



Consolidated Financial Summary for the First Quarter of the Fiscal Year Ending March 31, 2022

July 30, 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: August 11, 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 First Quarter of the Fiscal Year Ending March 31, 2022 (April 1 - June 30, 2021)

(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 2022	49,359	—	417	—	578	—	377	—
1Q FY 2021	39,267	-17.9	809	59.6	700	2.2	260	-76.5

(Note) Comprehensive income 1Q FY 2022 139 million yen (-%) 1Q FY 2021 214 million yen (-79.3%)

	Profit per share	Diluted profit per share
	yen	yen
1Q FY 2022	34.69	—
1Q FY 2021	23.93	—

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the year under review. Figures for the first three months of the year ending March 31, 2022 have been restated to reflect application of the standard, and year-on-year changes have been omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
1Q FY 2022	84,878	51,867	60.3
FY 2021	96,834	51,905	52.9

(Reference) Shareholders' equity 1Q FY 2022 51,156 million yen FY 2021 51,201 million yen

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the year under review. Figures for the first three months of the year ending March 31, 2022 have been restated to reflect application of the standard.

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	yen	yen	yen	yen	yen
FY 2021	—	—	—	75.00	75.00
FY 2022	—	—	—	—	—
FY 2022 (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, 2022 (April 1, 2021 - March 31, 2022)

(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	244,000	12.4	2,100	-28.5	1700	-43.8	1,500	-44.8	137.93

(Note) Revisions to most recently announced results forecast: None

Our operations are managed on an annual basis, so we do not provide forecasts for consolidated business results for the first six months of the year.

* 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: Yes

(b) Changes in accounting policies other than those in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

Note: See "(3) Explanation concerning quarterly consolidated financial statements (Changes in accounting policies)" under "2. Quarterly Consolidated Financial Statements and Main Notes" on page 8 of the attachment for details.

(4) Number of shares issued (common stock)

(a) Number of shares issued (including treasury shares)

1Q FY 2022	13,046,591 shares	FY 2021	13,046,591 shares
1Q FY 2022	2,171,198 shares	FY 2021	2,171,037 shares
1Q FY 2022	10,875,414 shares	1Q FY 2021	10,876,100 shares

(b) Number of treasury shares

(c) Average number of shares during the period

* 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.

1. Qualitative Information Concerning the Consolidated Business Results

Forward-looking statements within this document are based on our judgment as of the end of the first three months of the fiscal year under review. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied as of the first three months of the fiscal year under review.

For that reason, the explanation concerning operating results for the first three months of the fiscal year under review does not include changes in amounts compared to the first three months of the previous year or year-on-year change (percent).

(1) Explanation concerning operating results

During the first three months of the fiscal year under review, the situation in the Japanese economy remained bleak with a resurgence of COVID-19 infections leading to the redeclaration of a state of emergency in some regions and no end in sight. Although there are some positive signs such as the start of vaccinations and recoveries in overseas economies, there is still concern over variants of the virus, so the future of the economy remains unpredictable.

The business environment surrounding the Company in the domestic energy industry is changing significantly, including intensification of competition between providers as full-scale liberalization of electricity retail progresses in the electric power and gas market and the Japanese government's announcement of a national policy of achieving a post-carbon society by 2050. Crude oil prices and propane contract prices, which had been increasing, dropped in April in response to the OPEC Plus agreement to ease oil production restrictions, but as COVID-19 vaccination progressed in the United States and Europe, hopes of an economic recovery increased, leading to another up-tick in prices. 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, the Group launched its second three-year medium-term management plan under the slogan, "Challenging New Worlds with Big Sky-thinking" in the previous fiscal year. Under the 2nd Medium-Term Management Plan, we have a quantitative target of achieving an ROE of 6.0% or higher and three qualitative targets, namely improving capital efficiency, executing investments to realize sustainable growth, and reforming the thinking, habits, and behavior patterns of our employees. In the second year of the plan, the emphasis is on promoting investment in achieving sustainable growth, including anticipatory investments related to new businesses that will become the business foundation in the future (renewable energy business in and outside Japan, bike-sharing business, etc.) and IT-related investments for the promotion of DX (digital transformation). In this way, we are working to establish the foundation for making a further leap forward with the 3rd Medium-Term Management Plan. We also established the Group Coordination Promotion Office in April 2021 to demonstrate further synergy as a group and pursue profit growth and operational efficiency.

In the BtoC Business (Retail/Wholesale Energy & Related Business), the sales volume was down due to decreased demand in the mainstay area of LP gas and kerosene as average temperatures in early spring were higher than usual. On the other hand, unit selling prices were up owing to a sharp increase in the price of crude oil and propane contract prices. On the profit side, gross profit deteriorated for kerosene and electric power, but we worked on improving earnings by securing our profit margin on LP gas and working to reduce SG&A.

In the BtoB Business (Energy Solution Business), we maintained a similar sales volume compared to the previous year in our mainstay Petroleum Business, while unit selling prices went up substantially as in the BtoC Business owing primarily to the sharp increase in crude oil prices. On the profit side, while light oil sales were better than the forecast, overall, profit softened due to such factors as increased procurement costs for electric power and an increase in costs for sales promotions. As for the favorable sales of light oil, we continue to shift our existing petroleum sales facilities to Oil Square, which has the improved light oil shipping capacity. In the new micro wind turbine-related business, we are accumulating data from field tests we are conducting in Saitama City, Saitama. Also, in South Korea, we continue to await development permission for the large-scale wind power generation business we have participated in.

In the Non-energy/Global Business, bicycle business operator SINANEN BIKE Co., Ltd. saw lower sales as demand, which had increased the previous year due to the spread of COVID-19, dropped back down. Meanwhile, we worked to improve profitability by such means as promoting development of private brand bicycles.

Bike-sharing business operator SINANEN MOBILITY+ Co., Ltd. promoted development of DAICHARI locations, primarily in highly profitable target areas, such as where the partnership with KEIO REALTY & DEVELOPMENT.

Field tests have been launched with new municipalities such as Fujimino City, Saitama, and as of June 30, 2021, there are more than 1,900 stations and more than 8,200 bicycles.

Environmental and recycling business operator SINANEN ECOWORK Co., Ltd. saw favorable results owing to a recovery in transaction volume from the fluctuation in demand caused by operational problems for some users and continued work on reducing costs. This was despite the continued decline in generation of construction waste due to the spread of COVID-19.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. maintained favorable sales in Japan and overseas against a backdrop of increased demand for antimicrobial products due to the spread of COVID-19. The company also worked on cultivating new customers, including the launch of sample pre-production with a leading manufacturer.

Systems business operator Minos Co., Ltd. saw steady demand for its flagship LP gas backbone operation system. Power CIS, its customer information system supporting liberalization of electricity retail sales, also grew substantially and performed well.

Core building management and maintenance business operator Takara Building Maintenance Co., Ltd. saw favorable results overall owing to new orders for cleaning and disinfecting medical facilities and an increase in the number of maintenance contracts at housing complexes. This was despite the declaration of a state of emergency due to the spread of COVID-19, which resulted in a suspension of operations at management facilities similar to the year before.

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 49.359 billion yen (39.267 billion yen in the previous year), operating profit was 417 million yen (809 million yen in the previous year), ordinary profit was 578 million yen (700 million yen in the previous year), and profit attributable to owners of parent was 377 million yen (260 million yen in the previous year).

The Accounting Standard for Revenue Recognition (ASBJ No. 29, March 31, 2020) has been applied as of the beginning of the fiscal year under review. As such, net sales for the first three months of the fiscal year under review were down 3.138 billion yen, cost of sales was down 2.890 billion yen, and operating profit and profit before income taxes were each down 248 million yen. See “(3) Explanation concerning quarterly consolidated financial statements (Changes in accounting policies)” under “2. Quarterly Consolidated Financial Statements and Main Notes” for details.

(2) Explanation concerning financial status

Total assets as of the end of the first quarter were down 11.956 billion yen from the end of the previous year (March 31, 2021) to 84.878 billion yen, primarily as a result of a seasonal decrease in trade receivables.

Profit attributable to owners of parent came to 377 million yen, and due to application of the Accounting Standard for Revenue Recognition, the balance of retained earnings was up 639 million yen. Meanwhile, there was a distribution of 815 million yen in retained earnings, and the valuation difference on other securities decreased 276 million yen from the end of the previous year. As a result, net assets decreased 37 million yen from the end of the previous year to 51.867 billion yen.

As a result of the above, the equity ratio increased 7.4 percentage points year on year to 60.3%.

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

No changes have been made to the figures from the forecasts announced on May 14, 2021.

The COVID-19 pandemic has not been resolved as of this point, leading to a continuing unclear situation. In the Group, the pandemic was a profit-decreasing factor in the commercial energy business of the BtoC Business (Retail/Wholesale Energy & Related Business), environmental and recycling business, and building management and maintenance business. However, overall, the impact was minor as it was a profit-increasing factor in the household energy and antimicrobial business of the BtoC Business (Retail/Wholesale Energy & Related Business).

As stated above, we do not expect COVID-19 to cause significant changes in our business results, but in the event that we determine it is necessary to revise our forecasts due to a resurgence of COVID-19 or significant changes in the business environment, we will disclose those revisions without delay.