

May 11, 2023

Notice of consolidate financial results for FYE2023

Nippon Sanso Holdings Corporation (“NSHD”, President CEO: Toshihiko Hamada) hereby announces its consolidated financial results for FYE2023. For details, please refer to the financial results and earnings announcement materials available on [NSHD website](#).

1. Business performance for FYE2023

In the current year under review (from April 1, 2022 to March 31, 2023), the Nippon Sanso Holdings Group (NSHD Group) has faced a challenging and unpredictable business environment as a result of geopolitical issues in Ukraine, trade tensions between the US and China, unprecedented global energy costs, global inflation, and JPY depreciation. These items resulted in shipment volume of air separation gases (oxygen, nitrogen, argon), our main product, decreasing from the previous fiscal year. However, due to solid price management such as pass through, and various productivity initiatives, the NSHD Group achieved the following results for the fiscal year under review.

Revenue on a consolidated basis increased 24.0% year-on-year to ¥1,186,683 million, core operating income increased 19.9% to ¥123,124 million, operating income increased 18.1% to ¥119,524 million, and net income attributable to owners of the parent increased 14.0% to 73,080 million.

	FYE2022 Full-term	FYE2023 Full-term	YoY	
			Difference	% Change
(Unit: ¥ bn.)				
Revenue	957.1	1,186.6	+229.5	+24.0%
Core operating income	102.7	123.1	+20.4	+19.9%
Core OI margin	10.7%	10.4%		
Non-recurring profit and loss	-1.5	-3.5	-2.0	
Operating income (IFRS)	101.1	119.5	+18.4	+18.1%
OI margin	10.6%	10.1%		
EBITDA margin	20.4%	19.3%		
Finance costs	-9.5	-14.0	-4.5	
Income before income taxes	91.6	105.5	+13.9	+15.2%
Income tax expenses	24.9	29.5	+4.6	
Net income	66.6	75.9	+9.3	+14.0%
(Attribution of net income)				
Net income attributable to owners of the parent	64.1	73.0	+8.9	+14.0%
NI margin	6.7%	6.2%		
Net income attributable to non-controlling interests	2.5	2.8	+0.3	
Forex (Unit: JPY)				
USD	113.04	136.00		
(average rate during the period)				
EUR	131.11	141.62		
AUD	83.33	92.67		

2. FYE2024 Full-term forecast

The table below shows the consolidated forecast for FYE2024 Full-term.

	FYE2023 Full-term	FYE2024 Full-term forecast <small>(Announced on May 11, 2023)</small>	YoY	
			Difference	% Change
<small>(Unit: ¥ bn.)</small>				
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%
<small>(Attribution of net income)</small>				
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 <small>(Unit: JPY)</small>				
USD	136.00	130		
<small>(average rate during the period)</small> 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 FYE2023 by segment

		FYE2022	FYE2023		YoY		
		Full-term	Full-term	Composition ratio	Difference	% Change	Forex impact
(Unit: ¥ bn.)							
Japan	Revenue	372.0	420.4	35.4%	+48.4	+13.0%	+0.4
	Segment OI	30.9	31.6	25.7%	+0.7	+2.4%	+0.1
	Segment OI margin	8.3%	7.5%				
United States	Revenue	224.8	303.0	25.5%	+78.2	+34.8%	+45.6
	Segment OI	27.3	37.0	30.1%	+9.7	+35.7%	+5.7
	Segment OI margin	12.2%	12.2%				
Europe	Revenue	209.7	272.8	23.0%	+63.1	+30.1%	+16.8
	Segment OI	26.3	34.9	28.3%	+8.6	+32.7%	+2.1
	Segment OI margin	12.5%	12.8%				
Asia & Oceania	Revenue	123.5	159.9	13.5%	+36.4	+29.5%	+16.3
	Segment OI	12.8	15.4	12.6%	+2.6	+20.5%	+1.7
	Segment OI margin	10.4%	9.7%				
Thermos	Revenue	26.8	30.1	2.5%	+3.3	+12.4%	+0.4
	Segment OI	6.4	6.0	4.9%	-0.4	-6.5%	+0.1
	Segment OI margin	24.0%	19.9%				
Adjustment	Revenue	0.1	0.0	0.0%	-0.1	—	—
	Segment OI	-1.1	-2.0	-1.6%	-0.9	—	—
Consolidated total	Revenue	957.1	1,186.6	100.0%	+229.5	+24.0%	+79.6
	Core OI	102.7	123.1	100.0%	+20.4	+19.9%	+9.9
	Core OI margin	10.7%	10.4%				

Effective from the first three quarters of the current fiscal year, the names of the reportable segments, which were previously "Gas Business in Japan," " Gas Business in the United States," " Gas Business in Europe," " Gas Business in Asia & Oceania," and "Thermos Business," were changed to "Japan," " United States," "Europe," " Asia & Oceania," and "Thermos" in that order, without impact on the segment information.

【Japan】

In the industrial gas-related business, revenue increased year-on-year mainly due to price revisions in response to cost and inflation increases, despite a decrease in shipment volume on both core product air separation gases and LP gas. In the electronics-related business, electronic material gases revenue increased strongly. In equipment and installation, both industrial gas-related and electronics-related revenue increased.

In addition, segment income was suppressed due to the time lag between manufacturing and distribution cost increases related to energy and general inflation, etc., and the time to recover the costs from customers.

【United States】

In the industrial gas-related business, shipment volume of air separation gases, a core product, were flat with prior year. However, revenue increased year-on-year mainly due to price revisions in conjunction with cost increases. Revenue from carbon dioxide gas was strong. In equipment and installation, industrial gas-related revenue increased significantly in hardgoods for welding and cutting related products, while electronics-related revenue turned slightly negative.

【Europe】

Revenue increased from air separation gases, a core product, although shipment volumes declined due to lower customer requirements. This reflects a lag in price recovery efforts offsetting the significant surge in both energy and inflation. In addition, productivity initiatives and cost reduction efforts contributed to the positive performance of the business.

【Asia & Oceania】

In the industrial gas-related business, shipment volume in air separation gas, a core product, remained firm, and sales revenue increased. In LP gas, of which a large portion of sales are in the Australia region, revenue increased due to price increases linked to higher purchase costs and firm trends in shipped volume. In electronic-related business, revenue increased from robust sales for both gases and equipment.

【Thermos】

In Japan, due to milder restrictions for outside activities from Spring 2022, both sales of portable mugs and sports bottles as well as sales for the kitchenware products such as frying pans were strong, contributing to considerable increase in revenue. Overseas, revenues are generally firm. Segment income decreased because of both rising raw material prices due to inflation and production costs increasing 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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