

Note : This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## Consolidated Financial Summary for the Third Quarter of the Fiscal Year Ending March 31, 2024

February 9, 2024

Company name: Sinanen Holdings Co., Ltd. Shares listed: Tokyo Stock Exchange  
 Securities code: 8132 URL: <https://sinanengroup.co.jp/en/>  
 Representative (Position) President and CEO (Name) Masaki Yamazaki  
 Contact: (Position) General Manager of Finance and Accounting Department (Name) Kango Saito Tel: +81-3-6478-7811  
 Scheduled date of filing of quarterly report: February 14, 2024 Scheduled date of start of dividend payment: –  
 Preparation of supplementary materials: Yes  
 Convening of a results meeting: None

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

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1 - December 31, 2023)

(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	%
Nine Months Ended December 31, 2023	237,553	0.9	(2,202)	–	(1,562)	–	(2,164)	–
Nine Months Ended December 31, 2022	235,397	28.8	(465)	–	(230)	–	(776)	–

(Note) Comprehensive income Nine Months Ended December 31, 2023 -1,452 million yen (-%)  
 Nine Months Ended December 31, 2022 -1,102 million yen (-%)

	Profit per share	Diluted profit per share
	yen	yen
Nine Months Ended December 31, 2023	(198.79)	–
Nine Months Ended December 31, 2022	(71.09)	–

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of December 31, 2023	109,330	51,367	47.0
As of March 31, 2023	101,350	53,631	52.9

(Reference) Shareholders' equity As of December 31, 2023 51,346 million yen As of March 31, 2023 53,616 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 2022	–	–	–	75.00	75.00
FY 2023	–	–	–		
FY 2023 (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, 2024 (April 1, 2023 - March 31, 2024)

(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	380,000	11.0	(800)	–	(200)	–	(700)	–	(64.30)

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

(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 (available in Japanese only).

(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)

As of December 31, 2023	13,046,591 shares	As of March 31, 2023	13,046,591 shares
As of December 31, 2023	2,169,607 shares	As of March 31, 2023	2,110,406 shares
3Q FY 2023	10,885,840 shares	3Q FY 2022	10,923,456 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. 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

Forward-looking statements within this document are based on our judgment as of the end of the period under review.

### (1) Explanation concerning operating results

During the first nine months of the fiscal year under review, in the domestic energy industry, the price of crude oil and propane contract prices, which affect the purchase prices in our mainstay area of petroleum and LP gas, temporarily surged due to the extension of coordinated production cuts by major oil-producing countries. However, the slackening of supply and demand due to such factors as global warming and economic slowdown in China resulted in a decline when compared to the previous fiscal year. Furthermore, in the electricity market, power supply and demand was stable and wholesale market prices remained low due to falling fuel prices and decreased demand.

In the midst of this environment, the Group launched its 3rd Medium-Term Management Plan in the first quarter of the fiscal year under review toward the 100th anniversary of its founding in FY 2027. To achieve our vision of “Evolution into a comprehensive energy life creation group that contributes to achieving a decarbonized society,” we are accelerating shift to a stronger management foundation and advancing our growth strategy. In business development, we will improve profitability by “expanding earnings from existing businesses” and “creating new businesses that contribute to the realization of a decarbonized society”.

In the first nine months of the fiscal year under review, sales volume of petroleum products and electricity increased despite a decline in unit sales prices in line with the petroleum products market decline. As a result, net sales were 237,553 million yen (up 0.9% year on year).

Meanwhile, in terms of profit and loss, as detailed in the “Notice of revision to full-year financial results forecasts” published on November 13, 2023, the electricity business saw a deterioration of gross profit due to the fact we were forced to sell relative power sources procured in the previous fiscal year at a negative spread, which were affected by prices in the wholesale electricity market remaining low. As a result, operating loss was 2,202 million yen (compared to 465 million yen in the same period of the previous year) and ordinary loss was 1,562 million yen (compared to 230 million yen in the same period of the previous year). Loss attributable to owners of parent increased due to absence of gain on sale of non-current assets from the previous fiscal year. As a result, this was 2,164 million yen (compared to 776 million yen in the same period of the previous year).

In addition, we reviewed the future implementation system for the electricity business to minimize price fluctuation risks. While promoting the transition to a market-linked plan for the BtoB Business, in the BtoC Business we have been participating in balancing groups with other companies (a system in which several electricity retailing companies form a single group and enter a single consignment supply agreement with general electric power distributors) and outsourcing power procurement and supply and demand management to optimize the balance between supply and demand.

Segment status is as follows.

#### [Retail/Wholesale Energy & Related Business (BtoC Business)]

The sales volume was down as the mainstay area of LP gas and kerosene was impacted by average temperatures that were higher than usual, and as a result, sales were down.

In terms of profit and loss, the loss was reduced mainly due to the price revisions carried out in mainstay LP gas sales in the previous fiscal year despite the deterioration of gross profit in the electricity business.

In addition, as a new initiative to expand the number of customers as indicated in the 3rd Medium-Term Management Plan, we began sales of Melife carbon neutral LP gas, which emits virtually zero CO<sub>2</sub> emissions, in the second quarter of the fiscal year under review.

As a result of the above, in the Retail/Wholesale Energy & Related Business (BtoC business) for the first nine months of the fiscal year under review, net sales were 48,682 million yen (down 9.1% year on year), and operating loss was 495 million yen (compared to operating loss of 839 million yen in the same period of the previous year).

#### [Energy Solution Business (BtoB Business)]

In terms of sales, while unit sales prices in the mainstay petroleum business declined due to the petroleum products market decline, sales increased due to such factors as the acquisition of new large customers for market-linked plans in the electricity business.

In terms of profit and loss, in addition to the significant impact of gross profit deterioration in the electricity business as mentioned above, gross profit from the petroleum business, which was strong in the previous fiscal year, returned to the same level as in a normal year, which resulted in a larger loss.

In addition, we are working on efforts to “shift our portfolio to comprehensive energy services including electricity and renewable energy,” as outlined in the 3rd Medium-Term Management Plan by such as starting to supply renewable energy through an off-site corporate PPA and the launch of trade in next-generation biodiesel fuel that contributes to reducing CO<sub>2</sub> emissions.

As a result of the above, in the Energy Solutions Business (BtoB Business) for the first nine months of the fiscal year under review, net sales were 173,695 million yen (up 3.5% year on year), and operating loss was 2,335 million yen (compared to operating loss of 183 million yen in the same period of the previous year).

#### [Non-energy Business]

Overall for Non-energy Businesses, both sales and profits were up, mainly due to strong performance in the bicycle business.

The circumstances of each business are outlined below.

The bicycle business operator Sinanen Bike Co., Ltd. posted increases in both sales and profits thanks to the company strengthening its sales of private brand products and promoting developing new corporations by introducing containers, in addition to the contribution of price revisions implemented from the second half of the previous fiscal year.

Bicycle sharing business operator Sinanen Mobility Plus Co., Ltd. promoted development of bicycle sharing service DAICHARI locations and started field tests together with new municipalities such as Warabi City, Saitama Prefecture. As of December 31, 2023, the scale of the business has grown to more than 3,400 stations and more than 12,000 bicycles, and both sales and profits were up as a result. In addition, we have established a system to take charge of maintenance for other companies and are improving the overall operational quality of HELLO CYCLING. Furthermore, we are working on efforts towards "creating new income streams," as outlined in the 3rd Medium-Term Management Plan by such as lending out 800 power-assisted bicycles at the "Rainbow Land" bicycle event held in Tokyo in November 2023.

Environmental and recycling business operator Sinanen Ecowork Co., Ltd. saw lower sales and profit due to a decrease in the volume of construction waste wood associated with sluggishness in new housing starts, variable expenses from such as transportation costs, and an increase in selling, general and administrative expenses associated with the development of new environment-related businesses.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. experienced lower demand overseas stemming from the stagnation of China's economy, while sales in Japan have performed well, leading to an overall increase in both sales and profits. In addition, we are pursuing new initiatives, such as signing an exclusive distributorship agreement for a natural antimicrobial agent from Finland.

Systems business operator Minos Co., Ltd. posted profits at the same level as in the same period of the previous fiscal year due to steady demand for its flagship LP gas backbone operation system. In addition, new developments are underway as needed for the customer information system (Power CIS), including the establishment of a market-linked function that adjusts prices and services in response to market fluctuations.

The four group companies engaged in the building maintenance and management business have been integrated as Sinanen Axia Co., Ltd. since October 2023, making a fresh start as a comprehensive building maintenance company. During the first nine months of the fiscal year under review, although there was an increase in sales due to the expansion of its area of building maintenance operations for multi-family housing and strong performance in the facility operation business, including funeral halls and hospitals, profits decreased due to an increase in selling, general and administrative expenses associated with the integration. In addition, the company is preparing to open a new office in the Saitama area for further expansion of areas of operations as indicated in the 3rd Medium-Term Management Plan. Furthermore, we are seeing results from efforts towards "ensuring stable profits" by such as starting to manage large properties.

As a result of the above, in Non-energy Businesses for the first nine months of the fiscal year under review, net sales were 15,005 million yen (up 8.4% year on year), and operating profit was 658 million yen (up 36.2% year on year).

#### (2) Explanation concerning financial status

Total assets were 109,330 million yen, up 7,980 million yen compared to the end of the previous fiscal year. The main factors were a 6,564 million yen seasonal increase in trade receivables and a 1,233 million yen increase in investment securities from revaluation.

Liabilities were 57,963 million yen, up 10,244 million yen compared to the end of the previous fiscal year. The main factor was a 9,794 million yen seasonal increase in trade payables.

Net assets amounted to 51,367 million yen, down 2,263 million yen from the end of the previous fiscal year, mainly due to a 2,164 million yen loss attributable to owners of parent and distribution of 820 million yen in retained earnings.

As a result of the above, the equity ratio decreased 5.9 percentage points compared to the end of the previous fiscal year to 47.0%.

#### (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 November 13, 2023.

In addition, none of the Group's employees suffered any harm due to the "2024 Noto Peninsula Earthquake" that occurred on January 1, 2024. However, one person from a business subcontractor may have died during their time at an evacuation center and we are investigating this matter. The Group will provide as much support as possible, including support for those people affected by the disaster in other relevant locations. We have also checked for physical damage such as damage to solar power generation facility, etc. in the affected area. We will continue to proceed with our investigation in the area and work hard to restore and support the situation, including the supply chain.

If a revision of earnings forecasts is necessary in the future in light of developments in the situation or the progress of the business, we will promptly disclose it.