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To whom it may concern:

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Notice of formulation of “NS Vision 2026” medium-term management plan

Nippon Sanso Holdings Corporation (President CEO: Toshihiko Hamada) announces today that it has formulated a new medium-term management plan called “NS Vision 2026: Enabling the Future” for the four-year period ending with FYE2026.

1. Background to the formulation of “NS Vision 2026: Enabling the Future”

From FYE2018 to FYE2021, under its previous medium-term management plan “Ortus Stage 2,” the company achieved several key results, including:

- Expanding its presence and advancing its globalization efforts through acquisitions of European businesses and U.S. HyCO* businesses
- Expanding its electronics gas business in East Asia
- Broadening its production capabilities and expanding its business in the U.S. and Asia

Additionally, in October 2020, the company transitioned to a pure holding company structure.

Now, as Nippon Sanso Holdings Corporation, the company is guided by its Group Philosophy, “Proactive. Innovative. Collaborative. Making life better through gas technology,” and its Group Vision, “We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future,” as it operates industrial gas businesses in 31 countries and regions around the world—divided into four major global areas—along with its Thermos business, which provides products for more enjoyable lifestyles in over 120 countries around the world.

To help make its Group Vision a reality, the company has now formulated “NS Vision 2026: Enabling the Future,” its first medium-term management plan released after its transition to a pure holding company structure.

*“HyCO” stands for hydrogen (H₂) and carbon monoxide (CO), which are separated from natural gas and other gases through a technology called Steam Methane Reforming (hereafter “SMR”) and other equipment. The HyCO business provides large-scale supply of H₂ and CO to customers in oil refining and petrochemical industries by way of a pipeline.

2. Overview of “NS Vision 2026”

“NS Vision 2026” is based on a “Four global regions + Thermos” management structure. In addition to financial KPIs, it contains new non-financial KPIs as well, and is designed to reinforce and develop the Group’s comprehensive capabilities through five focused fields.

(1) Five focused fields

① Sustainability Management

- ✧ Environment: Focusing on continued reduction of greenhouse gases emitted as part of the Group’s business activities, broadening the Group’s environmental contribution product and service offerings, reducing emission of waste products, and conserving water resources
- ✧ Society: Achieving security and safety for stable supply, increasing trust in products and services, operating human rights initiatives, and securing diversity in human resources
- ✧ Governance: Expanding compliance promotion activities and increasing penetration

② Exploring New Businesses Toward Carbon Neutrality

- ✧ Providing value through business: Contribution to greenhouse gas emissions reduction in client industries through environmental contribution products and technologies
- ✧ Technological development: Initiatives to develop technology for oxygen combustion, CO₂ recapture, hydrogen provision, and supporting the creation of a circular economy; coordinated enhancement with strategic partners
- ✧ Improving communication: Improved capabilities for communicating with external parties and coordinating internally regarding Group initiatives

③ Total Electronics

- ✧ Relationship of trust with customers: Proposing and providing the quality and new products and solutions customers demand
- ✧ Improving global customer support capabilities: Enhancement of existing businesses supplying the electronics industry (electronic materials gas supply, construction and installation of gas supply equipment and facilities) in response to growing global demand
- ✧ Strengthening supply chain management: Enhancements from product manufacturing to inventory management adjoining customer sites

④ Operational Excellence

- ✧ Proactive mutual complementation and coordination: Sharing, expanding, and making best use of individual businesses’ history, commercial practices, and strengths
- ✧ Refinement of management resources: Management that builds and refines competitive superiority in each business’s market

⑤ DX Initiatives

- ✧ Digital value chain: Advancing business models through digital data coordination, analysis, and use; creating new business value and client

experiences to improve client satisfaction, productivity, and employee satisfaction

- ◇ Enhanced IT security: Expanding operational and administrative structures from a BCP perspective

(2) Strategies by Segment (Industrial Gas Businesses)

As well as sharing and addressing the five focused fields described above, the Group's four regional industrial gas businesses will address region-specific operational challenges.

- ◆ **Gas business in Japan:** Enhance new products and services for electronics, and expand gas application solution businesses
- ◆ **Gas business in the U.S.:** Expand plant network, grow on-site business, pursue greater business density through distributor M&As
- ◆ **Gas business in Europe:** Focus on resilient markets like medicine and food, invest in acquiring gas applications technology in line with client needs, expand business footprint
- ◆ **Gas business in Asia & Oceania:** Win large-scale onsite projects, expand ASU capabilities, win HyCO projects, launch new products, and expand sales area. Additionally, work toward transitioning to a new, agile operational structure based on four sub-segments: Southeast Asia and India, East Asia (Electronics), East Asia (Industrial Gas), and Oceania.

(3) Strategies by segment (Thermos business)

As the Group's only B2C business, the Thermos business will pursue strategies including new products, enhancement of its kitchen product line, expansion of directly operated stores and electronic trading, and initiatives to expand its presence in overseas markets.

(4) Financial KPIs

In response to the uncertainty in the global economy, revenue and core operating income are expressed as ranges.

	Results (FYE2022)	Objectives for final FY of plan (FYE2026)
Revenue (billion JPY)	957.1	975 to 1,000
Core operating income ¹ (billion JPY)	102.7	125 to 135
EBITDA margin ²	20.4%	≥24%
Adjusted net D/E ratio ³	0.94	≤0.7
ROCE after Tax ⁴	4.8%	≥6%

1. Core operating income: A figure calculated by separating losses and gains arising from non-recurring factors (non-recurring items) from operating income. "Non-recurring items" includes structural reform costs (business reduction/withdrawal, special retirement payments), losses due to disasters and major accidents, and other items (disposal of idle properties, etc.).

2. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization): Income calculated by adding depreciation expenses and write-offs to core operating income. Interest

rates, tax rates, and depreciation expenses differ by country/region, but this indicator shows income with those differences kept to a minimum.

3. Adjusted net D/E ratio: A ratio serving as an indicator of financial stability, calculated as follows: (Net interest-bearing debt – Equity-type debt)/(Parent company shareholders' equity + Equity-type debt).

“Equity-type debt” is the company’s internal term for the 50% of the amount produced by hybrid financing (250 billion JPY) recognized as “capital” by rating agencies.

4. ROCE after Tax (Return on Capital Employed after Tax): An indicator of profitability calculated as [NOPAT: Core operating income after tax (+ Dividends received)] ((Core operating income – Investment gains and losses from equity method included in core operating income) × (1 – Effective tax rate) + Investment gains and losses from equity method included in core operating income + Dividends received) / [Capital employed (Interest-bearing debt + Parent company shareholders' equity)].

(5) Non-financial KPIs

	Objectives for final FY of plan (FYE2026)	Reference: Long-term objectives (FYE2031)
Reduction rate of total GHG emissions ⁵	18%	32%
GHG reduced emissions through environmental contribution products offers	Lower GHG emissions through environmental contribution products offerings > NSHD Group GHG emissions	
Lost time injury rate (consolidated) ⁶	≤1.6	
Rate of female employees	≥22%	25%
Rate of female management posts	≥18%	22%
Rate of receiving compliance training	100%	

5. Reductions objectives are set for this year based on the corrected results from FYE2019, in which the Group’s purchase of its Europe business was completed.

6. Lost time injury rate: An indicator of occupational accident frequency calculated as (Number of employees involved in an accident causing lost time) ÷ (Total work hours) × (1 million hours).



Enabling the Future

NS Vision 2026

NIPPON SANSO HOLDINGS CORPORATION

Medium-term Plan Key Strategies (FYE2023 – FYE2026)

Medium-term Management Plan Policy

Medium-term Management Plan Name

NS Vision 2026

Medium-term Management Plan Slogan

Enabling the Future

We formulated our first medium-term management plan, NS Vision 2026, after the establishment of Nippon Sanso Holdings in October 2020 with the vision that, “We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future.”

Under the four global regions + Thermos business structure, we established five strategies: Sustainability Management, Exploring New Business toward Carbon Neutrality, Total Electronics, Operational Excellence, and DX Initiatives. We will strengthen the group’s comprehensive capabilities and achieve further growth to provide a bright and comfortable future for people, society, and the Earth.

Characteristics of Nippon Sanso Holdings Group

What we are aiming for

- Nippon Sanso Holdings Group spreads over 31 countries and regions around the world
- The way of thinking that is important in the group
 - ▷ Safe and reliable supply of industrial gas to all industries
 - ▷ In the thermos business, we propose a comfortable and eco-friendly lifestyle for people and society

What are the characteristics of our system?

- Industrial gas is a business located in a consumption area
- System to organize operating companies at each pole of the group
- 4 global regions + Thermos business structure



Structure of NS Vision 2026



Sustainability Management: Concept

We will strive to engage in dialogue and collaboration with our stakeholders and aim to continuously enhance our corporate value by contributing to a sustainable society.



Environment

- ▷ Resource-recycling society
- ▷ Harmonizing with environment
- ▷ Reduce environmental impact



Safety & Quality

- ▷ Process safety and security
- ▷ Community based
- ▷ "Selling gas is selling safety"
- ▷ Quality management and assurance



HR

- ▷ Respect people and their rights
- ▷ Work worthwhile for each and every employee



Compliance

- ▷ In a sincere and fair manner
- ▷ International/regional rules and the laws

Nippon Sanso Holdings Corporation has signed the United Nations Global Compact (UNGC) advocated by the United Nations and was registered as a participant on January 18, 2022.



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Exploring New Business toward Carbon Neutrality : Action Plan



Gaining "quick-win" CN projects

- ▷ Join/Gain CN project in Steel/Glass/Ceramics/Aluminum/non-ferrous market
- ▷ HyCO projects for a hydrogen society with internal training to sales rep



R&D development and strategic partners

- ▷ Join various CN projects and share among the Group
- ▷ Find potential strategic partners
- ▷ Put more resources into dedicated R&D themes such as combustion technology etc.



External/Internal communication

- ▷ Establish communication platform
- ▷ Enhance our presence through proactive efforts such as posting CN activities on SNS



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Total Electronics: Action Plan

We have a long history in the semiconductor materials and gas business.



Global supplier in semiconductor ecosystem

- ▷ Offering robust/updated **quality assurance**, **new product** and **technology solutions**
- ▷ Leverage and enhance our existing **group capability** and **solutions**



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Operational Excellence

Action Plan

- | | | |
|----------|---|--|
| 1 |  | Fostering a group-wide productivity improvement mindset through Operational Excellence Day events |
| 2 |  | Early realization of output by horizontal development of best practices of operating companies |
| 3 |  | Promotion of standardization and optimization of operations throughout the group by sharing best practices |

Group Goals

Cost reduction effect of **over ¥ 56 billion** in total for 4 years.



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DX Initiatives: Action Plan

1 Focus on Digitization & Digitalization efforts



2 Prioritize the three fields



3 Initiatives by regional management

4 DX dedicated organization in the group



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Targeted Group KPI - Summary



Revenue
JPY 975-1,000 Billion*

Core Operating Income
JPY 125-135 Billion*

EBITDA Margin
Group: $\geq 24\%$
Japan, the U.S., EU, A&O, Thermos: $\geq 17\sim 33\%$

Adjusted net D/E Ratio
 ≤ 0.7

ROCE
 $\geq 6\%$

Environment
Reduction rate of total GHG emissions (Base year: FYE2019)
 18% :FYE2026 32% :FYE2031

GHG reduced emissions through environmental contribution products offers
Lower GHG emissions through environmental contribution products offerings > NSHD Group GHG emission FYE2026

Safety Management
Lost Time Injury Rate
 ≤ 1.6
FYE2026

HR
Rate of female employees
 $\geq 22\%$:FYE2026
 25% :FYE2031

Compliance
Rate of receiving compliance training
 100%
FYE2026

Rate of female management posts
 $\geq 18\%$:FYE2026
 22% :FYE2031



* Due to the uncertainty in the global economy, revenue and core operating income are shown in range.



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