



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

October 30, 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
 Contact: (Position) Finance and Accounting Manager (Name) Yutaka Hoshino Tel: +81-3-6478-7811
 Scheduled date of filing of quarterly report: November 13, 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 Second Quarter of the Fiscal Year Ending March 31, 2021 (April 1 - September 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	%
2Q FY 2021	79,789	-13.8	968	518.3	927	148.3	395	-46.8
2Q FY 2020	92,541	-5.6	156	-72.2	373	-49.1	744	68.9

(Note) Comprehensive income 2Q FY 2021 539 million yen (-44.2%) 2Q FY 2020 967 million yen (-1.4%)

	Profit per share	Diluted profit per share
	yen	yen
2Q FY 2021	36.39	—
2Q FY 2020	68.46	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
2Q FY 2021	82,029	48,580	58.4
FY 2020	90,611	48,821	53.1

(Reference) Shareholders' equity 2Q FY 2021 47,886 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 standards: 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)	2Q FY 2021	13,046,591 shares	FY 2020	13,046,591 shares
(b) Number of treasury shares	2Q FY 2021	2,170,723 shares	FY 2020	2,170,465 shares
(c) Average number of shares during the period	2Q FY 2021	10,876,059 shares	2Q FY 2020	10,876,504 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. See "(3) Explanation concerning forecasts for consolidated business results and other future projections" under "1. Qualitative Information Concerning the Consolidated Business Results" on page 3 of the attachment for the underlying assumptions of and precautions for using the forecasts.

1. Qualitative Information Concerning the Consolidated Business Results

(1) Explanation concerning operating results

During the first six months of the fiscal year under review, the Japanese economy was impacted by the spread of COVID-19. Nevertheless, there have been signs of a recovery in both consumer spending and corporate earnings owing to economic support measures implemented by the government and full-scale resumption of economic activities in various countries. On the other hand, inbound demand remains at almost zero, so future economic recovery is expected to take place at a sluggish pace.

In the domestic energy industry, the price of crude oil and propane contract prices have been stable since recovering after bottoming out in April 2020. 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 qualitative targets with respect to the thinking, habits, and behavior of our employees.

In the BtoC Business (Retail/Wholesale Energy & Related Businesses), we launched electric power retail sales in the West Japan area and opened a plumbing renovation specialty store in Akiruno City, Tokyo. On the other hand, demand for commercial LP gas among restaurant and other businesses dropped and sales of water heaters and other equipment slumped as a result of voluntary suspension of sales amid the COVID-19 situation. This was on top of the drop in demand resulting from higher than normal average summer temperatures. The impact on the business was not small.

In the BtoB Business (Energy Solution Business), we implemented purchase and sales measures to address market changes in the Petroleum, Electricity and Solution businesses. We also focused on light oil sales and are working on development of a petroleum sales facility (Oil Square). At the end of September, we acquired a service station operating company and have begun operations. In the Electric Power Solutions Business, we worked on lowering costs by optimizing the power supply configuration and promoted cultivation of wholesale customers. We also sold a megawatt-level solar power plant.

In the Non-energy/Global Business, bicycle business operator SINANEN BIKE Co., Ltd. saw steady sales at its Daisharin retail stores owing to such factors as demand from new school enrollees getting pushed back into the second quarter as a result of the spread of COVID-19 and the government providing a special stimulus.

Bike-sharing business operator SINANEN MOBILITY+ Co., Ltd. partnered with major convenience stores and promoted development of a base of operations centered on the Tokyo Metropolitan Area through expanded partnerships with new entities and field tests conducted with local authorities. As of September 30, 2020, there are around 1,400 stations and more than 6,500 bicycles.

The volume of construction waste coming into environmental and recycling business operator SINANEN ECOWORK Co., Ltd. was down slightly due to COVID-19, but transactions recovered in the latter half and remain steady.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. enjoyed a substantial increase in orders for antimicrobial agents for masks from North America in conjunction with the global spread of COVID-19. Although orders from North America have since fallen, inquiries from within Japan and other countries have spiked.

Systems business operator MINOS Co., Ltd. saw the increase in the number of new customers for the customer management system supporting liberalization of electricity retail sales (Power CIS) slow as a result of the spread of COVID-19. However, sales of the LP gas sales management system increased, and the company worked on controlling costs, including by bringing production in-house.

Building management and maintenance 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. However, inquiries concerning disinfecting measures for hospitals and other facilities increased, and installation work, renovations, and other work at housing complexes is continuing to recover.

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

As a result of the above, the financial results for the first six months of the fiscal year under review were as follows:

Net sales came in at 79.789 billion yen (down 13.8% year on year), operating profit was 968 million yen (up 518.3% year on year), ordinary profit was 927 million yen (up 148.3% year on year), and profit attributable to owners of parent was 395 million yen (down 46.8% 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 second quarter were down 8.581 billion yen year on year to 82.029 billion yen, primarily as a result of a seasonal decrease in trade receivables.

Net assets were down 240 million yen year on year to 48.580 billion yen as a result of distribution of 815 million yen in earnings retained and profit attributable to owners of parent of 395 million yen.

As a result of the above, the equity ratio increased 5.3 percentage points year on year to 58.4%.

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

During the first six 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, building management and maintenance, and biomass 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 as a result of COVID-19. For that reason, the direct impact 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.