

**Consolidated Financial Summary for the First Quarter of the Fiscal Year
Ending March 31, 2020
SINANEN HOLDINGS CO., LTD.**

July 31, 2019

Securities code: 8132 URL: <http://www.sinanengroup.co.jp/> Shares listed: Tokyo Stock Exchange
 Representative: Masaki Yamazaki, President and CEO
 Contact: Yutaka Hoshino, Finance and Accounting Manager Tel: +81-3-6478-7811
 Scheduled date of filing of securities report: August 9, 2019
 Scheduled date of start of dividend payment: -

Consolidated Financial Highlights
(As of and for the first quarter ended June 30, 2018 and 2019)

1. Consolidated Performance

First quarter ended June 30	2018	2019	2019/2018 (Percentage change)	2019 (Thousands of U.S. dollars)
	<i>(Millions of yen)</i>			
(1) Consolidated financial results:				
Net sales	¥ 49,603	¥ 47,814	-3.6%	\$442,722
Operating profit	551	507	-8.0	46,944
Ordinary profit	697	685	-1.8	63,426
Profit attributable to owners of parent	398	1,105	+177.5	102,315
Profit per share (yen)	36.62	101.63		
Profit per share (diluted) (yen)	—	—		
(Note) Comprehensive income				
First quarter ended June 30, 2019:	¥1,040 million (+68.9%)			
First quarter ended June 30, 2018:	¥ 615 million (+57.6%)			

As of	Mar. 31, 2019	June 30, 2019	June 30, 2019 (Thousands of U.S. dollars)
	<i>(Millions of yen)</i>		
(2) Consolidated financial condition:			
Total assets	¥ 91,112	¥81,227	\$752,565
Net assets	47,388	47,611	440,843
Equity ratio	51.6%	58.2%	
(Reference) Shareholders' equity			
As of June 30, 2019:	¥ 47,252 million	As of March 31, 2019:	¥47,025 million

2. Dividends

	Dividends per Share				
	1Q end	2Q end	3Q end	Year end	Total
	<i>(Yen)</i>				
FY3/2019	—	—	—	¥75.00	¥75.00
FY3/2020	—	—	—	—	—
FY3/2020 (Forecast)	—	—	—	¥75.00	¥75.00

Note: Change in the forecast of dividend from the latest announcement: None

3. Consolidated Results Forecast for Fiscal Year Ending March 31, 2020

	2020	2020
	Full year	Full year
	(Millions of yen)	(Thousands of U.S. dollars)
Net sales	¥245,000	\$2,268,519
Operating profit	2,600	24,074
Ordinary profit	2,900	26,852
Profit attributable to owners of parent	2,200	20,370
Profit per share (yen)	¥202.27	

Note: Change in the forecast from the latest announcement: None

Note: U.S. dollar amounts are translated from Japanese yen, for readers' convenience only, at the exchange rate of 108 yen per U.S. dollar, the approximate exchange rate of TTM of The Bank of Tokyo-Mitsubishi UFJ, Ltd., on June 30, 2019.

4. Other

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes
Note: Please see "Note to the quarterly consolidated financial statements" on page 6 for more details.
- (3) Changes in accounting policies and accounting estimates and retrospective restatement
 - (i) Changes in accounting policies resulting from revision of accounting standards, etc.: No
 - (ii) Changes in accounting policies other than (i): Yes
 - (iii) Change in accounting estimates: No
 - (iv) Retrospective restatements: NoNote: Please see "Note to the quarterly consolidated financial statements" on page 6 for more details.
- (4) Number of shares issued (common stock)
 - (i) Number of shares issued (including treasury shares)

As of June 30, 2019	13,046,591 shares
As of March 31, 2019	13,046,591 shares
 - (ii) Number of shares of treasury shares

As of June 30, 2019	2,170,134 shares
As of March 31, 2019	2,169,941 shares
 - (iii) Average number of shares

First quarter ended June 30, 2019	10,876,555 shares
First quarter ended June 30, 2018	10,877,037 shares

* The auditing procedure by certified public accountants or audit firms does not apply to these Financial Results

* Explanations about the appropriate use of the consolidated results forecast and other noteworthy points:

The earnings forecasts contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

Consolidated Balance Sheets

(As of March 31, 2019 and June 30, 2019)

	March 30, 2019	June 30, 2019	June 30, 2019
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Assets			
Current assets			
Cash and deposits	¥9,073	7,051	\$65,287
Notes and accounts receivable-trade	25,180	14,726	136,352
Merchandise and finished goods	6,206	6,731	62,324
Work in process	1,081	1,824	16,889
Raw materials and supplies	34	48	444
Other	4,430	4,582	42,426
Allowance for doubtful accounts	(708)	(699)	(6,472)
Total current assets	45,300	34,265	317,269
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	8,221	8,129	75,269
Land	10,488	11,000	101,852
Construction in progress	233	981	9,083
Other, net	9,692	9,524	88,185
Total property, plant and equipment	28,635	29,636	274,407
Intangible assets			
Goodwill	3,797	3,951	36,583
Other	1,297	1,255	11,620
Total intangible assets	5,095	5,206	48,204
Investments and other assets			
Investment securities	7,676	7,735	71,620
Long-term prepaid expenses	1,477	1,414	13,093
Other	3,050	3,085	28,565
Allowance for doubtful accounts	(122)	(117)	(1,083)
Total investments and other assets	12,081	12,119	112,213
Total non-current assets	45,812	46,962	434,833
Total assets	¥91,112	81,227	\$752,102

	March 30, 2019	June 30, 2019	June 30, 2019
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥20,866	13,626	126,167
Short-term loans payable	4,879	2,600	24,074
Income taxes payable	919	585	5,417
Provision for bonuses	803	538	4,981
Other	5,758	5,813	53,824
Total current liabilities	33,228	23,164	214,481
Non-current liabilities			
Long-term loans payable	4,461	4,316	39,963
Provision for directors' retirement benefits	21	22	204
Net defined benefit liability	461	479	4,435
Asset retirement obligations	513	505	4,676
Other	5,037	5,127	47,472
Total non-current liabilities	10,495	10,451	96,769
Total liabilities	43,724	33,615	311,250
Net assets			
Shareholders' equity			
Capital stock	15,630	15,630	144,722
Capital surplus	7,714	7,714	71,426
Retained earnings	28,015	28,303	262,065
Treasury shares	(5,632)	(5,632)	(52,148)
Total shareholders' equity	45,727	46,015	426,065
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,597	1,571	14,546
Deferred gains or losses on hedges	(35)	(50)	(463)
Foreign currency translation adjustment	(263)	(283)	(2,620)
Remeasurements of defined benefit plans	0	(0)	(0)
Total accumulated other comprehensive income	1,297	1,236	11,444
Non-controlling interests	363	359	3,324
Total net assets	47,388	47,611	440,843
Total liabilities and net assets	¥91,112	81,227	752,102

**Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
(For the first quarters ended June 30, 2018 and 2019)

	June 30, 2018	June 30, 2019	June 30, 2019
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Net sales	49,603	47,814	442,722
Cost of sales	42,239	39,836	368,852
Gross profit	7,364	7,977	73,861
Selling, general and administrative expenses	6,813	7,470	69,167
Operating profit	551	507	4,694
Non-operating income			
Interest income	14	23	213
Dividend income	88	109	1,009
Insurance return	9	23	213
Gain on derivatives	—	28	259
Other	102	95	880
Total non-operating income	215	279	2,583
Non-operating expenses			
Interest expenses	28	32	296
Foreign exchange losses	—	21	194
Share of loss of entities accounted for using equity method	5	13	120
Loss on derivatives	17	—	—
Other	17	34	315
Total non-operating expenses	68	101	935
Ordinary profit	697	685	6,343
Extraordinary income			
Gain on sales of non-current assets	42	2	19
Gain on sale of businesses	—	450	4,167
Gain on step acquisitions	—	477	4,417
Other	0	—	—
Total extraordinary income	42	930	8,611
Extraordinary losses			
Loss on sales of non-current assets	0	1	9
Loss on retirement of non-current assets	29	17	157
Other	0	—	—
Total extraordinary losses	30	19	176
Profit before income taxes	709	1,596	14,778
Income taxes	310	491	4,546
Profit	398	1,104	10,222
(Profit attributable to)			
Profit attributable to owners of parent	398	1,105	10,231
Profit attributable to non-controlling interests	0	(0)	(0)
Other comprehensive income			
Valuation difference on available-for-sale securities	201	(25)	(231)
Deferred gains or losses on hedges	13	(15)	(139)
Foreign currency translation adjustment	1	(23)	(213)
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)	(0)
Total other comprehensive income	217	(64)	(593)
Comprehensive income	615	1,040	9,630
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	615	1,044	9,667
Comprehensive income attributable to non-controlling interests	0	(3)	(28)

Note to the quarterly consolidated financial statements

(Notes to ongoing concern assumptions)

None

(Notes on significant change in shareholders' equity)

None

(Application of accounting methods specifically for consolidated quarterly financial statements)

(Calculation of tax expense)

Tax expenses are calculated by multiplying profit before income taxes by a reasonable estimate of the effective tax rate, after the application of tax effect accounting, for estimated profit before income taxes for the current fiscal year.

(Change in accounting policies)

(Change in accounting policy for diesel oil delivery tax subsidy and inventory shortage subsidy income for diesel oil sales)

In previous fiscal years, subsidies associated with declarations and payments for diesel oil delivery taxes, which are activities associated with diesel oil sales, and inventory shortage subsidy income for diesel oil sales were recorded when the notifications of the receipt of these payments were received. Starting with the first quarter of the current fiscal year, these payments are instead recognized when the corresponding diesel oil is sold.

This change was made following a reexamination of the accounting methods used for diesel oil delivery tax subsidies and inventory shortage subsidies because of the outlook for more growth in the volume of wholesale diesel oil sales beginning in the current fiscal year.

As the change in this accounting method has only a negligible effect on the consolidated financial statements of Sinanen Holdings, prior year quarterly consolidated financial statements have not been retroactively revised to reflect this change.

The amounts of diesel oil delivery tax subsidies and inventory shortage subsidies for diesel oil sales are proportional to the sales volume of diesel oil. As a result, starting with the first quarter of the current fiscal year, these subsidies are included in the cost of sales in order to more accurately reflect the actual characteristics of diesel oil sales transactions.

Due to these changes, income of 16 million yen that was included in "other" under "non-operating income" in the consolidated statement of income and consolidated statement of comprehensive income for the first quarter of the previous fiscal year has been restated in "cost of sales".