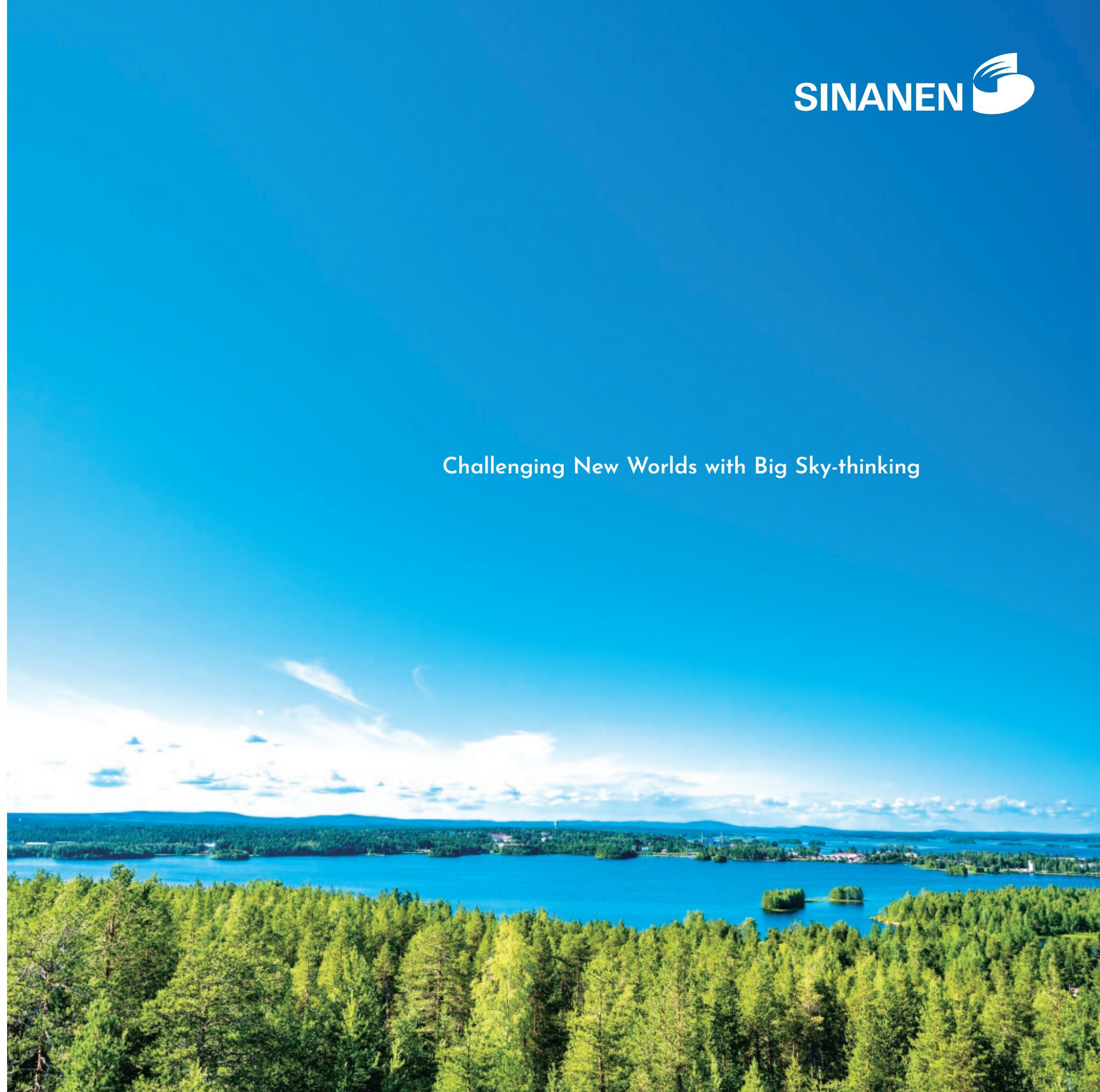


Challenging New Worlds with Big Sky-thinking





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| Mission |

Make People’s Lives  
More Comfortable in  
Every Community by  
Providing Energy and  
Home Life Services

Since its founding in 1927, the SINANEN HOLDINGS Group has responded flexibly to changing times, helping to make our customers’ lives comfortable as a comprehensive service provider that delivers energy, housing, and lifestyle services.

Editorial Policy

The purpose of this integrated report is to share with shareholders, investors, and all other stakeholders how the SINANEN HOLDINGS Group creates value—to tell the story of how our business is driven by sustainable growth and is helping to build a carbon-free world. Our goal in creating the report was to provide an accessible overview of the Group, its business activities, and growth potential, as well as the ESG and SDGs initiatives that are our priorities. We hope this report sparks new opportunities for dialogue with our valued stakeholders.

Business Segment Name Change

In April 2022, the name of the Non-energy/Global Business was changed to Non-energy Business.

Cautionary Statement Regarding Forward-Looking Statements

The forward-looking statements contained in this integrated report are based on judgments made in accordance with information available at the time the report was prepared. Actual results may differ from these statements due to a variety of factors, including changes in economic conditions, competitive environments, and exchange rates.

Period Covered by Report

This report covers fiscal 2021 (April 2021 – March 2022). It does, however, also include certain activities carried out before and after this period. Unless otherwise noted, figures for business performance, results, and other information pertain to fiscal 2021 or are current as of the end of fiscal 2021.

Report Boundary

SINANEN HOLDINGS CO., LTD. and its group companies

Reference Guidelines

- *Guidance for Collaborative Value Creation*, Ministry of Economy, Trade and Industry of Japan
- *International Integrated Reporting Framework*, International Integrated Reporting Council (IIRC)



Information Disclosure System

Corporate Activity Overview <a href="https://sinanengroup.co.jp/en/">https://sinanengroup.co.jp/en/</a>		
Financial Information		Non-Financial Information
IR Information <a href="https://sinanengroup.co.jp/en/ir/">https://sinanengroup.co.jp/en/ir/</a>	Sustainability <a href="https://sinanengroup.co.jp/en/sustainability/">https://sinanengroup.co.jp/en/sustainability/</a>	
Integrated Report <a href="https://sinanengroup.co.jp/en/ir/library/annual/">https://sinanengroup.co.jp/en/ir/library/annual/</a>		
Securities Report	Financial Results	Corporate Governance Report



| Our Aspiration |

# Be a Comprehensive Energy Service Provider That Helps Build a Carbon-Free World

As the conditions in which the energy industry operates undergo rapid change, building a carbon-free world has become a shared global goal. As a comprehensive energy service provider, the SINANEN HOLDINGS Group is committed to ensuring that its businesses are socially responsible, working to achieve the vision of the SDGs, and helping to build a sustainable world.





## Message from the President

We Will Achieve Sustainable Growth by Transforming Our Business Structure and Maximizing Market Value.

Masaki Yamazaki

President and CEO



### Our Perception of the Business Environment and Medium-Term Vision

“ We Are Steadily Solidifying Our Foundation in Preparation for Our 100th Anniversary. ”

The SINANEN HOLDINGS Group is a comprehensive energy service provider dedicated to helping to build a carbon-free world. We are working to achieve dramatic progress on this in the leadup to fiscal 2027, which will mark our first 100 years in business. We recognize that we must transform our business model to secure sustainable growth for the Group. As we approach our 100th anniversary, we are building a rock-solid business foundation by carrying out our Second Medium-Term Management Plan. The qualitative goals of the plan are: improving capital efficiency, investing to achieve sustainable growth, and changing employee mindsets, habits, and behavior.

Since its foundation in 1927, the SINANEN HOLDINGS Group has developed as one of Japan's leading general fuel-trading companies. More recently, however, the Japanese energy market has been shrinking due to the declining population, and gas market liberalization has also led to fiercer competition. In addition, in our energy business as it is today, sales tend to be affected by seasonal factors, and margins are fixed regardless of crude oil prices, which makes it difficult to increase profit margins. As a result, the Group has a low level of ROE compared with other industries, and this is a key issue our management is addressing. Furthermore, in order to seize the initiative in the future reorganization of the industry as energy demand in society overall shifts from fossil fuels to renewable energy, we are determined to develop a multi-faceted business structure by increasing the portfolio share of our non-energy business and new businesses,

all the while maintaining and expanding our market share in existing businesses, such as LP gas sales.

Under the Second Medium-Term Management Plan, we have not established any quantitative goals other than to establish a business structure that continuously delivers an ROE of 6.0% or more. This is due to our concern that achieving other quantitative goals could be an impediment, by making it difficult to begin the liquidation of inefficient existing businesses and assets. During the period of the current plan, as part of our efforts to solidify our foundation for the future, we will sell businesses and sites with low profitability as well as idle assets, and allocate the proceeds to growth investments, including future-oriented investment in human resources and digital transformation (DX). In our business investment, we will explore possibilities without preset limits on the amount of potential investment. At the same time, we will practice well-balanced investment, without undermining our solid financial position, with the goal of delivering an ROE of 6.0% or more.

Human resources are the key factor that affects the success of business investment. I believe changing employee mindsets, habits, and behavior—in other words, transforming the corporate culture—is the most important thing we can do. Simply put, our people are the most important factor in the growth of the Group. It is an unfortunate fact that the COVID-19 pandemic has affected the progress of investment in new businesses. Nevertheless, I believe the transformation of our business model is sure to advance as we steadily proceed with corporate culture reform.

### points

- ✓ Address shrinking energy market by developing a multi-faceted business portfolio based on a medium-term perspective
- ✓ Position the Second Medium-Term Management Plan as a period for solidifying our foundation in the leadup to the 100th anniversary
- ✓ Sell unprofitable businesses and assets and allocate proceeds to growth investments, while aiming for an ROE of 6.0% or more
- ✓ Thoroughly transform the corporate culture to develop human resources, the most important factor in future growth



## Progress on the Second Medium-Term Management Plan

# “ We Are Selling Less-Efficient Assets and Allocating the Proceeds to Growth Investments. ”

We are now implementing a range of measures to achieve the qualitative goals in our Second Medium-Term Management Plan. With regard to improving capital efficiency, we have sold off less-efficient assets, including our decision in fiscal 2020 to withdraw from the biomass business in Brazil, and the sale of a fixed asset in Kawaguchi City, Saitama Prefecture and a storage facility in Osaka operated by MELIFE WEST Co., LTD. in fiscal 2021. We have also sold some of our strategically held shares, and we are working to improve both capital efficiency and financial position.

With regard to new businesses, in the bicycle-sharing business, which we are already operating on a commercial basis, we have steadily increased the numbers of bicycle-sharing stations and users, and we are expecting to record a full-year profit in fiscal 2022. In the non-energy business area, our environment and recycling business and antimicrobial business are already contributing to earnings. Our building management and maintenance business, which has attracted attention for disinfection cleaning in medical and other such facilities, is steadily increasing its number of contracts.

We are also working hard at investing in digital transformation.

DX is not only a basic tool for increasing productivity, but also a dynamic tool for transforming the business model of the Group. As part of this process, in May 2022 we did a full-scale launch of “brio point mall,” a membership-based points program website for Group customers. Positioning the website as a co-creation platform, we will cooperate with various companies, including our competitors, to offer services to customers of the Group and the participating companies on a membership basis. We will leverage these diverse collaborations and the high-value-added service data to discover and create new businesses for the Group.

In terms of future investment in new businesses, we will consider investments from a broad perspective, looking for opportunities befitting a corporate group that operates comprehensive energy services encompassing energy, housing, and lifestyle. At the same time, however, we will hold to our investing guideposts, one of which is to focus on the resource recycling and renewable energy field, including biomass and solar power generation. This will allow us to exploit the Group's expertise without being affected by seasonal variations.

## points

- ✓ Improve capital efficiency and financial position by selling less-efficient assets and some strategically held shares
- ✓ Invest aggressively in the bicycle-sharing business and deliver a full-year profit
- ✓ Full-scale launch of “brio point mall,” the membership-based points program website for Group customers
- ✓ Continue to invest in new business to expand comprehensive energy services encompassing energy, housing, and lifestyle



Bicycle-sharing business, close to full-year profitability



“brio point mall,” the membership-based points program website for Group customers

## Goals of Corporate Culture Reform

# “ We Will Support the Growth of Employees to Promote Organizational Diversification and Revitalization. ”

Corporate culture reform is the most important theme in the business structure reform of the Group. I joined SINANEN HOLDINGS CO., LTD. as a full-time outside director in 2016. My frank impression of the Group at the time was that of a very rigid organization where employees spoke at meetings while too carefully gauging the feelings of their superiors. To maintain a stable recurring revenue business model in the energy sales business, it is easier for customers as well as the Group if we do not change our business processes. As a result, our sensitivity to changes in the industry overall has tended to be low. However, as reorganization proceeds in the industry, we believe that corporate culture reform is essential for the SINANEN HOLDINGS Group to build a new business model for the future, and we are pursuing it as the most important issue for management to address.

The basis of my management style is to see what is happening on the frontlines. The reason I created forums for direct dialogue with employees nationwide when initiating corporate culture reform is to convey to them my own commitment and serious intentions. I have repeatedly told employees that we want them to grow for themselves through this corporate culture reform. Growth means that each employee develops expertise and contributes to market value. The aggregate market value delivered by each and every employee is the market value of the SINANEN HOLDINGS Group.

In addition, I always tell our employees that we want them to develop a high level of moral and ethical values during the growth process. This is also something we emphasize in our Charter of Corporate Conduct and in our organizational vision, “Spiral Up Company,” for the 100th anniversary of our founding.

## SINANEN HOLDINGS Group Values

Three Foundations: *Shingi*, *Shinshu*, and *Rakugyo*  
[Charter of Corporate Conduct]

**Shingi**  
(Keeping Promises)  
—  
Fulfilling  
Social Responsibility

We keep our promises, earn people's trust, and fulfill our duties with a sense of responsibility. This is the heart of our management approach.

**Shinshu**  
(Making Progress)  
—  
Creating  
New Value

We move forward, overcoming all difficulties and enhancing the value that the SINANEN HOLDINGS Group delivers. This is the fundamental commitment that inspires our businesses.

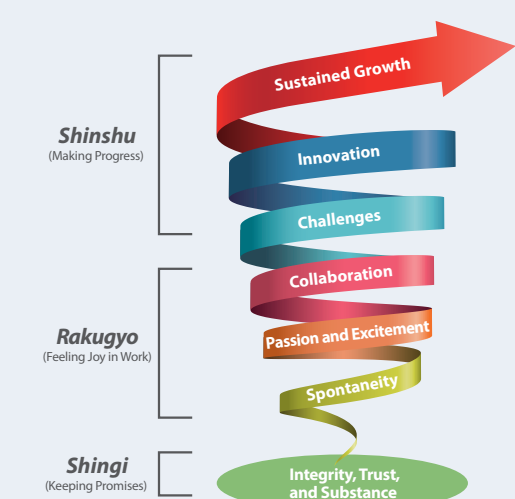
**Rakugyo**  
(Feeling Joy in Work)  
—  
Enriching  
Conduct

We find joy and pleasure in work and grow in character as we interact widely with diverse people. This spirit of fun is our vision for our employees.

## SINANEN HOLDINGS Group's Organizational Vision for the 100th Anniversary

**Spiral Up Company**

— A Virtuous Cycle of Passion, Excitement, and Energy —





The SINANEN HOLDINGS Group's Charter of Corporate Conduct has three foundations: Shinshu (to move forward overcoming all difficulties), Rakugyo (to find joy and pleasure in work and engage in enriching conduct), and Shingi (to earn people's trust and fulfill social responsibility). Shingi, which includes integrity, trust, and substance, is also the foundation of our "Spiral Up Company" organizational vision. Through Rakugyo, we grow in character as we interact and collaborate widely with diverse people to create innovation and practice Shinshu. Our goal is that our officers and employees, including myself, and our organization will continue to grow in an upward spiral through this virtuous cycle.

Furthermore, at the same time as developing moral and ethical values and expertise, I believe that the diversity of our organization is very important for the growth of employees. In the past, many employees of the Group had the same knowledge based on experience in the existing energy sales business, and while this meant the Group was cohesive as an organization, we lacked diversity. Today, we actively practice recruitment of experienced mid-career professionals in fields such as human resources, accounting, IT, and new business development, looking to increase the expertise and diversity of our workforce as well as to engage specialists in

the formulation and implementation of strategy from a long-term perspective. Of course, sustainable growth in the future also requires diverse and revitalized organizations in our existing businesses. We are providing multi-faceted support for the growth of our employees in all fields, increasing training expenses for employees to nearly three times the previous level as part of our investment in human resources and providing training specialized for women and for developing next-generation managers.

The internal culture is changing steadily through a variety of initiatives such as corporate culture reform and work-style reform. I sense a strong motivation for growth in my direct dialogues with employees, including those in the younger generation. I always encourage our people to take small steps each day at the Group, so that they can take control of their one and only life without being influenced by others. At the same time, it is the responsibility of the management team to create a system that supports employees in their growth through work-style reform. I firmly believe that the transformation of the entire Group will proceed at a faster pace through the united efforts of both management and employees to foster personal and professional growth in the workforce, and by extension, to drive the continued growth of the Group.



#### ESG-Oriented Management

“ Together with Our Employees,  
We Will Grow into a Corporate Group  
That Meets Social Expectations. ”

Since the beginning, the SINANEN HOLDINGS Group has been developing its business based mainly on energy with a corporate mission to “make people's lives more comfortable in every community by providing energy, home, and life services.” The Group's role in society is to help build a carbon-free world through our business activities, and we consider ESG-oriented management that takes account of the environment, society, and governance to be the foundation of our business strategy.

Just as moral and ethical values are essential alongside expertise for the growth of employees, so corporate governance is also the foundation for everything else in the growth of a company. After the SINANEN HOLDINGS Group became a group with a holding company in 2015, we separated administrative functions by delegating authority to individual operating companies. We subsequently addressed the collaboration of group companies again in addition to enhancing integrated governance functions for the Group by bringing in external human resources. Moreover, in recent years, we have strengthened our initiatives related to sustainability and decarbonization. As part of this process, SINANEN HOLDINGS Co., Ltd. formulated the Basic Policy on Sustainability and established the Sustainability Promotion Committee in May 2022. In terms of action on climate change, we

have expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are disclosing information based on the TCFD recommendations.

As I mentioned, the Group is the aggregate of each and every employee, and human resources serve as the most important factor in our future growth. For the sake of our employees, we will not only maintain stable management, but will also constantly invest in human resources, including in building a workplace where employees clearly know they can grow if they stay with the Group, funding work-style reform, and improving compensation packages, including salaries and benefits.

My favorite economist once said it is difficult to see the future, but you can still create, or in other words manage, your own future. The state of the world is uncertain. However, the Group will move forward with daily efforts in partnership with our employees to maximize the Group's corporate value. In addition, we will ensure that we become a corporate group that enables all of our stakeholders, including shareholders, customers, business partners, and employees, to appreciate that supporting the SINANEN HOLDINGS Group is contributing to society. I would like to ask for your continued support as we boldly move forward.



#### points

- ✓ The growth of employees through corporate culture reform is essential for business structure reform.
- ✓ The meaning of growth is to develop moral and ethical values at the same time as expertise.
- ✓ The Charter of Corporate Conduct and the “Spiral Up Company” organizational vision serve as the foundations for employee and corporate growth.
- ✓ A diverse organization promotes the growth of employees and thereby the Group.



# Driving Progress with the Medium-Term Management Plans

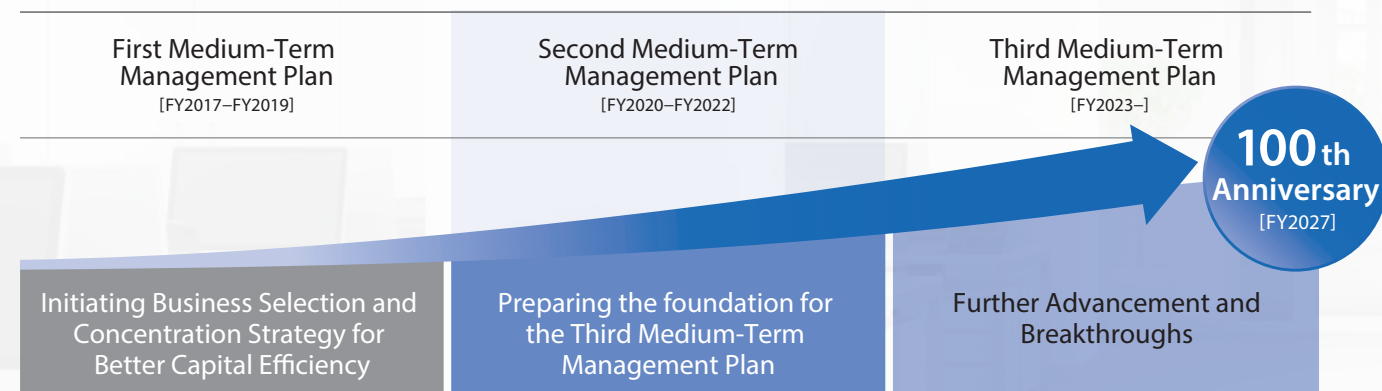
## Second Medium-Term Management Plan [FY2020–FY2022]

### Challenging New Worlds with Big Sky-thinking

#### Basic Approach

Solidifying the Foundation for Becoming an Organization Capable of Sustainable Growth

#### Milestones of the Medium-Term Management Plans



#### Quantitative Goal

Establish a Business Structure That Continuously Delivers an **ROE of 6.0% or More**

Trend in ROE Composition		ROE (%)	=	Profitability Net profit margin (%)	×	Efficiency Total asset turnover (times)	×	Leverage Financial leverage (times)
First Medium-Term Management Plan	FY2016	5.2		1.18		2.21		2.00
	FY2017	5.9		1.17		2.47		2.03
	FY2018	3.4		0.65		2.65		1.96
	FY2019	6.3		1.26		2.61		1.91
Second Medium-Term Management Plan	FY2020	5.5		1.25		2.32		1.89
	FY2021	4.7		0.86		2.87		1.92
		Comparison with FY2016		Profitability: Decreased		Efficiency: Improved		Leverage: Decreased

Although efficiency has improved since fiscal 2016, profitability and leverage have decreased, resulting in an ROE of 4.7%. Wholesale sales of petroleum products with fixed margins account for a high percentage of SINANEN HOLDINGS Group net sales, and profitability is subject to changes in crude oil prices and other external factors. Moving away from the current earnings structure is essential in order to sustainably improve ROE. We will work to improve profitability and efficiency without being overly dependent on leverage, seeking to establish a business structure that continuously delivers an ROE of 6.0% or more.

#### Qualitative Goals



#### Improve Capital Efficiency

- 1 Improve Profitability of Existing Businesses**  
Increase the efficiency of existing businesses and improve profitability
- 2 Utilize/Sell Less-Efficient Assets**  
Effectively utilize idle and low-operating assets to obtain revenue, consider selling
- 3 Pursue Selection and Concentration of Existing Businesses**  
Withdraw from and sell businesses with low capital efficiency, and concentrate on businesses with high capital efficiency

#### Progress

#### Sold off Less-Efficient Assets → Improved Capital Efficiency for Better Financial Position

→ P14–15 Financial Strategy

FY2020

- Sold a fixed asset in Shinagawa-ku, Tokyo
- Sold a sales office in Ehime Prefecture operated by MELIFE-WEST Co., LTD.
- Decided to withdraw from the biomass business in Brazil

FY2021

- Sold a fixed asset in Kawaguchi City, Saitama Prefecture
- Sold a storage facility in Osaka operated by MELIFE-WEST Co., LTD.
- Sold some strategically held shares



#### Execute Investments to Achieve Sustainable Growth

- 1 Invest in Expansion of Existing Businesses**  
Execute M&A to strengthen revenue base in existing businesses, and M&A in Building Management and Maintenance Business
- 2 Strategically Invest in New Businesses**  
Execute active investment in bicycle-sharing businesses, renewable energy business, and new businesses
- 3 Reinforce Core Systems**  
Enhance core systems needed to address changes in the environment, such as business diversification

#### Increased Service Integration in the Building Management and Maintenance Business

→ P26 Strategies by Business: Non-energy Business

#### Continued Active Investment

→ P14–15 Financial Strategy  
→ P24–25 Strategies by Business: Energy Solution Business  
→ P26–29 Strategies by Business: Non-energy Business

#### Drove Digital Transformation

→ P16–17 Digital Transformation Strategy



#### Change Employee Mindsets, Habits and Behavior

- 1 Improve Corporate Culture and Foundation**  
Improve the typical thinking and habits of individuals and organizations, and foster mindsets that can adapt to the VUCA era
- 2 Promote Work-Style Reform**  
Create an environment where employees can enjoy their jobs and remain motivated
- 3 Optimize Human Resource Development, Promotion, and Reassignment**  
Build a system to promote employee entrepreneurship and develop diverse human resources

#### Promoted Corporate Culture Reform and Other Projects

→ P12–13 Corporate Culture Reform Project  
→ P36 Human Resources Strategy

#### Pursued Better Health Management and Diversity & Inclusion Initiatives

→ P12–13 Corporate Culture Reform Project  
→ P37–38 Human Resources Strategy

#### Promoted Career Development

→ P39 Human Resources Strategy



## Corporate Culture Reform Project

We Will Change  
Our Awareness and  
Behavior to  
Continue to Be  
the Choice of Customers,  
Both as Individuals and  
as an Organization.

Naoki Shimizu

Representative Director and Senior Managing CCO



### Why We Want to Reform Our Corporate Culture

At present, the SINANEN HOLDINGS Group is working on “changing employee mindsets, habits, and behavior,” namely the reform of our corporate culture, as one the qualitative goals of the Second Medium-Term Management Plan. In doing so, our goal is to become a “Spiral Up Company” (see “Message from the President” on page 7), which is our organizational vision for the 100th anniversary of our founding in fiscal 2027.

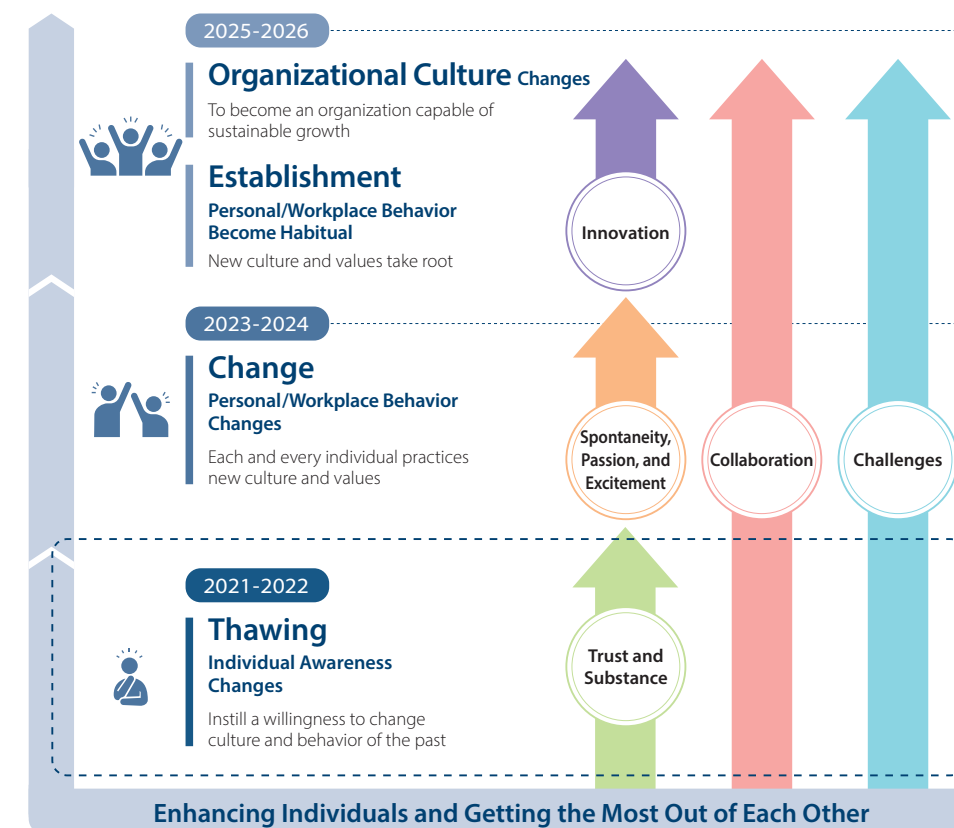
The background to this is the change in our industry environment. With market contraction and more intense competition in the energy business in Japan, the Group is developing new businesses in both the energy business and non-energy business. In the past, the emphasis in the Japanese energy industry was on knowledge based on experience, and the top-down method tended to be the mainstream principle for work. However, to succeed in areas where experience is lacking, such as non-energy businesses, we need to recognize that each and every employee is a treasury of knowledge, and superiors need to actualize the potential of their subordinates.

### Launch of Corporate Culture Reform Based on Employee Proposal

We launched the corporate culture reform project in April 2020. In fact, the initiative is based on a series of spontaneous discussions initiated by employees in light of the qualitative targets in the Second Medium-Term Management Plan and the content of their proposal to President Masaki Yamazaki and the Management Meeting. The Group also formulated a roadmap with three phases consisting of “Thawing,” “Change,” and “Establishment” to support the change to a “Spiral Up Company.” At present, we are in the “Thawing” phase. During this phase, while inheriting the integrity that is a strength the Group has cultivated, we are working to reform the corporate culture based on the themes of fostering trust, which forms the foundation for further Group cooperation, and always taking decisions and actions based on an assessment of the substance of our objectives and our starting point (customer focus, etc.).

In terms of the initiatives so far, starting with the online corporate culture reform kickoff meeting, in which over 1,000 employees participated, we have held more than 110 workplace roundtable meetings nationwide, and nearly 400 Group employees at sites all over the country have engaged in direct dialogue with President Yamazaki. In addition, we have established an opinion box called “The Voice” for employee feedback, and provided interviews and training for managers, including those at Group companies. These initiatives have sent the message that the president is serious

### Roadmap for the Corporate Culture Reform Project



### Main Initiatives to Date



about reforming the corporate culture, as well as ensuring thorough dialogue with employees and managers.

In addition, in order to turn internal meetings, which have tended to be limited to informing and reporting, into forums for real discussion, we are promoting “psychological safety.” This means creating an environment in which employees do not need to worry about criticism of their comments at meetings and other forums from their superiors and others. As the precondition for this environment, we are fostering a culture of appreciation and praise for employees who engage in active discussions. The expression “psychological safety,” which was initially unfamiliar, has now permeated the company, and I feel that discussions at internal meetings are steadily becoming more vigorous. Moving forward, we will also hold “Spiral Up Sessions” to convey our direction to Group and operating companies, conduct 360° questionnaires for the senior management and general managers of the holding company and operating companies, and hold seminars with outside experts. Through these efforts, we hope to communicate the objectives and significance of corporate culture reform to officers and employees and enhance their motivation about working at the Group.

### Constant Reform of Corporate Culture

In our effort to become a “Spiral Up Company,” our goal is to continue to be the choice of customers, both as individuals and as an organization. To achieve this, we must reform not only our corporate culture, which means transforming the awareness, behavior, and communication of employees, but also our work styles, which means changing our systems. The Group launched work-style reforms in 2017 with the objectives of increasing operational efficiency and improving labor productivity through digital transformation. In addition to striving to improve work-life balance and quality of work, we are pursuing work-style diversity and career development. When work-style reform and corporate culture reform synergize, it will create a virtuous cycle of enhancing every individual and helping us all get the most out of one another. We also recognize that a diversity-conscious human resources strategy is essential for cultivating the kind of internal culture that ensures a company can adapt to change and survive.

As transforming the awareness and behavior of individuals requires time, the reform of corporate culture is never ending. The Group is steadily working to become a “Spiral Up Company.” I hope you are excited about our future.



## Financial Strategy

We Are Laying  
the Foundation and  
Working to Improve  
Profitability  
in Preparation for  
the Next Phase of Growth.

Naoki Sawaoka  
Senior Executive Officer

### Management Indicators

	Second Medium-Term Management Plan		
	FY2020	FY2021	FY2022
	Results	Results	Forecast
Net sales (¥ billion)	217.1	289.3	310.0
Operating profit (¥ billion)	2.9	2.4	2.5
Ordinary profit (¥ billion)	3.0	3.2	2.8
Profit attributable to owners of parent (¥ billion)	2.7	2.4	2.9
ROE (%)	5.5	4.7	Target 6.0% or more

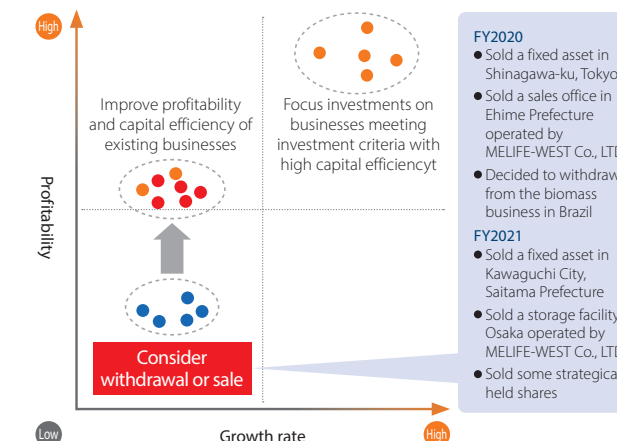
### Fiscal 2021 Results

In fiscal 2021, the price of crude oil and propane contract prices both trended at their highest levels since 2014. On the other hand, domestic demand for oil and gas continued to fall overall due to the falling birthrate and aging population, the spread of energy-saving devices, lifestyle changes, and other such factors. Therefore, while fiscal 2021 results recorded higher sales driven by soaring unit selling prices, operating profit declined on an increase in investment related to IT and human resources and other such factors. Ordinary profit grew, mainly due to an increase in insurance refunds and a decrease in allowance for doubtful accounts carried forward. However, profit attributable to owners of parent declined due to the absence of the gain on sales of non-current assets related to real estate in Higashi-shinagawa recorded in the previous fiscal year and amortization of goodwill in the non-energy business.

### Quantitative Goal: ROE of 6.0% or More

In order to meet the expectations of the market, including shareholders, in fiscal 2022, which is the final year of the Second Medium-Term Management Plan, we will seek to establish a business structure that continuously delivers an ROE of 6.0% or more. At the same time, we are aiming to lay a foundation capable of earning even higher ROE during the Third Medium-Term Management Plan. To increase ROE, it is essential to raise productivity while simultaneously increasing profit in absolute terms. As there are fixed margins for wholesale of petroleum products, which accounts for a high proportion of net sales, we will focus on expanding businesses with higher profitability,

### Sell off Less-Efficient Assets → Improve Capital Efficiency for Better Financial Position



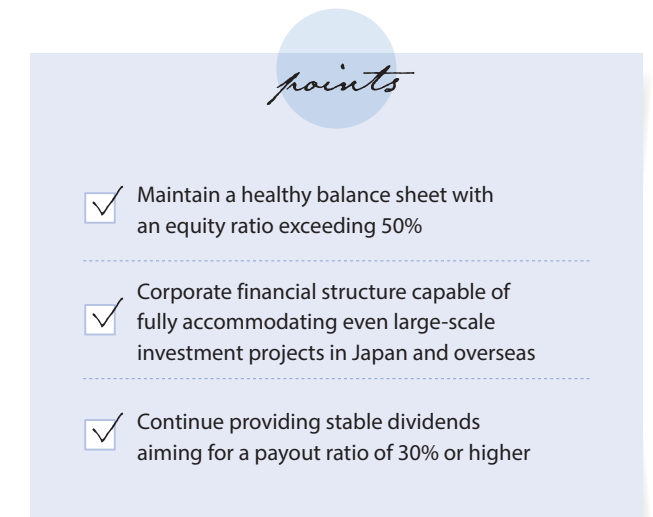
including new businesses, while paying adequate attention to the balance of risks and returns.

### Improvement of Capital Efficiency

During the Second Medium-Term Management Plan, we have been striving to improve capital efficiency as one of our three core strategies, with the focus on utilization and sale of less-efficient assets. During fiscal 2021, we continued to sell fixed assets and some strategically held shares. As a result, the SINANEN HOLDINGS Group has maintained a healthy balance sheet with an equity ratio exceeding 50% as well as ample short-term liquidity. As a company listed on the Prime Market of the Tokyo Stock Exchange, our financial position allows us to fully accommodate even large-scale investment projects in Japan and overseas, including renewable energy-related projects and M&A. Thus, we are prepared to execute business investments at the appropriate times, bearing in mind global efforts to build a carbon-free world. In addition, while cash flow from operating activities decreased in fiscal 2021 due to a large increase in trade receivables, we continued to maintain a good level of free cash flow, including cash flow from investing activities.

### Strategic Investment

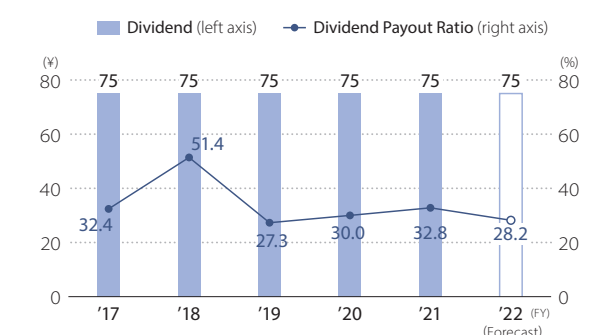
We are continuing aggressive investment in new businesses, IT to promote DX, and human resources development, looking toward another phase of dramatic growth and progress ahead of our 100th anniversary. The amount of capital investment, including software installation and system development, is within the range of annual depreciation. However, IT and human



resource development-related commissions and personnel expenses associated with proactive appointment of external personnel have increased. As we plan to continue aggressive investment in IT and human resources in fiscal 2022, we have also increased the budget for departments in charge of these areas by approximately 250 million yen.

### Shareholder Returns

The SINANEN HOLDINGS Group considers returning profit to shareholders a top-priority management commitment. Bearing in mind that the Second Medium-Term Management Plan is a time of preparing the foundation for the next growth phase, we have continued to deliver stable dividends, aiming for a payout ratio of 30% or higher. In fiscal 2021, we maintained a dividend of 75 yen per share. To support shareholder returns from a long-term perspective, we have accumulated internal reserves as funds for expanding business domains and strengthening our business foundation, and are fully prepared for large-scale investments in the future.





## Digital Transformation Strategy

At the SINANEN HOLDINGS Group, We Are Focused on Delivering All of Our Potential Value as We Create New Businesses.

Hiroshi Minami

Executive Officer and Head of IT Strategy Department

### Essential Business Reforms for Driving Digital First

Under our Second Medium-Term Management Plan, we are pursuing digital transformation (DX) as a key measure in the reform of our corporate culture and business model. This will strengthen the Group's management foundation and improve operational efficiency. We are not only engaged in basic DX initiatives to standardize business processes and introduce new core systems, but are also focused on dynamic DX that will provide digital support for the creation of new businesses.

We admit that the Group has been somewhat slow to adopt IT in the field of energy supply, a business that has in the past been characterized by high barriers to entry and a stable profit environment. Today, however, we are vigorously pursuing a DX strategy with three performance indicators. Our first performance indicator, **1** "Digital first" calls for building paperless offices and streamlining and standardizing operations using IT. In order to move forward with this, **we are not only introducing systems, but also taking time to look at all the significant impacts employing IT will have on our frontlines and, accordingly, reexamining work flows in the frontlines.**

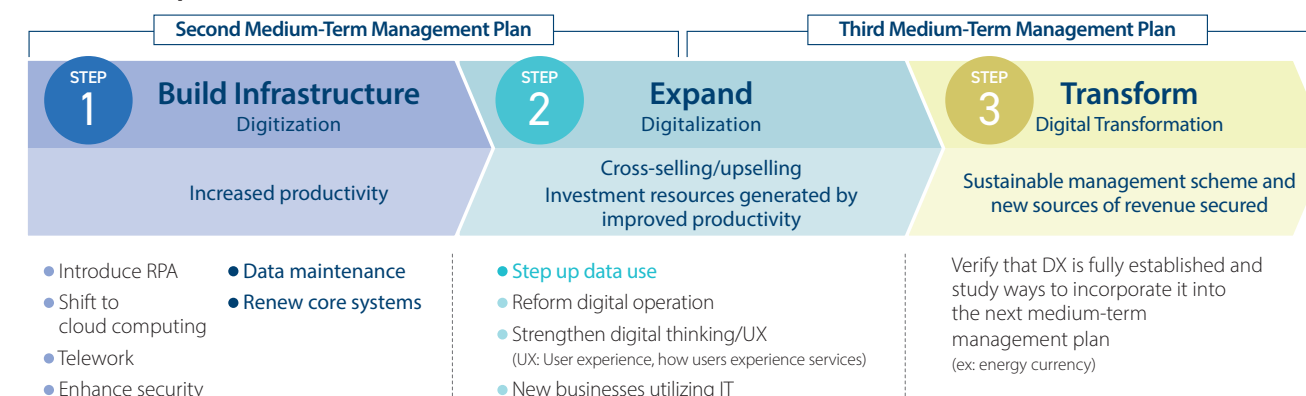
For example, at sites that have been engaged in transactions for many years, quotes and invoices have been sent and received primarily on paper. The digitization of these various documents is, however, fundamental to a new marketing strategy that seeks to leverage customer trends and forecast sales. This new strategy will lead to the one-stop group-wide platform for everything from marketing to sales that we seek with our second performance indicator, **2** "Once only."

In fiscal 2021, while our management team studied the significance and purpose of DX for the Group, a business reform team was established within the IT Strategy Department to provide support for a variety of frontline business reforms. Aware of the significance of IT to workers on the frontlines whose daily tasks are made more efficient, we have been steadily implementing **1** "Digital first" initiatives. These efforts and our disclosure of information related to driving DX were recognized in December 2021 with the Certified DX Business Operator certification presented by Japan's Ministry of Economy, Trade and Industry.

### Points Program as Dynamic DX Strategy

Another goal of "Digital first" is to reduce man-hours on the frontlines while fostering DX talent. With our third performance indicator, **3** "No legacy," we are focused on developing DX human resources who are able to analyze data and sow the seeds of new businesses. It is our aim to first collect standardized group-wide data, compile the collected data to create a digital

### DX Roadmap



### Performance Indicators



### Certified DX Business Operator Certification

(December 1, 2021)

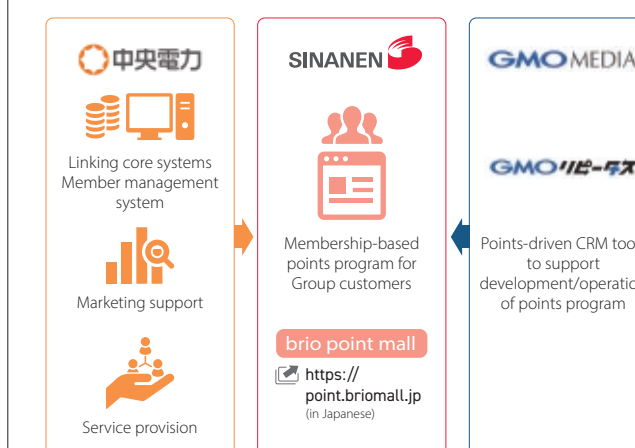


platform, and finally reskill our employees operating in the field. **With the foundation for our DX strategy in place, we will proceed with the development of new businesses that fully incorporate IT and secure new sources of revenue by the 100th anniversary of our founding.** This is the overall picture of the Group's DX strategy.

The first extremely important measure in the Group's dynamic DX strategy is a membership-based points program, which has been fully operational since May 2022. This points program website offers membership points and other services to customers of the Group and our affiliates. At the same time, it also collects and analyzes such data as customer purchase histories and behavior patterns through surveys and other means, making it possible to develop and promote new campaigns.

In fact, **as an energy supplier, we have databases that can be utilized in creating a variety of services.** By collecting data on the lifestyles of various demographics across the country, such as which areas use gas and when or where users of bicycle-sharing services travel and how many calories they consume, we will be able to work with outside companies operating in a variety of sectors, including housing, nursing care, and food sales, to develop an array of new businesses. In pursuing this strategy, we continue to seek collaboration not only among group companies, but with other companies in the industry, as well. Our aim is to increase the number of registered points program members to one million as quickly as possible and then to five

### Provision of New Value-Added Services through the Use of Customer Base Creating a Membership-Based Points Program for Group Customers



million by fiscal 2027, the year of our 100th anniversary.

On the other hand, IT is merely one tool, and it is people who in fact create new business. As part of our efforts to quickly nurture DX talent, we will establish a project management team in the IT Strategy Department, which will create templates for successfully seeding new projects. Through combined efforts such as these, we will continue to steadily implement our DX strategy to unlock the potential value of the SINANEN HOLDINGS Group and diversify our business model.



# Value Creation Process

## External Environment

### Environmental



Worsening Environmental Problems



Energy Source Diversification



Wider Adoption of Energy-Saving Equipment

### Social



Declining Birthrate and Aging Population



Shrinking Working-Age Population



Lifestyle Diversification



Advancement of Digitalization



Energy Crunch

## SINANEN HOLDINGS Group Strengths

### 1 >> Driving Force for Business as a Dedicated Energy Trading Company



**Stable Procurement**

Procuring energy at a stable price backed by years of experience and results



**Streamlined Logistics Network**

A logistics network built for efficiency in line with the times based on a storehouse of knowledge



**Business Developments in Step with the Times**

New business developments in line with the times based on a storehouse of knowledge (renewable energy, bicycle-sharing, etc.)



**A Service Framework for Safe Operation**

Our security framework ensures safety and peace of mind with customer service that goes above and beyond legally mandated inspections

In Business  
**95 years**

LP Gas Supply Volume  
**No.3** in Japan\*

Kerosene Supply Volume  
Approx. **1.5 million** kiloliters

\*Source: 2022 LP Gas Annual Report, Sekiyu Kagaku Shimbu Co., Ltd.

### 2 >> Solid Management Foundation



**Sound Financial Constitution**

We maintain a capital ratio of over 50%



**Stable Customer Network**

Our stable customer foundation includes approx. 220,000 households for direct LP gas sales nationwide and approx. 430,000 households for wholesale customers



**Diverse Business Portfolio**

A diverse business format that closely meets the needs of customers helps disperse risks

Equity Ratio  
**51.2%**

JCR\* Rating  
**Long-Term: A- Outlook: Stable**

Number of LP Gas Customers  
Approx. **650,000** households

\*Japan Credit Rating Agency

### 3 >> High Barrier to Competitor Entry



**Strong Partnerships**

Approx. 1,400 partner companies (total including LP gas sales organization member companies and building management and maintenance business partner companies)



**National Supply Framework**

82 petroleum transshipment stations across the country serving to maintain supply under logistical difficulties



**Storehouse of Knowledge**

A wealth of trading knowledge rooted in the energy industry

Partner Company Network  
Approx. **1,400** companies

Petroleum Distribution Sites  
**82** sites

## Business Activities

### Second Medium-Term Management Plan

**Challenging New Worlds with Big Sky-thinking**

### Business Segments



**BtoC Business**

**Retail/Wholesale Energy & Related Business**



**BtoB Business**

**Energy Solution Business**



**Non-energy Business**

### ESG Efforts for Value Creation

**E** Efforts to Combat Climate Change

**S** Safety and Security Initiatives

**S** Human Resources Strategy

**S** Social Contribution Activities

**G** Corporate Governance

## Creating Value

### Social Value



Stable Energy Supply



Wider Adoption of Renewable Energy



Reduction of Environmental Impact



Value-Added Services to Enhance Lifestyles



Creating Comfortable Neighborhoods

### Economic Value

Net Sales **¥289.3 billion**

Operating Profit **¥2.4 billion**

Profit Attributable to Owners of Parent **¥2.4 billion**

Net Assets **¥54.3 billion**

ROE **4.7%**

Dividend per Share **¥75**

## Our Aspiration

**Be a Comprehensive Energy Service Provider That Helps Build a Carbon-Free World**

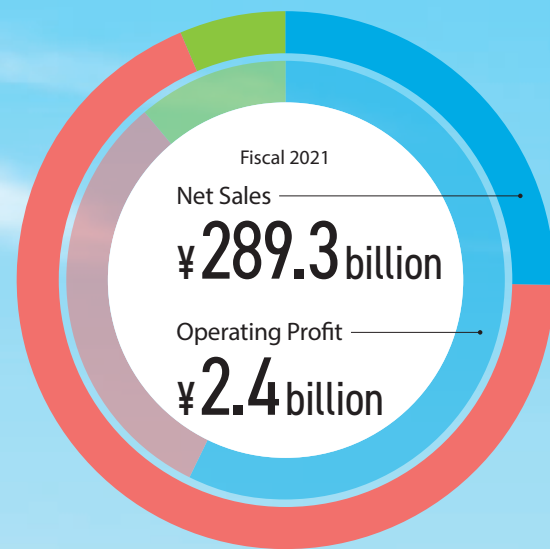
### Sustainable Development Goals



The SINANEN HOLDINGS Group creates a great deal of economic and social value by carefully identifying social issues and changes in the external environment. As a community-based comprehensive energy service provider, we are working to fulfill our social responsibilities in accordance with the three foundations of our Charter of Corporate Conduct: *Shingi* (keeping promises), *Shinshu* (making progress), and *Rakugyo* (feeling joy in work). We will address the SDGs through our business ventures and pursue sustainable growth, while helping to build a sustainable, carbon-free world to meet social expectations today.



## Business Overview



	Retail/Wholesale Energy & Related Business	Energy Solution Business	Non-energy Business
Net Sales (Percentage)	¥73.1billion 25.3%	¥197.7billion 68.4%	¥18.0billion 6.3%
Operating Profit (Percentage)	¥1.03billion 57.3%	¥0.57billion 31.6%	¥0.20billion 11.1%
Assets (Percentage)	¥36.4billion 37.4%	¥47.4billion 48.7%	¥13.5billion 13.9%
Number of Employees (Percentage)	1,106 36.0%	355 11.6%	1,611 52.4%

Note: Amounts, number of employees, and percentages exclude data applicable to "others/adjustments."

## Business Outline/Group Companies

## Results for Fiscal 2021

## Net Sales

## Operating Profit

## BtoC Business Retail/Wholesale Energy &amp; Related Business



- Energy Business**
  - LP gas
  - City gas
  - Petroleum
  - Electricity
  - Solar power generation systems
- Home Business**
  - Renovation
  - Housing equipment
  - Rental service
- Lifestyle Business**
  - House cleaning
  - Plumbing maintenance

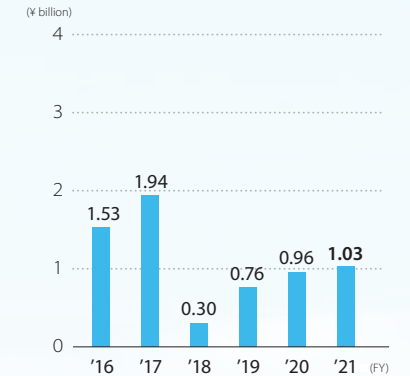
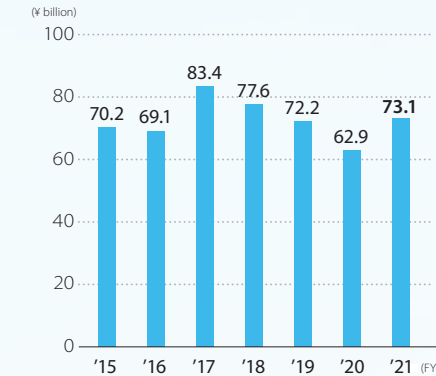


## Net Sales

¥73.1 billion  
(Up 16.1% YoY)

## Operating Profit

¥1.03 billion  
(Up 8.0% YoY)



## BtoB Business Energy Solution Business



- Renewable Energy Business**
  - Wind power generation business
  - Development and manufacture of new type of micro wind turbines
- Electricity Business**
  - Development of power sources
  - Electricity sales
  - Electricity supply and demand management
- Petroleum Business**
  - Gasoline, kerosene, diesel oil, and fuel oil sales
  - LP gas sales
  - Delivery services and security contracting
  - Sales support such as kerosene home delivery
  - Sales support for service stations
- Solution Business**
  - Support for reducing energy costs and CO2 emissions
  - Support and consultation for energy savings facilities
  - Electricity sales

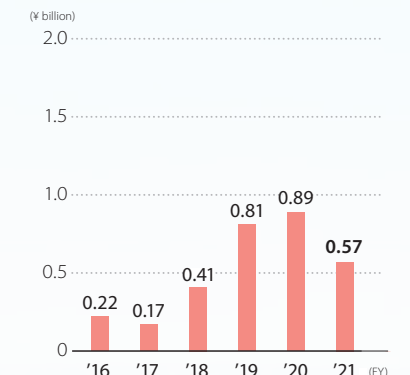
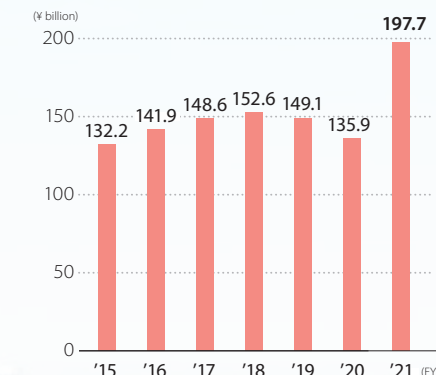


## Net Sales

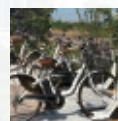
¥197.7 billion  
(Up 45.4% YoY)

## Operating Profit

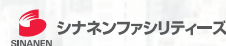
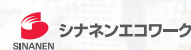
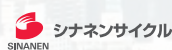
¥0.57 billion  
(Down 35.8% YoY)



## Non-energy Business



- Bicycle Business**
- Bicycle-Sharing Business**
- Environment and Recycling Business**
- Antimicrobial Business**
- System Business**
- Building Management and Maintenance Business**

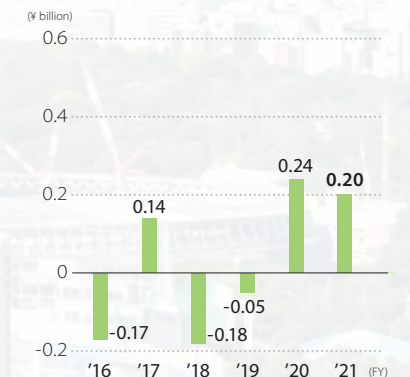
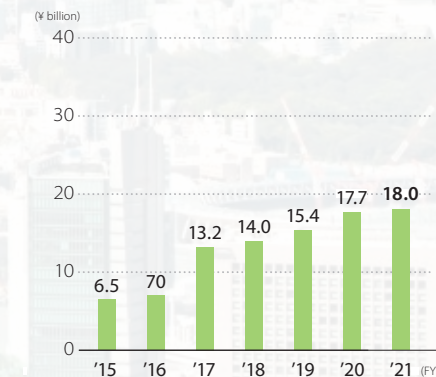


## Net Sales

¥18.0 billion  
(Up 1.8% YoY)

## Operating Profit

¥0.20 billion  
(Down 17.2% YoY)





## Strategies by Business

Becoming No. 1  
in Every Region



BtoC Business

## Retail/Wholesale Energy & Related Business

We help to enhance the lives of customers by operating on a community level to supply energy, offer housing solutions such as renovations and home equipment, and provide residential services such as home cleaning.

## SWOT Analysis

### Strengths

- Stable energy supply network based on partner retailer organization across Japan
- Relationships of trust with customers and communities built through our own safety inspections
- Cross-selling energy, housing, and lifestyle services

LP Gas Supply Volume

**No. 3** in Japan\*

Number of LP Gas Customers

Approx. **650,000** households

\*Source: 2022 LP Gas Annual Report, Sekiyu Kagaku Shimbun Co., Ltd.

### Weaknesses

- Dependence on petroleum and LP gas
- Need to improve operational efficiency by utilizing IoT and integrating logistics
- Fluctuations in energy product performance due to seasonal factors and market trends

### Opportunities

- Consolidation of retailers due to the aging of the individuals running LP gas outlets
- Demand for switching over to all-electric homes
- Potential to provide services such as renovation according to life stages of individual consumers

### Threats

- Declining birthrate and aging population in Japan
- Widespread adoption of energy-saving equipment
- New market entrants due to liberalization of electricity and gas retailing

## Business Overview

In fiscal 2021, as average temperatures were higher than in the previous year, demand remained slow in our mainstay LP gas and kerosene sales, and sales volume decreased, mainly in early spring and late fall, while unit selling prices rose significantly in conjunction with soaring crude oil prices and propane contract prices. As energy demand continues to fall, strengthening the management foundation is essential for future growth. For this reason, we are working to increase productivity by improving operational efficiency in addition to expanding our customer base through acquisition of business rights and M&A. We are also developing new businesses with local characteristics, such as retailers specializing in kitchen and bathroom renovation in order to win customers by developing new products with the aim of building new revenue sources.

## Segment Strategies under the Second Medium-Term Management Plan

Policy

**Strengthen Management Foundation through M&A Activities** (Market Share Expansion)  
**and by Creating New Products** (Customer Development)

	Strategies	Policy for Fiscal 2022
 Petroleum and Gas Business	<ul style="list-style-type: none"> <li>• Expand and strengthen customer base by acquiring business rights and gas companies, etc.</li> <li>• Develop own direct sales customers utilizing multiple channels</li> <li>• Thoroughly improve operational efficiency by leveraging IoT*1 solutions such as LPWA*2 and by integrating logistics</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen development of new M&amp;A deals by assigning dedicated staff to gas customer development</li> <li>• Uncover potential demand through outsourcing systems, etc.</li> <li>• Restructure the kerosene retail business and the corporate petroleum business</li> <li>• Update security operations and increase store development flexibility through adoption of LPWA</li> <li>• Review and consolidate store locations and repair and refurbish facilities</li> <li>• Increase productivity of gas distribution, including filling stations</li> </ul>
 Electricity Business	<ul style="list-style-type: none"> <li>• Promote energy package sales of gas, kerosene, and electricity</li> <li>• Expand sales of MELIFE Denki plans utilizing registered retailer and agency methods</li> <li>• Expand sales through referrals by partners</li> </ul>	<ul style="list-style-type: none"> <li>• Further reinforce business foundation</li> <li>• Establish infrastructure for operational systems, including back office sales support</li> </ul>
 Housing, Lifestyle and Other New Businesses	<ul style="list-style-type: none"> <li>• Expand and deepen customer base by adding more retailers specializing in kitchen and bathroom renovation</li> <li>• Create effective sales mechanisms using a customer management system</li> <li>• Establish one-stop services for petroleum, gas, electricity, housing and lifestyles</li> <li>• Expand real estate services such as vacant home management</li> </ul>	<ul style="list-style-type: none"> <li>• Increase profits of retailers specializing in kitchen and bathroom renovation and develop repeat customers</li> <li>• Expand into areas beyond the LP gas customer base (BtoC)</li> <li>• Strengthen sales capabilities of housing and lifestyle business in conjunction with increase in LP gas customers</li> <li>• Develop new businesses with local characteristics, including regional revitalization and vacant home management and utilization</li> <li>• Review and consolidate store locations and repair and refurbish facilities</li> </ul>

\*1 Internet of Things: Technology that allows various devices to exchange information with each other over the Internet

\*2 Low-power wide-area network: Wireless communication network featuring technology for low power consumption and long-range communication

FOCUS

### Developing Businesses with Local Characteristics Vacant Home Management Service

Group company Hidaka Toshi Gas Co., Ltd. has been developing businesses tailored to local characteristics. Abandoned homes pose an issue in Hidaka City, Saitama Prefecture and its surrounding area, where the company operates businesses. Since February 2020, the company has been offering a vacant home management service that provides regular patrols and management of vacant homes on behalf of owners. The company also carries out free emergency inspections of vacant homes after natural disasters such as floods or typhoons.





## Strategies by Business

### Building Breakthrough Businesses



BtoB Business

## Energy Solution Business

We offer a wide range of energy service solutions involving petroleum, gas, and electric power, while also focusing on developing the renewable energy business and sales of clean electricity to help build a carbon-free world.

## SWOT Analysis

### Strengths

- Extensive track record supplying energy sources such as gasoline, kerosene, petroleum, heavy oil, and LP gas
- Development of power source units for solar power generation, stable power supply at low cost
- Design of comprehensive energy-saving solutions that combine petroleum, gas, and electricity

Kerosene  
Supply VolumeApprox. **1.5** million  
kiloliters

**Top-tier**  
fuel trading company  
in Japan

Over **10** % of  
domestic distribution

Petroleum  
Distribution Sites**82** sites

### Weaknesses

- Reliance on wholesaling petroleum products with low profit margin
- Low differentiation from competitors

### Opportunities

- Demand for renewable energy adoption by RE100\* companies
- Increasing the value of companies with decarbonization plans and accelerating ESG investment

### Threats

- Country risk

\* An international initiative bringing together companies committed to sourcing 100% renewable electricity for their own operations.

## Business Overview

In fiscal 2021, in our mainstay petroleum business, while unit selling prices rose significantly due to soaring crude oil prices, as in the BtoC business, kerosene sales were strong due to the utilization of large tanks and other factors, and light oil sales also increased due to the opening of our Oil Square facilities. In the electricity solutions business, amid rapid changes in the environment for supply and demand due to high global LNG prices, we worked to mitigate the impact by diversifying procurement among other measures. In the renewable energy business, we worked toward commercialization for the new micro wind turbine business based on data obtained from research institute wind tunnel experiments. We also made efforts to obtain development authorization for the large-scale wind power generation project in South Korea.

## Segment Strategies under the Second Medium-Term Management Plan

Policy

### Aim for Higher Profits through New Business Development While Maintaining Stable Growth in Existing Businesses

	Strategies	Policy for Fiscal 2022
 Petroleum Business	<ul style="list-style-type: none"> <li>• Improve profit margin by growing the home delivery business in collaboration with home improvement store</li> <li>• Expand and further develop BtoB businesses by strengthening logistics functions</li> <li>• Develop sites in conjunction with group companies</li> </ul>	<ul style="list-style-type: none"> <li>• Build, expand, and revitalize Oil Square facilities to boost light oil sales</li> <li>• Promote retail businesses in retail sector (home improvement stores, kerosene shops, etc.)</li> <li>• Develop automobile-related total car care business (strengthen collaboration with Sinanen Sekiyu Co., Ltd. and affiliated service stations)</li> <li>• Strengthen distribution functions (a one-stop service from import through to delivery to customers)</li> <li>• Promote DX (increase operational efficiency with investments in ordering and management systems)</li> </ul>
 Electricity Solutions Business	<ul style="list-style-type: none"> <li>• Participate in wholesale electricity balancing groups</li> <li>• Develop options for environmentally friendly power such as low-CO<sub>2</sub> emissions electricity plans</li> <li>• Expand product portfolio by entering the housing products market</li> </ul>	<ul style="list-style-type: none"> <li>• Conclude long-term power source agreements, expand BG wholesale, restructure high voltage customers, expand low voltage customers, and promote expansion of transactions with environmental value</li> <li>• Build non-FIT power plant-related business and FIP &amp; storage battery-related business</li> <li>• Increase handling of new high-value-added materials such as the "entrance waterproof pan"</li> </ul>
 Renewable Energy Business	<ul style="list-style-type: none"> <li>• Invest in renewable energy businesses such as wind and hydropower outside Japan</li> <li>• Develop, manufacture and sell products utilizing new micro wind turbine technology</li> <li>• Develop, install, sell and maintain solar power generation equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Work on development of large-scale wind power generation project in South Korea</li> <li>• Restructure new micro turbine business based on product features</li> <li>• Develop new business model for solar power generation business</li> <li>• Search for new renewable energy projects overseas</li> </ul>

FOCUS

### Meeting Social and Market Demand Promoting the Environmentally Friendly Electricity Business

In recent years, amid rising social and market demand for decarbonization, SINANEN CO., LTD. has offered environmentally friendly power plans using renewable energy- and energy conservation-derived J-Credits and non-fossil fuel certificates. We have also been developing effectively 100% renewable energy RE100-compliant plans utilizing non-fossil fuel certificates with tracking. In the future, we will continue to capture environment-related demand as we pursue sustainable growth while helping to build a carbon-free world.







Strategies by Business

Boldly Pursuing New Possibilities



Non-energy Business

We are expanding into fields other than energy in order to make an even broader contribution to the lifestyles and businesses of our customers.

Business Presence

■ **Bicycle Business**

Operates Daisharin, a chain of bicycle retail stores

Number of Stores (in Tohoku, Kanto)

**38**

■ **Bicycle-Sharing Business**

Operates Daichari, a bicycle-sharing service

Number of Bicycle-Sharing Stations

Over **2,200**

■ **Environment and Recycling Business**

Recycles wood waste, manufactures and sells wood chips

Wood Chips Supplied

Approx. **100,000** tons/year

■ **Antimicrobial Business**

Manufactures and sells antimicrobial zeolites and other products

Share of Inorganic Antimicrobial Market

**No. 2** in Japan (research by SINANEN HOLDINGS)

■ **System Business**

Develops and sells LP gas core business systems and customer information systems

Number of Customers under Management

Over **8.6** million

■ **Building Management and Maintenance Business**

Provides services in building and commercial facility management and cleaning, contracted operations of funeral halls and hospitals, and maintenance of apartment buildings

Number of Properties under Management

**5,200**

**FOCUS**

**Pursuing Integration in the Building Management and Maintenance Business**

The building management and maintenance business has continued to grow through a succession of M&A. However, we plan to establish a comprehensive building maintenance company based in the Tokyo metropolitan and Chukyo areas to integrate the individual companies in the future. This will increase our influence in the renovation industry and expand our one-stop, high-quality comprehensive remodeling and maintenance business.

**Non-residential Buildings**

Buildings/commercial facilities

Regional funeral halls/hospitals

Security

Operations contracts

Energy saving proposals

Custodian dispatch/cleaning/maintenance

**Residential Buildings (Condominiums/Apartments)**

Rentals

Owned units

Restoration/equipment maintenance

House cleaning

Remodeling/renovation

Custodian dispatch/cleaning/maintenance

Birth of a "General Building Maintenance Company" Primarily Serving the Tokyo Metropolitan and Chukyo Areas

Development of a One-Stop, High-Quality Comprehensive Remodeling and Maintenance Business in Major Cities Nationwide

Segment Strategies under the Second Medium-Term Management Plan

Policy	Strategies	Policy for Fiscal 2022
 Bicycle Business	<ul style="list-style-type: none"><li>● Improve retail profitability by opening flagship stores, primarily in Tokyo and three neighboring prefectures, and by revising the store management format</li><li>● Develop private brand bicycles to attract new customers and change profit structure of stores</li><li>● Develop new businesses unrestricted by existing business</li></ul>	<ul style="list-style-type: none"><li>● Pursue sales mix of private brands</li><li>● Introduce products other than those from three e-bike manufacturers</li><li>● Launch trial sales of private brand (OEM) products for retail pre-sales of private brand e-bikes</li><li>● Restructure logistics system (new logistics company collaboration)</li></ul>
 Bicycle-Sharing Business	<ul style="list-style-type: none"><li>● Promote efficient operation by limiting the area for installation of bicycle-sharing stations</li><li>● Conduct station development in collaboration with local governments, convenience stores, real estate companies, and railway companies, etc.</li><li>● Carry out station installation based on data, and streamline operations using a system</li></ul>	<ul style="list-style-type: none"><li>● Propose and assist with introduction of bicycle-sharing solutions in response to local issues, and resolve issues after introduction</li><li>● Develop bicycle-sharing stations with a focus on target areas where high utilization is expected, such as land near railway stations</li><li>● Enhance operational and analysis capabilities through use of data and IT systems and build a system that enables subcontracting for maintenance of other companies' bicycles</li></ul>
 Environment and Recycling Business	<ul style="list-style-type: none"><li>● Promote stable operation of wood waste processing facilities and ensure stable profits by improving operational efficiency</li><li>● Develop new products in waste/recycling business (strong development of trading business)</li><li>● Develop, promote, and expand the new biomass fuel business</li></ul>	<ul style="list-style-type: none"><li>● Establish a system that enables stable collections even during periods of decline in demolition material volume</li><li>● Attract leading users of wood chips</li><li>● Plan construction and supply fuel for wood biomass power plants</li><li>● Obtain ISO 14001 certification</li></ul>
 Antimicrobial Business	<ul style="list-style-type: none"><li>● Provide comprehensive solutions for microbial control, odor control, and water treatment, based on product development not restricted to in-sourcing</li><li>● Promote the development of new businesses such as lead adsorbents</li></ul>	<ul style="list-style-type: none"><li>● Develop functional agents (anti-microbial and deodorizing) for fibers and resins</li><li>● Promote and collaborate on sales of lead absorbents (products developed in-house)</li><li>● Continue developing absorbents for substances other than lead (mercury, arsenic, etc.)</li><li>● Solve UV-LED module issues and expand into water sterilization field</li></ul>
 System Business	<ul style="list-style-type: none"><li>● Enhance the quality control systems of existing businesses and improve customer satisfaction (maintain stable profits)</li><li>● Provide a stable IT platform by expanding business services</li><li>● Create new businesses by commercializing LPWA* services and mobile products</li></ul>	<ul style="list-style-type: none"><li>● Build business foundation for 10 million customers under management</li><li>● Increase productivity through elimination of legacy resources</li><li>● Increase efficiency of logistics operations using IoT, ICT, and AI</li><li>● Promote renewable energy solutions</li></ul>
 Building Management and Maintenance Business	<ul style="list-style-type: none"><li>● Expand business throughout the entire Kanto region (in-house development, M&amp;A, etc.)</li><li>● Expand business portfolio by entering the construction and maintenance sector</li><li>● Promote one-stop services for housing complex maintenance in the Tokyo metropolitan area</li><li>● Improve work efficiency by utilizing IT (promote work-style reform)</li></ul>	<ul style="list-style-type: none"><li>● Prepare for business integration and promote intra-segment collaboration</li><li>● Expand geographical service reach of building maintenance business and build and promote a new business model</li><li>● Expand service area of property maintenance business</li><li>● Build a construction and maintenance business and expand to existing customers</li></ul>

\* Low-power wide-area network: Wireless communication network featuring technology for low power consumption and long-range communication



## Strategies by Business | Non-energy Business

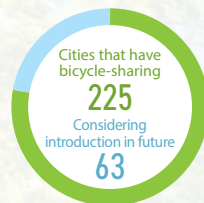


# Taking on the Challenges of Operating a **Bicycle-Sharing** Business

## ► Bicycle-Sharing Market Environment

### Cities with Bicycle-Sharing

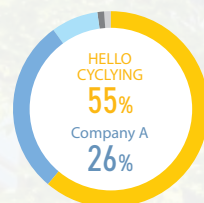
(as of March 31, 2019)



Source: Ministry of Land, Infrastructure, Transport and Tourism and research by service providers

### Major Providers in Japan

(as of October 31, 2021)



(Research by SINANEN MOBILITY PLUS Co., LTD.  
Calculated based on number of bicycle-sharing stations)

## ► Overview of Bicycle-Sharing Business

### Bicycle-Sharing Operating Company



- Name : SINANEN MOBILITY PLUS Co., LTD.
- Established : April 1, 2019
- Capital : ¥30 million
- Representative: Miwa Mihashi

### Business Brand

くらしをつなぐ1ピース



DAICHARI can be used immediately after signing up for a free-of-charge membership on a smartphone.

Details →



(in Japanese)

Number of Bicycle-Sharing Stations

Over **2,200**

Number of Bicycles Available

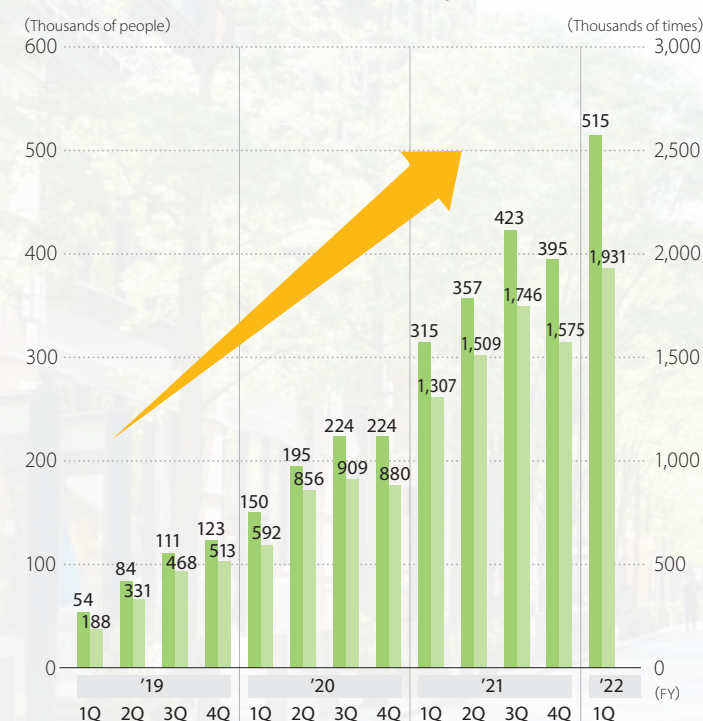
Over **10,000**

## Market Expansion and Growth Strategy

Bicycle-sharing has been drawing attention as a third major mode of transport, supplementing public transportation. Year by year, more and more cities have been introducing bicycle-sharing as an environmentally friendly means of transportation. Its benefits include zero CO<sub>2</sub> emissions, stimulation of local tourism, and helping to address traffic issues. During the pandemic, demand for bicycle-sharing, as a means of transportation that allows people to avoid being in a crowd, has also increased. SINANEN MOBILITY PLUS Co., LTD. operates the DAICHARI bicycle-sharing service using HELLO CYCLING, a bicycle-sharing platform provided by OpenStreet Inc., one of the two major companies that account for 80% of the domestic market. Since the service was launched in February 2022, it has been used more than 10 million times, and the number of e-bikes in operation has topped 10,000. We will promote further collaboration with local governments and Group cooperation to expand our bicycle-sharing service as a method of short-distance transport.

■ Number of DAICHARI Users (left axis)

■ Number of Times DAICHARI Service Used (right axis)



## Aggressive Expansion of the Number of Bicycle-Sharing Stations through Business Alliances

SINANEN MOBILITY PLUS Co., LTD. has implemented business alliances with various companies to expand the number of bicycle-sharing stations, which serve as rental and return sites for the DAICHARI bicycle-sharing service. Bicycle-sharing stations are currently located in various places, including commercial facilities such as major convenience stores and shopping centers, condominiums and other real estate properties, train stations, and public facilities. The more stations there are, the more convenient the service is for users. Having stations near each other increases accessibility to and from existing bicycle-sharing stations, and helps us cope when users leave a bicycle somewhere without returning it to a station. We will continue working to aggressively expand the number of bicycle-sharing stations in the future.



## Bicycle-Sharing Field Tests in Collaboration with Local Governments

We have conducted field tests using the DAICHARI bicycle-sharing service in collaboration with local governments such as Toda City, Saitama Prefecture to verify the effectiveness of this new urban transportation system that helps with supplementing and replacing public transportation, promoting regional revitalization, and stimulating tourism. In addition, as part of the SDGs Future City Co-creation Project in Iwate Town, Iwate Prefecture, we launched a bicycle-sharing service for a specific group of users, seeking to expand the means of transportation in the downtown area.



Signing ceremony for the basic agreement concerning bicycle-sharing field tests in Toda City, Saitama Prefecture



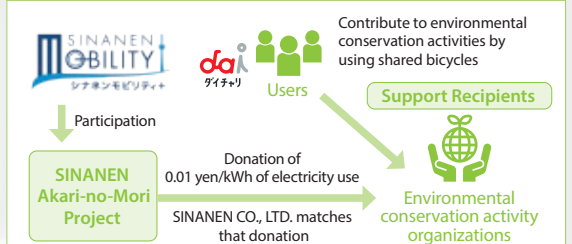
## Establishment of Environmentally Friendly SINANEN Denki Maintenance Sites

SINANEN MOBILITY PLUS Co., LTD. has established Eco Base maintenance sites for its DAICHARI bicycle-sharing service in Chiba Prefecture and Kanagawa Prefecture, which are supplied with Environmentally Friendly SINANEN Denki, the effectively 100% renewable energy option for electricity from SINANEN CO., LTD. SINANEN MOBILITY PLUS is also participating in the SINANEN Akari-no-Mori Project, an environmental conservation project, and donates 0.01 yen/kWh of its monthly electricity use to environmental conservation activity organizations, with SINANEN CO., LTD. matching that donation. Switching to effectively 100% renewable energy for electricity used in bicycle-sharing operations during 2022 is expected to reduce CO<sub>2</sub> emissions by approximately 80 tons per year.

### Selection of Effectively 100% Renewable Energy Option for Battery Charging



### Contribution of Bicycle-Sharing Business to Environmental Conservation Activities





# Sustainability

With the adoption of the SDGs at the UN Summit and the enactment of the Paris Agreement at COP21, demand for companies to address sustainability and decarbonization is growing, requiring companies to reform operations and revise business models. The SINANEN HOLDINGS Group responds flexibly to the needs of society and the demands of the times and works to deliver high levels of ESG performance as the basic driver of value creation.



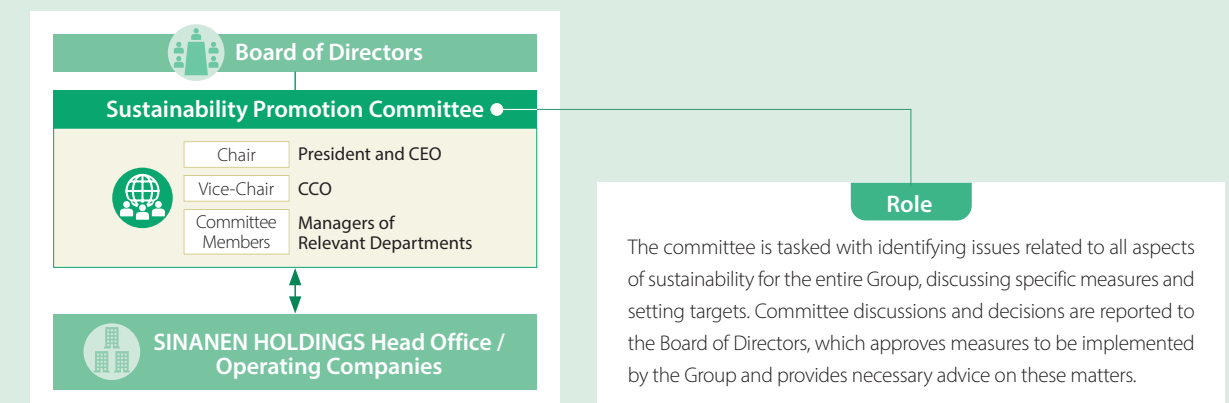
## Basic Policy on Sustainability

Based on its corporate philosophy of “making people’s lives more comfortable in every community by providing energy and home life services,” the SINANEN HOLDINGS Group respects every type of stakeholder, including customers, business partners, shareholders, investors, local communities, and more. In doing so, we strive to ensure that our corporate activities help to build a sustainable world, while delivering continued growth and enhancing corporate value for the Group.

- ① We work earnestly on social and environmental issues to help build a decarbonized society.
- ② We build fair relationships with our customers and trading partners based on mutual trust and transparency.
- ③ We respect individual human rights and diverse values and offer a rewarding working environment.
- ④ We support social and civic infrastructure and help to build a sustainable world by providing safe, reliable products and services.
- ⑤ We disclose management information in a timely and appropriate manner to increase management transparency.
- ⑥ We observe laws and social norms and carry out our corporate activities fairly and with integrity.

## Sustainability Promotion Framework

We have established the Sustainability Promotion Committee to serve as an advisory body to the Board of Directors for the purpose of overseeing specific planning, implementation, and management in accordance with our Basic Policy on Sustainability. The committee is chaired by the President and CEO and vice-chaired by the Chief Compliance Officer (CCO), who also chairs the Risk Management and Compliance Committee. The Sustainability Promotion Committee is made up of executive directors and executive officers, as well as the heads of the Corporate Planning Department, Human Resources Department, and the Growth Strategy Department, who are responsible for group-wide initiatives. This framework is designed to strengthen the links between the committee and group businesses.



## Future Initiatives

The Group will keep stepping up its sustainability and decarbonization efforts, accelerating progress on sustainability-focused initiatives, including identifying material issues, with a view to improving corporate value over the medium- to long-term. Moreover, we will strive to be a leader in the effort to combat climate change.

Identification of  
Material Issues

Efforts to  
Combat  
Climate Change  
→ P32-34



# E Efforts to Combat Climate Change

Environment

## Disclosure of Information Based on TCFD Recommendations

The SINANEN HOLDINGS Group has endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We took this step seeking to further improve the effectiveness of our efforts to combat climate change, which we treat as a key management issue. The Group participates in the TCFD Consortium, a forum where TCFD-endorsing companies and financial institutions hold discussions. We are disclosing information in line with the TCFD recommendations and will work to further improve our efforts by remaining in frequent dialogue with stakeholders.



## Governance → P31 Sustainability Promotion Framework

Our Sustainability Promotion Committee is chaired by the President and CEO of SINANEN HOLDINGS CO., LTD. The committee identifies general issues involving sustainability throughout the Group, and holds discussions on specific action to take and targets to set. The details of the committee's discussions and decisions are reported to the Board of Directors, and the Board of Directors gives its approval for the actions to be taken by the Group, while also providing the necessary advice. The progress of sustainability initiatives, including the response to climate change, is reported to the Board of Directors at least once a year.

## Risk Management

The SINANEN HOLDINGS Group collects and analyzes a wide range of information on risk factors, including information on climate change-related regulations and the impact on business operations. The key risks and opportunities that require attention are evaluated and defined by the Sustainability Promotion Committee, and the Growth Strategy Department, which is the administrative office for the committee, provides supervision and monitoring. In addition, the Chief Compliance Officer (CCO) serves concurrently as the vice-chair of the Sustainability Promotion Committee and the chair of the Risk Management and Compliance Committee, to ensure integrated organizational risk management by sharing any issues with both committees.

## Strategy

For our scenario analysis of climate change risks and opportunities, we focused on the petroleum business and the LP gas business, which account for over 80% of the Group's net sales (in fiscal 2021 results), due to the size of the expected financial impact. We set the year 2050, when the transition risks and physical risks will have become apparent, as the timeframe for the analysis, and we conducted analyses for both the 4°C and 2°C scenarios. In terms of the method of risk analysis, we identified SDG-related targets and TCFD-recommendation disclosure items that are closely related to our business operations, and performed calculations for transition and physical risks, respectively. The analysis focused on transition risks, which will have a high level of impact on our business operations. For physical risks, we mainly calculated the level of impact from natural disasters on owned real estate. We organized risks and opportunities for each item, classified the timeframe as short-, medium-, or long-term, and the level of impact as low, medium, or high.

For the material issues selected during the assessment of risks and opportunities that have a high level of impact and are listed on the right, we selected relevant scenarios and parameters, and evaluated the financial impact for each scenario, at 4°C and 2°C, respectively. We will improve strategic resilience for the materiality items identified through the scenario analysis by incorporating them into the formulation of our long-term vision and Medium-Term Management Plan in order to minimize risks and maximize opportunities.

Vision

Value Creation Strategy

ESG Efforts for Value Creation

Corporate Data

## High Impact Material Issues

Changes in Sales Due to Climate Change		Changes in Costs Due to Climate Change	
① Decrease in sales volume due to decrease in demand	<ul style="list-style-type: none"><li>Soaring energy prices due to introduction of carbon taxes and carbon pricing resulting in lower demand for energy</li><li>Decrease in demand with the spread of hydrogen and electric vehicles, etc.</li><li>Decrease in demand for petroleum, etc. with the spread of decarbonized materials</li><li>Decrease in demand for gas with rising air and water temperatures</li></ul>	④ Increase in costs with introduction of carbon taxes and carbon pricing	<ul style="list-style-type: none"><li>Increase in costs due to introduction of carbon taxes and carbon pricing</li><li>Increase in carbon credit costs with non-achievement of carbon emissions targets</li></ul>
② Increase in sales in the renewable energy business		⑤ Increase in transportation costs	<ul style="list-style-type: none"><li>Increase in transportation costs with soaring energy prices (gasoline, light oil, etc.)</li><li>Increase in transportation costs due to capital investment in EVs, etc. and passing on of prices to transportation costs</li></ul>
③ Increase in sales of fossil fuel alternatives		⑥ Increase in capital investment	<ul style="list-style-type: none"><li>Increase in equipment costs with water damage from typhoons and floods, etc.</li></ul>

## Scenario Analysis

Category	Item	Risks	Opportunities	Timeframe	Financial Impact
Transition Risks	Policy and Regulation	<ul style="list-style-type: none"><li>Introduction of carbon taxes and carbon pricing</li></ul>	—	Medium- to long-term	High
		<ul style="list-style-type: none"><li>Setting of decarbonization targets</li></ul>	<ul style="list-style-type: none"><li>Increase in profits for sale of credits if targets are achieved</li></ul>	Medium- to long-term	High
	Market	<ul style="list-style-type: none"><li>Changes in energy mix</li><li>Changes in energy prices</li></ul>	<ul style="list-style-type: none"><li>Increase in profits of renewable energy business</li><li>Increase in sales of petroleum alternative fuels</li></ul>	Short- to Medium-term	High
		<ul style="list-style-type: none"><li>Increase in market share of carbon-free products</li></ul>	<ul style="list-style-type: none"><li>Promotion of low-carbon fuels, such as LP gas</li></ul>	Short- to Medium-term	Medium
	Technology	<ul style="list-style-type: none"><li>Introduction of new decarbonization and low-carbon technology</li></ul>	<ul style="list-style-type: none"><li>Decrease in costs with improved fuel economy of environment-friendly vehicles and greater distribution efficiency</li><li>Reduction of transportation costs through introduction of smart meters and improvement of delivery efficiency</li></ul>	Short- to Medium-term	Medium to High
		<ul style="list-style-type: none"><li>Risk of investing in the development of new technology</li></ul>	<ul style="list-style-type: none"><li>Increase in profits from investments in renewable energy</li></ul>	Medium- to long-term	Medium
	Reputation	<ul style="list-style-type: none"><li>Changes in demand due to consumer preference for carbon-free products technology</li></ul>	—	Medium- to long-term	Low
		<ul style="list-style-type: none"><li>Increase in concerns from stakeholders</li></ul>	—	Medium- to long-term	Low to Medium
Physical Risks	Acute	<ul style="list-style-type: none"><li>Flood damage due to typhoons and heavy rains</li></ul>	<ul style="list-style-type: none"><li>Increase in LP gas stockpile due to lifeline disruptions</li></ul>	Short- to Medium-term	Medium
	Chronic	<ul style="list-style-type: none"><li>Rise in sea levels</li><li>Rise in average temperatures</li></ul>	—	Medium- to long-term	Low



## Indicators and Targets

The SINANEN HOLDINGS Group has set greenhouse gas (GHG) emission levels and carbon productivity as indicators for the assessment and management of climate change risks and opportunities, and will pursue business growth and reductions in GHG emissions simultaneously.

Indicator	Objective	Target Scope	Reason for Setting Indicator
① GHG Emissions	Reduction of GHG emissions	Scopes 1 and 2	After calculating the overall emissions of Scopes 1 to 3, we set reduction targets with a focus on Scopes 1 and 2, where there is significant opportunity for reduction via our own efforts.
② Carbon Productivity	Business growth and increase in carbon efficiency	Scopes 1 to 3	In order to transform into a corporate group that enjoys business growth while having a low environmental impact, we have set the performance of efficient corporate activities with lower carbon emissions as an indicator. Specific numerical targets are set to coincide with the term of our Medium-Term Management Plan.

### GHG Emission Reduction Targets (Scope 1 and Scope 2)

FY2030	FY2050
<b>50% Reduction</b> (from fiscal 2016)	<b>Carbon Neutrality</b> (net zero emissions)

### Scope 1 and Scope 2 Emission (Fiscal 2020)

Scope 1	Upstream and downstream transportation of LP gas	5,587t
Scope 2	Heat and electricity consumption in offices, etc.	1,228t

### Scope 1 to Scope 3 Emission (Fiscal 2020)

Scope of Calculations: Retail/Wholesale Energy & Related Business (BtoC Business), Energy Solution Business (BtoB Business)

Category	Definition	Details for the Group	GHG Emissions (t)	Composition (%)
Scope 1	Our direct emissions	Upstream and downstream transportation of LP gas	5,587	0.1
Scope 2	Indirect emissions from heat and electricity	Electricity consumption in offices, etc.	1,228	0.0
Scope 3 category 1	Purchased products and services	Stocking of LP gas and petroleum products, purchasing of consumables, etc.	1,171,352	14.1
category 2	Capital goods	Manufacture and construction of fixed assets owned	4,752	0.1
category 3	Fuel, etc. not included in Scopes 1 and 2	Use of electricity in upstream and downstream processes	772,416	9.3
category 4	Transportation and delivery (upstream)	Upstream and downstream delivery of petroleum products	668,908	8.0
category 5	Waste generated from business	Waste generated from business	401	0.0
category 6	Business trips	Employee business trips	401	0.0
category 7	Employee travel	Employee travel	184	0.0
category 11	Use of sold products	Use of LP gas and petroleum products	5,702,897	68.5
category 13	Leased assets (downstream)	Renting of property, etc.	7	0.0
Total			8,328,132	100.0

## Measures to Achieve Targets

The SINANEN HOLDINGS Group is focusing on sales of clean energy and renewable energy as one of its measures to achieve business growth and reductions in GHG emissions simultaneously. In terms of reducing GHG emissions, we are promoting greater delivery efficiency utilizing LPWA, a method of communication that covers a wide area with low power consumption, in the supply of LP gas. In addition, Japan Enagic Co., Ltd., an affiliate of MELIFE Co., Ltd., is promoting driving habits that lower environmental impact (eco-driving). In our offices, we are working on saving energy and eliminating the use of paper. Looking ahead, we will further accelerate our measures for reducing environmental impact to achieve our targets.



Increasing delivery efficiency using IoT and promoting eco-driving



We support the COOL CHOICE movement.

<https://ondankataisaku.env.go.jp/coolchoice/>  
(In Japanese)



For details on environmental initiatives  
<https://sinanengroup.co.jp/en/sustainability/environmentalinitiatives/>

## Safety and Security Initiatives

Social



## Basic Approach

As a company that handles high-pressure gas and hazardous materials, our very survival depends on ensuring safety, so it is our top priority in everything we do. Our mission to ensure safety and security has been a constant throughout the history of the SINANEN HOLDINGS Group. Group-wide safety performance has continually improved thanks to every employee taking on the challenge of looking beyond the current situation to enhance safety. Currently, the public and private sectors in Japan are working together to execute the Liquefied Petroleum Gas Safety Advancement Plan 2030. The target year for this comprehensive gas safety initiative is 2030, and it was drawn up by Japan's Industrial Structure Council. We will continue to prioritize the safety of our customers and society in order to fulfill the Group's important safety mission.

## Delivering Safety and Security with Himawari Inspections

In addition to the inspections legally required every four years, we also conduct our own annual Himawari Inspections free of charge as a voluntary safety inspection at the request of customers. The service includes a visit to the customer's home, stove inspection and cleaning, water heater and cylinder inspection, as well as an explanation of the procedures for resetting gas meters. We also deliver an immediate report on the inspection results. With the consent of the customer, we attach a gas outlet cover when we can verify that a gas outlet has been accidentally opened. When visiting elderly householders for Himawari Inspections, we go over all the necessary information for using gas safely.

Inspection visit to a customer's home



## Fiscal 2022 Safety and Security Commitments (Overview)

- Anticipate potential accidents and disasters, take countermeasures in advance, in addition to implementing proper inspections and ensuring awareness-raising, and work to enforce work procedures to prevent all accidents
- Make use of SHDG Security Days on the 10th of each month to conduct various drills, check and maintain safety records, and promote the acquisition of knowledge about safety to enhance independent safety and security control
- Incorporate digital technologies to build smart security and enhance efficiency, safety, and accuracy of operations, further upgrade safety and security, and strengthen the safety management system
- Continue to adhere to three basic principles: (1) ensure security through legal compliance; (2) safety is the top priority; and (3) without proper security, we are not a qualified energy supplier

## Policy on Safety and Security Initiatives (Overview)

- 1 Conduct statutory inspections ahead of schedule**  
Strive to complete two months ahead of schedule
- 2 Enter inspection and investigation data promptly and maintain thorough safety management**
- 3 Provide Himawari Inspection services**  
Provide our special gas safety inspection services for customers living in single-unit dwellings
- 4 Establish a monthly Security Day at each group company and carry out:**
  - ① Security education
  - ② Security meetings (to check security and review issues)
  - ③ Security equipment inspections
  - ④ Disaster prevention equipment inspections
  - ⑤ 4S activities (Sort, Straighten, Sweep, Sanitize)
- 5 Conduct disaster prevention drills**  
Conduct disaster prevention drills at our high-pressure gas manufacturing and storage facilities and our petroleum facilities (annually)
- 6 Conduct a campaign to eliminate carbon monoxide poisoning**
  - Distribute pamphlets to every customer and raise awareness
  - Take steps to promote the installation of carbon monoxide detectors near commercial kitchen appliances





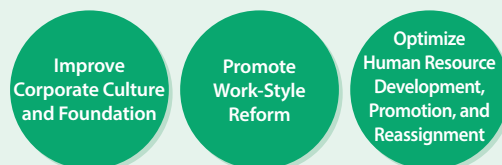
Social

## Human Resources Strategy



Second Medium-Term Management Plan: Qualitative Goal

Change Employee Mindsets, Habits and Behavior



→ P60

Targets and Performance

Under the Second Medium-Term Management Plan, SINANEN HOLDINGS Group has established the qualitative goal of “changing employee mindsets, habits and behavior.” In addition, the management plan sets three key themes for achieving this change: improving corporate culture and foundation, promoting work-style reform, and optimizing human resource development, promotion, and reassignment. This policy guides our Corporate Culture Reform Project and measures for employee growth, which we consider the key driver of new value creation. We aim to foster a corporate culture that not only respects diverse values, but also allows individual employees to experience the joy of work and be motivated to grow.



Improve the typical thinking and habits of individuals and organizations, and foster mindsets that can adapt to the VUCA era\*

→ P12-13 Corporate Culture Reform Project

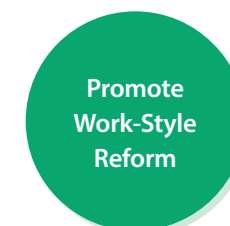
\* A term that describes the current era of unpredictability based on the characteristics of volatility, uncertainty, complexity and ambiguity.

### Corporate Culture Survey

Each year we survey our employees on the corporate culture to ascertain the current climate at the Group and to identify points that need to be addressed over the short and long term. With our survey in December 2021, we received responses from 1,210 respondents (83% response rate). Although there were no major differences in the results from the previous year's survey, we do see a positive trend in the areas of job satisfaction and pride and the question of how strongly employees would recommend the company to others. When asked about their level of satisfaction, employees expressed a high level of satisfaction in their relationships with their superiors, tasks that they are charged with, and workplace locations and work environments. Satisfaction with cooperation between companies, departments, and positions, however, was low. We will continue to promote the Corporate Culture Reform Project by introducing communication tools for building trust among employees and increasing collaboration to boost employee engagement.

### Overview of Corporate Culture Survey

Survey Period	Two weeks: December 13–27, 2021
No. of Respondents/Response Rate	No. of respondents: 1,210 / Response rate: 83% (Surveyed: Major group companies)
Questions	5 main topics: Job satisfaction and pride, recommending company to others, impact on recommendation, satisfaction, and corporate culture reform + open comment field



Create an environment where employees can enjoy their jobs and remain motivated

### Corporate Wellness Strategies

We treat employee health as an important management issue. We are pursuing health management and fostering a vibrant corporate culture in the ways listed at the right. We seek to build workplaces where employees can stay in good physical and mental health, and we leverage cooperation among the Health Committee, the Human Resources Department Health Management Office, and the SINANEN Health Insurance Association to support the health of all employees and their family members.

The Group also participates in the Smart Life Project in support of this national movement promoted by the Ministry of Health, Labour and Welfare. The project, — whose slogan is “Extend Your Healthy Life Span!” — aims to help people live healthy and joyful lives. In collaboration with other participating companies, organizations, and local governments, we actively engage in efforts that focus on exercise, diet, stop smoking programs, and health and medical checkups.



Smart Life Project  
Promoting Healthy Japan 21,  
a focus of the Ministry of Health,  
Labour and Welfare

<https://www.smartlife.mhlw.go.jp>  
(in Japanese)

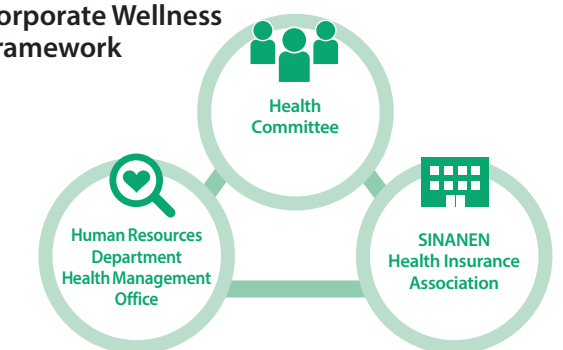
### Action Plan for Supporting the Development of the Next Generation

The SINANEN HOLDINGS Group has formulated an action plan to support the development of the next generation, which aims to create a workplace environment in which all employees are able to work and raise a family comfortably.



<https://sinanengroup.co.jp/en/sustainability/social/employee/program.html>

### Corporate Wellness Framework



### Corporate Wellness Initiatives



### Striking a Work-Life Balance

The SINANEN HOLDINGS Group is committed to creating a comfortable work environment that enables employees to balance work and family life. Toward this end, we have implemented various measures such as reducing work hours, encouraging employees to take paid leave, and providing childcare and nursing care support.



Thoroughly Track Employee Computer Login/Logout Times to Eliminate Unpaid Overtime



Reduce Overall Work Hours



Boost Percentage of Annual Paid Leave Taken by Employees



Boost Percentage of Men Taking Childcare Leave



## Diverse Work Styles

### ■ Systems and Offices That Support Flexible Work Styles

The SINANEN HOLDINGS Group supports employees' diverse work styles by offering staggered work hours, a flextime system, telecommuting, and satellite offices. These systems aim to make it possible for employees to perform their jobs independently and be more productive, as well as to enhance work-life balance and allow employees to perform their duties even in unforeseen circumstances.



Staggered Hours

Flextime System

Telecommuting

Satellite Office

## Diversity & Inclusion

### ■ Promoting Women in the Workplace

We are committed to supporting the career development of the women in our workforce and equipping them to succeed. In addition to regular annual career training, we provide training and social events specifically for women and work to create an environment conducive to increasing the number of women appointed to management positions. We also invite outside speakers to lead seminars on diversity and inclusion, as well as in-house awareness-raising activities.



### ■ Mid-career Recruitment

We actively promote mid-career recruitment of specialists, particularly in administrative departments and back offices. Notably, the IT Strategy Department, which is responsible for the Group's digital transformation, doubled its workforce from 2019 to 2021. As part of our post-hiring efforts, we conduct training for mid-career hires with the aim of providing an overview of the Group and helping them adapt to a new organization and environment. Bringing together established employees and the new outside specialists who join the Group enhances expertise and diversity, leading to new value creation and innovation.

### ■ Promoting Senior Employees in the Workplace

In response to the increasing number of senior employees and the changing social environment, major group companies are extending their fixed retirement age from 60 to 65 years old. Group companies that have not extended the fixed retirement age operate a reemployment system that allows employees who wish to do so to continue working after retirement. The group company Takara Building Maintenance Co., Ltd., which engages in cleaning and security services, recruits people of all ages, including senior citizens.

### ■ Employing Individuals with Disabilities

SINANEN HOLDINGS CO., LTD. is a member of the Accessibility Consortium of Enterprises (ACE), a general incorporated association of more than 20 major corporations across industry and business categories who share the goal of establishing a new model for employing people with disabilities. We consider disability to be part of individuality and proactively hire people who can play an active role in the Company.



Accessibility Consortium of Enterprises (ACE)

General incorporated association whose goal is establishing a new employment model for people with disabilities that contributes to corporate growth  
<https://www.j-ace.net> (in Japanese)

### ■ Promoting Understanding of LGBTQ+

In line with the respect for diversity clearly stated in our compliance rules, we have launched an initiative aimed at raising LGBTQ+ awareness. As an offshoot of these efforts, we ran an LGBTQ+ awareness campaign in our in-house newsletter in 2022.



Optimize Human Resource Development, Promotion, and Reassignment

Build a system to promote employee entrepreneurship\* and develop diverse human resources

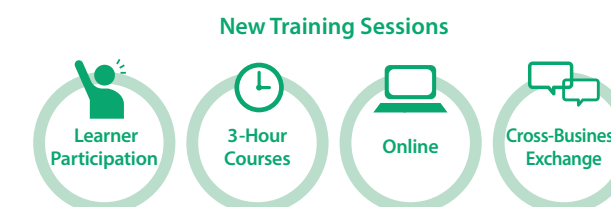
\* Developing employees who think like entrepreneurs, have a spirit of challenge-taking and independence, and can take action with the aim of overall optimization.

## Career Development

The SINANEN HOLDINGS Group offers level-specific training and various other career development programs to develop human resources who take the initiative to create new value. In consideration of employees' individual careers, we also operate an internal recruitment system and strive to accommodate employee requests for transfers. Moreover, to enhance Group synergies, we work together as one throughout the organization on training and other initiatives. The aim is to invigorate the Group by fostering greater interaction between our people as they all share the same mission.

### ■ Expanding Self-Development Training

In addition to conventional level-specific training, the Group also provides correspondence courses and other learning opportunities. Employees have also made a variety of training requests. In response, we have added new learner participation-type training, 3-hour courses, and cross-business exchange sessions that flexibly accommodate a wide range of learner needs and session formats.



### ManaVIVA! Learning Management System

SINANEN HOLDINGS Group introduced the ManaVIVA! learning management system in fiscal 2021. This system provides support for employee growth by centrally managing training guidance and course histories for level-specific training organized by the Human Resources Department, information security training organized by the IT Strategy Department, and compliance video training organized by the General Affairs and Legal Department.

#### Centrally Managed Training and Course Histories



## Training System

Standard Group-Wide Programs	Group-Wide Knowledge	Personal Growth Support			Senior Management Human Resources Development
Level-Specific		Elective/Self-Development Types			Training for Select Participants
General manager training	Training carried out by individual departments at SINANEN HOLDINGS <ul style="list-style-type: none"> <li>• Career development</li> <li>• Information security</li> <li>• IT literacy</li> <li>• Project management</li> <li>• PR managers</li> <li>• Risk and compliance</li> <li>Other</li> </ul>	SmartSkill Campus ManaVIVA! Elective e-learning Short courses Video-based learning	Recruit Management School Elective Online training 3 hours Includes interaction with other companies	GLOBIS MANAGEMENT SCHOOL Elective Online training 3 months Includes interaction with other companies	Human resources pipeline <ul style="list-style-type: none"> <li>• Succession plan</li> <li>• Next-generation senior manager training</li> <li>• Next-generation leader training</li> </ul>
Team leader training					
New manager training					
Store manager training					
Career training (by age group)					
Third-year training					
Second-year training					
First-year training / On-the-job training					

Women's leadership development program  
 Next-generation CFO training



# S Social Contribution Activities

Social

## Supporting Development of the Next Generation



For Families

### Learn about Bacteria! Cooking Class



In January 2022, we dispatched employees to teach classes about good and bad bacteria featuring hands-on cooking focused on fermentation.

For Junior and Senior High School Students

### Career Education



We provide career education for junior and senior high school students. In fiscal 2021, our employees gave talks and conducted workshops at Roppongi Junior High School and Shirokane no Oka Gakuen Junior High School in Minato-ku.



For details on social contribution activities

<https://sinanengroup.co.jp/en/sustainability/social/activities/>

For Elementary School Students

### Environmental Education

Topic Clean Energy



Hidaka Toshi Gas Co., Ltd. collaborates on interactive lessons for Hidaka City elementary school students conducted by the city, and in August 2021, it conducted hands-on classes teaching wind and solar power generation.

For University Students

### IR Presentation Contest for University Students



We participate as a corporate sponsor in the IR Presentation Contest for University Students, which aims to promote financial literacy among students. This year, the Student Investment Club at Meiji University won top prize for their presentation on SINANEN HOLDINGS CO., LTD.

## Contributing to Societies Worldwide



### Supporting Employment for Persons with Disabilities through Agriculture-Welfare Collaboration



Since 2020, we have participated in the Ittan Project of the Shizensaibai Party, which promotes the employment of persons with disabilities in natural cultivation of rice and engages in agriculture-welfare collaboration with facilities. These activities are designed to support employment for persons with disabilities, as well as to protect the natural environment through pesticide- and fertilizer-free agriculture, promote natural cultivation to protect health through food, and revitalize the increasing amount of abandoned farmland in Japan. In 2021, we worked with employees of Saitamafukko Co., Ltd. in Kumagaya City, Saitama, to plant rice, which was then harvested with the help of students from Menuuma Elementary School, located in the same area as the rice paddies. The harvested rice is donated to Kodomo Shokudo children's cafeterias in need and others in the local community.

## Engaging with Local Communities



### Community Clean-Up Walk

Since 2011, group company Takara Building Maintenance Co., Ltd. has been organizing a community clean-up walk to collect litter around its head office. In November 2021, a total of 59 employees from Takara Building Maintenance and SHINANEN HOLDINGS took part in a two-hour clean-up walk covering some five kilometers. As a community-based comprehensive energy service provider, we will keep helping to beautify local landscapes, promote sustainable urban development, and help achieve the SDG targets.



### Agriculture-Welfare Collaboration Expands Circle of Social Health

I think of our social purpose corporation as "social health" for helping to build a world in which everyone, not only persons with disabilities, is able to work enthusiastically and healthily. I hope to create this opportunity through our agriculture-welfare collaboration efforts. SHINANEN HOLDINGS Group employees take part in rice planting and harvesting. I have been so pleased to see the number of participants grow each season, and everyone seems to enjoy the field work. The naturally cultivated rice is donated to Kodomo Shokudo children's cafeterias to provide these kids with safe and delicious rice. We look forward to many more joining us in the future to further expand this circle of social health.



**Toshimasa Arai**  
Representative Director  
Saitamafukko Co., Ltd.

For details on the project

<https://sinanen.com/en/project/>


### SINANEN Akari-no-Mori Project

To protect Japan's abundant forest ecosystems by promoting customer use of clean energy, we launched the SINANEN Akari-no-Mori Project. With this project, we collaborate with local governments and NPOs to plant trees and protect forests for creating healthy forest environments and helping combat climate change. Project costs are covered by the electricity fees paid by customers who support the project by using the environmentally friendly electricity plans sold by SINANEN CO., LTD., as well as by company funding.





## G Three Directors Discuss Advances in Corporate Governance



**Kenji Madokoro**  
Director



**Kazuhisa Hirano**  
Outside Director and  
Audit/Supervisory Committee Member  
(Full-time)



**Ren Shino**  
Outside Director and  
Audit/Supervisory Committee Member

## Advancing Governance to Support the SINANEN HOLDINGS Group as It Embraces Challenges and Transformation

With the aspiration to be a comprehensive energy service provider that helps build a carbon-free world, the SINANEN HOLDINGS Group is working to strengthen corporate governance and compliance.

Three directors discussed the Group's recent initiatives and its upcoming challenges.

### Promoting Reform Following the Shift to a Pure Holding Company Structure

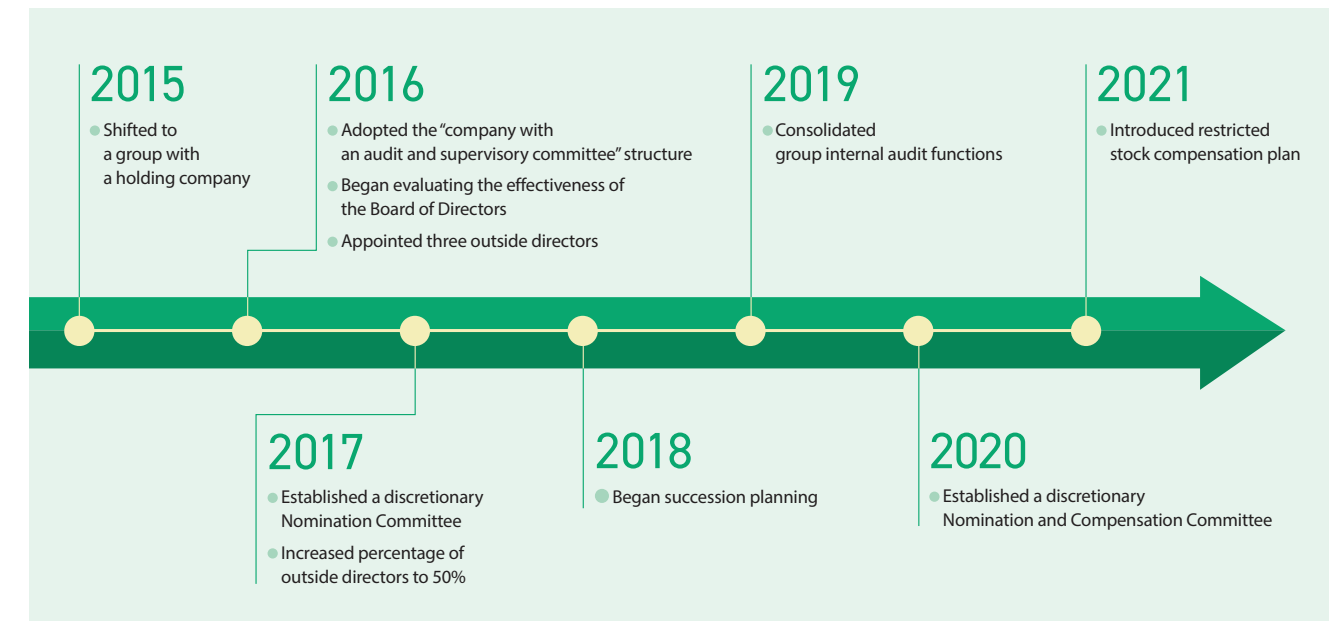
**Madokoro:** The Group has taken various initiatives to enhance corporate governance, prompted by its shift to a pure holding company structure in 2015. In 2016, we adopted the "company with an audit and supervisory committee" structure to strengthen governance. In 2017, we increased the percentage of outside directors to 50%. Also in 2017, we established a discretionary Nomination Committee, and in 2020 we established a discretionary Nomination and Compensation Committee. Apart from President Masaki Yamazaki, all of the committee members are either outside directors or external experts. Meanwhile, the internal auditing departments of group companies were centralized at the

head office in 2019 in order to enhance and strengthen internal auditing functions. Further, we have been evaluating the effectiveness of the Board of Directors with a questionnaire since 2017.

**Shino:** I took office when the Audit/Supervisory Committee was established, and I have the impression that SINANEN HOLDINGS is a company with a very positive atmosphere. Not only are there regular meetings for exchanging opinions, there is also good communication when unexpected events occur. I have never been aware of any disparities in the information available to inside versus outside directors. I feel that the ability of the outside directors to fully exercise their functions is due not only to the efforts of the Company but also in large part to the role played by Mr. Hirano in his full-time position as chair of the Audit/Supervisory Committee.

**Hirano:** I became an outside director in 2020 as the full-time

### Progress in Strengthening Corporate Governance



Audit/Supervisory Committee member. I recognize the importance of my role as the full-time director on the committee when it comes to ensuring that the Group can make full use of the knowledge of the part-time, outside directors. I also serve concurrently as a part-time corporate auditor for each of the four main group companies, attend their Board of Directors' meetings, and share information on the Group with the part-time outside directors. On the other hand, in order to avoid communication of information that only comes through me, Mr. Madokoro, who is Head of the Corporate Planning Department, attends the meetings of the Audit/Supervisory Committee to report on important management issues. We work hard to ensure that the outside officers are able to exercise their functions in a flexible manner, such as promptly compiling the opinions of the outside directors if there is an urgent matter and capturing the views of the Audit/Supervisory Committee in the form of recommendations.

### Identifying Risks with an Outside Perspective

**Madokoro:** At present, the Group is pursuing business diversification and new business investment to lay the foundations for the future. The outside directors who have experience and a high level of knowledge in a variety of specialist fields often identify business risks that internal personnel may miss.

**Hirano:** Since its establishment, the Group's growth has been

based on the energy business, including solid fuel, oil, and gas. However, the Group is now working to further diversify its business through a broad expansion into renewable energy, including solar and wind power, in terms of the non-fossil fuel field, as well as non-energy businesses. In the Group's new businesses, it is essential to develop and operate project management systems for each project. We take every opportunity to ensure that internal personnel understand the need for risk management from a different perspective than the one applied in the conventional energy sales business, including looking at the credit risk of new suppliers and related parties and considering legal risks outside Japan.

**Shino:** In one case, there was an investment project for a new business with very high growth potential. A discussion took place based on the observations of the outside directors about whether the specific business scheme was suitable for the Group. As a result, management made the decision not to make the business investment. Of course, there are always risks and opportunities in business, and it is normal business practice to make a decision to go ahead with business investments after considering all of their advantages and disadvantages. However, in some cases, even the departments in charge may not identify information or scrutinize risks adequately, because it is a new business. As mentioned earlier, the Group has systems in place for information to be shared properly with outside directors, but I believe that the unique role of the outside directors who come from a variety of specialist fields lies in checking the adequacy of this information.





### I Will Fulfill My Role as the Full-Time Outside Director and Continue Encouraging Transformation.

————— Kazuhisa Hirano

**Madokoro:** Obviously, there are big differences in management decisions depending on whether the risks of new businesses are known or unknown. In addition to new businesses, I feel that the outside directors have not hesitated to provide the Group with much advice that it needs right now, such as thoughts on the future vision for the energy business in the fossil fuels field.

### Future Business Portfolio

**Hirano:** Recently, a person in the petroleum business told me that the Group is in a good position to understand decarbonization needs and trends on the customer side of our existing businesses and to consider commercialization based on this information. As a supplier rather than a producer of energy, I feel that the Group has the potential to develop a variety of solution businesses for decarbonization even within our existing business fields.

On the other hand, I feel the need to take the time to discuss the Group's future business portfolio at meetings of the Board of Directors precisely because there are diverse possibilities for business diversification. With regard to new businesses, I believe we can make management decisions more quickly and accurately if we envisage the Group's next generation of businesses based on a long-term perspective, not just the perspective of short-term profitability.

**Madokoro:** In April 2021, the Japanese government declared its target to reduce greenhouse gas emissions by 46% in 2030 compared with 2013 levels and aim for a higher reduction of 50%. What will the Group do to help Japan achieve this target? While customers have some ideas about the energy sales business, first of all in the short term, group companies themselves will work to reduce CO<sub>2</sub> emissions. However, as the global shift toward decarbonization accelerates, what will be the ratio of fossil fuels and non-fossil fuels within the energy business? We also recognize that we are at a turning point in the reconstruction of the business portfolio for the future, including the balance between the energy business and non-energy businesses. We are considering this long-term vision as we formulate the Third Medium-Term Management Plan (which goes into effect in April 2023).

### Aiming for Further Growth through the Prime Market

**Madokoro:** We consider our move to the Prime Market with the reorganization of market segments implemented by the Tokyo Stock Exchange in April 2022 to be an opportunity for strengthening our corporate governance, which is the foundation of management. We hope to grow as an entity that serves society by positioning ourselves in the highest-ranked market and embracing rigorous social accountability.



### As an Outside Director, I Will Continue Monitoring the Fairness and Transparency of Management.

————— Ren Shino

**Hirano:** Ahead of the reorganization of the market segments, the Corporate Governance Code, which compiles the principles of governance for listed companies, was revised in June 2021, and new principles were established for companies listed on the Prime Market. These included requirements that at least one-third of the Board of Directors must be independent outside directors, and that companies disclose their basic views on the independence of the Nomination and Compensation Committee, and its authority and roles. This revision also took account of the social demand for companies to contribute solutions to social issues while generating profit through their core businesses. For instance, it added principles relevant to the UN Sustainable Development Goals (SDGs), such as the enhancement of disclosure regarding the impact of climate change on a company based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD). In terms of strengthening corporate governance, it is essential that we disclose truly useful information to the market — information that is definitive of the essential characteristics of the Group, for instance articulating its significance in society — rather than just going through the motions of formal disclosure. If the required principles do not apply to the Group, the reasons must be explained properly.

**Shino:** Together with the revision of the Corporate Governance Code, Japan's Financial Services Agency released a proposal entitled "Guidelines for Investor and Company Engagement." This means that more transparency of information will be required to communicate the correct information to the market in the future. As an outside director, I myself want to give even more attention to whether the rules of SINANEN HOLDINGS are reasonable for a Prime Market listed company, not only as internal rules but from an external standpoint. In addition, with voluntary disclosure of information to institutional investors and the ongoing sale of strategically held shares, it will become even more essential for all listed companies, including the Group, to attract the kind of shareholders who will support their medium- to long-term vision for the benefit of society, rather than merely looking for short-term profits.



### With Our Move to the Prime Market, I Will Further Strengthen Corporate Governance.

————— Kenji Madokoro

**Madokoro:** As you pointed out, we recognize that further initiatives to strengthen corporate governance have been necessitated by the move to the Prime Market. We will increase the number of corporate briefing sessions, including those held online, to enhance our engagement with the market. At the same time, over the course of the next year, we plan to develop systems for enhancing disclosure of environment- and climate change-related risks and information. These efforts will be led by our new Growth Strategy Department, established in April 2022, while also taking into account the opinions of outside experts.

**Hirano:** I have a strong sense of the Group's willingness to change, without being stuck in the past. In order to encourage transformation, the outside directors just take a bird's-eye view of the Group's business from the perspective of external value. As the full-time outside director, I hope to be useful in my role while continuing to pursue self-improvement.

### As a Prime Market Listed Company

**SUSTAINABLE DEVELOPMENT GOALS**

Contribute Solutions to Social Issues through Business Activities



Further Strengthen Corporate Governance

**TCFD** | Task Force on Climate-Related Financial Disclosures

Address Climate Change  
— Disclose Information Based on the TCFD Recommendations —



# G Management Structure (as of June 22, 2022)

Governance



Masaki Yamazaki



Naoki Shimizu



Kenji Madokoro



Kazuhisa Hirano



Ren Shino



Nobutaka Murao



Hiroyuki Mitani

Position	President and CEO	Representative Director and Senior Managing CCO	Director	Outside Director and Audit/Supervisory Committee Member (Full-time)	Outside Director and Audit/Supervisory Committee Member	Outside Director and Audit/Supervisory Committee Member	Outside Director and Audit/Supervisory Committee Member
Independent officer	—	—	—	●	●	●	●
Years as a director	6	10	2	2	6	1	Newly Appointed
Number of shares owned (as of March 31, 2022)	5,227	5,399	2,013	—	—	—	—
<b>Composition</b>							
Board of Directors	● (Chair)	●	●	●	●	●	●
Meeting attendance (FY2021)	20/20	20/20	20/20	20/20	18/20	14/14	—
Audit/Supervisory Committee	—	—	—	● (Chair)	●	●	●
Meeting attendance (FY2021)	—	—	—	14/14	14/14	11/11	—
Nomination and Compensation Committee	● (Chair)	—	—	●	●	●	●
Meeting attendance (FY2021)	5/5	—	—	5/5	3/5	5/5	5/5*
<b>Expertise and Experience</b>							
Management experience	●						●
Finance and accounting	●	●	●	●		●	
Risk management		●		●	●		
Business strategy/marketing	●		●				●
Legal affairs, regulatory issues, etc.		●	●		●	●	
International operations	●			●		●	●

\* He has served as a member of the Nomination and Compensation Committee since 2020.

## Message from the Newly Appointed Outside Director

### I Will Make the Most of My Experience at Foreign-Affiliated Companies to Drive the Transformation of the SINANEN HOLDINGS Group.

My first impression of the SINANEN HOLDINGS Group was that of a serious company, which values traditions, and a solid company, which contributes to the community by delivering a variety of services, focusing on energy essential to people's lives. On the other hand, I also felt that the Group was a bit fixed in a corporate culture shaped by its long history and, due to its vertically siloed organization, was unable to keep up with the recent changes in the management environment, in which competition is growing ever more intense.

When I saw that the Group had started making major strides to proactively transform its corporate culture, I could not hide my surprise. A transformation in corporate culture cannot be achieved without an extraordinary effort, but I feel confident when I see the work of change being done by employees.

I believe that the employees and the reformed corporate culture will create a new company. I also believe that my role in this process is to push for the transformation of the SINANEN HOLDINGS Group by making the most of my long experience with transforming foreign-affiliated companies, thereby contributing to the enhancement of corporate value.

**Hiroyuki Mitani**

Outside Director and Audit/Supervisory Committee Member

## Criteria for Appointment and Dismissal of Officers

Based on the following policy, the discretionary Nomination and Compensation Committee deliberates on the potential election and dismissal of individual directors (excluding directors who are Audit/Supervisory Committee Members) and makes recommendations to the Board of Directors. Moreover, with the agreement of the Audit/Supervisory Committee, the Board of Directors decides the appointment or dismissal of directors who are Audit/Supervisory Committee Members.

### Policy for Candidate Qualities

#### Director Candidate (excluding those for Audit/Supervisory Committee Membership)

- A person who helps balance the variety of knowledge and abilities of the entire Board of Directors, and who can become familiar with the Group's businesses and properly oversee Group management.
- A person who embodies the company creed (the three foundations: *Shingi, Shinshu, Rakugyo* — keeping promises, making progress, and feeling joy in work)

### Policy for Candidate Qualities

#### Director Candidate for Audit/Supervisory Committee Membership

- A person with the wealth of experience and high level of insight required as an Outside Director
- A person with exceptional insight in the fields of law and corporate accounting
- A person who can improve the Company's governance by expressing their opinions impartially and objectively from an independent standpoint

## Reasons for Appointing Each Outside Director

Kazuhisa Hirano	We reappointed Mr. Hirano because he has actively provided his opinions and recommendations based on his expertise and extensive experience in accounting and internal auditing, and we determined that he would be able to continue to improve the Company's corporate governance.
Ren Shino	We reappointed Ms. Shino because she has actively provided her opinions and recommendations based on her broad knowledge and extensive experience as an attorney as well as an outside director of other companies, and we determined that she would be able to continue to improve the Company's corporate governance.
Nobutaka Murao	We reappointed Mr. Murao because he has actively provided his opinions and recommendations based on his wealth of experience and broad insights as a finance ministry official, university professor, and anchor for TV news programs, and we determined that he would be able to continue to promote the Company's growth and corporate governance.
Hiroyuki Mitani	We appointed Mr. Mitani because of his extensive experience and insights gained in corporate management and as a university and business school professor. In addition, he has served as a member of the Nomination and Compensation Committee at SINANEN HOLDINGS CO., LTD. since 2020, and we expect that he will provide oversight and advice on the selection and compensation of officers.

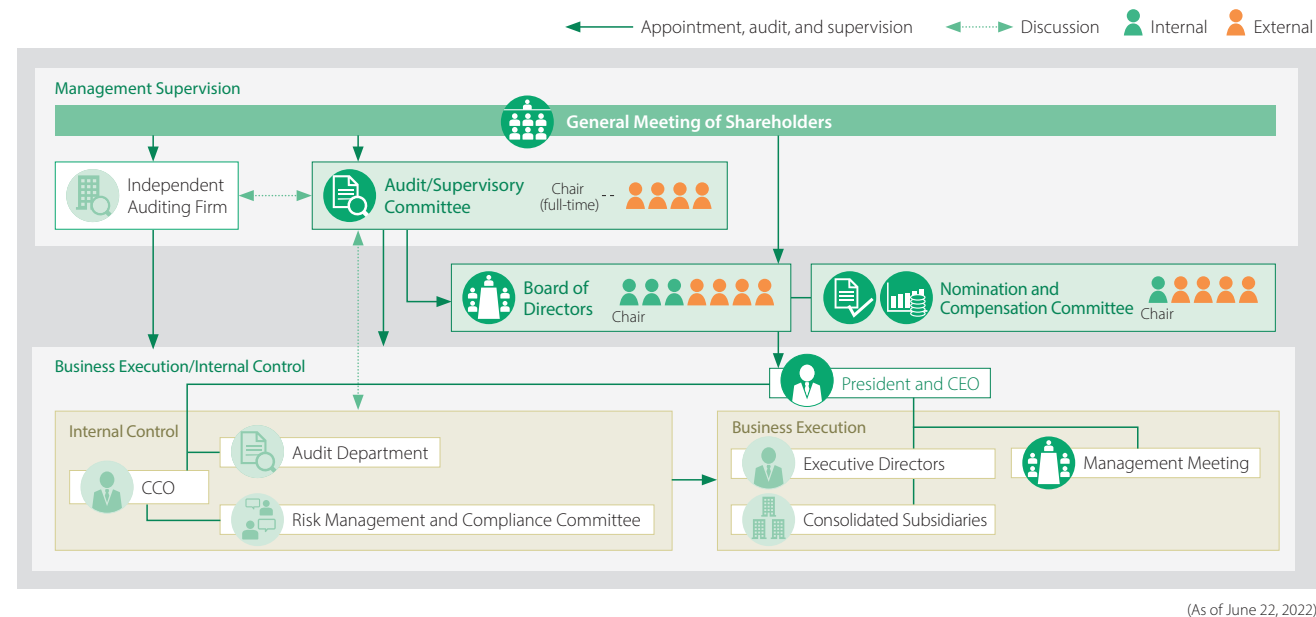


# G Corporate Governance

Governance

## Corporate Governance System

SINANEN HOLDINGS CO., LTD. has responded to changes in the business environment by adopting a holding company structure. The aims of this move were to: (1) clarify the delegation of authority and responsibility in each business; (2) expedite management decisions; and (3) establish a group management system that facilitates flexible, agile management. The Company has also adopted a “company with Audit/Supervisory Committee” structure, seeking to strengthen auditing and supervisory functions and accelerate decision-making, and these objectives are consistent with the aims of the holding company structure. In addition to the above, the Company has established a discretionary Nominating and Compensation Committee to enhance the independence and objectivity of the Board of Directors and to reinforce the corporate governance function.



### Board of Directors 20 meetings (FY2021)

The Board of Directors meets once a month and whenever necessary to study and discuss important management matters, business progress, and problem-solving measures.

### Management Meeting 12 meetings (FY2021)

The Company holds management meetings to allow the President and CEO to consult with the management team on important matters of business execution. The management meeting is held once a month and whenever necessary to discuss policies and important matters.

### Audit/Supervisory Committee 14 meetings (FY2021)

By attending monthly meetings of the Board of Directors and by carrying out audit activities as a committee, the members of the Audit/Supervisory Committee audit and oversee compliance of directors' execution of their responsibilities, while confirming the adequacy and appropriateness of director and executive decision-making.

### Nomination and Compensation Committee 5 meetings (FY2021)

The Company has established a discretionary Nomination and Compensation Committee to discuss the appointment and dismissal of directors as well as directors and auditors at group companies. The committee also deliberates on executive compensation. The nomination of officers is decided by the Board of Directors based on the recommendations of the President and CEO and the results of deliberation by the Nomination and Compensation Committee. The nomination of director candidates to be Audit/Supervisory Committee Members requires the approval of the Audit/Supervisory Committee. The Nomination and Compensation Committee also determines compensation for directors who are not Audit/Supervisory Committee Members. Compensation for directors who are Audit/Supervisory Committee Members is proposed by the Nomination and Compensation Committee and decided by the Audit/Supervisory Committee.

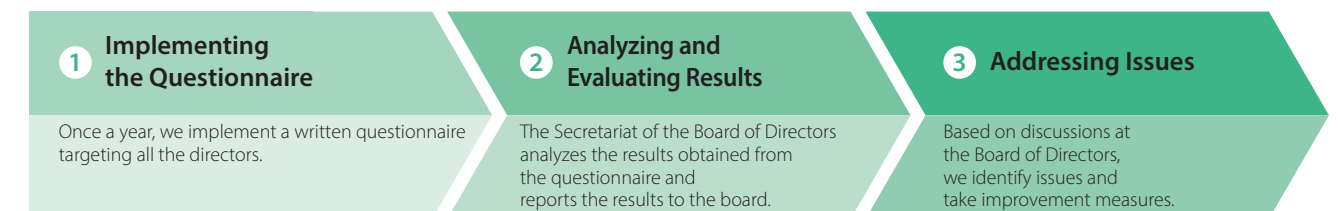
#### Main Issues Discussed (Fiscal 2021)

- New directors who are Audit/Supervisory Committee Members, candidates for Nomination and Compensation Committee Members
- Executive personnel for the holding company and operating companies
- Succession plan
- Base executive compensation
- Stock-based compensation system

## Evaluation of Effectiveness of Board of Directors

To evaluate board effectiveness, the Secretariat of the Board of Directors regularly distributes written questionnaires to each member and then shares the summarized results with the board. Based on the findings, the Group is pursuing appropriate management of the Board of Directors, taking improvement measures to address issues, and working to ensure that the Board of Directors contributes to further increases in corporate value.

### Evaluation Process



FY2020		FY2021		
Recognition of Major Issues		Improvement Measures	Results and Evaluation	
Revision of board operation	Providing relevant materials well in advance of board meetings	● Provide materials at least 3 days in advance of board meetings	● The average number of days documents were shared in advance was 2.7. This was an improvement compared to the previous fiscal year, but the target was not achieved.	○
	Reducing the use of technical and industry jargon in board materials	● Secretariat makes efforts to revise materials or create supplementary ones to clarify jargon.	● Completed glossary prototype at the end of fiscal 2021, expected to be in use by December 2022	△
	Ensuring sufficient meeting time to fully discuss the agenda items	● Start meetings earlier and reduce frequency of reports by holding company departments from once every 3 months to once every 6 months	● Generally finished meetings on schedule and limited the number of points in reports, but total number of reports rose	△
Timely provision of risk information		● Provide pros and cons for each agenda item	● Thoroughly included pros and cons	○
Preparing an orientation program for new directors		● Implement review by presidents of each operating company at expanded executive officer meetings	● Maintained attendance at biannual expanded executive officer meetings	○
Providing opportunities for directors to acquire necessary knowledge and raise their awareness		● Change to discussion-based agenda	● Discussion rated more vigorous than before	

## Main Issues Discussed by the Board of Directors

FY2021	Business-related	<ul style="list-style-type: none"> <li>● Progress of Second Medium-Term Management Plan, business execution at major operating companies</li> <li>● South Korean wind power generation business and situation related to micro wind turbine business</li> </ul>	<ul style="list-style-type: none"> <li>● Utilize and sale of less-efficient assets</li> <li>➡ Decision to sell fixed asset in February 2022</li> </ul>
	Governance-related	<ul style="list-style-type: none"> <li>● Matters to be resolved based on laws and regulations including Japan's Companies Act (resolutions on proposals for the General Meeting of Shareholders, etc.)</li> <li>● Introduction of stock-based compensation system</li> <li>● Option to list on the Prime Market, a new market segment of the Tokyo Stock Exchange</li> </ul>	<ul style="list-style-type: none"> <li>● Holdings and sales of strategically held shares</li> <li>● Status of internal control and risk management</li> <li>● Formulation of internal audit plan for fiscal 2022</li> </ul>



## Training of Management Successors

### ■ Succession Plan

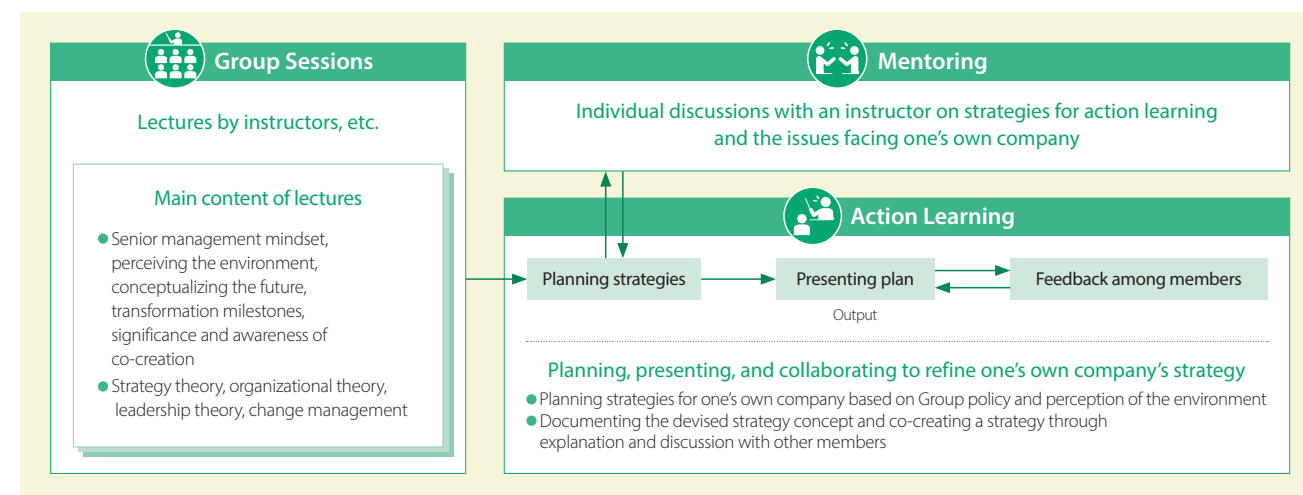
The SINANEN HOLDINGS Group regards the training of successors to be one of the important issues for management and has established a succession plan. Based on the results of interviews with the president, successor program participants are selected and receive training throughout the year. The training includes group sessions based on lectures by instructors, one-on-one mentoring by instructors, and action learning in which participants plan strategies for their own companies. We strive to train management successors who will hold key positions in the Group.

#### Succession Plan Training (Selected Participants)

Purpose	To train the management successors who will hold key positions in the Group
Features	<ul style="list-style-type: none"> <li>● Increase awareness and ability to carry out responsibilities of one's own position</li> <li>● Increase awareness and ability to create synergies by working and collaborating with others</li> </ul>



### Training System



### ■ CFO Training (Selected Participants from Open Recruitment Process)

The SINANEN HOLDINGS Group also provides training based on an open recruitment process. CFO training, which began in 2018, marked its third year in 2022. As the changes in the management environment speed up, senior managers with a broad perspective that includes knowledge of finance and accounting are needed to achieve sustainable growth and increase corporate value. This special program meets that need by training the next generation of human resources who will play central roles in the administrative and finance and accounting departments of the Group.

Purpose	<ul style="list-style-type: none"> <li>● To acquire the same level of basic finance knowledge as that required for MBA courses at graduate schools in and outside Japan</li> <li>● To train the next generation of human resources who will play central roles in the administrative and finance and accounting departments of the Group</li> </ul>
Participants (holding any current position)	Group employees (Employees who have been at the company for 5 – 10 years and have a desire to develop a career in the Group's management and finance and accounting departments in the future)

## Executive Compensation

Executive compensation is based on internal regulations, and compensation for directors who are not Audit/Supervisory Committee Members is determined by the Board of Directors and the Nomination and Compensation Committee. Compensation for Audit/Supervisory Committee Members is determined by the Audit/Supervisory Committee. Individual compensation amounts are determined within a range approved by the General Meeting of Shareholders. Compensation for directors consists of fixed compensation, performance-linked compensation, and non-monetary compensation. Performance-linked compensation has been adopted as a sound and appropriate incentive for increasing the corporate value of SINANEN HOLDINGS. Directors who are Audit/Supervisory Committee Members receive fixed compensation only. At the 82nd Ordinary General Meeting of Shareholders held on June 24, 2016, the following maximum total compensation amounts were approved: ¥276 million per year for all directors who are not Audit/Supervisory Committee Members (excluding salaries for directors who are also employees), and ¥72 million per year for directors who are Audit and Supervisory Committee Members.

#### Details of Executive Compensation (fiscal 2021)

Officer Type	Total Amount *1 (¥ million)	Total Amount by Type (¥ million)			Number of People
		Fixed Compensation	Performance-Linked Compensation	Non-monetary Compensation*2	
<b>Directors</b> (excluding Audit/Supervisory Committee Members and Outside Directors)	130	111	13	5	4
<b>Directors</b> (Audit/Supervisory Committee Members) (excluding Outside Directors)	—	—	—	—	—
<b>Outside Directors</b>	37	37	—	—	4

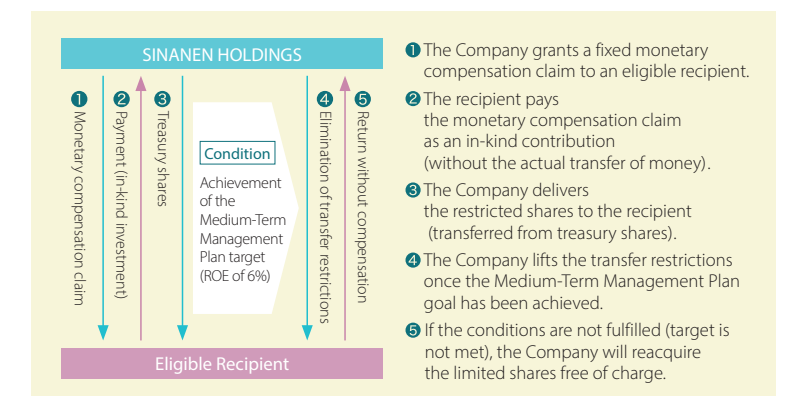
\*1 The total amount of compensation, etc., for directors does not include salaries for directors who serve concurrently as employees.

\*2 Restricted stock-based compensation, which is non-monetary compensation, is the amount recorded as expenses in fiscal 2021.

### ■ Stock-Based Compensation System

The Group has introduced a stock-based compensation system to provide incentives for the ongoing enhancement of corporate value while promoting value sharing with shareholders. The recipients of stock-based compensation are (1) directors of the Company (excluding those who are Audit/Supervisory Committee Members); (2) some employees of the Company; and (3) some directors of subsidiaries of the Company. The number of shares to be granted to each individual is equivalent to 10% of their basic compensation, and specific allocation is decided by the Board of Directors.

#### Limited Shares



## Strategically Held Shares

In order to strengthen and facilitate business relationships and alliances, SINANEN HOLDINGS CO., LTD. has strategically held shares. Each year, the Board of Directors examines the economic rationality of major strategically held shares from a medium- and long-term perspective, and decides whether to continue holding them. Voting rights arising from strategically held shares are exercised appropriately. This is based on a comprehensive determination of whether the exercise of voting rights would enhance the corporate value of the Company, or would promote shared benefit with other shareholders of the company concerned.

Stocks Sold (FY2021)	Stocks Held
2	14



## Risk Management

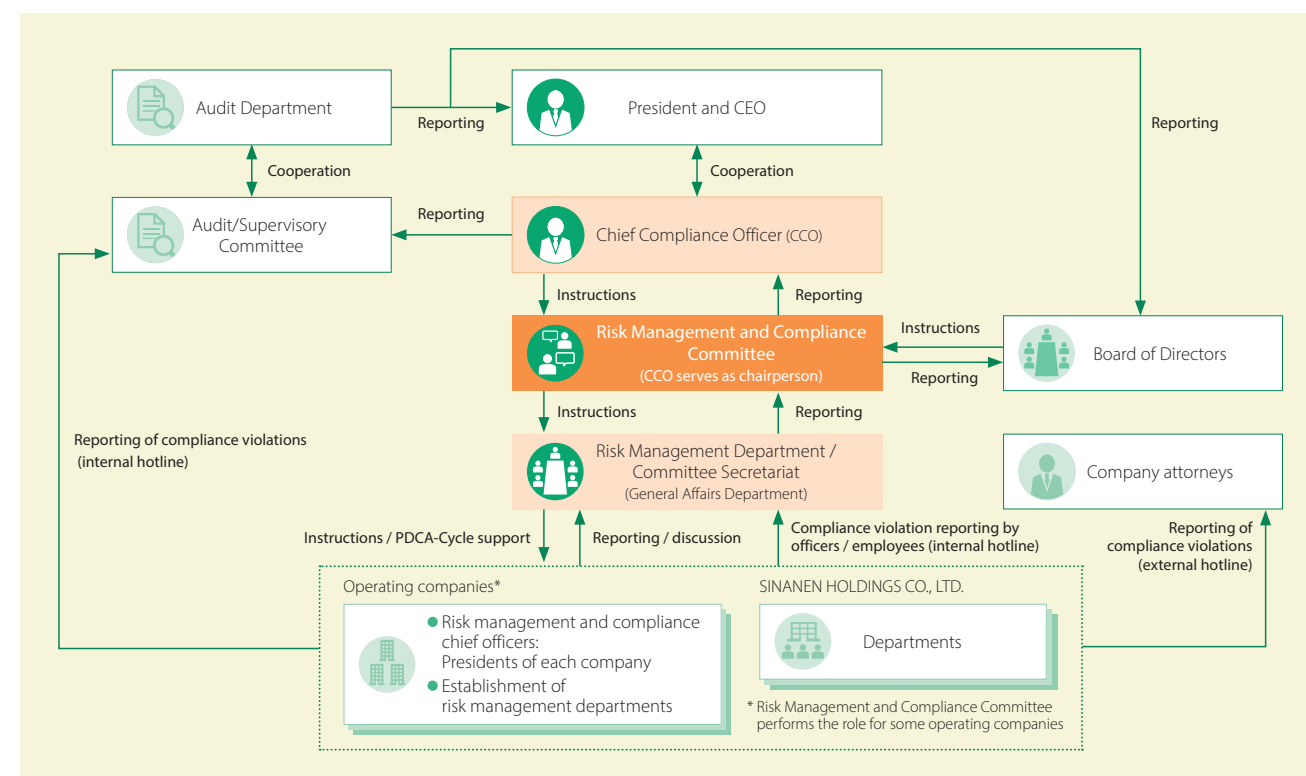
### ■ Risk Management Policy (Overview)

The SINANEN HOLDINGS Group has adopted the basic policy of identifying the risks that may impair the performance of its mission and taking effective measures beforehand in order to prevent or mitigate the manifestation of the identified risks, in accordance with the level of importance of each risk. The Group reliably operates a risk management system based on the basic objectives and action guidelines described below.

Basic Objectives	Action Guidelines
<ul style="list-style-type: none"> <li>● Improvement of corporate value</li> <li>● Safe and secure operation of business</li> <li>● Stable continuation of business</li> <li>● Establishment of relationships of trust with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>● Conduct management and corporate activities with thorough compliance.</li> <li>● Establish a risk management system and ensure management soundness and profit.</li> <li>● Improve the risk awareness and knowledge of officers and employees, prevent the emergence of risks, and improve the ability to respond to risks.</li> <li>● In the case of emergency, treat the protection of human life as top priority, continue business and protect assets.</li> <li>● Ensure information security and protect information assets.</li> <li>● For the promotion of strategic management, establish an environment that supports risk taking.</li> </ul>

### ■ Risk Management System

We have established the Risk Management and Compliance Committee chaired by the Chief Compliance Officer (CCO) and operate the risk management processes stipulated in the Risk Management Rules. These rules designate a department with responsibility for each category of risk to ensure the comprehensive and exhaustive management of group-wide risks and clarify the risk management system. The Audit Department audits the status of risk management. In addition, the chair of the Risk Management and Compliance Committee reviews the progress of group-wide risk management at committee meetings and reports the findings to the Board of Directors and the Audit/Supervisory Committee.



### Risks Expected to Significantly Impact Management

	Risk	Description	Mitigation
Risks in the Energy Business	<b>Changes in the energy market</b>	Decrease in sales of consumer and commercial propane gas Crude oil price fluctuations	Expansion into non-petroleum and gas businesses and active investment in non-energy businesses
	<b>Risks due to climatic temperature fluctuations</b>	Slumping sales performance due to a significant decrease in kerosene consumption, and high wholesale electricity prices	Securing stable profits throughout the year, and diversifying procurement of electricity
	<b>Stronger competition in the energy industry</b>	Cross-category energy competition for products such as electricity, oil, city gas, LP gas, etc.	Maintaining and expanding the business foundation
	<b>Risks related to the safety of oil and LP gas equipment, and to environmental pollution</b>	Accidents such as oil or LP gas leaks and the resulting losses	Implementing periodic safety audits of petroleum and LP gas facilities, jointly establishing comprehensive risk management with Sampo Japan Insurance Inc. to prevent soil contamination and accidents due to oil leaks
Risks in All Group Businesses	<b>Credit risk relating to business partners</b>	Impact on business performance due to uncollectable trade receivables	Implementing trade receivables collection measures along with credit checks of business partners
	<b>Risks associated with exchange rate fluctuation</b>	Impact on business performance due to fluctuations in foreign exchange rates	Conducting hedge transactions with exchange contracts and anticipated exchange rates
	<b>Risks related to valuation of fixed assets</b>	Impairment loss on assets (facilities and land owned) related to the energy business	Strengthening the Group's financial position by selling inefficient assets
	<b>Potential risks related to investments, etc.</b>	Valuation loss due to falling stock prices	Investment decisions and regular investment value checks that take risks into consideration
	<b>New business area entry risk</b>	Inability to earn expected revenue	
	<b>Potential risks for expansion outside Japan</b>	Changes to international trading systems such as laws and tariffs or societal disruption due to terrorism, war, or political and economic fluctuations, etc.	Conducting preliminary surveys and evaluations of political trends, economic trends, legal systems, tax incentives, tax systems, etc.
	<b>Product quality and safety risks</b>	Major product recalls and unexpected product incidents that involve product liability	Compliance with relevant laws and regulations, and system strengthening ● LP gas-related: Creation of Crisis Response Manual ● Sinanen Zeomic Co., Ltd.: Acquisition of ISO 9001
	<b>Handling personal information</b>	Loss of public confidence and decrease in sales due to a data breach involving personal information	Establishment of the Risk Management and Compliance Committee, and implementation of employee education, information security systems, and relevant internal regulations
	<b>Risks related to natural disasters, etc.</b>	Interruption of normal business activities due to damage to equipment, warehouses, stores, etc.	Development of business continuity plans and implementation of capital investment for disaster preparedness
	<b>Risks related to COVID-19</b>	Impact on business performance	Implementation of thorough infection prevention measures, business continuity as provider of essential services, and telework and web conferencing for both internal and external meetings





For details on internal controls: [Corporate Governance Report](#)

<https://sinanengroup.co.jp/en/sustainability/governance/corporate-governance.html>

## Compliance

### ■ Approach to Compliance and Respect for Human Rights

Each and every officer and employee at the SINANEN HOLDINGS Group is committed to complying with laws and regulations and internal rules and engages in corporate activities based on high ethical standards guided by the three foundations: *Shingi* (keeping promises), *Shinshu* (making progress), and *Rakugyo* (feeling joy in work), which are the Group's values. In our Compliance Regulations, we also clearly state our respect for the human rights and diversity of all people involved in our corporate activities and our zero tolerance of harassment or inhumane conduct.

### ■ Compliance Education

We provide various forms of employee education to raise individual compliance awareness and ensure group-wide compliance. In fiscal 2021, compliance education was offered to all officers and employees of group companies via e-learning, and 97.2% of employees participated. Harassment prevention training was also provided to managers. As a daily form of group-wide awareness raising, the Risk Management and Compliance Department regularly distributes the SINANEN HOLDINGS Group CSR News, which contains general information on compliance efforts. The department also carries out year-round awareness-raising activities, such as sharing compliance and risk management information through the intranet and in-house newsletters.



SINANEN HOLDINGS Group CSR News

Compliance e-Learning  
Participation Rate  
(FY2021)

97.2%



Number of  
Whistleblower Reports  
(FY2021)

11

### ■ Whistleblower Hotlines

We are committed to the early detection and prevention of compliance violations. If an officer or employee of the Group becomes aware of internal fraudulent behavior or any workplace activity that may violate laws, regulations, rules of employment, or other internal rules, they can report it directly to special internal or external hotlines. Moreover, the Group's Compliance Regulations ensure that the whistleblower's identity is kept confidential, while protecting the individual from any disadvantageous treatment as a result of making a report. This ensures the effectiveness of the compliance hotline system.

### ■ Information Security

The SINANEN HOLDINGS Group holds personal information, including data on petroleum, gas, and electricity customers, in the energy business, as well as customer data acquired through the sale of products and provision of services in the non-energy business. We take a variety of measures to protect this personal information. In addition, with the current increase in remote work, we have updated our security software and revised our network settings to prevent information leaks, as part of our ongoing information security efforts.

#### Main Measures

- Establishment of a privacy policy and rules for the protection of personal information, etc.
- Implementation of educational programs on protecting personal information for employees and others
- Introduction of information security systems, including authentication and authorization infrastructure and encryption

#### Certification and Acquisition of Standards

**MINOS**

Group Company: Minos Co., LTD.  
(System company)

Privacy Mark-certified business site



International Standard for  
Information Security Management System (ISMS)  
**JIS Q 27001:2014 (ISO/IEC 27001:2013)**

### ■ Eliminating Interactions with Organized Criminal Groups and Other Antisocial Forces

The Group recognizes that allowing any interaction with organized criminal groups or other antisocial forces would represent a serious compliance issue. We make it a top priority to ensure that any such contact is categorically rejected.

1

The Group's code of conduct and its basic internal control system policy clearly prohibit any interaction with these groups, and this policy is widely communicated in and outside the Group.

2

With the Legal Affairs Office assuming responsibility, the Group strives to build partnerships with outside organizations addressing this issue, such as the police, the National Center for the Removal of Criminal Organizations, and attorneys.

3

In addition to participating in specialized external organizations and striving to collect relevant information, the Group has established a system to provide information and guidance to personnel in the event they encounter an incident involving these groups.

4

The Group maintains special clauses in various contract templates to prevent any involvement with organized crime.

### Management of Group Companies

The management rules for operating companies and the approval rules of each company stipulate the obligation to report to SINANEN HOLDINGS CO., LTD. on important decision-making and the occurrence of serious accidents at group companies. Monthly management meetings are also held so that group company executives can report on the business situations at their respective companies. SINANEN HOLDINGS directors often serve as directors and audit committee members at major group companies in order to help manage and oversee their business execution.



## SINANEN HOLDINGS Group History

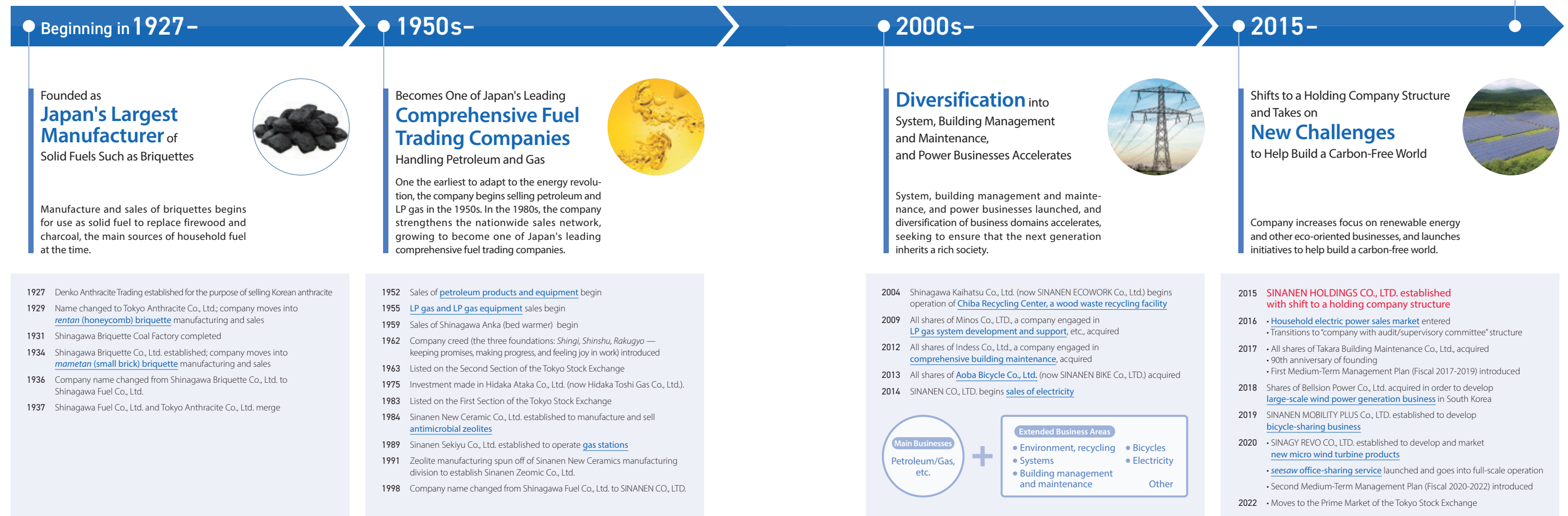
Since its start in business in 1927, the SINANEN HOLDINGS Group has been taking on the challenge of building a comfortable, prosperous world by providing energy, home and life services that meet the needs of local communities in every era. We will continue to take on new challenges and help to build a carbon-free world.

## 2027- 100th Anniversary

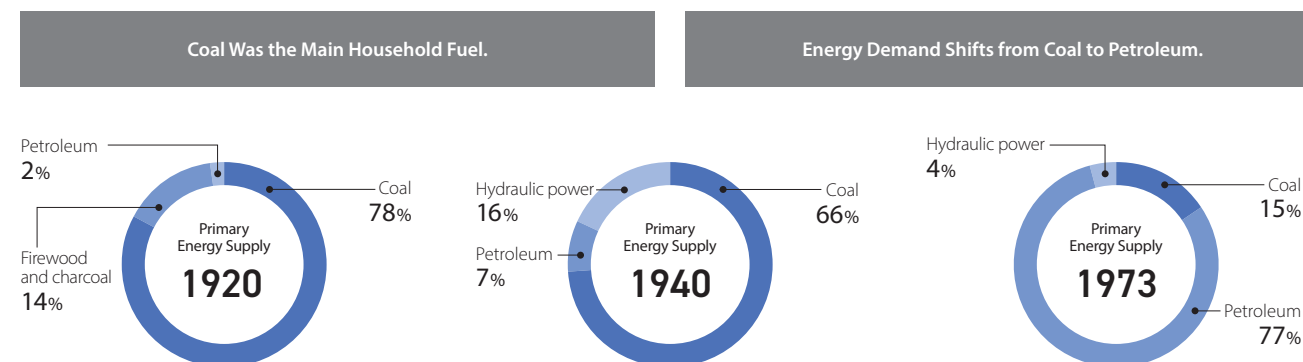
Helping to Build a Sustainable World as a Comprehensive Energy Service Provider

## A History of Taking on Challenges

Blue-underlined text represents new businesses.



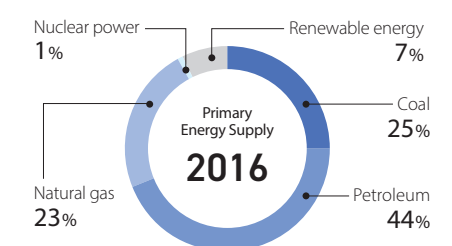
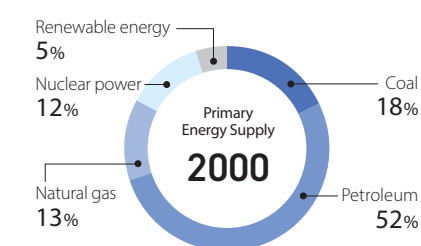
## Social Background



\* Source: Energy White Paper 2018 (Ministry of Economy, Trade and Industry)

- Worsening Environmental Issues
- Diversifying Energy Sources
- Advancing Digitalization
- Increasing Lifestyle Diversity

Effects of Global Warming Become More Apparent, Demanding a Revolution in Energy Supply





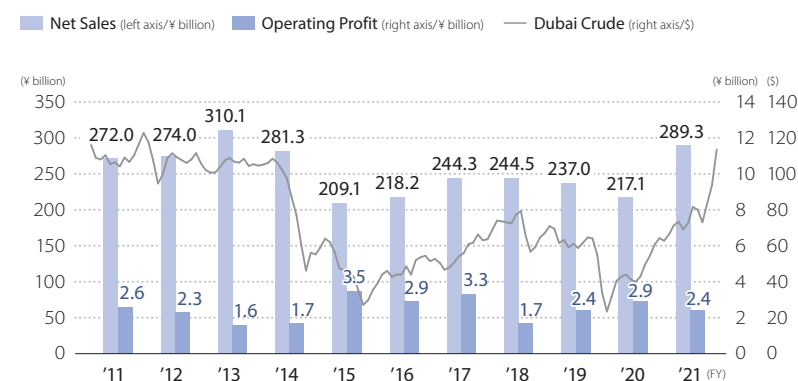
## Performance Highlights

### Financial Highlights

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>Operating Results</b> (¥ million)											
Net sales	272,050	274,027	310,102	281,375	209,112	218,242	244,370	244,567	237,036	217,122	289,340
Operating profit	2,627	2,347	1,688	1,703	3,504	2,934	3,348	1,771	2,454	2,935	2,480
Ordinary profit	3,241	3,005	2,513	2,629	4,274	3,424	3,948	2,158	2,203	3,023	3,272
Profit attributable to owners of parent	1,569	1,142	635	1,423	2,219	2,584	2,867	1,588	2,989	2,717	2,487
<b>Financial Position</b> (¥ million)											
Total assets	84,077	86,668	95,870	89,322	92,985	104,836	93,188	91,112	90,611	96,834	104,908
Net assets	45,339	46,011	45,880	47,075	48,173	50,685	46,863	47,388	48,821	51,905	54,381
Interest-bearing debt	2,179	5,971	8,844	10,466	15,216	17,986	10,667	9,349	10,366	5,931	3,895
<b>Cash Flow</b> (¥ million)											
Cash flow from operating activities	1,250	2,422	4,076	3,775	3,356	2,449	5,433	5,214	569	7,947	1,133
Cash flow from investing activities	- 2,897	- 2,889	- 2,764	- 2,043	- 4,020	- 6,268	- 1,282	- 1,302	- 1,094	36	2,154
Cash flow from financing activities	- 1,057	973	1,808	- 52	- 997	2,113	- 15,227	- 2,256	- 778	- 5,504	- 3,120
Free cash flow	- 1,647	- 467	1,312	1,732	- 664	- 3,819	4,151	3,912	- 524	7,984	3,287
Cash and cash equivalents at the end of the fiscal year	16,617	17,204	20,310	21,974	20,059	18,340	7,217	8,768	7,385	9,765	9,948
<b>Earnings per Share*</b> (¥)											
Profit	121.00	89.70	49.70	111.05	172.79	200.26	231.13	146.00	274.84	249.83	228.33
Net assets	3,567.00	3,604.90	3,581.25	3,668.30	3,745.40	3,903.27	4,307.24	4,323.50	4,425.87	4,707.96	4,922.46
Dividend	75	75	75	75	75	100	75	75	75	75	75
Dividend payout ratio (%)	62.0	83.6	150.9	67.5	43.4	49.9	32.4	51.4	27.3	30.0	32.8
<b>Management Indicators</b> (%)											
Operating profit to net sales	1.0	0.9	0.5	0.6	1.7	1.3	1.4	0.7	1.0	1.4	0.9
Return on equity (ROE)	3.5	2.5	1.4	3.1	4.7	5.2	5.9	3.4	6.3	5.5	4.7
Return on assets (ROA)	4.0	3.5	2.8	2.8	4.7	3.5	4.0	2.3	2.4	3.2	3.2
Equity ratio	53.9	53.0	47.8	52.7	51.8	48.3	50.3	51.6	53.1	52.9	51.2
Interest coverage ratio (times)	36.8	75.7	79.9	72.6	50.8	16.7	43.5	44.6	5.1	65.4	12.3
Price to earnings ratio (PER) (times)	15.0	21.7	39.7	20.5	12.7	10.5	11.2	14.4	9.5	12.2	14.4

\* Sinanen Holdings performed a reverse split of common stock, consolidating five shares into one, on October 1, 2016.

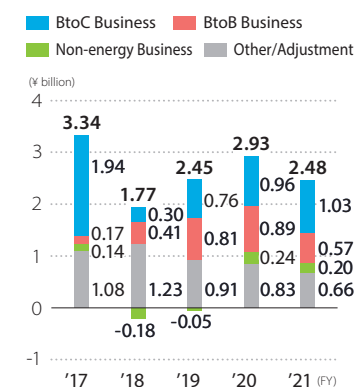
Earnings per share for years prior to the fiscal year ended March 31, 2016 have been converted to reflect the impact of the reverse stock split.



#### Operating Profit

¥2.4 billion | Down 15.5% YoY

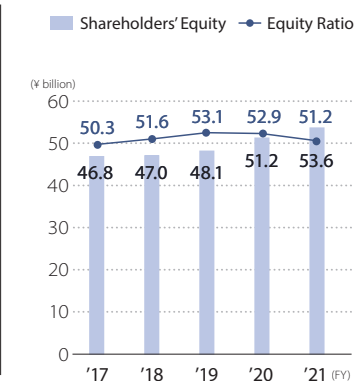
The earnings of the SINANEN HOLDINGS Group have remained stable despite stronger competition due to the impact of liberalization of the electricity and city gas markets, in addition to the increasing severity of global warming and spread of energy-saving devices over the past few years. Net sales are affected by fluctuations in crude oil prices and LP gas purchase prices, but margins at the time of sale were stable, and there was minimal impact on profit. Looking ahead, we will continue working to improve sales and optimize purchasing practices while striving to diversify revenue sources.



#### Operating Profit by Business

¥0.2 billion (Non-energy Business)

Our growing non-energy business includes the bicycle-sharing business, which we expect to deliver a full-year profit, and the building management and maintenance business and environment and recycling business, which are both making steady contributions to earnings.



#### Equity Ratio

51.2%

We are selling less-efficient assets and taking other measures to improve capital efficiency. We have maintained a sound balance sheet with an equity ratio of 51.2% at the end of fiscal 2021.



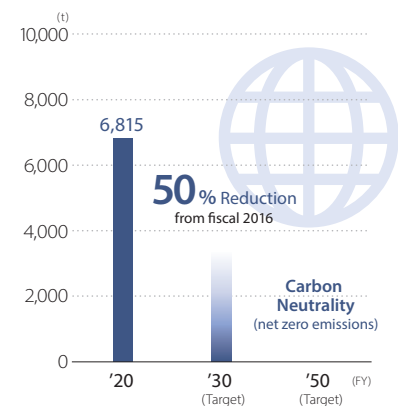
## Sustainability Highlights

### Scope of Calculations

- \*1 Retail/Wholesale Energy & Related Business (BtoC Business), Energy Solution Business (BtoB Business)  
 \*2 SINANEN HOLDINGS  
 \*3 SINANEN HOLDINGS, SINANEN, MELIFE-WEST, MELIFE, MELIFE-EAST  
 \*4 SINANEN HOLDINGS Group

### Environment

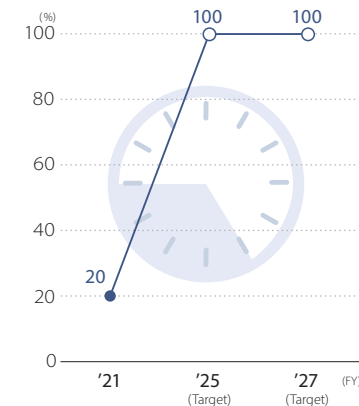
#### GHG Emissions (Scopes 1 and 2)\*1



After calculating overall Scope 1-3 emissions, the SINANEN HOLDINGS Group set GHG emission reduction targets with a focus on Scopes 1 and 2, where there is significant opportunity for reduction via its own efforts. We aim to reduce emissions 50% from fiscal 2016 by fiscal 2030 and to achieve carbon neutrality (net zero emissions) by fiscal 2050. In order to achieve business growth at the same time as reducing GHG emissions, the Group will further accelerate measures for reducing environmental impact and help to build a carbon-free world.

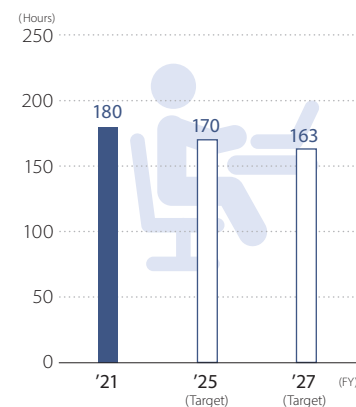
### Diverse Work Styles

#### Flextime Introduction Rate\*2

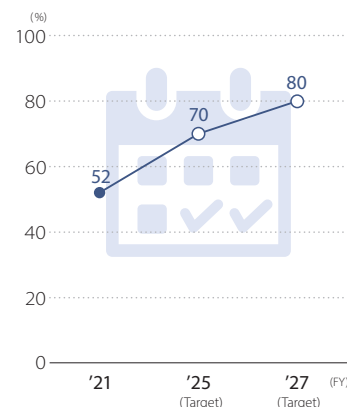


### Work-Life Balance

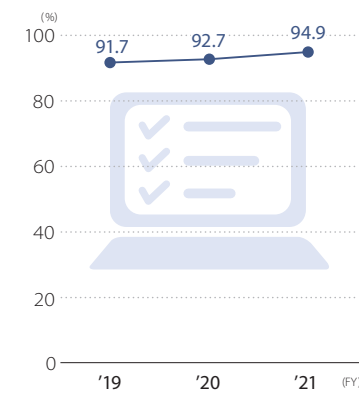
#### Total Working Hours per Employee (Monthly)\*3



#### Percentage of Granted Annual Paid Leave Taken by Employees\*3

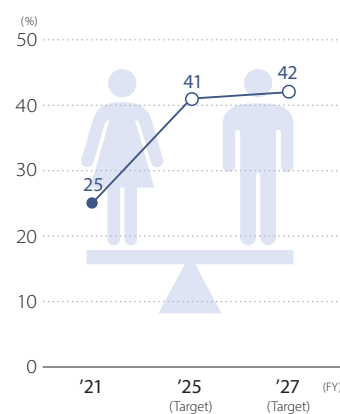


#### Stress Check Participation Rate\*4

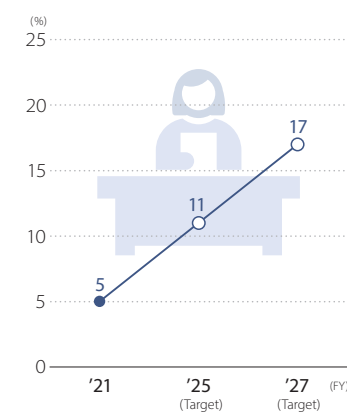


### Diversity

#### Percentage of Women in New Hires\*3

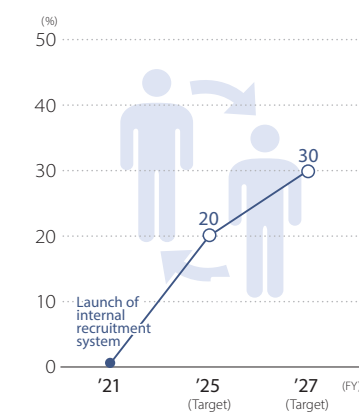


#### Percentage of Management Positions Held by Women\*3



### Career Development

#### Transfers Accommodating Employee Requests\*3



## Corporate Profile (as of March 31, 2022)

### Corporate Overview

Trade Name	SINANEN HOLDINGS CO., LTD.
Head Office	5-27, Mita 3-chome, Minato-ku, Tokyo
Established	April 11, 1927
Operations Commenced	April 25, 1934
Representative	Masaki Yamazaki
Capital	¥15.63 billion
Fiscal Year End	March 31
Number of Employees (Consolidated)	3,188 (1,519 temporary employees included)
Transfer Agent, Share Registrar, and Account Management Institution for Special Accounts	Mizuho Trust & Banking Co., Ltd.

### Stock Information

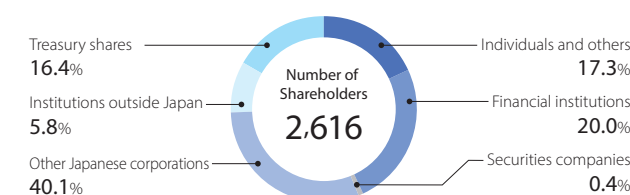
Number of Shares Authorized	Total Number of Issued Shares	Number of Shareholders
47,520,600	13,046,591	2,616

### Ratings

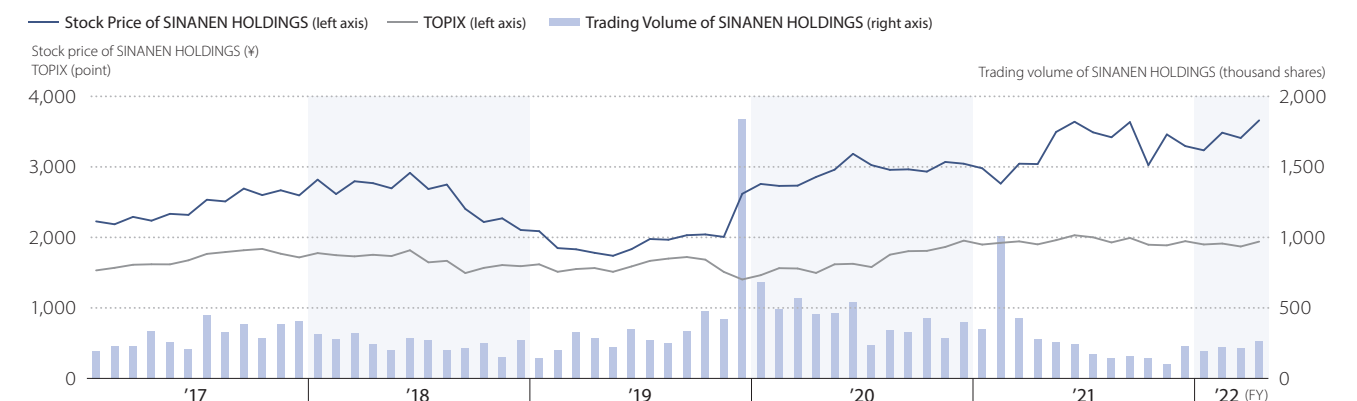
SINANEN HOLDINGS has been evaluated for creditworthiness and assigned a credit rating by Japan Credit Rating Agency, Ltd.

Long-Term Issuer Rating	Outlook
A -	Stable

### Shareholder Composition



### Stock Price and Trading Volume



### Investor Relations Site

SINANEN HOLDINGS focuses on the disclosure of information via its Investor Relations site to provide stakeholders with the most up-to-date information on the Group in a timely and fair manner.



### Major Shareholders\*1

Shareholder	Shares Owned*2 (thousands)	Ownership Ratio*3 (%)
UHPartners2 Co., Ltd.	1,067	9.79
The Master Trust Bank of Japan, Ltd. (trust account)	912	8.36
Hikari Tsushin K.K.	811	7.44
Cosmo Oil Marketing Co., Ltd.	789	7.23
Meiji Yasuda Life Insurance Company	672	6.16
UHPartners3 Co., Ltd.	509	4.67
Idemitsu Kosan Co., Ltd.	473	4.34
Sinanen Group Business Partner Shareholding Association	441	4.04
Rinnai Corporation	374	3.43
Sumitomo Mitsui Banking Corporation	260	2.39

- \*1 SINANEN HOLDINGS holds 2,139,955 shares of treasury stock but is excluded from the list of major shareholders above.  
 \*2 Number of shares rounded down to the nearest thousand.  
 \*3 Ownership ratios are calculated excluding the 2,139,955 shares of treasury stock.