

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

October 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: November 13, 2019
 Scheduled date of start of dividend payment: -

Consolidated Financial Highlights

(As of and for the first half ended September 30, 2018 and 2019)

1. Consolidated Performance

| First half ended September 30 | 2018 | 2019 | 2019/2018 | 2019 |
|---|-------------------|----------|---------------------|-----------------------------|
| | (Millions of yen) | | (Percentage change) | (Thousands of U.S. dollars) |
| (1) Consolidated financial results: | | | | |
| Net sales | ¥ 98,033 | ¥ 92,541 | -5.6% | \$856,861 |
| Operating profit | 563 | 156 | -72.2 | 1,444 |
| Ordinary profit | 733 | 373 | -49.1 | 3,454 |
| Profit attributable to owners of parent | 440 | 744 | +68.9 | 6,889 |
| Profit per share (yen) | 40.52 | 68.46 | | |
| Profit per share (diluted) (yen) | — | — | | |

(Note) Comprehensive income

First half ended September 30, 2019: ¥ 967 million (-1.4%)
 First half ended September 30, 2018: ¥ 981 million (+75.2%)

| As of | Mar. 31, 2019 | Sep. 30, 2019 | Sep. 30, 2019 |
|---------------------------------------|-------------------|---------------|-----------------------------|
| | (Millions of yen) | | (Thousands of U.S. dollars) |
| (2) Consolidated financial condition: | | | |
| Total assets | ¥ 91,112 | ¥ 83,985 | \$777,639 |
| Net assets | 47,388 | 47,836 | 442,926 |
| Equity ratio | 51.6% | 56.2% | |

(Reference) Shareholders' equity

As of September 30, 2019: ¥ 47,188 million As of March 31, 2019: ¥47,025 million

2. Dividends

| | Dividends per Share | | | | |
|---------------------|---------------------|--------|--------|----------|--------|
| | 1Q end | 2Q end | 3Q end | Year end | Total |
| | (Yen) | | | | |
| 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 September 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 7 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 7 for more details.
- (4) Number of shares issued (common stock)
 - (i) Number of shares issued (including treasury shares)

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

| | |
|--------------------------|------------------|
| As of September 30, 2019 | 2,170,174 shares |
| As of March 31, 2019 | 2,169,941 shares |
 - (iii) Average number of shares

| | |
|-------------------------------------|-------------------|
| First half ended September 30, 2019 | 10,876,504 shares |
| First half ended September 30, 2018 | 10,877,007 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 September 30, 2019)

| | March 30, 2019 | Sep. 30, 2019 | Sep. 30, 2019 |
|-------------------------------------|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Assets | | | |
| Current assets | | | |
| Cash and deposits | ¥9,073 | ¥6,847 | \$63,398 |
| Notes and accounts receivable-trade | 25,180 | 15,850 | 146,759 |
| Merchandise and finished goods | 6,206 | 6,091 | 56,398 |
| Work in process | 1,081 | 3,537 | 32,750 |
| Raw materials and supplies | 34 | 64 | 593 |
| Other | 4,430 | 4,675 | 43,287 |
| Allowance for doubtful accounts | (708) | (833) | (7,713) |
| Total current assets | 45,300 | 36,233 | 335,491 |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Buildings and structures, net | 8,221 | 8,307 | 76,917 |
| Land | 10,488 | 11,000 | 101,852 |
| Construction in progress | 233 | 1,159 | 10,731 |
| Other, net | 9,692 | 9,537 | 88,306 |
| Total property, plant and equipment | 28,635 | 30,004 | 277,815 |
| Intangible assets | | | |
| Goodwill | 3,797 | 3,768 | 34,889 |
| Other | 1,297 | 1,239 | 11,472 |
| Total intangible assets | 5,095 | 5,008 | 46,370 |
| Investments and other assets | | | |
| Investment securities | 7,676 | 8,402 | 77,796 |
| Long-term prepaid expenses | 1,477 | 1,344 | 12,444 |
| Other | 3,050 | 3,115 | 28,843 |
| Allowance for doubtful accounts | (122) | (123) | (1,139) |
| Total investments and other assets | 12,081 | 12,739 | 117,954 |
| Total non-current assets | 45,812 | 47,752 | 442,148 |
| Total assets | ¥91,112 | 83,985 | 777,639 |

| | March 30, 2019 | Sep. 30, 2019 | Sep. 30, 2019 |
|---|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Liabilities | | | |
| Current liabilities | | | |
| Notes and accounts payable-trade | ¥20,866 | 13,386 | 123,944 |
| Short-term loans payable | 4,879 | 5,376 | 49,778 |
| Income taxes payable | 919 | 825 | 7,639 |
| Provision for bonuses | 803 | 1,026 | 9,500 |
| Other | 5,758 | 5,166 | 47,833 |
| Total current liabilities | 33,228 | 25,783 | 238,731 |
| Non-current liabilities | | | |
| Long-term loans payable | 4,461 | 4,300 | 39,815 |
| Provision for directors' retirement benefits | 21 | 21 | 194 |
| Net defined benefit liability | 461 | 437 | 4,046 |
| Asset retirement obligations | 513 | 505 | 4,676 |
| Other | 5,037 | 5,101 | 47,231 |
| Total non-current liabilities | 10,495 | 10,365 | 95,972 |
| Total liabilities | 43,724 | 36,148 | 334,704 |
| Net assets | | | |
| Shareholders' equity | | | |
| Capital stock | 15,630 | 15,630 | 144,722 |
| Capital surplus | 7,714 | 7,709 | 71,380 |
| Retained earnings | 28,015 | 27,944 | 258,741 |
| Treasury shares | (5,632) | (5,632) | (52,148) |
| Total shareholders' equity | 45,727 | 45,650 | 422,685 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 1,597 | 1,915 | 17,731 |
| Deferred gains or losses on hedges | (35) | (45) | (417) |
| Foreign currency translation adjustment | (263) | (332) | (3,074) |
| Remeasurements of defined benefit plans | 0 | (0) | (0) |
| Total accumulated other comprehensive income | 1,297 | 1,537 | 14,231 |
| Non-controlling interests | 363 | 647 | 5,991 |
| Total net assets | 47,388 | 47,836 | 442,926 |
| Total liabilities and net assets | ¥91,112 | 83,985 | 777,639 |

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

| | Sep. 30, 2018 | Sep. 30, 2019 | Sep. 30, 2019 |
|---|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Net sales | 98,033 | 92,541 | 856,861 |
| Cost of sales | 84,237 | 77,774 | 720,130 |
| Gross profit | 13,795 | 14,767 | 136,731 |
| Selling, general and administrative expenses | 13,231 | 14,610 | 135,278 |
| Operating profit | 563 | 156 | 1,444 |
| Non-operating income | | | |
| Interest income | 26 | 32 | 296 |
| Dividend income | 90 | 110 | 1,019 |
| Insurance return | 13 | 29 | 269 |
| Gain on derivatives | — | 39 | 361 |
| Other | 201 | 154 | 1,426 |
| Total non-operating income | 332 | 367 | 3,398 |
| Non-operating expenses | | | |
| Interest expenses | 59 | 56 | 519 |
| Share of loss of entities accounted for using equity method | 8 | 15 | 139 |
| Loss on derivatives | 59 | — | — |
| Other | 35 | 77 | — |
| Total non-operating expenses | 163 | 150 | 1,389 |
| Ordinary profit | 733 | 373 | 3,454 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | 47 | 5 | 46 |
| Insurance claim income | 176 | — | — |
| Gain on sale of businesses | — | 450 | 4,167 |
| Gain on step acquisitions | — | 477 | 4,417 |
| Other | 0 | — | — |
| Total extraordinary income | 224 | 932 | 8,630 |
| Extraordinary losses | | | 0 |
| Loss on sales of non-current assets | 0 | 16 | 148 |
| Loss on retirement of non-current assets | 68 | 47 | 435 |
| Impairment loss | 12 | — | — |
| Loss on compensation for damage | 88 | — | — |
| Other | 23 | 4 | 37 |
| Total extraordinary losses | 192 | 69 | 639 |
| Profit before income taxes | 765 | 1,236 | 11,444 |
| Income taxes | 323 | 495 | 4,583 |
| Profit | 441 | 741 | 6,861 |
| (Profit attributable to) | | | |
| Profit attributable to owners of parent | 440 | 744 | 6,889 |
| Profit attributable to non-controlling interests | 1 | (3) | (28) |

| | Sep. 30, 2018 | Sep. 30, 2019 | Sep. 30, 2019 |
|---|--------------------------|---------------|------------------------------------|
| | <i>(Millions of yen)</i> | | <i>(Thousands of U.S. dollars)</i> |
| Other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 665 | 317 | 2,935 |
| Deferred gains or losses on hedges | 1 | (9) | (83) |
| Foreign currency translation adjustment | (127) | (82) | (759) |
| Share of other comprehensive income of entities accounted for using equity method | (0) | (0) | 0 |
| Total other comprehensive income | 539 | 226 | 2,093 |
| Comprehensive income | 981 | 967 | 8,954 |
| (Comprehensive income attributable to) | | | 0 |
| Comprehensive income attributable to owners of parent | 980 | 984 | 9,111 |
| Comprehensive income attributable to non-controlling interests | 1 | (17) | (157) |

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 40 million yen presented as "diesel oil delivery tax subsidies" in non-operating income and 11 million yen of inventory shortage subsidy income for diesel oil sales that was classified as "other" in non-operating income in the consolidated statement of income and consolidated statement of comprehensive income for the first half of the previous fiscal year have been restated in the "cost of sales."