



Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending March 31, 2021

July 31, 2020

Company name: SINANEN HOLDINGS CO., LTD.

Shares listed: Tokyo Stock Exchange

Securities code: 8132 URL: <https://sinanengroup.co.jp/>

Representative: (Position) President and CEO (Name) Masaki Yamazaki

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Scheduled date of filing of quarterly report: August 7, 2020

Scheduled date of start of dividend payment: -

Preparation of supplementary materials: No

Convening of a results meeting: No

Note: Amounts are rounded to nearest million yen

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2021 (April 1 - June 30, 2020)

(1) Consolidated operating results (cumulative totals) (Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
1Q FY 2021	39,267	-17.9	809	59.6	700	2.2	260	-76.5
1Q FY 2020	47,814	-3.6	507	-8.0	685	-1.8	1,105	177.5

Note: Comprehensive income 1Q FY 2021 214 million yen (-79.3%) 1Q FY 2020 1,040 million yen (68.9%)

	Profit per share	Diluted profit per share
	yen	yen
1Q FY 2021	23.93	—
1Q FY 2020	101.63	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q FY 2021	79,580	48,250	59.8
FY 2020	90,611	48,821	53.1

(Reference) Shareholders' equity 1Q FY 2021 47,555 million yen FY 2020 48,136 million yen

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	yen	yen	yen	yen	yen
FY 2020	—	—	—	75.00	75.00
FY 2021	—	—	—	—	—
FY 2021 (forecast)	—	—	—	75.00	75.00

Note: Revisions to most recently announced dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 - March 31, 2021)

(Percentage figures represent year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	226,000	-4.7	2,200	-10.4	1,800	-18.3	1,500	-49.8	137.92

Note: Revisions to most recently announced results forecast: None

* Notice:

(1) Changes in main subsidiaries during the period (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None

New: - company(ies) (Company name(s)) Excluded: - company(ies) (Company name(s))

(2) Application of accounting treatment specific to the preparation of the quarterly consolidated financial statements: Yes

Note: See "(3) Explanation concerning quarterly consolidated financial statements (Application of accounting treatment specific to the preparation of the quarterly consolidated financial statements)" under "2. Quarterly Consolidated Financial Statements and Main Notes" on page 7 of the attachment for details.

(3) Changes in accounting policies, accounting estimates, and restatements

(a) Changes in accounting policies due to revision of accounting: None
(b) Changes in accounting policies other than those in (a): None
(c) Changes in accounting estimates: None
(d) Restatements: None

(4) Number of shares issued (common stock)

(a) Number of shares issued (including treasury shares)	1Q FY 2021	13,046,591 shares	FY 2020	13,046,591 shares
(b) Number of treasury shares	1Q FY 2021	2,170,545 shares	FY 2020	2,170,465 shares
(c) Average number of shares during the period	1Q FY 2021	10,876,100 shares	1Q FY 2020	10,876,555 shares

* Quarterly financial results summaries are not subject to quarterly review by certified public accountant or auditing firm.

* Cautionary statement regarding business results forecasts and special notes

(Caution regarding forward-looking statements)

The financial forecasts and other forward-looking statements contained herein are based on currently available information and assumptions considered by the Company to be reasonable and do not represent a commitment from the Company that they will be achieved. Actual results may differ materially due to various factors. 業績予想の前提となる条件及び業績予想のご利用にあたっての注意事項等については、添付資料3ページ「1. 当四半期決算に関する定性的情報 (3) 連結業績予想などの将来予測情報に関する説明」をご覧ください。

1. Qualitative Information Concerning the Consolidated Business Results

(1) Explanation concerning operating results

During the first three months of the fiscal year under review, the Japanese economy was impacted by the spread of COVID-19, which resulted in a substantial decline in both consumer spending and corporate earnings. Although the declaration of emergency was lifted, the spread of the virus continues globally, so there is little hope of a strong, V-shaped economic recovery.

In the domestic energy industry, the price of crude oil and propane contract price have been on the rise since April 2020 owing to the coordinated production cut by OPEC-plus. On the other hand, domestic demand for oil and gas continues to fall due to the progression of birthrate decline and population aging, the spread of energy-saving devices, lifestyle changes, and other such factors.

In the midst of this environment, we have launched our second mid-term management plan and have made investments to achieve the quantitative target of at least 6% for ROE, improve capital efficiency, and realize sustainable growth. We are also working on efforts to achieve quantitative targets with respect to the thinking, habits, and behavior of our employees.

The BtoC Business (Retail/Wholesale Energy & Related Business) saw a slight decline in profit year on year. We recorded a loss on inventory as a result of the drop in contract price for propane in April 2020, and in addition to the impact of inter-segment business transfers, demand for commercial LP gas dropped among restaurant and other businesses due to the impact of voluntary suspension of operations to combat the spread of COVID-19. At the same time, sales of household LP gas and kerosene were favorable due to people staying at home.

In the BtoB Business (Energy Solution Business), we implemented purchase and sales measures to address market changes in the Petroleum, Electricity and Solution businesses amid sluggish demand for commercial energy resulting from the COVID-19 situation. As a result of these measures, we secured a higher sales volume and higher profits year on year. In our new Overseas Renewable Energy Business, we are continuing to develop a large-scale wind power generation business in South Korea with the aim of launching commercial operations in the second half of FY 2021.

In the Non-energy/Global Business, bicycle business operator SINANEN BIKE Co., Ltd. saw a year-on-year increase in profit due to demand from new school enrollees getting pushed back into the first quarter caused by the spread of COVID-19 and steady sales of delivery bicycles for the restaurant industry due to people refraining from going out.

Bike-sharing business operator SINANEN MOBILITY+ Co., Ltd. partnered with local authorities, major convenience stores, real estate companies, and other entities to promote development of a base of operations centered on the Tokyo Metropolitan Area. As of June 30, 2020, more than 6,000 bicycles have been placed at around 1,250 stations.

Both sales and profits were up year on year at environmental and recycling business operator SINANEN ECOWORK Co., Ltd. as operations were not suspended at the Chiba and Shiraoka recycling centers' recycled wood fuel suppliers, unlike the previous year.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. enjoyed a substantial year-on-year increase in profits as a result of increased orders for antimicrobial agents for masks and surgical gowns from North America in conjunction with the global spread of COVID-19. The number of orders continues to increase, and the company is working to ramp up its production system.

Systems business operator Minos Co., Ltd. saw steady demand for its flagship LP gas sales management system, but the increase in the number of new customers for the customer management system supporting liberalization of electricity retail sales (Power CIS) slowed as a result of the spread of COVID-19.

Building management business operator Takara Building Maintenance Co., Ltd. performance was down slightly from the previous year due in part to suspension of operations at managed facilities in response to COVID-19, but installation work, renovations, and other work at housing complexes is continuing to recover.

The biomass business in Brazil is at a standstill due to the spread of COVID-19 in the country, but we are promoting sales of coal for consumer use made from CAPIM, perennial plants.

As a result of the above, the financial results for the first three months of the fiscal year under review were as follows: Net sales came in at 39.267 billion yen (down 17.9% year on year), operating profit was 809 million yen (up 59.6% year on year), ordinary profit was 700 million yen (up 2.2% year on year), and profit attributable to owners of parent was 260 million yen (down 76.5% year on year) due to the absence of the gain on step acquisition of shares and the gain on transfer of the insurance business from the previous year.

(2) Explanation concerning financial status

Total assets as of the end of the first quarter were down 11.030 billion yen year on year to 79.580 billion yen, primarily as a result of a seasonal decrease in trade receivables.

Net assets were down 570 million yen year on year to 48.250 billion yen as a result of distribution of 815 million yen in earnings retained and net profit of 268 million yen.

As a result of the above, the equity ratio increased 6.7 percentage points year on year to 59.8%.

(3) Explanation concerning forecasts for consolidated business results and other future projections

During the first three months of the fiscal year under review, COVID-19 was a profit-increasing factor in the household energy, bicycle, and antimicrobial businesses of the BtoC Business (Retail/Wholesale Energy & Related Business) and a profit-decreasing factor in the commercial energy, systems, and building management businesses of the BtoC Business. Overall, the impact was minor.

The Group's main businesses are the BtoC Business (Retail/Wholesale Energy & Related Business) and the BtoB Business (Energy Solution Business). These are businesses that entail supplying the energy necessary for daily life, so we believe that it is unlikely for consumption to fluctuate significantly. For that reason, the direct impact of COVID-19 on our financial results is limited, and at this point in time, we do not anticipate significant changes in performance.

In the event that we determine that it is necessary to revise our forecasts due to significant changes in the business environment, the spread of COVID-19 or other such factors, we will disclose those revisions without delay.