

Consolidated Financial Results for the First half of Fiscal Year Ending March 31, 2023 (Based on IFRS)

November 1, 2022

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Scheduled date to file Securities Report: November 10, 2022
Scheduled date to commence dividend payments: December 1, 2022
Supplementary materials on quarterly financial results: Yes
Quarterly results explanatory meeting: Yes (For institutional investors and analysts)

(Amounts less than ¥1 million are omitted)

1. Financial results for the first half of FYE2023 (April 1, 2022 – September 30, 2022)

(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 half of FYE2023	573,699	28.2	56,185	12.7	53,872	8.2	36,422	3.6	35,149	2.5	95,894	143.5
First half of FYE2022	447,374	16.4	49,844	35.7	49,799	35.8	35,154	63.0	34,291	63.3	39,383	2.3

(Reference) Income before income taxes

First half of FYE2023: ¥ 49,641million [10.3%]

First half of FYE2022: ¥ 45,026million [46.1%]

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 half of FYE2023	81.22	-
First half of FYE2022	79.24	-

(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 half of FYE2023 (September 30, 2022)	2,155,691	743,006	710,499	33.0
FYE2022 (March 31, 2022)	1,977,026	661,137	628,714	31.8

2. Dividends

	Annual Dividend				
	End of 1 st quarter (Yen)	End of 2 nd quarter (Yen)	End of 3 rd quarter (Yen)	Term end (Yen)	Total (Yen)
FYE2022	–	16.00	–	18.00	34.00
FYE2023	–	18.00			
FYE2023 (est.)			–	18.00	36.00

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

3. Forecasts for business operations for FYE2023 full term (April 1, 2022 – March 31, 2023)

(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	1,160,000	21.2	115,000	12.0	113,000	11.7	70,500	5.8	68,000	6.1	157.11

Note: Revisions have been made to recently announced forecasts: Yes

(Reference) Income before income taxes

FYE2023 full term: ¥99,000 million [8.1%]

* Notes

(1) Changes in significant subsidiaries during the period: None

(Transfer of specified subsidiaries resulting in changes in the scope of consolidation)

(2) Changes in accounting policies, changes in financial forecasts

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than 1.: None

3. Changes in accounting estimates: None

(3) Number of outstanding shares (common shares)

1. Number of outstanding shares at the end of the period (including treasury stock)	As of Sep.30, 2022	433,092,837 shares	As of Mar. 31, 2022	433,092,837 shares
2. Number of treasury stocks at the end of the period	As of Sep.30, 2022	231,466 shares	As of Mar. 31, 2022	344,870 shares
3. Average number of shares during the period	Sep.30, 2022	432,770,724 shares	Sep.30, 2022	432,749,892 shares

* Financial reports are out of the scope of audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of the forecasts of financial results and other comments

The forward-looking statements such as the forecasts of financial result stated in this document are based on the information currently available on the Company and certain assumptions that the Company judges as rational.

The Company is under no obligation to guarantee their achievement. Actual financial results may vary significantly due to various reasons. For details on the assumptions of the forecasts and related matters, please see page 5, “(3) Explanation concerning predictive Information such as forecasts for business operations” in “1. General information relating to the first half results.”

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1. General information relating to the first half results

(1) Explanation concerning business results

(General overview)

In the business environment surrounding the Nippon Sanso Holdings Group (NSHD Group) in the first half of the fiscal year under review (from April 1, 2022 to September 30, 2022), we faced severe business environment where there were many uncertainties in the economic outlook, such as global energy cost surge largely due to the prolonged crisis in Ukraine, price hikes across the globe, and further depreciation of the Yen. Nevertheless, the shipment volume of air separation gases (oxygen, nitrogen, and argon) remained relatively flat compared to the same period of the previous fiscal year.

Under such circumstances, the NSHD Group achieved the following results for the first half of the fiscal year under review. Revenue on a consolidated basis increased 28.2% year-on-year to ¥573,699 million, core operating income increased 12.7% to ¥56,185 million, operating income increased 8.2% to ¥53,872 million, and net income attributable to owners of the parent increased 2.5% to ¥35,149 million.

As for the impact of foreign exchange rates year-on-year, the Yen depreciated against the USD from ¥110.10 to ¥135.30 (+¥25.20, or +22.9%), against the Euro from ¥131.16 to ¥139.14 (+¥7.98, or +6.1%), and against the AUD from ¥82.33 to ¥93.51 (¥11.18, or +13.6%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥39.7 billion and ¥5.2 billion, respectively.

Core operating income is calculated by excluding from operating income certain gains and losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

(Overview of business performance by reportable segment)

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

Segment income represents core operating income.

① Gas Business in Japan

In the industrial gas-related business, revenue increased year-on-year due to higher selling prices for air separation gases, a core product, and LP gas in conjunction with cost increases, although shipment volume declined. Meanwhile, in the electronics-related business, revenue from electronic materials gases increased. In equipment and installation, both industrial gas-related, and electronics-related revenues increased compared to the previous year. On the other front, segment income decreased due to the time lag between manufacturing and distribution cost increases related to energy and general inflation, etc., and the ability to recover it from customers.

As a result, in the Gas Business in Japan, revenue increased 12.2% year-on-year to ¥194,406 million and segment income decreased 9.1% to ¥12,721 million.

② Gas Business in the United States

In the industrial gas-related business, shipment volume as well as revenue of air separation gases, a core product, were on par with those a year earlier, and sales of other bulk products increased. Sales from carbon dioxide gases, especially dry-ice, were strong. In equipment and installation, revenue from welding and cutting equipment increased significantly compared to the previous year, and sales of the electronics-related business were strong.

As a result, in the Gas Business in the United States, revenue increased 35.9% year-on-year to ¥145,961 million and segment income increased 14.0% to ¥16,072 million. Moreover, revenue and segment income were favorably impacted by the depreciation of the Yen.

③ Gas Business in Europe

In the industrial gas-related business, revenue from air separation gases, a core product, despite flat shipment volumes, increased sharply, reflecting successful price initiatives offsetting significant surge in energy and other costs. Other businesses were also firm.

As a result, in the Gas Business in Europe, revenue increased 43.6% year-on-year to ¥136,308 million, and segment income increased 25.1% to ¥15,908 million. Moreover, revenue and segment income were favorably impacted by the depreciation of the Yen.

④ Gas Business in Asia & Oceania

In the industrial gas-related business, revenue increased year-on-year due to favorable sales in package gas, and on-site business, offsetting sluggish shipment volume of air separation gas, a core product. In LP gas, of which a large portion of sales are in the Australia region, revenue continued to increase due to the pass-through of higher costs unto customers and steady sales volume. In electronic-related business, revenue increased due to steady sales of both gases and equipment.

As a result, in the Gas Business in Asia & Oceania, revenue increased 38.8% year-on-year to ¥81,803 million and segment income increased 34.6% to ¥8,943 million. Moreover, revenue and segment income were favorably impacted by the depreciation of the Yen.

⑤ Thermos Business

In Japan, the Thermos Business revenue significantly increased year on year due to steady sales of portable mugs and sports bottles after stay-at-home measures were relaxed since the beginning of the new fiscal year, and strong sales of frying pans and other new products. Overseas, revenues generally increased.

As a result, the Thermos Business revenue increased 17.9% year-on-year to ¥15,169 million, and segment income increased 11.0% to ¥3,309 million.

(2) Explanation concerning financial position

Total assets amounted to ¥2,155,691 million as of September 30, 2022, an increase of ¥178,665 million from March 31, 2022. The impact of foreign exchange rates resulted in an increase in total assets of approximately ¥137.4 billion. This mainly reflected foreign exchange rate changes, such as the Yen depreciation of ¥22.42 against the USD and that of ¥5.62 against Euro as of September 30, 2022, compared with the rates as of March 31, 2022.

[Assets]

Total current assets amounted to ¥497,503 million as of September 30, 2022, an increase of ¥75,010 million from March 31, 2022, mainly reflecting increases in other financial assets and inventories.

Total non-current assets were ¥1,658,188 million, an increase of ¥103,655 million from March 31, 2022, mainly reflecting increases in property, plant and equipment and goodwill.

[Liabilities]

Total current liabilities were ¥425,504 million, an increase of ¥93,908 million from March 31, 2022, mainly due to increases in bonds and borrowings and other financial liabilities.

Total non-current liabilities were ¥987,180 million, an increase of ¥2,887 million from March 31, 2022. The main factors were an increase in deferred tax liabilities, and a decrease in bonds and borrowings.

[Equity]

Total equity amounted to ¥743,006 million, an increase of ¥81,869 million from March 31, 2022. The main factors were an increase in exchange differences on translation of foreign operations and quarterly profit attributable to owners of the parent.

The equity attributable to owners of the parent ratio stood at 33.0%, up 1.2 percentage points from the previous fiscal year-end.

(Cash flow analysis)

[Cash flow from operating activities]

Net cash provided by operating activities increased 8.2% year-on-year to ¥72,122 million. The main components were income before income taxes, depreciation and amortization, and an increase (decrease) in inventories.

[Cash flow from investing activities]

Net cash used in investing activities increased 41.4% year-on-year to ¥42,252 million. The primary use of cash was for purchasing of property, plant and equipment.

[Cash flow from financing activities]

Net cash used in financing activities decreased 40.8% year-on-year to ¥25,448 million. The main components were repayment of long-term borrowings, a net increase (decrease) in short-term borrowings, and dividends paid.

As a result of the Company's operating, investing, and financing activities, the balance of cash and cash equivalents as of September 30, 2022, after considering the effects of exchange rate changes, was ¥101,015 million.

(3) Explanation concerning predictive information such as forecasts for business operations

The Company has revised its forecasts for business operations for the full term of the fiscal year ending March 31, 2023. For details, please refer to the "Notice Regarding Earnings Forecast Revisions" released today (November 1, 2022).

2. Condensed consolidated financial statements and main notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2022	As of Sep. 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	93,697	101,015
Trade receivables	218,480	236,473
Inventories	80,064	98,941
Other financial assets	7,310	28,877
Other current assets	22,940	32,196
Total current assets	422,493	497,503
Non-current assets:		
Property, plant and equipment	729,658	794,580
Goodwill	485,190	518,138
Intangible assets	241,320	249,202
Investments accounted for using the equity method	35,700	38,807
Other financial assets	55,410	50,221
Retirement benefit asset	2,468	2,577
Other non-current assets	1,163	1,204
Deferred tax assets	3,619	3,455
Total non-current assets	1,554,532	1,658,188
Total assets	1,977,026	2,155,691

(Millions of yen)

	As of Mar. 31, 2022	As of Sep. 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade payables	115,123	124,672
Bonds and borrowings	110,595	158,583
Income taxes payable	9,746	13,766
Other financial liabilities	65,228	92,093
Allowance	1,068	347
Other current liabilities	29,832	36,041
Total current liabilities	331,595	425,504
Non-current liabilities:		
Bonds and borrowings	779,749	760,032
Other financial liabilities	31,231	35,503
Retirement benefit liabilities	14,165	14,841
Allowance	5,107	5,387
Other non-current liabilities	20,918	27,963
Deferred tax liabilities	133,120	143,452
Total non-current liabilities	984,292	987,180
Total liabilities	1,315,888	1,412,684
Equity		
Share capital	37,344	37,344
Capital surplus	55,945	51,563
Treasury stock	(281)	(230)
Retained earnings	476,589	504,569
Other components of equity	59,115	117,251
Total equity attributable to owners of parent	628,714	710,499
Non-controlling interests	32,423	32,507
Total equity	661,137	743,006
Total liabilities and equity	1,977,026	2,155,691

(2) Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Profit or Loss
(H1 Consolidated Cumulative Period)

(Millions of yen)

	Six-months ended September 30, 2021	Six-months ended September 30, 2022
Revenue	447,374	573,699
Cost of sales	(273,530)	(366,611)
Gross profit	173,843	207,088
Selling, general and administrative expenses	(125,661)	(152,456)
Other operating income	1,264	3,704
Other operating expense	(1,041)	(5,558)
Share of profit of investments accounted for using the equity method	1,394	1,093
Operating profit	49,799	53,872
Finance income	1,060	2,392
Finance costs	(5,833)	(6,623)
Income before income taxes	45,026	49,641
Income taxes	(9,872)	(13,219)
Profit	35,154	36,422
Profit attributable to:		
Owners of parent	34,291	35,149
Non-controlling interests	862	1,272
Net income per share		
Basic earnings per share (Yen)	79.24	81.22

Condensed Consolidated Statement of Comprehensive Income
(H1 Consolidated Cumulative Period)

(Millions of yen)

	Six-months ended September 30, 2021	Six-months ended September 30, 2022
Profit	35,154	36,422
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	4,358	(4,438)
Remeasurements of defined benefit plans	0	19
Share of other comprehensive income of investments accounted for using the equity method	39	(40)
Total of items that will not be reclassified to profit or loss	4,397	(4,459)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(1,010)	62,676
Effective portion of net change in fair value of cash flow hedges	(102)	(884)
Share of other comprehensive income of investments accounted for using the equity method	944	2,138
Total of items that may be reclassified subsequently to profit or loss	(168)	63,930
Total other comprehensive income, net of tax	4,229	59,471
Comprehensive income	39,383	95,894
Comprehensive income attributable to:		
Owners of parent	38,596	93,903
Non-controlling interests	786	1,990

(3) Condensed Consolidated Statement of Changes in Equity

Six-months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Millions of yen)

	Share capital	Capital surplus	Treasury stock	Retained earnings
Balance at April 1, 2021	37,344	55,901	(273)	422,838
Net income	—	—	—	34,291
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	34,291
Purchase of treasury stock	—	—	(4)	—
Disposal of treasury stock	—	0	0	—
Dividends	—	—	—	(6,926)
Changes in ownership interest in subsidiaries	—	27	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	2,225
Change in scope of consolidation	—	—	—	43
Other changes	—	—	—	—
Total transactions with owners	—	27	(4)	(4,657)
Balance at September 30, 2021	37,344	55,929	(278)	452,472

	Other components of equity				Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans				
Balance at April 1, 2021	(18,029)	71	15,310	—	(2,646)	513,164	30,736	543,900
Net income	—	—	—	—	—	34,291	862	35,154
Other comprehensive income	22	(101)	4,383	0	4,304	4,304	(75)	4,229
Comprehensive income	22	(101)	4,383	0	4,304	38,596	786	39,383
Purchase of treasury stock	—	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	—	0	—	0
Dividends	—	—	—	—	—	(6,926)	(481)	(7,408)
Changes in ownership interest in subsidiaries	—	—	—	—	—	27	240	267
Business combinations or business divestitures	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(2,225)	(0)	(2,225)	—	—	—
Change in scope of consolidation	—	—	—	—	—	43	—	43
Other changes	—	—	—	—	—	—	138	138
Total transactions with owners	—	—	(2,225)	(0)	(2,225)	(6,860)	(103)	(6,963)
Balance at September 30, 2021	(18,007)	(29)	17,469	—	(567)	544,900	31,419	576,319

Six-months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

	(Millions of yen)			
	Share capital	Capital surplus	Treasury stock	Retained earnings
Balance at April 1, 2022	37,344	55,945	(281)	476,589
Net income	—	—	—	35,149
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	35,149
Purchase of treasury stock	—	—	(2)	—
Disposal of treasury stock	—	—	53	—
Dividends	—	—	—	(7,787)
Changes in ownership interest in subsidiaries	—	(4,381)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	617
Change in scope of consolidation	—	—	—	—
Other changes	—	—	—	—
Total transactions with owners	—	(4,381)	51	(7,169)
Balance at September 30, 2022	37,344	51,563	(230)	504,569

	Other components of equity				Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans				
Balance at April 1, 2022	39,428	368	19,319	—	59,115	628,714	32,423	661,137
Net income	—	—	—	—	—	35,149	1,272	36,422
Other comprehensive income	64,197	(875)	(4,587)	19	58,753	58,753	718	59,471
Comprehensive income	64,197	(875)	(4,587)	19	58,753	93,903	1,990	95,894
Purchase of treasury stock	—	—	—	—	—	(2)	—	(2)
Disposal of treasury stock	—	—	—	—	—	53	—	53
Dividends	—	—	—	—	—	(7,787)	(572)	(8,360)
Changes in ownership interest in subsidiaries	—	—	—	—	—	(4,381)	(1,910)	(6,292)
Business combinations or business divestitures	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	—	—	(598)	(19)	(617)	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	186	186
Total transactions with owners	—	—	(598)	(19)	(617)	(12,118)	(1,906)	(14,024)
Balance at September 30, 2022	103,625	(507)	14,132	—	117,251	710,499	32,507	743,006

(4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six-months ended September 30, 2021	Six-months ended September 30, 2022
Cash flow from operating activities		
Income before income taxes	45,026	49,641
Depreciation and amortization	45,433	52,030
Interest and dividends income	(501)	(729)
Interest expenses	5,826	6,601
Share of (profit) loss of investments accounted for using the equity method	(1,394)	(1,093)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(9)	(422)
(Increase) decrease in trade receivables	(6,348)	(6,234)
(Increase) decrease in inventories	(5,768)	(13,661)
Increase (decrease) in trade payables	(950)	4,733
(Increase) decrease in retirement benefit asset	(287)	(408)
Increase (decrease) in retirement benefit liabilities	514	568
Other	(729)	(3,052)
Subtotal	80,811	87,973
Interest received	98	180
Dividends received	1,924	1,017
Interest paid	(5,472)	(6,099)
Income taxes refund (paid)	(10,725)	(10,948)
Net cash provided by operating activities	66,637	72,122
Cash flow from investing activities		
Purchase of property, plant and equipment	(33,217)	(42,616)
Proceeds from sale of property, plant and equipment	568	1,626
Purchase of investment	(759)	(1,633)
Proceeds from sale and redemption of investments	4,790	1,415
Payments for acquisition of subsidiaries	(520)	(107)
Proceeds from sale of subsidiaries	0	—
Other	(741)	(937)
Net cash used in investing activities	(29,878)	(42,252)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	10,236	15,965
Net increase (decrease) in commercial papers	(5,000)	7,000
Proceeds from long-term borrowings	2,362	1,232
Repayment of long-term borrowings	(38,831)	(34,099)
Repayment of lease obligations	(4,314)	(5,824)
Purchases of investments in subsidiaries not resulting in change in scope of consolidation	(11)	(1,989)
Dividends paid	(6,926)	(7,787)
Dividends paid to non-controlling interests	(481)	(572)
Other	(42)	627
Net cash used in financing activities	(43,010)	(25,448)
Effect of exchange rate changes on cash and cash equivalents	(886)	2,896
Net increase (decrease) in cash and cash equivalents	(7,139)	7,318
Balance of cash and cash equivalents at beginning of fiscal year	91,058	93,697
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	253	—
Balance of cash and cash equivalents at end of period	84,173	101,015

(5) Notes to the Condensed Consolidated Financial Statements

(Note regarding going concern assumption)

Not applicable.

(Segment information)

(1) Outline of reportable segments

The NSHD Group's reportable segments are components of the NSHD 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 NSHD Group conducts gas businesses, 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 NSHD Group conducts the manufacture and sales of houseware 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, welding and cutting 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	Houseware

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

Six-months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business	Total		
Revenue								
Revenue to external customers	173,204	107,373	94,901	58,917	12,869	447,266	107	447,374
Revenue from inter-segment transactions and transfers	4,848	8,377	94	1,562	6	14,890	(14,890)	—
Total	178,052	115,751	94,996	60,480	12,876	462,157	(14,783)	447,374
Segment income (Note 2)	13,991	14,103	12,715	6,646	2,981	50,438	(593)	49,844

Notes: 1. The (¥593) million negative adjustment for segment income is comprised of ¥2 million of intersegment eliminations and companywide expenses of (¥595) million that were not allocated to any particular reportable segment. These companywide expenses consist mainly of Group administration expenses at the Company that are not attributable to

reportable segments.

2. Segment income represents core operating income, which is calculated by excluding from operating income certain gains or losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

Six-months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business	Total		
Revenue								
Revenue to external customers	194,406	145,961	136,308	81,803	15,169	573,649	50	573,699
Revenue from inter-segment transactions and transfers	6,666	11,472	113	1,640	6	19,898	(19,898)	—
Total	201,073	157,433	136,421	83,444	15,175	593,548	(19,848)	573,699
Segment income (Note 2)	12,721	16,072	15,908	8,943	3,309	56,954	(769)	56,185

Notes: 1. The (¥769) million negative adjustment for segment income is comprised of (¥113) million of intersegment eliminations and companywide expenses of (¥655) million that were not allocated to any particular reportable segment. These companywide expenses consist mainly of Group administration expenses at the Company that are not attributable to reportable segments.

2. Segment income represents core operating income, which is calculated by excluding from operating income certain gains or losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

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

(Millions of yen)

	Six-months ended September 30, 2021	Six-months ended September 30, 2022
Segment income	49,844	56,185
Proceeds from sale of fixed assets	—	594
Loss on arbitration award	—	(3,502)
Other	(44)	595
Operating income	49,799	53,872
Finance income	1,060	2,392
Finance costs	(5,833)	(6,623)
Income before income taxes	45,026	49,641