



Consolidated Financial Performance
for the First Quarter of Fiscal Year Ending March 31, 2021
(Based on IFRS)

(Amounts less than ¥1 million are omitted)

1. Financial results for the first quarter of FYE2021 (April 1, 2020 – June 30, 2020)

(1) Operating results

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
First quarter of FYE2021	184,503	(12.3)	14,070	(35.2)	14,070	(33.3)	7,629	(40.2)	7,436	(39.1)	17,835	—
First quarter of FYE2020	210,329	32.6	21,722	55.9	21,089	42.7	12,765	25.6	12,221	26.2	(6,737)	—

(Reference) Income before income taxes

First quarter of FYE2021: ¥11,495 million [(37.1%)]

First quarter of FYE2020: ¥18,264 million [28.4%]

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

	Basic earnings per share (Yen)	Diluted net income per share (Yen)
First quarter of FYE2021	17.19	—
First quarter of FYE2020	28.24	—

(2) Financial position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Equity attributable to owners of the parent ratio (%)
First quarter of FYE2021 (June 30, 2020)	1,788,539	449,402	420,336	23.5
FYE2020 (March 31, 2020)	1,751,732	440,693	409,344	23.4

2. Dividends

	Annual Dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FYE2020	—	14.00	—	14.00	28.00
FYE2021	—				
FYE2021 (est.)		14.00	—	14.00	28.00

Note: No revisions have been made to recently announced forecasts.

3. Forecasts for business operations for FYE2021 full term (April 1, 2020 – March 31, 2021)

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(Yen)
Full term	830,000	(2.4)	82,000	(9.2)	82,000	(12.7)	46,000	(16.4)	44,000	(17.5)	101.67

Note: No revisions have been made to recently announced forecasts.

(Reference) Income before income taxes

FYE2021 full term: ¥67,500 million [(14.7%)]

4. Explanation concerning the appropriate use of forecasts for business operations and other notable matters

This report contains business forecasts and other forward-looking statements that are based on information currently available to the Company and certain assumptions judged to be reasonable by management. The Company gives no assurances that business forecasts will be attained. Moreover, actual results may differ materially from business forecasts due to various factors. For details on the assumptions of the forecasts and related matters, please see page 3, “6. Explanation concerning predictive information such as forecasts for business operations”.

5. General information relating to the first quarter results

(1) Explanation concerning business results

General overview

The business environment surrounding the Taiyo Nippon Sanso Group (TNSC Group) in the first quarter of the fiscal year under review (from April 1, 2020 to June 30, 2020) saw the global COVID-19 pandemic cause a drastic economic downturn and decline in demand in the countries and regions the TNSC Group has entered. Under these conditions, production activity in the manufacturing sector decelerated, leading to a decrease in shipments of air separation gases (oxygen, nitrogen, and argon).

Against this backdrop, the TNSC Group achieved the following results for the first quarter of the fiscal year under review. Revenue on a consolidated basis decreased 12.3% year on year to ¥184,503 million, core operating income decreased 35.2% to ¥14,070 million, operating income decreased 33.3% to ¥14,070 million and net income attributable to owners of the parent decreased 39.1% to ¥7,436 million.

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

A breakdown of business performance by reportable segment is as follows.

Segment income represents core operating income.

Gas Business in Japan

In the industrial gas-related business, revenue from air separation gases, a core product, decreased sharply year on year, mainly due to sluggish production activity in relevant industries. Meanwhile, in the electronics-related field, revenue from electronic materials gases were mostly on a par with the previous fiscal year. In equipment and installation, revenue declined year on year, primarily in welding and cutting equipment for metal processing.

As a result, in the Gas Business in Japan, revenue decreased 9.2% year on year to ¥76,084 million and segment income declined 19.4% to ¥4,568 million.

Gas Business in the United States

In the industrial-gas related business, revenue from air separation gases, a core product, decreased sharply year on year, primarily for packaged and bulk gases. In the on-site business, revenue declined year on year due to the impact of lower demand from gas customers. In equipment and installation, electronics-related revenue increased, but revenue from welding and cutting equipment for metal processing decreased sharply, due partly to the voluntary suspension of business activities at retail stores in the relevant states.

As a result, in the Gas Business in the United States, revenue decreased 9.7% year on year to ¥44,898 million and segment income decreased 31.9% to ¥3,605 million.

Gas Business in Europe

Demand for bulk gas decreased sharply due to stagnation in production activity as a whole in the key regions Iberia (Spain and Portugal), Germany, and Italy. In the on-site business, demand fell significantly due to the impact of a decline in demand from gas customers. In equipment and installation, demand decreased substantially, mainly for welding and cutting equipment for metal processing.

As a result, in the Gas Business in Europe, revenue decreased 20.3% year on year to ¥35,109 million and segment income decreased 50.9% to ¥3,400 million.

Gas Business in Asia & Oceania

In the industrial gas-related business, revenue from air separation gases, a core product, decreased sharply due to the impact of city lockdowns in countries and regions such as the Philippines and stagnant production activity in the manufacturing sector. In LPG, unit sales prices fell due to lower contract prices in purchasing, but shipments in Australia were solid. In the electronics-related business, shipments were favorable for electronic materials gases in East Asia. In equipment and installation, demand decreased sharply, mainly reflecting a decrease in spot projects in Singapore, as well as the absence of an installation project in Taiwan, and lower demand for welding and cutting equipment for metal processing.

As a result, in the Gas Business in Asia & Oceania, revenue decreased 10.4% year on year to ¥23,451 million and segment income declined 10.3% to ¥2,335 million.

Thermos Business

In the Thermos Business, revenue from portable mugs, a core product, decreased sharply in Japan following the loss of sales opportunities associated with periods of high demand such as the start of a new academic year and the leisure season. These sales opportunities were lost because of restrictions on going outdoors and the voluntary suspension of business activities due to a declaration of a state of emergency by the national government. Meanwhile, sales of frying pans and tumblers were solid, as consumers spent more time at home in their daily lives. In addition, sales of eco-friendly shopping bags were launched in conjunction with the introduction of fees for checkout bags starting in July 2020. Overseas, sales volume decreased in response to the impact of business slowdowns in various regions.

As a result, in the Thermos Business, revenue decreased 24.7% year on year to ¥4,959 million, and segment income fell 67.2% to ¥630 million.

6. Explanation concerning predictive information such as forecasts for business operations

The Company has not revised its forecasts for business operations announced on May 12, 2020. This earnings forecast was made on an assumption made at the end of the FYE2021 Q1 that remains unchanged whereby the downturn in the global economy brought about by the COVID-19 pandemic will gradually recover in the FYE2021 Q2 and be essentially normalized by the FYE2021 Q3 onward. However, actual results may differ significantly due to factors such as the spread of COVID-19 going forward.

7. Notes to the condensed consolidated financial statements

(Note regarding going concern assumption)

Not applicable.

8. Segment information

(1) Outline of reportable segments

The TNSC Group's reportable segments are components of the TNSC Group about which separate financial information is available and which are evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance. No grouping of operating segments has been carried out for reporting purposes.

The TNSC Group conducts gas businesses in Japan and overseas, mainly for customers in the steel, chemical and electronics industries, and has built production and sales structures for its main products in Japan, the United States, Europe, and Asia & Oceania. In addition, the TNSC Group conducts the manufacture and sales business of housewares such as stainless steel vacuum bottles. Therefore, the Company has established the following five reportable segments: Gas Business in Japan, Gas Business in the United States, Gas Business in Europe, Gas Business in Asia & Oceania, and Thermos Business

The principal products and services included in the five reportable segments are shown in the table below.

Reportable segment	Main products and services
Gas Business in Japan	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, specialty gases (electronic materials gases, pure gases, etc.), electronics-related equipment and installation, semiconductor manufacturing equipment, cutting and welding equipment, welding materials, plants and machinery, liquid petroleum gas (LPG) and related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes
Gas Business in the United States	
Gas Business in Europe	
Gas Business in Asia & Oceania	
Thermos Business	Housewares

The accounting methods adopted for the reported operating segments are the same as the methods adopted to prepare the consolidated financial statements. Revenue from inter-segment transactions and transfers is based primarily on prevailing market prices.

(2) Figures of revenue and income (loss) by reportable segment

First quarter, FYE2020 (April 1, 2019 – June 30, 2019)

	Reportable segment					Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business			
Revenue								
Revenue to external customers	83,818	49,697	44,064	26,159	6,589	210,329	—	210,329
Revenue from inter-segment transactions and transfers	2,775	4,338	—	612	4	7,730	(7,730)	—
Total	86,593	54,035	44,064	26,772	6,593	218,059	(7,730)	210,329
Segment income (Note 2)	5,669	5,292	6,926	2,602	1,923	22,414	(692)	21,722

Notes:

- The ¥692 million negative adjustment for segment income is comprised of ¥229 million of intersegment eliminations and companywide expenses of ¥462 million 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.
- Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

First quarter, FYE2021 (April 1, 2020 – June 30, 2020)

(¥ million)

	Reportable segment					Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business			
Revenue								
Revenue to external customers	76,084	44,898	35,109	23,451	4,959	184,503	—	184,503
Revenue from inter-segment transactions and transfers	4,252	4,080	2	723	14	9,073	(9,073)	—
Total	80,337	48,979	35,112	24,174	4,973	193,577	(9,073)	184,503
Segment income (Note 2)	4,568	3,605	3,400	2,335	630	14,541	(471)	14,070

Notes:

1. The ¥471 million negative adjustment for segment income is comprised of ¥109 million of intersegment eliminations and companywide expenses of ¥362 million 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.
2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

Reconciliation of segment income with income before income taxes is shown in the table below.

	First quarter of FYE2020 (April 1, 2019 to June 30, 2019)	First quarter of FYE2021 (April 1, 2020 to June 30, 2020)
Segment income	21,722	14,070
Gain on sales of noncurrent assets	160	—
Impairment loss	(315)	—
Other	(478)	—
Operating income	21,089	14,070
Financial revenue	789	867
Financial expenses	(3,615)	(3,441)
Income before income taxes	18,264	11,495