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Notice of the 94th Annual General Meeting of Shareholders



SAN-AI OBBLI CO., LTD.

Stock code: 8097

Contents

- 1.Date and time: Thursday, June 26, 2025 10 a.m.
2.Place: 10th floor, Company Conference Room, Otemachi Place East Tower
2-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan

3.Matters for resolution

- Proposal No. 1 Appropriation of Surplus
Proposal No. 2 Election of Seven Directors
Proposal No. 3 Election of One Audit & Supervisory Board Member

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To our shareholders:

Hiroshi Hayata
Representative Director, President
SAN-AI OBBLI CO., LTD.
(Location of the Main Office)
5-22-5 Higashioi, Shinagawa-ku, Tokyo, Japan
(Head Office)
2-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan

Notice of the 94th Annual General Meeting of Shareholders

You will be notified of the 94th Annual General Meeting of Shareholders of SAN-AI OBBLI CO., LTD. (the “Company”), which will be held as indicated below.

In convening this General Meeting of Shareholders, the Company has taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (measures for providing information in electronic format are to be taken) in electronic format, and has posted the information on the Company’s website. Please access the following website to view the information.

The Company website:

<https://www.san-ai-obbli.com/en/>

(From the above website, select “IR Information.”)

In addition to the Company’s website, the matters subject to measures for electronic provision are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the information as explained below.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Access the TSE website by using the internet address shown above, enter “SAN-AI OBBLI” in “Issue name (company name)” or the Company’s securities code “8097” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you do not attend the meeting in person, you may exercise your voting rights via the internet or in writing (by mail). Please review the Reference Documents for the General Meeting of Shareholders before exercising your voting rights by 5.40 p.m. on Wednesday, June 25, 2025 (JST).

- 1. Date and Time:** Thursday, June 26, 2025, at 10:00 a.m. (JST)
- 2. Venue:** 10th floor, Company Conference Room, Otemachi Place East Tower
2-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 94th fiscal year (from April 1, 2024 to March 31, 2025), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
2. The Non-consolidated Financial Statements for the 94th fiscal year (from April 1, 2024 to March 31, 2025)

Matters to be resolved:

- | | |
|------------------------|--|
| Proposal No. 1: | Appropriation of Surplus |
| Proposal No. 2: | Election of Seven Directors |
| Proposal No. 3: | Election of One Audit & Supervisory Board Member |

4. Guidance on Exercising Voting Rights, etc.

Please refer to the “Guidance on Exercising Voting Rights, etc.” on page 3 and the “Guidance on Exercising Voting Rights via the Internet, etc.” on page 4.

5. Matters Concerning Request for Delivery of Paper-Based Documents

We will send paper-based documents that contain the matters subject to measures for electronic provision to shareholders who have requested delivery of paper-based documents. However, pursuant to the relevant laws and regulations and the provisions of the Company’s Articles of Incorporation, “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are not included in these documents.

Accordingly, these documents consist of part of the Consolidated Financial Statements and Non-consolidated Financial Statements that were audited by the Audit & Supervisory Board Members and the Financial Auditor in preparing the Audit Reports.

- When attending the meeting in person, please hand in the enclosed voting form at the reception desk.
- If revisions to the matters subject to measures for electronic provision arise, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company’s website and the TSE website.

Guidance on Exercising Voting Rights, etc.

You can exercise your voting rights in the following three ways.

Attending the Meeting

Please hand in the enclosed voting form at the reception desk (name seals are not required).

Date and Time: Thursday, June 26, 2025, at 10:00 a.m. (JST)

Venue: 10th floor, Company Conference Room, Otemachi Place East Tower,
2-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan

Voting in Writing (by Mail)

Please indicate your approval or disapproval of each proposal on the voting form and post it.

Voting deadline: To be received no later than 5:40 p.m., Wednesday, June 25, 2025

Voting via the Internet, etc.

Follow the instructions on the next page to indicate your approval or disapproval of each proposal.

Voting deadline: To be submitted no later than 5:40 p.m., Wednesday, June 25, 2025

Guidance for Filling in the Voting Form

Please indicate your approval or disapproval to each proposal.

Proposals No. 1 and 3

- If you approve:
Mark a ○ in the box marked “賛”
- If you disapprove:
Mark a ○ in the box marked “否”

Proposal No. 2

- If you approve all candidates:
Mark a ○ in the box marked “賛”
- If you disapprove all candidates:
Mark a ○ in the box marked “否”
- If you selectively veto certain candidates:
Mark a ○ in the box marked “賛” and write the number of each candidate you choose to veto.

- * If you exercise your voting rights via the internet, etc. more than once, the last exercise shall be treated as valid.
- * If you exercise your voting rights both in writing (by postal mail) and via the internet etc., only the vote placed via the internet, etc. shall be deemed to be valid.

Guidance on Exercising Voting Rights via the Internet, etc.

Scanning the QR Code “Smart Vote”

You can simply log in to the voting website without entering your voting code and password.

- (i) Please scan the QR Code printed on the lower right-hand side of the voting form.
 - * “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
- (ii) Next, follow the instructions on the screen to indicate your approval or disapproval of each proposal.

Please note that exercising voting rights by using “Smart Vote” method is available only once.

If you need to change your votes after exercising your voting rights, please log in to the voting website for PC by using your voting code and password printed on the voting form, and exercise your voting rights again.

* If you rescan the QR Code, you can access the voting website for PC.

Entering Voting Code and Password

Voting website: <https://www.web54.net> (in Japanese)

- (i) Access the voting website.
 - Click “Next.”
- (ii) Enter the “voting rights exercise code” which is provided on your voting form.
 - Enter the “voting rights exercise code.”
 - Click “Login.”
- (iii) Enter the “password” which is provided on your voting form.
 - Enter the “password.”
 - Enter the new password that you will actually use.
 - Click “Register.”
- (iv) Next, follow the instructions on the screen to indicate your approval or disapproval of each proposal.

In case you need instructions for how to operate your personal computer or smartphone in order to exercise your voting rights via the internet, please contact:

Sumitomo Mitsui Trust Bank, Limited Stock Transfer Web Support Phone No.

Toll-free (within Japan): 0120-652-031 (9:00 a.m. to 9:00 p.m.) (JST)

You may use the Electronic Voting Platform for Institutional Investors operated by ICJ Inc., as a method of exercising your voting rights.

Reference Documents for General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1: Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

Under our medium-term management plan covering the period from Fiscal Year 2024 to Fiscal Year 2026, the Company will strive to increase shareholder value and implement capital policies in accordance with our financial condition and earnings trends. For the 3-year period of the current medium-term management plan, we will aim for a minimum annual dividend per share of 100 yen and a total return ratio of 100%.

Based on this, we intend to pay an ordinary dividend of 50 yen per share for the 94th fiscal year-end.

Type of dividend property

Cash

Allotment of dividend property and total amount to be paid

¥50 per common share of the Company (ordinary dividend)

Total amount: ¥3,116,082,350

Since the Company has already paid an interim dividend of ¥50 (ordinary dividend) during the fiscal year ended March 31, 2025, the annual dividend will be ¥100 per share (ordinary dividend), which is ¥20 higher than for the previous fiscal year.

Effective date of dividends of surplus


June 27, 2025


Proposal No. 2: Election of Seven Directors


The term of office for all (8) directors will expire at the conclusion of this general meeting, so we would like to ask you to appoint 7 directors (including 2 outside directors). The number of candidates for directors will be reduced by one, due to the resignation of the candidate for outside director.


The candidates for Directors are as follows.


Candidate No.	Name	Current position and responsibility in the Company	
1	Jun Kaneda	Representative Director, Chairman of the Board	Reelection
2	Hiroshi Hayata	Representative Director, President and Executive Officer	Reelection
3	Fuminori Hasegawa	Director, Senior Managing Executive Officer In charge of Corporate Planning Department, Information Systems, and Sustainability Promotion Department	Reelection
4	Takashi Satoh	Director, Executive Officer In charge of General Affairs Department, General Accounting Department, and Legal & Credit Department General Manager of General Accounting Department and Legal & Credit Department	Reelection
5	Kohichiro Ishii	Director, Executive Officer In charge of LPG Division General Manager of Business Development Department	Reelection
6	Keiko Unotoro	Director	Reelection Outside Independent
7	Yoji Ninomiya	Director	Reelection Outside Independent
Reelection	Candidate for Director to be reelected		
Outside	Candidate for outside Director		
Independent	Independent officer as defined by the Tokyo Stock Exchange		


Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
1	 <p>Jun Kaneda (September 24, 1948)</p> <p>Reelection</p>	<p>Oct. 1972 Joined the Company</p> <p>June 2001 Director</p> <p>Apr. 2004 Managing Director</p> <p>June 2007 Representative Director, President</p> <p>June 2017 Representative Director, Chairman of the Board (current position)</p>	44,000 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Kaneda has broad insight into corporate management and is currently serving as Representative Director, Chairman of the Board of the Company, demonstrating executive ability and leadership, and contributing to business development. Therefore, the Company proposes his reelection as Director.</p>			


Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
2	 <p>Hiroshi Hayata (March 17, 1963)</p> <p>Reelection</p>	<p>Mar. 1986 Joined the Company</p> <p>June 2017 Full-time Audit & Supervisory Board Member</p> <p>June 2020 Executive Officer</p> <p> In charge of Energy Solution Business Division</p> <p> General Manager of Energy Solution Business Department</p> <p> In charge of Chemical Products Business Division</p> <p> General Manager of Chemical Products Business Department</p> <p>Apr. 2022 Managing Executive Officer</p> <p>June 2022 Director</p> <p>Apr. 2023 Representative Director, President (current position)</p> <p> President, Executive Officer (current position)</p>	15,726 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Following on from his positions as Full-time Audit & Supervisory Board Member and Managing Executive Officer in charge of Energy Solution Business Division and in charge of Chemical Products Business Division, Mr. Hayata has experience in a wide range of fields and abundant knowledge as a concern manager. Currently, he has been demonstrating leadership as Representative Director, President and Executive Officer, contributing to business development. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
3	 <p>Fuminori Hasegawa (March 26, 1960)</p> <p>Reelection</p>	<p>Apr. 1982 Joined Mitsubishi Corporation</p> <p>Apr. 2013 Division COO of Petroleum Business Division, Energy Business Group</p> <p>Apr. 2014 Senior Vice President, Division COO of Petroleum Business Division, Energy Business Group</p> <p>Oct. 2015 Senior Vice President, Division COO of Petroleum Business Division, Energy Business Group Chairman & Director of Mitsubishi Corporation Energy Co., Ltd.</p> <p>Apr. 2017 Senior Vice President, Division COO of Energy Resources Division (Asia Pacific), Energy Business Group of Mitsubishi Corporation</p> <p>Apr. 2019 Executive Vice President of Chiyoda Corporation</p> <p>July 2019 Executive Vice President, CRO* Division Director of Strategy & Risk Integration Division</p> <p>June 2022 Representative Director, Senior Executive Vice President, Head of Strategy & Risk Integration, HR & DX, and Division Director of Strategy & Risk Integration Division</p> <p>Apr. 2023 Representative Director, Senior Executive Vice President, CCO** Assistant to President in charge of Corporate Affairs</p> <p>Apr. 2024 Senior Managing Executive Officer (current position) In charge of Corporate Planning, Information Systems, and Sustainability Promotion Departments of the Company (current position)</p> <p>June 2024 Director (current position)</p> <p>* CRO: Chief Risk Management Officer ** CCO: Chief Compliance Officer</p>	2,915 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Hasegawa is thoroughly familiar with the resources and energy field and has a wealth of experience and high-level insight cultivated in corporate management, including serving as Representative Director Senior Executive Vice President and CCO of Chiyoda Corporation after serving as Senior Vice President, Division COO of Petroleum Business Division, Energy Business Group and Division COO of Energy Resources Division, Energy Business Group at Mitsubishi Corporation. He is currently serving as Director and Executive Officer, in charge of Corporate Planning, Information Systems, and Sustainability Promotion Departments, contributing to the development of the business, and has a wealth of experience and deep insight as well as contributing to the development of the business. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
4	 Takashi Satoh (August 9, 1963) Reelection	Mar. 1987 Joined the Company Oct. 2015 General Manager of Human Resources & General Affairs Department June 2018 Director In charge of Human Resources & General Affairs Department General, Accounting Department, Legal & Credit Department, Information Systems Department, and CSR Promotion Department (currently Sustainability Promotion Department) General Manager of CSR Promotion Department (currently Sustainability Promotion Department) June 2019 In charge of Human Resources & General Affairs Department, Legal & Credit Department, and CSR Promotion Department June 2020 Executive Officer (current position) General Manager of Legal & Credit Department (current position) June 2023 Director (current position) Oct. 2023 In charge of Human Resources, General Affairs Department, Legal & Credit Department, and Sustainability Promotion Department Apr. 2024 In charge of General Affairs Department, Legal & Credit Department (current position) Apr. 2025 In charge of General Accounting Department (current position) General Manager of General Accounting Department (current position)	9,827 shares
	[Reasons for nomination as candidate for Director] Mr. Satoh is currently serving as Director and Executive Officer, in charge of the General Affairs, General Accounting and Legal Credit Department of the Company, contributing to business development, and has a wealth of experience and broad insight in administrative and operational affairs in the General Affairs Department. Therefore, the Company proposes his reelection as Director.		

Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
5	 <p>Kohichiro Ishii (June 6, 1968)</p> <p>Reelection</p>	<p>Mar. 1991 Joined the Company</p> <p>June 2013 Representative Director, and President of Nishimura Co., Ltd. (currently SAN-AI OBBLI GAS SANSHIN CO., LTD.)</p> <p>June 2015 Deputy Manager, LPG Division, LPG Sales Department of the Company</p> <p>June 2017 Representative Director and President of SAN-AI OBBLI GAS KYUSHU CO., LTD. Representative Director and President of SAN-AI GAS SERVICE CO., LTD. (currently SAN-AI OBBLI GAS SERVICE KYUSHU CO., LTD.)</p> <p>May 2020 General Manager of LPG Sales Department of the Company</p> <p>Apr. 2022 Executive Officer (current position) In charge of LPG Division (current position) General Manager of LPG Division (current position)</p> <p>June 2023 Director (current position)</p> <p>Apr. 2025 General Manager of Business Development Department (current position)</p>	6,759 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Mr. Ishii is currently serving as Director and Executive Officer, in charge of the LPG Division of the Company, contributing to business development, and has a wealth of experience and broad insight in the LPG business. Therefore, the Company proposes his reelection as Director.</p>			

Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
6	 <p>Keiko Unotoro (October 26, 1954)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1977 Joined Secretariat of Japan Fair Trade Commission</p> <p>Apr. 2000 Part-time lecturer of Graduate School of Economics of Senshu University</p> <p>Jan. 2007 Director General of Trade Practices Department, General Secretariat of Japan Fair Trade Commission</p> <p>June 2008 Senior Deputy Secretary General of Secretariat</p> <p>Jan. 2011 Director General of Economic Affairs Bureau</p> <p>Nov. 2012 Advisor of OH-EBASHI LPC & PARTNERS</p> <p>Apr. 2013 Professor of Faculty of Business Administration of Toyo Gakuen University</p> <p>June 2013 Outside Director of Olympus Corporation</p> <p>Mar. 2015 Member of the Board (outside) of Bridgestone Corporation</p> <p>June 2019 Director of the Company (current position)</p> <p>Apr. 2020 Outside Director of OS Co., Ltd.</p> <p>Aug. 2020 Outside Director of OHBA CO., LTD.</p> <p>Jan. 2021 Member of Public Security Examination Commission</p> <p>Mar. 2021 Outside Director of Frontier Management Inc. (current position)</p> <p>[Significant concurrent positions outside the Company] Outside Director of Frontier Management Inc.</p>	2,500 shares
	<p>[Reasons for nomination as candidate for outside Director, and overview of expected role]</p> <p>Ms. Unotoro has been involved in the economic and legal fields for many years at the Japan Fair Trade Commission, and has subsequently accumulated high-level insight and a wealth of experience cultivated in these positions that she has used to provide timely and useful recommendations and proposals in deliberations on agenda items at meetings of the Company's Board of Directors. The Company expects that she will continue to apply her high-level insight and wealth of experience to appropriately supervise the decision-making of the Company's Board of Directors and the execution of duties by Directors. Therefore, the Company proposes her reelection as outside Director. Furthermore, upon her election as outside Director, the Company intends to have her objectively and from a neutral position be involved in the determination of remuneration for directors and other officers, and the selection of candidates for directors and officers of the Company, as a member of the Nomination and Remuneration Advisory Committee.</p>		


Candidate No.	Name (date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
7	 <p>Yoji Ninomiya (March 23, 1951)</p> <p>Reelection Outside Independent</p>	<p>Apr. 1975 Joined Ministry of Finance</p> <p>May 1986 First Secretary, Embassy of Japan in Singapore, Ministry of Foreign Affairs</p> <p>July 1990 General Manager, Finance Department, Kinki Local Finance Bureau</p> <p>July 1993 Director for Banking Division, Bank Bureau</p> <p>July 1997 Director for Special Finance Division, Bank Bureau</p> <p>July 1999 Director-General of Hokkaido Local Finance Bureau</p> <p>July 2001 Counselor of the Minister's Secretariat</p> <p>July 2002 Director-General of Kobe Customs</p> <p>July 2003 Assistant Vice-Minister of Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>June 2005 Executive Trustee of The Open University of Japan Foundation</p> <p>Oct. 2008 Senior Executive Director of Japan Finance Organization for Municipal Enterprises (currently Japan Finance Organization for Municipalities)</p> <p>June 2011 Full-Time Audit & Supervisory Board Member of TSI HOLDINGS CO., LTD.</p> <p>June 2014 Representative Director and President of THE SAGA KYOEI BANK, LTD. (current position)</p> <p>June 2023 Director of the Company (current position)</p> <p>[Significant concurrent positions outside the Company] Representative Director and President of THE SAGA KYOEI BANK, LTD.</p>	1,000 shares
<p>[Reasons for nomination as candidate for outside Director, and overview of expected role]</p> <p>Mr. Ninomiya has high-level insight and wealth of experience cultivated through many years of working in the field of finance, including at the Ministry of Finance, and his current position as Representative Director and President of THE SAGA KYOEI BANK, LTD. The Company expects that he will continue to apply his high-level insight and wealth of experience to appropriately supervise the decision-making of the Company's Board of Directors and the execution of duties by Directors. Therefore, the Company proposes his reelection as outside Director. Furthermore, upon his election as outside Director, the Company intends to have his objectively and from a neutral position be involved in the determination of remuneration for directors and other officers, and the selection of candidates for directors and officers of the Company, as a member of the Nomination and Remuneration Advisory Committee.</p>			

- Notes:
- The special interest between each of the above candidates and the Company is as described below.
 - Yoji Ninomiya is Representative Director and President of THE SAGA KYOEI BANK, LTD. There are borrowing transactions between SAGA GAS CO., LTD., a subsidiary of the Company, and the Bank. The amount borrowed from the Bank was less than 0.2% of the Company's total consolidated assets in each of the past three business years, and is not deemed to affect the independence of the outside Director.
 - There is no special interest between any of the other above candidates and the Company.
 - Matters related to candidates for outside Directors are as follows:
 - Keiko Unotoro and Yoji Ninomiya are candidates for outside Directors.
 - The term of office of Keiko Unotoro as outside Director of the Company will be six years at the conclusion of this meeting.
 - The term of office of Yoji Ninomiya as outside Director of the Company will be two years at the conclusion of this meeting.
 - The Company has entered into limited liability agreement with Keiko Unotoro and Yoji Ninomiya, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Company's Articles of Incorporation. If their reelection is approved, the Company plans to renew the limited liability agreement with them. The outline of the agreement is to limit liability for compensation of damages incurred due to negligence of duties provided for under Article 423, paragraph (1) of the Companies Act to the amount of ¥3 million, or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.

- (5) The Company has submitted notification to the Tokyo Stock Exchange that Keiko Unotoro and Yoji Ninomiya have been designated as independent officers as provided for by the aforementioned exchange. If their re-elections are approved, the Company plans for their appointment as an independent officer to continue.
- 3. The Company has entered into directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This policy covers damages arising from liability borne by the insured, which includes Directors of the Company, in the course of the execution of their duties or claims pertaining to the pursuit of such liability. However, there are certain grounds for exemptions, such as no coverage provided for damages arising from actions that are done with the acknowledgement that such actions are in violation of laws and regulations. If all of the candidates are elected and assume office as Director, they will be the insured in this policy. Furthermore, the Company plans to renew the insurance policy with the same terms and conditions during their term of office.

Proposal No. 3: Election of One Audit & Supervisory Board Members

At the conclusion of this meeting, the terms of office of Audit & Supervisory Board Members Hidetoshi Watanabe will expire. Therefore, the Company proposes the election of one Audit & Supervisory Board Member. In addition, the consent of the Audit & Supervisory Board has been obtained for this proposal. The candidate for Audit & Supervisory Board Member is as follows:

Name (date of birth)	Career summary, position in the Company, and significant concurrent positions outside the Company	Number of Shares of the Company's shares owned
 Hidetoshi Watanabe (August 30, 1953) Reelection Outside Independent	Nov. 1977 Joined Showa Audit Corporation Aug. 1981 Registered as Certified Public Accountant (current position) Aug. 2008 Executive Director of Ernst & Young ShinNihon LLC Aug. 2012 Senior Managing Director July 2014 Executive Vice President July 2016 Established Hidetoshi Watanabe Certified Public Accountant Office (current position) June 2017 Outside Director of Business Brain Showa-Ota Inc. (current position) Dec. 2018 External Audit and Supervisory Board Member of CMIC Holdings Co., Ltd. June 2021 Audit & Supervisory Board Member of the Company (current position) [Significant concurrent positions outside the Company] Outside Director, Business Brain Showa-Ota Inc.	0 shares

[Reasons for candidates for outside Audit & Supervisory Board member]

Mr. Watanabe has sufficient insight from his wealth of experience as a certified public accountant and has appropriately performed the duties of our Outside Audit & Supervisory Board Member from his position as an expert in corporate finance and accounting. He is sufficiently fulfilling his duties as Outside Audit & Supervisory Board Member. Therefore, the Company proposes his reelection as Outside Audit & Supervisory Board Member.

- Notes:
1. There is no special interest between candidate and the Company.
 2. Matters related to candidates for outside Audit & Supervisory Board Member is as follows:
 - (1) Hidetoshi Watanabe is a candidate for outside Audit & Supervisory Board Member.
 - (2) The term of office of Hidetoshi Watanabe as Audit & Supervisory Board Member of the Company will be four years at the conclusion of this meeting.
 - (3) The Company has entered into limited liability agreement with Hidetoshi Watanabe, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act and the Company's Articles of Incorporation. If his reelection is approved, the Company plans to renew the limited liability agreement with him. The outline of the agreement is to limit liability for compensation of damages incurred due to negligence of duties provided for under Article 423, paragraph (1) of the Companies Act to the amount of ¥3 million, or the minimum liability amount provided for under Article 425, paragraph (1) of the Companies Act, whichever is higher.
 - (4) The Company has submitted notification to the Tokyo Stock Exchange that Hidetoshi Watanabe has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Hidetoshi Watanabe is approved, the Company plans for his appointment as an independent officer to continue.
 3. The Company has entered into directors and officers liability insurance policy with an insurance company, as provided for in Article 430-3, paragraph (1) of the Companies Act. This policy covers damages arising from liability borne by the insured, which includes Audit & Supervisory Board Member of the Company, in the course of the execution of their duties or claims pertaining to the pursuit of such liability. However, there are certain grounds for exemptions, such as no coverage provided for damages arising from actions that are done with the acknowledgement that such actions are in violation of laws and regulations. If the candidate is elected and assume office as Audit & Supervisory Board Member, he will be the insured in this policy. Furthermore, the Company plans to renew the insurance policy with the same terms and the condition during his term of office.

(Reference) Skill Matrix of Directors and Audit & Supervisory Board Members

The Company's Board of Directors comprises the number of Directors in accordance with business strategies, taking into consideration the balance between knowledge, experience and skills of the Board of Directors as a whole. Listed in the skill matrix below are the knowledge, experience, skills, etc. if Proposal No.2 and No.3 are approved as proposed.

Name	Position	Corporate Management	Legal and Risk Management	Finance, Accounting and Money	Industry Knowledge	Sales and Marketing	Personnel, Labor and Human Resource Development	ESG
Jun Kaneda	Representative Director, Chairman of the Board	●	●		●	●		●
Hiroshi Hayata	Representative Director, President and Executive Officer	●	●		●	●		●
Fuminori Hasegawa	Director, Senior Managing Executive Officer	●	●	●	●		●	●
Takashi Satoh	Director, Executive Officer		●	●	●	●	●	●
Kohichiro Ishii	Director, Executive Officer	●			●	●		●
Keiko Unotoro	Outside Director		●		●			
Yoji Ninomiya	Outside Director	●	●	●				●
Junichi Matsumura	Full-time Audit & Supervisory Board Member	●	●		●			
Atsushi Ohi	Full-time Audit & Supervisory Board Member		●		●			
Hidetoshi Watanabe	Outside Audit & Supervisory Board Member			●				
Fumihiko Kato	Outside Audit & Supervisory Board Member		●		●			
Sayaka Hieda	Outside Audit & Supervisory Board Member		●					

* The above listed contents do not indicate the full knowledge and experience that each person has.

(Reference) Independence Standards for Outside Officers

The Company deems outside officers to be independent when none of the following apply, either currently or for the past three years.

1. Individuals whose principal business partner is the Company or its subsidiary (refers to individuals who have received payment from the Company or its subsidiaries amounting to 2% or more of consolidated turnover in any of the past three business years of the relevant individual) or persons who execute the relevant business (“executives”)
2. Individuals whose principal business partner is the Company or its subsidiary (refers to individuals who have made payments to the Company or its subsidiaries amounting to 2% or more of consolidated net sales in any of the past three business years of the relevant individual) or persons who execute the relevant business (“executives”)
3. A principal lender to the Company or its subsidiaries (refers to a lender where the amount of borrowings from the relevant lender at the end of any of the past three business years exceeds 2% of total consolidated assets) or persons who execute the relevant business (“executives”)
4. Individuals who have received donations that exceed ¥10 million or 2% of the total income of the relevant person from the Company or its subsidiaries in any of the past three business years (where the entity that received the relevant donation is an organization, such as a corporation or a union, etc., refers to individuals who belong to the relevant organization)
5. Consultants, accounting experts or legal professionals who have received ¥10 million or more in cash or other assets from the Company or its subsidiaries in any of the past three business years, beyond remuneration as an officer (where the entity that acquired the relevant assets is an organization, such as a corporation or a union, etc., refers to individuals who belong to the relevant organization)
6. Main shareholders of the Company (refers to shareholders with 10% or more of voting rights) or persons who execute the relevant business (“executives”)
7. A relative within the second degree of kinship with persons who execute business (“executives”) of the Company or its subsidiaries (excluding persons who are unimportant)
8. A relative within the second degree of kinship with an outside Director of the Company (limited to determining independence of outside Audit & Supervisory Board Members)
9. A relative within the second degree of kinship with an individual to whom any of 1 through 6 above apply (excluding persons who are unimportant)

1 Current status of Our Group

(1) Business Progress and Financial Results

During the fiscal year under review, the Japanese economy recovered moderately, reflecting signs of a pick-up in personal consumption and capital investment. On the other hand, the outlook is becoming increasingly uncertain due to the sluggish consumer sentiment stemming from the yen's depreciation and the ongoing rise in prices stemming from labor shortages, as well as concerns over the impact of tariff measures by the Trump administration. In the business environment surrounding our group, demand for aviation fuel remained strong due to the increase in inbound tourists and domestic travel after the turn of the COVID-19 pandemic. However, overall demand for petroleum products continued to decline, partly due to consumers' preference for savings.

The Company entered the second stage of our medium-term management plan, Challenge2030 for Challenging the Future. We steadily implemented business strategies from Fiscal Year 2024 to Fiscal Year 2026, and moved forward with a variety of initiatives to accelerate growth-oriented investments.

In the fiscal year under review, our group's net sales decreased by 0.8% year on year to 654,404 million yen. Operating profit decreased by 30.0% year-on-year to 11,808 million yen due to the revision of the unit price for fuel handling fees in the Aviation-related Business. Ordinary profit decreased by 27.5% year-on-year to 12,860 million yen, and profit attributable to owners of the parent decreased by 22.8% year-on-year to 8,656 million yen.

Our group recorded extraordinary losses (impairment losses on non-current assets including goodwill) amounting to 1,283 million yen, because SAN-AI OBBLI GAS BANSBU CO., LTD. (location: Takasago City, Hyogo Prefecture), one of LPG Sales retailing companies, was difficult to achieve the revenue initially expected.

The status of our group by business is as follows.

(Millions of yen)

	Petroleum-related businesses	Chemical Products-related business	Gas-related business	Aviation-related business	The Other businesses	Adjusted amount	Amount recorded consolidated financial statements
Net sales	560,251	12,671	61,303	14,430	5,746	-	654,404
Segment Profit	7,377	1,144	2,110	3,669	864	△2,306	12,860

(NOTE)Segment profit is adjusted with ordinary profit in the consolidated statements of income.

Petroleum-related businesses

Content of major 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 SS981 locations as of March 31, 2025

In the petroleum-related business, while gasoline sales volume remained firm, kerosene, diesel fuel, and other oil types trended downward, and overall petroleum products were down year-on-year. The status of each division is as follows.

In the petroleum retail division, profits fell year-on-year due to fell volume in directly managed Service Stations. In the petroleum wholesale business, gross profit was higher than the previous fiscal year due to improved margins, but profits were lower than the previous fiscal year due to an increase in selling, general and administrative expenses. In the industrial fuel oil sales division, both sales volume and profits were lower than in the previous fiscal year due to intensifying price competition. In the Industrial lubricants sales division, income from commissions increased due to gas engine maintenance for power generation and endoscopy inspections for wind power generation. On the other hand, profits fell year-on-year due to the recording of a provision of allowance accounts due to the interruption of wind power plant development surveys.

Consequently, net sales in the Petroleum-related business decreased by 1.0% year-on-year to 560,251 million yen, and segment profit decreased by 11.6% year-on-year to 7,377 million yen.

Chemical Products-related business

Content of major business

Chemical Products-related Business manufactures and sells biocide products and commercial car wash products.

In addition, it sells petroleum-based solvents and tackifiers wholesale.

In the Chemical Products-related business, sales volume for all products remained largely unchanged from the previous year. Profit margins improved because of supply chain optimization, such as purchasing and inventory management. The situation by product is as follows.

In automotive-related products, although the sales volume of car wash products, the company's own products, fell year-on-year, profits increased year-on-year due to improved profit margins. Sales volume and profits for biocide products both remained at the same level as the previous fiscal year. In solvent and industrial chemicals, profits rose year-on-year due to a recovery in profit margins. In adhesives, profits were up year-on-year due to a recovery in sales volume for adhesives and packaging tape applications. In other areas, sales of high-grade alcohol as performance chemicals were strong.

Consequently, net sales in the Chemical Products-related Business increased by 4.7% year-on-year to 12,671 million yen, and segment profit increased by 18.7% year-on-year to 1,144 million yen.

Gas-related business

<LPG Sales business>

Content of major 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.

122 thousand retail customers as of March 31, 2025

In LPG sales business, sales volume remained at the same level as the previous term, amid a general downward trend in demand due to the extremely hot summer and other factors. The status of each division is as follows.

In the retail division, although unit consumption declined, mainly in household use, profits rose from the previous fiscal year due to an improvement in profit margins resulting from thorough fee management. In the wholesale division, profits increased year-on-year due to the impact of inventory valuations.

< Natural Gas business >

Content of major business

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

In the natural gas sales business, sales volume for household uses increased year-on-year due to the acquisition of Imari Gas Co., Ltd. (*). In the Commercial and Industrial Products department, sales volume fell slightly from the previous fiscal year due to a decline in demand from some customers. As a result, in the natural gas sales business sales volume and profits fell below the previous fiscal year due to a decrease in industrial sales volumes.

(*) In May, 2024, the company acquired shares of Imari Gas Co., Ltd., which supplies city gas and sells LPG to retailers in Imari City, Saga Prefecture.

Aviation-related business

Content of major business

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

In the Aviation-related business, air travel demand was generally strong due to an increase in foreign visitors to Japan and so on.

The volume of fuel handled at Haneda Airport was sluggish in the first half on domestic airline due to bad weather but began to recover in the second half. On international airline, sales were strong due to the resurgence of flights from the COVID-19 and the launch of new long-haul routes in line with inbound demand. As a result, the combined volume of fuel handled on domestic and international flights increased by about 8% year-on-year.

However, both sales and profits were significantly lower than the previous fiscal year due to the revision of the unit price of fuel handling fees at Haneda Airport.

Consequently, net sales in the Aviation-related business decreased by 25.3% year-on-year to 14,430 million yen, and segment profit decreased by 58.1% year-on-year to 3,669 million yen.

The Other businesses

Content of major business

The Other Business include cleaning and surface treatment for metal products, construction work and so on.

In the Other Businesses segment, in the Clean Tech Business, which handles cleaning and surface treatment of metal products and other products, orders for precision cleaning treatment remained sluggish in the first half due to production adjustments by semiconductor manufacturing equipment manufacturers and other factors, but recovered in the second half. As a result, both sales and profits exceeded the previous fiscal year. In the construction industry, orders were sluggish, and sales and profits were lower than in the previous fiscal year.

Consequently, net sales in the Other businesses decreased by 4.6% year-on-year to 5,746 million yen due to a decline in orders in the construction industry. Segment profit increased by 18.5% year-on-year to 864 million yen due to a recovery in orders in the Clean Tech business.

(2) Capital investment

During the fiscal year under review, capital investment (including intangible assets) totaled 6.2 billion yen. Major investments include the expansion of aviation-fueling facilities, the upgrading of SS facilities, and the maintenance of oil depots.

(3) Financing Activities

No items to report.

(4) Status of transfer of business, absorption-type demerger or incorporation-type demerger

No items to report.

(5) Status of acquisition of business of other companies

No items to report.

(6) Status of succession of rights and obligations in relation to the business of another juridical person, etc. as a result of an absorption-type merger or absorption-type demerger

No items to report.

(7) Status of acquisition or disposition of shares and other shares of other companies or stock acquisition rights

On May 31, 2024, the company acquired 98% of the shares of Imari Gas Co., Ltd., making it a consolidated subsidiary.

(8) Issues to be addressed

In the business environment of our group, demand for aviation transportation was favorable due to the revitalization of inbound and domestic travel. However, there are concerns about the impact on the performance of our group, such as a tendency to decrease demand for petroleum products and a stronger preference for savings among consumers. It is urgent management priority for our group to reform our business related petroleum products which have been our core business since our founding, and challenge to enter new business domain.

We will promote the "Strategy and Investments" toward our vision for Fiscal Year 2030 and accelerate the movement toward realizing a new business portfolio, as the second stage of our Medium-Term Management Plan, "Challenge for a Transforming Future" Challenge 2030.

[Progress toward Quantitative Targets of the Medium-Term Management Plan]

In FY 2024, ordinary profit and ROE fell short of the targets of the medium-term management plan. This was mainly due to lower-than-expected results in the petroleum-related business and the recording of extraordinary losses. In FY 2025, the Group will strive to expand revenues by advancing measures described in the following issues to be addressed by each business.

	(Reference) FY 2023 Results	FY 2024 Results	FY 2024 - FY 2026 Targets
Ordinary profit	17,741 million yen	12,860 million yen	13 billion to 15 billion yen
ROE	9.8%	7.5%	8% or more
Total return ratio	84.9%	118.3% (※)	Aim at 100%
Annual dividend per share	80 yen	100 yen (※)	Lower limit of 100 yen

※ The figures assume that the proposal "Appropriation of Surplus" in the first issue of the Annual General Meeting of Shareholders will be approved and passed as originally proposed.

[Issues to be Addressed by Each Business]

Issues to be addressed by each business are as follows.

①Petroleum-related businesses

The petroleum-related business has been positioned as a transformation business, and we have focused on efficient SS management through reservation services using Mantan smartphone app, while exploring businesses to transform into new growing businesses utilizing our network of approximately 1,000 affiliated SS.

In FY 2025, we will reinvest in established SS and strengthen profitability. In addition, we will strive to develop new business formats using AI and other state-of-the-art digital technologies, such as through collaboration with avatarin Inc., which we invested in last July.

②Chemical Products-related business

The chemical products-related business is positioned as a growth business. We have adopted a business policy of further expanding the functional chemicals field and expanding revenues by strengthening the supply chain, and has been improving profit margins by optimizing inventories.

In FY 2025, we will strive to expand our business foundation by conducting research and development of new products and constructing new plants. In addition, the Group will accelerate sales expansion of functional chemicals, including high-grade alcohol.

③Gas-related business

The gas-related business is positioned as a growth business. In LPG sales business, we will expand the number of retail customers, and in the natural gas sales business, we will strive to increase sales volume through proposal-based sales.

<LPG sales Business>

Our Group has business bases for LPG, mainly in the Kanto, Tokai, Kinki, Chugoku, and Kyushu areas, and conducts wholesale/retail sales in each area. In LPG sales business, we expanded its customer base through wholesale transactions and acquired the number of retailers through M&A, including the acquisition of goodwill. In FY 2025, we will strive to improve profitability by strengthening our investment management system while expanding the number of retailers through M&A. We will also take on the challenge of new business formats such as house cleaning services.

<Natural Gas Business>

Our Group has a competitive sales area in the Kyushu region, and we supply natural gas through the Saga Natural Gas Pipeline and city gas through SAGA GAS CO., LTD. In the Saga Natural Gas Pipeline, we worked to acquire new customers in the vicinity of pipelines.

In FY 2025, we will actively promote the provision of LNG satellites and proposal-based sales of on-site energy services to increase sales volume.

④Aviation-related business

Our group is responsible for the operation and refueling of aviation refueling facilities in Japan, mainly at Haneda Airport. We have positioned the aviation-related business as our core business and will strive to achieve stable operations and expand the scope of operations. The volume of aviation fuel handled at each domestic airport, including Haneda Airport, in which our group is involved, has been firm due to the recovery of inbound and domestic travel, and we have prepared to expand our refueling business with a priority on stable supply.

In FY 2025, we will make capital investments and secure personnel to further expand our refueling facilities, such as the construction of the second oil storage base at Haneda Airport.

⑤Clean Tech Business

The Clean Tech Business is included in the Other Business Segment and is positioned as a growth business that will become the next pillar.

In FY 2025, we will advance capital expenditures, such as the expansion of plant buildings, primarily in the cleaning business for semiconductor manufacturing equipment, where demand is expected to grow. We will also actively develop proprietary technologies for high-quality cleaning.

⑥Others, Initiatives to Expand Business Domains

In addition to the above, we are promoting DX to transform our business portfolio. We have set a goal of reducing 20% of our operations by FY 2030. In addition, the Group will strive to expand existing domains and accelerate investment in new domains by utilizing business alliances and M&A.

[Capital policy in the medium-term management plan]

Our basic policy is to enhance shareholder value by evolving into a business portfolio that responds to a low-carbon, recycling-oriented society and by continuing to achieve sustainable growth. We have set ROE (return on equity) and a total return ratio as key management indicators for and have announced targets in our medium-term management plan.

In promoting our medium-term management plan, we strive to allocate management resources appropriately, for example, by making investment decisions using WACC (weighted average cost of capital) and IRR (internal rate of return) as indicators of the cost of capital. In addition, we will strive to maintain a PBR (price-to-book-value ratio) of at least 1.0 by implementing growth/capital policies and appropriate shareholder returns.

[Strategies and targets related to climate change]

①Implementation and strategy of analysis

We recognize that climate change is a priority issue for our group as handling energy. We analyze the impact of climate change on the Group's business activities, and disclose it in 4 categories: governance, strategy, risk management, indicators and targets, which are recommended items for disclosure by TCFD (Task Force on Climate-related Financial Disclosures).

②Indicators and targets

In our group, electricity consumption, offices and SS accounts for more than half of CO₂ emissions, and we have been progressively promoting the introduction of electricity derived from renewable energy.

In FY 2025, we will strive to reduce CO₂ in line with our business model. For example, we will install solar power generation systems at our Group-wide business sites, introduce energy-saving equipment, and make delivery of LPG more efficient.

Our goal is to reduce CO₂ emissions by 30% by FY 2030 and carbon neutral by FY 2050, standard to Fiscal Year 2019. CO₂ emissions are the sum of Scope1 and Scope2.

Scope1: Direct GHG Emissions by Businesses themselves

Scope2: Indirect emissions from the use of electricity, heat/steam supplied by other companies

	Indicators FY 2019 Results	(Reference) FY 2023 Results	FY 2024 Results	Target	
				FY 2030	FY 2050
Scope1・Scope2 Total	17,761t-CO ₂	15,448t-CO ₂	14,956t-CO ₂	△30%	Carbon Neutral

[Human capital and diversity]

① Basic policy of human capital management

We consider human resources to be the greatest management capital, and it maximizes corporate value and perpetual development. Our group will continue to be a partner that supports people's daily lives and industry, by human resources based on honest and reliable employees.

② Measures based on the medium-term management plan

Our Group aims to evolve into a business portfolio that responds to a low-carbon, recycling-oriented society by FY 2030, and is working to strengthen human capital with a focus on growth businesses and foundation businesses. In the medium-term management plan for FY 2024 to FY 2026, we will continue to implement strategic personnel measures under the slogan, "Building a Human Resource Base to Realize the Evolution of Our Business Portfolio."

1. Optimize human resources portfolio
2. Promoting the active participation of diverse human resources
3. Creation of comfortable working conditions

③ Indicators and Targets

The Group will develop individual skills by training and education systems based on our policy. In addition, we aim to create an organization in which people of various attributes can play an active role, such as by increasing the percentage of mid-career recruitment and female recruitment, and actively promoting them to management positions.

The indicators and targets for securing the human capital and diversity of our group are as follows.

	Indicators FY 2022 Results	FY 2024 Results	FY 2026 Targets
Education costs per employee	101 thousand yen	97 thousand yen	120 thousand yen
Mid-career recruitment as a percentage of recruitment	63.2%	73.0%	-(※)
Percentage of female employees among new graduates	10.3%	15.9%	30% or more
Ratio of females in managerial positions	4.9%	6.4%	6% or more

※The percentage of career recruitment will remain at the same level.

Our group will continue to grow based on our management philosophy of "SAN-AI Spirit" that has been passed down since our founding and our corporate brand of "Obbli" .

We look forward to your continued support.

(9) Summary of financial status and profit of the present and the previous three fiscal years

Classification		91st fiscal year ended March 31, 2022	92 nd fiscal year ended March 31, 2023	93rd fiscal year ended March 31, 2024	94 th fiscal year ended March 31, 2025
Net sales	(Millions of yen)	598,731	647,833	659,588	654,404
Ordinary profit	(Millions of yen)	13,120	16,038	17,741	12,860
Profit attributable to owners of parent	(Millions of yen)	8,308	10,901	11,217	8,656
Basic earnings per share	(Yen)	120.66	160.20	171.15	136.93
Total assets	(Millions of yen)	197,887	201,244	218,607	207,110
Net assets	(Millions of yen)	112,358	117,424	123,829	120,023

(NOTE) Profit per share is calculated based on the average number of shares outstanding during the period after deducting treasury shares held, and "Accounting standard for profit per share" (Board of concerns) Accounting standards No. 2 and the implementation guidance on accounting standard for profit per share (ASBJ Guidance No. 4) are applied.

(10) Status of significant parent company and subsidiaries

① Status of the parent company

Not applicable.

② Status of significant subsidiaries

Company name	Share capital (Millions of yen)	Our investment ratio (%)	Content of major business
Kygnus Sekiyu K.K.	2,000	80.00	Sales of petroleum and petrochemical products
SAN-AI RETAIL SERVICE CO., LTD.	100	100.00	Retail sales of petroleum products, etc.
SAN-AI OBBLI HIGASHINIHON CO., LTD.	10	100.00	Wholesale and retail sales of petroleum products, etc.
SAN-AI OBBLI HOKURIKU, CO., LTD.	20	100.00	Wholesale and retail sales of petroleum products, etc.
SAN-AI RIKEN CO., LTD.	10	100.00	Manufacture and sale of chemical products
SAN-AI OBBLIGAS HIGASHINIHON CO., LTD.	80	100.00	Wholesale and retail sales of LPG, etc.
SAN-AI OBBLIGAS BANSHU CO., LTD.	49	100.00	Retail sales of LPG, designing and construct on
SAN-AI OBBLIGAS CHUGOKU CO., LTD.	20	100.00	Wholesale and retail sales of LPG, etc.
SAN-AI OBBLIGAS KYUSHU CO., LTD.	100	100.00	Wholesale and retail sales of LPG, etc.
SAN-AI OBBLIGAS SANSHIN CO., LTD.	30	100.00	Retail sales of LPG, design and constructing
SAGA GAS CO., LTD.	700	78.57	Sales of city gas business
Imari Gas Co., Ltd.	25	98.00	Sales of city gas and retail sales of LPG, etc.
SAN-AI OBBLITECH CO., LTD.	200	100.00	Surface treatment of metal products,

(NOTE) On May 31, 2024, the Company acquired 98% of the shares of Imari Gas Co., Ltd., making it a consolidated subsidiary.

(11) Major Businesses (As of March 31, 2025)

Business	Description of business
Petroleum-related businesses	Sales, storage, and shipment of petroleum products such as gasoline, kerosene, diesel oil, and heavy oil
Chemical products-related business	Manufacture and sale of chemical products
Gas-related business	Sales of LP gas, sales of natural gas, sales of city gas, and sales of gas appliances
Aviation-related business	Storage and refueling of aviation fuel
The Other businesses	Surface treatment of metal products, contracted construction of facilities attached to buildings, real estate leasing, etc.

(12) Major Sales Offices and Plants (As of March 31, 2025)

① The Company

Head Office	Chiyoda-ku, Tokyo (registered head office location Shinagawa-ku, Tokyo)
Business Divisions	Petroleum Division (Tokyo), Energy Solutions Division (Tokyo), Chemical products Division (Tokyo), LPG Division (Tokyo) and Aviation Division (Tokyo)
Business Sites	<p><Petroleum wholesale branch> Tohoku Branch (Miyagi), Kanto Branch (Saitama), Tokyo Branch (Tokyo), Chubu Branch (Aichi), Kinki/Chugoku Branch (Osaka), Shikoku Branch (Kochi), Kyushu Branch (Fukuoka)</p> <p><Lubricants sales branch> Higashinihon Lubricants Sales Branch (Tokyo) and Nishinihon Lubricants Sales Branch (Osaka)</p> <p><Chemicals Sales Branches and Research Laboratories> Higashinihon Chemical products 1st Sales Branch (Tokyo), Higashinihon Chemical products 2nd Sales Branch (Tokyo), Chubu Chemical products Sales Branch (Aichi), Nishinihon Chemical products Sales Branch (Osaka), Auto Chemicals Sales Branch (Tokyo), and Research Laboratories (Kanagawa)</p> <p><Natural Gas & Industrial Energy Sales Branch> Tokyo Sales Branch (Tokyo), Osaka Sales Branch (Osaka), Fukuoka Sales Branch (Saga prefecture)</p>

(NOTE) On April 1, 2025, the Engineering Branch (Tokyo) was newly established within the Lubricants Sales Department.

② Subsidiaries

Head Office	Kygnus Sekiyu K.K. (Tokyo), SAN-AI RETAIL SERVICE CO., LTD. (Tokyo), SAN-AI OBBLI HIGASHINIHON CO., LTD. (Aomori), SAN-AI OBBLI HOKURIKU CO., LTD. (Ishikawa), SAN-AI RIKEN CO., LTD. (Ibaraki), SAN-AI OBBLIGAS HIGASHINIHON CO., LTD. (Tokyo), SAN-AI OBBLIGAS BANSU CO., LTD. (Hyogo), SAN-AI OBBLIGAS CHUGOKU CO., LTD. (Okayama), SAN-AI OBBLIGAS KYUSHU CO., LTD. (Fukuoka), SAN-AI OBBLIGAS SANSHIN CO., LTD. (Saga), SAGA GAS CO., LTD. (Saga), Imari Gas Co., Ltd. (Saga), SAN-AI OBBLITECH CO., LTD. (Tokyo)
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(13) Status of Employees (As of March 31, 2025)

① Status of employees of our group

Business	Number of uses	
Petroleum-related businesses	564	(1,021)
Chemical products-related business	86	(14)
Gas-related business	590	(132)
Aviation-related business	431	(39)
The Other businesses	108	(41)
Corporate Division	62	(23)
Total	1,841	(1,270)

(NOTE)1. The number of employees is the number of employed persons. The number of temporary employees is shown in parentheses with the average number of non-employees for the fiscal year under review.

2. The number of uses listed as corporate (common) belongs to administrative divisions that cannot be classified into specific segments.

② Status of employees of the Company

Number of uses	Change from the end of the previous fiscal year	Average age	Average years of service
385 employees	Increase by 9	40.1 years old	In 15.4 years

(NOTE) Employees include 2 temporary transferees and do not include temporary transferees, temporary employees, full-time non-regular employees, part-time non-regular employees, full-time advisors, and part-time advisors.

(14) Status of major borrowers (as of March 31, 2025)

Borrower	Borrowings (Millions of yen)
THE BANK OF SAGA LTD.	819
Norinchukin Bank	400
Saga Shinkin Bank	342

(15) Other important matters related to the current status of the corporate group

No items to report.

2 Current status of the company

(1) Matters Relating to the Company's Shares (As of March 31, 2025)

- ① Total Number of Authorized Shares 277,870,000 shares
- ② Total number of shares issued 62,321,647 shares(excluding treasury shares of 3,678,353 shares)
- ③ Number of Shareholders 9,141 employees
- ④ 10 major shareholders

Name of Shareholder	Number of shares held (thousands)	Shareholding ratio (%)
Ichimura Foundation for New Technology	8,282	13.29
The Master Trust Bank of Japan, Ltd.(Trust Account)	7,840	12.58
The Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited re-entrusted portion, Ricoh Retirement Benefit Trust Account)	5,800	9.31
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	3,559	5.71
The Custody Bank of Japan, Ltd. (Trust Account)	1,885	3.03
HIKARI TSUSHIN, INC.	1,854	2.98
STATE STREET BANK AND TRUST COMPANY 505001	1,224	1.96
Ricoh Company, Ltd.	1,113	1.79
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AG FUND 2024 - 09 (LIMITED OT FINANC IN RESALE RSTRCT)	1,100	1.77
SAN-AI OBBLI employee stock ownership plan	1,032	1.66

(NOTE)The shareholding ratio is calculated excluding treasury stock.

⑤ Status of shares issued to company officers as compensation for execution of duties during the current fiscal year

On June 26, 2024, the Board of Directors resolved to dispose of treasury shares as restricted shares remuneration. Therefore, 3,887 shares to 4 directors (excluding the Chairman of the Board and outside directors) on July 24 of the same year, concurrently serving as a director and 3,278 shares of treasury shares were disposed of by 6 executive officers.

⑥ Other Significant Matters Concerning the Shares

- In accordance with a resolution approved at a meeting of the Board of Directors held on May 14, 2024, the Company acquired 996,600 shares of its own shares in a market transaction for an aggregate purchase price of 1,999,895,900 yen.
- In accordance with a resolution approved at a meeting of the Board of Directors held on November 12, 2024, the Company acquired 1,000,000 shares of its own shares in a market transaction for an aggregate purchase price of 1,960,000,000 yen.

(2) Matters relating to stock acquisition rights of the Company

Not applicable.

(3) Matter related to the director of the company

① Names of Directors and Audit & Supervisory Board Members (As of March 31, 2025)

Position	Name	In charge of	Status of important concurrent positions
Representative Director Chairman of the Board	Jun Kanada		
Representative Director President and Executive Officer	Hiroshi Hayata		
Director Senior Managing Executive Officer	Fuminori Hasegawa	Corporate Planning Department Information Systems Department In charge of the Sustainability Promotion Department	
Director Executive Officer	Takashi Sato	General Affairs Dept. and Legal Affairs & Credit Dept. General Manager, Legal Affairs & Credit Department	
Director Executive Officer	Kohichiro Ishii	In charge of LPG Division General Manager of LPG Division General Manager, LPG Sales Department	
Director	Keiko Unotoro		Outside Director, Frontier Management Inc.
Director	Yoji Ninomiya		Representative Director and President, THE SAGA KYOEI BANK, LTD.
Director	Hisayasu Suzuki		Representative Director, Executive Vice President and Executive Officer, Japan Airport Terminal Co., Ltd.
Audit & Supervisory Board Member	Junichi Matsumura		
Audit & Supervisory Board Member	Atsushi Ohi		
Audit & Supervisory Board Member	Hidetoshi Watanabe		Certified Public Accountant Outside Director, Business Brain Showa-Ota Co., Inc.
Audit & Supervisory Board Member	Fumihiko Kato		
Audit & Supervisory Board Member	Sayaka Hieda		Attorney Outside Audit & Supervisory Board Member, Tokyo Tatemono Co., Ltd. Outside Audit & Supervisory Board Member, Institution for a Global Society Corporation Outside Audit & Supervisory Board Member, AOHATA Corporation

(NOTE) 1. Naoto Onuma resigned as a director at the conclusion of the 93rd Annual General Meeting of Shareholders held on June 26, 2024.

2. Fuminori Hasegawa was newly elected and appointed as a director at the 93rd Annual General Meeting of Shareholders held on June 26, 2024.

3. Hisayasu Suzuki, Director, was appointed Director, Executive Officer of Japan Airport Terminal Co., Ltd. on April 1, 2025.

4. The 3 directors, Keiko Utoro, Yoji Ninomiya and Hisayasu Suzuki, are outside directors.
5. Both Atsushi Ueno and Kantaro Toyozumi retired as Audit & Supervisory Board Member at the conclusion of the 93rd Annual General Meeting of Shareholders held on June 26, 2024.
6. Atsushi Ohi was newly elected and assumed the position of Audit & Supervisory Board Member at the 93rd Annual General Meeting of Shareholders held on June 26, 2024. In addition, the Company was selected and appointed as a full-time auditor by a resolution of the Audit & Supervisory Board on the same day.
7. Mr. Sayaka Hieda was newly elected and assumed the position of Corporate Auditor at the 93rd Annual General Meeting of Shareholders held on June 26, 2024.
8. The name of Sayaka Hieda on his family register is Sayaka Kimura.
9. The 3 Audit & Supervisory Board members, Hidetoshi Watanabe, Fumihiko Kato and Sayaka Hieda, are outside Audit & Supervisory Board members.
10. Audit & Supervisory Board member Hidetoshi Watanabe qualifies as a certified public accountant and has considerable knowledge of finance and accounting.
11. We have designated 3 officers, Keiko Unotoro, Yoji Ninomiya and Hisayasu Suzuki, and 3 Audit & Supervisory Board Member, Hidetoshi Watanabe, Fumihiko Kato and Sayaka Hieda, as independent officers under the provisions of the Tokyo Stock Exchange, and have notified this exchange.
12. We have entered into liability insurance contracts with insurance companies for officers, etc. as set forth in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured under the applicable insurance contract is that of directors, auditors, and executive officers, and the insured does not bear any insurance premiums. The insured shall assume responsibility for the performance of their duties or indemnify the insured against any damage that may arise from receiving a claim pertaining to the pursuance of such liability under the applicable insurance contract. Provided, however, that in order to ensure that the appropriateness of the performance of duties by the insured is not impaired, there are certain exemption grounds, such as the insured being unable to compensate for damages arising from an act committed while recognizing that the act constitutes a violation of laws and regulations.
13. Effective April 1, 2025, the Company changed the "responsible person" of the director as follows:

Name	Before change	After change
Takashi Satoh	Director Executive Officer In charge of General Affairs Dept. and Legal Affairs & Credit Department In charge of General Manager, Legal Affairs & Credit Department	Director Executive Officer In charge of General Affairs Department, Accounting Dept. and Legal Affairs Credit Department. General Manager of General Accounting Department and Legal Affairs & Credit Department
Kohichiro Ishii	Director Executive Officer In charge of LPG Division General Manager of the LPG Division General Manager, LPG Sales Department	Director Executive Officer In charge of LPG Division General Manager of LPG Division General Manager, Business Development Department

② Remuneration for Directors and Audit & Supervisory Board members

1. Policy, etc. for Determining the Contents of Remuneration for Officers

At a meeting of the Board of Directors held on May 14, 2020, companies resolved to adopt a policy for determining the details of remuneration, etc. for individual directors. The Nomination and Compensation Advisory Committee, which is composed of a majority of independent outside directors and Audit & Supervisory Board members, reports in advance on the content of resolutions at the Board of Directors.

In addition, the Board of Directors has confirmed that the method of determining the content of remuneration, etc. and the content of remuneration, etc. determined for individual directors in the current fiscal year are consistent with the decision policy decided by the Board of Directors, and that the reports from the Nomination and Compensation Advisory Committee are respected. The Board of Directors has determined that remuneration, etc. is in line with this decision policy.

Details of the decision-making policy concerning the individual remuneration, etc. of directors are as follows.

a. Basic policy for executive compensation

- Compensation is linked to business performance and medium-to long-term corporate value, and is a compensation system that shares value with shareholders.
- Compensation levels are set at levels that enable the Group to secure and retain human resources that are essential for sustainable growth.
- Compensation is determined through an objective, transparent, and appropriate process.

b. Remuneration system for directors

Executive remuneration consists of base remuneration, which is a fixed remuneration, performance-linked remuneration as a short-term incentive remuneration, and stock-based remuneration (restricted stock remuneration) as a medium-to long-term incentive remuneration. The level of total remuneration is set based on our comparison with concerns of the same size and our business environment.

Type	Item	Content
Fixed remuneration	Basic remuneration	Basic remuneration is paid monthly according to the level of responsibility.
Variable remuneration	Performance-linked remuneration (Short-term)	For performance-linked remuneration (short-term), consolidated ordinary profit for each fiscal year in the medium-term management plan (budget) is set as a performance target business in order to raise awareness of the improvement of company performance for each fiscal year. The performance-linked coefficient (50% to 150%) is determined based on the degree of achievement, which is then multiplied by the performance-linked remuneration base amount for each position to determine the amount to be paid at a certain time each year.
	Stock-based remuneration (Medium-to long-term)	Stock-based remuneration (medium-to long-term) is restricted stock awards from the perspective of sharing value with shareholders and providing incentives to increase corporate value and share price over the medium-to long-term. The awards are paid at a fixed time each year in accordance with the monetary equivalent determined for each position. The transfer restriction period shall be 30 years from the date of issuance of shares or the period from the date of resignation of Directors and Executives. The Company has established provisions that allow for malus (forfeiture during the restricted period) and clawback (refund after cancellation of the transfer restriction) in the event of significant fraudulent accounting or significant loss. The table below shows the percentage of remuneration paid for each job function

(Figures in parentheses are composition ratio)

Classification of Officers	Basic remuneration	Incentive remuneration	Stock-based remuneration
Representative Director Chairman of the Board	○ (100%)	-	-
Executive Directors Executive Officers	○ (80%)	○ (15%)	○ (5%)
Outside Directors	○ (100%)	-	-

c. Method of Determination of Remuneration for Officers

The Board of Directors determines the remuneration system, remuneration levels, and performance-linked targets based on the deliberations and reports of the Nomination and Compensation Advisory Committee.

B. Total amount of remuneration, etc. for the current fiscal year

Classification	Total amount of remuneration (10 thousand yen)	Total remuneration by type (10 thousand yen)			Number of officers
		Basic remuneration	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Director (Outside)	24,424 (1,800)	21,780 (1,800)	1,845 (-)	799 (-)	9 (3)
Audit & Supervisory Board Member (Outside)	6,586 (1,800)	6,586 (1,800)	- (-)	- (-)	7 (4)
Total (Outside)	31,011 (3,600)	28,366 (3,600)	1,845 (-)	799 (-)	16 (7)

- (NOTE) 1. The number officers includes 1 director and 2 Audit & Supervisory Board members (including 1 outside Audit & Supervisory Board member) who retired during the fiscal year.
2. Performance indicators related to performance-linked remuneration, etc. are consolidated ordinary profit, and their actual results are 12,860 million yen. In addition, the reasons for selecting this index and the calculation methods are as described in "1.b. : Remuneration system for directors."
3. The content of non-monetary compensation, etc. is our shares, and the terms, etc. at the time of allotment are as described in "1.b. : Remuneration system for directors." In addition, the status of grants in the current fiscal year is as described in "2. (1)⑤ Status of shares issued to company officers as compensation for execution of duties during the current fiscal year."
4. At the 89th Annual General Meeting of Shareholders held on June 26, 2020, the amount of remuneration for directors was resolved to be no more than 340 million yen per year (including no more than 14.4 million yen per year for outside directors). At the conclusion of the Annual General Meeting of Shareholders, the number of directors was 7 (including 3 outside directors). In addition, at the 89th Annual General Meeting of Shareholders held on June 26, 2020, it was resolved that the amount of monetary compensation claims to be paid to directors (excluding outside directors) for the grant of restricted stock, not exceeding 12 million yen per annum, and the maximum number of shares of our common stock to be issued or disposed of by such claims, not exceeding 40 thousand shares per annum. At the conclusion of the Annual General Meeting of Shareholders, the number of directors was 7 (including 3 outside directors). At the 92nd Annual General Meeting of Shareholders held on June 28, 2023, it was resolved that the amount of remuneration for directors should be kept within 340 million yen per year, and that the amount of remuneration for outside directors should be kept within 22 million yen per year. At the conclusion of the Annual General Meeting of Shareholders, there were 8 directors (including 3 outside directors).
5. At the 89th Annual General Meeting of Shareholders held on June 26, 2020, the amount of remuneration for Audit & Supervisory Board Members was resolved to be no more than 80 million yen per year (including no more than 14.4 million yen per year for Outside Audit & Supervisory Board Members). At the conclusion of the Annual General Meeting of Shareholders, the number of Audit & Supervisory Board Members was 5 (including 3 outside Audit & Supervisory Board Members). At the 92nd Annual General Meeting of Shareholders held on June 28, 2023, it was resolved that the amount of remuneration for Audit & Supervisory Board Members should be kept within 80 million yen and that the amount of remuneration for Outside Audit & Supervisory Board Members should be kept within 22 million yen per year. At the conclusion of the Annual General Meeting of Shareholders, the number of Audit & Supervisory Board Members was 5 (including 3 outside Audit & Supervisory Board Members).
6. The amount of performance-linked remuneration, etc. is the amount recorded in the provision for bonuses to directors and other officers in the current fiscal year.
7. In addition to the above, we paid 450 thousand yen to one retired outside Audit & Supervisory Board Members as a termination payment for retirement benefits in connection with the abolition of the retirement benefits system for directors based on the resolution of the 86th Annual General Meeting of Shareholders held on June 29, 2017.

③ Information on Outside Officers

A. Significant concurrent holding of positions by other corporations, etc. and the relationship between the Company and such other corporations, etc.

Position	Name	Status of important concurrent positions	Relationship between concurrent positions and us
Director	Keiko Unotoro	Outside Director, Frontier Management Inc.	There is no special relationship.
Director	Yoji Ninomiya	Representative Director and President of SAGA KYOEI BANK, LTD.	There are transactions between our subsidiary SAGA GAS CO., LTD. and THE SAGA KYOEI BANK, LTD. The amount of borrowings from the bank was less than 0.1% of the Company's total consolidated assets at the end of the fiscal year under review, and the Company has determined that there will be no impact on the independence of outside directors.
Director	Hisayasu Suzuki	Representative Director, Executive Vice President and Executive Officer of Japan Airport Terminal Co., Ltd.	There are office leases and other transactions between the Company and Japan Airport Terminal Group. The value of transactions with the Group was less than 0.1% of our and the Company's consolidated net sales for the fiscal year under review. In addition, there is a shareholding relationship between the Company and the Japan Airport Terminal Co., Ltd. Since both shareholding ratio of shares held is negligible at less than 1%, the Company has determined that there will be no impact on the independence of the outside directors.
Audit & Supervisory Board Member	Hidetoshi Watanabe	Outside Director, Business Brain Showa-Ota Inc.	There is no special relationship.
Audit & Supervisory Board Member	Hieda Sayaka	Outside Audit & Supervisory Board Member of Tokyo Tatemono Co., Ltd. Outside Audit & Supervisory Board Member of Institution for a Global Society Corporation Outside Audit & Supervisory Board Member of AOHATA Corporation	There is no special relationship.

B. Major activities during the year

Position	Name	Attendance, Statement Status, and Outline of the duties performed with respect to the expected roles of outside directors
Director	Keiko Unotoro	<p>She attended all 9 meetings of the Board of Directors held during the fiscal year under review, and 3 of 4 meetings of the Nomination and Remuneration Advisory Committee.</p> <p>Based on her abundant experience and deep insight mainly in the field of economic law, the Board of Directors appropriately fulfills the role of decision-making by the Board of Directors and oversight of the execution of duties by directors, including providing useful advice and proposals for deliberation of agenda items as appropriate. In addition, as a member of the Nomination and Remuneration Advisory Committee, the committee, which was held in the fiscal year under review, is responsible for supervising the decision-making process for our executive candidates and executive remuneration from an objective and neutral standpoint.</p>
Director	Yoji Ninomiya	<p>He attended all 9 meetings of the Board of Directors held during the fiscal year under review, and 3 of 4 meetings of the Nomination and Remuneration Advisory Committee.</p> <p>Based on his abundant experience and deep insight mainly in financial institutions, the Board of Directors appropriately fulfills the role of decision-making by the Board of Directors and oversight of the execution of duties by directors, including providing useful advice and suggestions as appropriate for deliberation of agenda items. In addition, as a member of the Nomination and Remuneration Advisory Committee, the committee, which was held in the fiscal year under review, is responsible for supervising the decision-making process for our executive candidates and executive remuneration from an objective and neutral standpoint.</p>
Director	Hisayasu Suzuki	<p>He attended 8 of 9 meetings of the Board of Directors held during the fiscal year under review and 3 of 4 meetings of the Nomination and Remuneration Advisory Committee.</p> <p>Based on his abundant experience and deep insight mainly in the fields of transportation and transportation, the Board of Directors appropriately fulfills the role of decision-making by the Board of Directors and oversight of the execution of duties by the Directors, including providing useful advice and proposals for deliberation of agenda items as appropriate. In addition, as a member of the Nomination and Remuneration Advisory Committee, the committee, which was held in the fiscal year under review, is responsible for supervising the decision-making process for our executive candidates and executive remuneration from an objective and neutral standpoint.</p>
Audit & Supervisory Board Member	Hidetoshi Watanabe	<p>He attended all 9 meetings of the Board of Directors held during the fiscal, and all 10 meetings of the Auditors & Supervisory Board held during the fiscal year under review.</p> <p>Based on his abundant experience as a certified public accountant and his specialized insight in corporate finance and accounting, the Board of Directors and the Auditors & Supervisory Board provide useful advice and recommendations for deliberation of agenda items as appropriate.</p>
Audit & Supervisory Board Member	Fumihiko Kato	<p>He attended all 9 meetings of the Board of Directors held during the fiscal year under review, and 9 of 10 meetings of the Auditors & Supervisory Board.</p> <p>Based on his abundant experience and deep insight mainly in the fields of resources and energy, the Board of Directors and the Auditors & Supervisory Board of the Company provide useful advice and recommendations for deliberation of agenda items as appropriate.</p>
Audit & Supervisory Board Member	Sayaka Hieda	<p>Since her appointment on June 26, 2024, she has attended all 7 meetings of the Board of Directors held in the fiscal year, and all 7 meetings of the Auditors & Supervisory Board held during the fiscal year under review.</p> <p>Based on her abundant experience as an attorney and her specialized insight in corporate legal affairs, the Board of Directors and the Auditors & Supervisory Board provide useful advice and recommendations for deliberation of agenda items as appropriate.</p>

(c). Summary of the contents of the agreement for limitation of liability

In accordance with the Articles of Incorporation, companies have concluded limited liability agreements with Outside Director Keiko Unotoro, Yoji Ninomiya and Hisayasu Suzuki, and Outside Audit & Supervisory Board Member Hidetoshi Watanabe, Fumihiko Kato and Sayayaka Hieda. A summary of the content of this contract is as follows.

In the event Director or Audit & Supervisory Board Member becomes liable for damages due to a failure to fulfill the duty set forth in Article 423(1) of the Companies Act, the liability shall be limited to either 3 million yen or the minimum liability amount set forth in Article 425(1) of the Companies Act, whichever is higher.

(4) Status of Accounting Auditors

① Names of Accounting Auditors

KPMG AZSA LLC.

② Amount of remuneration, etc. of the accounting auditor for the current fiscal year

A. Remuneration, etc. for the accounting auditor for the current fiscal year	57 million yen
B. Total amount of money and other property benefits payable by the Company and its subsidiaries	75 million yen

(NOTE) In the audit agreement between us and the accounting auditor, the audit fees for the audit pursuant to the Companies Act and the audit pursuant to the Financial Instruments and Exchange Act are not separately classified, and practically it can't be classified. Therefore, the total amount of these fees is shown in the amount of the accounting auditor's fees, etc. for the current fiscal year.

③ Reasons for the Consent of the Audit & Supervisory Board to the Compensation, etc. of the Accounting Auditor

The Audit & Supervisory Board closely examines the content of the accounting auditor's audit plan, the status of the execution of the audit, and the basis for calculating the estimates that form the basis for the remuneration, and compares them with past remuneration results. As a result, the Audit & Supervisory Board consents regarding the amount of the remuneration, etc. of the accounting auditor in accordance with Article 399(1) of the Companies Act.

④ Content of non-audit services

SAGA GAS CO., LTD. commissions the accounting auditor to perform services related to the consignment balance statement and pays the consideration.

⑤ Policy for the Determination of the Dismissal or Non-Reelection of the Accounting Auditor

The Audit & Supervisory Board shall be dismissed with the consent of all corporate auditors in the event that the accounting auditor is deemed to fall under any of the items of Article 340(1) of the Company Act. In addition, in the event it is deemed difficult for the fiscal auditor to properly perform his/her duties due to a violation of laws and regulations by the accounting auditor or the occurrence of reasons that harm the suitability and independence of the accounting auditor, the policy shall be to submit a proposal for the dismissal or non-reappointment of the accounting auditor to the general meeting of shareholders.

(5) Summary of the System to Ensure the Appropriateness of Business Operations

The Board of Directors decided to establish a system to ensure the appropriateness of our operations based on the Companies Act and the enforcement regulations of the Companies Act as follows.

① System to ensure that Directors and employees perform their business execution in compliance with laws and regulations the Articles of Incorporation

- A. In order to ensure that Directors, Executive Officers and employees perform their business execution in compliance with laws and regulations and the Articles of Incorporation, the Company and the subsidiaries have established the "Ethical Charter of the SAN-AI OBBLI Group" to ensure and promote awareness of

corporate ethics by holding monthly meetings of the "Compliance committee" in principle. In addition, the Company formulated the "Guidelines for the Protection of Whistleblowers", and established appropriate handling systems, such as organizational or personal contact points for reporting or consulting on violations of laws and regulations, both inside and outside the company, in order to strengthen compliance management by detecting and rectifying improper acts at an early stage.

- B. The Company has established Audit&Internal Control Department under the control of the President. Audit &Internal Control Department conducts periodic internal audits of accounting and operation. In order to the ensure the reliability of financial reporting, the Audit &Internal Control Department evaluate the design and the operational status. Audit&Internal Control Department exchanges information with the independent auditor as needed, and also attends audits by the independent auditor.

②Matters related to the storage and administrative of information pertaining to the execution of duties by Directors

- A. The Company stores information pertaining to the execution of duties by Directors and Executive Officers in writing or electromagnetic records in accordance with the Document Regulations and the Information Control Regulations, and manage appropriately.
- B. The Compliance committee researches and deliberates on important matters related to the protection of personal information, such as the Personal Information Protection Promotion Plan. In addition, the Company is handling and management of personal information shall be ensured, through management, education and audit of personal information in accordance with the Regulations Governing the Management of Personal Information.

③Regulations and systems for managing the risk of loss

- A. The Company has established the Risk Management Regulations, and San-Ai Obbli Group Sustainability Committee examine specific countermeasures and preventive measures. The committee regularly reports on the deliberations and activities to the Board of Directors. In addition, in the event of a crisis that has a significant impact on our management, the President will establish a Crisis Management HQ (headed by Director President) to respond to the crisis.
- B. The Company has established internal rules concerning transaction authority, financial authority, credit management, etc., to ensure prompt sales activities and clarify responsibilities, and the safety of transactions.
- (c). The Risk Management committee investigates and deliberates on the development of a safety control system for accidents, incidents, and natural disasters.
- (d). The Company and the subsidiaries consider protecting the environment and ensuring safety to be important issues for corporate management as a concern that handles hazardous materials. The Risk Management committee investigates and deliberates important issues related to the environment and safety in the business activities. In addition, the Company and the subsidiaries established the basic philosophy and action guidelines for the environment and safety in our Environmental Safety Management Regulations. The Company and the subsidiaries ensure the protection of the environment and safety, and ensure appropriate responses in the event of an accident or disaster. At the same time, the Company and the subsidiaries prevent accidents and disasters through the planning and implementation of audits and education.
- E. The Quality Assurance committee deliberates all products manufactured by the Company to prevent claims for damage and claims arising from defects in products.

④System to ensure the efficient the execution of duties by Directors

- A. The Company holds the Executive Committee weekly as the decision-making body for important business execution matters related to the Company and its subsidiaries, and ensures efficiency of the execution of duties by Directors and Executive Officers.

- B. The company deliberates concerning basic matters such as management policies and policies, the Company and its subsidiaries' budgets, monthly financial results, and the progress thereof, as well as important matters affecting once a month at the Executive Committee.
- ⑤ System to ensure the appropriateness of operations in the corporate group consisting of the Company and the subsidiaries
- A. The Company established the "SAN-AI OBBLI Group Company Operational Management Regulations" as the basic principles for the management necessary for the execution of business, and the Company and the subsidiaries established reporting standards for matters related to the execution of duties at subsidiaries, in order to clarify the roles and responsibilities of each company and promote organizational management.
- B. Audit & Internal Control Department of the Company and Audit Department of the subsidiaries regularly conduct internal audits on a regular basis. In addition, the Audit&Internal Control Department exchanges information with the accounting auditors as needed, and attends audits by the accounting auditors to ensure the appropriateness of operations in the corporate group consisting.
- ⑥ Matters related to the system concerning the employees in the event that Audit & Supervisory Board Members request the employees to assist and the independence of the employees from Directors and ensure the effectiveness of instructions to the employees
- A. The Company establishes Audit & Supervisory Board Office. In addition, Assign employees to assist auditors when Audit & Supervisory Board Members requested by them. The employees assist the Audit & Supervisory Board Members in the performance of their duties under the direction of the Audit & Supervisory Board Members and not be directed by the Director President. The performance appraisal of the employees to assist auditors is conducted by Audit & Supervisory Board Members.
- ⑦ System for reporting to Audit & Supervisory Board Members by Directors and employees, and system for reporting to Audit & Supervisory Board Members of the parent company by Directors, Audit & Supervisory Board Members and employees of subsidiaries, and system for ensuring that reporting persons do not receive unfavorable treatment due to such reporting
- A. In addition to attending the Board of Directors and other important meetings, Audit & Supervisory Board Members hear the status of the execution of their duties from Directors and Executive Officers, inspect important approval documents, and investigate the status of operations and assets at the Head Office and major business sites in cooperation with Audit&Internal Control Department and the Internal Audit Division from time to time. In addition, Audit & Supervisory Board Members, determined by the Audit & Supervisory Board attend the Executive Committee, which meets on a regular weekly basis.
- B. Audit & Supervisory Board Members communicate and exchange information with Directors and Audit & Supervisory Board Members of the subsidiaries, etc., seek business reports, and investigate the status of their operations and assets.
- ⑧ Policies for the other system to ensure that audits by the auditors are conducted effectively, and for the treatment of expenses incurred in the execution of duties by the corporate auditors.
- A. In the event Audit & Supervisory Board deems it necessary, Audit & Supervisory Board have Directors, Executive Officers, employees, and the accounting auditors attend meetings of the Board of Corporate Auditors and provide them with an opportunity to report or express their views.
- B. The Company ensures that Audit & Supervisory Board Members appropriately dispose of expenses incurred in cases where Audit & Supervisory Board Members deem it necessary based on their own judgment, such as emergency audit expenses and conflict of interest transactions, and in cases where outside experts, such as lawyers, are employed.

⑨ System to Eliminate Antisocial Forces

- A. Based on the "Ethics Charter of SAN-AI OBBLI Group", the Company does not have any contact with anti-social forces that pose a threat to the order and security of the civic community, and acts in a resolute manner.

(6) Summary of the Status of Operation of the System to Ensure the Appropriateness of Business Operations

① Compliance System

The Company disseminated the "Ethical Charter of the SAN-AI OBBLI Group" and held the "Compliance Committee" 12 times to ensure compliance with laws, regulations, and internal rules, as well as to raise awareness of corporate ethics. The committee conducted surveys concerned with compliance issues examined by the committee, and distributed internal news and provided education through e-learning. In addition, through the Whistleblower Counseling Service, based on "the Guidelines for the Protection of Whistleblowers", the Company strove to detect and correct violations of laws and regulations as well as improper acts at an early stage. It also conducted voluntary audits on the handling of personal information and discussed updating the personal information management ledger.

② Risk Management System

The Company held SAN-AI OBBLI Group Sustainability Committee 4 times to identify and review risk items that could have a significant impact on the Group's management, and to consider specific countermeasures and preventive measures. The results of deliberations by the committee were reported to the Board of Directors on a quarterly basis.

The activities of committees affiliated with SAN-AI OBBLI Group Sustainability Committee other than the Compliance Committee are as follows.

- A. The Company held "The Risk Management Committee" 5 times to report accidents and to review preventive measures. At the same time, each business site reviewed its BCP in preparation for natural disasters and other events. On September 1st, we designated the SAN-AI OBBLI Group Disaster Prevention Day and conducted crisis response drills at each site. In addition, we confirmed the performance of operations by qualified personnel in accordance with laws and regulations at sites handling hazardous materials. We also reported on the implementation status of environmental and safety audits, matters pointed out, and the status of corrections, and deliberated on environmental protection and safety assurance.
- B. The Company held "The Quality Assurance Committee" 9 times to prevent claims and complaints arising from product defects by conducting preliminary examinations of all products manufactured that require new products or changes in prescriptions.

③ Subsidiaries management system

The Company have established the "Rules for the Operation and Management of SAN-AI OBBLI Group Companies" and have approved decisions on important business execution at subsidiaries. In addition, the SAN-AI OBBLI Group's whistle-blowing consultation desk was used to ensure early detection and correction of legal violations and fraud.

④ Internal Control System for Audits and Financial Reporting

Audit & Internal Control Department and the Audit Department of subsidiaries conducted internal audits in cooperation with each other. Issues pointed out in internal audits and the status of their corrections are reported to the Executive Committee, the Board of Directors, and the Audit & Supervisory Board for sharing. The Internal Control Committee also meets 5 times to confirm the design and investment of the SAN-AI OBBLI Group's internal control over financial reporting.

(7) Basic Policy on the Control of a Stock Company

① Content of the basic policy

As a listed company, our shares are allowed to be traded freely by shareholders and investors, and even if there is a large-scale tender offer for our shares or an action like this, we do not reject it in general, and we believe that it should be judged by the free will of our shareholders finally.

However, there are many large-scale purchases that do not contribute to the corporate value of the target company and the common interests of shareholders, such as those that, in view of their purpose, result in a clear infringement of corporate value and the common interests of shareholders; those that are in fact likely to force shareholders to sell their shares; those that do not provide sufficient time and information for the target company's board of directors and shareholders to consider the terms of the purchase, or for the target company's board of directors to propose alternatives; and those that require the target company and its affiliates to purchase shares at a high price.

We believe that those who control our financial and business policy decisions must fully understand our corporate philosophy, the various sources of corporate value, and the relationship of trust with the stakeholders that support us, and thereby secure and improve our corporate value and, in turn, the common interests of our shareholders over the medium to long term.

Accordingly, we believe that those who engage in such inappropriate large-scale tender offers or similar actions that could undermine our corporate value and, in turn, the common interests of our stockholders, are inappropriate as those who control our financial and business policy decisions, and that it is necessary to secure our corporate value and, in the common interests of our stockholders by providing necessary and substantial countermeasures against such persons' large-scale tender offers for our shares.

② Initiatives to Realize the Basic Policy

We are working on various measures based on the Medium-Term Management Plan to improve our corporate value and the common interests of our shareholders from a medium-to long-term perspective. The summary is as described in the Issues to be addressed.

③ Judgment of Board of Directors regarding initiatives to realize the basic policy

The Board of Directors believes that the initiatives to realize the basic policy are in line with this basic policy and contribute to the common interests of our shareholders. The Company also believes that such initiatives are not intended to preserve the position of the Company's executives.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

Account title	94 th As of March 31, 2025	Account title	94 th As of March 31, 2025
Assets		Liabilities	
Current assets	96,390	Current liabilities	71,692
Cash and deposits	40,599	Notes and accounts payable-trade	51,392
Notes and accounts receivable - trade, and contract assets	44,624	Short-term borrowings	300
Securities	50	Current portion of long-term borrowings	432
Merchandise and finished goods	10,007	Current portion of bonds payable	30
Work in process	32	Lease liabilities	545
Raw materials and supplies	143	Income taxes payable	2,487
Other	1,042	Provision for bonuses	1,758
Allowance for doubtful accounts	-109	Provision for bonuses for directors (and other officers)	81
Non-current assets	110,719	Provision for warranties for completed construction	0
Property, plant and equipment	52,806	Other	14,664
Buildings and structures	20,792	Non-current liabilities	15,394
Machinery, equipment and vehicles	8,591	Long-term borrowings	1,411
Land	18,972	Lease liabilities	1,418
Leased assets	1,750	Deferred tax liabilities	3,508
Construction in progress	1,779	Deferred tax liabilities for land revaluation	711
Other	920	Provision for retirement benefits for directors (and other officers)	188
Intangible assets	6,967	Provision for special repairs	262
Goodwill	1,745	Retirement benefit liability	167
Customer-related intangible assets	186	Asset retirement obligations	873
Software in progress	1,758	Other	6,852
Other	3,276	Total liabilities	87,086
Investments and other assets	50,945	Net assets	
Investment securities	15,516	Shareholders' equity	110,092
Long-term loans receivable	9	Share capital	10,127
Deferred tax assets	627	Capital surplus	2,534
Retirement benefit asset	3,564	Retained earnings	103,985
Guarantee deposits	30,780	Treasury shares	-6,555
Other	1,102	Accumulated other comprehensive income	3,445
Allowance for doubtful accounts	-654	Valuation difference on available-for-sale securities	4,514
Total assets	207,110	Revaluation reserve for land	-642
		Remeasurements of defined benefit plans	-426
		Non-controlling interests	6,485
		Total net assets	120,023
		Total liabilities and net assets	207,110

Consolidated Statements of Income

(Millions of yen)

Account title	94th From April 1, 2024 to March 31, 2025	
Net sales		
Net sales of goods	651,268	
Net sales of completed construction contracts	3,136	654,404
Cost of sales		
Cost of goods sold	592,811	
Cost applicable to construction revenue	2,683	595,494
Gross profit		58,910
Selling, general and administrative expenses		47,101
Operating profit		11,808
Non-operating income		
Interest income	110	
Dividend income	534	
Purchase discounts	273	
Light oil delivery tax grant	148	
Reversal of allowance for doubtful accounts	12	
Other	327	1,407
Non-operating expenses		
Interest expenses	86	
Sales discount	185	
Other	83	355
Ordinary profit		12,860
Extraordinary income		
Gain on sale of non-current assets	13	
Gain on sale of investment securities	2,920	2,933
Extraordinary losses		
Loss on sale and retirement of non-current assets	433	
Impairment losses	1,368	
Loss on sale of investment securities	47	1,848
Profit before income taxes		13,945
Income taxes – current	4,730	
Income taxes – deferred	-53	4,677
Net profit		9,268
Profit attributable to non-controlling shareholders		612
Profit attributable to owners of parent		8,656

Consolidated Statement of Change in Equity

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,127	2,531	101,702	-2,605	111,755
Changes during period					
Dividends of surplus			-3,215		-3,215
Dividends from retained earnings (interim dividends)			-3,166		-3,166
Reversal of revaluation reserve for land			9		9
Profit attributable to owners of parent			8,656		8,656
Purchase of treasury shares				-3,961	-3,961
Disposal of treasury shares		3		11	14
Net changes in items other than shareholders' equity					-
Total changes during period	-	3	2,283	-3,949	-1,663
Balance at end of period	10,127	2,534	103,985	-6,555	110,092

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,101	-613	-505	5,983	6,090	123,829
Changes during period						
Dividends of surplus				-		-3,215
Dividends from retained earnings (interim dividends)				-		-3,166
Reversal of revaluation reserve for land		-29		-29		-20
Profit attributable to owners of parent				-		8,656
Purchase of treasury shares				-		-3,961
Disposal of treasury shares				-		14
Net changes in items other than shareholders' equity	-2,586		78	-2,508	394	-2,113
Total changes during period	-2,586	-29	78	-2,537	394	-3,805
Balance at end of period	4,514	-642	-426	3,445	6,485	120,023

Financial Statements

Balance Sheet

(Millions of yen)

Account title	94th As of March 31, 2025
Assets	
Current assets	72,271
Cash and deposits	36,163
Notes receivable – trade	517
Accounts receivable - trade	17,762
Merchandise and finished goods	1,669
Raw materials and supplies	18
Advance payments to suppliers	24
Prepaid expenses	256
Short-term loans receivable	15,514
Other	431
Allowance for doubtful accounts	-86
Non-current assets	63,989
Property, plant and equipment	29,181
Buildings	3,701
Structures	9,803
Machinery and equipment	5,577
Vehicles	65
Tools, furniture and fixtures	266
Land	7,923
Leased assets	692
Construction in progress	1,151
Intangible assets	2,614
Leasehold interests in land	6
Trademark right	3
Software	2,469
Other	135
Investments and other assets	32,193
Investment securities	13,341
Shares of subsidiaries and associates	14,695
Investments in capital	2
Long-term loans receivable from employees	7
Long-term loans receivable from subsidiaries and associates	1,493
Long-term prepaid expenses	34
Prepaid pension costs	1,951
Guarantee deposits	537
Other	181
Allowance for doubtful accounts	-52
Total assets	136,260

Account title	94th As of March 31, 2025
Liabilities	
Current liabilities	44,436
Accounts payable – trade	14,167
Short-term borrowings	24,754
Lease liabilities	210
Accounts payable – other	329
Accrued expenses	809
Income taxes payable	975
Contract liabilities	1,384
Deposits received	468
Unearned revenue	20
Provision for bonuses	488
Provision for bonuses for directors (and other officers)	35
Accounts payable - facilities	576
Suspense receipt	213
Non-current liabilities	7,286
Long-term borrowings	400
Lease liabilities	548
Deferred tax liabilities	1,964
Deferred tax liabilities for land revaluation	807
Asset retirement obligations	188
Guarantee deposits received	3,265
Other	112
Total liabilities	51,722
Net assets	
Shareholders' equity	80,394
Share capital	10,127
Capital surplus	2,534
Legal capital surplus	2,531
Other capital surplus	3
Retained earnings	74,287
Other retained earnings	
Reserve for tax purpose depreciation entry of land	39
Reserve for tax purpose reduction entry of depreciable assets	358
Reserve for tax purpose reduction entry of land	97
General reserve	21,000
Retained earnings brought forward	52,791
Treasury shares	-6,555
Valuation and translation adjustments	4,144
Valuation difference on available-for-sale securities	4,376
Revaluation reserve for land	-232
Total net assets	84,538
Total liabilities and net assets	136,260

Statement of Profit

(Millions of yen)

Account title	94 th From April 1, 2024 to March 31, 2025	
Net sales		
Net sales of goods	285,531	
Revenue from air fuel transactions	9,486	
Other income	1,339	296,357
Cost of sales		
Cost of goods sold		276,142
Gross profit		20,214
Selling, general and administrative expenses		16,039
Operating profit		4,175
Non-operating income		
Interest income	81	
Dividend income	2,992	
Purchase discounts	258	
Reversal of allowance for doubtful accounts	0	
Miscellaneous income	457	3,790
Non-operating expenses		
Interest expenses	77	
Sales discount	70	
Miscellaneous losses	49	197
Ordinary profit		7,768
Extraordinary income		
Gain on sale of non-current assets	0	
Gain on sale of investment securities	2,866	2,866
Extraordinary losses		
Loss on sale and retirement of non-current assets	164	
Impairment losses	49	
Loss on sale of investment securities	47	
Loss on valuation of shares of subsidiaries and associates	1,264	1,526
Income taxes		9,108
Income taxes – current	2,187	
Income taxes – deferred	161	2,348
Net profit		6,760

Statement of Changes in Equity

From April 1, 2024 to March 31, 2025

(Millions of yen)

	Shareholders' equity											
	Share capital	Capital surplus			Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Other Capital surplus	Total capital surplus	Other retained earnings					Total retained earnings		
					Reserve for land depreciation	Reserve for reduction entry of depreciable assets	Reserve for reduction entry of land	General reserve	Retained earnings brought forward			
Balance at beginning of period	10,127	2,531	-	2,531	40	488	99	21,000	52,272	73,900	-2,605	83,953
Changes during period												
Dividends of surplus				-					-3,215	-3,215		-3,215
Dividends from retained earnings (interim dividends)				-					-3,166	-3,166		-3,166
Reversal of revaluation reserve for land				-					9	9		9
Reversal of reserve for depreciation entry of land				-	-0				0	-		-
Reversal of reserve for reduction entry of depreciable assets				-		-130			130	-		-
Reversal of reserve for reduction entry of land				-			-1		1	-		-
Net profit				-					6,760	6,760		6,760
Purchase of treasury shares				-						-	-3,961	-3,961
Disposal of treasury shares			3	3						-	11	14
Net changes in items other than shareholders' equity				-						-		-
Total changes during period	-	-	3	3	-0	-130	-1	-	519	387	-3,949	-3,559
Balance at end of period	10,127	2,531	3	2,534	39	358	97	21,000	52,791	74,287	-6,555	80,394

	Valuation and translation adjustments			Total net assets
	Net unrealized gains on securities	Revaluation reserve for land	Total valuation and translation adjustment	
Balance at beginning of period	6,895	-200	6,695	90,648
Changes during period				
Dividends of surplus			-	-3,215
Dividends from retained earnings (interim dividends)			-	-3,166
Reversal of revaluation reserve for land		-32	-32	-23
Reversal of reserve for depreciation entry of land			-	-
Reversal of reserve for reduction entry of depreciable assets			-	-
Reversal of reserve for reduction entry of land			-	-
Net profit			-	6,760
Purchase of treasury shares			-	-3,961
Disposal of treasury shares			-	14
Net changes in items other than shareholders' equity	-2,518		-2,518	-2,518
Total changes during period	-2,518	-32	-2,550	-6,109
Balance at end of period	4,376	-232	4,144	84,538

TOPICS Construction of chemical products

SAN-AI RIKEN CO., LTD. will construct a new plant for chemical products in Itako City, Ibaraki Prefecture. The company manufactures chemical products for commercial wash, biocides, various detergents, and agrochemicals, and plays an important role in the Chemical-related business. Along with the recent construction of a new plant, we have upgraded our manufacturing lines by renewing the facilities of our existing plants, and have increased our production capacity by 1.3 times.

Based on "Medium-Term Management Plan (FY2024-FY2026)-Challenge2030 to Challenge the Transforming Future," the SAN-AI OBBLI Group will promote investments in growth businesses, including Chemical Products-related businesses.



Overview of new plant

Address	Itako Industry Park, Itako City, Ibaraki Prefecture (Adjoining land by head office and existing plant of SAN-AI RIKEN CO., LTD.)
Site area	5,471 m ²
Investment amount	Approx. 3 billion yen
Construction plan	Commence in October 2025 Start of operation in September 2027
Manufactured products	Automotive chemical products and various cleaning agents

Promotion of health management

SAN-AI OBBLI CO., LTD. was certified as a "2025 Certified Health and Productivity Management Organization (Large-Scale Corporate Division) White 500." With the Chief Health Officer as the president, health promotion officers are appointed in each division and Group company. In addition, the Health Promotion Office, industrial physicians, public health nurses, and health insurance societies work together to promote health management with the aim of improving the mental and physical health of employees and the ease of working.