



NIPPON SANSO HOLDINGS

NIPPON SANSO Holdings Corporation

1H Financial Results Briefing for the Fiscal Year Ending March 2021

November 12, 2020

Presentation

Moderator: I will now introduce today's presenters: Ichihara, President CEO; Hamada, Executive Vice President; Nagata, Director/President of TAIYO NIPPON SANSO Corporation; Moroishi, Executive Officer and CSO; Miki, Executive Officer and CFO; Alan Draper, Executive Officer of TAIYO NIPPON SANSO Corporation; Koide; and Chujo, Representative Director, President, THERMOS K.K.

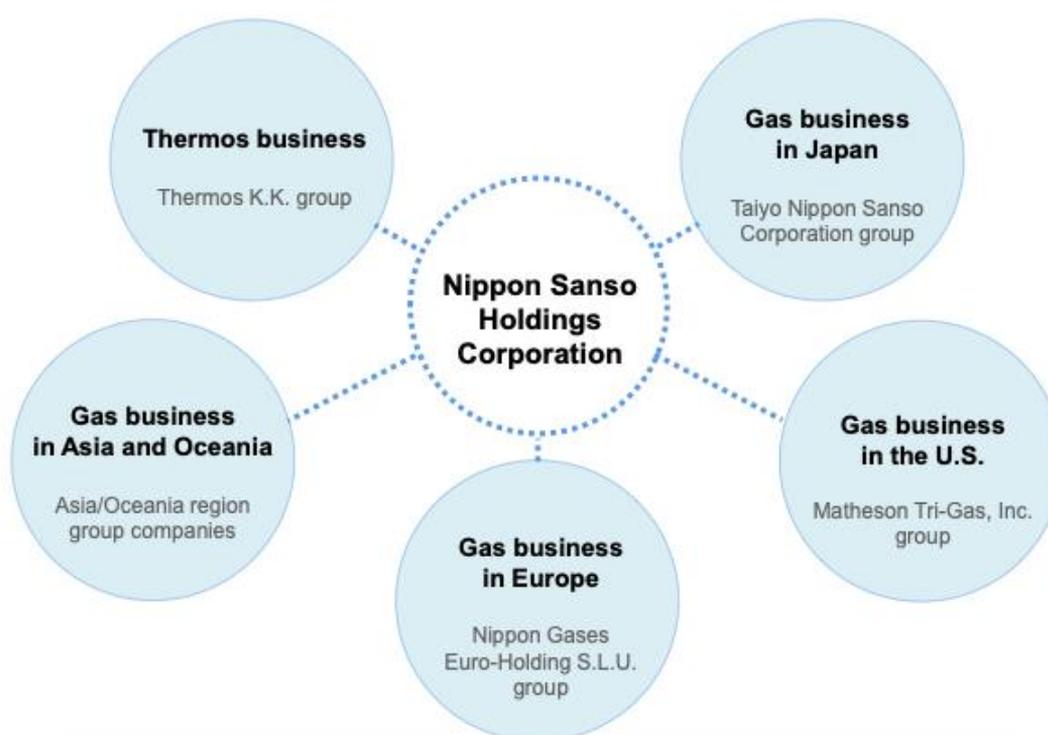
I will explain today's program.

First, Ichihara will explain an overview of the financial results based on the materials, followed by the explanation on the topics in the Gas Business in Japan, Gas Business in Asia and Oceania, and THERMOS Business by Nagata, Moroishi, and Chujo.

There will be the time for a question-and-answer session after the presentation.

Thank you for your patience. Now, Ichihara, President CEO, will explain the overview of the financial results.

NSHD's Group operating structure from October 1, 2020



Establishing a competitive group operation framework as a global gas major.

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Ichihara: Good morning. I am Ichihara, President CEO of NIPPON SANSO Holdings Corporation.

Thank you for your attendance today at the financial results briefing for 1H of the fiscal year ending March 2021. Let me start the explanation now.

Before going into the agenda, as you may all be aware, we have moved to a holding company as of October 1, this year. The diagram here shows its structure. Circled at the center is NIPPON SANSO Holdings Corporation. Under its umbrella, from the right, there is the Gas Business in Japan. Nagata whom we just introduced you was appointed as president. That is TAIYO NIPPON SANSO Corporation Group.

Clockwise, there is the Gas Business in the US. This is Matheson Tri-Gas, Inc., as you may be familiar.

Then, there is the Gas Business in Europe. That is Nippon Gases Euro-Holding S.L.U. Group.

Then, the Gas Business in Asia and Oceania. The companies in the Asia and Oceania region are in this group.

Then, the THERMOS Business. This is THERMOS K.K. Group. This is the structure.

As you must all know, by shifting to such structure, we largely delegated authority and moved to the structure that enables us to improve the speed of decision-making and to respond to various situation immediately. In addition, after clarifying the execution responsibilities of business, the Holdings Corporation will take a lead in strengthening the collective power of the Group in various ways. As written at the bottom, we have moved to the holding company structure on October 1 for the purpose of further strengthening competitiveness of Group management structure.

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Next slide, please. This is today's agenda.

First, we will explain the overview of the financial results for 1H of the fiscal year ending March 2021, followed by the explanation on the financial results by segment.

Then, I will explain the overview of the full-year forecast for the fiscal year ending March 2021.

As a third item, return to shareholders will be explained.

As a fourth item, as explained by the moderator a while ago, the highlights in the Gas Business in Japan, the Gas Business in Asia and Oceania, and THERMOS Business will be explained.

That is the agenda for today.

Overview of business performance

(Billions of yen)

	FYE2020 1H results Margin	FYE2021 1H results Margin	YoY Change % Change	FYE2021 Forecasts (Announced on May 12) Margin
Revenue	422.8	384.5	-38.3 -9.1%	830.0
Core operating income	45.4 10.8%	36.7 9.6%	-8.7 -19.2%	82.0 9.9%
Non-recurring profit and loss	1.2	-0.0	-1.2	-
Operating income	46.7 11.1%	36.6 9.5%	-10.1 -21.6%	82.0 9.9%
Net income attributable to owners of the parent	27.7 6.6%	21.0 5.5%	-6.7 -24.3%	44.0 5.3%

Foreign currency translations (average rate during the period)

(Yen)	USD (US\$)	EUR (€)	AUD (AU\$)
FYE2020 1H	108.67	120.91	74.75
FYE2021 1H	106.32	121.66	73.91

The Company hasn't announced FYE2021 1H targets due to the difficulty of the reasonable calculation the business performance effects by the spread of COVID-19 at the time of the announce of the full-year of FYE2020 and FYE2021 Q1. 5

This is the financial results for 1H for the fiscal year ending March 2021.

The second column from the left shows the figures. Revenue was JPY384.5 billion, down JPY38.3 billion or 9.1% YoY. Then, core operating income was JPY36.7 billion and the margin was 9.6%. Core operating income decreased by JPY8.7 billion or 19.2%.

There were no non-recurring items in Q2 of the current fiscal year. Operating income was JPY36.6 billion, a decrease of JPY10.1 billion or 21.6%.

Quarterly net income attributable to owners of the parent was JPY21 billion, a decrease of JPY6.7 billion or 24.3%. This was quite challenging financial results with lower sales and lower profit, resulting from the impact of COVID-19.

However, compared to Q1, performance is recovering to upward trend in Q2. There are the figures for the full-year forecast for the fiscal year ending March 2021 at the very right. As you all know, the current fiscal year is the final fiscal year in the medium-term management plan.

Originally, without the impact of COVID-19, we had a target of JPY910 billion for revenue, and JPY100 billion for core operating income. Unfortunately, we had to revise them. This is the forecast for the current fiscal year. Although the results were lower sales and lower profit, compared to the first half of this forecast, our results exceeded the forecast.

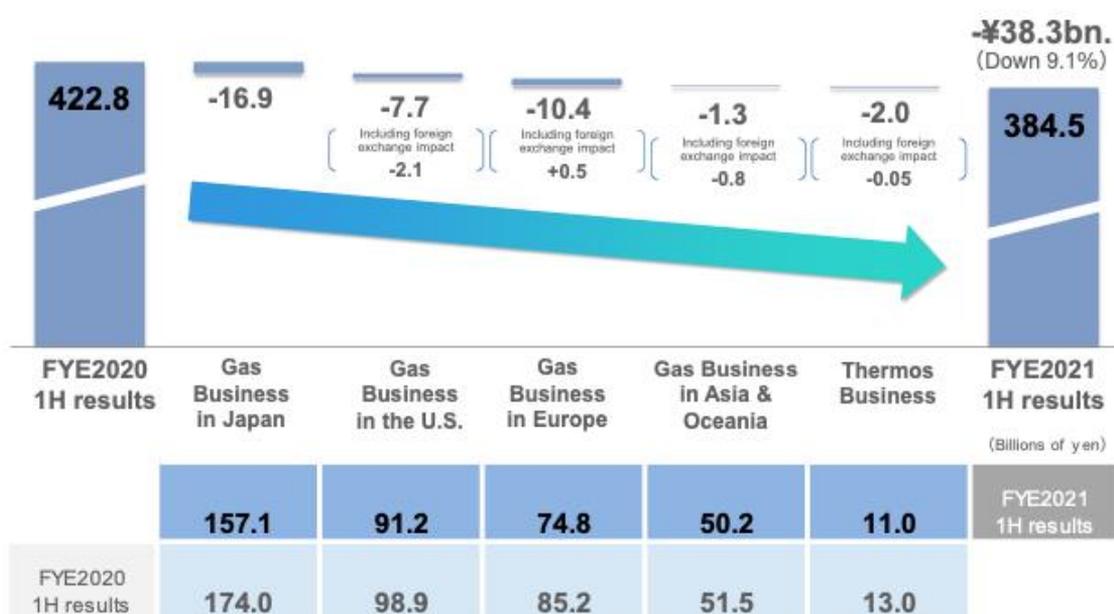
Incidentally, shown below the table is foreign exchange rate.

In the fiscal year ending March 2021, the dollar was JPY106.32 against yen with the appreciation of yen of JPY2.35. Euro was JPY121.66 against yen with the weaker yen of JPY0.75. Australian dollar was JPY73.91 with the appreciation of yen of JPY0.84.

This was the situation of foreign exchange rate.

Overview of Business Performance: Reasons for Changes in Revenue

- As each region experienced economic downturn due to the spread of COVID-19, revenue in mainly Europe and the U.S. decreased significantly. However, businesses performance sequentially improved month after month from Q1 to Q2.



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This is the waterfall chart showing the changes of revenue.

In the previous fiscal year at the very left, revenue was JPY422.8 billion. In the Gas Business in Japan, revenue has decreased by JPY16.9 billion. As shown at the bottom, revenue was JPY157.1 billion in the current fiscal year, decreased by JPY16.9 billion from JPY174 billion in the previous year.

To its right is the Gas Business in the US. It has decreased by JPY7.7 billion from JPY98.9 billion in the previous fiscal year to JPY91.2 billion. However, the impact of foreign exchange rate of negative JPY2.1 billion was included in this figure in the previous fiscal year.

In the Gas Business in Europe shown next to that, revenue has decreased by JPY10.4 billion from JPY85.2 billion in the previous fiscal year to JPY74.8 billion in current fiscal year. The impact of foreign exchange rate of positive JPY500 million was included.

Continuing on to Asia and Oceania, revenue has decreased by JPY1.3 billion from JPY51.5 billion in the previous fiscal year to JPY50.2 billion in this fiscal year. The impact of foreign exchange rate of negative JPY800 million was included.

Regarding THERMOS Business, revenue has decreased by JPY2 billion from JPY13 billion in the previous year to JPY11 billion in this fiscal year.

As a result, revenue ended at JPY384.5 billion, a decrease of JPY38.3 billion in total. That is the breakdown.

Overview of business performance: Reasons for Change in Core Operating Income

- 1H Operating Income decreases as a result of lower volumes as production activity in each region reduced. The electronics business centered in Japan and East Asia was solid given the electronic material gas and related equipment and installations.



* "Eliminations or Corporate" : Intersegment eliminations and companywide expenses that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

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This is the waterfall chart of changes in core operating income. I will go from the left again.

As compared to JPY45.4 billion in the previous fiscal year, this fiscal year's result is JPY11.4 billion as described below. As the result for the previous fiscal year is JPY12.3 billion, the profit decreased by JPY900 million.

In the Gas Business in the US, core operating income declined JPY2.1 billion from JPY11.7 billion in the previous fiscal year to JPY9.6 billion in the current fiscal year. Of this amount, the impact of foreign exchange rates is negative JPY300 million

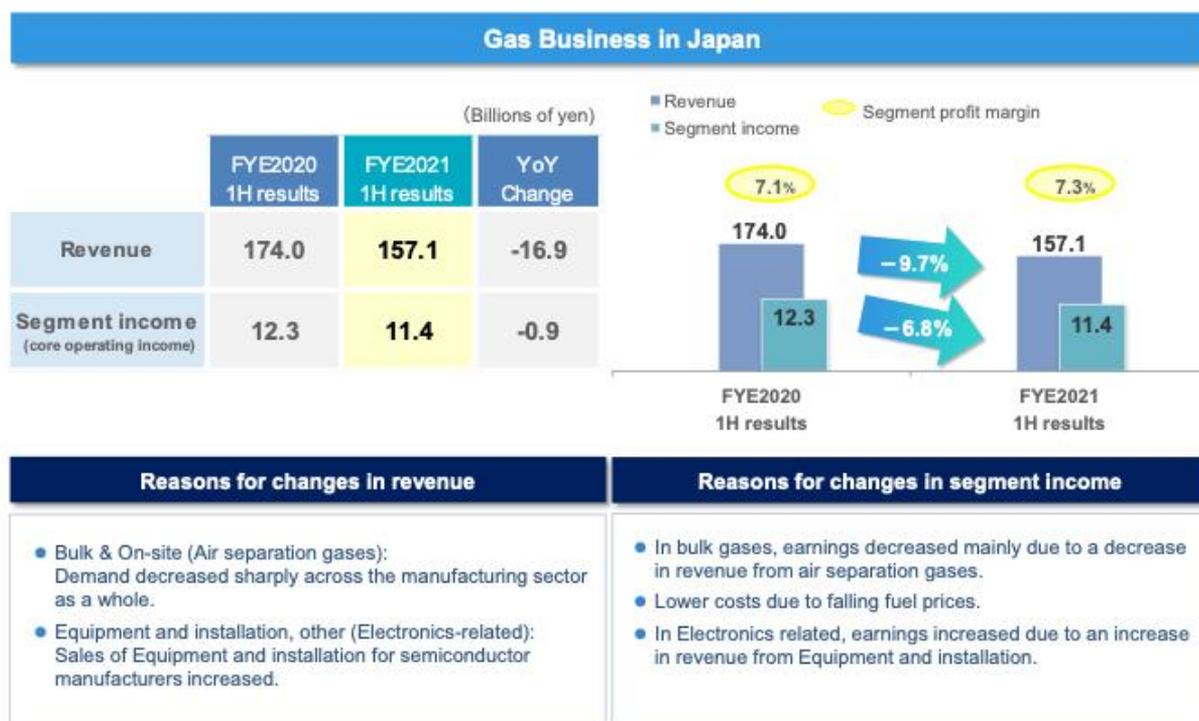
In the Gas Business in Europe next that, compared with JPY13.2 billion in the previous fiscal year, this fiscal year's core operating income was JPY8.6 billion, a decrease of JPY4.6 billion. Of this amount, the positive side has an impact of JPY100 million.

Next right, in Gas Business in Asia and Oceania, compared to JPY5.3 billion in the previous fiscal year, this fiscal year's figure was JPY5.6 billion, an increase of JPY300 million. It performed well despite the impact of COVID-19. The impact of the exchange rate was negative JPY100 million.

Next, in THERMOS Business, the figure for the previous fiscal year was JPY4.1 billion, but the figure for the current fiscal year was JPY2.1 billion, a decrease of JPY2 billion.

As a result, core operating income ended at JPY36.7 billion, a decrease of JPY8.7 billion. This was the breakdown.

Business Performance by Segment : Gas Business in Japan



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This is the results by segment.

First, let me explain the Gas Business in Japan. In a box at the center at left side is the results for 1H.

Revenue has decrease by JPY16.9 billion from previous fiscal year to JPY157.1 billion. Segment income has decreased by JPY900 million from the previous fiscal year to JPY11.4 billion.

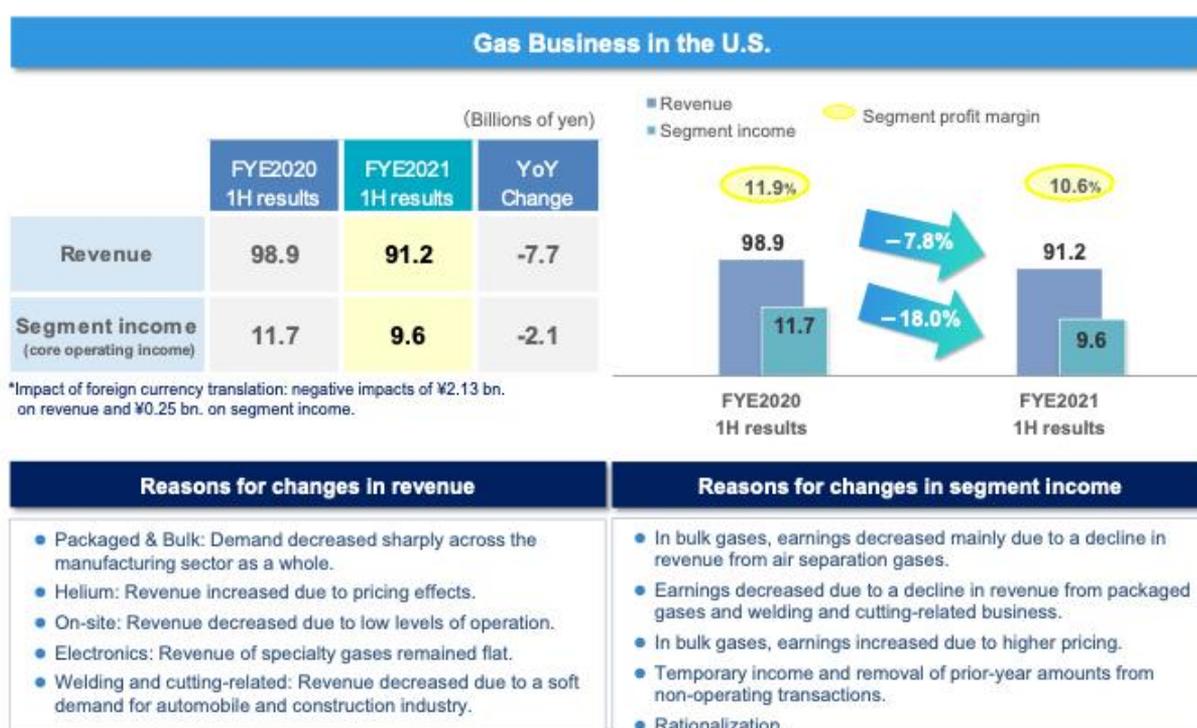
As written below it, at any rate, due to the influence of COVID-19, there were very few good things about Japanese industry. Due to the impact, for bulk and on-site, demand declined significantly in all areas of our business. In a sense, the only Electronics-Related Business has performed well compared to the previous fiscal year including equipment and construction, and special gas we hold including export.

As for profits, as described at right side, reflecting the stagnant economic situation caused by COVID-19, both sales and profits were on a downward trend overall significantly. However, as I mentioned earlier, Electronics-Related Business performed very well. That is the one of the factors that has contributed to the increase in profit.

Another thing is about the cost. As you all know, our Company is an industry that consumes a large amount of electricity, and due to the drop in fuel prices, the so-called fuel adjustment cost, the electricity cost, has come down.

Unfortunately, it was not enough to offset the stagnant business caused by the impact of COVID-19. However, the reduction in electricity costs due to the drop in fuel prices is included in this figure. This is the result.

Business Performance by Segment : Gas Business in the U.S.



Continuing on, this is the US segment.

Starting from the figures at the upper left, revenue has decreased by JPY7.7 billion from the previous fiscal year to JPY91.2 billion. Segment income was JPY9.6 billion, a decrease of JPY2.1 billion.

Incidentally, as written in small letters at the bottom, the impact of exchange rate to revenue was negative JPY2.1 billion, and that to segment income was negative JPY250 million. That was the result.

In the US, COVID-19 effects have emerged from around the middle of March and the business has been stagnant overall compared to the previous fiscal year.

However, the Electronics-Related Business was not bad in US as well. It has maintained almost same level as previous fiscal year. Sourcing of our helium has all been done by Matheson Tri-Gas, Inc. They have set the price of helium against the backdrop of tight global supply and demand for helium, and this is having the effect of increasing sales. These are the positive factor and direction on sales.

At the right-hand side, for segment income, reflecting the stagnant business as I mentioned earlier, income for Bulk Gases, Packaged Gases and Hard-Goods and others have all decreased.

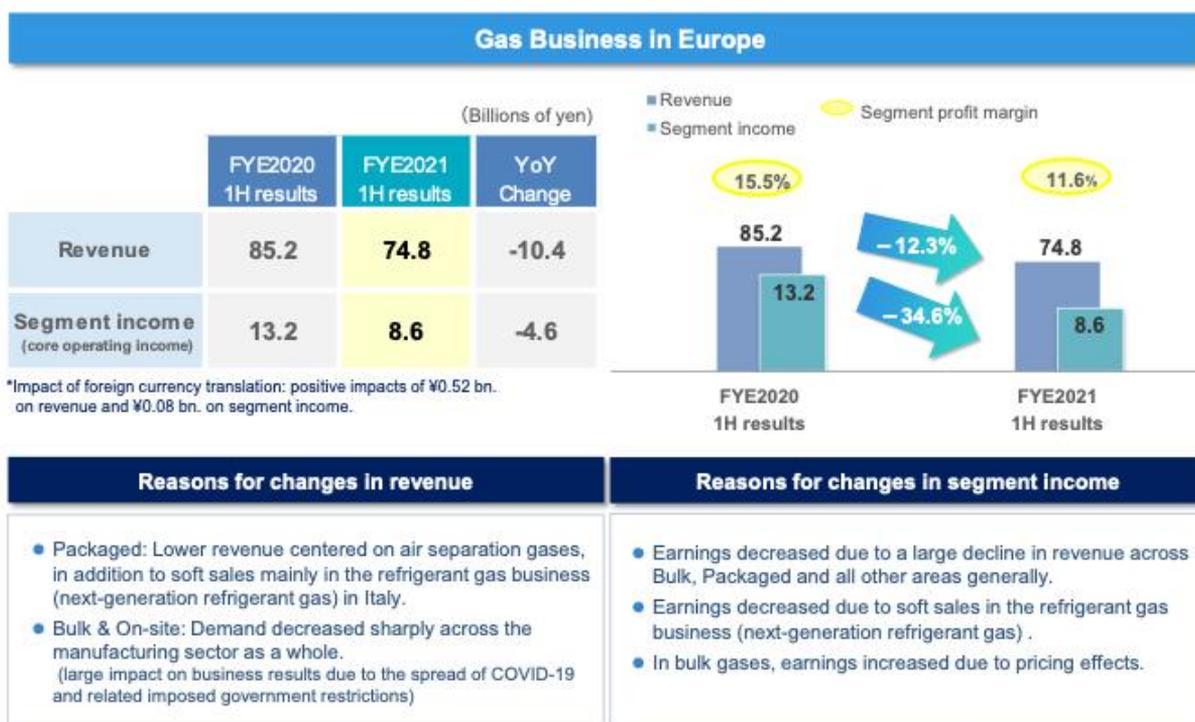
However, in the midst of this situation, we have revised the price for Bulk Gases. The effect of this has been reflected to certain extent. Regarding rationalization written at the bottom, this is the initiative that Matheson in the US has been carrying out every fiscal year. Under the so-called "The Right Way" theme, they have been making efforts to improve efficiency in various fields. This has resulted in certain level of the effect.

In addition, I think that you have got the impression that segment income has fallen significantly. It said non-operating transaction here, but there were special one-time earnings posted in the previous fiscal year.

There was a one-time income of JPY1.3 billion posted in the previous fiscal year. We do not have it in the current fiscal year.

However, in the current fiscal year, there was income related to non-life insurance, which amounted to about JPY500 million. Those are the factors included as positive and negative in the negative JPY2.1 billion. That is the result.

Business Performance by Segment : Gas Business in Europe



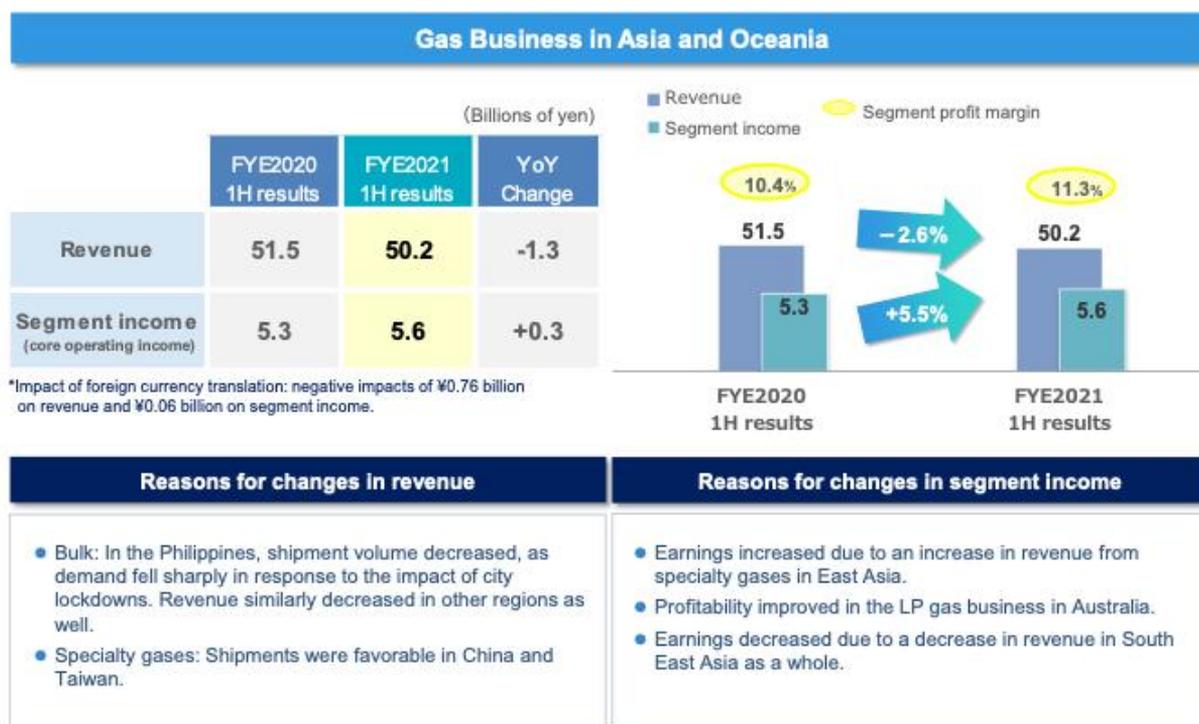
Continuing on, this is the Gas Business in Europe.

I will explain it in the same way. Revenue was JPY74.8 billion, a decrease of JPY10.4 billion from the previous fiscal year. Segment income amounted to JPY8.6 billion, a decrease of JPY4.6 billion.

In a sense, I think you can see in these figures, but I think it is the Gas Business in Europe that has most suffered from the impact of COVID-19 until Q2.

We have been engaged in our business in 12 European countries. The impact to our business began to appear from late February, and various events such as lockdown occurred. By Q2, we have recovered in line with the forecast formulated by our European company. However, compared to the previous fiscal year, they are more severely hit within our Group. The degree of lower sales and lower profit was this level of amount. This is all resulted from the impact of COVID-19.

Business Performance by Segment : Gas Business in Asia and Oceania



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Continuing on, this is the Gas Business in Asia and Oceania.

I will go through it in same way again. Revenue was JPY50.2 billion, a decrease of JPY1.3 billion from the previous fiscal year. Segment income was JPY5.6 billion, an increase of JPY300 million.

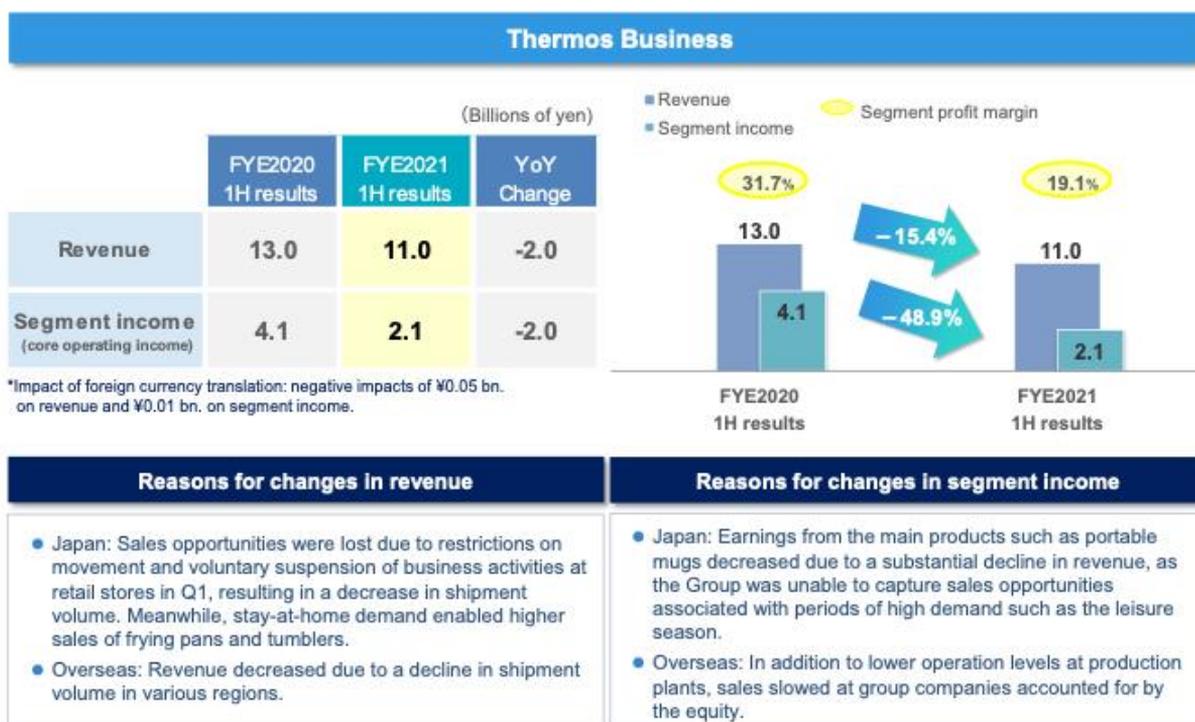
In Asia and Oceania, this area and the segment are undoubtedly affected by the impact of COVID-19. Similar to the Gas Business in Japan, we can say that Electronics-Related Businesses in China and Taiwan were extremely strong.

In Australia, the influence of the COVID-19 is relatively minor. In addition, the price of energy has been fluctuating in various ways. Half of the Australian Business deals with LP gas. They were able to capture price volatility into the business in very good way, and this has resulted in the increase in profit.

Although revenue declined, strong performance in Electronics-Related Business in China and Taiwan, and LP Gas Business in Australia has resulted in the increase in profit.

However, with the exception of the area I just mentioned, the impact of COVID-19 is unfortunately strong in other countries.

Business Performance by Segment : Thermos Business **THERMOS**



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This is the result for the THERMOS Business.

Revenue was JPY11 billion, a decrease of JPY2 billion from the same period of the previous fiscal year. Segment income was also JPY2.1 billion, a decrease of JPY2 billion.

I think you are well aware as you are still dragging the impact, but due to the declaration of state of emergency issuance in Japan as well, people are told to stay at home and not to gather on self-restraint. THERMOS products originally started out for outdoor use. Currently, the range of products is expanding in various ways, but outdoor products still accounts for a large part. Due to the impact of COVID-19, the sales of the products dropped to the degree that there is almost no opportunity for sale.

Then, on top of this, bad weather. Even during consecutive holidays, it was a golden week, but the temperature was low. The rainy season ended at the end of July, and the unseasonable weather overlapped with this.

Furthermore, as the movement of people decreased significantly, there were almost no businesses supported by inbound tourists up to the previous fiscal year.

As a result, it can be said that THERMOS Business was also significantly affected by COVID-19. However, we have expanded the range of our products, such as frying pan and tumblers, and thankfully, these products maintain their strength.

Full-Year Forecast

(Billions of yen)

	FYE2020 Results Margin	FYE2021 Forecasts Margin	YoY Change
Revenue	850.2	830.0	-20.2 -2.4%
Core operating income	90.3 10.6%	82.0 9.9%	-8.3 -9.2%
Non-recurring profit and loss	3.5	—	-3.5
Operating income	93.9 11.0%	82.0 9.9%	-11.9 -12.7%
Net income attributable to owners of the parent	53.3 6.3%	44.0 5.3%	-9.3 -17.5%

Assumed exchange rate for FYE2021: (US\$→¥): \$1=¥108, (EUR→¥): €1=¥120

In FYE2020, the Company recorded non-recurring profit on the sales of its assets as part of efforts to improve asset efficiency.

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This is a full-year earnings forecast.

In our published forecast, revenue is JPY830 billion, core operating income is JPY82 billion, operating income is JPY82 billion, and profit attributable to owners of parent is JPY44 billion. These are the initial full-year forecasts or the targets for the final year of the second medium-term management plan. As I explained earlier, we had to change the numerical targets set at Revenue JPY910 billion and Core operating income JPY100 billion for the completion of the initial second medium-term plan due to the impact of COVID-19.

However, there are still Q3 and Q4 after Q1 and Q2. Therefore, in changing the forecast, we have based the plan on the scenario that we will see the recovery in these periods. At the time of completion of the interim period, we have achieved this target.

However, we do not know how COVID-19 will impact us in the future. If the business is to recover in Q3 and Q4 as planned in the scenario, we could have thought in a different way. Since it is difficult to predict that, we have left the initial target unchanged for the full year.

But our Company in Europe has cleared the target for October. However, since lockdowns and other events have occurred in several countries as you know, it is difficult to predict what kind of impact this will have in November.

Based on this situation, we have not revised our full-year forecast. These are the results.



Shareholder Returns

Implement a dividend policy linked to business performance, while maintaining a stable dividend.



*Large-scale corporate income tax reductions arose from a reform of the U.S. tax system that resulted in a lowering of the federal corporate tax rate during FYE2018. Excluding the effects of the above, the dividend payout ratio was 27.1%.

Continuing onto a return of profits to shareholders.

It is our Company's policy to implement a dividend policy in which we consider the linkage with consolidated performance while maintaining stable dividends. The chart shows the historical dividend from quite a while ago. This time, we decided on the interim dividend at the board of directors meeting the other day. As written at the right side, it is JPY14, the level of the previous fiscal year.

As I mentioned earlier, depending on what kind of impact COVID-19 will have in the future, and how our business will be effected by that, we will decide on the year-end dividend from now.

So far, we have issued a forecast of continuation in our financial results. However, we have put this figure for the time being. That is JPY28 per year, the same as the previous fiscal year. If we take the current forecast figures into account, the dividend payout ratio will be around 27.5%. Incidentally, for the interim dividend of JPY14, the dividend payout ratio is 28.8%.

I will conclude my explanation here. For highlights in the business, Nagata, President of TAIYO NIPPON SANSO, will first present about the Gas Business in Japan.



Road to Growth (1.Reinforcement of the basis businesses)



TAIYO NIPPON SANSO
The Gas Professionals

TNSC's Group Vision (established on October 1, 2020)

As The Gas Professionals, starting from industrial gas, we will continue to be a company that maximizes the potential of gas and contributes to the development of all industries and the solution of social issues.

Reinforcement of the basis businesses*

We aim to create nouveau values and maximize earnings through excavating the "Utility Values" of Industrial Gas.

1 Optimization and Efficiency in TNSC's group (Promotion activity of "Total TNSC")	2 Digital Transformation (DX)	3 Competitive advantage	4 Combining the Global Growth into domestic business
<ul style="list-style-type: none"> ● Integration of Group's common function <ul style="list-style-type: none"> · Promotion of shared service · Building a common platform ● Maximization of Group's sales synergy <ul style="list-style-type: none"> · Sharing customer bases · Sharing customer contact points 	<ul style="list-style-type: none"> ● Innovation through utilization of DX <ul style="list-style-type: none"> · Controlling plants remotely · Building SCM basis 	<ul style="list-style-type: none"> ● Creation of the peerless additional values <ul style="list-style-type: none"> · Business solutions through Gas Application Technologies (Combustion, Freezing, Burning etc.) · Business solutions through Gas-related services (Automatic delivery and supply system etc.) 	<ul style="list-style-type: none"> ● Enhancement of overseas expansion of Electronics, ASU, Engineering technology and products ● Mutual utilization of Growth know-how (Productivity and Pricing policy)

*Above basis businesses mean Industrial Gas business, Electronics business, Medical business and On-site gas business.

Nagata: This is Nagata, President of TAIYO NIPPON SANSO, the company to manage Domestic Business. With two slides, I would like to explain the major management policies of our Domestic Business.

In conjunction with the establishment on October 1, we have established the following vision for our domestic operations as TAIYO NIPPON SANSO Group based on the NIPPON SANSO Holdings' corporate philosophy: "As the Gas Professionals, starting from industrial gas, we will continue to be a Company that maximizes the potential of gas and contributes to the development of all industries and the solution of social issues."

As a path to growth to realize this vision, we have set two major core strategies. One is the reinforcement of the core businesses, and the other is driving TNSC's growth strategy.

Reinforcement of the core businesses is to strengthen the Industrial Gas Business, Electronics Business, On-site Plant Business, Medical Business, and Energy Business, which are the foundations of our current business. Of these, we believe there are four themes.

One is the optimization and efficiency of TAIYO NIPPON SANSO Group. We are also promoting this theme in the current medium-term management plan or Ortus Stage 2, as Total TNSC, and we will further drive this forward.

There are two aspects. One is the integration of Group's common function. For example, we will make the accounting department as shared service and will integrate the departments within the Group as much as possible. We will put together the backyards offices such as business and logistics into the same platform.

The other is to promote sharing customer base to maximize its value leveraging our corrective strength toward the market and customers from sales' point of view among TAIYO NIPPON SANSO for gas, NIPPON EKITAN Corporation for liquid carbon dioxide and dry ice, NISSAN TANAKA Corporation for gas cutting machine, and TAIYO NIPPON SANSO GAS & WELDING CORPORATION for welding and welding materials.

We are also working to increase the efficiency of sales through the so-called one-window system, a point of contact in which we standardize our customer approach instead of dealing customers individually.

Next major theme is the use of DX or digital transformation. I think that is important. Among them, we will focus on and promote remoteness of production plants in particular as a major theme and issue. At the same time, we would like to utilize digitization in various processes in the supply chain and logistics as well.

The third is differentiation from competitors. We will strive to maximize the value and value of gas's functions and efficacy by providing gas supply through resolving customer issues through gas application technologies, and proposing and providing new systems that better capture customer needs, rather than simply supplying products.

Finally, as a company to manage Domestic Business, we are committed to capturing global growth. We will continue to strengthen overseas expansion of domestic resources. Specifically, we will continue to promote overseas expansion of technologies and products such as electronics, air separation units, and gas application technologies.

In particular, total electronics in East Asia, including Japan, will be further enhanced as a company to operate business in Japan under the comprehensive direction of NIPPON SANSO Holdings, thereby enhancing the Group's growth.

On the other hand, as companies that deal with same industrial gases, we intend to further strengthen the mutual utilization of our know-how in each of our Company including, as mentioned by Ichihara a while ago, "The Right Way", productivity, and pricing.

Driving TNSC's Growth strategy

<p>1 Proactive To achieve serial innovation</p> <ul style="list-style-type: none"> ○ Product development for Growth promotion of TNSC's Basis business. Deepening the business field in Electronics, Cold temperature management and Inflammation. ○ Early commercialization of the nouveau innovation products. e.g. Compound Semiconductors, Stable Isotope, Additive manufacturing businesses etc. 	<p>2 Collaborative To promote open innovation</p> <ul style="list-style-type: none"> ○ M&A ○ Collaboration with an industry-government-academia research groups moreover
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Environmental load-reducing contributive products

NH₃ burning utilization technology for contribution of abatement CO₂ emission in industrial furnace manufacturing

Compound semiconductors (MOCVD equipment)

MOCVD equipment UR-26K

Additive Manufacturing Technology (Metal 3D printer)

Two metal 3D printer business partners

Stable Isotope and Bio-related

Stable Isotope Water-¹⁸O

The next slide is the road to growth. In addition to further strengthening our core businesses, we will also pursue a growth strategy. In this regard, as measures to achieve serial innovation and accelerate it, we believe there are the utilization of open innovation and the implementation of M&A.

There are two aspects in serial innovation as well.

The first is product development to promote the growth of core businesses. For example, in the Electronics Field, the Company will develop new material gases and gas supply systems for this material gases. In the field of Combustion as well, for example, it is the commercialization of ammonia burners and other products, which are now attracting attention as a hydrogen carrier. Through these efforts, we will aim for growth by launching new products in its core businesses.

The second is the early commercialization of products through new innovations. Promising areas include the development of the fields of compounds, stable isotopes, biotechnology, and the new field utilizing Additive Manufacturing technology. To accelerate these efforts, we will promote open innovation by utilizing M&A and collaboration with industry, government, and academia research groups.

By further demonstrating the potential of the industrial gases we handle, we intend to continue to be a supplier that continues to provide new value in the gas and gas-related fields.

That is all.

Moderator: President Nagata, thank you very much. Next, Moroishi, Executive Officer, will explain Overseas Business.



Growth investments in Asia area

- Industrial gas business-related
- Electronics business-related



China: plane view of electronics material gases plant (1st period)

■	Korea (Asan): Expansion of electronics material gases plant
①	Capacity building of electronics material gases Completed on Oct. 2019
■	Philippines: Establishment of Nitrogen On-site gas plant for electronic components (Company A)
②	On-site N ₂ gas supply for a specified customer Completed on Jan. 2020
■	Philippines: Establishment of Nitrogen On-site gas plant for electronic components (Company B)
③	On-site N ₂ gas supply for a specified customer Scheduled to complete on Feb. 2021
■	China (Shanghai): Expansion of ASU
④	Capacity building of liquid air separation gases (N ₂ , O ₂) Scheduled to complete on Apr. 2021
■	Thailand(Eastern region) : Establishment of ASU
⑤	Capacity building of liquid air separation gases (N ₂ , O ₂) Scheduled to complete on Apr. 2021
■	Vietnam (Long Son Island) : Establishment of ASU
⑥	On-site N ₂ gas supply for a specified customer and Capacity building of liquid air separation gases (N ₂ , O ₂) Scheduled to complete in FYE2022
■	Singapore: Establishment of N₂ gas production plants
⑦	Capacity building of liquid N ₂ gases Scheduled to complete on Nov. 2021
■	China (Yangzhou): Establishment of electronics material gases plant (2nd period)
⑧	Capacity building of electronics material gases Scheduled to complete on Nov. 2022

Progress reinforcing plants in each country despite effects of the spread of COVID-19.

Keeping forward growth investments in preparation of genuine economic recovery when things return to normal.

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Moroishi: This is Moroishi of the Corporate Planning Office of NIPPON SANSO Holdings. Thank you.

This slide is titled as Growth Investment in Asia Area. We recognize that the Asian region is basically a business area with abundant growth potential. Due to the impact of COVID-19, the businesses have stagnated in the first half of the fiscal year. However, there is no doubt that the business will return to the growth trajectory, even if there may be an issue of timing. We have been aggressively investing in growth in the Asian region including on-site supply to individual customers in anticipation of market growth in each region.

Today, I prepared this slide with the intention of making you feel that the overview and the project is in progress. The top and bottom lines and number one and eight are Electronics-Related investments and others are Industrial Gas-Related investments. This is not the whole thing, but in terms of Industrial Gas, we are making investments that fully cover the Asian region, such as China, Singapore, Thailand, Vietnam, and the Philippines.

In the construction of the plant, we are proceeding carefully, paying attention to the prevention of infections for workers. Looking ahead, in anticipation of an economic recovery, we intend to continue to invest in expanding capacity in the Asian region.

That is all from me.

Moderator: Thank you, Moroishi Executive Officer. Next, Chujo, Representative Director, President of THERMOS K.K., will explain the THERMOS Business.

Recent business environment recognition

(Sales situation and Demand change under the spread of COVID-19)

Changes in the environment

- **Sharp decrease in inbound tourism demand and impact of declaration of a state of emergency**

Sales of vacuum insulated portable mugs decreased sharply in April and May 2020, but sales trends has recovered gradually from June 2020.

- **Increasing demand on stay-at-home**

Customers have started to focus on items for spending comfortable life at home due to being in the process of setting remote work in business person and children on stay-at-home.

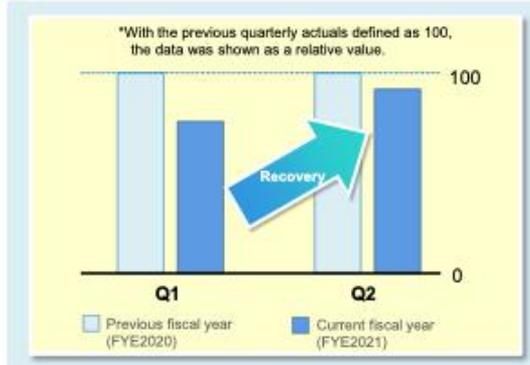
To significantly increase sales of desktop and cooking items (Tumblers and Flying pans)



- **Effect of responding to fees for plastic shopping bags**

To increase sales of cool bags

(Reference) QoQ Sales trends



Q1

Stay-at-home and many temporary shops closures happened under declaration of a state of emergency.

Q2

Sales of vacuum insulated portable mugs recovered by slow pace due to unseasonable weather and disappear of inbound demand. But sales of items regarding demand on stay-at-home keep strong and was to recovering near the same level of quarter in previous fiscal year.

Chujo: This is the Chujo, Representative Director, President of THERMOS K.K. I would like to explain the current situation in the THERMOS Business and future measures.

First, regarding the current situation, I will explain again although it may overlap with the explanation on business performance by segment we had earlier.

Inbound tourist demand has almost disappeared due to the disruption of overseas visitors to Japan for the infectious diseases of COVID-19. Furthermore, the declaration of an emergency was issued and schools were closed temporarily at the same time nationwide. Due to this situation, in the first two months of the fiscal year under review, the shipment of bottles, which is our major products, experienced a drastic decrease in the volume of bottles, which was not seen in the past decade.

However, after the declaration at the end of May was lifted, there has been a gradual recovery trend since June.

On the other hand, as telework and temporary closing of schools have greatly increased the amount of time spent in their homes, products that allow them to live comfortably with new lifestyles have attracted considerable attention.

In particular, sales of tabletop tumblers and kitchen products such as frying pans, which we have been focusing on in the past few years, grew significantly.

In addition, the so-called charging system for plastic bags was implemented on July 1. As demand for personal bags increased due to this impact, sales of shopping bags with refrigeration functions, which we are working on, also soared.

The graph on the right shows sales performance in Q2, divided into the first and second halves of the quarter. In Q1, as I mentioned earlier, we have been almost on high alert for two months and many stores were closed in addition to self-restraint of going out. As a result, our sales declined 25% compared to the previous year.

On the other hand, sales of bottles recovered only at a moderate pace due to the long rainy season in Q2 and the disappearance of demand from overseas tourists. However, products related to consumption at home were strong, and as a whole, the overall business has improved to nearly the level of the previous fiscal year.

Business measures in the days ahead THERMOS | alfi

FYE2021 (to March 2021)	Later FYE2022 (from April 2021)
Production proposals for adaption to changes on life style	Production proposals for adaption to new-normal life style
<ul style="list-style-type: none"> Items regarding stay-at-home demand keep strongly. 	<ul style="list-style-type: none"> Usage restrictions of tap water in schools due to correspondence for prevention of COVID-19 (Prohibition of drinking and gargling.)
<ul style="list-style-type: none"> Flying pan: Arranging the sales place that work closely with commercial message in demand season (in November and December 2020) Tumbler: Proposal for the rearranging of the sales place with mags that is tended to sell strongly in the second half. 	<ul style="list-style-type: none"> Trends that people go around with drinking flask will keep increasingly from the days ahead.
<ul style="list-style-type: none"> Expands sales measures centered on the new products in autumn 2020. 	<p>Proposal for the portable mugs and pouches as well as typical sports bottles and bottles for kids.</p>
<ul style="list-style-type: none"> Bottles: Expansion of products in the growing market such as pocket mags Expansion of sales of products with new useful functions (dishwasher compatible etc.) 	
	<ul style="list-style-type: none"> Expansion of "My bottle" demands in the scene of the extracurricular activities due to the changes in sanitary recognition.
<ul style="list-style-type: none"> Lunch box: Proposal for product line-up of hot lunch box as mainly soup jaws. Proposal for the sales places that work with special contents and recipes in Thermos's corporate website. 	<ul style="list-style-type: none"> Shift from sharing the team's jags or plastic bottles to using own personal bottles
	<p>Awareness of potential expansion in the target market of sports bottles and large scale jags.</p>
	
<p>Sales expansion measures centered on new products in winter 2020 / spring and summer 2021 (Sports bottles / Bottles for Kids / Portable mags / Frying pans / Tumblers)</p>	

Continuing on, this is the measures on business going forward. In the second half of the fiscal year, we will first propose products that respond to changes in lifestyles.

Firstly, regarding frying pans that is for the demand from staying home, new products that were launched in this fall have been extremely strong and are sold nationwide. From November to December, the peak demand period, we also prepared TV commercials, and will focus on sales promotions linked to retail shops nationwide.

In addition, the seasonal nature of summer-type products has been diminished such as tumblers, and demand is expected for them throughout the year. Accordingly, from the second half of the fiscal year, we will promote them in stores in conjunction with the mag cups, sales of which is expected to increase.

Next are the mainstay bottles, and lunchboxes mainly soup jaws. Regarding the bottles, we have developed the bottle with 150cc of small capacity called pocket mag. In addition, for the first time, we will work to expand sales by launching such products as dishwasher-compatible bottles.

In addition, we will actively disseminate information on warm lunches, such as soup jaws, through our website and various media, and work to expand sales by linking them to retail stores.

Given the limitation on the use of water implemented at schools as measures to prevent COVID-19, we anticipate that there will be a further increase in the number of people bringing in water bottles in the future. Accordingly, as a proposal of products for the next spring to meet new lifestyles, we will prepare a product lineup to meet a broad range of needs for children.

Furthermore, due to changes in hygiene awareness, the share of beverages in club and other activities is being restrained, and we expect an increase in the number of people using sports bottles as personal use or large-sized jag-type bottles.

In light of this, we will vigorously develop new products, not only sports bottles and mobile mags for children, but also frying pans, tumblers, and other products, in preparation for the demand season in spring in next year.

Business topics

Release of the new dishwasher compatible bottles that developed collaborative with Panasonic.

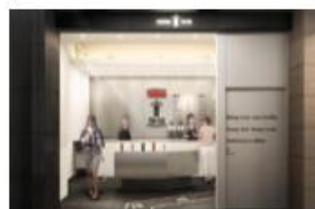
- Thermos K.K. released the dishwasher compatible bottles that overcome "the deformation due to plastic parts by heat" and "the paint peeling" for the first time in the Company, and collaborative with Panasonic, the leading dishwasher sales company.



Acquiring the attention from the media through newsworthiness of the collaboration products by the two leading companies and PR of development confidential story in cooperation.

Opening of take-out only Thermos Coffee shops.

- To aim promotion using my bottle, Thermos K.K. opened take-out only Coffee shops "THERMOS COFFEE TO GO" in Nishi-Shinbashi and Otemachi in Tokyo.
- Customers would practice elimination of the plastic cups through the familiar behavior with enjoying delicious coffee in their bottles.



Enhancement of Thermos Bland and expanding sales of flying pans through TV Commercial Message.

- Release of New CM bland work (new portable mugs) in Nov. 2020. Thermos K.K. promotes the its great heat retention performance that can be felt only in the great cold environment and situation.
- Release of New CM bland work (new portable mugs) in Nov. and Dec. 2020. Thermos K.K. plans to work with sales places by the theme of "World cooking".

Finally, I would like to discuss the business topics. First, as I have just mentioned, it is dishwasher-compatible bottles. This is a product created in cooperation with Panasonic. This is a product that has received great attention from the media by jointly publicizing the news hooks of the collaboration between the two leading companies in the industry and the background of development.

We also opened a coffee shop specializing in takeout to promote the use of personal bottles. We encourage customers to bring their own bottles to our shops, and while we provide coffee that has a long taste in their own bottles, we are hoping that they will practice reducing plastic cups and other items in their daily life. Currently, we have two stores opened in Otemachi and Nishi-shinbashi.

Finally, in our future advertising and promotion plan, we are aiming to strengthen our brand through TV commercials and expand sales of frying pan. Regarding brand commercials, we have already started airing them in early this month, in which we are promoting thermal insulation that can be felt in an extreme cold environment.

In addition, in the advertisement for frying pan, which is scheduled to be aired in the second half of November, we will work to link it with retail stores, while following the traditional commercial music and introducing a wide range of dishes around the world as topics.

Now, let me conclude my explanation here on the current status of THERMOS and future measures.

Moderator: President Chuuyou, thank you very much.

Question & Answer (Titles omitted)

Moderator: Now, we will start a question-and-answer session.

Now, we would like to take questions first from the participants in Zoom. I will release the mute, so please go ahead and talk. Mr. Yamada of Mizuho Securities Co., Ltd.

Yamada(Mizuho Securities Co., Ltd.): I am Yamada of Mizuho. Thank you. I would like to ask a few points.

First of all, in the first half of the year, I did not expect that you would be able to make a lot of profits, so I think it is great. As you said, I think the performance exceeded the Company's expectations. In the first place, I think that Mitsubishi Chemical Holdings as a whole has formulated earnings forecasts on the assumption that the impact of COVID-19 will generally disappear within this fiscal year.

In this sense, despite the outperformance in the first half of the fiscal year, I think it is understandable that you did not revise the full-year forecast. As the president said, I think the uncertainty in Europe and in the US where the presidential election is over, is quite high.

Regarding these two regions, I would like to ask how you expect the situation in the second half of the fiscal year to develop. European activities will normally drop dramatically during the Christmas season in December. What are your thoughts on the risks associated with an overlap of COVID-19 with such a slowdown? In relation to that, for those two regions, could you tell us about the differences to the initial expectations, and how you think about the current situation and what measures will be taken?

Ichihara: I would like to explain about Europe first. As I explained earlier, at the end of October, we were able to see the scenario of gradual recovery slightly but clearly with our expectation for Q1 as a bottom, although this was based on the preliminary figures.

However, as I mentioned earlier, lockdowns have occurred in several places, so I am very concerned about how this impact will come out in November.

Alan Draper, the new CFO, has been the CFO of NIPPON SANSO Holdings since October 1st, prior to which he served as CFO of NIPPON GASES Euro-holding S.L.U., Mr. Draper will explain about Europe. I will then add an explanation about the US.

Draper: I'll answer. This is Alan Draper. In Europe, the first half of the fiscal year was as we explained. The peak of the coronavirus was in Q1 of the fiscal year, and it recovered significantly in Q2 of the fiscal year.

As mentioned earlier by Ichihara, October was on-target. We slightly exceeded the forecast. We still have this positive outlook and forecast. However, in all of our business regions, restrictions are now increasing again, so we are concerned whether or not sales and operating income will be able to achieve our original plan. It will depend on the coronavirus situation.

Some countries are better off than others. This food, freezing, and home delivery are good. Chemicals are the same. And then, steelworks. Manufacturers are also experiencing this growth. However, this is as such unless there is significant impact in the coming December and January. It is uncertain whether we will exceed the forecast.

That's all.

Ichihara: Regarding the US, the Corporate Planning Office Manager, Moroishi, will explain.

Moroishi: I think you understand the situation around coronavirus in the US since you looked at the situation in Q1 and Q2, but as explained by Ichihara, except for the special factors of Q2, Q2 has actually returned to the point beyond the previous period. That's also going to be in line with our expectations in October. In the US, the third wave remains unpredictable, but if we exclude it, we recognize that it will remain steady and exceed our expectations.

On this point, as explained, price revisions, bulk, and helium are doing very well. Also, the return of the bulk volume has been quite strong, and the return of the delayed package has been caught up to a considerable extent. Currently, there is only one concern about what the coronavirus will do in the future. That is my understanding.

Yamada: Overall, if the third wave of COVID-19 does not really become serious, then you will achieve the disclosed forecast level. Do you think so?

Ichihara: That's what we think.

Yamada: Thank you. This is my second point. In this environment, the Electronics Business was particularly strong, but the sophistication of the front-end process of electronics will further increase the use of gas processes. Can we think that these benefits are appearing? Please tell us about your approach to receiving construction orders, as well as inquiries about special gases.

In addition, next year will be subject to the new medium-term management plan, and how much management resources would you like to spend and what kind of growth strategy would you like to devise for the Electronics Business?

Ichihara: Vice President Hamada will explain and answer your question.

Hamada: Here is Hamada. Although the Electronics Business is performing well and there are many reports, the world's big players are largely concentrated in East Asia. As you have pointed out, including the complexity of the front-end process, the use of gas, demand for new gas, or this may not be directly related to gas, but chemicals are used, so very wide range of materials are used.

Against this backdrop, we are developing manufacturing facilities to capture demand by establishing plants in Japan, the US, South Korea, and China for specialized material gases, based on our basic strategy of producing the various gases, which are used in the front-end processes, with the right people in the right place as our group, and supplying them to customers.

Although the names of these specific customers are not mentioned, it can be considered that the supply of special material gas to such large players has a better impact on the numbers.

We expect this basic trend to continue, however, as people have been saying, it is not clear what will happen to Huawei in relation to conflicts between the US and China, but there is already a major supply chain in the world, so it is a little unclear how much of an impact this will have in the future.

We will continue to develop and respond to a system that allows us to supply material gas locally, regardless of changes in the supply chain.

And with regard to the construction work, it is very advanced in Asia and Japan in particular, there will continue to be projects in Japan, South Korea, and China in which larger front-end factories will be built.

In this context, we are particularly proactive in terms of construction-related projects that are available in Japan, and orders are currently progressing. As a result, we believe that sales related to construction, facilities, and equipment will continue to contribute to results favorably in the future. That's all.

Yamada: I think the construction will also serve as a leading indicator for special gases, but I think that the expansions in Yokkaichi in Japan, for example, as well as in South Korea, China, and possibly in Taiwan are also positive. Some foundries in China are lowering their capital expenditures, but can we assume that construction orders to your Company remain fairly firm and are growing?

Hamada: Regarding China and Korea, we have not received such a large order for construction. Instead, we received equipment-related orders, such as purification equipment and abatement systems. Large construction projects in Japan and Taiwan. We are quite involved in this.

Yamada: I understood well, thank you. Lastly, please let me ask one more question. This year is the final year of the current medium-term management plan, and the next fiscal year will be subject to the new medium-term management plan. I don't think that the basic path of making a global leap forward as a Gas Business will change, but in that context, the positioning of the THERMOS Business. Over the long term, the THERMOS Business is a little different from Gas.

I know that your Company made stainless vacuum insulation bottles for the first time in the world, and I also know that THERMOS is the world's first thermos bottle brand, so of course I think the brand value is high. What is the position of THERMOS in your business portfolio, and what do you think of things like ecommerce as a measure for THERMOS? Please tell us about these two points. Thank you in advance.

Ichihara: I will answer your first question about THERMOS. Representative Director, President, Chujo will then answer to your question about ecommerce.

As Mr. Yamada is familiar with, I think that it was around 1970, there were only thermos bottles made of glass which easily get broken, but a tank that supplies our gas, which is placed on the site of each company's factory.

The content consists of oxide, nitrogen, and argon, and it contained liquid that is close to minus 200 degrees. The performance was extremely good, and it was thought that if it was made with stainless steel, it would not be broken. I think that it was around 1970 when former NIPPON SANSO developed the product and commercialized it.

From that point, I think it was in the 1980s when we acquired THERMOS, and the products developed by the former NIPPON SANSO are now part of our business. The brand has been a world-class brand, so we are developing it with this in mind. We have been developing a business that has very deep contact with the foundation of our business, although THERMOS may appear to have no direct relationship with Gas. It is also positioned as very important business in our Group.

Accordingly, in the context of the new medium-term management plan, the Group internal plan, THERMOS will continue to be an important part of our Group after advancing globalization from a slightly different perspective than the gas. This is the way we view it.

Ecommerce, et cetera, will be explained by President Chujo.

Chujo: This is Chujo from THERMOS. Regarding ecommerce, we have already established our own website and are conducting sales activities. However, as we are basically a manufacturer, we will continue to consider sales to the existing various online distributors as our main sales channel.

However, on our own website, we will make more use of opportunities for direct communication with various customers, including links to our website, to provide opportunities for interactive information exchange. In the midst of this situation, there were comments that they would like us to sell there, so we are also selling on the ecommerce site.

Looking ahead, we will make a variety of proposals, while at the same time selling on the existing ecommerce site and establishing a sales method through ecommerce that is unique to our own Company, and we intend to coexist with it. That is all.

Yamada: Thank you. I would like to confirm. I understand that THERMOS products are related to Gas because I also used your Company's products in experiments at school since glass dewars were breakable. I remember well that a normal thermos bottle was better than a glass dewar.

So, how will B2C Business be marketed by increasing ecommerce and new channels in the future? I think that the focus will be on how to connect with customers. Then, I think it will become extremely important how to maximize the use of THERMOS, which has a brand and technology.

Can we expect that THERMOS's growth strategy will be included in the new medium-term management plan?

Ichihara: Please expect.

Yamada: I look forward to it. Thank you very much.

Operator: Thank you. We would like to continue taking questions from participants in our telephone conference system. Next question, please.

Enomoto(BofA Securities Japan Co., Ltd.): This is Enomoto from BofA Securities. The Company name has changed, thank you in advance. There are two points.

The first point is regarding hydrogen. Now, there are many reports on new energy-related initiatives, such as green hydrogen, blue hydrogen, or green ammonia or blue ammonia, among manufacturers of industrial gases worldwide. As one of the major industrial gas companies, what kind of initiatives are you considering for Hydrogen-related Businesses? Or what kind of initiatives are you currently taking? This is the first point.

Ichihara: I think I explained at the previous IR meeting, but as a leading Japanese manufacturer of industrial gases, we have prepared everything we can do in terms of technology, et cetera. However, it had been said that FCV would be the most important epoch in the past situation. However, it was difficult for it to be developed, and we were long-awaited.

However, the swell is emerging at the world level now. Anyway, we have been prepared to handle everything, both technology and equipment. As a country, something like that has come into our ears in a way that is different from what it used to be. Based on that, we intend to appropriately handle the issues that need to be addressed.

Enomoto: I would like to ask one more additionally. If your Company is involved in Hydrogen Business in the future, for example, is it involved with the manufacturing side, such as green hydrogen or green ammonia or

the supply chain and hydrogen logistics network side? Or like Iwatani Corporation, will you be engaged in hydrogen stations? It is difficult to see where NIPPON SANSO Holdings will be heading in the Hydrogen Business from the outside. Specifically, what fields are considered most promising, what kind of business do you want to conduct? If possible, please tell us.

Ichihara: It is difficult if we can't see what parts are most promising. That's why we have been preparing so that we can be flexible in accordance with systems. However, it cannot be seen yet. This is what I wanted to say earlier.

Green hydrogen, blue hydrogen, and a variety of other things, it is natural to say what will eventually become green. Under such circumstances, the situation has not yet been cleared as to how and where we can be involved. At the same time, we produce and supply hydrogen stations ourselves.

Enomoto: The second point is about the management system. The effects of the major change in the system as NIPPON SANSO Holdings this time have been explained, but what is actually starting to appear? If there is anything you can see right now, please let us know.

It may not be so relevant, but the president of Mitsubishi Chemical Holdings, the parent company, will be replaced with foreign management. Does that affect your management attitude? Please also discuss this point.

Ichihara: I talked about changes in the management system at previous meetings, but when looking at the results of the previous fiscal year, the overseas sales ratio exceeded the majority, and it reached a certain level. In terms of the level of operating income, two thirds of the profits were from overseas.

Against this backdrop, TAIYO NIPPON SANSO, a Japanese business company, has developed one division and has managed its operations overseas. We have long thought that this is not a good idea of a system. The figures appeared as such in the first half of the fiscal year, and the reason here is that we also intend to bring it to such system.

So, it would be an easy story if the effect came out overnight, but as I have said earlier, the purpose is to speed up management decisions regarding the management of each company. Accordingly, we should increase our achievements more and more. Our main focus is then to strengthen the collective strengths of the Group, so we are unable to answer the question as to how much effects have appeared.

However, I think I talked about diversity before, and CFO of Holdings is attending today. Mr. Alan Draper. I think you have already known, but he is American, originally from Praxair. As CFO of Praxair for the European Business, he had taken care of the European Business and came to Japan. I want to promote globalization more and more in this way, and that's why we invited him to this seat. I would appreciate it if you could take a longer look for the numerical effect.

The second point is about the next president of Mitsubishi Chemical Holdings, but I really don't know him.

Enomoto: I understand. Thank you very much.

Operator: Thank you. Next, Mr. Sakaguchi, who is participating from Zoom, please.

Sakaguchi(Daiwa Securities Co. Ltd.): This is Sakaguchi from Daiwa Securities. There are two questions.

As for the first point, I think the reduction of fixed costs in the US Business has been relatively successful this time. You mentioned that the method was “The Right Way.” Could you please explain this method more specifically, for example, how well the promotion of DX went, et cetera?

In addition, you mentioned that you were thinking of expanding overseas. Could you tell us how you will respond to such expansion in other regions?

Ichihara: The Corporate Planning Office Manager Moroishi will answer to the question.

Moroishi: This is Moroishi of the Management Planning Office. “The Right Way” in the US is a program called Productivity to improve the efficiency and productivity of all business activities. In the US, they are making efforts and having activities to improve the efficiency of the operation of the plant. In addition, it includes optimal routes to reduce transportation costs, and it refers to the optimization of supply through the use of computer capabilities, as well as various activities.

The strong organizational promotion of this initiative has been effective in Europe as well as the US in the current fiscal year. It was also effective last year and even year before the last, and we are currently developing it in Asia as well.

Could you please tell me the second question again?

Sakaguchi: The second point was how to respond to the development in other areas, so I’m satisfied with your answer. Thank you very much.

This is the second major question, and the person before me asked about this, but I think that the president of the parent company has changed, and that the policy is Well-being, Sustainability, and Connectivity. In particular, Connectivity is easy to understand, such as the strengths of Electronics-related Businesses. However, it is somewhat difficult to understand how your Company will contribute to Sustainability, so I would like you to explain it.

Ichihara: As for the medium-term management plan, this fiscal year is the final year of the second medium-term plan, and the next will be subject to the third medium-term plan, and we will create the third.

We are a member of the Mitsubishi Chemical Holdings Group, so five-year management plan. In addition, in the Group, we are trying to develop a plan while talking about what we call collaboration, and so on.

The questions you asked are to be included in the medium-term management plan. We should say that we are under the process. It has not been completed yet, so unfortunately it is impossible to talk about it here today.

Sakaguchi: I understood. I’m sorry. We look forward to the mid-term management plan. Thank you very much.

Ichihara: Thank you.

Operator: Thank you. We will continue to take questions from those who are participating in the conference call system. Next question, please.

Kawai(Meiji Yasuda Asset Management Co. Ltd.): This is Kawai of Meiji Yasuda Asset Management. Thank you for your explanation. I would like to ask about the governance of Mitsubishi Chemical Holdings as a listed subsidiary.

First of all, congratulations on your new start with the new system. I understand that your name for investors has changed, but the sense of distance to Mitsubishi Chemical Holdings is probably not so different, but it is your Company's governance. I think that the structure of the Board of Directors, and perhaps that the pressure from the financial markets has been intensifying.

Regarding this point, is there room for change, for example, with regard to the design of institutions for the next time and beyond? The background to this is that the ratio of independent outside directors is increasing even among companies that are independent. In light of these changes in attributes, I would appreciate it if you could tell us your thoughts at this point in time. Thank you very much.

Ichihara: A few years ago, we were included in the Mitsubishi Chemical Holdings Group. When we joined the Group, we had agreements with Mitsubishi Chemical Holdings.

In this context, we must conduct management independently, and then maintain our listing. This is one of the items agreed upon. Based on this assumption, as a subsidiary within the Group, we have been cooperating in various ways to operate our business. This has been the flow since we joined the Group. This is what we both know, so this is how we came up to now while respecting each other.

In addition, you mentioned that we are a listed subsidiary. As for the corporate governance code, we issue a report once a year, but there is no item for explanation. In the form of compliance, we have been operating the management system.

Kawai: Thank you very much. Basically, the corporate governance code is the baseline. For example, in the case of parent-child listings, then in terms of protecting minority shareholders, it may be possible for a child company, your Company, to increase the ratio of directors by half, for example. I think one way of thinking is to improve the outlook on such occasions.

At present, from your point of view, is it reasonable to consider that compliance with the current corporate governance code is the baseline?

Ichihara: Since we are listed on the market, we think that we should adhere to the corporate governance code. Apart from that, for the case where we have cleared the code, but we can see better systems, we have been thinking in various ways and making efforts.

We have four full-time corporate auditors, three of whom are outside corporate auditors and have them conduct audits from various perspectives. In terms of corporate governance, I believe that it is absolutely more effective to manage the Company, rather than having an outside director form a committee for audits. Auditors attend the Board of Directors meeting and management meetings, and they can give opinions freely.

Kawai: I understood your thoughts very clearly. Thank you for your talk, that's all.

Operator: Thank you. From those who are participating in our tele-conference system. Next question, please.

Azuma(Jefferies Japan Limited): This is Azuma from Jefferies. The first point was explained earlier and this is the same question. However, compared to the three major global companies, they have been increasing profitability, and their solute values are also continually rising.

In comparison, your Company's pace seems slow in terms of improvement of profitability. Please tell us what do you think is the cause and what measures have been taken.

Ichihara: I will answer. In terms of earnings, it is true that, although it has been for decades, we have been very poor compared to our peers overseas. I think that one of the major reasons for this was that the Japanese market was the basis.

We have been developing our business overseas since 1980 in various ways, but as you can see in the segment, Japan has the lowest profit margin. That was the major base of our Company. Moreover, at this stage, the biggest problem is that it accounts for the largest share.

However, as we are changing more and more, we have a Japanese Business with a tradition of more than 100 years, so we may be at a slow pace. As explained earlier by President, Nagata of TAIYO NIPPON SANSO Corp., we intend to take this opportunity to transform ourselves. I hope you will look forward to it in the future.

Azuma: What about specific measures, for example? In Europe and the US, you have been making logistics more efficient, and that is why you will thoroughly implement it. Can it be adopted, for example, in Japan? I wonder if it's quite difficult because of regulatory issues.

Ichihara: As Mr. Azuma has just said, various obstacles will also arise. Therefore, at the beginning of this report, we explained that we will enhance the collective strengths of the Group while clearing such issues one by one.

In addition, President, Nagata mentioned this when he was explaining a Japanese company, TAIYO NIPPON SANSO. Regarding enhancement of our collective strengths, the market for industrial gas in Japan, for example, is very interesting, and it is a market where prices can hardly be revised. Including how and in what style we can do it. Anyway, as a theme of enhancing our collective strengths, we would like to work on this, and then work to meet your expectations more and more.

Azuma: I understood. I would like to ask the second question, and this also overlaps with a question asked earlier. It's about THERMOS. THERMOS is good and the brand is excellent, but it doesn't seem to grow at all. What was considered to be the problem so far, and what measures have been taken these days?

Ichihara: The current composition of THERMOS is still relatively new. Even though it's new, it's not last year or the year before the last. As I said, around 1970, former NIPPON SANSO developed a thermos bottle made of stainless steel, which is unbreakable, and then it began to develop it into a brand that was not a THERMOS brand. So in the 1980s, it acquired THERMOS and bought it into the stream. It used the brand.

The contents of THERMOS's Business at the time of the acquisition do not exist at all now. With all of the contents being replaced by our developed products, as we roll out them out on a global level, our composition is changing.

So we had a glass thermos bottle, a barbecue grill, a lunch kit, a cooler box, et cetera. The business we have has been replaced. Compared to the past, sales of a certain part are gradually declining, but I think one of the reasons for this is that we are replacing it with our original products, and they are becoming the contents of THERMOS's Business.

THERMOS's capital structure, when viewed at the global level, became somewhat complicated. Therefore, if you look at the contents of THERMOS's Business, you will see equity in earnings of affiliates. In short, we do

not have a majority, but our THERMOS is in charge of product development or marketing after taking an equity stake in. There is such a part, so the sales amount is expressed less than it actually is for profit and loss. I wonder if this is the case.

Azuma: I was also thinking of asking about that point. There are a lot of minorities included, so do you think it's okay to keep them as they are?

Ichihara: When I became President, I didn't think it's okay to leave it as it is. I talked with partners, they were foreigners, but they only replied that they don't want to transfer the rights they have because the contents of the business are very good. I would like you to understand that it is not working at this stage.

Azuma: It has not been done yet at this stage, you just said so, so in short, you have a will.

Ichihara: Of course, I do.

Azuma: I understood. Thank you very much. That's all from me.

Moderator: Thank you very much. We have run out of time, so we would like to close the question and answer session now.

We will finish the financial results briefing for the first half of the fiscal year ending March 2021. Today's materials are available on TDnet of the Tokyo Stock Exchange and on our website around 2:00 PM.

Although it was a remote meeting today, we would like to express our sincere gratitude for your participation.

Ichihara: Thank you very much.

[END]

Reminder

The information contained here is not disclosure information for securities trading. The accuracy and completeness of this information are not guaranteed.

The briefing session and this material describe future plans and strategies, as well as forecasts and outlooks of business performance. These plans and strategies, as well as forecasts and outlooks, are made by NIPPON SANSO Holdings Corporation based on its judgments and estimations made in accordance with the information available at present. Actual performance will be subject to changes caused by a variety of risks and uncertainties (such as economic trends, market demand, exchange rates, taxation systems and various other systems and institutions, but not limited to them).

We wish to remind you, therefore, that the actual business performance may differ from the forecasts and outlooks made at this time. Please refrain from making investment judgments based solely on this information.