



February 6, 2023

Taiyo Nippon Sanso Corporation Astomos Energy Corporation

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

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

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

1. Purpose and Overview of Consideration of Integration

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

2. Background to the Start of Consideration of the Integration

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

3. Future Plans

TNSC and Astomos will set up an Integration Committee and start consideration of and discussions on the Integration.

Estimates of the net sales, LP gas sales volume, and number of employees of the Integrated Company are currently projected as follows:

1)Net sales Approx. ¥44.0 billion 2) LP gas sales volume Approx. 240,000 tons

3) Number of employees Approx. 1,140

The merger ratio and other details concerning the Integration will be outlined in the final agreement concerning the Integration following discussions between the two companies, based on factors such as the findings of due diligence, which will be carried out going forward.

Furthermore, the Integration is scheduled to be implemented in January 2024. In the course of advancing procedures and discussions pertaining to the Integration, the implementation schedule is subject to change for reasons including notifications to the relevant authorities, including the Japan Fair Trade Commission; the acquisition of permits, licenses and other approvals; and the fulfillment of procedural requirements.

TNSC has the network and technological capabilities needed to engage in a wide range of gas businesses, including LP gas, whereas Astomos has a specialized LP gas supply chain that encompasses overseas procurement to retail sales. By mutually utilizing those capabilities, the two companies will work to establish a carbon-neutral society, thereby realizing a sustainable society that is safe, secure and comfortable for their customers.

(Reference) Overview of the Companies

Name	TNSC	Taiyo Nippon Sanso	Astomos	Astomos Retailing
	61: 1 71	Energy Corporation	citi 1 1 m 1	Corporation
Address	Shinagawa-ku, Tokyo	Kanie Town, Aichi	Chiyoda-ku, Tokyo	Chiyoda-ku, Tokyo
		Prefecture		
Representative	Kenji Nagata	Masahisa Kanzaki	Mitsuru Yamanaka	Taiji Nambu
Capital	¥1,500 million	¥100 million	¥10,000 million	¥300 million
Major	Nippon Sanso Holdings	TNSC 100%	Idemitsu Kosan Co., Ltd.	Astomos 100%
Shareholders	Corporation 100%		51%	
			Mitsubishi Corporation	
			49%	
Description of	Manufacture and sale of	Manufacture and sale of	Import, purchase and sale	Manufacture and sale of
Business	oxygen, nitrogen, argon,	liquefied petroleum (LP)	of liquefied petroleum gas	liquefied petroleum (LP)
	carbon dioxide gas,	gas, including LP gas for		gas, primarily LP gas for
	liquefied petroleum gas,	consumer use		consumer use
	and specialty gases such			
	as semiconductor			
	materials gases, as well			
	as various other			
	compressed gases and			
	liquefied gases			