Emerging onto a Still Wider Stage

Consolidated Business Performance for the Full-Year of the FYE2020

May 21, 2020

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The Gas Professionals

Contents

Business Performance for the Full Year of FYE2020

Overview

Ortus Stage 2

Overview of business performance

(Billions of yen)

	FYE2019 Result (Margin)	FYE2020 Result (Margin)	YoY (Change)	FYE2020 Forecast (Announced on Feb.5) (Margin)
Revenue	740.3	850.2	+109.9 +14.8%	855.0
Core operating income	65.8 8.9%	90.3 10.6%	+24.5 +37.2%	91.5 10.7%
Non-recurring profit and loss	1.0	3.5	+2.5	3.5
Operating income	66.8 9.0%	93.9 11.0%	+27.1 +40.5%	95.0 11.1%
Net income attributable to owners of the parent	41.2 5.6%	53.3 6.3%	+12.1 +29.2%	54.0 6.3%

- Foreign currency translations (average rate during the period)

(Yen)	USD (US$)	EUR (€)	AUD (AU$)
FYE2019	111.07	125.70	80.77
FYE2020	108.95	120.85	73.81

- In its FYE2019 results, the Company has recorded advisory costs of ¥2.7 billion on core operating income in connection with the acquisition of European businesses.

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For the year-on -year change in foreign currency translations, the yen was

・up by ¥2.12 against the U.S. dollar,

・up by ¥4.85 against the euro,

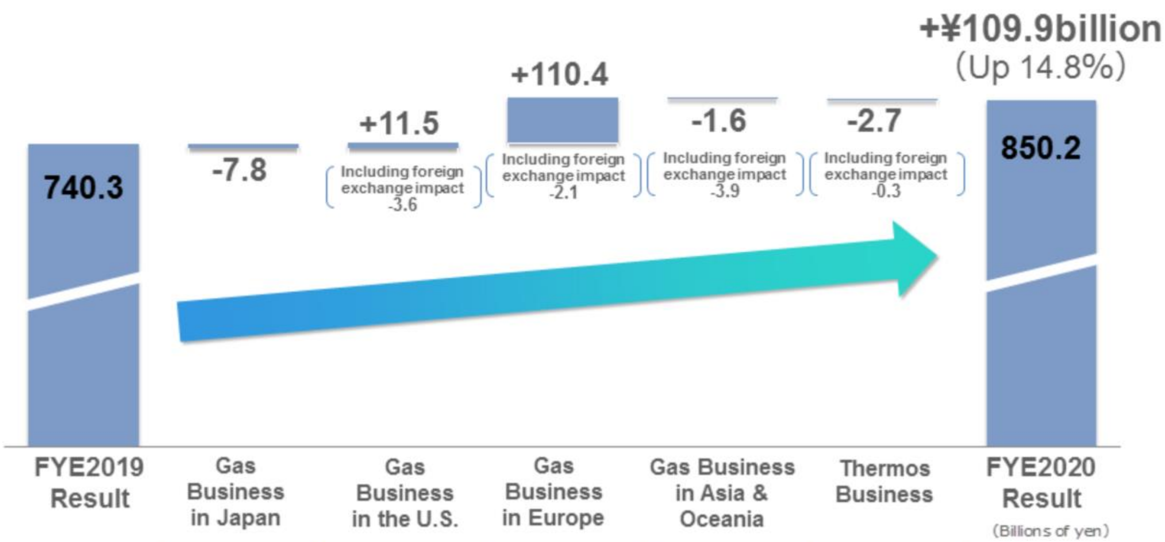
・and up by ¥6.96 against the Australian dollar.

On the downside, these changes decreased revenue by ¥9.9 billion and core operating income by ¥1.1 billion.

In non-recurring profit and loss, the net result was a profit of ¥3.5 billion of the sale of land in Japan, impairment loss related to business restructuring, and other items.

Overview of Business Performance: Reasons for Changes in Revenue

- Revenue expanded significantly due to contributions made by the purchase of Praxair, Inc.'s European operations in the previous fiscal year and Linde AG's U.S. HyCo business. These contributions were partly offset by a decrease in revenue in the Thermos Business, in addition to a decline in demand for bulk gases in Japan and Asia.



	Gas Business in Japan	Gas Business in the U.S.	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business	
	356.1	198.8	165.5	104.5	25.1	FYE2020 Result
FYE2019 Result	363.9	187.3	55.1	106.1	27.8	

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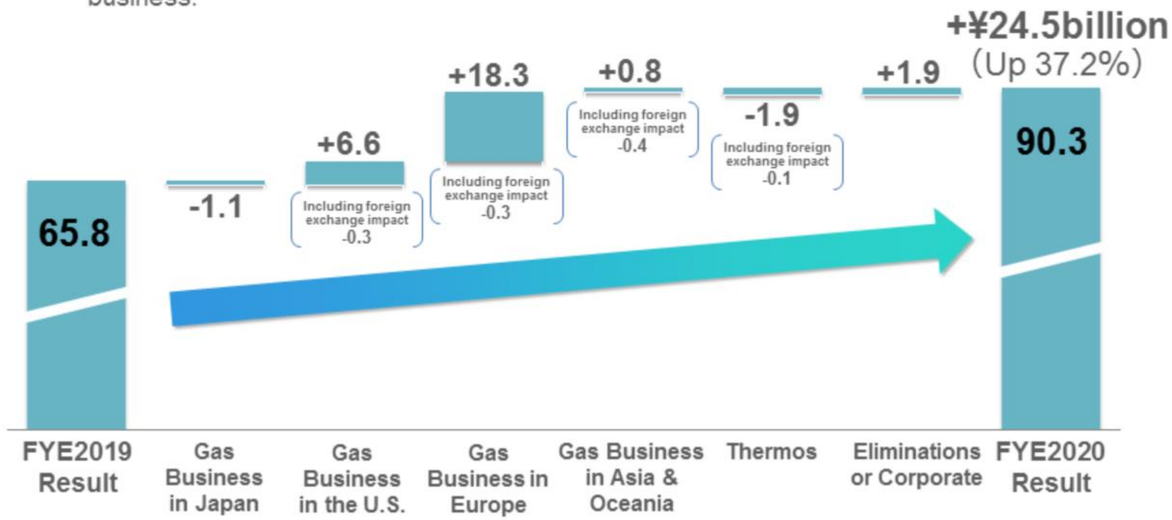
Please note that for the Gas Business in Europe, in the previous fiscal year only the results for the four months from December 2018 to March 2019 were included in the consolidated business performance, while this year we have recorded the full-year amounts.

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

- Earnings rose substantially due to a solid performance by the gas business in the U.S. and the full-year contribution of earnings from the European businesses and the U.S. HyCO business. These positive factors were partly countered by a decline in earnings due to decreased revenue in the bulk gas business in Japan and lower earnings in the Thermos business.



(Billions of yen)

	Gas Business in Japan	Gas Business in the U.S.	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos	Eliminations or Corporate
FYE2020 Result	28.7	22.2	24.8	9.9	7.2	-2.6
FYE2019 Result	29.8	15.6	6.5	9.1	9.1	-4.5*

*In its FYE2019 results, the Company has recorded advisory costs of ¥2.7 billion on core operating income in connection with the acquisition of European businesses.

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The improvement in eliminations and corporate partly reflects expenses of ¥2.7 billion related to the acquisition of business in Europe recorded in the previous fiscal year, which were not recorded this year.

Business Performance for the Full Year of FYE2020

Business Performance by Segment

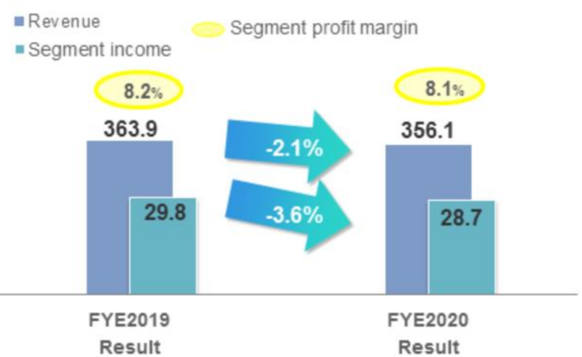
Ortus Stage 2

Business Performance by Segment : Gas Business in Japan

Gas Business in Japan

(Billions of yen)

	FYE2019 Result	FYE2020 Result	YoY Change
Revenue	363.9	**356.1**	-7.8
Segment income (core operating income)	29.8	**28.7**	-1.1



Reasons for changes in revenue	Reasons for changes in segment income
• Bulk & On-site (Air separation gases): Earnings decreased, primarily in key industries • Gas-related and plant, other (Medical): Contribution from acquisition of IMI Co., Ltd., a medical equipment sales company	• Bulk & On-site (Air separation gases): Lower earnings from decreased revenue • Contribution from acquisition of IMI Co., Ltd., a medical equipment sales company

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● In the Gas Business in Japan,

First, we have the following reasons for changes in revenue.

・Shipments of air separation gases in the Bulk & On-site business decreased, primarily in key industries.

・In addition, there was also a contribution from the acquisition of the medical equipment sales company IMI Co., Ltd. in October 2018 in the previous fiscal year.

Next, turning to reasons for changes in segment income, we have the following.

・In Bulk & On-site, profit decreased following the decrease in revenue.

・The result also includes an increase in profit due to the effect of acquiring IMI Co., Ltd.

・In addition, while the production cost of separation gas increased in the first half due to rising electric power expenses driven by rising fuel prices, the trend reversed in the second half to produce level costs over the full year.

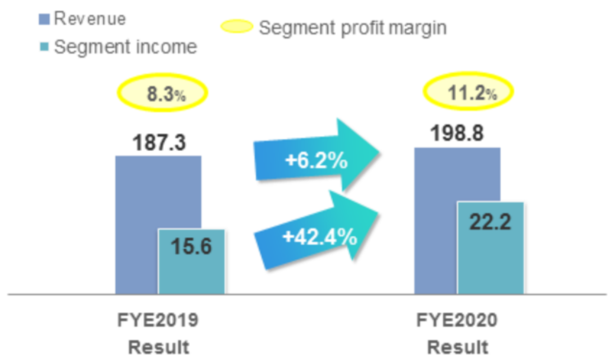
Business Performance by Segment : Gas Business in the U.S.

Gas Business in the U.S.

(Billions of yen)

	FYE2019 Result	FYE2020 Result	YoY Change
Revenue	187.3	198.8	+11.5
Segment income (core operating income)	15.6	22.2	+6.6

*Impact of foreign currency translation: negative impacts of ¥3.57 billion on revenue and ¥0.30 billion on segment income.



Reasons for changes in revenue	Reasons for changes in segment income
● Bulk: Firm shipments centered around air separation gases. Shipments of carbon dioxide gas increased due to the start of operation of a new plant. ● On-site: Start of operation of new projects, contribution from acquisition of HyCO business	● Industrial gas-related business was generally firm, centered on air separation gases. ● Production and logistics costs for bulk gases increased ● Contribution from acquisition of HyCO business

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● In the Gas Business in the U.S.,

First, we have the following reasons for changes in revenue.

・In the bulk business we had favorable shipments centered on air separation gases. The manufacturing sector in the U.S. performed steadily overall. Carbon dioxide shipments increased with the start of a new plant in the State of Iowa.

・In the on-site business, new projects started operations one by one in the States of Texas, Louisiana, and Nebraska.

In addition, there was a contribution as expected from the HyCO business, whose acquisition was completed in February 2019 in the previous fiscal year.

Next, turning to reasons for changes in segment income, we have the following.

・Industrial gas-related business was generally favorable, centered on air separation gases.

・Bulk gas production and logistics costs increased.

・In addition, there was an increase in profit as an effect from acquisition of the HyCO business.

・Furthermore, as we mentioned in the first half financial results presentation, the result includes ¥1.3 billion recorded as non-recurring “other operating income.”

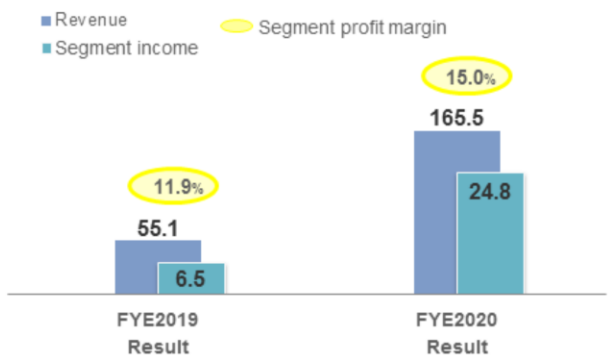
Business Performance by Segment : Gas Business in Europe

Gas Business in Europe

(Billions of yen)

	FYE2019 Result	FYE2020 Result	YoY Change
Revenue	55.1	165.5	+110.4
Segment income (core operating income)	6.5	24.8	+18.3

*Impact of foreign currency translation: negative impacts of ¥2.12 billion on revenue and ¥0.25 billion on segment income.



- Revenue increased 1.4% year on year to ¥163.4 billion for the Gas Business in Europe from April 1, 2018 to March 31, 2019, assuming the acquisition date of the European business acquired from U.S. company Praxair, Inc. was April 1, 2018. The actual acquisition was completed in December 2018.
  (The rate of €1=¥120.85 applicable for FYE2020 results has been used for conversions to yen)
- Looking at year-on-year changes in revenue by key region (on a local currency basis), Iberia (Spain/Portugal) was down 2%, Italy was down 1%, Germany rose 2%, Benelux (Belgium/Netherlands) increased 5% and Scandinavia (Norway/Sweden) grew by 1%.
- Revenue in Spain, Italy and certain other countries decreased in March compared with the same month a year earlier due to the spread of coronavirus disease 2019 (COVID-19).

● In the Gas Business in Europe,

In this segment we presented the earnings of U.S. company Praxair, which we acquired in December 2018. The earnings for the previous fiscal year only include four months' of results from December to March, so we cannot make a simple comparison.

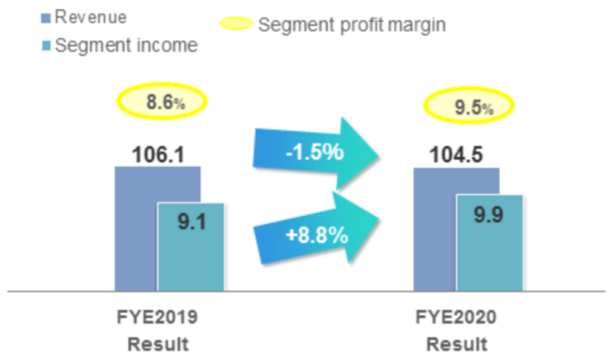
Business Performance by Segment : Gas Business in Asia and Oceania

Gas Business in Asia and Oceania

(Billions of yen)

	FYE2019 Result	FYE2020 Result	YoY Change
Revenue	106.1	104.5	-1.6
Segment income (core operating income)	9.1*	9.9	+0.8

*Impact of foreign currency translation: negative impacts of ¥3.91 billion on revenue and ¥0.41 billion on segment income.



Reasons for changes in revenue

- Bulk (Air separation gases): Revenue decreased significantly, mainly in China
- LP gas: Firm sales in Australia
- Specialty gases: Lower shipments of electronic materials gases due to deterioration in the market condition.
- Electronics-related equipment and installation: Revenue in Taiwan rose substantially

Reasons for changes in segment income

- Profitability improved in the LP gas business in Australia
- Earnings declined due to lower electronic materials gas revenue.

* In the natural gas liquefaction business under way in Indonesia (a business to provide services to liquefy and transport natural gas for power generation), the Company recorded impairment losses of ¥1.3 billion on assets related to this business due to a decline in future profitability following drastic changes in the market environment surrounding raw material and fuel.

● In the Gas Business in Asia & Oceania,

First, we have the following reasons for changes in revenue.

・In the bulk business, revenue decreased sharply in China in the absence of spot demand for air separation gases in the previous fiscal year.

・LP gas achieved steady sales in Australia.

・In specialty gases, shipment volumes of electronic materials gases decreased.

・Electronics-related equipment and installation saw increasing revenue in Taiwan.

Next, turning to reasons for changes in segment income, we have the following.

・Profitability improved in the LP gas business in Australia.

・Profits declined on lower revenues from electronics materials gases for semiconductor manufacturers in East Asia.

・In the previous fiscal year we recorded a total of around ¥0.5 billion in one-time profits in Australia, Singapore, and Malaysia, which has not been recorded in the fiscal year under review. The result also includes a rebound from reporting ¥1.3 billion in impairment loss related to a natural gas liquefaction business in Indonesia in the fourth quarter of the previous fiscal year.

Business Performance by Segment : Thermos Business

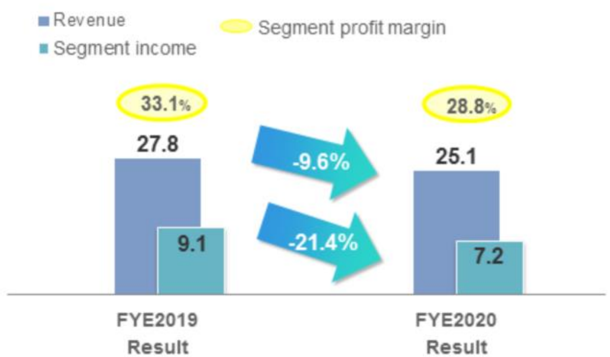
THERMOS

Thermos Business

(Billions of yen)

	FYE2019 Result	FYE2020 Result	YoY Change
Revenue	27.8	25.1	-2.7
Segment income (core operating income)	9.1	7.2	-1.9

*Impact of foreign currency translation: negative impacts of ¥0.30 billion on revenue and ¥0.10 billion on segment income.



Reasons for changes in revenue

- Japan: Sales volume of key products were down due to unseasonable weather (cool summer, warm winter) and spread of COVID-19. Frying pan sales increased
- Overseas: Significant change in the sales environment in South Korea. Operating rate at production plants slumped

Reasons for changes in segment income

- Japan: Decreased earnings due to lower revenue
- Overseas: Decreased earnings due to lower revenue in South Korea. Decreased due to lower operation rate at production plants. Sales slowed at group companies accounted for by the equity method (exc. some regions).

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● In the Thermos Business,

First, we have the following reasons for changes in revenue.

・In Japan, sales volumes decreased for key products due to unseasonable weather, with a cool summer and a warm winter, and the spread of COVID-19. However, this was offset by sales expansion of frying pans, which were launched in February 2019.

・Overseas, the changes in the relationship between Japan and South Korea saw the sales environment deteriorate with amid moves to boycott Japanese products in South Korea. In addition, the spread of COVID-19 lead to a slump in the operation rate at production plants.

Next, turning to reasons for changes in segment income, we have the following.

・In Japan, profits decreased due to a decrease in revenues.

・Overseas, the decrease in revenue in South Korea resulted in lower profits, while the decrease in the operation rate at production plants also resulted in decreased profits, and sales slowed at Group companies accounted for the equity method.

Full-Year Forecasts for FYE2021

Overview

Ortus Stage 2

Assumptions for Business Forecasts

Basic approach

- In terms of the outlook, the Company assumes that the current deterioration in global economic conditions caused by the spread of COVID-19 will persist until the first quarter (April-June). In the second quarter (July-September), economic conditions should start to recover in stages. From the third quarter onward, the Company assumes that economic conditions will return to almost normal.
  The exchange rate assumptions for business forecasts are US$1=¥108 and €1=¥120.

Main reasons for changes in earnings

- Revenue from industrial gases and hard goods are expected to decrease by around 15% year on year in the first quarter, decline by around 10% year on year in the second quarter, and stay mostly unchanged year on year from the third quarter onward. The impact on core operating income is calculated based on the profit margin in each region.
- The direct impact on the operations of electronics-related customers is not very large at this time. Based on this, the Company forecasts higher earnings from higher revenue in Japan and certain other markets, as initially expected.
- In the Thermos business, the Company expects business performance to be impacted by the spread of COVID-19, particularly in the first quarter, mainly in Japan, China and South Korea.
- In other areas, a correction in the prices of items such as bulk gases in Japan and cost reductions in production and logistics operations are expected to push up earnings. Meanwhile, the absence of a one-time gain recorded in the U.S. in the previous fiscal year is expected to push down earnings.

Full-Year Forecast

(Billions of yen)

	FYE2020 Result	Margin	FYE2021 Forecast	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		0.0		-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.

Full-Year Forecasts for FYE2021

Condensed Consolidated Statements of Cash Flows

Ortus Stage 2

Condensed Consolidated Statements of Cash Flows

(Billions of yen)

		FYE2020 Results	FYE2021 Forecast	YoY Change
	Profit before income taxes	79.1	67.5	-11.6
	Depreciation and amortization	83.7	86.0	+2.3
	Changes in working capital	3.1	-1.3	-4.4
	Other	-16.0	-18.7	-2.7
Cash flows from operating activities		150.0	133.5	-16.5
	Capital expenditures	-72.8	-94.1	-21.3
	Investment and loans	-0.7	–	+0.7
	Other (sale of assets, etc.)	10.9	–	-10.9
Cash flows from investing activities		-62.6	-94.1	-31.5
Free cash flows		87.4	39.4	-48.0
Net interest-bearing debt*		898.3	881.8	-16.5
Adjusted net D/E ratio		1.45x	1.34x	-0.11pt.

- Net interest-bearing liabilities: Interest-bearing debt – cash and cash equivalents
- Adjusted net D/E ratio: (Net Interest-bearing debt – equity-type debt) / (equity attributable to owners of the parent + equity-type debt)
- Equity-type debt: The amount of debt procured by hybrid finance that has been recognized as equity credit by rating agencies. (50% of the procured amount)
- Hybrid finance: A form of debt financing that has features resembling equity, such as voluntary deferral of interest, extremely long-term redemption periods and subordination during liquidation or bankruptcy procedures.

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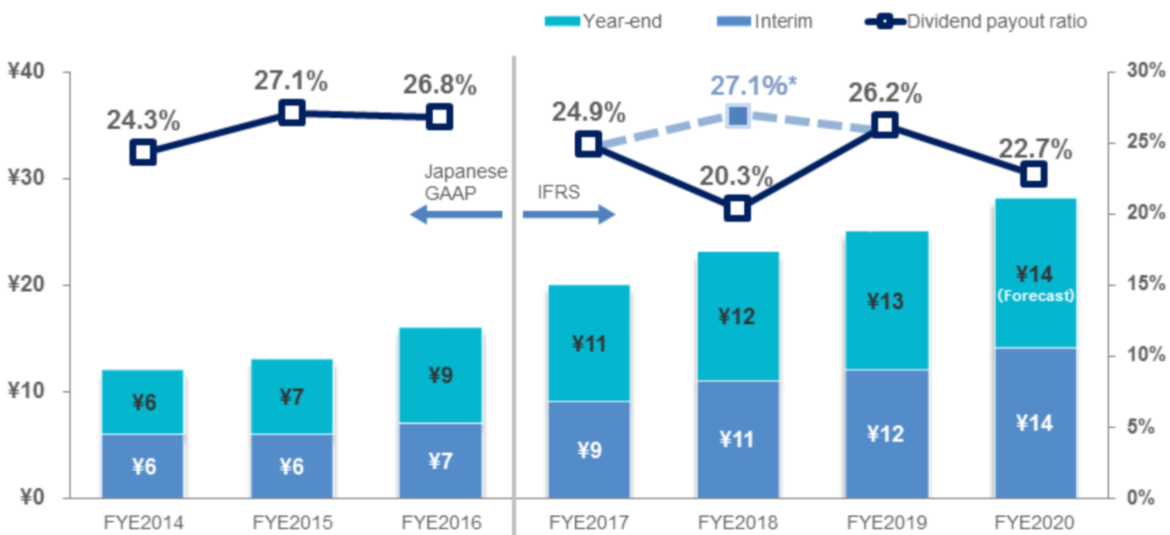
Even in the current business environment, the scale of our operating cash flow is expected to range between ¥130.0 billion and ¥140.0 billion. Based on this operating cash flow, we will make investments in domains with growth potential, while remaining mindful of financial soundness. At the same time, we will systematically reduce interest-bearing debt to improve the net D/E ratio at an early stage.

Shareholder returns

Ortus Stage 2

Shareholder Returns

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



	FYE2014	FYE2015	FYE2016	FYE2017	FYE2018	FYE2019	FYE2020
Net income per share (yen)	49.42	47.98	59.72	80.28	113.04	95.42	123.26

*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%.

The Company's basic policy is to continuously maintain a stable dividend linked to consolidated business performance, while remaining mindful of the need to retain earnings to enhance and strengthen the business structure.

For the fiscal year ended March 31, 2020, the interim dividend per share and the year-end dividend per share are each ¥14, for planned annual dividend of ¥28.

Close-up on Business Initiatives

Ortus Stage 2

Close-up on Business Initiatives

Gas Business in Japan

Ortus Stage 2

Close-up on Key Measures in Electronics

Strategic Direction

- Structural Reform—a key strategy in the Ortus Stage 2 medium-term management plan
  Total TNSC: Seek to maximize group power by augmenting collaboration
- Expand business in gas and peripheral areas (equipment business, etc.)
- Remain customer-oriented at all times and implement a total gas business

Highlights of specific achievements (Deepening ties with an electronics customer)

On-site supply

Specialty gas supply

Equipment and installation work, etc.

Name of company (Supply base)	Iwate Kurosawajiri Gas Center Corporation [Kitakami City, Iwate Prefecture]
Supply destination	Semiconductor memory manufacture
Major facilities	Three air separation units (ASUs) for joint production of oxygen and nitrogen 12 backup tanks, 34 evaporators
Established	November 2018
Capital	¥50 million

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We have constructed an on-site plant on a site owned by the Company adjacent to electronics industry users to supply them with oxygen and nitrogen gas. This is the largest on-site operation for the electronics industry that the Company has ever undertaken. The supply contract started in December 2019 and will make a full-year contribution in the fiscal year ending March 31, 2021. The Company's construction schedule is proceeding as planned with the installation of supply equipment. Therefore, in addition to the supply of on-site gas, we expect to progress as initially envisaged with demand for equipment and construction, as well as specialty gases.

(Reference) About IGSS

- In order to appropriately address the adoption of smart factories* by users, the Company has developed an Intelligent Gas Supplying System (IGSS) together with users by maximizing the gas handling know-how it has accumulated over the years.

System components

The Company has developed a supply system that supports users by enabling them to use a tablet to carry out integrated management of a full range of operations related to gas supply, so that they can use gas simply, safely and steadily.

Example of a system component
(Labor-saving measure: automated cylinder transport system)

- Robots automatically transport gas cylinders weighing more than 50 kg per cylinder.
- Robots identify and map the surrounding space, and then transport and load gas cylinders into operator-designated spaces (containment units).

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*A smart factory generally refers to a factory that continuously and progressively realizes business process transformation and improvements in quality and productivity through such means as the use of digital data.

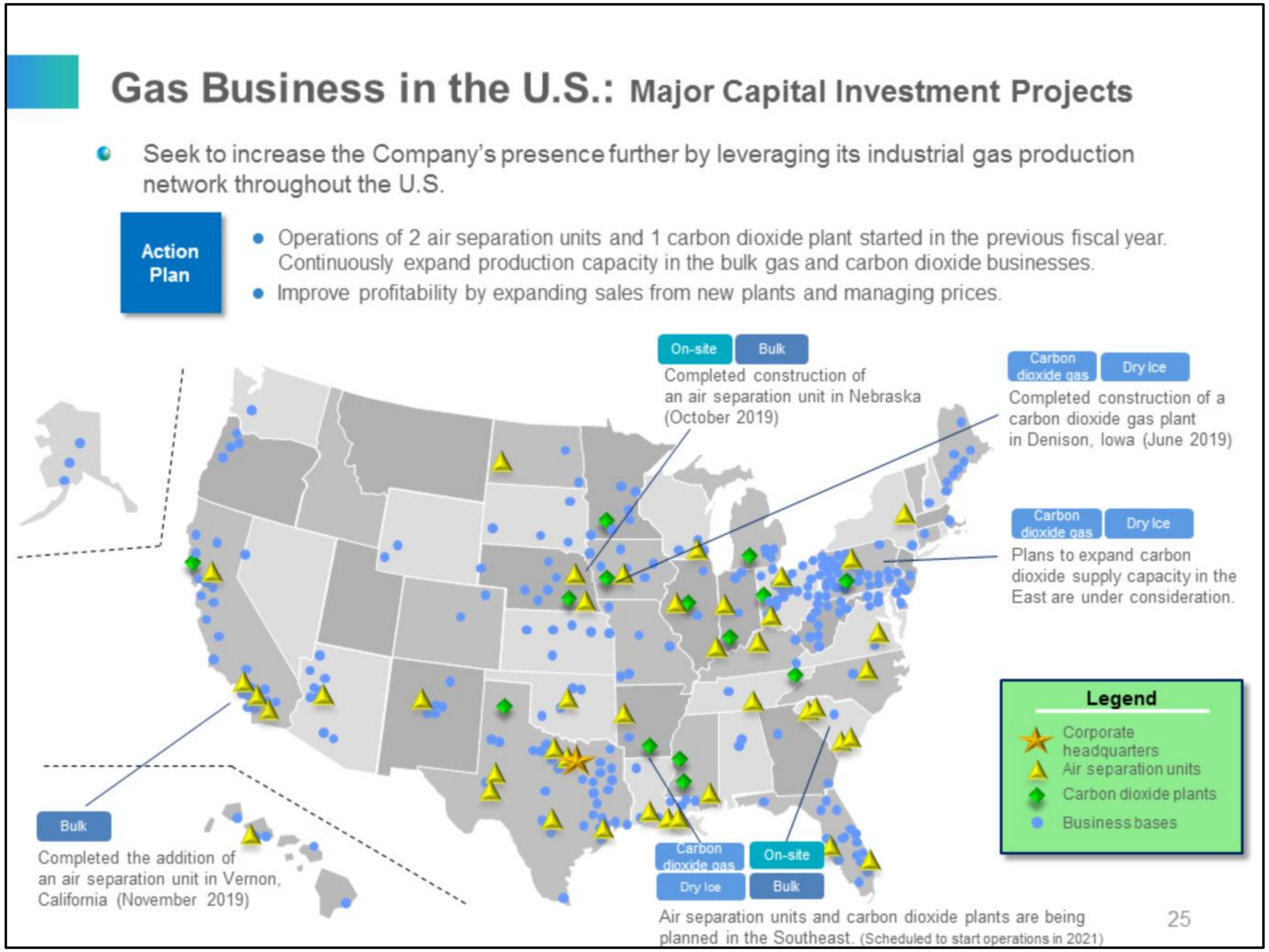
To steadily maintain the production, quality and safety of users, it is important to ensure stable supplies of electronic materials gases by the Company, to monitor this, and to exchange containers each day.

With the cooperation of electronics industry users, we have built a next-generation gas supply system that combines digital technology with the Company's many years of accumulated handling experience and expertise. Looking ahead, we plan to introduce the system at new semiconductor manufacturing plants currently under construction in Japan. We have received orders for equipment and construction centered on this system, and we are currently manufacturing and constructing them. First, we will accumulate experience through the fiscal year ending March 31, 2021, then develop the system with an eye on East Asia as well as in Japan.

Business Measures Introduction

Gas Business in Overseas
（in the U.S. / Asia and Oceania）

Ortus Stage 2



In the Bulk Gas & On-site business, we completed air separation units in the states of Nebraska and California during the previous fiscal year and started to supply air separation gas.

Currently, we are moving ahead with a new on-site project in the South East, with completion scheduled for 2021.

With an expansive production network and back-up system spanning the entire United States, we are steadily increasing our presence in the U.S. industrial gas market.

In the carbon dioxide gas and dry ice business, we established a new plant in Denison, Iowa in FYE2020.

Currently, we are planning to build or expand facilities in a further two locations in the U.S.

Demand for dry ice used for fresh meat processing and food transportation is increasing in the U.S., and we will strengthen this business further during FYE2021.

Industrial gas demand is also increasing in the rapidly growing economies of Southeast Asia.

The Company has made aggressive capital investments in Vietnam, and we have gained the top share, particularly in the southern region where we initially expanded our business.

In FYE2020 we built a new air separation unit in the Phu My region in Ba Ria-Vung Tau Province in the south, where industrial gas demand is expected to increase.

We have built an unrivalled piping supply system in the area, connecting three production sites with an underground piping network, including the newly built air separation unit.

Backed by a production capability that outstrip other companies and a powerful backup system, we are also making an effort to expand sales of bulk gas.

Furthermore, we won an on-site project for the Siam Cement Group of Thailand on Long Son Island in the same Ba Ria-Vung Tau Province. We are proceeding with construction of an air separation unit targeting the start of supply in 2021.

Business Measures Introduction

Thermos Business

Ortus Stage 2

The impact of the COVID-19 pandemic on the Thermos Business has increased month by month starting from January 2020.

To begin with, a dramatic decrease in inbound tourism to Japan has almost wiped out inbound demand, particularly at discount home electronics retailers and duty-free stores. This has in turn led to a sharp decrease in sales of the Company's mainstay products, such as portable mugs and soup jars.

There has been a decrease in demand from the leisure sector, as people have been refraining from going outdoors since before the emergency declaration announced by the government. In addition, the cancellation of new school term events, outings, and athletics days due to suspension of school operations has brought shipments of stainless steel bottles and leisure-related products to an extremely low level.

However, on the other hand, an increase in teleworking and children staying at home has brought a focus onto products for living comfortably at home, and the Company has been promoting sales of such products to meet these needs.

Specifically, examples include vacuum insulated tumblers for teleworking and online social gatherings, cooking equipment such as frying pans in response to an increase in home cooking due to people refraining from going out, and lunch boxes for use in prepared lunches for children. We have disseminated information about these through TV, social media, and so forth, as well as making proposals through supermarkets, drug stores, and online sales and other channels.

To start, we will work to expand sales of products to counter heat stroke, such as sports bottles, as a strategy for stimulating demand after schools reopen.

We will also run a personal shopping bag campaign in response to the introduction of fees for checkout bags starting from July 2020 (in Japan).

In addition, from autumn onward, we will offer new products in our mainstay categories – portable mugs, soup jars, and cookware such as frying pans, along with kitchenware such as tumblers and mugs. We will work aggressively to launch these into the market and promote their sales, aiming to recover earnings.

Thank you

Ortus Stage 2

Reminders

- 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 Taiyo Nippon Sanso 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.