

July 28, 2023

Notice of consolidate financial results for Q1 FYE2024

Nippon Sanso Holdings Corporation (“NSHD”, President CEO: Toshihiko Hamada) hereby announces its consolidated financial results for Q1 FYE2024. For details, please refer to the financial results and earnings announcement materials available on [NSHD website](#).

1. Business performance for Q1 FYE2024

The business environment surrounding the Nippon Sanso Holdings Group (NSHD Group) in the first quarter of the fiscal year under review (from April 1, 2023 to June 30, 2023), has continued to face a challenging and unpredictable business environment as a result of geopolitical issues in Ukraine, trade tensions between the US and China, global inflation, and JPY depreciation. Air separation gases (oxygen, nitrogen, and argon) volume, which are supplied via on-site pipeline mainly to steel, chemical, and petroleum refining industries, have decreased from the previous fiscal year. On the other hand, energy costs have moderated compared to the previously elevated levels experienced in Europe and the United States. Additionally, the burden of electricity costs, which constitutes a significant portion of the air separation gases production costs, has eased compared to the previous fiscal year.

Due to group-wide price management efforts, including cost pass-through, and solid productivity initiatives, the NSHD Group achieved the following results for the first quarter of the fiscal year under review.

Revenue on a consolidated basis increased 11.9% year-on-year to ¥308,903 million, core operating income increased 34.6% to ¥40,748 million, operating income increased 48.2% to ¥40,715 million, and net income attributable to owners of the parent increased 42.1% to ¥24,558 million.

(Unit: ¥ bn.)	FYE2023	FYE2024	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)	Difference	% Change
Revenue	276.0	308.9	+32.9	+11.9%
Core operating income	30.2	40.7	+10.5	+34.6%
Core OI margin	11.0%	13.2%		
Non-recurring profit and loss	-2.8	-0.0	+2.8	
Operating income (IFRS)	27.4	40.7	+13.3	+48.2%
OI margin	10.0%	13.2%		
EBITDA margin	20.2%	22.0%		
Finance costs	-1.9	-4.4	-2.5	
Income before income taxes	25.5	36.2	+10.7	+41.8%
Income tax expenses	7.5	10.6	+3.1	
Net income	17.9	25.5	+7.6	+42.2%
(Attribution of net income)				
Net income attributable to owners of the parent	17.2	24.5	+7.3	+42.1%
NI margin	6.3%	8.0%		
Net income attributable to non-controlling interests	0.6	0.9	+0.3	
Forex (Unit: JPY)				
(average rate during the period)	USD	131.25	139.63	
	EUR	138.75	151.89	
	AUD	92.52	91.94	

2. FYE2024 Full-term forecast

No revisions have been made to recently announced forecasts.

(Unit: ¥ bn.)	FYE2023	FYE2024	YoY	
	Full-term	Full-term forecast (Announced on May 11, 2023)	Difference	% Change
Revenue	1,186.6	1,160.0	-26.6	-2.2%
Core operating income	123.1	127.5	+4.4	+3.6%
Core OI margin	10.4%	11.0%		
Non-recurring profit and loss	-3.5	—	+3.5	
Operating income (IFRS)	119.5	127.5	+8.0	+6.7%
OI margin	10.1%	11.0%		
EBITDA margin	19.3%	20.2%		
Finance costs	-14.0	-25.5	-11.5	
Income before income taxes	105.5	102.0	-3.5	-3.3%
Income tax expenses	29.5	28.5	-1.0	
Net income	75.9	73.5	-2.4	-3.2%
(Attribution of net income)				
Net income attributable to owners of the parent	73.0	70.5	-2.5	-3.5%
NI margin	6.2%	6.1%		
Net income attributable to non-controlling interests	2.8	3.0	+0.2	
Forex (Unit: JPY)				
(average rate during the period)	USD	136.00	130	
	EUR	141.62	140	
	AUD	92.67	93.5	

Total Forex impact for FYE2024 Full-term forecast : Negative impacts of ¥ 18.3 bn. on revenue and ¥ 2.2 bn. on core operating income.

(Reference)

Business performance for FYE2024 Q1 by segment

(Unit: ¥ bn.)		FYE2023	FYE2024		YoY		Forex impact	% Change exc. FX
		Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)	Composition ratio	Difference	% Change		
Japan	Revenue	95.1	107.6	34.8%	+12.5	+13.1%	+0.0	+13.0%
	Segment OI	6.0	11.2	27.6%	+5.2	+87.1%	+0.0	+86.5%
	Segment OI margin	6.3%	10.4%					
United States	Revenue	68.8	82.0	26.6%	+13.2	+19.1%	+4.3	+12.0%
	Segment OI	9.3	11.1	27.5%	+1.8	+20.0%	+0.6	+12.6%
	Segment OI margin	13.5%	13.6%					
Europe	Revenue	64.9	73.1	23.7%	+8.2	+12.6%	+6.1	+2.8%
	Segment OI	8.8	13.1	32.3%	+4.3	+49.1%	+0.8	+36.0%
	Segment OI margin	13.6%	18.0%					
Asia & Oceania	Revenue	39.2	38.4	12.5%	-0.8	-2.1%	+0.9	-4.5%
	Segment OI	4.6	4.1	10.1%	-0.5	-10.6%	+0.0	-12.2%
	Segment OI margin	11.7%	10.7%					
Thermos	Revenue	7.6	7.5	2.5%	-0.1	-1.2%	+0.0	-1.6%
	Segment OI	1.9	1.4	3.5%	-0.5	-27.2%	+0.0	-29.5%
	Segment OI margin	25.5%	18.8%					
Adjustment	Revenue	0.0	0.0	0.0%	+0.0	—		—
	Segment OI	-0.4	-0.3	-1.0%	+0.1	—		—
Consolidated total	Revenue	276.0	308.9	100.0%	+32.9	+11.9%	+11.6	+7.4%
	Core OI	30.2	40.7	100.0%	+10.5	+34.6%	+1.6	+27.7%
	Core OI margin	11.0%	13.2%					

【Japan】

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs, despite lower shipment volumes of core products such as air separation gases, carbon dioxide gas, and LP gas. In addition, sales of specialty gases for the electronics industry were firm, resulting in an increase in sales. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to the recording of medium- to large-sized projects on a percentage-of-completion basis.

【United States】

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In equipment and installation, industrial gas-related sales were strong, especially for gas-related equipment, and electronics-related sales were also favorable, resulting in an increase in sales.

【Europe】

In the industrial gas-related business, revenue increased year-on-year mainly due to

the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases and carbon dioxide gas. In equipment and installation, industrial gas-related sales increased due to strong sales of medical-related equipment. In addition, productivity and cost reduction efforts contributed to the positive performance of the business.

【Asia & Oceania】

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In LP gas, of which a substantial portion of sales are in the Australia region, unit sales prices and sales volumes were consistent with the previous fiscal year. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment as a result of electronics customers reducing inventory and postponing capital investment due to their operating conditions.

【Thermos】

In Japan, sales from portable vacuum-insulated mugs and kitchenware such as frying pans were firm, and revenue increased slightly. Overseas, revenues were generally soft. Segment income decreased significantly due to rising raw material prices from inflation and production costs increase due to the weak JPY.

The Nippon Sanso Holdings Group is the world's fourth-largest supplier of industrial, electronic, and medical gases, operating in four geographic hubs - Japan, the U.S., Europe and Asia & Oceania - covering over 30 countries and regions. In addition, the Thermos business supplies THERMOS branded products to more than 120 countries around the world. Since its foundation as Nippon Sanso Ltd. in 1910, the group stands for creating social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future. With more than 19,000 employees, together, we are "The Gas Professionals" and we all have the same goal: "Making life better through gas technology"

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