



May 15, 2020

To whom it may concern:

Company name: Taiyo Nippon Sanso Corporation
Name of representative: Yujiro Ichihara
Representative Director, President CEO
(TSE Code: 4091, First Section of the TSE)
Contact person: Takayoshi Umehara
General Manager
Corporate Communications
Phone: 03-5788-8015

Notice of Absorption-Type Company Split Agreement for Transition to a Holding Company Structure Through Company Split and Partial Amendments to Articles of Incorporation (Tradename and Business Purpose)

On January 22, 2020, Taiyo Nippon Sanso Corporation (“TNSC”) announced plans to implement a transition to a holding company structure through a company split (absorption-type split) tentatively effective on October 1, 2020.

TNSC hereby notifies that it has resolved at its Board of Directors meeting held today to approve the absorption-type company split agreement with a wholly owned subsidiary. (Hereinafter, the “absorption-type company split” refers to the absorption-type split in this absorption-type company split agreement.) Furthermore, TNSC hereby notifies that it has decided to go through with plans, which were tentative as of January 22, 2020.

On January 22, 2020, TNSC also gave notice of its resolution to change its tradename to “Nippon Sanso Holdings Corporation” tentatively effective on October 1, 2020, upon becoming a holding company, along with plans to partially amend its Articles of Incorporation with regard to changing its tradename. In addition, TNSC plans to change its business purpose in the Articles of Incorporation to align with its operations after transitioning to a holding company structure.

The proposed transition to a holding company structure and partial amendment to the Articles of Incorporation will be implemented, subject to the approval of the relevant agenda at TNSC’s ordinary general meeting of shareholders scheduled for June 19, 2020, and obtaining authorization of the competent authorities, as necessary.

Since the absorption-type company split entails passing along the businesses to a wholly owned subsidiary of TNSC, some disclosures and details are being omitted from this publication.

I. Transition to a Holding Company Structure Through Company Split

1. Background to, and objectives of, the transition to a holding company structure

TNSC has been solidly expanding its industrial gases business in Japan, the United States, and Asia/Oceania with the strategy to “promote globalization” under the current Ortus Stage 2 medium-term management plan. With the addition of part of the European business of U.S. Praxair, Inc. acquired in December 2018, TNSC group’s industrial gases business now operates under a four-hub framework spanning Japan, the United States, Europe, and Asia/Oceania. In order to further advance TNSC group in the rapidly-changing global political and economic environment, TNSC sees the need to break away from its conventional domestic business-centered management framework and establish a competitive group operation framework as a global gas major. Accordingly, TNSC has decided to implement a transition to a holding company structure, contemplating the following objectives.

For the post-transition structure (image), please see 6. below.

- (1) Speedier decision-making through authority delegation, and appropriate management resource allocation

TNSC will further the authority delegation to each region and expedite its decision-making in order to accurately respond to the market and customer changes in the respective regions. On the other hand, TNSC, as the holding company, will work to devise the entire group’s strategies (such as growth-oriented and appropriate management resource allocation), ensure compliance and enhance its risk management framework.

- (2) Greater clarity in business execution responsibilities and performance

TNSC will clarify the business execution responsibilities in each region with a four-hub business promotion framework spanning Japan, the United States, Europe, and Asia/Oceania. By changing the Japanese operation to a holding company structure and having the subsidiary succeeding to the domestic gases business specialize in that business, TNSC will work to achieve sustainable business growth, together with the other three hubs.

- (3) Enhance the group’s comprehensive capabilities by sharing regional strengths and advantages

TNSC group has strengths in the business domains and technical fields in the respective regions. As the holding company, TNSC will further boost the group’s comprehensive capabilities by promoting the sharing of those regional strengths globally.

2. Transition to holding company structure

1) Timetable for absorption-type company split

Board of Directors' approval to incorporate a company-split preparation company:	January 22, 2020
Incorporation of company-split preparation company:	February 4, 2020
Board of Directors' approval of absorption-type company split agreement:	May 15, 2020
Execution of the absorption-type company split agreement:	May 15, 2020
General Meeting of Shareholders' approval of absorption-type company split:	June 19, 2020 (tentative)
Date absorption-type company split takes effect:	October 1, 2020 (tentative)

2) Method of absorption-type company split

TNSC shall be the absorption-type splitting company, and Taiyo Nippon Sanso Split Preparation Corporation, a wholly owned subsidiary of TNSC, shall be the succeeding company in the absorption-type split, which shall take over the business related to the production and sale of TNSC's domestic industrial gas and related devices.

3) Allocations for absorption-type company split

Taiyo Nippon Sanso Split Preparation Corporation, the succeeding company in the absorption-type split, shall issue 100,000 shares of common stock, all of which shall be allocated for delivery to TNSC, the absorption-type splitting company.

4) Handling of new stock warrants and convertible bonds with new stock warrants related to the absorption-type company split

None.

5) Change in stated capital due to absorption-type company split

The increase in stated capital and additional paid-in capital resulting from this absorption-type company split is as follows.

① Stated capital	1,475 million yen
② Capital reserve	350 million yen
③ Legal reserve	0 yen

6) Rights and obligations inherited by succeeding company in the absorption-type split

The rights and obligations inherited by succeeding company in the absorption-type split shall be determined by the absorption-type company split agreement for the absorption-type company split on the date it becomes effective.

The obligations inherited by the succeeding company in the absorption-type split from TNSC shall be determined by the concomitant assumption of the obligation method.

7) Outlook for fulfillment of obligations

TNSC and the succeeding company in the absorption-type split expect to have more assets than liabilities after the absorption-type company split, and they currently do not envision any circumstances that would impair their ability to fulfill their due obligations.

Accordingly, in the absorption-type company split, management does not foresee any problems with the fulfillment of obligations held by TNSC and the succeeding company in the absorption-type split.

3. Overview of the company-split preparation company

		Absorption-type splitting company	Succeeding company in absorption-type split																				
(1)	Tradename	Taiyo Nippon Sanso Corporation	Taiyo Nippon Sanso Split Preparation Corporation																				
(2)	Address	3-26 Koyama 1-chome, Shinagawa-ku, Tokyo	3-26 Koyama 1-chome, Shinagawa-ku, Tokyo																				
(3)	Representative	Yujiro Ichihara, Representative Director, President CEO	Yujiro Ichihara, Representative Director, President																				
(4)	Details of business	Manufacture and sale of industrial gases and related devices	Manufacture and sale of industrial gases and related devices (the company will not engage in any business before the Company Split.)																				
(5)	Stated capital	37,344 million yen	25 million yen																				
(6)	Date of incorporation	October 30, 1910 (founding) July 19, 1918 (incorporation)	February 4, 2020																				
(7)	Number of outstanding shares	433,092,837 shares	100,000 shares																				
(8)	Fiscal year-end	March 31	March 31																				
(9)	Number of employee	1,471 (Non-consolidated)	3																				
(10)	Major shareholder and shareholding ratio	<table border="0"> <tr> <td>Mitsubishi Chemical Holdings Corporation</td> <td>50.59%</td> </tr> <tr> <td>Taiyo Nippon Sanso Client Shareholding Society</td> <td>4.19%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>2.84%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>2.58%</td> </tr> <tr> <td>JFE Steel Corporation</td> <td>2.57%</td> </tr> <tr> <td>Meiji Yasuda Life Insurance Company</td> <td>2.31%</td> </tr> <tr> <td>Mizuho Bank, Ltd.</td> <td>1.89%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd.'s Settlement & Clearing Services Department)</td> <td>1.84%</td> </tr> <tr> <td>The Norinchukin Bank</td> <td>1.62%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td> <td>0.89%</td> </tr> </table>	Mitsubishi Chemical Holdings Corporation	50.59%	Taiyo Nippon Sanso Client Shareholding Society	4.19%	The Master Trust Bank of Japan, Ltd. (Trust Account)	2.84%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.58%	JFE Steel Corporation	2.57%	Meiji Yasuda Life Insurance Company	2.31%	Mizuho Bank, Ltd.	1.89%	JP MORGAN CHASE BANK 380055 (Standing proxy: Mizuho Bank, Ltd.'s Settlement & Clearing Services Department)	1.84%	The Norinchukin Bank	1.62%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.89%	Taiyo Nippon Sanso Corporation: 100%
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(11)	Main bank	Mizuho Bank, Ltd.	Mizuho Bank, Ltd.
(12)	Relationships between companies	Capital relationship	The succeeding company in the absorption-type split shall be a wholly owned subsidiary of the splitting company.
		Human resources relationship	The absorption-type splitting company shall assign two directors to the succeeding company in the absorption-type split.
		Business relationship	There is an operating agreement with TNSC related to business preparations of post-integration TNSC.
(13) Financial condition and business performance in most recent fiscal year (ended March 31, 2020)			
	Net assets	267,929 million yen (consolidated)	47 million yen
	Total assets	1,137,024 million yen (consolidated)	47 million yen
	Net assets per share	618.90 yen (consolidated)	470 yen
	Revenue	850,239 million yen (consolidated)	–
	Operating profit	93,921 million yen (consolidated)	-3 million yen
	Net income	55,038 million yen (consolidated)	-2 million yen
	Net income attributable to owners of the parent company	53,340 million yen (consolidated)	–
	Net income per share	123.26 yen (consolidated)	-29.29 yen

(Notes) 1. The absorption-type splitting company plans to change its tradename to “Nippon Sanso Holdings Corporation” on October 1, 2020.

2. The succeeding company in the absorption-type split plans to change its tradename to “Taiyo Nippon Sanso Corporation” on October 1, 2020.

[Outline of business divisions to be split off]

(1) Description of businesses to be split off

Businesses related to the manufacture and sale of domestic industrial gases and related devices

(2) Business performance of division to be split off (fiscal year ended March 31, 2020)

	Split-off businesses (a)	TNSC’s performance (b)	Ratio (a / b)
Revenue	356,145 million yen	850,239 million yen	41.9%
Operating profit	28,737 million yen	90,337 million yen	31.8%

(Note) The business performance of the “Gas Business in Japan” in segment information is shown above as the business performance of the split-off business.

(3) Assets and liabilities to be split off (as of March 21, 2020)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	96,924 million yen	Current liabilities	46,175 million yen
Fixed assets	138,181 million yen	Non-current liabilities	101,642 million yen
Total	235,105 million yen	Total	147,817 million yen

(Note) The above amounts are calculated based on the balance sheet as of March 31, 2020.

Accordingly, inherited amounts may be higher or lower than the above amounts on the date the agreement comes into effect.

4. Conditions after company split (as of October 1, 2020) (tentative)

	Absorption-type splitting company	Succeeding company in absorption-type split
(1) Tradename	Nippon Sanso Holdings Corporation	Taiyo Nippon Sanso Corporation
(2) Address	3-26 Koyama 1-chome, Shinagawa-ku, Tokyo	3-26 Koyama 1-chome, Shinagawa-ku, Tokyo
(3) Representative	Yujiro Ichihara, Representative Director, President (tentative)	Kenji Nagata, Representative Director, President (tentative)
(4) Details of business	Operations related to subsidiary and group management	Manufacture and sale of industrial gases and related devices
(5) Stated capital	37,344 million yen	15,000 million yen
(6) Net assets	274,278 million yen	89,157 million yen
(7) Total assets	983,201 million yen	238,933 million yen
(8) Fiscal year-end	March 31	March 31

(Note) The above amounts are calculated based on the balance sheet as of March 31, 2020. Accordingly, the actual amounts may differ from them.

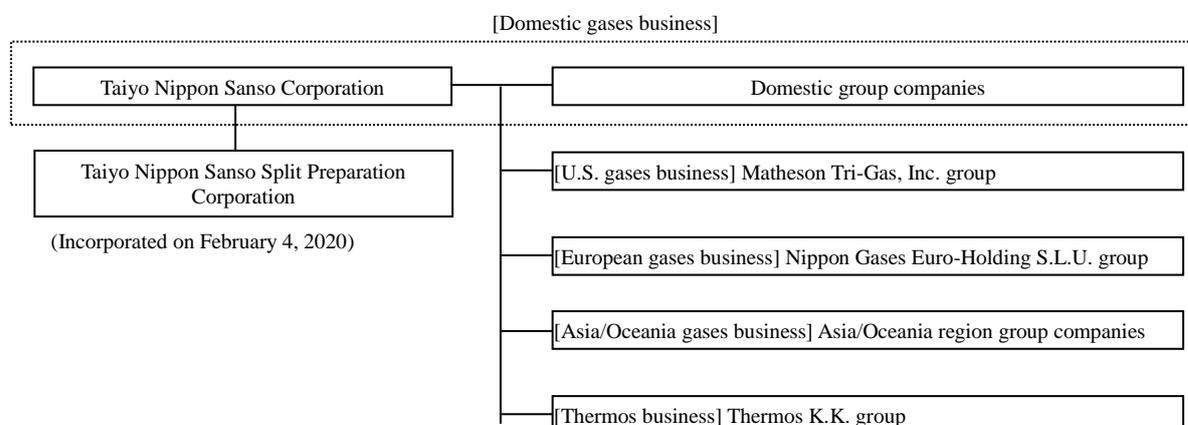
5. Future outlook

Since the succeeding company in absorption-type split shall be a wholly owned subsidiary of TNSC, the absorption-type company split will have a negligible impact on the consolidated earnings of TNSC. On a parent basis, after the absorption-type company split, TNSC will become a holding company, so its revenue will mainly consist of dividend income and management guidance fee income from its affiliated companies. Most expenses incurred by the holding company will likely be related to functions for managing Group operations.

6. Group structure after the transition to a holding company structure (image)

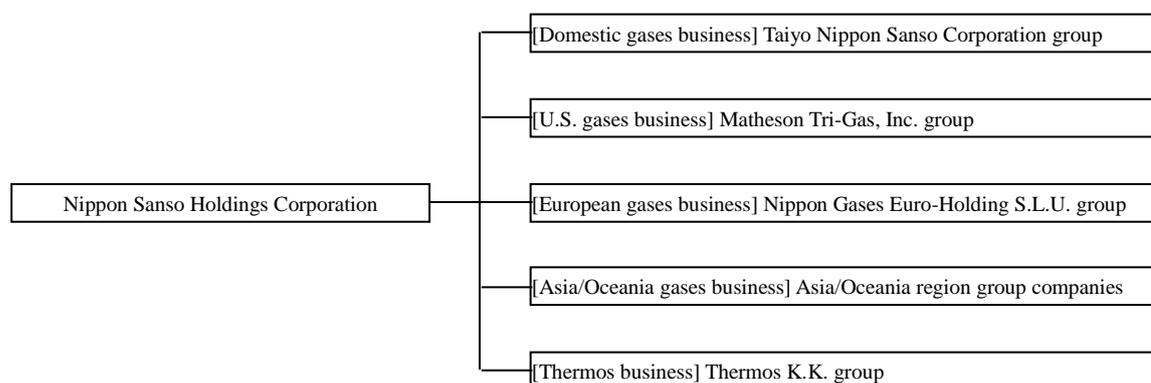
(Before the transition) As of February 4, 2020

TNSC, primarily engaged in the domestic gases business, holds shares in the domestic and overseas group companies.



(From October 1, 2020 (tentative))

TNSC will split its assets (including the shares in the domestic group companies, but excluding Thermos K.K.) and liabilities related to its domestic gases business, transfer them to “Taiyo Nippon Sanso Split Preparation Corporation,” and become a pure holding company. TNSC and “Taiyo Nippon Sanso Split Preparation Corporation” will change their tradenames to “Nippon Sanso Holdings Corporation” and “Taiyo Nippon Sanso Corporation,” respectively.



II. Amendment to the Articles of Incorporation

(Partial Amendments to Tradename and Business Purpose)

1. Reason for the amendment

Subject to the Company Split taking effect, TNSC shall change its tradename provided in Article 1 of its Articles of Incorporation to “Nippon Sanso Holdings Kabushiki Kaisha (“Nippon Sanso Holdings Corporation” in English)” upon the transition to a holding company structure, in order to demonstrate that TNSC group is a global industrial gases group (a global gas major) originated in Japan.

Additionally, TNSC shall include business management as a holding company to its business purpose in the Articles of Incorporation.

2. Specifics of the amendment

The amendments are explained in the attachment.

3. Timetable

June 19, 2020 (tentative) Approval of the agenda regarding the amendment to the Articles of Incorporation at the ordinary general meeting of shareholders

October 1, 2020 (tentative) Amendment to the Articles of Incorporation takes effect.

(Attachment)

Details of the amendments

(Amended parts are underlined)

Current Articles of Incorporation	Proposed amendment
<p>Article 1 (Tradename) The name of the Company is <u>Taiyo Nissan Kabushiki Kaisha</u> and is indicated in English as <u>Taiyo Nippon Sanso Corporation</u>.</p>	<p>Article 1 (Tradename) The name of the Company is <u>Nippon Sanso Holdings Kabushiki Kaisha</u> and is indicated in English as <u>Nippon Sanso Holdings Corporation</u>.</p>
<p>Article 2 (Purpose) The purpose of the Company is to operate the following businesses.</p>	<p>Article 2 (Purpose) The purpose of the Company is to operate the following businesses <u>and to conduct business management of the following companies that operate the following businesses by holding their shares or interests.</u></p>
<p>1 through 21 (Omitted)</p>	<p>1 through 21 (Unchanged)</p>
<p>Articles 3 through 44 (Omitted)</p>	<p>Articles 3 through 44 (Unchanged)</p>
	<p style="text-align: center;"><u>Chapter 7 Supplemental Provision</u></p> <p><u>Article 45 (Interim Measure)</u> <u>The changes in Article 1 and Article 2 shall be effective on October 1, 2020 on the condition that proposal 2 “Approval of the absorption-type company split agreement” submitted to the 16th ordinary general meeting of shareholders is approved and adopted as originally proposed and that the absorption-type company split under the absorption-type company split agreement approved and adopted under that proposal becomes effective. This supplemental provision will be deleted on the effective date of the changes in Article 1 and Article 2.</u></p>