



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

January 29, 2021

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: February 10, 2021  
 Scheduled date of start of dividend payment: —  
 Preparation of supplementary materials: Yes  
 Convening of a results meeting: No

(Note: Amounts are rounded to nearest million yen.)

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2021 (April 1 - December 31, 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                             | %    |
| 3Q FY 2021 | 138,969     | -11.8 | 1,615            | 374.2 | 1,686           | 150.1 | 754                                     | -1.7 |
| 3Q FY 2020 | 157,483     | -6.2  | 340              | -69.3 | 674             | -47.3 | 767                                     | -6.3 |

(Note) Comprehensive income 3Q FY 2021 1,176 million yen (-21.9%) 3Q FY 2020 1,507 million yen (-%)

|            | Profit per share | Diluted profit per share |
|------------|------------------|--------------------------|
|            | yen              | yen                      |
| 3Q FY 2021 | 69.40            | —                        |
| 3Q FY 2020 | 70.56            | —                        |

### (2) Consolidated financial position

|            | Total assets | Net assets  | Equity ratio |
|------------|--------------|-------------|--------------|
|            | million yen  | million yen | %            |
| 3Q FY 2021 | 96,105       | 49,209      | 50.5         |
| FY 2020    | 90,611       | 48,821      | 53.1         |

(Reference) Shareholders' equity 3Q FY 2021 48,515 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) | 3Q FY 2021 | 13,046,591 shares | FY 2020    | 13,046,591 shares |
| (b) Number of treasury shares                           | 3Q FY 2021 | 2,170,896 shares  | FY 2020    | 2,170,465 shares  |
| (c) Average number of shares during the period          | 3Q FY 2021 | 10,875,961 shares | 3Q FY 2020 | 10,876,462 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 nine months of the fiscal year under review, the Japanese economy continued to be impacted by difficult circumstances created by COVID-19. Nevertheless, there were signs of a recovery in both consumer spending and corporate earnings owing to economic support measures implemented by the government. However, the future remains unpredictable with a state of emergency being declared again due to another spike in COVID-19 cases.

In the domestic energy industry, the price of crude oil and propane contract prices, which had dropped significantly from March to April were on the rise with expectations for development of COVID-19 vaccines and coordinated production cuts by OPEC-plus supporting market prices. Propane contract prices in particular recovered to around the previous year's levels. On the other hand, domestic demand for oil and gas continues to fall overall 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 to achieve the quantitative target of at least 6% for ROE. We are also working on efforts to achieve qualitative targets of improving capital efficiency, realizing sustainable growth through investments, and transforming the thinking, habits, and behavior of our employees.

In the BtoC Business (Retail/Wholesale Energy & Related Business), demand for commercial LP gas among restaurant and other businesses dropped and sales slumped due to voluntary suspension of sales amid the COVID-19 situation. This was on top of higher than normal average summer temperatures affecting LP gas and kerosene sales. On the other hand, in terms of profit, margins improved primarily in the East Japan area, so the operating loss decreased compared to the previous year. Additionally, since the beginning of the current fiscal year, we have been promoting efforts to secure new revenue streams, including the launch of electric power retail sales in the West Japan area and opening of two plumbing renovation specialty stores in the Kanto area.

In the BtoB Business (Energy Solution Business), we secured a higher sales volume year on year. Although demand for industrial energy was sluggish in the mainstay Petroleum Business due to COVID-19, it bounced back with the cold wave. In terms of profit, the purchasing measures implemented to address the changes in the crude oil market contributed to help secure higher-than-planned earnings. Moreover, the usage rate at existing petroleum sales facility Oil Square improved following the increase in light oil shipping capacity, and we have focused on light oil sales in addition to our core kerosene sales. In the Electricity Business, we increased contract demand and worked on lowering costs by optimizing the power supply configuration. Additionally, SINANEN CO., LTD. joined the Japan Climate Leaders' Partnership (JCLP), which is a coalition of companies that supports membership in RE100\*<sup>1</sup> among other initiatives, in September 2020 and launched an environmental conservation project linked to environmentally conscious electric power plans in November. These were just some of our efforts looking ahead to a post-carbon society.

In the Non-energy/Global Business, bicycle business operator SINANEN BIKE Co., Ltd. saw favorable sales due to demand from new school enrollees getting pushed back into the first quarter caused by the spread of COVID-19 and worked to improve profitability, including by closing unprofitable stores.

Bike-sharing business operator SINANEN MOBILITY+ Co., Ltd. promoted development of DAICHARI locations, primarily in the Tokyo Metropolitan Area, through expanded partnerships with new entities and field tests conducted with local authorities. In collaboration with the Odakyu Group, new field tests were launched in October 2020 for introducing MaaS\*<sup>2</sup> around stations in the Setagaya area. As of December 31, 2020, there are more than 1,500 stations and more than 7,300 bicycles.

Environmental and recycling business operator SINANEN ECOWORK Co., Ltd. saw success in its measures to secure earnings, including adjusting the sales volume of low-profit projects, in the midst of a drop in the generation of construction waste due to COVID-19.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. continued to enjoy favorable performance, including a substantial increase in orders for antimicrobial agents for masks from North America in conjunction with the global spread of COVID-19. Going into the second half, North American demand tapered off. However, the company worked to establish a system for increased production to handle the sharp rise in the number of inquiries from home and abroad. In addition, it is working to strengthen its marketing activities, including by participating in exhibitions, in order to increase name recognition and to cultivate and expand sales channels.

Systems business operator Minos Co., Ltd. saw steady demand for its flagship LP gas sales management system. Power CIS, its customer management system supporting liberalization of electricity retail sales, also performed well. The company continues to work on controlling costs, including by increasing the percentage of development carried out in-house, and is implementing efforts to improve productivity.

Core building management and maintenance business operator Takara Building Maintenance Co., Ltd. was able to secure sales on par with the previous year's level overall owing to an increase in orders for disinfecting from hospitals and other facilities despite managed facilities suspending operations due to the spread of COVID-19. At the same time, the company worked on improving the working environment as an effort to secure personnel.

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

As a result of the above, the financial results for the first nine months of the fiscal year under review were as follows: Net sales came in at 138.969 billion yen (down 11.8% year on year), operating profit was 1.615 billion yen (up 374.2% year on year), ordinary profit was 1.686 billion yen (up 150.1% year on year), and profit attributable to owners of parent was 754 million yen (down 1.7% 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.

\*1. RE100 is a global initiative bringing together businesses committed to 100% renewable electricity.

\*2. MaaS stands for Mobility as a Service. It refers to services aimed at solving social issues related to mobility by optimizing supply and demand via the utilization of data on vehicles and human mobility.

## (2) Explanation concerning financial status

Total assets as of the end of the third quarter were up 5.494 billion yen year on year to 96.105 billion yen, primarily as a result of an increase in cash and deposits from deferment of payment of accounts payable to the following month due to bank holiday and a seasonal increase in accounts receivable.

Net assets were up 388 million yen year on year to 49.209 billion yen as a result of distribution of 815 million yen in earnings retained and profit attributable to owners of parent of 754 million yen.

As a result of the above, the equity ratio decreased 2.6 percentage points year on year to 50.5%.

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

During the first nine months of the fiscal year under review, COVID-19 was a profit-decreasing factor in the commercial energy business of the BtoC Business (Retail/Wholesale Energy & Related Business), and the industrial energy, building management and maintenance, and biomass businesses of the BtoB Business (Energy Solution Business). Meanwhile, it was a profit-increasing factor in the household energy, bicycle, and antimicrobial businesses of the BtoC Business. Other seasonal factors also contributed so that the impact was minor during the period under review.

Transaction prices in the wholesale electricity market rose sharply due to the redeclaration of a state of emergency following the resurgence of the virus and a rapid increase in energy demand caused by the cold wave, contributing to uncertainty. However, we are currently carefully reviewing the impact on consolidated results for FY 2021. If a revision of the initial forecasts is determined to be necessary, we will promptly disclose it.