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Consolidated Financial Summary for the Second Quarter (Interim Period) of the Fiscal Year Ending March 31, 2025

November 11, 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) Taro Nakagome
Contact: (Position) Executive Officer and Head of Finance and IR Department (Name) Tatsuhiko Terada
Tel: +81-3-6478-7811
Scheduled date of filing of half-yearly report: November 14, 2024
Scheduled date of start of dividend payment: -
Preparation of supplementary materials: Yes
Convening of a results meeting: Yes

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

1. Consolidated Financial Results for the Six Months (Interim Period) Ended September 30, 2024 (April 1 - September 30, 2024)

(1) Consolidated operating results (cumulative totals) (Percentage figures represent change against previous interim period.)

	Net sales		Operating profit		Ordinary profit		Interim profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim Period Ended September 30, 2024	123,535	(12.5)	242	–	353	–	160	–
Interim Period Ended September 30, 2023	141,213	1.1	(2,150)	–	(1,765)	–	(2,074)	–

(Note) Comprehensive income Interim Period Ended September 30, 2024 297 million yen (-%)
Interim Period Ended September 30, 2023 -1,613 million yen (-%)

	Interim profit per share	Interim diluted profit per share
	Yen	Yen
Interim Period Ended September 30, 2024	14.73	–
Interim Period Ended September 30, 2023	(190.48)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	86,618	52,812	61.0
As of March 31, 2024	108,480	53,315	49.1

(Reference) Shareholders' equity As of September 30, 2024 52,794 million yen
As of March 31, 2024 53,296 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 2023	–	–	–	75.00	75.00
FY 2024	–	–			
FY 2024 (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, 2025 (April 1, 2024 - March 31, 2025)

(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	340,000	(2.4)	2,800	–	3,100	–	1,800	–	165.48

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

* Notice:

(1) Significant changes in the scope of consolidation during the interim period: None

New: - company(ies) (Company name(s)) Excluded: - company(ies) (Company name(s))

(2) Application of accounting treatment specific to the preparation of the interim consolidated financial statements: Yes

Note: See “(3) Explanation concerning interim consolidated financial statements (Application of accounting treatment specific to the preparation of the interim consolidated financial statements)” under “2. Interim 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: Yes

(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 September 30, 2024	13,046,591 shares	As of March 31, 2024	13,046,591 shares
(b) Number of treasury shares	As of September 30, 2024	2,167,030 shares	As of March 31, 2024	2,169,811 shares
(c) Average number of shares during the period (interim period)	Interim Period Ended September 30, 2024	10,877,695 shares	Interim Period Ended September 30, 2023	10,890,284 shares

* Second quarter (interim period) financial results summaries are not subject to a review by a 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 Interim 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 Interim Consolidated Business Results

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

(1) Explanation concerning operating results

In the domestic energy industry, for crude oil prices and propane contract prices, which affect the purchasing prices in our mainstay area of petroleum and LP gas, crude oil prices remained on a downward trend due to reduced demand, which was mainly due to the economic slowdown in China. However, propane contract prices showed an upward trend due to the increase in domestic demand in the Middle East region. In the electricity market, wholesale market prices remained high compared to the same period of the previous year due to increased demand as a result of the record-breaking summer heatwave.

In the midst of this environment, the Group launched its 3rd Medium-Term Management Plan in the previous fiscal year toward the 100th anniversary of its founding in FY2027. 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 as we work as a unified group under the new management structure.

In the interim period of the fiscal year under review, sales volume of petroleum products and electricity decreased. As a result, net sales were 123,535 million yen (down 12.5% year on year). In terms of profit and loss, mainly in the electricity business, in some dealings, the negative spread has been eliminated where procurement prices are remaining higher than selling prices, marking a return to profit. As a result, there was an operating profit of 242 million yen (compared to operating loss of 2,150 million yen in the same period of the previous year) and ordinary profit was 353 million yen (compared to ordinary loss of 1,765 million yen in the same period of the previous year). In addition, due to factors such as impairment in non-current assets, interim profit attributable to owners of parent came to 160 million yen (compared to interim loss attributable to owners of parent of 2,074 million yen in the same period of the previous year).

Results by segment are as follows.

[Retail/Wholesale Energy & Related Business (B to C Business)]

The mainstay area of LP gas and kerosene sales declined due to the decrease in sales volume as a result of average temperatures that were higher than usual.

In terms of profit and loss, although factors such as transportation costs and personnel expenses increased, the loss was reduced mainly due to such as improvements in electricity business gross profit, which had deteriorated in the previous fiscal year.

We will continue to promote efforts towards our “strengthen retail service strategies” as outlined in the 3rd Medium-Term Management Plan.

As a result of the above, in the Retail/Wholesale Energy & Related Business (B to C business) for the interim period of the fiscal year under review, net sales were 27,626 million yen (down 0.1% year on year), and operating loss was 420 million yen (compared to operating loss of 688 million yen in the previous year).

[Energy Solution Business (B to B Business)]

The sales were down mainly due to reduced sales volume in the mainstay petroleum business.

In terms of profit and loss, profit increased mainly due to such as improvements in electricity business gross profit, which had deteriorated in the previous fiscal year.

Beginning in the interim period of the current fiscal year, Sinanen Co., Ltd. has jointly established the EV Wireless Power Transfer Council. We will continue to promote the practical application and widespread use of wireless power transfer as part of social infrastructure.

As a result of the above, in the Energy Solutions Business (B to B business) for the interim period of the fiscal year under review, net sales were 85,350 million yen (down 17.4% year on year), and operating profit was 500 million yen (compared to operating loss of 1,790 million yen in the same period of the previous year).

[Non-energy Business]

Overall for Non-energy Businesses, though sales were up due to strong performance mainly in the bicycle sharing business and the building maintenance and management business, profits were down, affected by increased SG&A expenses, etc.

The circumstances of each business are outlined below.

Although sales of private brand products contributed, the bicycle business operator Sinanen Bike Co., Ltd. saw lower sales and profit due to such as seasonal factors including rainy weather and extreme heat.

Bicycle sharing business operator Sinanen Mobility Plus Co., Ltd. is promoting development of bicycle sharing service DAICHARI locations. As of September 30, 2024, the scale of the business has grown to more than 3,800 stations and more than 13,000 bicycles, and the number of uses has been growing steadily. Both sales and profits were up as a result. In addition, we participated in JTB Corporation’s area development projects on Shodoshima Island, which aim to enhance the real value of tourist destinations and promote sustainable development, and also jointly introduced 160 dedicated DAICHARI bicycles to Shodoshima Island. We will continue to build a system to take charge of maintenance responsibilities for other companies, improve HELLO CYCLING's overall operational quality, and conduct demonstration experiments and other activities to provide services that are tailored to local governments.

Environmental and recycling business operator Sinanen Ecowork Co., Ltd. saw lower sales and profit due to a reduced volume of construction waste materials delivered because of sluggish growth in the number of new housing starts as well as an increase in manufacturing costs due to recording repair expenses at recycling centers.

Antimicrobial business operator Sinanen Zeomic Co., Ltd. reported higher sales and profits due to strong sales of products for North America. We are also continuing our efforts to develop new sales channels in Europe.

Systems business operator Minos Co., Ltd. posted an increase in sales but a decrease in profits due to the increase in SG&A expenses, such as personnel expenses and fixed costs, despite the stable contribution from its flagship LP gas backbone operation system. We will continue to promote new developments such as next-generation systems while promoting sales activities focused on leading industry players.

Building maintenance and management business operator Sinanen Axia Co., Ltd. posted lower profits due to an increase in SG&A expenses associated with the integration, despite the increase in sales due to the expansion of its area of building maintenance operations for multi-family housing and the increase in sales due to strong performance of the facility operation business such as funeral halls and hospitals. In addition, in the interim period of the fiscal year under review, we have been preparing for the opening of the Shonan Office and Kanazawa Office. We will continue to open new locations and promote initiatives for “ensuring stable profits” such as new orders for large properties.

As a result of the above, in Non-energy Businesses for the interim period of the fiscal year under review, net sales were 10,459 million yen (up 3.4% year on year), and operating profit was 334 million yen (down 34.0% year on year).

(2) Explanation concerning financial status

Total assets at the end of the interim period of the fiscal year under review came to 86,618 million yen (down 21,861 million yen from the end of the previous fiscal year). This was mainly due to a seasonal decrease in trade receivables.

Liabilities were 33,805 million yen, down 21,358 million yen compared to the end of the previous year. This was mainly due to a seasonal decrease in accounts payables and a decrease from repayment of short-term borrowings.

Net assets were 52,812 million yen, down 502 million yen compared to the end of the previous year. This was mainly due to a decrease in payment of dividends, which was partly offset by an increase due to recording interim profit attributable to owners of parent.

As a result of the above, the equity ratio increased 11.8 percentage points compared to the end of the previous fiscal year to 61.0%.

(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 May 14, 2024.

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.