NIPPON SANSO HOLDINGS

October 31, 2023

Notice of consolidated financial results for 1H FYE2024

Nippon Sanso Holdings Corporation ("NSHD", President CEO: Toshihiko Hamada) hereby announces its consolidated financial results for 1H (First half) FYE2024. For details, please refer to the financial results and earnings announcement materials available on NSHD website.

1. Business performance for 1H FYE2024

The business environment around us during the first half of the fiscal year under review (from April 1, 2023 to September 30, 2023) has remained challenging and volatile due to geopolitical issues in Ukraine and Middle East, trade tensions between the US and China, global inflation, JPY depreciation, and operating conditions within the semiconductor industry, one of our key segments. Air separation gases (oxygen, nitrogen, and argon) primarily delivered via on-site mainly to steel, chemical, and petroleum refining sectors, have shown a decrease compared to the previous fiscal year. In contrast, there has been a moderation in energy costs, particularly in Europe and the United States, where costs previously have been high. Additionally, the burden of electricity costs, which constitute a substantial portion of the production costs for air separation gases, has alleviated in comparison to the previous fiscal year.

Furthermore, as a result of our comprehensive group-wide price management strategies, including successful cost pass-through initiatives, and robust productivity enhancements, the NSHD Group achieved the following results for the first half of the fiscal year currently under review.

Revenue on a consolidated basis increased 6.8% year-on-year to ¥612,571 million, core operating income increased 45.3% to ¥81,648 million, operating income increased 51.4% to ¥81,576 million, and net income attributable to owners of the parent increased 38.1% to ¥48,547 million.

(Unit: ￥ bn.)		FYE2023 1H (Apr.- Sep.)	FYE2024 1H (Apr.- Sep.)	YoY Difference	YoY % Change	% Change exc. FX
Revenue		**573.6**	**612.5**	**+38.9**	**+6.8%**	*+2.2%*
Core operating income		**56.1**	**81.6**	**+25.5**	**+45.3%**	*+37.9%*
Core OI margin		9.8%	13.3%			
Non-recurring profit and loss		-2.3	-0.0	+2.3		
Operating income（IFRS）		**53.8**	**81.5**	**+27.7**	**+51.4%**	
OI margin		9.4%	13.3%			
EBITDA margin		18.9%	22.3%			
Finance costs		-4.2	-10.0	-5.8		
Income before income taxes		**49.6**	**71.5**	**+21.9**	**+44.1%**	
Income tax expenses		13.2	21.1	+7.9		
Net income		36.4	50.4	+14.0	+38.5%	
(Attribution of net income)						
Net income attributable to owners of the parent		**35.1**	**48.5**	**+13.4**	**+38.1%**	
NI margin		6.1%	7.9%			
Net income attributable to non-controlling interests		1.2	1.8	+0.6		
Forex（Unit: JPY）	USD	135.30	142.61			
(average rate during the period)	EUR	139.14	154.81			
	AUD	93.51	93.44			

2. FYE2024 Full-term forecast

Our consolidated earnings forecasts announced on May 11, 2023 for the full term of fiscal year ending March 31, 2024 (April 1, 2023-March 31,2024), were revised as follows.

Consolidated Revenue and Core Operating income in gas business in Japan, U.S. and Europe are expected to increase compared to the previous forecast.

This is mainly due to the effect of favorable currency exchange due to the weak Japanese Yen and energy costs moderating more than our previous forecast mostly in Europe and U.S. In addition, we continue to focus on price management and productivity improvement to offset the underlying softness in air separation gas demand, our main products.

Operating Income is expected to increase from our previous forecast due to the additional Core Operating income mentioned above in addition to an expected non-recurring gain to be recorded by year end due to a business reorganization.

Net income and Net income attributable to owner of the parent are expected to increase due to higher earnings and an anticipated slight improvement in the effective tax rate and financial costs of the Group.

There is no change in the dividend from the forecast previously announced on May 11, 2023 (¥20 per share).

(Unit: ¥ bn.)	FYE2023 Full-term	FYE2024 Full-term forecast (Announced on October 31, 2023)	YoY Difference	YoY % Change	% Change exc. FX	FYE2024 Full-term forecast (previous) (Announced on May 11, 2023)
Revenue	**1,186.6**	**1,230.0**	**+43.4**	**+3.7%**	*-0.1%*	**1,160.0**
Core operating income	**123.1**	**155.0**	**+31.9**	**+25.9%**	*+20.4%*	**127.5**
Core OI margin	10.4%	12.6%				11.0%
Non-recurring profit and loss	-3.5	8.0	+11.5			—
Operating income (IFRS)	**119.5**	**163.0**	**+43.5**	**+36.4%**		**127.5**
OI margin	10.1%	13.3%				11.0%
EBITDA margin	19.3%	21.6%				20.2%
Finance costs	-14.0	-24.0	-10.0			-25.5
Income before income taxes	**105.5**	**139.0**	**+33.5**	**+31.7%**		**102.0**
Income tax expenses	29.5	38.5	+9.0			28.5
Net income	75.9	100.5	+24.6	+32.3%		73.5
(Attribution of net income)						
Net income attributable to owners of the parent	**73.0**	**97.0**	**+24.0**	**+32.7%**		**70.5**
NI margin	6.2%	7.9%				6.1%
Net income attributable to non-controlling interests	2.8	3.5	+0.7			3.0
Forex (Unit: JPY) (average rate during the period) USD	136.00	142.61				130
EUR	141.62	154.81				140
AUD	92.67	93.44				93.5

Total Forex impact for FYE2024 Full-term forecast : Positive impacts of ¥44.9 bn. on revenue and ¥5.6 bn. on core operating income.

(Reference)

Business performance for FYE2024 1H by segment

(Unit: ¥ bn.)		FYE2023 1H (Apr.- Sep.)	FYE2024 1H (Apr.- Sep.)	FYE2024 Composition ratio	YoY Difference	YoY % Change	YoY Forex impact	YoY % Change exc. FX
Japan	Revenue	194.4	**202.1**	33.0%	+7.7	+4.0%	+0.0	+4.0%
	Segment OI	12.7	**21.3**	26.1%	+8.6	+67.7%	+0.0	+67.4%
	Segment OI margin	6.5%	10.6%					
United States	Revenue	145.9	**169.5**	27.7%	+23.6	+16.1%	+7.8	+10.2%
	Segment OI	16.0	**23.4**	28.7%	+7.4	+45.8%	+0.8	+38.1%
	Segment OI margin	11.0%	13.8%					
Europe	Revenue	136.3	**147.3**	24.1%	+11.0	+8.1%	+15.3	-2.8%
	Segment OI	15.9	**26.3**	32.3%	+10.4	+65.7%	+1.8	+48.6%
	Segment OI margin	11.7%	17.9%					
Asia & Oceania	Revenue	81.8	**78.1**	12.8%	-3.7	-4.5%	+2.3	-7.1%
	Segment OI	8.9	**8.5**	10.5%	-0.4	-4.2%	+0.1	-6.0%
	Segment OI margin	10.9%	11.0%					
Thermos	Revenue	15.1	**15.3**	2.5%	+0.2	+1.1%	+0.0	+0.4%
	Segment OI	3.3	**2.8**	3.5%	-0.5	-13.3%	+0.1	-16.2%
	Segment OI margin	21.8%	18.7%					
Adjustment	Revenue	0.0	**0.0**	0.0%	-0.0	—		—
	Segment OI	-0.7	**-0.9**	-1.1%	-0.2	—		—
Consolidated total	Revenue	573.6	**612.5**	100.0%	+38.9	+6.8%	+25.7	+2.2%
	Core OI	56.1	**81.6**	100.0%	+25.5	+45.3%	+3.0	+37.9%
	Core OI margin	9.8%	13.3%					

【Japan】

In the industrial gas-related business, revenue increased year-on-year mainly due to 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, the shipment volume of specialty gases for the electronics industry declined. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to medium- to large-sized projects accounted for on a percentage-of-completion basis. Meanwhile, there was a decrease in revenue due to the conversion from a consolidated on-site subsidiary to a joint operation subsidiary.

【United States】

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

Revenue increased year-on-year mainly due to the impact of the weak JPY and sales price revisions against the backdrop of moderating energy costs as well as lower shipment volumes of core products such as air separation gases. In equipment and installation, industrial gas-related sales increased due to strong sales of gas-related and medical-related equipment. In addition, productivity initiatives contributed to the positive performance of the business.

【Asia & Oceania】

In the industrial gas-related business, revenue increased year-on-year mainly due to 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 large portion of sales are in the Australia region, sales volumes decreased. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment as a result of inventory adjustments and postponement of capital investment by our customers.

【Thermos】

In Japan, sales from sports bottles and portable vacuum-insulated mugs were firm, and revenue increased. Overseas, revenues were generally soft. Segment income decreased significantly due to rising raw material prices from inflation and production costs increased 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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