

February 6, 2023

Taiyo Nippon Sanso Corporation
Astomos Energy Corporation

Notice Regarding Start of Consideration of Management Integration of LP Gas Businesses

Taiyo Nippon Sanso Corporation (“TNSC”, President Kenji Nagata), a member of the Nippon Sanso Holdings Group, and Astomos Energy Corporation (“Astomos”, President Mitsuru Yamanaka) hereby announce that the two companies today concluded a Memorandum of Understanding on joint consideration of management integration of their LP gas businesses for consumer use (“the Integration”), along with decarbonization, cultivation of demand for industrial use, and wholesaling concerning LP gas.

In the spirit of a partnership of equals, the two companies will push ahead with detailed discussion on and consideration of the Integration.

1. Purpose and Overview of Consideration of Integration

- (1) TNSC and Astomos have agreed to conduct discussions in good faith toward concluding a final agreement concerning an absorption-type merger of their respective 100%-owned subsidiaries Taiyo Nissan Energy Corporation and Astomos Retailing Corporation (The surviving company after the merger will hereafter be referred to as the “Integrated Company.”) This agreement is part of TNSC and Astomos’ efforts to broaden their management foundation by consolidating the TNSC Group’s LP gas business for consumer use, which it has been developing, into that of the Astomos Group.
- (2) Additionally, in view of the partnership that will be formed after the Integration, TNSC and Astomos have agreed to start considering the following matters, in order to maximize their respective management resources and contribute to the development of the LP gas industry:
 - 1) Further development of the LP gas business for consumer use
 - 2) Cultivation of demand in the LP gas business for industrial use
 - 3) Creation of an alliance between both companies on LP gas sales for industrial use and wholesaling, along with LP gas decarbonization measures

2. Background to the Start of Consideration of the Integration

In Japan’s national energy policy, LP gas has been given a high rating for its resilience. Its resilience is due to the fact that it is a distributed power source that is easily accessible both in normal times and natural disaster situations. As a result, LP gas is positioned as a crucial energy source that will remain indispensable in the future. Meanwhile, LP gas also faces challenges. It has been experiencing a structural decline in demand and increased responsibilities regarding its ability to contribute to a carbon-neutral society. To solve these issues, both companies have come to share the belief that they can expect to expand and improve their solutions through more efficient and resilient supply chains, as well as technological innovation in areas such as decarbonization and digital technologies. This can be accomplished by consolidating both groups’ LP gas-related management resources and mutually utilizing those resources, instead of working independently as separate groups.

