

This report is an English translation of part of the report issued on October 20, 2020.
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Electricity and gas retail sales targeting small-sized factories, restaurants, retail stores, etc. centering on the Kansai Region

[7692 Earth Infinity Business Type: Retail Trade]

Fiscal Year ending	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	Dividends (yen)
July. 2019	3,465	39.6	228	2.1x	229	2.3x	166	2.6x	55.7	104.8	0.0
July. 2020	3,663	5.7	544	2.4x	548	2.4x	374	2.2x	126.5	231.8	0.0
July. 2021 (forecast)	4,001	9.2	620	13.9	617	12.7	422	12.7	140.7	-	43.0

Note: Non-consolidated bases. Figures for fiscal year ending July 2021 are company's forecast. It conducted 1-to-3 stock split on June24, 2020. Per share indices are corrected retroactively.

Business Details

Mainly Develops Electricity Retail Business

EARTH INFINITY conducts the energy business, in which it handles retail sales of electricity and gas, and the electronic device business, in which it handles sales of electronic breakers. As for the composition of sales in the fiscal year ended July 2020, the energy business accounted for 93.0% and the electronic device business accounted for 7.0%. Furthermore, electricity retail sales comprises over 90% of its energy business.

Energy Business

EARTH INFINITY entered into the electricity retail business in April 2016 when the full liberalization of new entries into the electricity retail market was implemented in Japan. This business mainly provides electricity procured through market transactions with the Japan Electric Power Exchange to customers throughout Japan excluding Okinawa Prefecture.

The company's target customers are small-sized factories, retail stores, restaurants. etc. The majority of customers are acquired through door-to-door sales by the company's employees, and the rest are mainly through agencies.

Electronic Device Business

The electronic device business provides proposals and consulting on energy cost reduction, which is realized through the purchase and installation of electronic breakers it sells, targeting small- to medium-sized enterprises.

Corporate Plan for Fiscal Year ending July 2021

For the fiscal year ending July 2021 it expects net sales of 4,001 million yen (9.2% year-on-year increase) and operating profit of 620 million yen (13.9% year-on-year increase). For net sales, it is expected that the energy business will increase 10.4% year-on-year to 3,762 million yen and the electronic device business will decrease 6.2% year-on-year to 238 million yen.

Figure 1 Financial Statements

Statement of income	Fiscal year ended July 2018		Fiscal year ended July 2019		Fiscal year ended July 2020	
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales	2,481	100.0	3,465	100.0	3,663	100.0
Cost of sales	1,889	76.1	2,632	76.0	2,424	66.2
Gross profit	592	23.9	833	24.0	1,239	33.8
Selling, general and administrative expenses	486	19.6	605	17.5	694	19.0
Operating profit	106	4.3	228	6.6	544	14.9
Non-operating income	0	-	6	-	7	-
Non-operating expenses	4	-	4	-	4	-
Ordinary profit	101	4.1	229	6.6	548	15.0
Profit before income taxes	101	4.1	229	6.6	548	15.0
Profit	64	2.6	166	4.8	374	10.2

Balance sheet	Fiscal year ended July 2018		Fiscal year ended July 2019		Fiscal year ended July 2020	
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets	739	87.9	1,022	88.9	1,386	94.9
Cash and deposits	128	15.3	334	29.1	720	49.3
Trade receivables	589	70.1	658	57.2	644	44.1
Inventories	8	1.0	7	0.6	6	0.5
Non-current assets	101	12.1	128	11.1	74	5.1
Property, plant and equipment	4	0.6	3	0.3	3	0.3
Intangible assets	5	0.6	4	0.4	6	0.4
Investments and other assets	91	10.9	119	10.4	64	4.4
Total assets	841	100.0	1,150	100.0	1,460	100.0
Current liabilities	512	60.9	604	52.6	676	46.3
Trade payables	268	31.9	253	22.0	221	15.1
Current portion of long-term borrowings	84	10.0	119	10.3	79	5.4
Non-current liabilities	182	21.7	234	20.3	98	6.7
Long-term borrowings	182	21.7	234	20.3	98	6.7
Net assets	146	17.4	311	27.1	685	46.9
Shareholders' equity	146	17.4	311	27.1	685	46.9

Statement of cash flows	Fiscal year ended July 2018	Fiscal year ended July 2019	Fiscal year ended July 2020
	(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities	-4	122	566
Depreciation	2	2	2
Cash flows from investing activities	-2	-1	-4
Cash flows from financing activities	70	85	-176
Dividends paid	-	-	-
Net increase in cash and cash equivalents	63	206	385
Cash and cash equivalents	128	334	720

Source: Prepared by The Stock Research Center based on the notifiable prospectus.