

[Translation for Reference and Convenience Purposes Only]

Note. This document has been translated to English from the Japanese original for reference and convenience purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail. Pictures, graphs, charts and some reference matters in the Japanese original have been omitted from this translated document.

Nippon Sanso Holdings Corporation

(Securities Code: 4091)

[Notice of Convocation of the 19th Ordinary General Meeting of Shareholders]

Date and time: Tuesday, June 20, 2023, 10:00 a.m. (Registration desk open from 9:00 a.m.)

Venue: Grand Prince Hotel Takanawa, in Prince Room on basement floor B1
3-13-1 Takanawa, Minato-ku, Tokyo

Agenda:

- | | |
|-------------|---|
| Proposal 1: | Appropriation of surplus |
| Proposal 2: | Election of nine directors |
| Proposal 3: | Election of one audit & supervisory board member |

*To keep the shareholders who cannot attend the Meeting in person informed, video recording of part of the Meeting will be made available on our corporate website (<https://www.nipponsanso-hd.co.jp/ir/stock/meeting.html>) afterward (**Japanese language version only**). We are planning to post the video in late June, so interested shareholders are welcome to access the site.

A camera will be set up at the venue on the day of the meeting for the above-stated video recording. To respect the privacy of shareholders in attendance, the recording will be basically limited to the images around the chairperson's and officers' seats. However, if an image of an attending shareholder is captured for unavoidable reasons due to the venue, etc., the image will be processed to ensure that the individual cannot be identified. Q&A session part will be cut off from the video. Thank you for your understanding.

“Smart Convocation”: you may browse extracted key contents of the Convocation Notice for Shareholders' Meetings by PC and/or smartphone.
<https://p.sokai.jp/4091/> [in Japanese only].

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May 30, 2023

To Our Shareholders

1-3-26, Koyama, Shinagawa-ku, Tokyo, Japan
Nippon Sanso Holdings Corporation
Toshihiko Hamada, President, Representative Director and CEO

Notice of Convocation of the 19th Ordinary General Meeting of Shareholders

Nippon Sanso Holdings Corporation (“we” or “Company”) will hold its 19th Ordinary General Meeting of Shareholders (“Meeting”) as detailed below.

In convening the Meeting, the Company is providing the information contained in the reference documentation, etc. for the general meeting of shareholders electronically (Electronically Provided Information) which is posted as the Notice of Convocation of the 19th Ordinary General Meeting of Shareholders on the following websites. Please access one of the websites to review the material.

Corporate Website

Corporate website: <https://www.nipponsanso-hd.co.jp/>

Website for reference documentation for the general meeting of shareholders

<https://d.sokai.jp/4091/teiji/> [in Japanese only].

Tokyo Stock Exchange website (Tokyo Stock Exchange Listed Company Search Service)

<https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do?Show=Show>

(Access the above Tokyo Stock Exchange website and enter “Nippon Sanso Holdings” in the “Issue name (company name)” field, or enter our securities Code “4091” in the “Code” field, to search for the Company, and select “Basic Information” tab, then the “Documents for public inspection/PR information” tab, and access the “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” under the “Filed information available for public inspection” to review the material.)

If you are unable to attend the Meeting, you may exercise your voting rights using any of the methods described below. Please review the enclosed documentation and exercise your voting rights **no later than 5:40 p.m. on Monday, June 19, 2023.**

By Postal Mail

Indicate your approval or disapproval of each of the proposals on the enclosed ballot form and return it by mail to arrive by the date given above.

Via the Internet, Etc.

Please review the “Instructions for Voting via the Internet, Etc.” on Page 11, then access our designated shareholder voting website (<https://soukai.mizuho-tb.co.jp> [in Japanese only]) and vote on the tendered proposals by the deadline given above.

Meeting of Shareholders

1. **Date and time:** Tuesday, June 20, 2023, 10:00 a.m.
(Registration desk open from 9:00 a.m.)
2. **Venue** Grand Prince Hotel Takanawa, in Prince Room on basement floor B1
3-13-1 Takanawa, Minato-ku, Tokyo

3. **Agenda**

Matters to Be Reported

1. Business report, consolidated financial statements, and the findings of audits of the consolidated financial statements carried out by the accounting auditor and the Audit & Supervisory Board for the FYE2023 March (April 1, 2022 to March 31, 2023)
2. Report on the non-consolidated financial statements for the FYE March 2023 (April 1, 2022, to March 31, 2023)

Matters to Be Resolved

Proposal 1: Appropriation of surplus

Proposal 2: Election of nine directors

Proposal 3: Election of one audit & supervisory board member

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- If you plan to exercise your voting rights by proxy, you may authorize another shareholder with voting rights to attend the Meeting on your behalf. Your proxy will need to present written proof of his or her power to act as your proxy.
 - If you plan to attend the Meeting, please bring the enclosed ballot form with you and present it at the registration desk.
 - If electronically provided information is revised, the fact that it has been revised and the information before and after the revision will be posted on each of the above-stated websites.

Electronically Provided Information

In accordance with the amendment of the Companies Act, electronically provided information is to be reviewed by accessing the above websites in principle, and paper copies will be provided only to shareholders who request paper copies by the record date. However, we will send paper copies stating the electronically provided information to all shareholders regardless of a request for this Meeting. We will separately notify the shareholders regarding the reference documentation for the next general meeting of shareholders onwards, as soon as the sending format, etc., is determined.

Among the electronically provided information, the following are to be omitted from the documents to be delivered to shareholders who requested paper copies in accordance with the provisions of applicable Japanese law and Article 17 of our Articles of Incorporation. Therefore, they are not included in this Notice of Convocation:

1. “System to Ensure the Appropriateness of Business Operations and Implementation Status of Such Systems” and “Basic Policy on the Control over the Company” in the business report
2. “Consolidated statement of changes in equity” and “Notes to consolidated financial statements” in consolidated financial statements
3. “Statement of changes in equity” and “Notes to non-consolidated financial statements” in non-consolidated financial statements

The matters stated in the aforesaid section (1) are included in the business report audited by the Audit & Supervisory Board members for preparation of the audit report. Also, the matters stated in the aforesaid section (2) and (3) are included in the consolidated and non-consolidated financial statements audited by the accounting auditor and the Audit & Supervisory Board members for preparation of the accounting audit report and the audit report.

If you have any questions about the Electric Provision and request of paper copies, you may contact the following number of our Shareholder Directory Administrator, Mizuho Trust & Banking Co., Ltd., or , if any, securities company you have an account.

Number dedicated to the Electric Provision: 0120-524-324 (toll-free, 9:00 a.m. to 5:00 p.m. except Saturday, Sunday and National Holiday) [in Japanese only]

FAQ for the Electric Provision: [in Japanese only]

https://contact.www.mizuho-tb.co.jp/category/show/72?site_domain=daikou

Instructions for Voting

You may exercise your voting rights using any of the following three methods.

- **Attendance at the Meeting**^{*1}

Present the enclosed ballot form at the registration desk when you arrive for the Meeting. (You do not need to affix your seal or signature.)

Date and time: Tuesday, June 20, 2023, 10:00 a.m. (Registration desk open from 9:00 a.m.)

- **By postal mail**^{*2}

Indicate your approval or disapproval of each of the proposals on the enclosed ballot form and return it by postal mail (No mailing stamp required within Japan).

Deadline: The ballot must be received no later than 5:40 p.m. on Monday, June 19, 2023.

- **Via the Internet, Etc.**

Access our designated shareholder voting website (<https://soukai.mizuho-tb.co.jp/> [in Japanese only]) and follow the on-screen instructions to enter your vote.

Deadline: 5:40 p.m. on Monday, June 19, 2023.



More information on next page

*1 If you plan to attend the Meeting in person, there is no need to submit a ballot by postal mail or via the Internet, etc.

*2 If the approval or disapproval of each of the proposals is not indicated on the returned ballot form, company proposals will be deemed to be approved, and shareholder proposals will be deemed to be disapproved.

Note for Institutional Investors

You may also exercise your voting rights by making use of the Electronic Voting Platform (run by Investor Communications Japan).

Instructions for Voting via the Internet, etc.

<Method 1: Scanning QR code®>

“Smart Vote”

You can simply login to the website for exercising voting rights without entering your voting code and password.

1 Please scan the QR code® located on the bottom right of the voting form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2 Indicate your approval or disapproval by following the instructions on the screen.

Note that your voting rights can be exercised **only once** by using the “Smart Vote” method.

If you need to make a correction to the content of your vote after you have exercised your voting rights, please access the website for personal computer and login by entering your “voting code” and “password” printed on the voting form, and exercise your voting rights again.

* You can access the website for personal computer by scanning the QR code® again.

<Method 2: Entering voting code and password>

Shareholder voting website

1 Please access the shareholder voting website. <https://soukai.mizuho-tb.co.jp/> [in Japanese only].

Click “Next.”

2 Enter your “voting code” printed on the ballot form.

Enter the “voting code.”

Click “Next.”

3 Enter your password printed on the ballot form.

Enter the “initial password.”

Set the new password you are going to use.

Click “Register.”

4 Indicate your approval or disapproval by following the instructions on the screen.

Matters to Be Noted:

- (1) The deadline for voting is 5:40 p.m. on Monday, June 19, 2023. You will need to complete the voting process by that time. We encourage you to vote early.
- (2) In the event votes submitted via the Internet (including via “Smart Vote”) are duplicated by the submission of a written ballot, the votes submitted via the Internet will prevail. If votes are submitted multiple times via the Internet, the final vote will prevail.
- (3) Passwords (including new passwords selected by shareholders after initial login) will be valid for this Meeting only. New passwords will be issued for the next General Meeting of Shareholders.
- (4) Shareholders will bear any costs incurred for voting via the Internet.

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

Securities Agent Dept. of Mizuho Trust & Banking Co., Ltd. Internet Help Dial 0120-768-524

(9:00 a.m. to 9:00 p.m. (excluding the year-end and New Year holidays season) (JST))

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Memo

Reference Documentation

For the General Meeting of Shareholders

Proposal 1: Appropriation of surplus

The Company proposes that the surplus be appropriated as follows.

1. Year-end dividend

Our proposed year-end dividend for this term is detailed below. This reflects our interest in using our internal reserves to improve and reinforce the Company's management foundation, as well as our core policy of returning profits to our shareholders on a stable and sustained basis, in keeping with our dividend policy, which takes into account linkages with consolidated results.

(1) Type of dividend

Cash

(2) Allocation and total amount of dividend

20 yen per common share in the Company

Total dividend: 8,658,149,500 yen

(3) Effective date of distribution of dividend from surplus

June 21, 2023

Including the interim dividend of 18 yen per share that was paid in December last year, the total annual dividend will be 38 yen per share.

2. Other matters concerning the appropriation of surplus

None

Proposal 2: Election of nine directors

The terms of office of nine directors (Toshihiko Hamada, Kenji Nagata, Thomas Scott Kallman, Eduardo Gil Elejoste, Akio Yamada, Mitsuhiro Katsumaru, Miri Hara, Katsumi Nagasawa, and Masako Miyatake) will expire at the conclusion of this Meeting. Accordingly, the Company proposes the election of nine directors (including five outside directors).

The candidates for directors are listed below.

No.	Name	Current position and responsibilities	New appointment /Reappointment
1.	Toshihiko Hamada	Chairman of the Board of Directors President, and representative director, and CEO Member of Advisory Committee on Appointments and Remuneration	Reappointment
2.	Kenji Nagata	Director	Reappointment
3.	Thomas Scott Kallman	Director	Reappointment
4.	Eduardo Gil Elejoste	Director	Reappointment
5.	Miri Hara	Director Member of Advisory Committee on Appointments and Remuneration	Reappointment outside director independent
6.	Katsumi Nagasawa	Director Member of Advisory Committee on Appointments and Remuneration	Reappointment outside director independent
7.	Masako Miyatake	Director Member of Advisory Committee on Appointments and Remuneration	Reappointment outside director independent
8.	Hideo Nakajima	—	New appointment outside director independent
9.	Katsuhito Yamaji	—	New appointment outside director independent

Notes

The candidates for directors were selected by the Board of Directors following recommendations by the Advisory Committee on Appointments and Remuneration*¹, which consists of the Representative Director and President CEO and outside directors.

The Company has established Standards for the Independence of Outside Directors and the Audit & Supervisory Board members*², detailed on Page 27. These standards have been met by the five candidates nominated for outside director positions in this Proposal.

*1 See “Reference: Advisory Committee on Appointments and Remuneration” on page 27 below for the outline of the Advisory Committee on Appointments and Remuneration.

*2 See “Reference: Standards for the Independence of Outside Directors and Audit & Supervisory Board members” on page 27 below.

<Skills Matrix of Candidates for Directors>

The Company believes that members of the Board of Directors shall be composed of diverse individuals with the knowledge and experience required for corporate management in order for the Board of Directors to function more effectively. Accordingly, the fields of particular importance to the Group management are defined as Corporate Management, Financial Affairs & Accounting, Legal Affairs & Risk Management, Sales & Marketing, Development & Technology, and Production & Procurement. The Company will strive to further enhance the effectiveness of the Board of Directors, assigning personnel with such knowledge and experience in the right places at the right time.

No.	Name	Skills Matrix: areas of expertise and experience of candidates for Directors of the Board								
		Corporate Management	Financial Affairs & Accounting	Legal Affairs & Risk Management	Sales & Marketing	Development & Technology	Production & Procurement	Overseas Assignment	Business Experience at Other Companies	Independence
1.	Toshihiko Hamada	•			•	•		•		
2.	Kenji Nagata	•			•			•		
3.	Thomas Scott Kallman	•			•			•	•	
4.	Eduardo Gil Elejoste	•			•			•	•	
5.	Miri Hara		•						•	•
6.	Katsumi Nagasawa	•				•	•	•	•	•
7.	Masako Miyatake			•				•	•	•
8.	Hideo Nakajima		•	•				•	•	•
9.	Katsuhito Yamaji	•				•	•	•	•	•

* Detailed Definition of Skills

Corporate Management: Career background as president (CEO), corporate executive officer or executive officer of a publicly listed company; or president (CEO) of a local subsidiary of a global company

Business Experience at Other Companies: work experience at companies other than the Group companies or the parent group companies

No.

1



Reappointment

Number of Company shares owned:
6,600

Years of service as a director:
3

Record of attendance at the Board of Directors meetings:
11 appearances at 11 meetings

Toshihiko Hamada (Date of birth: September 28, 1956)

Career summary, position and responsibilities in the Company

April 1981 Joined the Company
July 2002 Executive Vice President responsible for Specialty Gas Technology, Matheson Tri-Gas, Inc.
October 2005 Deputy general manager of Semiconductor Gas Section of Electronics Division
April 2006 General manager of Semiconductor Gas Section of Electronics Division
January 2010 Subordinate directly to General manager of Electronics Division and general manager of Business Strategy Promotion Section
June 2014 Managing director, NISSAN TANAKA CORPORATION
June 2016 Senior Managing director, NISSAN TANAKA CORPORATION
June 2017 President and representative director, NISSAN TANAKA CORPORATION
June 2020 Executive vice president (aid to the president), Director of the Company
June 2021 President, Representative Director, and CEO, the Company (current)

Significant concurrent positions

None

Reasons for nomination as candidate for director position

After experiencing a wide range of sales activities for semiconductor gas in Japan and overseas, and serving as the general manager of the Semiconductor Gas Section, Toshihiko Hamada assumed the position of president and representative director of NISSAN TANAKA CORPORATION from June 2017 to June 2020. Having engaged in groupwide management as an assistant to the president after assuming the posts of executive vice president and director in the Company in June 2020, he has served as the President, Representative Director and CEO of the Company since June 2021.

In view of his extensive background, we have nominated Mr. Hamada for a position as director in the expectation that his experience and insight will contribute significantly to enhancing Group management.

Special interests

Toshihiko Hamada has no special interests in the Company.

No.

2

Kenji Nagata

(Date of birth: February 28, 1959)



Reappointment

Number of Company shares owned:
12,100

Years of service as a director:
5

Record of attendance at the Board of Directors meetings:
11 appearances at 11 meetings

Career summary, position and responsibilities in the Company

April 1981	Joined the Company
June 2009	President, National Oxygen Pte. Ltd. (now Leeden National Oxygen Ltd.)
June 2013	Executive officer, general manager of North Kanto Branch
April 2016	Executive officer, deputy general manager of Industrial Gases Division, general manager of Gases Business Unit, general manager of Product Management Unit
June 2016	Senior executive officer, deputy general manager of Industrial Gases Division, general manager of Gases Business Unit, general manager of Product Management Unit
April 2017	Senior executive officer, general manager of Industrial Gases Division
June 2018	Senior managing executive officer, director, general manager of Industrial Gases Division
October 2020	Director, the Company (current), Representative Director, President, TAIYO NIPPON SANSO CORPORATION (current)

Significant concurrent positions

Representative Director, President, TAIYO NIPPON SANSO CORPORATION

Reasons for nomination as candidate for director position

Kenji Nagata has wide-ranging experience in the areas of industrial gas logistics, sales, and planning. Following his tenure as president of one of our overseas subsidiaries and as general manager of our Kita-Kanto Regional Branch, he was appointed to serve as general manager of our Industrial Gases Division from April 2017 to September 2020. After the Company moved to a holding company structure in October 2020, he assumed Representative Director, President, TAIYO NIPPON SANSO CORPORATION which is our group company engaging in the industrial gases business in Japan. In view of his extensive background, we have nominated Mr. Nagata for a position as director in the expectation that his experience and insight will contribute significantly to Group management.

Special interests

Kenji Nagata has no special interests in the Company.

No.

3



Reappointment

Number of Company shares owned:
0

Years of service as a director:
4

Record of attendance at the Board of Directors meetings:
11 appearances at 11 meetings

Thomas Scott Kallman (Date of birth: October 17, 1954)

Career summary, position and responsibilities in the Company

July 1981	Joined BOC Group, plc.
January 2000	Vice-President, General Manager responsible for Eastern Region, BOC Group, plc.
January 2005	Executive Vice President responsible for Industrial Gas Group, Matheson Tri-Gas, Inc.
January 2008	Senior Executive Vice President and COO, Matheson Tri-Gas, Inc.
June 2009	President and COO, Matheson Tri-Gas, Inc.
January 2013	President and CEO, Matheson Tri-Gas, Inc.
June 2017	Chairman, President, and CEO, Matheson Tri-Gas, Inc.
April 2019	Chairman and CEO, Matheson Tri-Gas, Inc. (current)
June 2019	Director of the Company (current)

Significant concurrent positions

Chairman and CEO, Matheson Tri-Gas, Inc.

Reasons for nomination as candidate for director position

Thomas Scott Kallman has worked for many years in the industrial gas industry in the United States, and since 2013 has worked as CEO of Matheson Tri-Gas, Inc., a Company subsidiary engaged in the industrial gas business in the United States. In view of his extensive background, we have nominated Mr. Kallman for a position as director in the expectation that his experience and insight will contribute significantly to Group management.

Special interests

Thomas Scott Kallman has no special interests in the Company.

No.

4



Reappointment

Number of Company shares owned:
0

Years of service as a director:
4

Record of attendance at the Board of Directors meetings:
11 appearances at 11 meetings

Eduardo Gil Elejoste

(Date of birth: May 1, 1956)

Career summary, position and responsibilities in the Company

April 1981	Joined Argon S.A.
January 1992	Director Marketing responsible for Spain and Portugal, Argon S.A.
September 1996	Director Business Development responsible for Europe, Praxair España S.L.
January 2000	Director Marketing responsible for Europe, Praxair Euroholding S.L.
October 2004	CEO, Germany, Praxair Euroholding S.L.
January 2006	CEO, Germany and Benelux, Praxair Euroholding S.L.
April 2008	CEO, Praxair España S.L. CEO, Praxair Portugal S.A.
December 2016	President, Praxair Euroholding S.L.
December 2018	Chairman and President, TNSC Euro-Holding, S.L.U. (now Nippon Gases Euro-Holding S.L.U.) (current)
June 2019	Director of the Company (current)

Significant concurrent positions

Chairman and President, Nippon Gases Euro-Holding S.L.U.

Reasons for nomination as candidate for director position

Eduardo Gil Elejoste has worked for many years in the industrial gas business in Europe, and was responsible for the European business of Praxair, Inc., now acquired by the Company. He continues to take charge of the Group's European business.

In view of his extensive background, we have nominated Mr. Elejoste for a position as director in the expectation that his experience and insight will contribute significantly to Group management.

Special interests

Eduardo Gil Elejoste has no special interests in the Company.

※TNSC Euro-Holding S.L.U. changed its trading name to Nippon Gases Euro-Holding S.L.U. on December 17, 2018.

No.

5

Miri Hara

(Date of birth: December 20, 1961)



Reappointment

outside director

independent

Number of Company shares owned:
0

Years of service as an outside director:
2

Record of attendance at the Board of Directors meetings:
11 appearances at 11 meetings

Career summary, position and responsibilities in the Company

June 1988	Director, Hara Jisho Co., Ltd. (current)
October 2017	Founded Tax Corporation Yokohama Benten Accounting, Inc., and assumed Representative Certified Public Tax Accountant (current)
June 2020	Outside director, SECOM CO., LTD. (current)
June 2021	Outside director, the Company (current)

Significant concurrent positions

Representative Certified Public Tax Accountant, Tax Corporation Yokohama Benten Accounting, Inc.
Outside director, SECOM CO., LTD.

Reasons for nomination as candidate for outside director position

Miri Hara has served as a director of real estate management company over many years, and also has wide-ranging experience of serving as Representative Certified Public Tax Accountant of Tax Corporation, and an outside director at a publicly listed company. We have nominated Ms. Hara as a candidate for outside director in the expectation that she will effectively apply her wide experience and professional expertise of corporate accounting as a Certified Public Tax Accountant to the management of our Group, also from the viewpoint of promoting diversity and women's empowerment.

Special interests

Miri Hara has no special interests in the Company.

Reporting of independent director status

Miri Hara is a candidate for the position of outside director. Also, she satisfies the requirements for independent directors as set forth by the Securities Listing Regulations of the Tokyo Stock Exchange, and we have notified the Tokyo Stock Exchange of her selection as an independent director. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of her continued selection as an independent director.

Overview of liability limitation agreement

With regard to liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, the Company and Miri Hara have entered into a liability limitation agreement that limits said liability to the amount stipulated by law in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. This agreement with Ms. Hara will be extended if she is reelected as a director.

No.

6



Reappointment

outside director

independent

Number of Company shares owned:
300

Years of service as an outside director:
1

Record of attendance at the Board of Directors meetings:
9 appearances at 9 meetings

Katsumi Nagasawa

(Date of birth: October 18, 1956)

Career summary, position and responsibilities in the Company

April 1980	Joined Hitachi, Ltd.
April 2006	General Manager of Nuclear Power Business Development & Management Division, Nuclear Systems Division, Power Systems Group, Hitachi, Ltd.
October 2008	Vice President of Hitachi Power Systems America, Ltd. (now Mitsubishi Power Americas, Inc.*)
October 2010	General Manager of Global Business Division, Power Systems Company, Hitachi, Ltd.
January 2011	General Manager of Global Business Division, Power Systems Company, Hitachi, Ltd., and CSO of Hitachi-GE Nuclear Energy, Ltd.
April 2012	Corporate Officer for Hitachi, Ltd.; General Manager of Hitachi Works, Power Systems Company, Power Systems Group, Hitachi, Ltd.
April 2014	Vice President and Executive Officer, President & CEO of Power Systems Company, Power Systems Group, Hitachi, Ltd.
April 2016	Vice President and Executive Officer, CEO of Nuclear Business Unit, Hitachi, Ltd.
April 2017	Senior Corporate Officer for Hitachi, Ltd., General Manager of Global Nuclear Business Division, Nuclear Business Unit, Hitachi, Ltd.
April 2019	Chairman of the Board, Hitachi-GE Nuclear Energy, Ltd.
June 2020	Outside director, Sugino Machine Limited (current)
June 2022	Outside director, the Company (current)

Significant concurrent positions

Outside director, Sugino Machine Limited

Reasons for nomination as candidate for outside director position

Katsumi Nagasawa had been engaged in the nuclear power business for many years at a general electrical appliance manufacturer, and subsequently served as a corporate executive officer of the company and as the chairman of the board of directors of its group company, among other important positions. We have nominated Mr. Nagasawa as a candidate for outside director in the expectation that he will effectively apply his wide experience and professional expertise in the field of technology, and a wealth of experience in corporate management in the manufacturing industry to the management of our Group.

Special interests

Katsumi Nagasawa has no special interests in the Company.

Reporting of independent director status

Katsumi Nagasawa is a candidate for the position of outside director. Also, he satisfies the requirements for independent directors as set forth by the Securities Listing Regulations of the Tokyo Stock Exchange, and we have notified the Tokyo Stock Exchange of his selection as an independent director. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of his continued selection as an independent director.

Overview of liability limitation agreement

With regard to liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, the Company and Katsumi Nagasawa have entered into a liability limitation agreement that limits said liability to the amount stipulated by law in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. This agreement with Mr. Nagasawa will be extended if he is reelected as a director.

※The nuclear power-related business of the former Hitachi Power Systems America, Ltd. was transferred to Hitachi America, Ltd.

No.

7



Reappointment

outside director

independent

Number of Company shares owned:
0

Years of service as an outside director:
1

Record of attendance at the Board of Directors meetings:
9 appearances at 9 meetings

Masako Miyatake

(Date of birth: August 19, 1958)

Career summary, position and responsibilities in the Company

April 1983	Joined The Chase Manhattan Bank N.A (now JPMorgan Chase Bank, N.A.)
October 2002	Registered as an attorney (Deregistered in 2011 to study abroad and reregistered in 2014)
October 2002	Joined Koga & Partners
June 2004	Joined Asahi & Koma Law Offices (now Nishimura & Asahi)
November 2014	Joined Nakano Law Office
November 2014	Reconciliator, Dispute Reconciliation Center for Nuclear Damage Compensation regarding Fukushima Nuclear Plant, Ministry of Education, Culture, Sports, Science and Technology (current)
April 2015	Conciliation Commissioner, Tokyo Family Court (current)
April 2018	Joined Blakemore & Mitsuki (current)
December 2018	Deputy Secretary-General, Japan International Dispute Resolution Center (current)
March 2019	Outside director, SUMIDA CORPORATION (current)
April 2019	Visiting Professor, Keio University Law School
April 2021	Professor, Keio University Law School (current)
June 2022	Outside director, the Company (current)

Significant concurrent positions

Professor, Keio University Law School
 Special Counsel, Blakemore & Mitsuki
 Deputy Secretary-General, Japan International Dispute Resolution Center
 Outside director, SUMIDA CORPORATION

Reasons for nomination as candidate for outside director position

Having accumulated a wealth of experience as an international lawyer over many years, Masako Miyatake has been practicing law in the fields of international transactions, finance, corporate governance, and litigation, arbitration and conciliation. Furthermore, she serves as an outside director at another publicly listed company. We have nominated her as a candidate for outside director in the expectation that she will effectively apply her wide experience and professional expertise as an attorney as well as her wide experience in international transactions and global point of view to the management of our Group. Aside from her duties as an outside director, Dr. Miyatake has not been directly involved in corporate management. However, we believe she is capable of effectively fulfilling the role of an outside director at our Company, for the reasons given above.

Special interests

Masako Miyatake has no special interests in the Company.

Reporting of independent director status

Masako Miyatake is a candidate for the position of outside director. Also, she satisfies the requirements for independent directors as set forth by the Securities Listing Regulations of the Tokyo Stock Exchange, and we have notified the Tokyo Stock Exchange of her selection as an independent director. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of her continued selection as an independent director.

Overview of liability limitation agreement

With regard to liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, the Company and Masako Miyatake have entered into a liability limitation agreement that limits said liability to the amount stipulated by law in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. This agreement with Ms. Miyatake will be extended if she is reelected as a director.

No.

8



New appointment

outside director

independent

Number of Company shares
owned:
0

Hideo Nakajima

(Date of birth: July 23, 1955)

Career summary, position and responsibilities in the Company

- April 1978 Joined the Ministry of Finance of Japan
- July 2002 Director General of Budgeting and Personnel Management, Asian Development Bank (in Manila, Philippines)
- July 2005 Commissioner, Japan Fair Trade Commission (in charge of international affairs)
- January 2014 Secretary General, Japan Fair Trade Commission
- September 2017 Special Advisor, White & Case LLP/White & Case Law Offices (Registered Association) (current)

Significant concurrent positions

Special Advisor, White & Case LLP/White & Case Law Offices (Registered Association)

Reasons for nomination as candidate for outside director position

Hideo Nakajima has occupied important posts at the Ministry of Finance and the Japan Fair Trade Commission. He is currently serving as a special advisor to a law firm that provides global services. We have nominated him as a candidate for outside director in the expectation that he will apply his wealth of experience and professional expertise to the management of our Group. Mr. Nakajima has not been directly involved in corporate management. However, we believe he is capable of effectively fulfilling the role of an outside director at our Company, for the reasons given above.

Special interests

Hideo Nakajima has no special interests in the Company.

Reporting of independent director status

Hideo Nakajima is a candidate for the position of outside director. Also, he satisfies the requirements for independent directors as set forth by the Securities Listing Regulations of the Tokyo Stock Exchange. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of his selection as an independent director.

Overview of liability limitation agreement

With regard to liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, if the election of Hideo Nakajima is approved, the Company and Hideo Nakajima intend to enter into a liability limitation agreement that limits said liability to the amount stipulated by law in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act.

No.

9



New appointment

outside director

independent

Number of Company shares owned:
0

Katsuhito Yamaji

(Date of birth: November 28, 1958)

Career summary, position and responsibilities in the Company

April 1982	Joined Yamaha Motor Co., Ltd.
April 2003	Director, Yamaha Motor da Amazonia Ltda.
July 2009	Senior General Manager, Manufacturing and Engineering Section, Technology Center, Yamaha Motor Co., Ltd.
March 2012	Executive Officer, Senior General Manager, EG Manufacturing Section, Manufacturing Center, Yamaha Motor Co., Ltd.
January 2014	Executive Officer, Chief General Manager, Manufacturing Center, Yamaha Motor Co., Ltd.
March 2015	Senior Executive Officer, Chief General Manager, Manufacturing Center, Yamaha Motor Co., Ltd.
January 2017	Senior Executive Officer, Chief General Manager, Manufacturing Center, concurrently in charge of Procurement Center, Yamaha Motor Co., Ltd.
March 2017	Senior Executive Officer and Director, Yamaha Motor Co., Ltd.
March 2019	Managing Executive Officer and Director, Yamaha Motor Co., Ltd.
March 2022	Advisor, Yamaha Motor Co., Ltd. (current)

Significant concurrent positions

Advisor, Yamaha Motor Co., Ltd.

Reasons for nomination as candidate for outside director position

Katsuhito Yamaji has worked for many years in the areas of technology development and production and procurement at a transport equipment manufacturer, and engaged in management after assuming the post of a director. We have nominated Mr. Yamaji as a candidate for outside director in the expectation that he will effectively apply his professional expertise in overall technology and wide experience including procurement, as well as experience in corporate management in the manufacturing industry, to the management of our Group.

Special interests

Katsuhito Yamaji has no special interests in the Company.

Reporting of independent director status

Katsuhito Yamaji is a candidate for the position of outside director. Also, he satisfies the requirements for independent directors as set forth by the Securities Listing Regulations of the Tokyo Stock Exchange. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of his selection as an independent director.

Overview of liability limitation agreement

With regard to liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, if the election of Katsuhito Yamaji is approved, the Company and Katsuhito Yamaji intend to enter into a liability limitation agreement that limits said liability to the amount stipulated by law in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act.

(Note) Matters common to all candidates for directors

The Company have entered into a directors and officers (D&O) liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. In the event that claims for damages including third party litigations, derivative lawsuits, and corporate litigations are made against the insured persons including directors of the Company due to the acts in the course of their duties as directors and officers of the Company, the said insurance agreement shall compensate for legal damages and litigation expenses to be borne by the insured. (However, the said insurance agreement shall not cover damages arising from any conduct committed while knowing that the conduct is in violation of laws and regulations.) If each candidate is reelected or elected, each candidate will be insured under the said insurance agreement. Also, the Company intends to renew the said insurance agreement at the time of next renewal.

Proposal 3: Election of one Audit & Supervisory Board member

Audit & Supervisory Board member Junzo Tai will resign at the conclusion of the Meeting. Accordingly, the Company proposes election of one Audit & Supervisory Board member. This Proposal has the consent of the Audit & Supervisory Board. The candidate for Audit & Supervisory Board member is as follows.

<Notes>

The candidate for Audit & Supervisory Board member was selected by the Board of Directors following recommendation by the Advisory Committee on Appointments and Remuneration*, which consists of the representative director and president CEO, and outside directors.

* See “Reference: Advisory Committee on Appointments and Remuneration” on page 27 below for the outline of the Advisory Committee on Appointments and Remuneration.



New appointment

Number of Company shares owned:
13,600

Satoshi Wataru

(Date of birth: October 8, 1961)

Career summary and positions in the Company

April 1985	Joined the Company
August 2008	General Manager of Finance Department, General Affairs Division
July 2014	Deputy General Manager of Human Resources Department
June 2015	Executive Officer, Deputy General Manager of Human Resources Department
June 2016	Executive Officer, General Manager of Human Resources Department
August 2016	Executive Officer, General Manager of Human Resources Department, CHO
April 2017	Executive Officer, General Manager of Human Resources Department, Officer of Corporate Planning Office, CHO
October 2020	Executive Officer, Officer of Group Human Resources and Corporate Secretariat Office, General Manager of Human Resources Department, CHO, Nippon Sanso Holdings Corporation; Member of the Board, Executive Officer, General Manager of Human Resources Department, Taiyo Nippon Sanso Corporation
April 2021	Executive Officer, Officer of Group Human Resources and Corporate Secretariat Office, General Manager of Human Resources Department, CHO, Nippon Sanso Holdings Corporation; Member of the Board, Senior Executive Officer, head of Corporate Unit, General Manager of Human Resources Department, Taiyo Nippon Sanso Corporation (current)
June 2021	Senior Executive Officer, Officer of Group Human Resources and Corporate Secretariat Office, General Manager of Human Resources Department, CHO of the Company (current)

Significant concurrent positions

Member of the Board, Senior Executive Officer, head of Corporate Unit, General Manager of Human Resources Department, Taiyo Nippon Sanso Corporation (scheduled to retire as of June 19th, 2023)

Reasons for nomination as candidate for Audit & Supervisory Board member

Satoshi Wataru has been engaged in wide range of business including finance, personnel, and corporate planning at the Company, and has a wealth of business experience and management knowledge in our Group.
In view of his extensive background, we have nominated Mr. Wataru for a position as an Audit & Supervisory Board member in the expectation that his experience and insight will contribute significantly to the audit system of our Group.

Special interests

Satoshi Wataru has no special interests in the Company

(Note) Matters concerning the candidate for Audit & Supervisory Board member

The Company have entered into a directors and officers (D&O) liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. In the event that claims for damages including third party litigations, derivative lawsuits, and corporate litigations are made against the insured persons including Audit & Supervisory Board members of the Company due to the acts in the course of their duties as directors and officers of the Company, the said insurance agreement shall compensate for legal damages and litigation expenses to be borne by the insured. (However, the said insurance agreement shall not cover damages arising from any conduct committed by the insured in violation of laws and regulations.) If the candidate is elected, the candidate will be insured under the said insurance agreement. Also, the Company intends to renew the said insurance agreement at the time of next renewal.

Reference: Advisory Committee on Appointments and Remuneration

The Company has established an Advisory Committee on Appointments and Remuneration as a discretionary advisory committee under the Board of Directors. The company president (CEO) and five independent outside directors are the members of this committee. The committee is chaired by an independent outside director.

The Board of Directors consults with and receives advice from the Advisory Committee on Appointments and Remuneration on the election of candidates for the position of director and Audit & Supervisory Board member, appointment and removal of the president (CEO), election and dismissal of executive officers, and revisions to the internal regulations governing the remuneration of the Board of Directors, thereby ensuring the transparency and objectivity of decision making.

Reference: Standards for the Independence of Outside Directors and Audit & Supervisory Board members

The Company considers a candidate for the position of Outside Director or Audit & Supervisory Board member to be independent provided the candidate does not fit any of the descriptions listed below as a result of a reasonable and feasible investigation by the Company.

1. A person who executes business for the Company and for a Company subsidiary (collectively the “Group”)*¹.
2. A person who executes business for the Company’s parent company or one of the Company’s sister companies.
3. A major shareholder of the Company (who directly or indirectly holds 10% or more of the total voting rights), or a person who executes business for such a shareholder.
4. A major business partner of the Group, or a person who executes business for such a partner:
A major supplier*³ of the Company or important subsidiary of the Company*², or a person who executes business for such a supplier
A major client*⁴ of the Company or important subsidiary of the Company, or a person who executes business for such a client
A major financial institution*⁵ from which the Group raised funds, or a person who executes business for such a financial institution.
5. A person who executes business for an auditing firm which is the Group’s accounting auditor.
6. A person who executes business for a company in which an individual with an executive role in the Group serves as an outside director or an outside audit & supervisory board member.
7. A consultant, accounting professional, legal professional or any other individual who receives on average 10 million yen or more in cash or other assets per year in the last three fiscal years from the Group in addition to director’s remuneration*⁶.
8. A person, or board member or other persons executing business for a judicial person, partnership or other organizations, who receives on average 10 million yen or more per year as donation in the last three fiscal years from the Group.
9. A spouse or relative within the second degree of kinship of a person who falls under any of the following (excluding non-important personnel):
A person as described in 1 through 8 above

However, those who are considered applicable shall fall under 1 or 2 above for the past ten years, and under 3 through 8 above for the past three years.

Supplementary provision: These Standards shall be effective for persons newly appointed from April 1, 2022 onwards.

*1 A person who executes business refers to a director, corporate executive officer, executive officer, managing member who executes operations, board member and those equivalent thereto and employees of a judicial person, partnership, or other organizations.

*2 Important subsidiaries of the Company refer to TAIYO NIPPON SANSO CORPORATION, Matheson Tri-Gas, Inc., Nippon Gases Euro-Holding S.L.U., and THERMOS K.K.

*3 A major supplier refers to a party who received payment of 2% or more of that supplier’s annual consolidated net sales in the most recent fiscal year from the Company or its important subsidiaries.

*4 A major client refers to a party to whom the Company or its important subsidiaries sold goods or services of 2% or more of its consolidated net sales in the most recent fiscal year.

*5 A major financial institution refers to a party whose outstanding loans to the Group exceed 2% of the Company’s consolidated total assets at the end of the most recent fiscal year.

*6 If the recipient is a judicial person, partnership, or other organization, this includes persons belonging to that organization.

(Attachment)

Business Report

From April 1, 2022
to March 31, 2023

1. Current Status of Corporate Group

(1) Business conditions in fiscal year under review

1) Overview of Business Results for the Fiscal Year Under Review
(General Overview)

In the current year under review (from April 1, 2022 to March 31, 2023), the NSHD Group has faced a challenging and unpredictable business environment as a result of geopolitical issues in Ukraine, trade tensions between the US and China, unprecedented global energy costs, global inflation, and JPY depreciation. These items resulted in shipment volume of air separation gases (oxygen, nitrogen, argon), our main product, decreasing from the previous fiscal year. However, due to solid price management such as pass through, and various productivity initiatives, the NSHD Group achieved the following results for the fiscal year under review. Revenue on a consolidated basis increased 24.0% year-on-year to ¥1,186,683 million, core operating income increased 19.9% to ¥123,124 million, operating income increased 18.1% to ¥119,524 million, and net income attributable to owners of the parent increased 14.0% to 73,080 million.

As for the impact of foreign exchange rates year-on-year, JPY depreciated against the USD from ¥113.04 to ¥136.00 (+¥22.96, or +20.3%), against the EUR from ¥131.11 to ¥141.62 (+¥10.51, or +8.0%), and against the AUD from ¥83.33 to ¥92.67 (+¥9.34, or +11.2%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥79.6 billion and ¥9.9 billion respectively.

Core operating income is calculated by excluding from operating income certain gains and losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

(Overview of business performance by reportable segment)

A breakdown of business performance by reportable segment is as follows.

Effective from the fiscal year under review, the names of the reportable segments, which were previously "Gas Business in Japan," " Gas Business in the United States," " Gas Business in Europe," " Gas Business in Asia & Oceania," and "Thermos Business," were changed to "Japan," " United States," "Europe," " Asia & Oceania," and "Thermos" in that order, without impacting segment information.

Segment income represents core operating income.

a. Japan

In the industrial gas-related business, revenue increased year-on-year mainly due to price revisions in response to cost and inflation increases, despite a decrease in shipment volume on core product air separation gases as well as on LP gas. In the electronics-related business, electronic material gases revenue increased strongly. In equipment and installation, both industrial gas-related and electronics-related revenue increased.

In addition, segment income was suppressed due to the time lag between manufacturing and distribution cost increases related to energy and general inflation, etc., and the time to recover the costs from customers.

As a result, in the Japan segment, revenue increased 13.0% year-on-year to ¥420,452 million and segment income increased 2.4% to ¥31,680 million.

b. United States

In the industrial gas-related business, shipment volume of air separation gases, a core product, were flat with prior year. However, revenue increased year-on-year mainly due to price revisions in conjunction with cost increases. Revenue from carbon dioxide gas was strong. In equipment and installation, industrial gas-related revenue increased significantly in hardgoods for welding and cutting related products, while electronics-related revenue turned slightly negative.

As a result, in the United States segment, revenue increased 34.8% year-on-year to ¥303,090 million and segment income increased 35.7% to ¥37,074 million. Revenue and segment income were favorably impacted by the weak JPY.

c. Europe

Revenue increased from air separation gases, a core product, although shipment volumes declined due to lower customer requirements. This is a result of price recovery efforts offsetting the significant surge in both energy and inflation. In addition, productivity initiatives and cost reduction efforts contributed to the performance of the business.

As a result, in the Europe segment, revenue increased 30.1% year-on-year to ¥272,888 million, and segment income increased 32.7% to ¥34,904 million. Revenue and segment income were favorably impacted by the weak JPY.

d. Asia & Oceania

In the industrial gas-related business, shipment volume in air separation gas, a core product, remained firm, and sales revenue increased. In LP gas, of which a large portion of sales are in the Australia region, revenue increased due to price increases linked to higher purchase costs and firm trends in shipped volume. In electronic-related business, revenue increased from robust sales for both gases and equipment.

As a result, in the Asia & Oceania segment, revenue increased 29.5% year-on-year to ¥159,965 million and segment income increased 20.5% to ¥15,465 million. Revenue and segment income were favorably impacted by the weak JPY.

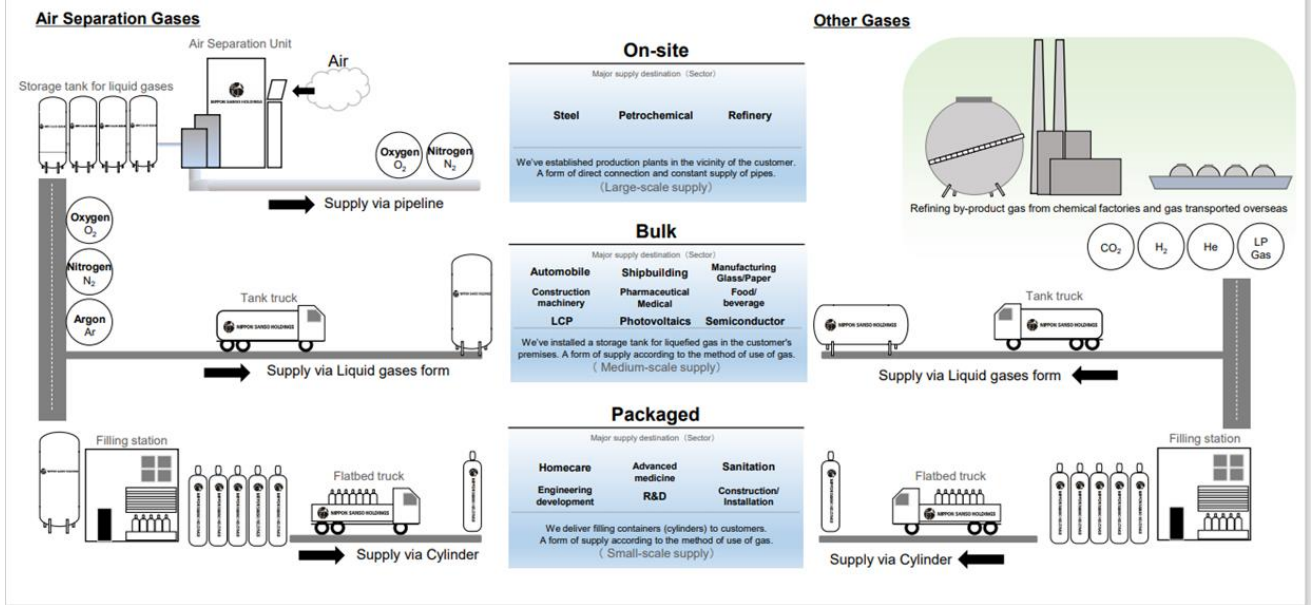
e. Thermos

In Japan, due to milder restrictions for outside activities from Spring 2022, both sales of portable mugs and sports bottles as well as sales for the kitchenware products such as frying pans were strong, contributing to considerable increase in revenue. Overseas, revenues are generally firm. Segment income decreased because of both rising raw material prices due to inflation and production costs increasing due to the weak JPY.

As a result, the Thermos segment revenue increased 12.4% year-on-year to ¥30,190 million, the segment income decreased 6.5% to ¥6,021 million.

(Note) The core operating income of ¥1,231.24 million yen for the fiscal year is the total amount of core operating income of each segment minus the adjustment amount of ¥2,021 million. The negative adjustment of segment income is comprised of (¥743) million of intersegment eliminations and companywide expenses of (¥1,278) million that were not allocated to any particular reportable segment. The companywide expenses are related principally to group management expenses that were not allocated to a particular reportable segment.

(Reference) Industrial gas supply systems



2) Plant & equipment investments

The Group makes capital investment primarily for the purpose of the acquisition of new facilities including gas production facilities, upgrade of existing facilities, rationalization, and research and development.

The total amount of the Group's plant and equipment investment in the fiscal year under review came to 110,077 million yen. The breakdown by each segment is as follows.

Segment	Capital Expenditure
Japan	26,883 mil. yen
United States	43,727 mil. yen
Europe	26,716 mil. yen
Asia & Oceania	11,407 mil. yen
Thermos	1,360 mil. yen

(Note) In addition to the above, companywide (common) capital investment amounted to 65 million yen. And -81 million yen intersegment eliminations was done.

3) Fund procurements

Item	Balance at beginning of period	Balance at end of period	Change
Borrowings	685,904 mil. yen	676,354 mil. yen	-9,550 mil. yen
Bonds and commercial papers	204,440 mil. yen	223,665 mil. yen	+19,225 mil. yen
Total	890,344 mil. yen	900,020 mil. yen	+9,675 mil. yen

4) Important organizational restructuring, etc.

None

(2) Assets & profits/losses in the past three fiscal years

Category	FYE March 2020	FYE March 2021	FYE March 2022	(FY Under Review) FYE March 2023
Revenue (millions of yen)	850,239	818,238	957,169	1,186,683
Core operating income (millions of yen)	90,337	87,251	102,710	123,124
Operating income (millions of yen)	93,921	88,846	101,183	119,524
Net income attributable to owners of the parent (millions of yen)	53,340	55,214	64,103	73,080
Basic earnings per share (yen)	123.26	127.59	148.13	168.85
Total assets (millions of yen)	1,751,732	1,836,294	1,977,026	2,158,950
Total equity (millions of yen)	440,693	543,900	661,137	757,996

(Note) The Group has applied the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2017.

(3) Status of parent company & significant subsidiaries

1) Status of parent company

Our parent company is Mitsubishi Chemical Group Corporation, which owns 218,996,000 shares or 50.59% of Nippon Sanso Holdings Corporation stock.

The Company concluded a master agreement with Mitsubishi Chemical Group Corporation, dated May 13, 2014. The agreement calls for Mitsubishi Chemical Group Corporation to respect the autonomy of the Company and to provide us with comprehensive support and cooperation under the parent company's "group management rules."

The Company paid Mitsubishi Chemical Group Corporation 1,185 million yen as outsourcing fees during the fiscal year under review. The Company was given a necessary and sufficient explanation on the basis of the calculation before the amount of the fees was determined. Additionally, the Board of Directors has carefully considered the explanation and concluded that these outsourcing fees are appropriate in light of the nature of the services to be provided.

2) Status of significant subsidiaries

Segment	Subsidiary name	Capital	NSHD's Ownership Percentage (%)	Main business lines
Japan	Taiyo Nippon Sanso Corporation	mil. yen 1,500	100	Manufacture & sales of oxygen, nitrogen, argon, helium, hydrogen, gas-related equipment, specialty gases, electronics-related equipment & installation, semiconductor-producing equipment, machinery & plants, liquefied petroleum gas, medical-use gases, medical equipment, stable isotopes
	Nippon Ekitan Corporation	mil. yen 600	*84.94	Manufacture & sales of liquefied carbon dioxide, dry ice, and sales of various compressed and liquefied gases
	JFE Sanso Center KK	mil. yen 90	*60	Manufacture & sales of oxygen, nitrogen, argon
United States	Matheson Tri-Gas, Inc.	US dollar 55.77	100	Manufacture & sales of oxygen, nitrogen, argon, specialty gases, equipment, sales of cutting & welding equipment
	Western International Gas & Cylinders, Inc.	US dollar 1,246,000	*100	Manufacture & purchase and wholesale distribution of acetylene, propylene, cylinder gas, etc.
	Continental Carbonic Products, Inc.	US dollar 117,533	*100	Manufacture & sales of liquefied carbon dioxide, and dry ice
Europe	Nippon Gases Euro-Holding S.L.U.	Euro 100,000,000	100	Ownership of shares in related companies in Europe
	Nippon Gases Italia S.r.l.	Euro 30,000,000	*100	Ownership of shares in related companies in Italy
	Nippon Gases Espana S.L.U.	Euro 1,012,180.16	*100	Manufacture & sales of industrial gases, medical-use gases, and related instruments in Spain

Segment	Subsidiary name	Capital	NSHD's Ownership Percentage (%)	Main business lines
Asia & Oceania	Nippon Sanso Holdings Singapore Pte. Ltd.	Singapore dollar 203,209,065	100	Ownership of shares in related companies in Singapore
	Leeden National Oxygen Ltd.	Singapore dollar 53,483,649	*98.50	Manufacture, purchase, and sales of welding related instrument, safety goods, and high-pressure gas, and manufacture & sales of oxygen, nitrogen, and argon
	NSC (Australia) Pty Ltd	Australian dollar 514,267,883	98.95	Ownership of shares in related companies in Australia
	Supagas Pty Ltd	Australian dollar 3,600,000	*100	Filling and sales of liquefied petroleum gas and various industrial gases, sales and rental of related instruments
	Taiyo Nippon Sanso (China) Investment Co., Ltd.	US dollar 87,195,449	100	Ownership of shares in related companies in China
	Taiyo Nippon Sanso Trading (Shanghai) Co., Ltd.	US dollar 2,870,000	*100	Sales of specialty gases
	Nippon Sanso Taiwan, Inc.	New Taiwan dollar 160,000,000	*100	Manufacture & sales of nitrogen, sales of specialty gases and equipment
	Matheson Gas Products Korea Co., Ltd.	Korean won 10,572,500,000	*100	Manufacture & sales of specialty gases
Thermos	Thermos K.K.	mil. yen 300	100	Manufacture & sales of housewares

(Note) Figure marked with an asterisk is the shares ratio which includes the investment from subsidiaries.

3) Status of specified wholly owned subsidiaries

None.

(4) Challenging issues to be addressed

In the business environment surrounding the Group, the inflationary trend continues due to factors including rising energy prices and labor shortage. In response to the increase in electricity and delivery costs arising from these factors, the Company is making a groupwide effort to enhance productivity and actively implementing measures such as promoting price management.

Although there are signs of economic recovery with the conclusion of the COVID-19 pandemic, we will continue to carefully monitor the geopolitical risks and supply chain disruptions and respond appropriately. In addition, the Company expects that behavior patterns will change after the end of the COVID-19 pandemic, the industry-wide efforts to decarbonize in response to climate change risks will accelerate, and digitalization will progress further, among other things. Therefore, the Company must capture new business opportunities and establish its governance structure from a medium- to long-term perspective.

Under the recognition of the above environment, the Company is operating business under its new medium-term management plan, "NS Vision 2026 —Enabling the Future," covering the four-year period from the fiscal year ending March 31, 2023, to the fiscal year ending March 31, 2026. The NS Vision 2026 is the first medium-term management plan after the Company transitioned to a holding company structure in October 2020, in which we set the following five key strategies in conjunction with newly established non-financial KPI targets in addition to existing financial KPI targets.

- I. Promote sustainability management: In the environmental field, we are participating in the Global Compact Network Japan working activities under the UN Global Compact from this fiscal year. We remain committed to reducing greenhouse gas emissions from our Group's business activities and strive to provide a wider variety and higher quality of goods, products, and services that contribute to the environment for our customers as well. Moreover, our endeavor includes ensuring process safety, improving product and service quality, respecting human rights, and ensuring diversity and inclusion of human resources to remain a company trusted by society. Also, we will strive to enhance and gain support for compliance promotion activities.
- II. Explore new business toward carbon neutrality: We are committed to reducing greenhouse gas emissions by our customers by providing goods, products, and services that contribute to the environment and solutions. This fiscal year, we promoted proprietary technology development, including a hydrogen-oxygen burner for a glass-melting furnace and carbon dioxide recovery equipment. In addition, we invested in building a strategic relationship with technological partners. Furthermore, we launched a website dedicated to our initiatives in October 2022 to enhance external communication further.
- III. Expand the electronics business: We will review semiconductor gas production sites and enhance production capacity in response to the semiconductor supply chain management prompted by the heightened geopolitical risks. Moreover, we will promote initiatives to commercialize high-purity air separation units in response to the robust development of new large-scale semiconductor plants.
- IV. Pursue operational excellence: In response to the cost increase exceeding expectations during this fiscal year, the Group made a collective effort to mitigate the impact by reducing costs with improved productivity for each operation. In addition, we share best practices within the Group by presenting initiatives by each operating company.
- V. Promote DX initiatives leading to new value creation: in addition to upgrading our business model using digital data, we are promoting initiatives to improve customer satisfaction, productivity, and employee satisfaction at each operating company level. Furthermore, we are promoting the establishment of a system that can respond to information security risks, including the rapidly increasing phishing frauds.

Each industrial gas business in the four geographic hubs focusses on the above five key strategies while addressing management issues specific to each region.

- Japan: we will review our business portfolio to enhance profitability and work to strengthen new products and services for the electronics industry. In addition, we will realize innovation starting with using gas and aim to explore and expand new business areas.
- United States: we will seek to upgrade production bases, expand the on-site business, and increase the density and scale of the business by merging or acquiring local distributors. We will also promote environment-related initiatives such as constructing large-scale hydrogen production plants using renewable fuel.
- Europe: we will focus on resilient markets such as food and health care and aim to capture environment-related business opportunities in the region. As part of these efforts, we invested in a strategic partner for expansion on the biomethane market in Europe
- Asia and Oceania: we will make efforts to acquire large-scale on-site projects, increase the capacity of the ASUs, gain HyCO* projects, and expand new products, services, and business areas. We will also strive to promote productivity enhancement activities to improve the productivity of each operating company. From April 2023, we aim to enhance market-oriented business operation with the four subsegment structure comprising Southeast Asia and India business; electronics business in East Asia, industrial gas business in East Asia; and Oceania business.

* Business of supplying on a large scale, via pipeline to oil refining and petrochemical industries, hydrogen (H₂) and carbon monoxide (CO) separated from natural gas, etc., by steam methane reforming (SMR) systems

In the Thermos business, the Group's sole B2C business, we will aim to boost demand with the active launch of new products, flexible advertisement, and storefront promotions. We will expand directly operated stores and e-commerce to diversify our sales channels.

As the Company espouses “Proactive. Innovative. Collaborative. Making life better through gas technology.” as the Group philosophy, we aim to devote ourselves to creating social value through innovative gas solutions that increase industrial productivity and realize a comfortable future for people, society, and the earth. As a first step toward achieving this goal, we will go on to address the issues listed above.

(5) Contents of main business lines (as of March 31, 2023)

Segment	Main products & services
Japan United States Europe Asia & Oceania	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, specialty gases (electronic material gas, pure gas, etc.), electronics-related equipment & installation, semiconductor-producing equipment, cutting & welding equipment, welding materials, machinery & plants, liquefied petroleum gas & related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes
Thermos Business	Housewares

(6) Main business offices, etc. (as of March 31, 2023)**1) Company**

Head office	Shinagawa-ku, Tokyo
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2) Subsidiaries

Company name	Location of head office
Taiyo Nippon Sanso Corporation	Shinagawa-ku, Tokyo, Japan
Nippon Ekitan Corporation	Minato-ku, Tokyo, Japan
JFE Sanso Center KK	Fukuyama City, Hiroshima Pref., Japan
Matheson Tri-Gas, Inc.	Texas, U.S.A.
Western International Gas & Cylinders, Inc.	Texas, U.S.A.
Continental Carbonic Products, Inc.	Illinois, U.S.A.
Nippon Gases Euro-Holding S.L.U.	Madrid, Spain
Nippon Gases Italia S.r.l.	Milano, Italy
Nippon Gases Espana S.L.U.	Madrid, Spain
Nippon Sanso Holdings Singapore Pte. Ltd.	Singapore
Leeden National Oxygen Ltd.	Singapore
NSC (Australia) Pty Ltd.	New South Wales, Australia
Supagas Pty Ltd.	New South Wales, Australia
Taiyo Nippon Sanso (China) Investment Co., Ltd.	Liaoning, China
Taiyo Nippon Sanso Trading (Shanghai) Co., Ltd.	Shanghai, China
Nippon Sanso Taiwan, Inc.	Hsinchu, Taiwan
Matheson Gas Products Korea Co., Ltd	Asan, South Korea
Thermos K.K.	Tsubame City, Niigata Pref., Japan

(7) Employees (as of March 31, 2023)

Segment	No. of Employees	Year-on-Year Changes
Japan	6,324	-22
United States	4,548	+100
Europe	3,013	+101
Asia & Oceania	4,279	+33
Thermos	1,327	-33
Segments Total	19,491	+179
Companywide (common)	88	+2
Total	19,579	+181

(Note) The numbers are those of employees.

(8) Main sources of borrowings (as of March 31, 2023)

Source of Borrowings	Amount of Borrowings
Mizuho Bank, Ltd.	267,292 mil. yen
MUFG Bank, Ltd.	143,914 mil. yen
The Norinchukin Bank	141,074 mil. yen

2. Status of Company

(1) Status of shares (as of March 31, 2023)

- 1) No. of authorized shares 1,600,000,000
- 2) No. of shares issued 433,092,837
- 3) No. of shareholders 18,315
- 4) Major shareholders (top 10)

Shareholder	Status of investment in Company	
	Shares held (in 1,000 shares)	Shares held (%)
Mitsubishi Chemical Group Corporation	218,996	50.59
The Master Trust Bank of Japan, Ltd. (trust account)	33,058	7.64
Client shareholding association of Taiyo Nippon Sanso Corporation	17,176	3.97
Custody Bank of Japan, Ltd. (trust account)	12,674	2.93
Meiji Yasuda Life Insurance Company	9,006	2.08
Mizuho Bank, Ltd.	4,332	1.00
JPMorgan Chase Bank 385632	4,041	0.93
The Bank of New York Mellon (International) Limited 131800	3,795	0.88
The Norinchukin Bank	3,500	0.81
Shareholding association of Nippon Sanso Holdings Corporation	3,099	0.72

(Note) 1. Our Company has 185,000 treasury shares.

2. The shareholding ratio excludes treasury shares.

(2) Status of Company officers

1) Status of directors & Audit & Supervisory Board (hereinafter, sometimes referred to as “A&S Board”) members (as of March 31, 2023)

Name	Position	Duties in charge & main concurrent posts
Toshihiko Hamada	Representative Director President	Chairperson of the Board CEO Member of Advisory Committee on Appointments and Remuneration Director, The KAITEKI Institute, Inc.
Kenji Nagata	Director	Representative Director & President, Taiyo Nippon Sanso Corporation
Thomas Scott Kallman	Director	Chairman and CEO, Matheson Tri-Gas, Inc.
Eduardo Gil Elejoste	Director	Chairman and President, Nippon Gases Euro-Holding S.L.U.
Akio Yamada	Director	Chairman of Advisory Committee on Appointments and Remuneration Chairman, Fair Trade Institute
Mitsuhiro Katsumaru	Director	Member of Advisory Committee on Appointments and Remuneration Of Counsel, Shiba International Law Offices Member of the Board (Outside director), Shimano Inc.
Miri Hara	Director	Member of Advisory Committee on Appointments and Remuneration Representative Certified Public Tax Accountant, Tax Corporation Yokohama Benten Accounting, Inc. Member of the Board (Outside director), SECOM CO., LTD.
Katsumi Nagasawa	Director	Member of Advisory Committee on Appointments and Remuneration Outside director, Sugino Machine Limited
Masako Miyatake	Director	Member of Advisory Committee on Appointments and Remuneration Professor, Keio University Law School Special Counsel, Blakemore & Mitsuki Deputy Secretary-General, Japan International Dispute Resolution Center Outside director, Sumida Corporation
Junzo Tai	A&S Board member (Full-time)	
Akihiro Hashimoto	A&S Board member (Full-time)	
Masahiro Osada	A&S Board member (Full-time)	
Kazuya Kobayashi	A&S Board member (Full-time)	A&S Board member (Part-time), Taiyo Nippon Sanso Corporation

- (Notes)
1. Representative Director and President Toshihiko Hamada is appointed CEO because he has abundant knowledge and experience over management and because he is expected to be capable of promoting the growth of our Company Group.
 2. The KAITEKI Institute, Inc. was dissolved as of April 1, 2023, in accordance with the absorption-type merger agreement executed on February 7, 2023, between Mitsubishi Chemical Group Corporation and the KAITEKI Institute Inc., with the KAITEKI Institute, Inc., as the dissolved company and the Mitsubishi Chemical Group Corporation as the surviving company. Consequently, the position as a director of the KAITEKI Institute, Inc., for Toshihiko Hamada ceased to exist as of the date of dissolution.
 3. Directors Akio Yamada, Mitsuhiro Katsumaru, Miri Hara, Katsumi Nagasawa, and Masako Miyatake are outside directors.
 4. A&S Board members, Akihiro Hashimoto, Masahiro Osada, and Kazuya Kobayashi are outside A&S Board members.
 5. A&S Board members Junzo Tai, Akihiro Hashimoto, Masahiro Osada, and Kazuya Kobayashi have significant financial and accounting knowledge as follows.
 - A&S Board member Junzo Tai has long-term professional experience at the Company's accounting department, and possesses a substantial level of financial and accounting knowledge.
 - A&S Board member Akihiro Hashimoto has long-term professional experience at financial institutions, and possesses a substantial level of financial and accounting knowledge.
 - A&S Board member Masahiro Osada has long-term professional experience at the accounting department of a chemical company, and possesses a substantial level of financial and accounting knowledge.
 - A&S Board member Kazuya Kobayashi has long-term professional experience at financial institutions, and possesses a substantial level of financial and accounting knowledge.
 6. The Company has designated Directors Akio Yamada, Mitsuhiro Katsumaru, Miri Hara, Katsumi Nagasawa, and Masako Miyatake, and A&S Board members Akihiro Hashimoto and Kazuya Kobayashi as independent officers based on the Tokyo Stock Exchange's listing rules, and has reported them to the exchange.

2) Overview of liability-limiting contract

In accordance with the Articles of Incorporation of the Company and Article 427 (1) of the Companies Act, the Company has an agreement in place with each of its outside directors to limit their liability for damages stipulated in Article 423 (1) of the Companies Act. The Company has set each outside director's maximum liability amount for damages in accordance with Article 425 (1) of the Companies Act.

3) Overview of contents of directors and officers (D&O) liability insurance agreement

The Company has entered into a directors and officers (D&O) liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. In the event that claims for damages including third party litigations, derivative lawsuits, and corporate litigations are made against the insured persons due to the acts in the course of their duties, the said insurance agreement shall compensate for legal damages and litigation expenses to be borne by the insured.

The insured parties of the insurance policy are directors, A&S Board members, and executive officers, etc. of the Company, and 6 consolidated domestic subsidiaries, including Taiyo Nippon Sanso Corporation and Nippon Ekitan Corporation. For some of those subsidiaries, the insured parties bear the premium for derivative lawsuits endorsement. Meanwhile, the Company and the other subsidiaries themselves bear that premium, and the insured parties do not need to pay it for them. Also, to ensure the appropriateness of execution of duties by the insured, damages arising from illegal receipt of private benefit or convenience by the insured, and criminal acts or acts committed with the knowledge that they violate laws and regulations, etc. by the insured, are not covered by the insurance policy.

4) Directors and A&S Board members who resigned or were discharged during the business year

There were no directors and A&S Board members who resigned or were discharged during the fiscal year under review.

5) Total amount of remunerations, etc. for directors & A&S Board members

Category of officers	Total remunerations (millions of yen)	Total amount of remunerations by type (millions of yen)			No. of corresponding officers
		Basic remuneration	Performance-linked remuneration	Non-financial KPI-linked remuneration	
Director (of which outside directors)	206 (54)	156 (54)	47 (—)	3 (—)	11 (5)
A&S Board members (of which outside A&S Board members)	103 (75)	103 (75)	— (—)	— (—)	4 (3)
Total (of which outside officers)	310 (129)	259 (129)	47 (—)	3 (—)	15 (8)

- (Notes) 1. The Company does not pay a director-cum-employee the employee portion of his/her pay.
2. The total amount of remunerations for directors was limited to 800 million yen per year (including 50 million or less for outside directors, excluding their employee portion) under a resolution passed at the 11th Ordinary General Meeting of Shareholders held on June 23, 2015. (The number of directors as of the end of the relevant Ordinary General Meeting of Shareholders was 11, including two outside directors.)
Due to the increase in the number of outside directors, etc., a resolution was passed at the 18th Ordinary General Meeting of Shareholders on June 17, 2022, to retain the limit of 800 million yen as remuneration for directors, of which the portion for outside directors will be “up to 100 million yen on an annual basis” (excluding the salary under employee status). The number of directors as of the end of the relevant Ordinary General Meeting of Shareholders was 9 (including five outside directors).
3. The total amount of remunerations for A&S Board members is limited to 200 million yen per year under a resolution passed at the 3rd Ordinary General Meeting of Shareholders held on June 28, 2007. (The number of A&S Board members as of the end of the relevant Ordinary General Meeting of Shareholders was 4.)
4. The above total amount of remunerations includes remuneration, etc. paid to two directors who retired during the fiscal year under review.

6) Matters related to performance-linked remunerations, etc.

a. Outline of performance-linked remunerations, etc.

The Board of Directors and the Audit and Supervisory Board consult with the Advisory Committee on Appointment & Remuneration about the appropriateness of the remuneration system for the directors and A&S Board members. The Advisory Committee on Appointment & Remuneration discusses the issue and submits the result to the Board of Directors and the Audit and Supervisory Board.

Remunerations for directors consist of (i) fixed “Basic Monthly Remuneration,” which is a base salary specific to each rank; (ii) “Performance-linked Bonuses,” which vary according to business results; and (iii) “Non-financial KPI-linked Bonuses,” which are linked to the degree of achievement of “lost time injury frequency rate” and “rate of receiving compliance training” of non-financial KPIs set in the medium-term management plan. Remuneration for directors is based, in principle, on the annual salary system, with the amount paid monthly equivalent to one-12th of the annual salary. Revision of remuneration is reflected in the payment made in July each year.

Of the remuneration, the amount of “(ii) Performance-linked Bonuses” is calculated corresponding to the degree of achievement of each fiscal year’s budget based on medium-term management plan targets and year-on-year improvements in business results, which is reflected in the remuneration paid from July the following business year (for example, the amount calculated based on the business results, etc., for FYE March 2021 is reflected in the directors’ remuneration paid from July in FYE March 2022).

The Board of Directors passed the resolution at its meeting held on June 17, 2022, to add (iii) “Non-financial KPI-linked Bonuses” to the remuneration from July 2022 onward. It is calculated based on the degree of achievement of certain non-financial KPI targets. Up to the previous fiscal year, remunerations for directors consisted of the (i) “Basic Monthly Remuneration” and (ii) “Performance-linked Bonuses,” and the proportion of the two portions was approximately six to four. With the introduction of the (iii) “Non-financial KPI-linked Bonuses,” the proportion of (i), (ii), and (iii) are approximately five to four to one, respectively.

However, for the fiscal year under review, the amount equivalent to about 10% of the total remuneration is set as the “Non-financial KPI-linked Bonuses,” and the calculation method corresponding to the degree of achievement of certain targets will be applied from the remuneration to be paid in July of this fiscal year (FYE March 2024).

Also, outside directors and directors who mainly serve as officers of subsidiaries receive the fixed “Basic Monthly Remuneration” only as remuneration for directors of the Company.

The Performance-linked Bonuses and Non-financial KPI-linked Bonuses are determined on the basis of the following formulas, respectively.

- Performance-linked Bonuses (variable) = Rank-specific standard amount x “coefficient based on evaluation related to Performance-linked Bonuses” *
- Non-financial KPI-linked Bonuses (variable) = Rank-specific standard amount x “coefficient based on evaluation related to Non-financial KPI-linked Bonuses” (*)
(To be reflected from the amount paid in July FYE March 2024)

* The following figures are applied to the “coefficient based on evaluation related to Performance-linked Bonuses” and “coefficient based on evaluation related to Non-financial KPI-linked Bonuses,” respectively, in order to judge the status of achievements of medium-term management plan targets while strengthening the extent of their interlocking with the Company’s business results as well as improving their objectivity and transparency.

Coefficient based on evaluation related to Performance-linked Bonuses

- Degree of achievements of each fiscal year’s budget based on medium-term management plan targets (consolidated revenue and consolidated core operating profit margin)
- Year-on-year improvements in business results (consolidated revenue, consolidated core operating profit, and profit attributable to owners of the parent company)

Coefficient based on evaluation related to Non-financial KPI-linked Bonuses (To be reflected from the amount paid in July FYE March 2024)

- The degree of achievement each fiscal year of (certain) non-financial KPIs set in the medium-term management plan (“year-on-year progress in lost time injury frequency rate for the previous fiscal year” and “rate of receiving compliance training for the previous fiscal year”)

b. Targets & results of indicators tied to Performance-linked Bonuses, etc. for directors (excluding outside directors and directors who mainly serve as officers of subsidiaries) in FYE March 2023 (Note)

Degree of achievement in the budget of the fiscal year ended March 31, 2022

Indicator for evaluation	Weight for evaluation	FYE March 2022 Target	FYE March 2022 Results
Consolidated revenue	25%	865,000 mil. yen	957,169 mil. yen
Consolidated core operating profit margin	25%	11.1%	10.7%

Year-on-year performance improvements from fiscal year ended March 31, 2021

Indicator for evaluation	Weight for evaluation	FYE March 2021 Results	FYE March 2022 Results
Consolidated revenue	16.6%	818,238 mil. yen	957,169 mil. yen
Consolidated core operating profit	16.6%	87,251 mil. yen	102,710 mil. yen
Net income attributable to owners of the parent	16.6%	55,214 mil. yen	64,103 mil. yen

(Note) As the medium-term management plan had not been formulated for the FYE March 2022, “Degree of achievement in the budget of the FYE March 2022 (Consolidated revenue and Consolidated core operating profit margin)” was used to calculate directors’ performance-linked remuneration (approved by the Board of Directors held on June 18, 2021), instead of “Degree of achievement in the budget based on medium-term management plan targets (Consolidated revenue and Consolidated core operating profit margin)” specified by the Company’s internal regulations on remuneration for directors.

7) Details of non-monetary remuneration

None

8) Matters related to resolutions at General Meeting of Shareholders regarding remuneration, etc. for directors & A&S Board members

This is as described in the above (Notes) 2. and 3. of “5) Total amount of remunerations, etc. for directors & A&S Board members.”

9) Policy on determining contents of remuneration, etc. for individual directors

a. Method of determining policy on contents of remuneration, etc. for individual directors

The Board of Directors approved a policy on determining contents of remuneration, etc. for individual directors at its meeting held on May 11, 2016. The Board also approved establishment of the Advisory Committee on Appointments & Remuneration and revision to the Company’s internal regulations on remuneration for directors at its meeting on June 21 that year. The Committee comprises two or more independent outside directors and the Representative Director, with an outside director acting as its chairman. The Committee has been discussing remuneration for directors continuously and, based on the Committee’s recommendation, the internal regulations on remuneration for directors have been revised several times.

b. Overview of determination policy

The amount of remuneration, etc. for directors and A&S Board members is determined by a resolution adopted at the General Meeting of Shareholders in the form of a cap on the total amount for all directors and another cap on the total amount for all A&S Board members.

The amount of remuneration for each director is determined on the basis of the policy described in “6) Matters related to performance-linked remunerations, etc.”

The amount of remuneration for individual directors in the fiscal year under review is calculated according to the internal regulations on remuneration for directors approved by the Board of Directors on the basis of the above policy on determining contents of remuneration, etc. for individual directors. Therefore, the Company believes the amount of remuneration is in line with that policy.

10) Matters on delegation of authority on fixing remuneration, etc. for individual directors

At its meeting on June 17, 2022, the Board of Directors passed a resolution delegating the decision-making authority to Representative Director Toshihiko Hamada regarding details of the amount of remuneration for individual directors. The contents of the delegated authority are calculations and decisions regarding the monthly amount of remuneration, performance-linked remuneration, and non-financial KPI-linked remuneration based on the internal regulations on remuneration for directors. The reason for delegating these powers is that the Representative Director who is in a position to supervise the Company's business execution is best suited for determining remuneration amounts based on the internal regulations.

The amount of remuneration for directors is to be unambiguously calculated from their rank and performance, etc., based on the internal regulations, and it is possible to verify the results of calculations by the Representative Director. The result of the calculation is reported to the Advisory Committee on Appointments & Remuneration.

11) Matters related to outside officers

- a. Status of significant concurrent jobs at other firms & relationship between Company & other firms
- Director Akio Yamada is the Chairman of Fair Trade Institute. The Company and the Institute where he concurrently works have no special interests in each other.
 - Director Mitsuhiro Katsumaru is an attorney of counsel at Shiba International Law Offices, and a board member (outside director) at Shimano Inc. The Company and the two entities where he concurrently works have no special interests in each other.
 - Director Miri Hara is the Representative Certified Public Tax Accountant, Tax Corporation Yokohama Benten Accounting, Inc., and an Outside director, SECOM CO., LTD. The Company and the two entities where she concurrently works have no special interests in each other.
 - Director Katsumi Nagasawa is an outside director at Sugino Machine Limited. The Company and the entity where he concurrently works have no special interests in each other.
 - Director Masako Miyatake is a professor at Keio University Law School, special counsel at Blakemore & Mitsuki, Deputy Secretary-General at Japan International Dispute Resolution Center, and an outside director at Sumida Corporation. The Company and the four entities where she currently works have no special interests in each other.

b. Main activities in fiscal year under review

• Main activities of outside directors & outside A&S Board members

Category	Name	Board meeting attendance	Audit & Supervisory Board meeting attendance	Main activities, remarks & overview of duties done in relation to role expected of outside director
Outside director	Akio Yamada	11 appearances at 11 meetings	—	His rich experience at administrative organizations and expert knowledge were expected to be effectively applied to the management of our Group. While offering necessary advice and proposals on desirable ways of governance and discussions on agenda items, he played a leading role, as Chairman of the Advisory Committee on Appointments & Remuneration, in discussing the selection of candidates for directors/A&S Board members, planning a successor to the President/CEO, mulling desirable remuneration for directors, etc.
Outside director	Mitsuhiro Katsumaru	11 appearances at 11 meetings	—	His rich experience and expert knowledge, mainly as public prosecutor and attorney-at-law, were expected to be effectively applied to the management of our Group. While offering necessary advice and proposals on desirable ways of governance and discussions on agenda items, he expressed opinions, as a member of the Advisory Committee on Appointments & Remuneration, in discussing the selection of candidates for directors/A&S Board members, planning a successor to the President/CEO, mulling desirable remuneration for directors, etc.
Outside director	Miri Hara	11 appearances at 11 meetings	—	Her experience as director of real estate management company for many years, expert knowledge as Certified Public Tax Accountant, and perspective of the promotion of diversity, and women's empowerment, were expected to be effectively applied to the management of our Group. While offering necessary advice on the promotion of diversity in the Company, she expressed opinions, as a member of the Advisory Committee on Appointments & Remuneration, in discussing the selection of candidates for directors/A&S Board members, planning a successor to the President/CEO, mulling desirable remuneration for directors, etc.
Outside director	Katsumi Nagasawa	9 appearances at 9 meetings	—	His wide experience and professional expertise in the field of technology, and a wealth of experience in corporate management in the manufacturing industry was expected to be effectively applied to the management of our Group. While offering necessary advice and proposals on desirable ways of governance and discussions on agenda items, he expressed opinions, as a member of the Advisory Committee on Appointments & Remuneration, in discussing the selection of candidates for directors/A&S Board members, planning a successor to the President (CEO), mulling desirable remuneration for directors, etc.

Category	Name	Board meeting attendance	Audit & Supervisory Board meeting attendance	Main activities, remarks & overview of duties done in relation to role expected of outside director
Outside director	Masako Miyatake	9 appearances at 9 meetings	—	Her wide experience and professional expertise as an attorney as well as her experience in international transactions and global point of view was expected to be effectively applied to the management of our Group. While offering necessary advice and proposals on desirable ways of governance and discussions on agenda items, she expressed opinions, as a member of the Advisory Committee on Appointments & Remuneration, in discussing the selection of candidates for directors/A&S Board members, planning a successor to the President (CEO), mulling desirable remuneration for directors, etc.
Outside A&S Board member	Akihiro Hashimoto	11 appearances at 11 meetings	14 appearances at 14 meetings	He has provided the Board of Directors with advice to ensure appropriateness of decision-making. Also, as a full-time A&S Board member, he also has held hearings with directors on the status of business execution, exchanged opinions with the Representative Director, and visited subsidiaries on an audit mission.
Outside A&S Board member	Masahiro Osada	11 appearances at 11 meetings	14 appearances at 14 meetings	He has provided the Board of Directors with advice to ensure appropriateness of decision-making. Also, as a full-time A&S Board member, he also has held hearings with directors on the status of business execution, exchanged opinions with the Representative Director, and visited subsidiaries on an audit mission.
Outside A&S Board member	Kazuya Kobayashi	11 appearances at 11 meetings	14 appearances at 14 meetings	He has provided the Board of Directors with advice to ensure appropriateness of decision-making. Also, as a full-time A&S Board member, he also has held hearings with directors on the status of business execution, exchanged opinions with the Representative Director, and visited subsidiaries on an audit mission.

(Note) The Board of Directors were held 11 meetings in the fiscal year under review.

(3) Status of accounting auditor

1) Name: Ernst & Young ShinNihon LLC.

2) Amount of remuneration, etc.

	Amount paid
Remuneration, etc. for accounting auditor associated with audit for fiscal year under review	96 mil. yen
Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to accounting auditor	206 mil. yen

(Note) 1. Among the significant subsidiaries of the Company, the financial statements of Matheson Tri-Gas, Inc., Western International Gas & Cylinders, Inc., Continental Carbonic Products, Inc., Nippon Gases Euro-Holding S.L.U., Nippon Gases Italia S.r.l., Nippon Gases Espana S.L.U., Nippon Sanso Holdings Singapore Pte. Ltd., Leeden National Oxygen Ltd., NSC (Australia) Pty Ltd, Supagas Pty Ltd, Taiyo Nippon Sanso (China) Investment Co., Ltd., Taiyo Nippon Sanso Trading (Shanghai) Co., Ltd., Nippon Sanso Taiwan, Inc., and Matheson Gas Products Korea Co., Ltd. are audited (limited to audits stipulated in the Companies Act or the Financial Instruments and Exchange Act [including similar foreign laws]) by a certified public accountant or an auditing firm (including overseas auditors possessing qualifications similar to the Accounting Auditor of the Company) other than the Accounting Auditor of the Company.

2. Under our audit contract between the Company and its accounting auditor, remuneration, etc. for audits are not clearly distinguishable between audits based on the Companies Act and those based on the Financial Instruments & Exchange Act, and it is practically impossible to distinguish these in effect. Therefore, the amount of remuneration, etc. paid to the accounting auditor in connection with the audits for the fiscal year under review is listed as a total sum of payments for these audits.

3) Contents of non-auditing service

The Company has commissioned the accounting auditor for the work of confirmation related to the feed-in tariff system for renewable energy and other duties outside the realm of services stipulated by Article 2 (1) of the Certified Public Accountants Act.

4) Consent to remuneration amount, etc. for accounting auditor

The Audit & Supervisory Board confirmed audit plans in the past and the status of their execution while discussing the appropriateness of audit hours and remuneration estimates in the fiscal year under review. As a result, the Board offered its consent regarding remuneration, etc. for the accounting auditor in line with Article 399 (1) of the Companies Act.

5) Policy on dismissal or refusal of reappointment of accounting auditor

The Audit & Supervisory Board shall dismiss the accounting auditor by the unanimous consent of all Board member auditors if that auditor is deemed to be pursuant to any of the provisions in Article 340 (1) of the Companies Act. In that event, a Board member auditor selected by the Audit & Supervisory Board shall report the dismissal of that accounting auditor and its reasons to the first General Meeting of Shareholders convened after the dismissal.

If deemed necessary, including in case of significant difficulty in the continuation of the accounting auditor's duties, the Audit & Supervisory Board shall propose by its resolution "the dismissal or refusal of reappointment of the accounting auditor" to the General Meeting of Shareholders.

(Notes) Figures in the above tables are shown based on the following method.

1. In the amount of money shown in millions of yen, figures less than a million are omitted.
2. In the number of shares shown in thousands of shares, figures less than 1,000 are omitted.
3. Shareholding and investment ratios are rounded off at the third decimal point.

Consolidated Statements of Financial Position

(As of March 31, 2023)

(Unit: Millions of Yen)

Assets		Liabilities	
Accounting item	Amount	Accounting item	Amount
Current assets	527,074	Current liabilities	425,157
Cash and cash equivalents	132,217	Trade payables	128,197
Trade receivables	243,541	Bonds and borrowings	140,540
Inventories	97,612	Income tax payable	16,191
Other financial assets	22,479	Other financial liabilities	102,119
Other current assets	26,152	Provisions	284
Non-current assets held for sale	5,070	Other current liabilities	37,824
Non-current assets	1,631,875	Non-current liabilities	975,796
Property, plant and equipment	776,148	Bonds and borrowings	759,480
Goodwill	513,685	Other financial liabilities	35,693
Intangible assets	242,334	Retirement benefit liabilities	14,117
Investments accounted for using the equity method	38,230	Provisions	5,440
Other financial assets	46,763	Other non-current liabilities	20,364
Retirement benefit asset	2,810	Deferred tax liabilities	140,700
Other non-current assets	8,461	Total liabilities	1,400,953
Deferred tax assets	3,442	Equity	
		Net assets attributable to owners of parent	724,314
		Share capital	37,344
		Capital surplus	51,610
		Treasury shares	△ 233
		Retained earnings	537,867
		Other components of equity	97,724
		Non-controlling interests	33,682
		Total equity	757,996
Total assets	2,158,950	Total liabilities and equity	2,158,950

(Note) Fractions of one million yen are rounded off

Consolidated Statement of Profit and Loss

(From April 1, 2022 to March 31, 2023)

(Unit: Millions of Yen)

Accounting item	Amount
Revenue	1,186,683
Cost of sales	△ 748,053
Gross profit	438,630
Selling, general & admin. Exps.	△ 315,191
Other operating income	5,182
Other operating expenses	△ 12,650
Equity earnings of affiliates	3,553
Operating income	119,524
Financial income	2,182
Financial costs	△ 16,203
Profit before income taxes	105,503
Income taxes	△ 29,538
Profit	75,965
Profit attributable to	
Owners of parent	73,080
Non- controlling interests	2,884

(Note) Fractions of one million yen are rounded off

(Reference) Condensed consolidated statements of Cash flows (unaudited)

(Unit: ¥ bn.)	FYE2022	FYE2023	YoY	
	Full-term	Full-term	Difference	%Change
Income before income taxes	91.6	105.5	+ 13.9	+ 15.2%
Depreciation and amortization	92.4	105.7	+13.3	
Changes in working capital	-20.6	-22.2	-1.6	
Others	-14.6	-1.0	+13.6	
Cash flows from operating activities	148.7	187.9	+39.2	+26.4%
Capital expenditures	-74.4	-91.8	-17.4	
Investments and loans	-2.0	-2.9	-0.9	
Others (asset sales, etc.)	5.6	-3.3	-8.9	
Cash flows from investing activities	-70.8	-98.0	-27.2	+38.4%
Free cash flow	77.9	89.8	+11.9	+15.4%
Cash flows from financing activities	-77.9	-54.4	+23.5	-30.2%

(Note) This “(Reference)Condensed consolidated statements of Cash flows” is solely for the convenience of shareholders and is outside scope of independent auditor’s nor Audit & Supervisory Board Member’s audit.

(Note) Fractions of 100 million yen are rounded off

Balance Sheet

(As of March 31, 2023)

(Unit: Millions of Yen)

Accounting items (Assets)	Amount	Accounting items (Liabilities)	Amount
Current Assets	65,297	Current Liabilities	110,206
Cash and cash in bank	15,865	Short-term loan payable	53,903
Account receivable	206	Commercial paper	26,000
Short-term loans receivable	43,311	Current portion of long-term loan	25,253
Other current assets	5,914	Accrued expenses	4,270
Non Current Assets	924,708	Other current liabilities	779
Tangible Assets	4,987	Non Current Liabilities	623,094
Building and structures	2,988	Bonds	198,000
Machinery and equipment	1,152	Long-term loan payable	424,514
Tools, furniture and fixtures	128	Deferred tax liabilities	267
Land	717	Other non-current liabilities	312
Lease assets	0	Total Liabilities	733,300
Investments and Other Assets	919,720	(Net assets)	
Investment in securities	21,387	Shareholders' Equity	259,175
Investment in affiliates stock	647,647	Share capital	37,344
Investment in LLC and partnership	128	Capital surplus	57,860
Investment in affiliates	9,931	Legal capital surplus	56,433
Long-term loans receivables	240,287	Other capital surplus	1,427
Other investments	373	Retained Earnings	164,174
Allowance for doubtful accounts	△ 34	Legal retained earnings	7,664
		Other retained earnings	156,509
		Reserve for tax purpose reduction entry of non-current assets	824
		General reserve	65,717
		Retained earnings	89,967
		Treasury shares	△ 204
		Valuation and Translation Adjustments	△ 2,470
		Valuation difference on available-for-sale securities	9,146
		Deferred gain and loss on hedges	△ 11,616
		Total Net Assets	256,705
Total Assets	990,006	Liabilities and Net Assets	990,006

(Note) Fractions of one million yen are rounded off

Profit and Loss Statement

(From April 1, 2022 to March 31, 2023)

(Unit: Millions of Yen)

Accounting items	Amount	
Operating revenue		20,344
Operating expenses		6,264
Operating Profit		14,079
Non operating income		
Interest income & Dividends	4,454	
Others	211	4,665
Non operating expenses		
Interest expenses	8,824	
Others	67	8,892
Ordinary Profit		9,852
Extraordinary gain		
Gain on sale of investment securities	5,129	5,129
Extraordinary loss		
Loss on sale of investment securities	1	1
Profit Before Income Taxes		14,981
Income taxes	△ 1,589	
Deferred tax	756	△ 832
Profit		15,813

(Note) Fractions of one million yen are rounded off

Copy of Report of Accounting Auditor Regarding Consolidated Financial Statements

Independent Auditors' Audit Report

May 15, 2023

To: Board of Directors of Nippon Sanso Holdings Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Maruyama Takao

Designated Limited Liability Partner, Managing Partner

Certified Public Accountant

Kawawaki Tetsuya

Designated Limited Liability Partner, Managing Partner

Certified Public Accountant

Opinion

Under Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements (i.e., consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, important basic matters for the preparation of the consolidated financial statements, and other notes) of Nippon Sanso Holdings Corporation for the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the above-mentioned consolidated financial statements, in all material respects, appropriately present the financial position and results of the operations of the group consisting of Nippon Sanso Holdings Corporation and its consolidated subsidiaries for the period covered by these statements, in compliance with the accounting standards that omit some items whose disclosure is required by the designated International Financial Reporting Standards as stipulated by the provision of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting.

Basis for the Opinion

We conducted our audit by auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for Auditing the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries under the provisions related to professional ethics in Japan, and we fulfill other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence that serves as a basis for presenting our opinion.

Other descriptions

"Other descriptions" means the business report and its supplementary schedules. Management is responsible for preparing and disclosing other descriptions. The Audit & Supervisory Board and its members are responsible for monitoring the performance of duties by the Directors in their development and operation of the reporting process of the other descriptions.

Our firm's audit opinion for the consolidated financial statements does not cover the other descriptions. We do not express any opinion about the other descriptions.

In the audit of the consolidated financial statements, we have the responsibility to read over the other descriptions and, during that reading, to examine whether there are any material differences between the other descriptions and the consolidated financial statements or our knowledge obtained during our audit, and to check to see whether there are any signs of material errors in the other descriptions besides such material differences.

If, based on our work, we determine that there are material errors in the other descriptions, we are required to report that fact. The other descriptions have no issues that should be reported by us.

Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for preparing and appropriately presenting consolidated financial statements in compliance with the accounting standards that omit some items whose disclosure is required by the designated International Financial Reporting Standards as stipulated by the provision of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting. The responsibility includes development and operation of internal controls that management determines are necessary to prepare and appropriately present the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for evaluating the appropriateness of doing so on a going concern assumption, and for disclosing matters related to a going concern when such disclosure is obligatory in compliance with the accounting standards that omit some items whose disclosure is required by the designated International Financial Reporting Standards as stipulated by the provision of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting.

The Audit & Supervisory Board and its members are responsible for monitoring the execution of duties by the Directors in their development and operation of the financial reporting process.

Auditor's Responsibility for Auditing the Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance on if the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion in the audit report on these consolidated financial statements from an independent position based on the audit conducted by the auditor. Misstatement can occur due to fraud or error. Misstatement is deemed material when it is reasonably estimated to individually or cumulatively influence the decision-making of the users of the consolidated financial statements.

In its auditing process, the auditor makes judgments as a professional specialist and conducts the following while maintaining professional skepticism by auditing standards generally accepted in Japan:

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedure that deals with the risks of material misstatement. The selection and application of the audit procedures depend on the auditor's judgement. Moreover, obtain sufficient and appropriate audit evidence to provide a basis for expressing the audit opinion.
- The purpose of auditing the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control. But in assessing risks, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the appropriateness of accounting policies and their application methods adopted by management, the reasonableness of accounting estimates made by management and the propriety of the relevant notes.
- Conclude whether or not it is appropriate for management to prepare the consolidated financial statements under the going concern assumption. Also, conclude whether or not the audit evidence obtained informs some material uncertainties about events or conditions that cast serious doubt on the going concern assumption. When uncertainties about the going concern assumption is acknowledged, it is required to issue an alert about the notes to the consolidated financial statements in the audit report. When the notes to the consolidated financial statements about material uncertainties are inappropriate, it is required to express an opinion with qualifications about these statements. The auditor's conclusion is based on audit evidence obtained up until the issue date of the audit report. Future events or conditions may cause the Company to stop continuing as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes to them comply with the accounting standards that omit some items whose disclosure is required by the designated International Financial Reporting Standards as stipulated by the provision of the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting. Also evaluate the presentation, structure, and content of the consolidated financial statements including their related notes, as well as whether the consolidated financial statements appropriately present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence about the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, monitoring, and conducting the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Board and its members on the scope and timing of the planned audits, material audit findings identified during the audit including any material weakness in internal controls, and other matters required by the auditing standards.

The auditor reports to the Audit & Supervisory Board and its members on its compliance with the provisions in Japan for professional ethics about independence, matters that are reasonably considered to influence the independence of the auditor, and the description of any safeguard measures taken to eliminate or reduce impediments.

Conflicts of Interests

The Company and its consolidated subsidiaries have no interest relationship with our audit firm or its managing partners that should be stated under the Certified Public Accountants Act.

Copy of Report of Accounting Auditor Regarding Non-Consolidated Financial Statements

Independent Auditors' Audit Report

May 15, 2023

To: Board of Directors of Nippon Sanso Holdings Corporation

Ernst & Young ShinNihon LLC

Tokyo Office

Maruyama Takao

Designated Limited Liability Partner, Managing Partner

Certified Public Accountant

Kawawaki Tetsuya

Designated Limited Liability Partner, Managing Partner

Certified Public Accountant

Opinion

Under Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements and their related documents (i.e., non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, notes to the non-consolidated financial statements, and supplementary schedules) of Nippon Sanso Holdings Corporation for the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the above-mentioned non-consolidated financial statements and their related documents, in all material respects, appropriately present the financial position and results of operations for the period covered by these statements and documents by accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit by auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for Auditing the Non-consolidated Financial Statements and Their Related Documents." We are independent of the Company under the provisions related to professional ethics in Japan, and we fulfill other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence that serves as a basis for presenting our opinion.

Other descriptions

"Other descriptions" means the business report and its supplementary schedules. Management is responsible for preparing and disclosing other descriptions. The Audit & Supervisory Board and its members are responsible for monitoring the performance of duties by the Directors in their development and operation of the reporting process of the other descriptions.

Our firm's audit opinion for the non-consolidated financial statements and their related documents does not cover the other descriptions. We do not express any opinion about the other descriptions.

In the audit of the non-consolidated financial statements and their related documents, we have the responsibility to read over the other descriptions and, during that reading, to examine whether there are any material differences between the other descriptions and the non-consolidated financial statements and their related documents or our knowledge obtained during our audit, and to check to see whether there are any signs of material errors in the other descriptions besides such material differences.

If, based on our work, we determine that there are material errors in the other descriptions, we are required to report that fact.

The other descriptions have no issues that should be reported by us.

Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Non-consolidated Financial Statements and Their Related Documents

Management is responsible for preparing and appropriately presenting the non-consolidated financial statements and their related documents by accounting principles generally accepted in Japan. The responsibility includes development and operation of internal controls that management determines are necessary to prepare and appropriately present the non-consolidated financial statements and their related documents that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements and their related documents, management is responsible for evaluating the appropriateness of doing so on a going concern assumption, and for disclosing matters related to a going concern when disclosure is obligatory by accounting principles generally accepted in Japan.

The Audit & Supervisory Board and its members are responsible for monitoring the execution of duties by the Directors in their development and operation of the financial reporting process.

Auditor's Responsibility for Auditing the Non-consolidated Financial Statements and Their Related Documents

The auditor's responsibility is to obtain reasonable assurance on if the non-consolidated financial statements and their related documents as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion in the audit report on these statements and documents from an independent position based on the audit conducted by the auditor. Misstatement can occur due to fraud or error. Misstatement is deemed material when it is reasonably estimated to individually or cumulatively influence the decision-making of the users of the non-consolidated financial statements and their related documents.

In its auditing process, the auditor makes judgments as a professional specialist and conducts the following while maintaining professional skepticism by auditing standards generally accepted in Japan:

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedure that deals with the risks of material misstatement. The selection and application of the audit procedures depend on the auditor's judgement. Moreover, obtain sufficient and appropriate audit evidence to provide a basis for expressing the audit opinion.
- The purpose of auditing the non-consolidated financial statements and their related documents is not to express an opinion on the effectiveness of the entity's internal control. But in assessing risks, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate for the circumstances.
- Evaluate the appropriateness of accounting policies and their application methods adopted by management, the reasonableness of accounting estimates made by management and the propriety of the relevant notes.
- Conclude whether or not it is appropriate for management to prepare the non-consolidated financial statements and their related documents under the going concern assumption. Also, conclude whether or not the audit evidence obtained informs some material uncertainties about events or conditions that cast serious doubt on the going concern assumption. When uncertainties about the going concern assumption is acknowledged, it is required to issue an alert about the notes to the non-consolidated financial statements and their related documents in the audit report. When the notes to the non-consolidated financial statements and their related documents about material uncertainties are inappropriate, it is required to express an opinion with qualifications about these statements and documents. The auditor's conclusion is based on audit evidence obtained up until the issue date of the audit report. Future events or conditions may cause the Company to stop continuing as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and their related documents and the notes to them are prepared by principles generally accepted in Japan. Also, evaluate the presentation, structure, and content of these statements and documents including their notes, as well as whether these statements and documents appropriately present the underlying transactions and accounting events.

The auditor reports to the Audit & Supervisory Board and its members on the scope and timing of the planned audits, material audit findings identified during the audit including any material weakness in internal controls, and other matters required by the auditing standards.

The auditor reports to the Audit & Supervisory Board and its members on its compliance with the provisions in Japan for professional ethics about independence, matters that are reasonably considered to influence the independence of the auditor, and the description of any safeguard measures taken to eliminate or reduce impediments.

Conflicts of Interests

No interest relationship exists between the Company and our audit firm or its managing partners that should be stated under the Certified Public Accountants Act.

Copy of the Audit & Supervisory Board Audit Report

Audit Report

In regard to the Directors' performance of their duties for the business year from April 1, 2022, to March 31, 2023, the Audit & Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit & Supervisory Board member and reports as follows.

1. Method and Contents of Audits by the Audit & Supervisory Board and Its Members

- (1) The Audit & Supervisory Board determined the audit policies and division of duties, etc. and received reports from each Audit & Supervisory Board member regarding the implementation status and results of their audits, in addition to which it received reports from the Directors, etc. and the accounting auditor regarding the status of the performance of their duties and requested explanations as necessary.
- (2) In compliance with the audit standards established by the Audit & Supervisory Board and in accordance with the audit policies and division of duties, etc., each Audit & Supervisory Board member communicated with the Directors, the internal audit department, and other employees, etc., endeavored to gather information and develop the audit environment, and conducted audits using the following methods.
 - (i) The Audit & Supervisory Board members attended meetings of the Board of Directors and other important meetings either online or in person, received reports from the Directors and employees, etc. regarding the status of the performance of their duties, requested explanations as necessary, reviewed important decision-making documents, etc., and inspected the status of operations and assets. Additionally, in regard to subsidiaries, the Audit & Supervisory Board members communicated and exchanged information with the Directors and Audit & Supervisory Board members, etc. of subsidiaries either online or in person and received reports on business from subsidiaries as necessary.
 - (ii) In regard to the content of resolutions of the Board of Directors regarding the development of systems to ensure that the Directors' performance of their duties complies with laws, regulations, and the Articles of Incorporation and other systems provided for in Article 100, paragraph (1) and paragraph (3) of Regulations for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (i.e., internal control systems) stated in the Business Report, the Audit & Supervisory Board members periodically received reports from the Directors and employees, etc. regarding the status of the establishment and operation of those systems and requested further explanations as necessary and expressed opinions in regard thereto.

The Audit & Supervisory Board members also received reports from the Directors, etc. and Ernst & Young ShinNihon LLC on their evaluation of internal controls for financial reporting and on the status of auditing such internal controls and requested further explanations as necessary.

- (iii) In regard to the basic policies provided for in Article 118, item (iii)(a) of Regulations for Enforcement of the Companies Act, the efforts provided for in item (iii)(b) of that article, the matters given due consideration provided for in item (v)(a) of that article, and the judgment and reasons provided for in item (v)(b) of that article, each as stated in the Business Report, the Audit & Supervisory Board members considered the contents thereof taking into account matters such as the status of deliberations at meetings of the Board of Directors and by any other method.
- (iv) The Audit & Supervisory Board members monitored and checked whether the accounting auditor maintained an independent position and conducted appropriate audits, received reports from the accounting auditor on the status of the performance of its duties, and requested further explanations as necessary. Additionally, the Audit & Supervisory Board members received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (as listed in each item of Article 131 of the Ordinance on Accounting of Companies) and requested further explanations as necessary.

Using the methods above, the Audit & Supervisory Board examined the Business Report, the supplementary schedules thereto, the accounting documents (i.e., the balance sheet, statement of income, statement of changes in net assets, and explanatory notes to accounting documents), the supplementary schedules to the accounting documents, and the consolidated accounting documents (i.e., the consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and explanatory notes to consolidated accounting documents) for the business year.

2. Audit Results

(1) Results of audit of business report, etc.

- (i) We acknowledge that the Business Report and the supplementary schedules thereto accurately present the status of the Company in accordance with laws, regulations, and the Articles of Incorporation.
- (ii) We do not acknowledge any misconduct nor any material fact constituting a violation of any law, regulation, or the Articles of Incorporation in relation to the Directors' performance of their duties.
- (iii) We acknowledge the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not acknowledge any matters that should be commented upon in regard to the statements in the Business Report or the Directors' performance of their duties relating to the internal control systems, including the internal controls for financial reporting.
- (iv) We do not acknowledge any matters that should be commented upon in regard to the basic policy regarding persons who control the determination of financial and business policies of the Company stated in the Business Report. We acknowledge that the efforts provided for in Article 118, item (iii)(b) of Regulations for Enforcement of the Companies Act and stated in the Business Report are in compliance with that basic policy and do not harm the common interests of the shareholders of the Company, and that their purpose is not to maintain the positions of the Directors of the Company.
- (v) In regard to transactions with the parent company stated in the Business Report, we do not acknowledge any matters that should be commented upon, in regard to the matters given due consideration so that the interests of the Company are not harmed when engaging in such transactions, the judgment of the Board of Directors regarding whether or not such transactions harm the interests of the Company, and the reasons for that judgment.

(2) Results of audit of accounting documents and supplementary schedules thereto

We acknowledge the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.

(3) Results of audit of consolidated accounting documents

We acknowledge the methods and results of the audit by the accounting auditor, Ernst & Young ShinNihon LLC, to be reasonable.

May 16, 2023

The Audit & Supervisory Board of Nippon Sanso Holdings Corporation

Audit and Supervisory Board Member (Full-time)	Junzo Tai
Audit and Supervisory Board Member (Full-time)	Akihiro Hashimoto
Audit and Supervisory Board Member (Full-time)	Masahiro Osada
Audit and Supervisory Board Member (Full-time)	Kazuya Kobayashi

(Note) Audit & Supervisory Board Members Akihiro Hashimoto, Masahiro Osada, and Kazuya Kobayashi are Outside Company Auditors specified by Article 2, Item (xvi) and Article 335, Paragraph (3) of the Companies Act.

Memo

Map to the Venue of the 19th Ordinary General Meeting of Shareholders

Venue:

Grand Prince Hotel Takanawa, in Prince Room on basement floor B1

3-13-1 Takanawa, Minato-ku, Tokyo

Telephone: (03) 3447-1111

Nearest stations:

Shinagawa Station (Takanawa Exit) of JR Line and Keihin Kyuko Line (9-minute walk)

Takanawadai Station (A1 Exit) of Toei Asakusa Line (7-minute walk)