shares of TOYO WAREHOUSE & TRANSPORTATION CO., LTD. was completed and became a consolidated subsidiary in January of this year. In this way, the Group's service lineup has been further expanded and a system has been put in place to strongly support the logistics supply chain.

On the other hand, the liquidation of logistics real estate, which had been planned for the first quarter of the current fiscal year, was unable to be implemented within the first quarter due to the impact of the spread of COVID-19. As a result, net sales increased by 24,193 million yen or 35.2%, year-on-year to 93,002 million yen, operating income decreased by 342 million yen, or 6.7%, to 4,737 million yen, ordinary income decreased by 360 million yen, or 7.1%, to 4,703 million yen, and net income attributable to owners of parent decreased by 852 million yen, or 27.7%, to 2,220 million yen.

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. In the first quarter of the current fiscal year, in addition to the new consolidation of TOSHIBA LOGISTICS CORPORATION, BtoB logistics, which fell sharply in the same quarter of the previous year due to COVID-19, showed signs of recovery. In addition, the same-day delivery business performed well in tandem with the capture of e-commerce (EC) demand and the expansion of demand in areas such as lifestyle logistics and online supermarkets. As a result, the Logistics business performed strong. As a result, net sales in the Logistics Business were 90,632 million yen, an increase of 31,287 million yen (up 52.7% YoY), and operating income was 4,299 million yen, an increase of 2,907 million yen (up 208.8% YoY).

#### (Property Management business)

The Property Management business consists of the Development and Leasing businesses. In the development business, to promote the Group's 3PL and 4PL businesses, we are comprehensively developing large-scale warehouses that meet customers' logistics requirement, from land acquisitions to construction. In the Property Management business, rental revenues are derived from warehouses, office buildings, residential properties, and other properties 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.

In the first quarter of the current fiscal year, we planned to transfer and liquidate the trust beneficiary rights of the Nanko Distribution Center (Osaka City). However, because we were unable to do so within the first quarter due to the spread of COVID-19, revenues decreased compared to the same quarter of the previous fiscal year when we transferred 40% of the trust beneficiary rights of the Nagatsuta Distribution Center (Yokohama City). Consequently, net sales in the Property Management business decreased by 7,193 million yen (down 93.2% YoY) to 528 million yen, and operating income decreased by 3,306 million (down 91.5% YoY) to 308 million yen.

#### (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. While the Temporary Staffing business was in a difficult situation, as a result of increased profits in the Solar Power Generation business and the Environmental business, net sales in the other business increased by 98 million yen (up 5.7% YoY) to 1,841 million yen, and operating income increased 24 million yen (up 26.9% YoY) to 113 million yen.

### (2) Financial Position

Total assets at the end of the second quarter amounted to 262,500 million yen, an increase of 7,949 million yen from the end of the previous fiscal year. This was mainly due to an increase in fixed assets associated with the new consolidation of TOYO WAREHOUSE & TRANSPORTATION CO., LTD.

Liabilities were 192,795 million yen, an increase of 6,391 million yen from the end of the previous fiscal year. This was mainly due to an increase in borrowings associated with the new consolidation of TOYO WAREHOUSE & TRANSPORTATION CO., LTD.

Net assets were 69,704 million yen, an increase of 1,558 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings due to the recording of quarterly profit attributable to owners of parent, and an increase in non-controlling interests.

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

The spread of COVID-19 around the world is not showing signs of containment, and the continuation of curtailment of economic activities in the future may have an impact on our business results. However, in the Logistics business, we intend to maintain the recovery trend in this first quarter, started from the same quarter of the previous fiscal year, to the second quarter onwards by further strengthening our sales activities and continuing to proactively respond to the ongoing efforts to capture demand for daily necessities and e-commerce sales, which are enjoying robust demand.

In addition, the forecast for the year ending December 2021 is based on the "Forecasts for the fiscal year ending December 2021" in the summary information, taking into account the contribution from newly consolidated companies-- TOSHIBA LOGISTICS CORPORATION, TOYO WAREHOUSE & TRANSPORTATION CO., LTD., and other companies. In addition, the liquidation of logistics real estate, which was unable to be implemented in the first quarter of the current fiscal year, is scheduled to be implemented from the second quarter onward, and we will promptly announce any matters that need to be disclosed.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (December 31, 2020)	Current First Quarter (March 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	27,543	22,091
Notes and accounts receivable	55,189	55,357
Inventories	13,236	15,354
Other	8,596	12,229
Allowance for doubtful accounts	-35	-36
Total current assets	104,530	104,997
Fixed assets		
Property, plant and equipment		
Buildings and structures	62,253	70,266
Accumulated depreciation and impairment loss	-40,564	-46,918
Buildings and structures, net	21,689	23,347
Machinery, equipment and vehicles	31,632	31,986
Accumulated depreciation and impairment loss	-18,556	-18,886
Machinery, equipment and vehicles, net	13,076	13,099
Land	49,424	55,006
Leased asset	7,234	6,895
Accumulated depreciation and impairment loss	-4,519	-4,322
Leased assets, net	2,715	2,572
Construction in progress	7,231	6,267
Other	8,268	8,294
Accumulated depreciation and impairment loss	-6,225	-6,279
Other, net	2,042	2,015
Total property, plant and equipment	96,179	102,310
Intangible fixed assets		
Goodwill	8,895	9,369
Customer-related assets	21,108	20,925
Other	3,491	3,720
Total intangible fixed assets	33,495	34,014
Investments and other assets		
Investments and other assets	20,421	21,252
Allowance for doubtful accounts	-76	-75
Total investments and other assets	20,345	21,177
Total fixed assets	150,020	157,503
Total assets	254,550	262,500

(Millions of yen)

	Previous fiscal year (December 31, 2020)	Current First Quarter (March 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	30,828	29,725
Electronically recorded obligations	4,574	4,345
Short-term borrowings	42,790	45,246
Current portion of long-term loans payable	9,765	12,399
Income taxes payable	2,498	1,916
Provision for bonuses	2,403	4,762
Other	18,241	17,551
Total current liabilities	111,102	115,946
Long-term liabilities		
Long-term loan payable	45,047	45,248
Obligations for retirement plan	11,579	11,606
Other	18,674	19,994
Total long-term liabilities	75,301	76,849
Total liabilities	186,404	192,795
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,920	3,920
Capital surplus	2,651	2,651
Retained earnings	43,722	44,552
Treasury stock	-0	-0
Total shareholders' equity	50,293	51,124
Other accumulated comprehensive income		
Valuation difference on securities	455	440
Foreign currency translation adjustment	-89	91
Remeasurements of defined benefit plans	95	-28
Total other accumulated comprehensive income	462	503
Non-controlling shareholders' equity	17,390	18,076
Total net assets	68,146	69,704
Total liabilities and net assets	254,550	262,500

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

### Quarterly Consolidated Statement of Income

First Quarter

(Millions of yen)

	Previous First Quarter (January 1, 2020 - March 31, 2020)	Current First Quarter (January 1, 2021 - March 31, 2021)
Net sales	68,809	93,002
Cost of sales	59,799	82,464
Gross profit	9,009	10,537
Selling, general and administrative expenses	3,929	5,800
Operating income	5,079	4,737
Non-operating income		
Interest income	6	4
Dividends income	19	19
Equity in income of affiliates	105	153
Other	42	92
Total non-operating income	174	270
Non-operating expenses		
Interest expenses	163	223
Other	26	80
Total non-operating expenses	190	304
Ordinary income	5,064	4,703
Extraordinary income		
Income on sales of fixed assets	23	28
Total extraordinary income	23	28
Extraordinary loss		
Loss on retirement of fixed assets	2	197
Other	10	14
Total extraordinary loss	13	212
Income before income taxes	5,073	4,519
Income taxes	2,184	1,950
Income taxes-deferred	-324	-466
Total income tax	1,859	1,484
Net income	3,214	3,035
Net income attributable to owners of non-controlling shareholders	141	814
Net income attributable to owners of parent	3,073	2,220



Quarterly Consolidated Statements of Comprehensive Income

First Quarter

(Millions of yen)

	Previous First Quarter (January 1, 2020 - March 31, 2020)	Current First Quarter (January 1, 2021 - March 31, 2021)
Net income	3,214	3,035
Other comprehensive income		
Valuation difference on securities	-252	-46
Foreign currency translation adjustment	-40	275
Adjustments for retirement benefits	30	-179
Share of other comprehensive income of companies accounted for by the equity-method	20	4
Total other comprehensive income	-242	54
Comprehensive income	2,971	3,089
Breakdown		
Comprehensive income attributable to owners of parent	2,826	2,262
Comprehensive income attributable to owners of non- controlling interests	145	826

### (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. First quarter of the previous fiscal year (January 1, 2020 to March 31, 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	59,345	7,721	1,742	68,809	-	68,809
Intersegment sales or transfers between segments	104	24	96	224	-224	-
Total	59,449	7,745	1,838	69,033	-224	68,809
Segment income	1,392	3,615	89	5,096	-16	5,079

(NOTE) 1. Adjustments to segment profit are 14 million yen for elimination of intersegment transactions and -31 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.

#### II First quarter of the current fiscal year (January 1, 2021 to March 31, 2021)

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	90,632	528	1,841	93,002	-	93,002
Intersegment sales or transfers between segments	123	24	113	260	-260	-
Total	90,756	552	1,954	93,262	-260	93,002
Segment income	4,299	308	113	4,721	15	4,737

(NOTE) 1. Adjustments to segment profit are 14 million yen for elimination of intersegment transactions and 1 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.