

[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. Some pictures, graphs, charts and 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 20th Ordinary General Meeting of Shareholders]

Date and time: Wednesday, June 19, 2024, 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: | <b>Appropriation of surplus</b>                              |
| Proposal 2: | <b>Election of nine directors</b>                            |
| Proposal 3: | <b>Election of two audit &amp; supervisory board members</b> |

\* Video recording of part of the Meeting is scheduled to be made available on our corporate website from late June (<https://www.nipponranso-hd.co.jp/ir/stock/meeting.html>) (Japanese language version only).

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.

\*Only this Notice of Convocation and the ballot form will be sent to shareholders who did not request paper copy.

Important Notice – Trading of Nippon Sanso Holdings Corporation Common Stock, Disclaimer Regarding Unsponsored American Depository Receipts

Nippon Sanso Holdings Corporation ("NSHD") encourages anyone interested in buying or selling its common stock to do so on the Tokyo Stock Exchange, which is where its common stock is listed and primarily trades. NSHD's disclosures are not intended to facilitate trades in, and should not be relied on for decisions to trade, unsponsored American Depository Receipts ("ADRs").

NSHD has not and does not participate in, support, encourage, or otherwise consent to the creation of any unsponsored ADR programs or the issuance or trading of any ADRs issued thereunder in respect of its common stock. NSHD does not represent to any ADR holder, bank or depository institution, nor should any such person or entity form the belief, that (i) NSHD has any reporting obligations within the meaning of the U.S. Securities Exchange Act of 1934 ("Exchange Act") or (ii) NSHD's website will contain on an ongoing basis all information necessary for NSHD to maintain an exemption from registering its common stock under the Exchange Act pursuant to Rule 12g3-2(b) thereunder.

To the maximum extent permitted by applicable law, NSHD and its affiliates disclaim any responsibility or liability to ADR holders, banks, depository institutions, or any other entities or individuals in connection with any unsponsored ADRs representing its common stock.

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## 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 20th Ordinary General Meeting of Shareholders

Nippon Sanso Holdings Corporation (“we” or “Company”) will hold its 20th 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](#)) on the following websites. Please access one of the websites to review the material.

#### Corporate Website

<https://www.nipponsanso-hd.co.jp/en/ir/stock/meeting.html>

#### 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 reference documentation for the general meeting of shareholders described below or on the above websites and exercise your voting rights **no later than 5:40 p.m. on Tuesday, June 18, 2024.**

#### By Postal Mail

Indicate your approval or disapproval of each of the proposals on the ballot form [that will be sent together with this Notice of Convocation](#) and return it by mail to arrive by the deadline given above.

#### Via the Internet, Etc.

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:** Wednesday, June 19, 2024, 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 FYE2024 March (April 1, 2023 to March 31, 2024)
2. Report on the non-consolidated financial statements for the FYE2024 March (April 1, 2023, to March 31, 2024)

#### **Matters to Be Resolved**

**Proposal 1:** Appropriation of surplus

**Proposal 2:** Election of nine directors

**Proposal 3:** Election of two audit & supervisory board members

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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 ballot form that will be sent together with this Notice of Convocation 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.

- Only this Notice of Convocation and the ballot will be sent to shareholders who did not request paper copy.
- 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 the documents:
  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.

- A paper copy of the result of the resolutions at this Meeting will not be sent by postal mail, and will be posted on the corporate website ( <https://www.nipponsanso-hd.co.jp/en/ir/stock/meeting.html> ) after the conclusion of this Meeting.

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](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**<sup>\*1</sup>

Present the ballot form [that will be sent together with this Notice of Convocation](#) at the registration desk when you arrive for the Meeting. (You do not need to affix your seal or signature.)

Date and time: Wednesday, June 19, 2024, 10:00 a.m. (Registration desk open from 9:00 a.m.)

- **By postal mail**<sup>\*2</sup>

Indicate your approval or disapproval of each of the proposals on the ballot form [that will be sent together with this Notice of Convocation](#) 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 Tuesday, June 18, 2024.

- **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 Tuesday, June 18, 2024.



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]

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 Tuesday, June 18, 2024. 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)

# 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

24 yen per common share in the Company

Total dividend: 10,389,739,032 yen

##### (3) Effective date of distribution of dividend from surplus

June 20, 2024

Including the interim dividend of 20 yen per share that was paid in December last year, the total annual dividend will be 44 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, Miri Hara, Katsumi Nagasawa, Masako Miyatake, Hideo Nakajima, and Katsuhito Yamaji) 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                 | Gender | Current position and responsibilities  | New appointment /Reappointment/ outside/ independent |
|-----|----------------------|--------|--|--|
| 1.  | Toshihiko Hamada     | Male   | Chairman of the Board of Directors<br>Representative director and President CEO<br>Member of Advisory Committee on Appointments and Remuneration | Reappointment  |
| 2.  | Kenji Nagata         | Male   | Director   | Reappointment  |
| 3.  | Thomas Scott Kallman | Male   | Director   | Reappointment  |
| 4.  | Raoul Giudici        | Male   | --   | New appointment                                      |
| 5.  | Miri Hara            | Female | Director<br>Member of Advisory Committee on Appointments and Remuneration  | Reappointment<br>outside director<br>independent     |
| 6.  | Katsumi Nagasawa     | Male   | Director<br>Chairman of Advisory Committee on Appointments and Remuneration  | Reappointment<br>outside director<br>independent     |
| 7.  | Masako Miyatake      | Female | Director<br>Member of Advisory Committee on Appointments and Remuneration  | Reappointment<br>outside director<br>independent     |
| 8.  | Hideo Nakajima       | Male   | Director<br>Member of Advisory Committee on Appointments and Remuneration  | Reappointment<br>outside director<br>independent     |
| 9.  | Katsuhito Yamaji     | Male   | Director<br>Member of Advisory Committee on Appointments and Remuneration  | Reappointment<br>outside director<br>independent     |

### Notes

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

The Company has established Standards for the Independence of Outside Directors and the Audit & Supervisory Board members<sup>\*2</sup>, detailed on Page 26. 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 26 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 26 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 knowledge and experience acquired by all of the officers through their career and in their expert areas comprise the necessary skills for the Group to promote sustainability management. 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 |                                |                                 |                   |                          |                          |                     |  |              |
|-----|----------------------|--|--------------------------------|---------------------------------|-------------------|--------------------------|--------------------------|---------------------|--|--------------|
|     |                      | 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.  | Raoul Giudici        | •  |                                |                                 | •                 |                          |                          | •                   | •                                      |              |
| 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

1



Reappointment

Number of Company shares owned: 6,900

Years of service as a director: 4

Record of attendance at the Board of Directors meetings: 12 appearances at 12 meetings

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

### 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.



2



Reappointment

Number of Company shares owned: 12,400

Years of service as a director: 6

Record of attendance at the Board of Directors meetings: 12 appearances at 12 meetings

**Kenji Nagata** (Date of birth: February 28, 1959) Male

**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.

3

## Thomas Scott Kallman

(Date of birth: October 17, 1954) Male



### Reappointment

**Number of Company shares owned:**  
0

**Years of service as a director:**  
5

**Record of attendance at the Board of Directors meetings:**  
12 appearances at 12 meetings

### 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.

4

## Raoul Giudici

(Date of birth: June 25, 1969) Male



New appointment

Number of Company shares owned:  
0

### Career summary, position and responsibilities in the Company

|                |   |
|----------------|---|
| September 1995 | Joined Rivoira S.p.A. (now Nippon Gases Italia S.r.l.)                                  |
| March 2004     | Director Marketing and Bulk Sales Development, Revoira S.p.A.                           |
| February 2007  | European Marketing Director, Praxair Euroholding S.L.                                   |
| January 2010   | Sales and Marketing Director Italy, Rivoira S.p.A.                                      |
| February 2013  | Managing Director, Rivoira S.p.A.   |
| November 2013  | Managing Director and President, Rivoira S.p.A.   |
| January 2015   | Managing Director and President, Praxair Italia S.r.l. (now Nippon Gases Italia S.r.l.) |
| April 2024     | Executive Vice President, Nippon Gases Euro-Holding S.L.U. (current)                    |

### Significant concurrent positions

Executive Vice President\*, Nippon Gases Euro-Holding S.L.U.

#### Reasons for nomination as candidate for director position

Raoul Giudici has worked for many years in the industrial gas business in Europe, and was in charge of Italy at the European business of Praxair, Inc., acquired by the Company. He is currently serving as the Executive Vice President of Nippon Gases Euro-Holding S.L.U., which manages the Group's European business, and is scheduled to be appointed as its Chairman and President in July 2024. In view of his extensive background, we have nominated Mr. Giudici for a position as director in the expectation that his experience and insight will contribute significantly to Group management.

### Special interests

Raoul Giudici has no special interests in the Company.

\* Scheduled to be appointed as Chairman and President of Nippon Gases Euro-Holding S.L.U. on July 1, 2024.

5



Reappointment

outside director

independent

Number of Company shares owned:  
0

Years of service as an outside director:  
3

Record of attendance at the Board of Directors meetings:  
12 appearances at 12 meetings

**Miri Hara** (Date of birth: December 20, 1961) Female

**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.

6



Reappointment

outside director

independent

Number of Company shares owned: 700

Years of service as an outside director: 2

Record of attendance at the Board of Directors meetings: 12 appearances at 12 meetings

## Katsumi Nagasawa (Date of birth: October 18, 1956) Male

### 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.

7

## Masako Miyatake (Date of birth: August 19, 1958) Female



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:**  
12 appearances at 12 meetings

### 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<br>(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  |
| March 2019    | Outside director, SUMIDA CORPORATION   |
| April 2019    | Visiting Professor, Keio University Law School   |
| April 2021    | Professor, Keio University Law School  |
| June 2022     | Outside director, the Company (current)  |
| April 2024    | Visiting Professor, Keio University Law School (current)   |

### Significant concurrent positions

Visiting Professor, Keio University Law School  
Special Counsel, Blakemore & Mitsuki

### 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 served 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, Ms. 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.

8

## Hideo Nakajima (Date of birth: July 23, 1955) Male



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:**  
10 appearances at 10 meetings

### 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)           |
| June 2023      | Outside director, the Company (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 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 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 Hideo Nakajima 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. Nakajima will be extended if he is reelected as a director.

9



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:  
10 appearances at 10 meetings

## Katsuhito Yamaji (Date of birth: November 28, 1958) Male

### 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)   |
| June 2023    | Outside director, the Company (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 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 Katsuhito Yamaji 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. Yamaji will be extended if he is reelected as a director.

## (Note) Matters common to all candidates for directors

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 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 criminal acts, etc. committed by the insured.) 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 two Audit & Supervisory Board members

The terms of office of Audit & Supervisory Board members Masahiro Osada and Kazuya Kobayashi will expire at the conclusion of this Meeting. Accordingly, the Company proposes election of two Audit & Supervisory Board members. This Proposal has the consent of the Audit & Supervisory Board (hereinafter, sometimes referred as “A&S Board”). The candidates for Audit & Supervisory Board member are as follows.

#### Notes

The candidates for Audit & Supervisory Board members were 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 independent outside directors.

\* See “Reference: Advisory Committee on Appointments and Remuneration” on page 26 below for the outline of the Advisory Committee on Appointments and Remuneration.

1

## Kentaro Akashi

(Date of birth: September 6, 1961) Male



New appointment

outside A&S Board member

independent

Number of Company shares owned:  
0

#### Career summary, position and responsibilities in the Company

|            |  |
|------------|--|
| April 1984 | Joined Fuji Bank, Ltd. (now Mizuho Bank, Ltd.)   |
| April 2008 | General Manager of Products Operation Management Department, Mizuho Corporate Bank, Ltd. (now Mizuho Bank, Ltd.)                                     |
| April 2010 | General manager, Hong Kong Branch, Mizuho Corporate Bank   |
| April 2011 | Executive Officer, General Manager of Hong Kong Corporate Banking Division No. 1 and No.2, Mizuho Corporate Bank Hong Kong                           |
| July 2013  | Executive Officer, General Manager of Hong Kong Corporate Banking Division No. 1 and No.2, Mizuho Bank Hong Kong                                     |
| April 2014 | Managing Executive Officer, Mizuho Securities Co., Ltd., Chairman of Mizuho Securities Asia Limited, In charge of Investment Banking Group           |
| April 2015 | Managing Executive Officer, Mizuho Securities Co., Ltd., Chairman of Mizuho Securities Asia Limited, In charge of Investment Banking Business        |
| April 2016 | Managing Executive Officer, Mizuho Securities Co., Ltd., Chairman of Mizuho Securities Asia Limited, In charge of Global Investment Banking Business |
| April 2017 | Senior General Manager, Mizuho Securities Co., Ltd.  |
| June 2017  | Executive in charge of investment management, Corporate Strategy Division, JTB Corp.   |
| April 2018 | Executive Officer, In charge of Investment Strategy, Corporate Strategy Division, JTB Corp.  |
| April 2021 | Executive Officer, In charge of Investment Financial Strategy, JTB Corp.   |
| April 2024 | Advisor of the Company (current)   |

#### Significant concurrent positions <sup>(\*)</sup>

None

#### Reasons for nomination as candidate for outside Audit & Supervisory Board member

Kentaro Akashi has amassed a long career in financial institutions, and possesses wide-ranging experience in the fields of accounting and finance. In view of his extensive background, we have nominated Mr. Akashi for a position as an outside Audit & Supervisory Board member in the expectation that his experience and insight will contribute significantly to the audit system of our Group.

#### Special interests

Kentaro Akashi has no special interests in the Company.

#### Reporting of independent A&S Board member status

Kentaro Akashi is a candidate for the position of outside Audit & Supervisory Board member. Also, he satisfies the requirements for independent A&S Board member 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 A&S Board member. If this Proposal is approved and adopted, we will notify the Tokyo Stock Exchange of his selection as an independent A&S Board member.

<sup>(\*)</sup> Scheduled to be appointed as part-time Audit & Supervisory Board member of Taiyo Nippon Sanso Corporation on June 18, 2024.

2

## Kohei Ichiya

(Date of birth: January 12, 1964) Male



New appointment

outside A&S Board member

Number of Company shares owned:  
0

### Career summary, position and responsibilities in the Company

- April 1987      Joined Mitsubishi Chemical Industries Limited (now Mitsubishi Chemical Corporation)
- April 2013     Group Manager of Corporate Strategy Office, Mitsubishi Chemical Holdings Corporation (now Mitsubishi Chemical Group Corporation)
- April 2017     Group Manager, Corporate Management Department, Mitsubishi Chemical Corporation
- April 2018     General Manager, Finance Department, Mitsubishi Chemical Holdings Corporate Staff, Inc. (now Mitsubishi Chemical Group Corporation)
- April 2020     Director, General Manager of Finance and Accounting Division, Japan Polychem Corporation
- April 2024     Advisor of the Company (current)

### Significant concurrent positions

None

### Reasons for nomination as candidate for outside Audit & Supervisory Board member

Kohei Ichiya has worked for many years in the field of corporate management and finance and accounting at chemical companies, and possesses wide-ranging experience in the fields of accounting and finance.

In view of his extensive background, we have nominated Mr. Ichiya for a position as an outside Audit & Supervisory Board member in the expectation that his experience and insight will contribute significantly to the audit system of our Group.

### Special interests

Kohei Ichiya has no special interests in the Company.

\* The above section of "Career summary and positions in the Company" for Kohei Ichiya includes positions and responsibilities as an executive at the Company's parent company Mitsubishi Chemical Group Corporation and its subsidiaries during the past ten years.

### (Note) Matters concerning all candidate for Audit & Supervisory Board members

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 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 criminal acts, etc. committed by the insured.) If each 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 representative director and 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 advise 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”)\*<sup>1</sup>.
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:
  - (1) A major supplier\*<sup>3</sup> of the Company or important subsidiary of the Company\*<sup>2</sup>, or a person who executes business for such a supplier
  - (2) A major client\*<sup>4</sup> of the Company or important subsidiary of the Company, or a person who executes business for such a client
  - (3) A major financial institution\*<sup>5</sup> 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 officer’s remuneration\*<sup>6</sup>.
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 SANSEI 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, 2023  
to March 31, 2024

**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**

Nippon Sanso Holdings Group (NSHD Group) delivered positive profit growth for the fiscal year under review (from April 1, 2023 to March 31, 2024) despite challenging geopolitical issues, rising trade tensions, global inflation, JPY depreciation, and a soft semiconductor market. Air separation gases (oxygen, nitrogen, and argon) transported via either truck or on-site pipeline to steel, chemical, and petroleum refining sectors, have decreased compared to the previous fiscal year. In addition, compared to prior year, there has been a moderation of energy related production costs, where they previously had been high. Furthermore, price management has been successful in passing costs through to our customers and our robust productivity projects continue to yield positive financial result. These factors enabled the NSHD Group to achieve the following results for the full fiscal year under review.

Revenue on a consolidated basis increased by 5.8% year-on-year to ¥1,255,081 million, core operating income increased by 34.8% to ¥165,996 million, operating income increased by 43.9% to ¥172,041 million, and net income attributable to owners of the parent increased by 44.9% to ¥105,901 million.

As for the impact of foreign exchange rates year-on-year, JPY depreciated against the USD from ¥136.00 to ¥145.31 (+¥9.31, or +6.8%), against the EUR from ¥141.62 to ¥157.72 (+¥16.10, or +11.4%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥59.8 billion and ¥7.5 billion respectively.

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

(Overview of business performance by reportable segment)

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

Segment income represents core operating income.

**a. Japan**

In the industrial gas-related business, revenue increased year-on-year mainly due to price management activities against rising costs, despite lower shipment volumes of core products such as air separation gases and LP gas. In addition, the shipment volume of specialty gases for the electronics industry declined. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to medium and large sized projects which are accounted for on a percentage-of-completion basis. Meanwhile, there was a decrease in revenue due to two items: the conversion of a consolidated on-site subsidiary to a joint operation entity and the deconsolidation of a subsidiary responsible for resident-use LP gas.

As a result, in the Japan segment, revenue decreased by 1.4% year-on-year to ¥414,365 million and segment income increased by 35.7% to ¥42,998 million.

**b. United States**

In the industrial gas-related business, revenue increased year-on-year mainly due to impact of the weak JPY and price management activities. Air separation gases experienced lower shipment volumes due to soft industrial trends. In equipment and installation, industrial gas-related sales were flat to the previous fiscal year, but electronics-related equipment sales were favorable, thereby increasing sales.

As a result, in the United States segment, revenue increased by 14.5% year-on-year to ¥347,054 million and segment income increased by 34.9% to ¥50,004 million.

### **c. Europe**

Revenue increased in the industrial gas-related business year-on-year mainly due to the impact of the weak JPY and price management activities despite slightly lower core product volumes such as air separation gases. Equipment and installation, continues with positive performance in both industrial gas-related sales and medical-related equipment.

As a result, in the Europe segment, revenue increased by 10.8% year-on-year to ¥302,477 million, and segment income increased by 52.6% to ¥532,59 million.

### **d. Asia & Oceania**

In the industrial gas-related business, revenue increased year-on-year mainly due to price management activities against rising costs and weak JNY, despite lower shipment volumes of core products such as air separation gases. In LP gas, of which a large portion of sales are in the Australia region, sales volumes slightly decreased. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment demand due to customer inventory adjustments and customer postponements of capital investment.

As a result, in the Asia & Oceania segment, revenue increased by 0.2% year-on-year to ¥160,327 million and segment income increased by 3.1% to ¥15,948 million.

**e. Thermos**

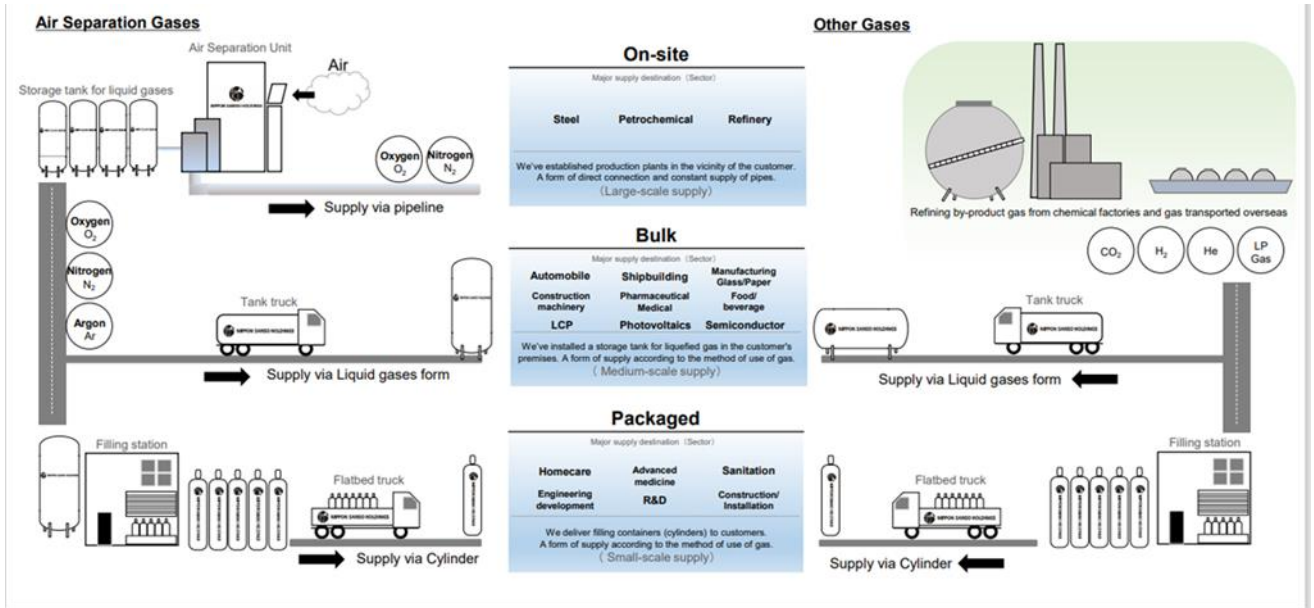
In Japan, sales from portable vacuum-insulated mugs and sports bottles were firm, and revenue increased. Overseas, revenues were flat to the previous fiscal year. Segment income decreased due to rising raw material prices from inflation and production costs increased due to the weak JPY.

As a result, the Thermos segment revenue increased by 1.9% year-on-year to ¥30,765 million, the segment income decreased by 7.6% to ¥5,566 million.

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(Note) The core operating income of ¥165,996 million yen for the fiscal year is the total amount of core operating income of each segment minus the adjustment amount of ¥1,780 million. The negative adjustment of segment income is comprised of (¥313) million of intersegment eliminations and companywide expenses of (¥1,467) 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 investments primarily to acquire new facilities, including gas production facilities, upgrade existing facilities, rationalize, and conduct research and development.

The total investment in the Group's plant and equipment in the fiscal year under review was 139,138 million yen. The breakdown by segment is as follows.

| Segment          | Capital expenditure |
|------------------|---------------------|
| Japan            | 24,674 mil. yen     |
| United States    | 64,210 mil. yen     |
| Europe           | 37,738 mil. yen     |
| Asia & Oceania   | 11,810 mil. yen     |
| Thermos Business | 1,022 mil. yen      |

(Note) In addition to the above, companywide (common) capital investment amounted to 35 million yen, and intersegment eliminations amounted to -353 million yen.

## 3) Fund procurements

| Item                        | Balance at the beginning of the period | Balance at the end of the period | Change          |
|-----------------------------|--|----------------------------------|-----------------|
| Borrowings                  | 676,354 mil. yen                       | 675,801 mil. yen                 | -552 mil. yen   |
| Bonds and commercial papers | 223,665 mil. yen                       | 214,457 mil. yen                 | -9,208 mil. yen |
| Total                       | 900,020 mil. yen                       | 890,259 mil. yen                 | -9,761 mil. yen |

## 4) Important organizational restructuring, etc.

Our subsidiary, Taiyo Nippon Sanso Energy Corporation, merged with Atmos Retailing Corporation in an absorption-type merger on January 1, 2024, and changed its name to Atmos Retailing Corporation. The Company's share ratio after the absorption-type merger is 35%, and its related company category was changed from "subsidiary" to "affiliated company."

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

| Category  | FYE March 2021 | FYE March 2022 | FYE March 2023 | (FY Under Review)<br>FYE March 2024 |
|---|----------------|----------------|----------------|-------------------------------------|
| Revenue<br>(millions of yen)  | 818,238        | 957,169        | 1,186,683      | 1,255,081                           |
| Core operating income<br>(millions of yen)                              | 87,251         | 102,710        | 123,124        | 165,996                             |
| Operating income<br>(millions of yen)                                   | 88,846         | 101,183        | 119,524        | 172,041                             |
| Net income attributable<br>to owners of the parent<br>(millions of yen) | 55,214         | 64,103         | 73,080         | 105,901                             |
| Basic earnings per<br>share (yen)<br>(FY Under Review)                  | 127.59         | 148.13         | 168.85         | 244.66                              |
| Total assets<br>(millions of yen)                                       | 1,836,294      | 1,977,026      | 2,158,950      | 2,409,083                           |
| Total equity<br>(millions of yen)                                       | 543,900        | 661,137        | 757,996        | 946,112                             |

(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 1,361 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<br>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<br>600        | *85.30                          | Manufacture & sales of liquefied carbon dioxide, dry ice, and sales of various compressed and liquefied gases   |
|               | Taiyo Nippon Sanso Gas & Welding Corporation | mil. yen<br>100        | *100                            | Sales of cutting and welding equipment, and manufacture & sales of various compressed gases   |
| United States | Matheson Tri-Gas, Inc.                       | US dollar<br>55.77     | 100                             | Manufacture & sales of oxygen, nitrogen, argon, specialty gases, hydrogen, equipment, sales of cutting & welding equipment  |
|               | Western International Gas & Cylinders, Inc.  | US dollar<br>1,246,000 | *100                            | Manufacture & purchase and wholesale distribution of acetylene, propylene, cylinder gas, etc.   |
| Europe        | Nippon Gases Euro-Holding S.L.U.             | Euro<br>100,000,000    | 100                             | Ownership of shares in related companies in Europe  |
|               | Nippon Gases Italia S.r.l.                   | Euro<br>30,000,000     | *100                            | Ownership of shares in related companies in Italy   |
|               | Nippon Gases Espana S.L.U.                   | Euro<br>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<br>233,436,140  | 100                             | Ownership of shares in related companies in Singapore   |
|                | Leeden National Oxygen Ltd.                     | Singapore dollar<br>53,483,649   | *100                            | 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<br>514,267,883 | 98.95                           | Ownership of shares in related companies in Australia   |
|                | Supagas Pty Ltd                                 | Australian dollar<br>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<br>87,195,449          | 100                             | Ownership of shares in related companies in China   |
|                | Taiyo Nippon Sanso Trading (Shanghai) Co., Ltd. | US dollar<br>2,870,000           | *100                            | Sales of specialty gases  |
|                | Nippon Sanso Taiwan, Inc.                       | New Taiwan dollar<br>160,000,000 | *100                            | Manufacture & sales of nitrogen, sales of specialty gases and equipment   |
|                | Matheson Gas Products Korea Co., Ltd.           | Korean won<br>10,572,500,000     | *100                            | Manufacture & sales of specialty gases  |
| Thermos        | Thermos K.K.                                    | mil. yen<br>300                  | 100                             | Manufacture & sales of housewares   |

- (Note) 1. Figures marked with an asterisk indicate our ownership ratio, including investment by subsidiaries.
2. Since the related companies' category of K.K. JFE Sanso Center was changed from "subsidiary" to "affiliated company" on June 30, 2024, the same was excluded from significant subsidiaries.
3. Continental Carbonic Products, Inc., was merged with Matheson Tri-Gas, Inc., on December 31, 2023, with Matheson Tri-Gas, Inc. as the surviving company and was excluded from significant subsidiaries.

### 3) Status of specified wholly owned subsidiaries

None.

#### (4) Challenging issues to be addressed

The Company is operating its business in accordance with “NS Vision 2026—Enabling the Future” (hereinafter, “NS Vision 2026”), which the Company developed as its medium-term management plan covering the four years from FYE March 2023 to FYE March 2026 toward achieving the Group Vision.

In the business environment surrounding the Group, inflationary trends in Europe and the U.S.A. and the impact of policy rate hikes affected the global economy. Geopolitical issues, including the Russia-Ukraine conflict and deteriorating Middle Eastern affairs, created the need to cultivate a new procurement route, which increased navigation time and cost due to detour transportation. Energy price volatility and labor shortages also continued. The Company actively implemented groupwide measures to promote price management and enhance productivity in response to the cost fluctuation arising from these factors.

We will continue carefully monitoring geopolitical risks, supply chain disruptions, and energy price fluctuation and respond appropriately. In addition, the Company expects further development of digitalization, including the promotion of the use of generative AI, the expansion of new production sites by semiconductor manufacturers due to the increased tension between the US and China, and society-wide efforts to decarbonize in response to climate change risks will accelerate, among other things. Therefore, the Company must capture new business opportunities and establish its governance structure from a medium- to long-term perspective.

NS Vision 2026 established non-financial KPI targets in addition to financial KPI targets, with the following five focused fields. Based on the recognition of the above environment, the Company will implement the plan while reviewing individual measures as needed.

- I. **Promote sustainability management:** The Company endorsed Keidanren’s “Declaration of Biodiversity and Action Policy” in FYE March 2024 and now participates in the “Keidanren Initiative for Biodiversity Conservation.” In the environmental field, 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. Moreover, we are promoting sustainable business operations through our endeavor to ensure process safety and improve product and service quality, respecting human rights, ensuring diversity and inclusion of human resources to remain a company trusted by society, and striving to enhance and gain support for compliance promotion activities.
- II. **Explore new business toward carbon neutrality:** The Group is 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 oxygen-ammonia and hydrogen-oxygen burners for industrial furnaces and ammonia decomposition hydrogen production technology. We also promoted business tie-ups and investments to build strategic relationships with technological partners. Furthermore, we are enhancing the dedicated website on our Group initiatives. We will continue to strengthen communication on our Group initiatives toward carbon neutrality.
- III. **Expand the electronics business:** We are reviewing our semiconductor gas and related equipment production sites and enhancing our production capacity in response to the needs for semiconductor supply chain management prompted by the heightened geopolitical risks. In the current fiscal year, we have expanded the Taiwan factory that manufactures semiconductor gas-related equipment in response to the growing demand. In addition, we have been selected by a customer who aims to mass produce next-generation semiconductors in Japan as the architect and builder of their gas-related facilities and a supplier of bulk gases for their pilot line. We are promoting initiatives to commercialize ultra-high purity air separation units that will be required to cater for the strong demand in large semiconductor manufacturing plant construction.

- IV. **Pursue operational excellence:** Each operating company strongly promoted productivity improvement to maximize profit. In this fiscal year, we launched a project to promote operational excellence to strengthen Group cooperation and further improve the effectiveness of our productivity improvement activities. Best practice by each operating company is introduced at the “Operational Excellence Day” event to enhance awareness of productivity improvement by each company. In addition, the Group is making a collective effort to promote the initiative by establishing a separate working group in each company to further promote lateral deployment of the project.
- V. **Promote DX initiatives leading to new value creation:** Each operating company promotes upgrading its business model using digital data to improve productivity and product price management. In Thermos, the Group’s B2C business, digital data is promoted for initiatives to enhance customer and employee satisfaction, including expanding the members’ site for customers and using AI for customer support.

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

- Japan: We will continue to review our business portfolio and implement various programs to enhance profitability. We will also work to strengthen new products and services by expanding facilities to capture the various demands created by the expansion of the domestic electronics industry and provide stable supply. 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 increase the density and scale of the business by expanding new on-site business, continuing pricing activities in response to inflationary trends, and expanding production bases to capture the demand for dry ice from the cold chain logistics system. We will also promote the smooth implementation of large capital expenditures, 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 promote measures to capture the demand for related products in response to the expansion of the European electronics market. We also aim to capture environment-related business opportunities in the region. As part of such efforts, we will promote expanding the oxygen combustion technology area and activities to win projects for expanding the biomethane market.
- Asia and Oceania: We are making efforts to acquire large-scale on-site projects, increase the ASUs’ capacity, and expand products for the electronics market, which has significant room for growth in the region. In addition to air separation gases, we will promote increased production of various industrial gases, including carbon dioxide. As the region is expected to maintain strong economic growth, we will continue to focus on expanding new products, services, and business areas, while also striving to gain support for productivity enhancement activities to improve the profitability of each operating company.

In Thermos, the Group’s sole B2C business, we aim to boost demand by actively launching new products while using flexible advertisement and offering storefront promotions. We will expand directly operated stores and e-commerce to diversify our sales channels.

**(5) Contents of main business lines (as of March 31, 2024)**

| Segment  | Main products & services  |
|--|---|
| Japan<br>United States<br>Europe<br>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, 2024)****1) Company**

|             |                     |
|-------------|---------------------|
| Head office | Shinagawa-ku, Tokyo |
|-------------|---------------------|

**2) Subsidiaries**

| Company name                                    | Location of head office            |
|---|------------------------------------|
| Taiyo Nippon Sanso Corporation                  | Shinagawa-ku, Tokyo, Japan         |
| Nippon Ekitan Corporation                       | Minato-ku, Tokyo, Japan            |
| Taiyo Nippon Sanso Gas & Welding Corporation    | Osaka City, Osaka., Japan          |
| Matheson Tri-Gas, Inc.                          | Texas, U.S.A.                      |
| Western International Gas & Cylinders, Inc.     | Texas, 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, 2024)**

| Segment              | No. of employees | Year-on-year changes |
|----------------------|------------------|----------------------|
| Japan                | 5,916            | -408                 |
| United States        | 4,705            | +157                 |
| Europe               | 3,124            | +111                 |
| Asia & Oceania       | 4,377            | +98                  |
| Thermos Business     | 1,320            | -7                   |
| Segments Total       | 19,442           | -49                  |
| Companywide (common) | 91               | +3                   |
| Total                | 19,533           | -46                  |

(Note) The numbers are those of employees.

**(8) Main sources of borrowings (as of March 31, 2024)**

| Source of Borrowings | Amount of Borrowings |
|----------------------|----------------------|
| Mizuho Bank, Ltd.    | 278,520 mil. yen     |
| MUFG Bank, Ltd.      | 140,483 mil. yen     |
| The Norinchukin Bank | 139,090 mil. yen     |



## 2. Status of Company

### (1) Status of shares (as of March 31, 2024)

- |                                |               |
|--------------------------------|---------------|
| 1) No. of authorized shares    | 1,600,000,000 |
| 2) No. of shares issued        | 433,092,837   |
| 3) No. of shareholders         | 18,129        |
| 4) Major shareholders (top 10) |               |

| Shareholder   | Status of investment in Company  |                    |
|---|----------------------------------|--------------------|
|   | Shares held<br>(in 1,000 shares) | Shares held<br>(%) |
| Mitsubishi Chemical Group Corporation                             | 218,996                          | 50.59              |
| The Master Trust Bank of Japan, Ltd. (trust account)              | 29,632                           | 6.85               |
| Client shareholding association of Taiyo Nippon Sanso Corporation | 16,706                           | 3.86               |
| Custody Bank of Japan, Ltd. (trust account)                       | 11,422                           | 2.64               |
| Meiji Yasuda Life Insurance Company                               | 9,006                            | 2.08               |
| Mizuho Bank, Ltd.   | 4,332                            | 1.00               |
| The Bank of New York Mellon 140044                                | 3,393                            | 0.78               |
| State Street Bank West Client – Treaty 505234                     | 3,179                            | 0.73               |
| Ibiden Co., Ltd.  | 3,004                            | 0.69               |
| JP Morgan Chase Bank 385632                                       | 2,806                            | 0.65               |

(Note) 1. Our Company has 187,000 treasury shares.

2. The shareholding ratio excludes treasury shares.

**(2) Status of Company officers****1) Status of directors & Audit & Supervisory Board members (as of March 31, 2024)**

| Name                 | Gender | Position                             | Duties in charge & main concurrent posts   |
|----------------------|--------|--------------------------------------|--|
| Toshihiko Hamada     | Male   | Representative Director<br>President | Chairperson of the Board<br>CEO<br>Member of Advisory Committee on Appointments and Remuneration   |
| Kenji Nagata         | Male   | Director                             | Representative Director & President, Taiyo Nippon Sanso Corporation  |
| Thomas Scott Kallman | Male   | Director                             | Chairman and CEO, Matheson Tri-Gas, Inc.   |
| Eduardo Gil Elejoste | Male   | Director                             | Chairman and President, Nippon Gases Euro-Holding S.L.U.   |
| Miri Hara            | Female | Director                             | Member of Advisory Committee on Appointments and Remuneration<br>Representative Certified Public Tax Accountant, Tax Corporation Yokohama Benten Accounting, Inc.<br>Member of the Board (Outside director), SECOM CO., LTD. |
| Katsumi Nagasawa     | Male   | Director                             | Chairman of Advisory Committee on Appointments and Remuneration<br>Outside director, Sugino Machine Limited  |
| Masako Miyatake      | Female | Director                             | Member of Advisory Committee on Appointments and Remuneration<br>Professor, Keio University Law School<br>Special Counsel, Blakemore & Mitsuki   |
| Hideo Nakajima       | Male   | Director                             | Member of Advisory Committee on Appointments and Remuneration<br>Special Advisor, White & Case LLP/White & Case Law Offices (Registered Association)   |
| Katsuhito Yamaji     | Male   | Director                             | Member of Advisory Committee on Appointments and Remuneration<br>Advisor, Yamaha Motor Co., Ltd.   |
| Satoshi Wataru       | Male   | A&S Board member<br>(Full-time)      |  |
| Akihiro Hashimoto    | Male   | A&S Board member<br>(Full-time)      |  |
| Masahiro Osada       | Male   | A&S Board member<br>(Full-time)      |  |
| Kazuya Kobayashi     | Male   | A&S Board member<br>(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. Directors Miri Hara, Katsumi Nagasawa, Masako Miyatake, Hideo Nakajima, and Katsuhito Yamaji are outside directors.
  3. A&S Board members Akihiro Hashimoto, Masahiro Osada, and Kazuya Kobayashi are outside A&S Board members.
  4. A&S Board members Satoshi Wataru, Akihiro Hashimoto, Masahiro Osada, and Kazuya Kobayashi have significant financial and accounting knowledge as follows.
    - A&S Board member Satoshi Wataru has long-term professional experience at the Company as the general manager of the Finance Department and officer of the Corporate Planning Office and possesses substantial 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.
  5. The Company has designated Directors Miri Hara, Katsumi Nagasawa, Masako Miyatake, Hideo Nakajima, and Katsuhito Yamaji, and A&S Board members Akihiro Hashimoto and Kazuya Kobayashi as independent directors/A&S Board members based on the Tokyo Stock Exchange's listing rules, and has reported them to the exchange.
  6. Director Masako Miyatake retired as a Professor of Keio University Law School on March 31, 2024, and serves as a Visiting Professor of Keio University Law School from April 1, 2024.

## **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 all of its subsidiaries. The Company and the subsidiaries bear the full premium and the insured parties do not need to pay. 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**

A&S Board member Junzo Tai resigned as of the conclusion of the 19th Ordinary General Meeting of Shareholders held on June 20, 2023.

## 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                             | 207                                   | 151   | 46                              | 9                                     | 11                            |
| (of which outside directors)         | (60)                                  | (60)  | (—)                             | (—)                                   | (7)                           |
| A&S Board members                    | 103                                   | 103   | —                               | —                                     | 5                             |
| (of which outside A&S Board members) | (75)                                  | (75)  | (—)                             | (—)                                   | (3)                           |
| Total                                | 310                                   | 255   | 46                              | 9                                     | 16                            |
| (of which outside officers)          | (135)                                 | (135)   | (—)                             | (—)                                   | (10)                          |

(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 and one A&S Board member who resigned 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 improvements in business results, and the amount of (iii) “Non-financial KPI-linked Bonuses” is calculated corresponding to the degree of achievement of certain targets among the non-financial KPI. They are reflected separately in the remuneration paid from July of the following business year (for example, the amount calculated based on the business results, etc., for FYE March 2023 (April 1, 2022 to March 31, 2023) is reflected in the directors’ remuneration paid from July 2023).

The proportion of (i) “Basic Monthly Remuneration,” (ii) “Performance-linked Bonuses,” and (iii) “Non-financial KPI-linked Bonuses” are approximately five to four to one, respectively.

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” (\*)

\* 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)
- Improvements in business results of each fiscal year (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

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

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 2024

1. Performance-linked Bonuses (100%)

(1) Degree of achievements of FYE March 2023 budget based on medium-term management plan targets (41%)

| Indicator for evaluation                  | Weight for evaluation | FYE March 2023 Target | FYE March 2023 Results |
|---|-----------------------|-----------------------|------------------------|
| Consolidated revenue                      | 20.5%                 | 950,000 mil. yen      | 1,186,683 mil. yen     |
| Consolidated core operating profit margin | 20.5%                 | 11.3%                 | 10.4%                  |

(2) FYE March 2023 performance improvements from FYE March 2022 results (59%)

| Indicator for evaluation                        | Weight for evaluation | FYE March 2022 Results | FYE March 2023 Results |
|---|-----------------------|------------------------|------------------------|
| Consolidated revenue                            | 19.6%                 | 957,169 mil. yen       | 1,186,683 mil. yen     |
| Consolidated core operating profit              | 19.6%                 | 102,710 mil. yen       | 123,124 mil. yen       |
| Net income attributable to owners of the parent | 19.6%                 | 64,103 mil. yen        | 73,080 mil. yen        |

2. Non-financial KPI-linked Bonuses (100%)

Degree of achievement of (certain) non-financial KPIs set in the medium-term management plan

| Indicator for evaluation              | Weight for evaluation | FYE March 2022 Results | FYE March 2023 Results |
|---------------------------------------|-----------------------|------------------------|------------------------|
| Lost time injury rate                 | 70%                   | 2.1                    | 1.5                    |
| Rate of receiving compliance training | 30%                   | —                      | 99%                    |

The medium-term management plan sets the lost time injury rate target at 1.6 or less by FYE March 2026. The target rate of receiving compliance training is 100% every fiscal year.

**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 20, 2023, the Board of Directors passed a resolution delegating the decision-making authority to Representative Director and President 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 and President 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 and President. 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 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\* and a special counsel at Blakemore & Mitsuki. The Company and the two entities where she currently works have no special interests in each other.
- Director Hideo Nakajima is a Special Advisor at White & Case LLP/White & Case Law Offices (Registered Association). The Company and the entity where he concurrently works have no special interests in each other.
- Director Katsuhito Yamaji is an advisor at Yamaha Motor Co., Ltd. The Company and the entity where he concurrently works have no special interests in each other.

\* Director Masako Miyatake has retired as the Professor of Keio University Law School as of March 31, 2024, and is serving as a Visiting Professor of Keio University law School from April 1, 2024.

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 | Miri Hara        | 12 appearances at 12 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 | 12 appearances at 12 meetings | —  | His wide experience and professional expertise mainly 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 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 | Masako Miyatake  | 12 appearances at 12 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 director | Hideo Nakajima   | 10 appearances at 10 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 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         | Katsuhito Yamaji  | 10 appearances at 10 meetings | —  | His wide experience including procurement and professional expertise in the whole 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. |
| Outside A&S Board member | Akihiro Hashimoto | 12 appearances at 12 meetings | 15 appearances at 15 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 President, and visited subsidiaries on an audit mission.  |
| Outside A&S Board member | Masahiro Osada    | 12 appearances at 12 meetings | 15 appearances at 15 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 President, and visited subsidiaries on an audit mission.  |
| Outside A&S Board member | Kazuya Kobayashi  | 12 appearances at 12 meetings | 15 appearances at 15 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 President, and visited subsidiaries on an audit mission.  |

(Note) The Board of Directors were held 12 meetings in the fiscal year under review. In addition, a written resolution in lieu of a resolution in accordance with Article 370 of the Companies Act was held once.

### **(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                           | 108 mil. yen |
| Total amount of money and other economic benefits to be paid by the Company and its subsidiaries to accounting auditor | 233 mil. yen |

(Note) 1. Among the significant subsidiaries of the Company, the financial statements of Matheson Tri-Gas, Inc., Western International Gas & Cylinders, 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 to prepare a comfort letter and perform other duties outside the 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 accounting 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.

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(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, 2024)

(Unit: Millions of Yen)

| Assets  |                  | Liabilities  |                  |
|---|------------------|--|------------------|
| Accounting item                                   | Amount           | Accounting item                                    | Amount           |
| <b>Current assets</b>                             | <b>568,201</b>   | <b>Current liabilities</b>                         | <b>498,019</b>   |
| Cash and cash equivalents                         | 126,100          | Trade payables                                     | 136,027          |
| Trade receivables                                 | 282,199          | Bonds and borrowings                               | 166,219          |
| Inventories                                       | 100,460          | Income tax payable                                 | 14,169           |
| Other financial assets                            | 27,216           | Other financial liabilities                        | 121,402          |
| Other current assets                              | 27,847           | Provisions   | 1,095            |
| Non-current assets held for sale                  | 4,376            | Other current liabilities                          | 59,105           |
| <b>Non-current assets</b>                         | <b>1,840,881</b> | <b>Non-current liabilities</b>                     | <b>964,951</b>   |
| Property, plant and equipment                     | 877,400          | Bonds and borrowings                               | 724,039          |
| Goodwill  | 575,809          | Other financial liabilities                        | 39,488           |
| Intangible assets                                 | 252,348          | Retirement benefit liabilities                     | 15,352           |
| Investments accounted for using the equity method | 54,673           | Provisions   | 5,019            |
| Other financial assets                            | 63,436           | Other non-current liabilities                      | 20,656           |
| Retirement benefit asset                          | 4,712            | Deferred tax liabilities                           | 160,395          |
| Other non-current assets                          | 9,133            | <b>Total liabilities</b>                           | <b>1,462,970</b> |
| Deferred tax assets                               | 3,367            |  |                  |
|   |                  | <b>Equity</b>                                      |                  |
|   |                  | <b>Net assets attributable to owners of parent</b> | <b>914,481</b>   |
|   |                  | Share capital                                      | 37,344           |
|   |                  | Capital surplus                                    | 39,233           |
|   |                  | Treasury shares                                    | △ 242            |
|   |                  | Retained earnings                                  | 627,544          |
|   |                  | Other components of equity                         | 210,601          |
|   |                  | <b>Non-controlling interests</b>                   | <b>31,630</b>    |
|   |                  | <b>Total equity</b>                                | <b>946,112</b>   |
| <b>Total assets</b>                               | <b>2,409,083</b> | <b>Total liabilities and equity</b>                | <b>2,409,083</b> |

(Note) Fractions of one million yen are rounded off

**Consolidated Statement of Profit and Loss**

(From April 1, 2023 to March 31, 2024)

(Unit: Millions of Yen)

| Accounting item                   | Amount         |
|-----------------------------------|----------------|
| Revenue                           | 1,255,081      |
| Cost of sales                     | △ 744,103      |
| <b>Gross profit</b>               | <b>510,977</b> |
| Selling, general & admin. Exps.   | △ 346,405      |
| Other operating income            | 13,863         |
| Other operating expenses          | △ 10,401       |
| Equity earnings of affiliates     | 4,006          |
| <b>Operating income</b>           | <b>172,041</b> |
| Financial income                  | 4,391          |
| Financial costs                   | △ 25,711       |
| <b>Profit before income taxes</b> | <b>150,720</b> |
| Income taxes                      | △ 41,356       |
| <b>Profit</b>                     | <b>109,364</b> |
| Profit attributable to            |                |
| <b>Owners of parent</b>           | <b>105,901</b> |
| <b>Non-controlling interests</b>  | <b>3,463</b>   |

(Note) Fractions of one million yen are rounded off

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

| (Unit: ¥ bn.)                               | FYE2023      | FYE2024       | YoY          |                |
|---|--------------|---------------|--------------|----------------|
|   | Full-term    | Full-term     | Difference   | %Change        |
| Income before income taxes                  | 105.5        | 150.7         | +45.2        | +42.9%         |
| Depreciation and amortization               | 105.7        | 112.4         | +6.7         |                |
| Changes in working capital                  | -22.2        | -20.6         | +1.6         |                |
| Others                                      | -1.0         | -26.5         | -25.5        |                |
| <b>Cash flows from operating activities</b> | <b>187.9</b> | <b>215.9</b>  | <b>+28.0</b> | <b>+14.9%</b>  |
| Capital expenditures                        | -91.8        | -118.3        | -26.5        |                |
| Investments and loans                       | -2.9         | -2.5          | +0.4         |                |
| Others (asset sales, etc.)                  | -3.3         | -3.7          | -0.4         |                |
| <b>Cash flows from investing activities</b> | <b>-98.0</b> | <b>-124.6</b> | <b>-26.6</b> | <b>+27.1%</b>  |
| <b>Free cash flow</b>                       | <b>89.8</b>  | <b>91.3</b>   | <b>+1.5</b>  | <b>+1.6%</b>   |
| <b>Cash flows from financing activities</b> | <b>-54.4</b> | <b>-110.0</b> | <b>-55.6</b> | <b>+102.2%</b> |

(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, 2024)

(Unit: Millions of Yen)

| Accounting items                    | Amount         | Accounting items                             | Amount         |
|-------------------------------------|----------------|--|----------------|
| (Assets)                            |                | (Liabilities)                                |                |
| <b>Current Assets</b>               | <b>58,495</b>  | <b>Current Liabilities</b>                   | <b>152,046</b> |
| Cash and cash in bank               | 9,583          | Short-term loan payable                      | 64,977         |
| Account receivable                  | 410            | Commercial paper                             | 17,000         |
| Short-term loans receivable         | 41,087         | Current portion of long-term loan            | 43,016         |
| Other current assets                | 7,413          | Current portion of bonds payable             | 20,000         |
| <b>Non Current Assets</b>           | <b>931,269</b> | Accrued expenses                             | 6,095          |
| <b>Tangible Assets</b>              | <b>4,761</b>   | Other current liabilities                    | 957            |
| Building and structures             | 2,866          | <b>Non Current Liabilities</b>               | <b>590,356</b> |
| Machinery and equipment             | 1,072          | Bonds  | 178,000        |
| Tools, furniture and fixtures       | 104            | Long-term loan payable                       | 412,315        |
| Land                                | 717            | Other non-current liabilities                | 40             |
| Lease assets                        | 0              | <b>Total Liabilities</b>                     | <b>742,402</b> |
| <b>Investments and Other Assets</b> | <b>926,508</b> | (Net assets)                                 |                |
| Investment in securities            | 28,873         | <b>Shareholders' Equity</b>                  | <b>252,682</b> |
| Investment in affiliates stock      | 665,520        | 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         | 221,635        | Other capital surplus                        | 1,427          |
| Deferred tax assets                 | 53             | Retained Earnings                            | 157,688        |
| Other investments                   | 400            | Legal retained earnings                      | 7,664          |
| Allowance for doubtful accounts     | △ 34           | Other retained earnings                      | 150,023        |
|                                     |                | Reserve for tax purpose reduction            | 791            |
|                                     |                | entry of non-current assets                  | 65,717         |
|                                     |                | General reserve                              | 83,514         |
|                                     |                | Retained earnings                            | △ 210          |
|                                     |                | Treasury shares                              |                |
|                                     |                | <b>Valuation and Translation Adjustments</b> | <b>△ 5,320</b> |
|                                     |                | Valuation difference on available-for-       |                |
|                                     |                | sale securities                              | 14,546         |
|                                     |                | Deferred gain and loss on hedges             | △ 19,866       |
|                                     |                | <b>Total Net Assets</b>                      | <b>247,362</b> |
| <b>Total Assets</b>                 | <b>989,765</b> | <b>Total Liabilities and Net Assets</b>      | <b>989,765</b> |

(Note) Fractions of one million yen are rounded off.

**Profit and Loss Statement**

(From April 1, 2023 to March 31, 2024)

(Unit: Millions of Yen)

| Accounting items                      | Amount  |               |
|---------------------------------------|---------|---------------|
| Operating revenue                     |         | 22,272        |
| Operating expenses                    |         | 6,796         |
| <b>Operating Profit</b>               |         | <b>15,476</b> |
| Non operating income                  |         |               |
| Interest income & Dividends           | 9,201   |               |
| Others                                | 363     | 9,565         |
| Non operating expenses                |         |               |
| Interest expenses                     | 17,001  |               |
| Others                                | 546     | 17,547        |
| <b>Ordinary Profit</b>                |         | <b>7,493</b>  |
| Extraordinary gain                    |         |               |
| Gain on sale of investment securities | 169     | 169           |
| Extraordinary loss                    |         |               |
| Loss on sale of investment securities | 2       | 2             |
| <b>Profit Before Income Taxes</b>     |         | <b>7,660</b>  |
| Income taxes                          | △ 3,194 |               |
| Deferred tax                          | 25      | △ 3,169       |
| <b>Profit</b>                         |         | <b>10,830</b> |

(Note) Fractions of one million yen are rounded off.

# **Copy of Report of Accounting Auditor Regarding Consolidated Financial Statements**

## **Independent Auditors' Audit Report**

May 14, 2024

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

Yamamoto Takao

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, 2023 to March 31, 2024.

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 measures to eliminate impediments or any safeguard measures to reduce impediments to an acceptable level, where applicable.

## **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 14, 2024

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

Yamamoto Takao

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, 2023 to March 31, 2024.

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 measures to eliminate impediments or any safeguard measures to reduce impediments to an acceptable level, where applicable.

## **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, 2023, to March 31, 2024, 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), 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 15, 2024

The Audit & Supervisory Board of Nippon Sanso Holdings Corporation

|  |                   |
|--|-------------------|
| Audit and Supervisory Board Member (Full-time) | Satoshi Wataru    |
| 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**

## **Memo**

## **Map to the Venue of the 20th 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)