

Second phase

Medium-Term Management Plan

Tuesday, May 14, 2024



三愛オブリ株式会社

SAN-AI OBBLI CO., LTD.

(TSE Prime Market 8097)

Medium-term management plan for FY 2024-2026

Challenge for the Transforming Future - Challenge 2030 -

Second Stage

Disclosed in May 2024

SAN-AI OBBLI CO., LTD

CAUTIONARY STATEMENT

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

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

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

[About the notation in this material]

- **Fiscal years beginning in April and ending in March 2025 (from April 2024 to March 2025) are indicated as "Fiscal 2024" or "FY2024."**

Purpose of Our Group

"Become a Partner Supporting People's Lives and Industries"

We began the refueling business at Haneda Airport in 1952, and have expanded our business to include petroleum, LP gas, chemicals, natural gas and lubricants. We continue to supply energy and products needed by society in a safe and stable manner, and have built trusting relations with society and customers.

We are being expected to realize a low-carbon and recycling-oriented society. In this business environment, we constantly challenge ourselves to become a “Partner Supporting People’s Lives and Industries” with our corporate philosophy “SAN-AI Spirits” and corporate brand “Obbli” which means connecting good relations with customers, communities and society.

NOTE) SAN-AI Spirits is the management philosophy advocated by founder Kiyoshi Ichimura: "Love People, Love Your People and Love Your Work"



Review of 1st Stage Mid-term Management Plan (FY2021-FY2023)



Vision for FY 2030
"Challenges for Transforming Future ~ Challenge 2030 ~"



2nd Stage Mid-term Management Plan (FY2024-FY2026)

Business Plan and Results [Business Strategy]

Plan

Results

Improve Petroleum-related
Business efficacy and generate
management resources

◆ We generated Growth Business resources through organizational restructuring and efficiency of Petroleum-related Business

- Integration of the Industrial fuel sales division into the Natural gas division
- Consolidation of SS companies
- Operational Efficiency of Service Stations using 'Mantan', smartphone app

Investment for growth business,
including M&A

◆ Our plan have not achieved, despite investments in some businesses.

- LP Gas Business: Install the Automatic meter reading system and centralized monitoring (LPWA)
- Natural Gas Business: Extended pipeline in Saga area
- Aviation Business: Acquired 7 domestic airport refueling facilities, facility inspection and management system
- New Businesses: Launch the Development Department and implement investment-Invest for WOTA CORP. Acquired sales rights for household storage batteries by Tesla

Generate synergies through inter-
business collaboration

◆ We established an organizational system for the utilization of customer networks and new technologies and it contributed to sales generation/improvement of technological capabilities.

- Utilize customer networks of other divisions in the Natural gas Business
- Regularly hold Technical Meetings which is consists of engineers as a cross-sectional initiative of group companies

Business Plan and Results [Organizational strengthening]

Measures

Results

Strengthening Group management

- ◆ We established a promotion and operation system for business administration and DX, TCFD * which are basis of group management.
- Establishment of a monitoring system for the medium-term management plan
- Promote operational reforms by revamping the Group's core system
- Renovation of various sustainability-related committees to the Sustainability Committee, and Integration and formulation of a roadmap for carbon neutrality

※ 1: Task Force on Climate-Related Financial Disclosure

To cultivate the corporate culture for challenge of generating change

- ◆ We need to improve organization and human resources farther to execute our business strategies.
- Organization: Organizational restructuring of administrative divisions
 - The Human Resources & General Affairs Division shall be divided into the Human Resources Division and the General Affairs Division, and strengthen human capital and IR functions
- Personnel System: New Personnel and Compensation System to Promote Challenge
- Education: Promotion of DX Education-Conducted e-learning for all employees
- Recruitment: Promotion of Career recruitment and women's active engagement
 - Career recruitment FY 2021: 5people, FY 2022: 12people, FY 2023: 21people
 - Percentage of women among new graduate hires: 22% *FY2021-2023 results
- Working Style: Promoting Health Management
 - Certified as a "Excellent Corporations for Health Management 2023 White 500"
: Began engagement surveys in all Group companies

Business Plan and Results [Financial Results & Capital Policy]

<Consolidated>	Medium-Term Management Plan Financial Targets	FY2021	FY2022	FY2023	
Ordinary profit	14 billion yen	13.1 billion yen	16 billion yen	17.7 billion yen	Highest record
ROE	8.0% or more	8.0%	10.0%	9.8%	Achieved
Dividend payout ratio	30.0% or more	33.2%	34.3%	46.7%	Achieved
Cash dividends	-	40 yen	55 yen	80 yen	
Investment plan (FY2021~FY2030)	100 billion yen			23.6 billion yen (progress: 23.6%)	Task
Topics	Details				
Repurchase and cancellation of treasury shares	Acquisition of own shares: 6.9 billion yen, 4.7 million shares (FY2021-FY2023 cumulative) Cancellation of treasury stock: 6.5 billion yen, 5 million shares (FY2022, FY2023)				Shareholder Returns

The financial targets in the First Medium-Term Business Plan have been all achieved.

Investment progress is the important task of our group.

Taking into account this task, we challenge to the next medium-term management plan "2nd Stage"

Vision for FY 2030 and our Materiality

Vision for FY 2030

"Evolve into a business portfolio that responds to a low-carbon, recycling-oriented society"

Business Strategy

◆ Investment into businesses with growth potential

- Aviation-related business
- Gas-related business
- Chemical-related business
- Clean Tech Business*1

◆ Maintain earnings in the petroleum-related business and challenge for business transformation

- ◆ Entry into new businesses areas such as green energy and ecology
- Renewable Energy and O&M Business
 - New business development and investment

Sustainability Management

- ◆ Reinforcement of business infrastructure
- Sophistication of human capital management
 - Promotion of DX
 - Contributing to a low-carbon, recycling-oriented society(TCFD)

- ◆ To the strengthening of the investment management system
- Expansion of shareholder returns



[Materiality]

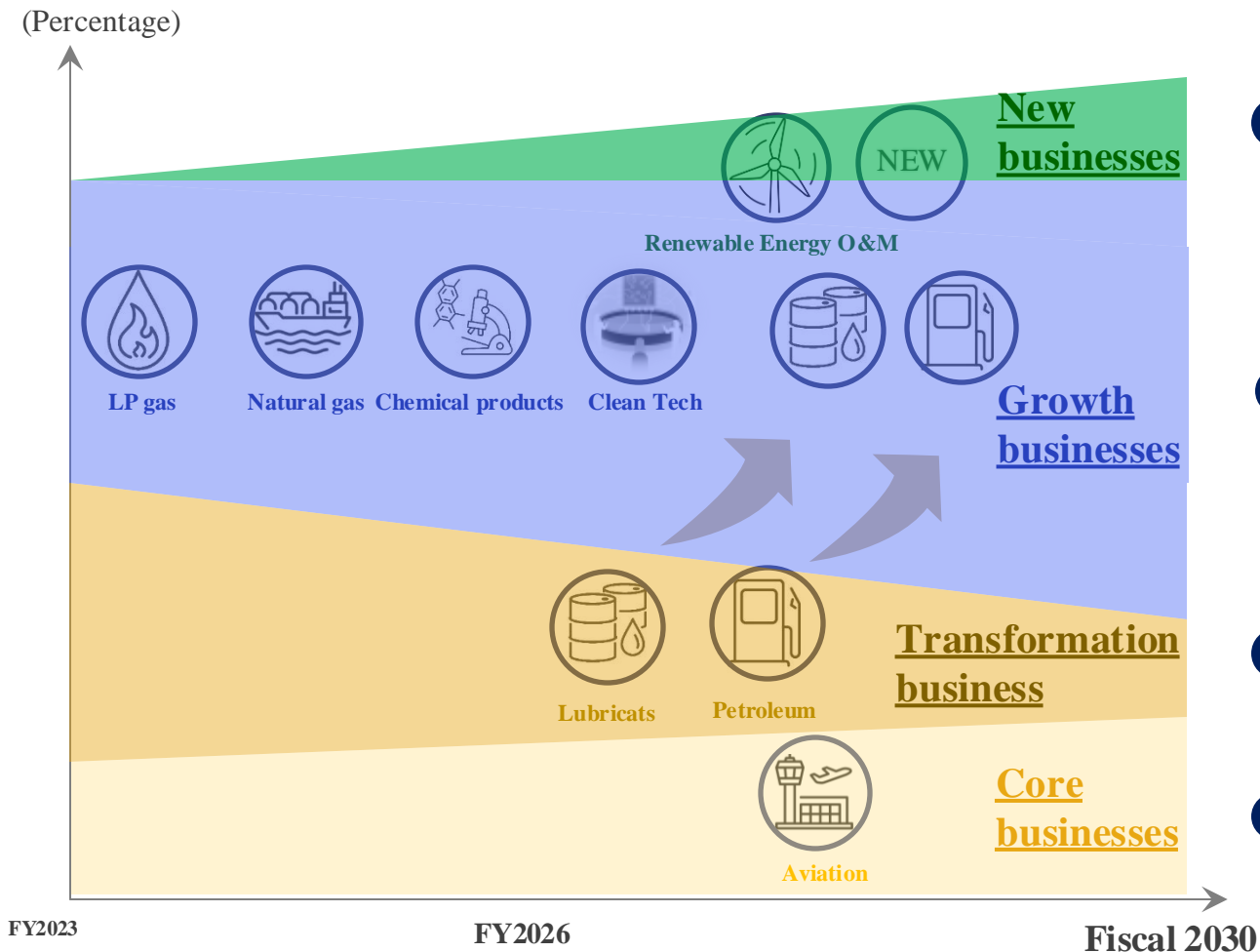
01 Responding to Climate Change
02 Stable energy supply

03 D&I (Diversity Inclusion), etc.
04 Corporate Governance

*1: A generic term for chemical polishing, electrolytic polishing, and precision cleaning, which is the business of San-Ai Obbli Co., Ltd.

Business Portfolio Targeted for FY 2030

By transforming existing businesses and aggressively investing in Growth business and New business,
Become a Business Portfolio that Responds to a Low-Carbon, Recycling-Oriented Society



Business related Green Energy and Ecology

- Renewable Energy O&M Business
- New business development and investment

LPG and LNG · Chemicals & Clean Tech

- Invest into growth potential businesses including M&A, and human resources

Petroleum and lubricats

- Maintain our earnings
- Challenge new business domains
- New business model of SS

Aviation

- Invest in new facilities and secure human recourse for stable operation and expansion of the business

Investment plan up to FY 2030

Cumulative investment from FY2021 to FY2030

100 billion yen

	Investment amount	Content of the investment
New businesses	25 billion yen	<ul style="list-style-type: none"> ✓ Green energy and eco-friendly businesses (Renewable energy OES *1, Wind power generation O&M, etc.) ✓ M&A ✓ Acquisition of LP Gas Retail Goodwill ✓ Reinforcement of supply chain ✓ Semiconductor manufacturing equipment-related ✓ Expansion of Natural-gas pipeline and LNG satellite facility
Growth businesses (LP Gas, Natural Gas, Chemicals and CT *2)		
Transformation business (Petroleum)	22 billion yen	<ul style="list-style-type: none"> ✓ Renewal of oil depots and SS ✓ Next-generation energy business ✓ New business model of SS
Core businesses (Aviation)	50 billion yen	<ul style="list-style-type: none"> ✓ Expansion of aviation refueling facilities ✓ Aviation fuel refueling systems
Company-wide	3 billion yen	<ul style="list-style-type: none"> ✓ Human Capital, DX, etc.

Management Targets for FY2030

Financial Targets

Consolidated ordinary profit

20 billion yen

Consolidated ROE

10%

PBR(Price Book-value Ratio)

Through the implementation of growth strategies and capital policies, and appropriate shareholder returns

Maintain at more than **1.0 times**

Non-Financial Targets

Climate Change Measures

CO2 Reduction (Scope1+2)
Compared to FY 2019

-30%

Human Capital Policy

Engagement Score

※1

70 or more

※1 Calculated from employee awareness survey

Positioning of the Second Medium-Term Business Plan

2nd Stage

Challenge2030
FY2024-FY2026

Strategy and Investment

Challenge2030

Challenge for the Transforming Future

**Become a Business Portfolio that Responds to
a Low-Carbon, Recycling-Oriented Society**

Obbli

Our Group Employees

**Technology Knowledge
Experience Creativity**

1st Stage

Challenge2030
FY2021-FY2023

Restructuring of management

Basic Policies of the Second Medium-Term Business Plan

Strategy and Investment

Business Strategy

1. Invest capital and human resources in businesses with growth potential

- Aviation-related
Respond to rising demand and place top priority on safety
- Gas-related
(LP Gas) 170million retailers
(Natural gas) Expand customers through investment in facilities and proposal-based sales
- Chemical products-related
Invest into the supply chain
- Other (Clean Tech Business)
Expand cleaning of semiconductor production equipment and development of new technologies and drugs

2. Maintain earnings and reform of petroleum-related business

- Petroleum-related
Expand sales bases and search for new business model

3. Entry into green energy and eco-friendly businesses

- Others (New Business)
Expand existing domains and invest in new domains

Sustainability Management

4. Strengthening the management base to accelerate business

- Human capital management
Build a foundation for human resources to evolve our Business Portfolio
- DX promotion
Reform our management and business through digitization and data utilization
- Contribute to a low-carbon, recycling-oriented society
Realize a roadmap for carbon neutrality

5. Strengthen investment management system and expand shareholder returns

- Invest in growth businesses which is over the weighted-average cost-of-capital (WACC)
- Aim for minimum annual dividend of 100 yen per share and a total return ratio of 100%, by realizing a dividend policy in line with profits and a flexible capital policy

Management Targets for the Second Medium-Term Business Plan

Financial Targets

Consolidated ordinary profit

13 to 15 billion yen

Consolidated ROE

8% or more

Shareholder Returns

Cash dividends per share

In the three years from FY2024 to FY2026,
Limit to **100 yen**

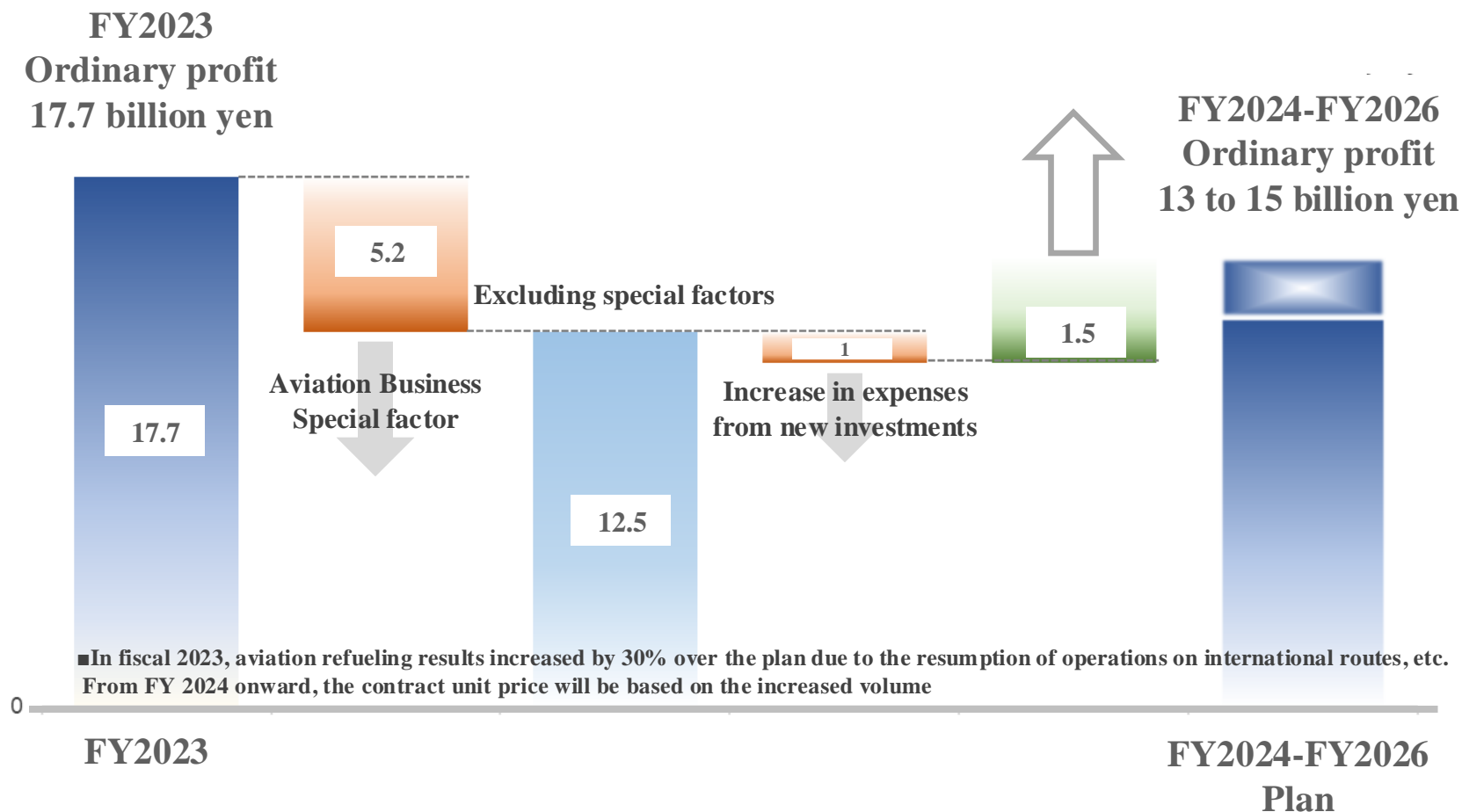
Total return ratio

In the three years from FY2024 to FY2026,
Aim at **100%**

Consolidated Ordinary Profit Plan

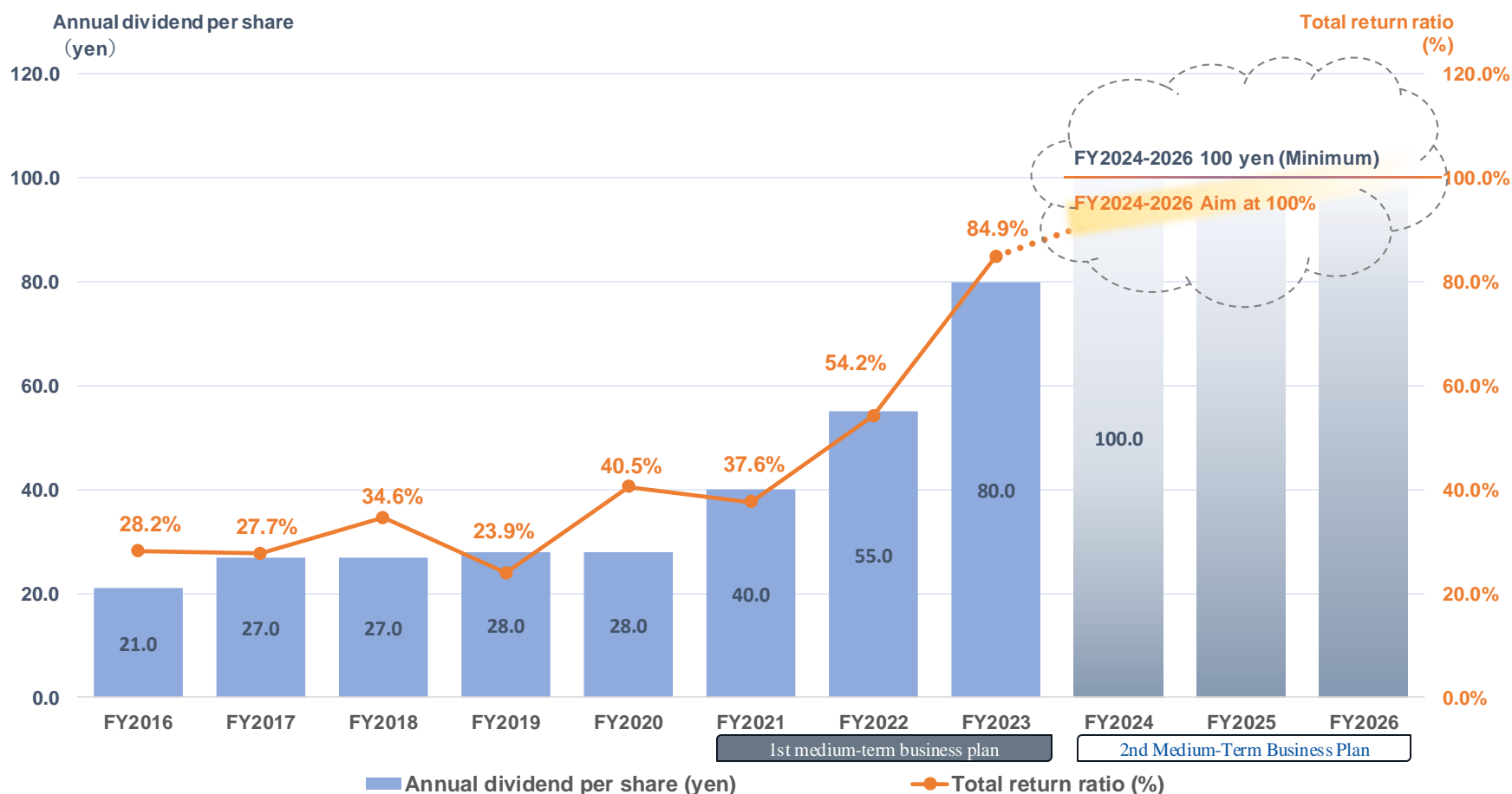
In order to invest to growth business, in the Second Medium-Term Business Plan (FY2024-2026), target ordinary profit of ¥13 to ¥15 billion.

The lower limit is the FY2023 level excluding special factors in the Aviation Business.



Shareholder Returns

We will enhance shareholder value from a medium-to long-term perspective and adopt flexible capital policies in accordance with the business environment, financial condition, and earnings.



Non-Financial Targets (The three years average)

Second Medium-Term Business Plan Non-Financial Targets

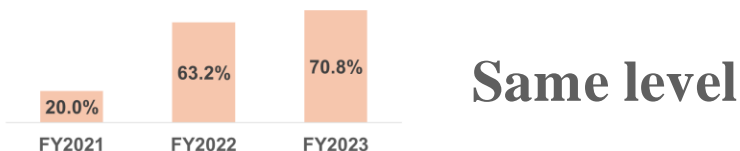
Education costs per employee

Accelerating Human Capital Development and
Challenges for Change



Career recruitment as a percentage of recruitment

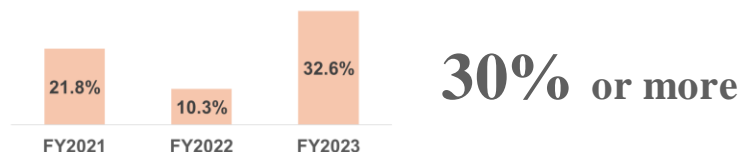
Secure highly specialized human resources,
Challenge to new domains



(Average over the last three years: 59.6%)

Percentage of Female Employees among New Graduates

Promote business transformation through diversity



(Comprehensive employees)

DX promotion human resources

Promote the utilization of digital data

50 or more ※Personnel managed within Group companies and certified

Investment Plan

We use WACC • IRR as a decision indicator, and
invest in growth and competitiveness

Company-wide Investment Plan (FY2024-2026)

Total 45 billion yen		Expansion of business areas 15 billion yen	All investment 60 billion yen
Maintenance & Updates 15 billion yen	Renewal & Expansion 30 billion yen		

Investment Plans by Segment (FY2024-2026)

Segment	Investment (billion yen)	
Aviation Business	28.0	■ Second fuel storage, New refueling system and vehicles
Gas Business	3.0	■ New LPG equipment and Natural gas pipeline
Chemical Products Business	3.5	■ Manufacturing plants, Research facilities
Petroleum Business	5.5	■ Oil depot resilience, SS renewal, system development
The Other	5.0	■ Cleantech business, others (human capital, IT system, etc.)
Total	45.0	

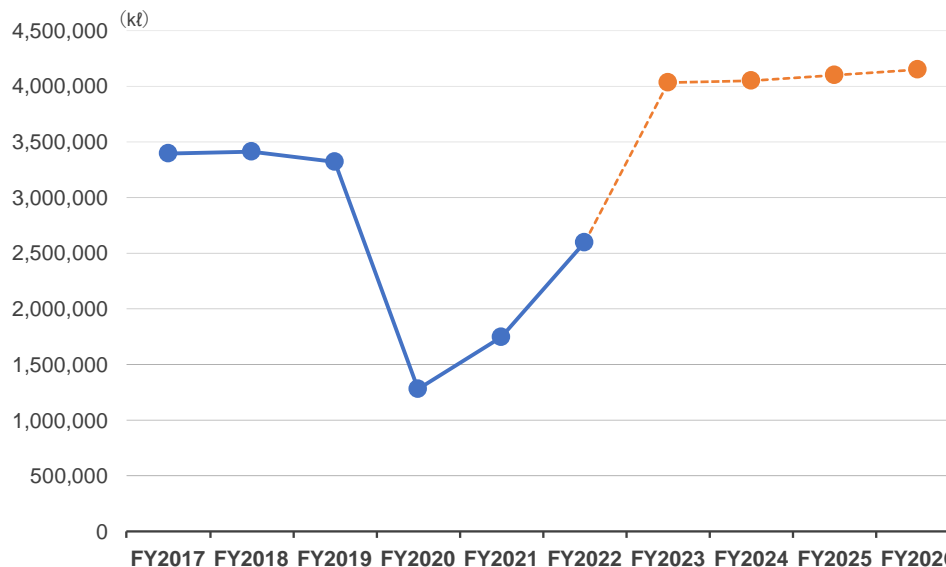
Business Strategy (Foundation): Aviation Related Business

Respond to rising demand, and place top priority on safety and reliability

Policy for business rollout

- ✓ Putting Safety and Security First in Business Operations
- ✓ In preparation for growing demand from inbound tourism and the tourism industry,
Stable operation and expansion of aviation fuel facilities

● Trends in Jet Fuel Supply at Haneda Airport



Measures

- Respond to increasing refueling demand and securing personnel
- Promote DX (technological developments in fueling stations, etc.)
- Respond to increased demand for aviation fuel supply
- Acquire airport refueling facility consulting services

Investment Plan

28 billion yen

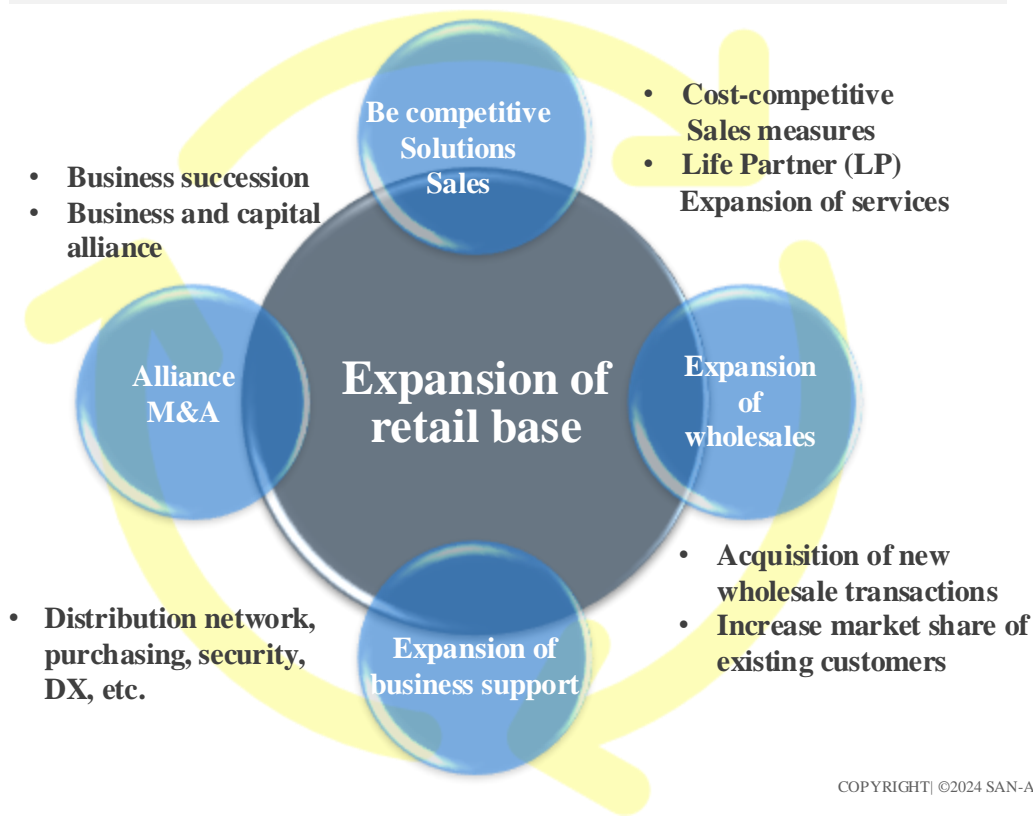
- Construction of the second oil storage base
- Refueling system investment
- To increase the number of refueling cars
- Expansion of existing facilities and others

Business Strategy (Growth): Gas-Related Business (LP Gas)

Through the expansion of retail base and the acceleration of M&A investment,
We will achieve 170 thousand retail (+50 thousand compared to current number)

Policy for business rollout

- ✓ Increase the number of costumers by cycle of the Expansion of retail base



Measures

- Establishment of a management control system to strengthen the sales capabilities of sales subsidiaries
- Expand sales and operational support to expand market share of existing customers
- Strengthen M&A promotion system to strengthen new acquisition

Investment plan

6 billion to 10 billion yen

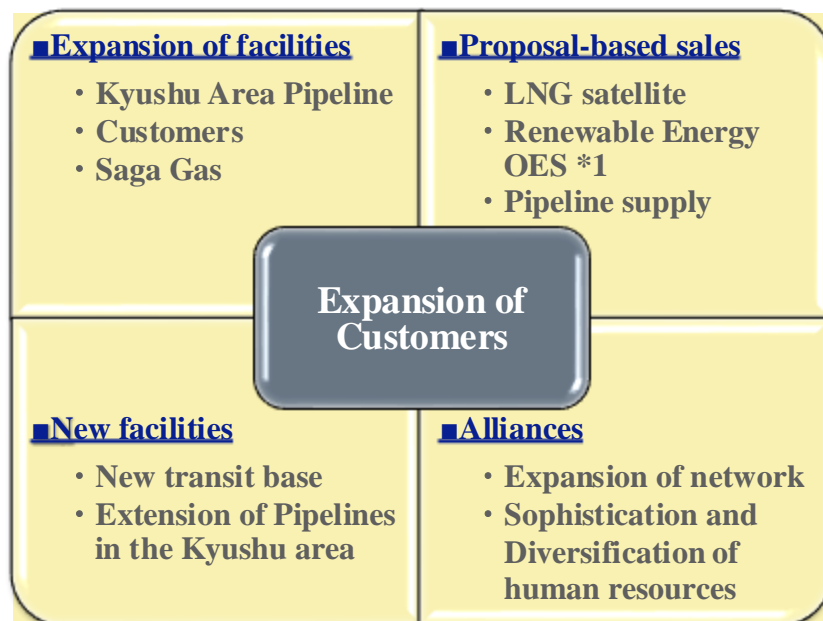
- M&A, Goodwill acquisition
- Expansion of supply facilities

Business Strategy (Growth): Gas-Related Business (Natural Gas)

Expand customers through accelerated capital investment and proposal-based sales

Policy for business rollout

- ✓ Investment in strengthening and expanding facilities
- ✓ Promote sales activities to meet customer needs



※1: Abbreviation for on-site energy services

Measures

- Accelerate investment and development
 - Extension of pipelines in the Kyushu area and consideration of the establishment of a new transit terminal
 - Expand provision of renewable energy OES (proposal-based sales) (solar + storage batteries, biomass)
- Acquisition of customers using supply facilities
 - Expand provision of LNG around pipelines and in LNG satellite areas
 - Expansion of networks utilizing regional characteristics

Investment plan

3 billion yen

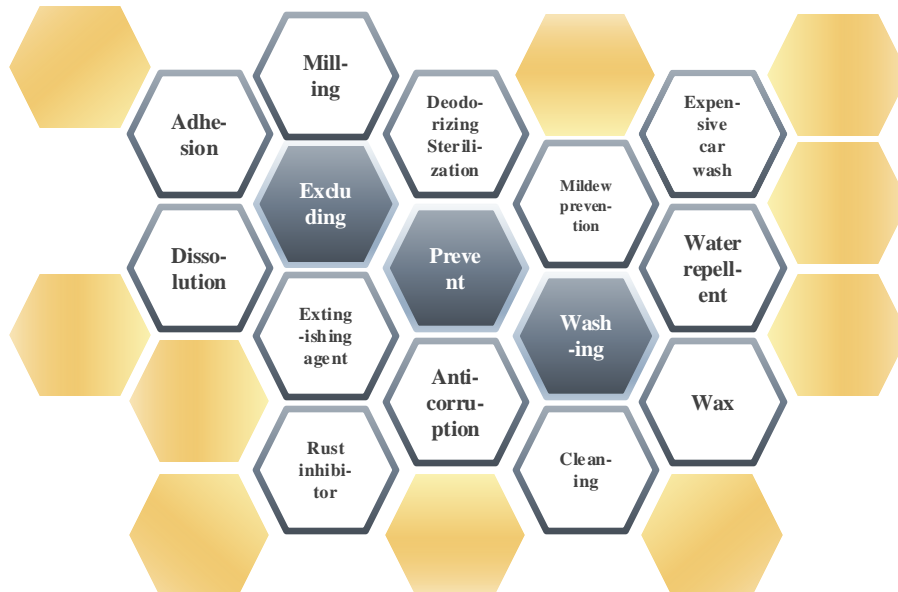
- LNG satellite building
- Expansion of facilities
- Renewable Energy OES

Business Strategy (Growth): Chemical Products-Related Business

Accelerate investment throughout the supply chain

Policy for business rollout

- ✓ Increase of income by strengthening the supply chain
- ✓ Further Expansion of the Functional Chemicals (Excluding, Preventing and Washing) Domain



Strengthening supply chain management

R&D

Purchasing

Manufacturing

Quality Assurance

Distribution

Sales

Increase R&D staff

Expanded capital investment

Measures

- Strengthening R&D capabilities
- Expansion and renewal of manufacturing facilities
- Expansion of own products and contract manufacturing through facility expansion
 - Contract manufacturing of agrochemicals
 - Own production of raw materials
- Expand sales of functional chemicals
 - Additives (carbon neutral products)
 - Premium alcohol
- Expansion into growth areas (semiconductors)

Investment plan

5 billion yen

- Expansion of manufacturing facilities (San-Ai Riken)
- M&A
- Cooperative R&D

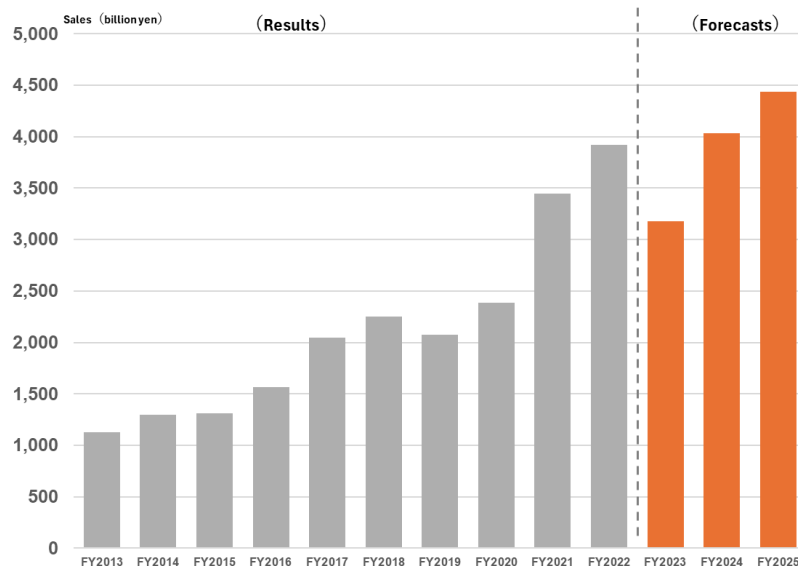
Business Strategy (Growth): Clean Tech Business

Expansion of cleaning of semiconductor production equipment
Development of new solvent and technologies

Policy for business rollout

- ✓ Strengthening the system for recovery and expansion in demand for semiconductor production equipment
- ✓ Development of solvent, treatment technologies

●Demand Forecast for Semiconductor Manufacturing Equipment (Sales Forecast for Equipment Made in Japan)



Measures

- **SAN-AI OBBLITECH**
Expansion of Kansai Plant Building
Construction of new factory at Kazusa Plant
- Through collaboration with Research Laboratories of the Chemical Products Division, developing solvent and treatment agents
- Improvement of electropolishing and blasting technologies

Investment plan

3 billion yen

- Construction of the new factory (SAN-AI OBBLITECH)
- New technologies and solvent

Expansion and maintenance of sales bases and search for new business model

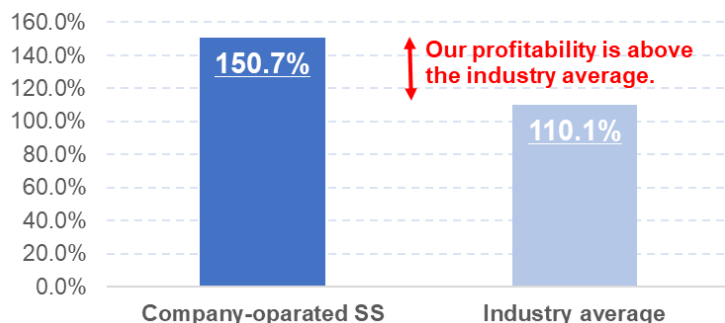
Policy for business rollout

- ✓ Expansion of bases utilizing our unique supply chain including wholesale, and retail functions



- ✓ SS enhancement of the competitiveness

●Margin on SS operations (Sales margin ÷ Break-even margin)



Measures

- Acquisition of new bases (SS) in respective distribution channels
- Organizational Optimization to Improve Competitiveness
- Improve margins on SS operations
- Exploring and launching new business model (Collaboration and development of specialty stores)
- Utilization of transaction network

Investment plan

6 billion to 10 billion yen

- Expansion and maintenance of SS bases
- Expansion of supply facilities (oil depots)
- Investment in new business formats

Business Strategy (New): Green Energy and Eco-Friendly Business

Expand existing domains and accelerate investment in new domains

Policy for business rollout

- ✓ Toward restructuring our business portfolio
Strengthen M&A promotion system

M&A

Petroleum
Lubricate
LPG and LNG
Chemical Products
Aviation
Clean Tech

New
Operating
companies

Alliances

Start-up firms

Investment

New
Domain

Existing
areas

Local areas
Local
government

Research
Institutes

Partnership agreement

Joint research

Measures

- Investment and business alliance for expanding the service domains of existing businesses
- Expand wind O&M business and renewable energy OES through acquisitions and alliances
- Strengthen Collaboration with university research institutes and local governments (develop cleaning agents, AI analytical tools, etc.)
- Operation of cross-divisional organizations to promote M&A

Investment plan

3 billion to 10 billion yen

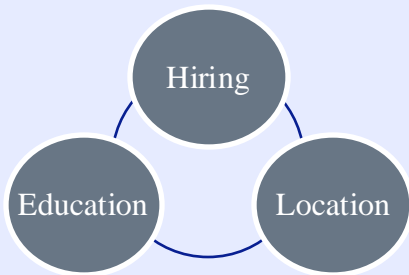
- Business investment
- Investment in startups

Promotion of human capital management

Building a Human Resource Foundation to Realize New Business Portfolio

Optimize human resources portfolio

We will build a cycle of human resource creation to realize a future business portfolio,
Evolve Human Resource Portfolio



- Recruitment of diverse human resources, including new graduates and mid-career
- Establishment and Promotion of Career Path System, promote recurring and riskling education
- Sophistication of human resource management by utilizing personnel data and allocation to growth areas

Active Participation of Diverse Human Assets

Senior	• Restructuring of the system for seniors
Women and the disabled	• Establishment of a system for the active participation of women and people with disabilities
Job changers	• Introduction of the Almuni program*



Creation of comfortable working conditions

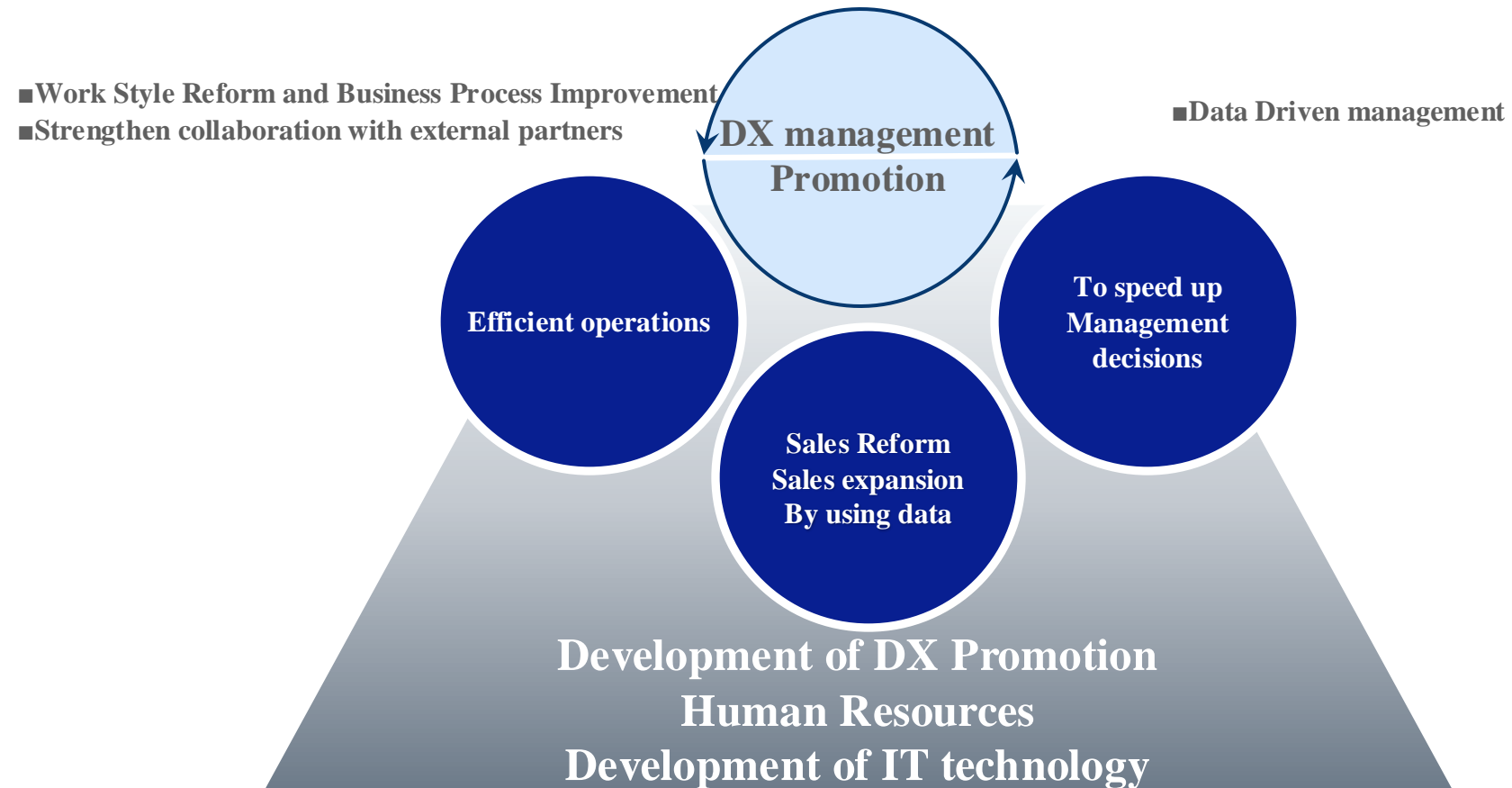
- Promoting Work Style Reforms
- Promotion of Health Management (Health Management White 500)
- Improving employee benefits system
- Open workplace culture

※ 1:Almni program: Re-recruitment of personnel who have retired from the company

Promotion of DX management

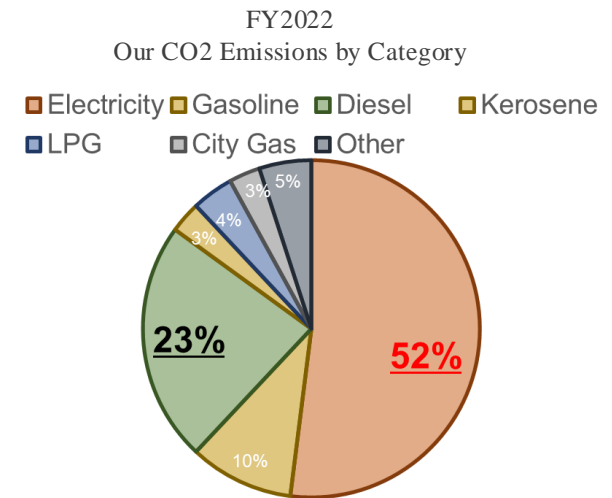
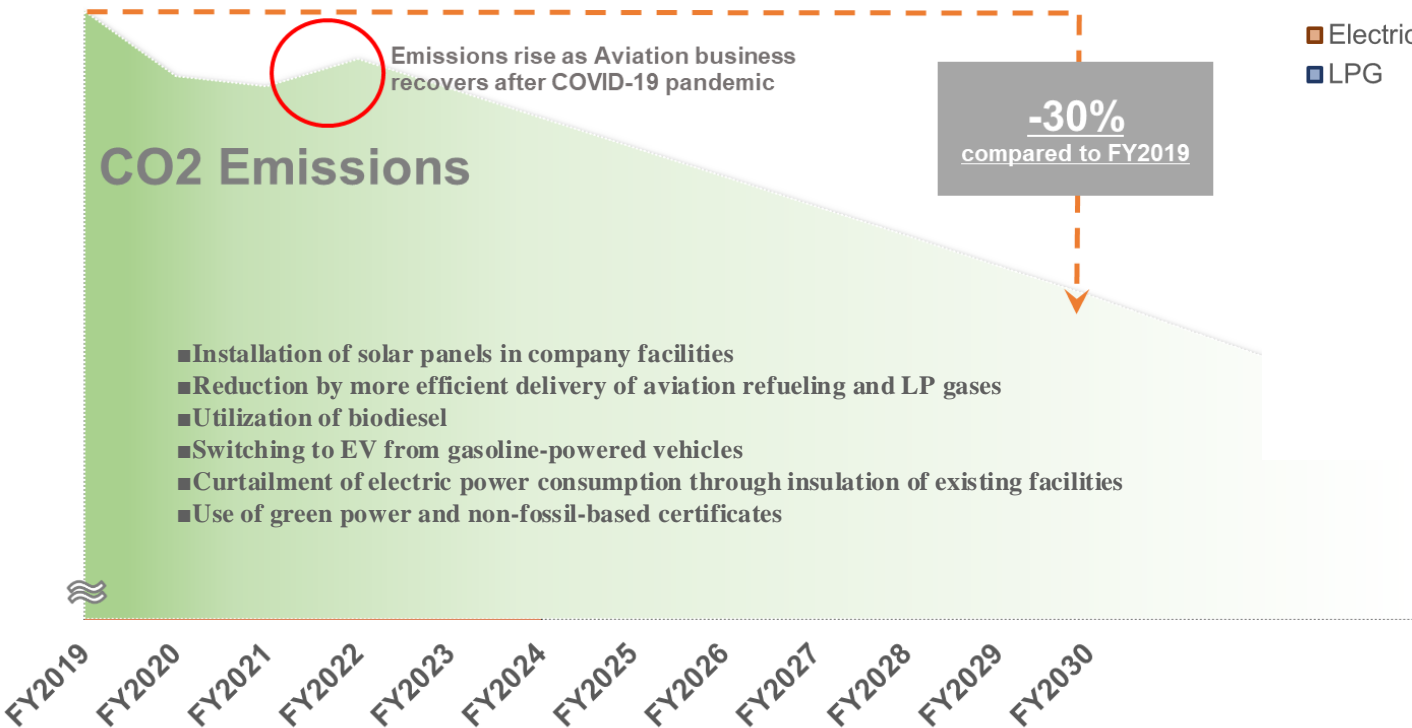
We replaced ERP system in July 2023.

Through the sophistication of digitization and data utilization,
Promote management reforms



Road map toward carbon neutrality

GHG emissions target for fiscal 2030 (Scope1+2) 30% reduction compared to FY2019



Strengthen initiatives
into carbon neutral

Role of the San-Ai Obbli Group

We have contributed to people and society based on SAN-AI Spirit.
Nowadays, we are required to tackle sustainable development and our roles are larger than the past.

To challenge of solving new issues with flexible response capabilities,
To be grateful for the connections we have made so far, and to take advantage of them,
To challenge of developing new business areas,
These are the mission of “SAN-AI OBBLI“.



Obbli

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