

FY2024 2Q

Financial Results for the Six months



November 12, 2024

SAN-AI OBBLI CO., LTD. (Stock code: 8097)

CAUTIONARY STATEMENT

This document was prepared using our machine translation. This document is to be used solely as a reference and in cases where any differences occur between English version and the original Japanese version, the Japanese version shall prevail.

This document contains forward-looking statements, including statements regarding our management plans and future performance. These statements are based on our decisions at the present time. Actual results may differ materially from these statements because of various risks and uncertainties.

We assume no responsibility for any investment activities conducted based on the material contained in this document. You will be asked to make decisions regarding investment in your own judgment.

[About the notation in this material]

- **In principle, the figures in these materials are stated in millions of yen.**
- **Fiscal years beginning in April and ending in March 2025 (from April 2024 to March 2025) are indicated as "Fiscal 2024" or "FY2024."**

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1. Financial Results for the Six months of FY 2024

Key Points of Financial Results

Financial Results for the FY2024 2Q

(Millions of yen)

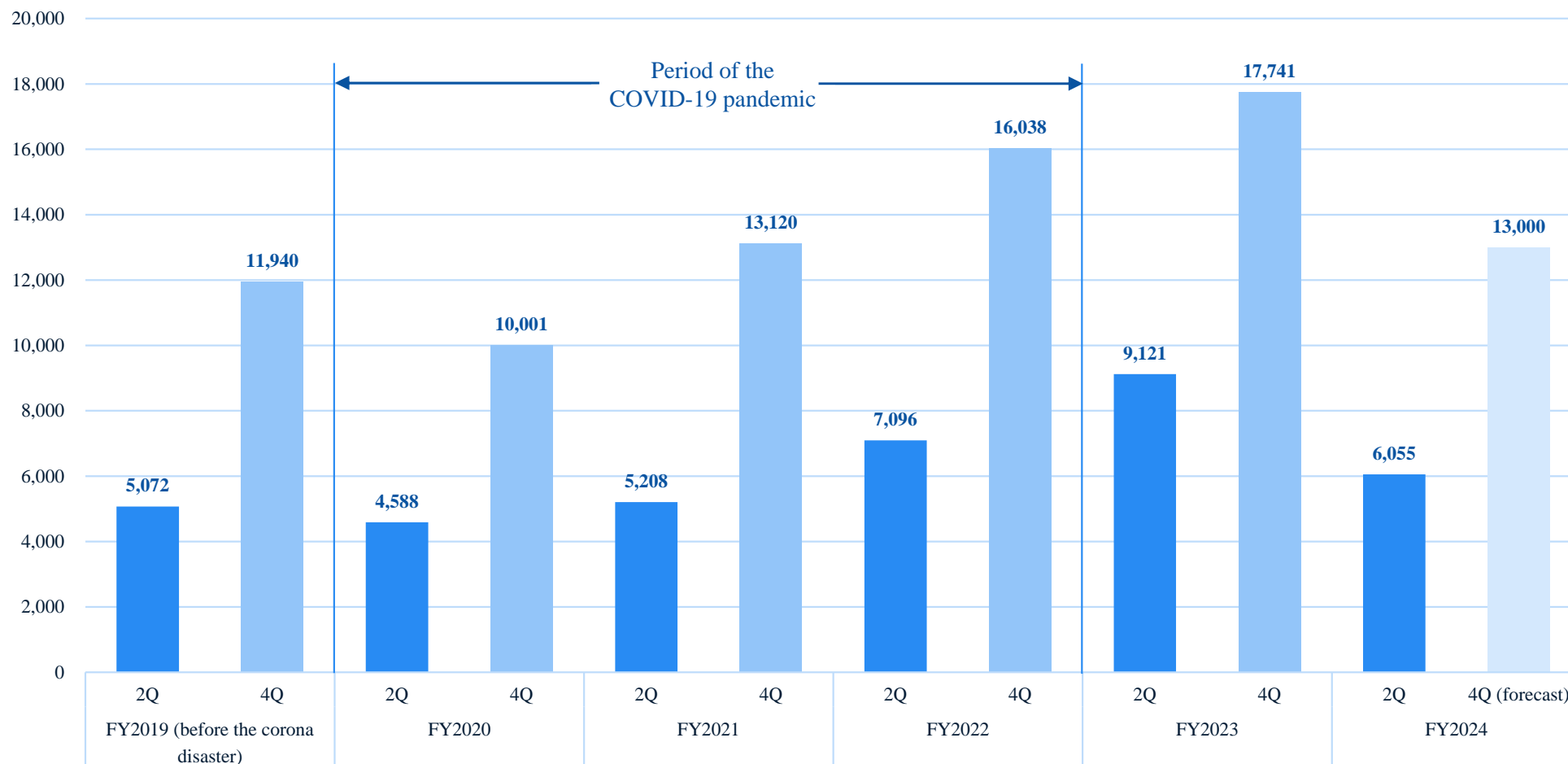
	FY2023 2Q	FY2024 2Q	Year-on-year changes	(Reference) FY2024 forecast	Progress rate
Net sales	318,066	307,152	-3.4%	650,000	47.3%
Operating profit	8,666	5,532	-36.2%	12,500	44.3%
Ordinary profit	9,121	6,055	-33.6%	13,000	46.6%
Profit attributable to owners of parent	5,640	4,488	-20.4%	9,500	47.2%

- In the Aviation-related business, profit declined due to the revision of the unit price of fuel handling fees at Haneda Airport.
- Sales in the Petroleum-related business were robust, but selling, general and administrative expenses increased.
- Performance in the Chemical Products, Gas, and the Other-related segments recovered Year on Year.
- In conjunction with the sale of investment securities, the company recorded a gain on sale of 1,434 million yen as an extraordinary gain.

Change in Ordinary Profit

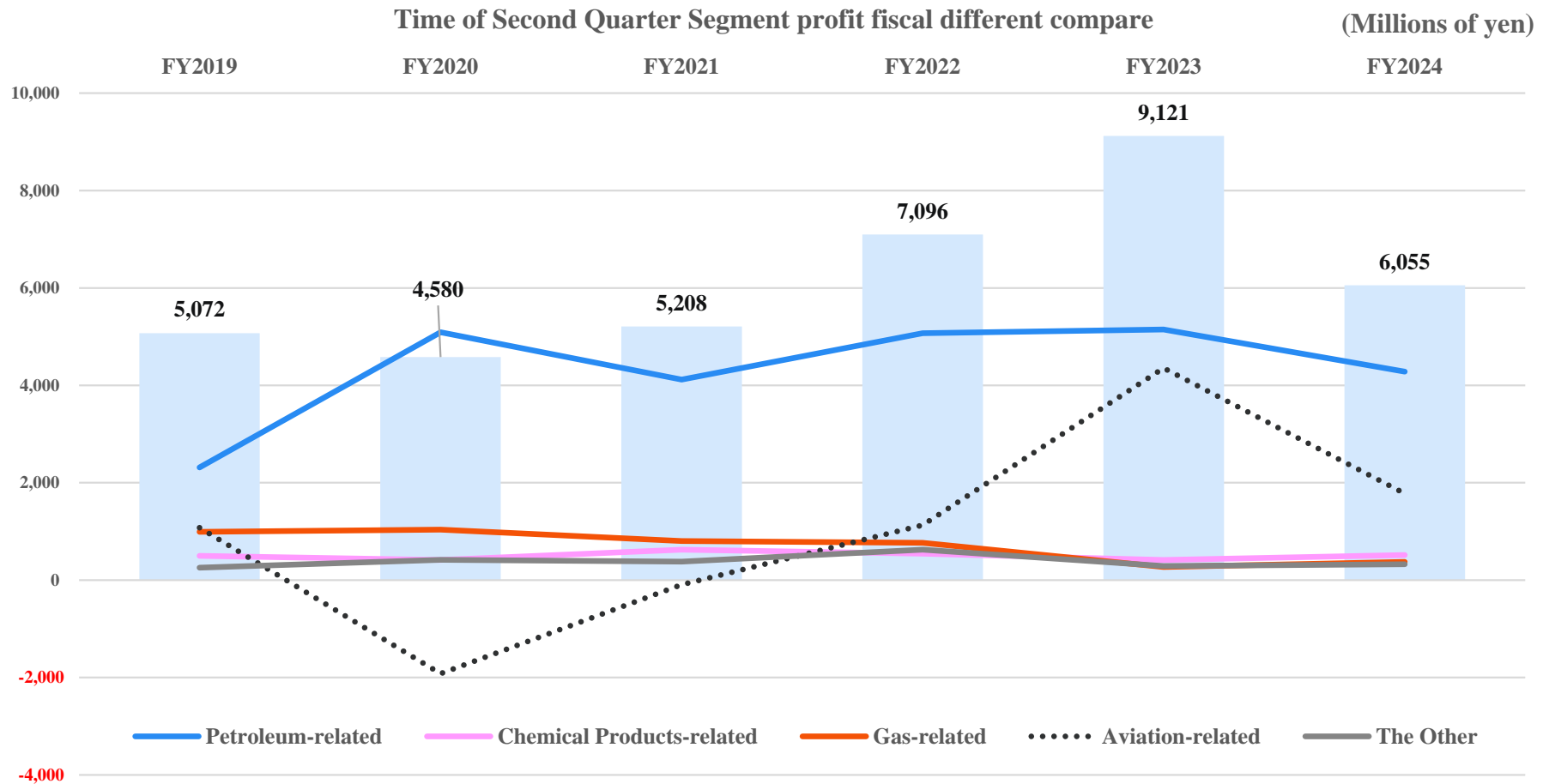
Recurring profit in Fiscal Year 2024 was at the level close to Fiscal Year 2019 (before the COVID-19 pandemic) due to the revision of the unit price of fuel handling fees at Haneda Airport.

(Millions of yen)

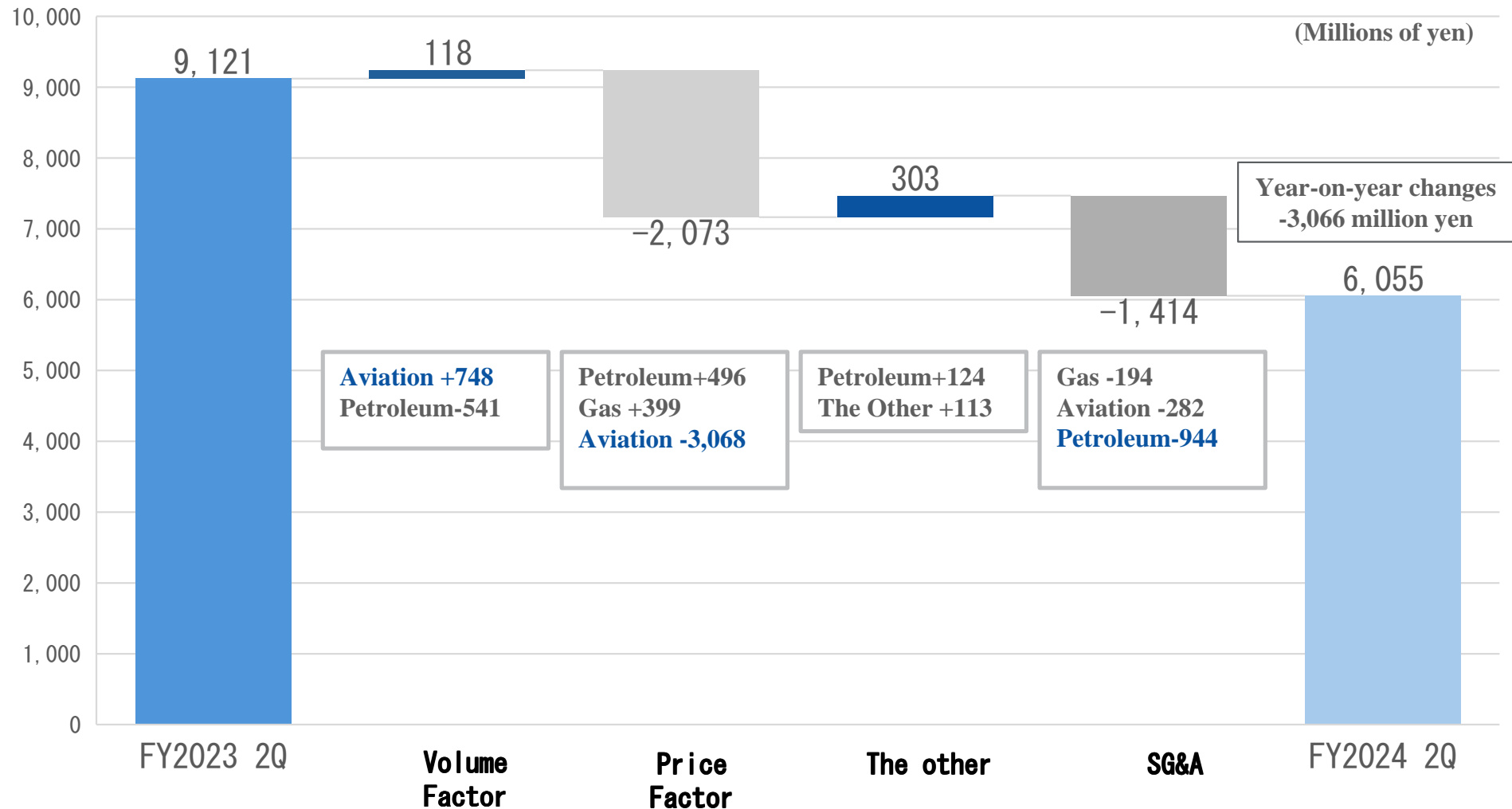


Change in segment separates ordinary profit

Since fiscal 2020, profit in the Aviation-related business have fluctuated significantly due to the COVID-19 pandemic. But results of the other segments remains firm.

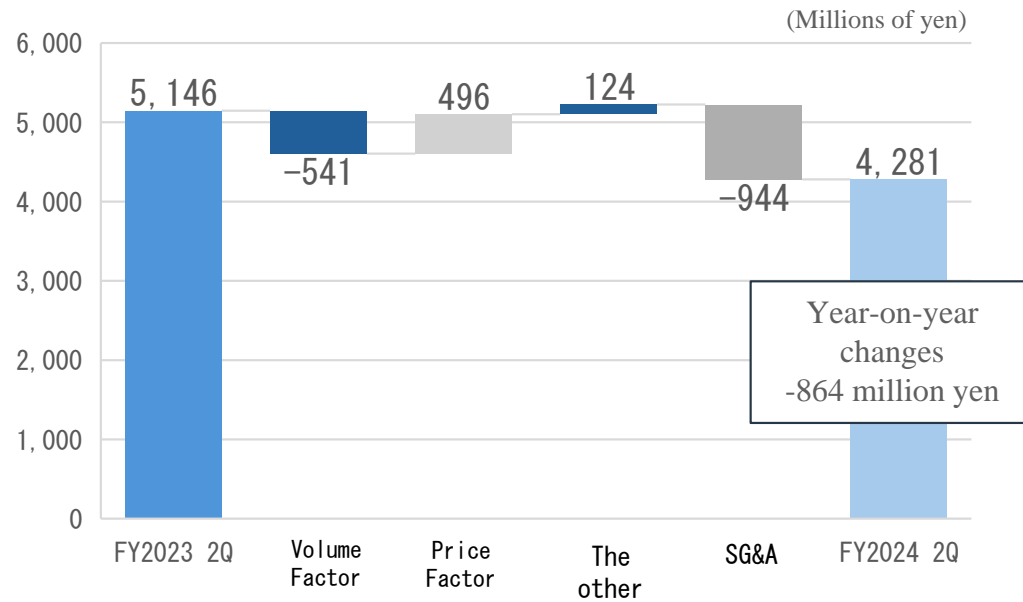


Details of Year on Year Changes in Ordinary Profit



- The profit/loss impact from inventory is included in the unit price factor.
- Other factors include increases and decreases in commission income and net sales of completed construction contracts, excluding commissions on aircraft fuel, and non-operating income and expenses.

Petroleum-related Business



Petroleum-related Business supplies petroleum products across the country through wholesale to dealers, sales of industrial fuels and lubricants for factories, and retail sales at SS (service stations).

Affiliated SS 982 sites as of September 30, 2024



Retail Division 507 million yen

Volume Sales of directly managed SS were sluggish. (-)

Price The sales margin shrank. (-)

Wholesale Division 3,724 million yen

Price Profit increased due to improved margins. (+)

Industrial Fuel Sales Division 63 million yen

Volume Sales volume declined due to intensifying price competition. (-)

Industrial Lubricants Sales Division -14 million yen

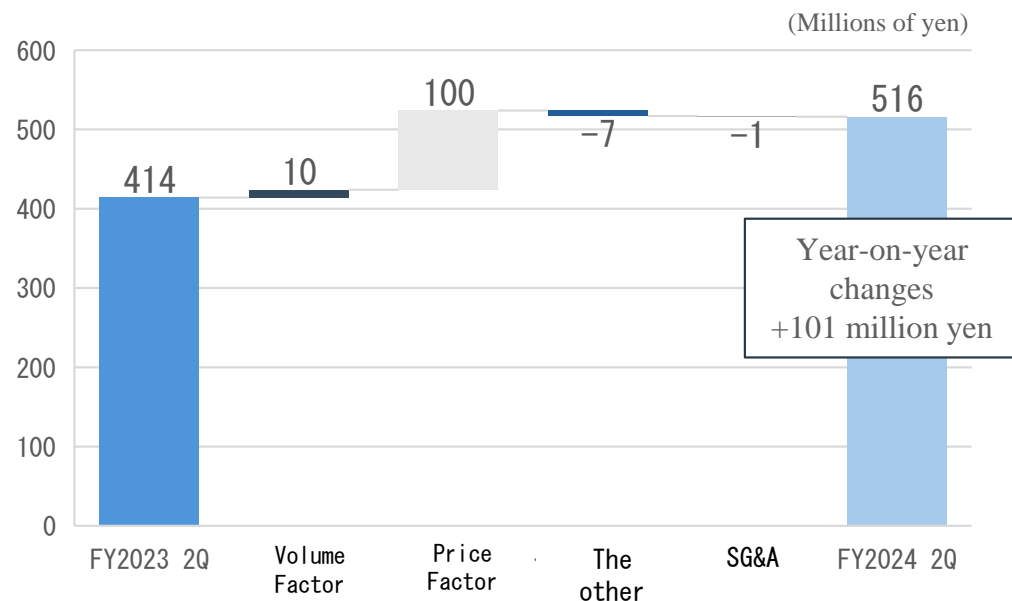
Other Maintenance revenue increased. (+)

SG&A The company recorded a provision for doubtful accounts due to the interruption of a wind power plant development survey. (-)

Selling, general and administrative expenses

Personnel, packing and transportation expenses, etc. increased. (-)

Chemical Products-related Business



Chemical Products-related Business manufactures and sells preservatives, fungicides, and chemical products for automobiles. It also sells petroleum-based solvents and tackifiers wholesale.



Commercial wash products 17.7%

Volume Sales volume of car wash agents decreased.(-)

Price The sales margin recovered. (+)

Biocide products 27.3%

Volume Sales volume was flat YoY.

Solvent & Industrial chemicals 32.6%

Price The sales margin recovered. (+)

Tackifier 14.7%

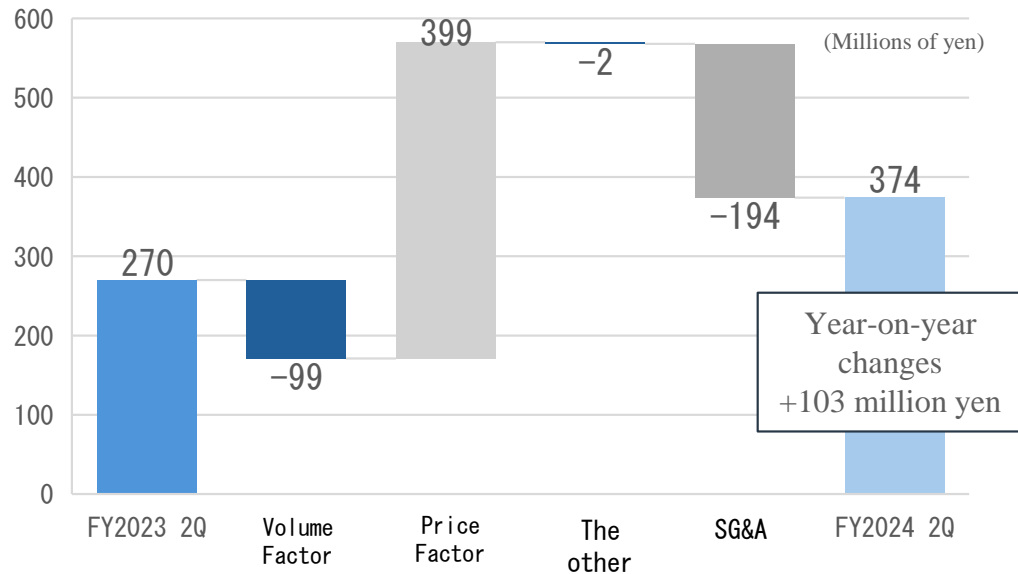
Volume Sales volume increased. (+)

Others (Performance chemicals, etc.) 7.7%

Volume Sales of higher alcohol increased. (+)

※ Since only the Chemical Products-related business is explained by product, the percentage of gross profit is shown next to the product category.

Gas-related Business

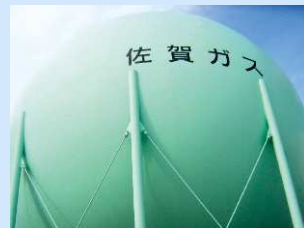


<LPG Sales Business>

LPG Sales Business sells residential and commercial LP gas and sells renovations and gas appliances mainly in the Kanto and Tokai areas, Chugoku and Kinki areas, and Kyushu areas. 123000 retail customers as of September 30, 2024

<Natural Gas Sales Business>

Natural Gas Sales Business supply to factories and the others using the Saga Natural Gas Pipeline, etc., and city gas supply to general consumers in Saga Prefecture.



<LPG Sales Business>

252 million yen

Retail Division

Volume

Unit consumption decreased due to the extremely hot summer. (-)

Price

Acquired approximately 2 thousand retail goodwill and recovered profit. (+)

Wholesale Division

Volume

Sales volume increased due to marine trades, etc. (+)

Price

Profit margin recovered due to inventory valuation. (+)

<Natural Gas Sales>

122 million yen

Household use

Volume

The consumption decreased due to the heat wave in the summer. (-)

Commercial and industrial

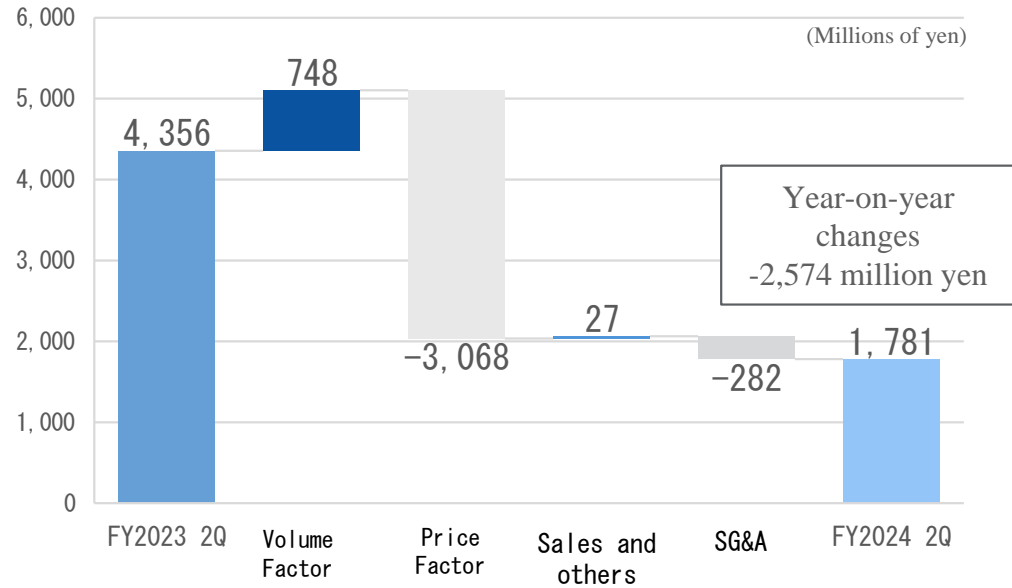
Volume

Demand at factories declined slightly. (-)

< Selling, general and administrative expenses >

Personnel expenses increased. (-)

Aviation-related Business



Aviation related business operate aviation fuel facilities and refuel aircraft at Haneda Airport. Additionally, the business operates refueling and refueling facilities at 27 locations across the country, from Hokkaido to Okinawa.



Haneda Airport 1,443 million yen

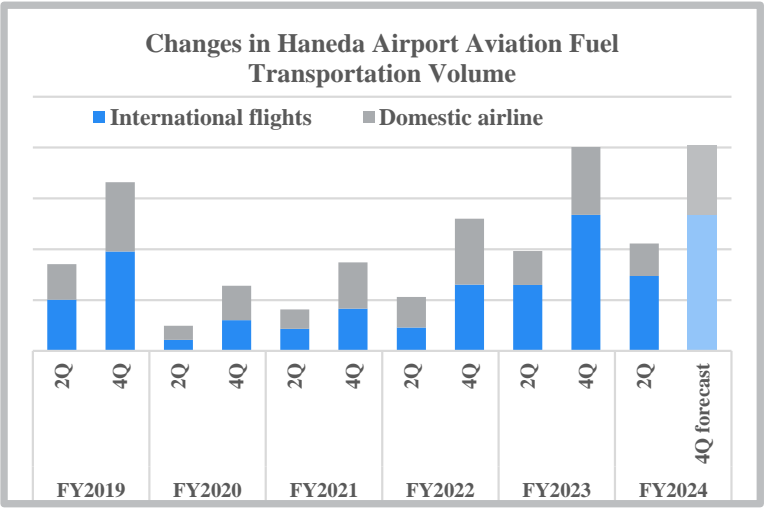
- Volume** Volume on domestic airline declined slightly due to bad weather and other factors. (-)
Volume on international airline was robust due to new flights and increased flights due to an increase in the number of foreign visitors to Japan. (+)
- Price** Profit fell sharply due to revisions to air fuel commissions. (-)

Other airports (25 airports, 1 heliport) 338 million yen

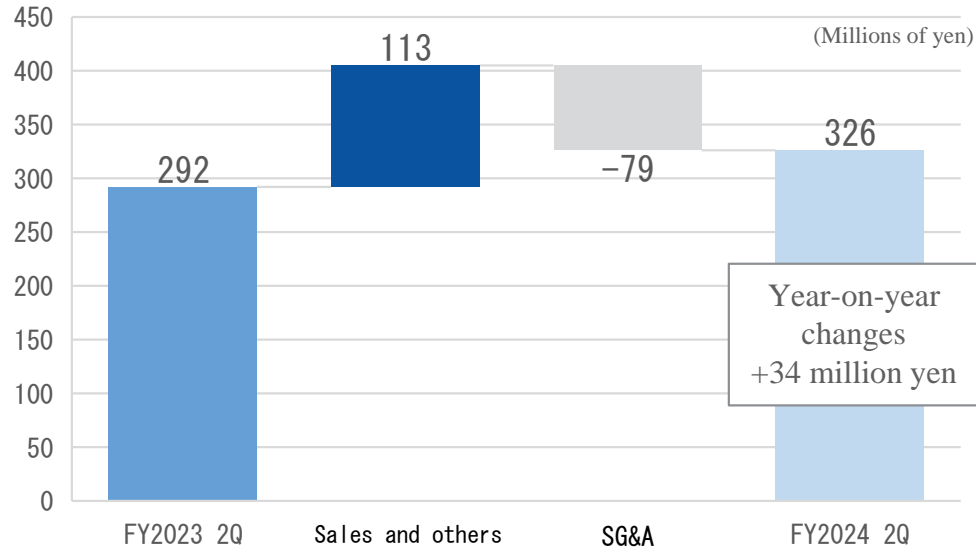
- Volume** The volume of refueling remained strong. (+)

Selling, general and administrative expenses

Personnel expenses increased. (-)



The Other Businesses



The Other Business include cleaning and surface treatment of metal products, construction work and so on. In recent years, the revenue ratio of component cleaning of semiconductor manufacturing equipment has increased.



Cleaning and Surface-Treatment of Metal Products 209 million yen

Sales and others

The business was affected by a delay in the recovery in production of semiconductor manufacturing equipment. (-)

Construction Business 95 million yen

Sales and others

Profit rose due to an increase in orders. (+)

Real Estate Leasing and Solar Business 22 million yen

On September 25 and 26, 2024, SAN-AI OBBLITECH CO., LTD. , one of our group companies, exhibited at “The First Kyushu Semiconductor Industry Exhibition” held in Fukuoka City, Fukuoka Prefecture. This exhibition provided an PR of the company's technological capabilities.



Balance sheet

End of FY2023

End of FY2023	
Cash and deposits, 53,671	Interest-bearing debt, 4,473
Other current assets, 54,948	Other liabilities, 90,305
Non-current assets, 59,609	Net assets, 123,829 (Equity ratio 53.9%)
Investments and other assets, 50,377	

End of FY2024 2Q

End of FY2024 2Q		(Millions of yen)
Cash and deposits, 36,260 (-17,410)	Interest-bearing debt, 4,503	
Other current assets, 49,297	Other liabilities, 73,349 (Notes and accounts payable-trade -12,292)	
Non-current assets, 59,979	Net assets, 122,372 (Equity ratio 58.0%)	
Investments and other assets, 54,687 (Guarantee deposits +5,991) (Investment securities -1,767)		
		(Interim net profit +4,488) (Year-end dividend -3,215) (Treasury shares -1,989) (Valuation difference on available-for-sale securities -1,033)

[Major Variance Factors]

- Cash and deposits, Guarantee deposits: Decreased due to payment of accounts payable and addition of cash collateral.
- Treasury shares: Acquired 1 million shares by resolution of the Board of Directors.
- Investment securities, Valuation difference on available-for-sale securities : Decreased due to sale of investment securities.

Cash allocation status

End of FY2024 2Q

(Millions of yen)

Fund procurement		Composition ratio
Cash generated from operations (excluding working capital)	8,812	31.0%
Asset sales, etc.	2,193	7.7%
Utilization of cash on hand	17,428	61.3%

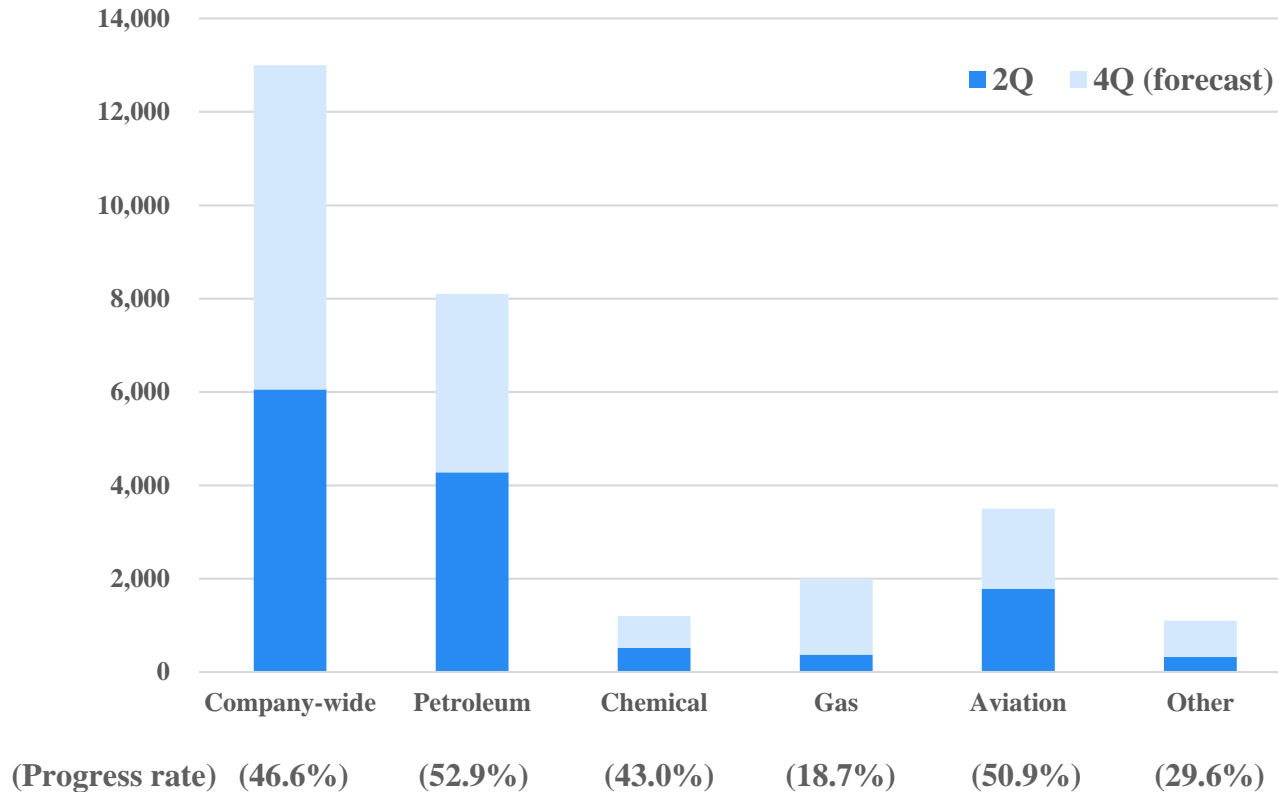
Fund utilization		Composition ratio
Capital and business investment	4,120	14.5%
Cash dividends paid	3,215	Shareholder Returns 5,216
Repurchase of treasury shares	2,000	
Decrease in working capital	10,277	36.1%
Operating Security Deposits	5,889	20.7%
Income tax paid	2,346	8.3%
Other funds utilization	586	2.1%

- The last day of the previous fiscal year was a financial institution holiday, and the payment of purchased receivables at the end of the previous fiscal year was pushed back to the current fiscal year. As a result, working capital decreased.
- The company added operating security deposits to suppliers in line with the increase in trade value.
- Asset sales, etc. mainly include sales of investment securities for pure investment purposes.

2. Forecast of Financial Results and Shareholder Returns

Progress of Financial Results and Future Outlook

Performance Progress



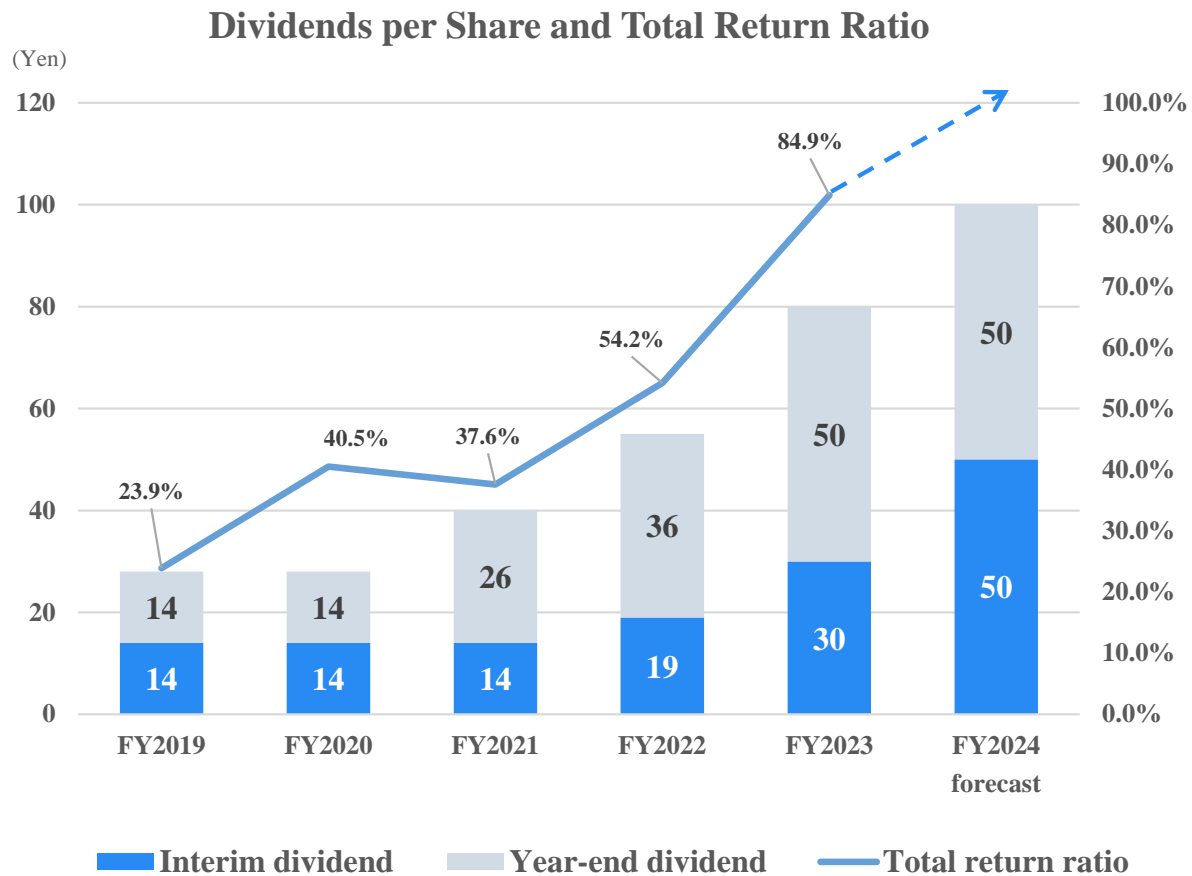
Medium-term management plan FY2024-2026 Targets

Ordinary profit
13 to 15 billion yen

Consolidated ROE
8% or more

- Revisions to unit prices in the Aviation-related business have already been factored into the forecast of financial result.
- The Petroleum and Chemical Products-related business is progressing as planned.
- Although demand is skewed towards the winter, performance of the Gas-related business is expected to be in line with expectations for the full year.
- The cleaning and surface treatment business of metal products, etc. in the Other business is scheduled to surely capture the demand.

Shareholder Return



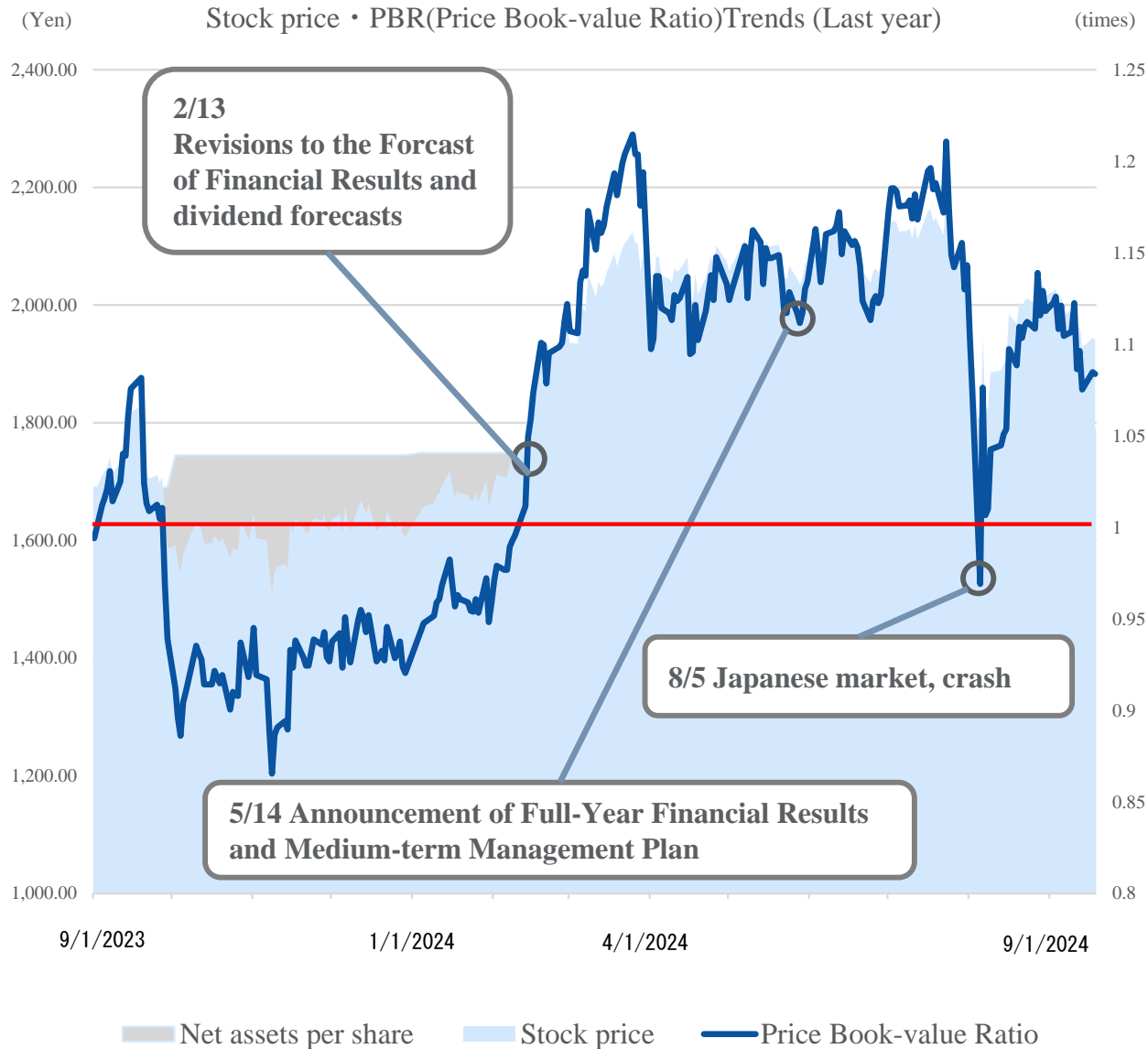
Medium-term management plan FY2024-2026 Targets

Annual dividend per share
100 yen (Minimum)

Total return ratio
Aim at 100%

- In Fiscal Year 2024, the total return to shareholders was 5,165 million yen (1,999 million yen for the repurchase of own shares and 3,166 million yen for the interim dividend), and the total return ratio against the forecast of profit attributable to owners of parent was 54%.

Stock Price and PBR (Price Book-value Ratio)



Medium-term management plan
FY2030 Targets

Through the implementation of growth strategies and capital policies, and appropriate shareholder returns
Price Book-value Ratio
Maintain at more than 1.0 time

3. Topics for this fiscal year

Acquisition of shares of Imari Gas Co., Ltd.

On May 31, 2024, SAN-AI OBBLI CO.,LTD. acquired shares in Imari Gas Co., Ltd., which sells city gas and LPG in Imari City, Saga Prefecture.

As a result, the company became a member of the SAN-AI OBBLI Group.

[Corporate Profile (As of September 30, 2024)]

Company name: Imari Gas Co., Ltd.

Representative Director: Toshihiro Sakamoto

Established: July 1964.

Share Capital: 25 million yen

Head office: Osato, Futari-cho, Imari City, Saga

Business Contents: City gas supply and propane sales, security service gas equipment sales, leasing, and maintenance, housing equipment sales, construction, and construction orders.

City gas Customers: 4,873 households

LP gas Customers : 1,951 households



Investment in avatarin Inc.,

SAN-AI OBBLI CO.,LTD. invested in avatarin Inc., a start-up company originating from ANA HOLDINGS Inc.,.

We are looking ahead to the use of autonomous AI robots, which the company is developing, in customer service and safety control.

[Corporate Profile]

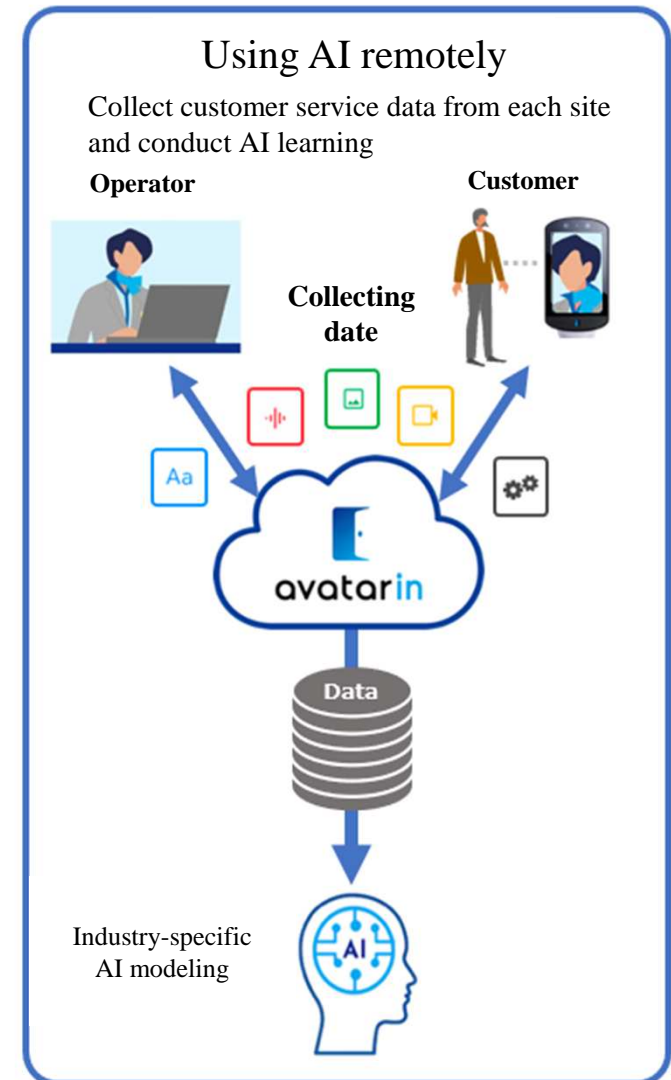
Company Name: avatarin Inc.,

Representative Director: Akira Fukabori

Established: April 2020.

Head Office: Nihonbashi Muromachi, Chuo-ku, Tokyo

Business description: As a startup company spun out of ANA Holdings Inc., the company aims to build a global platform where the skills of professionals in a variety of industries can be converted into AI and shared.



Establishment of DX Promotion Committee

In July 2023, SAN-AI OBBLI Group renewed its legacy system by replacing its ERP system.

In July 2024, SAN-AI OBBLI CO., LTD. launched a specialized subcommittee to further promote DX, and will strive to reform its business and increase its corporate value.

