

Supplementary Materials for Consolidated Business Performance

The First Half of FYE2021

Nippon Sanso Holdings Corporation

October 30, 2020



NIPPON SANSO HOLDINGS

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1-1. Overview of business performance

(Billions of yen)	FYE2020 1H results Margin	FYE2021 1H results Margin	YoY Change % Change	FYE2021 Forecast (Announced May 12) Margin
Revenue	422.8	384.5	-38.3 -9.1%	830.0
Core operating income	45.4 10.8%	36.7 9.6%	-8.7 -19.2%	82.0 9.9%
Non-recurring profit and loss	1.2	-0.0	-1.2	—
Operating income	46.7 11.1%	36.6 9.5%	-10.1 -21.6%	82.0 9.9%
Finance costs	-5.9	-5.8	+0.1	-14.5
Income before income taxes	40.8	30.8	-10.0	67.5
Income tax expenses	-12.1	-9.2	+2.9	-21.5
Net income	28.7	21.5	-7.2	46.0
(Attribution of net income)				
Net income attributable to owners of the parent	27.7 6.6%	21.0 5.5%	-6.7 -24.3%	44.0 5.3%
Net income attributable to non-controlling interests	0.9	0.5	-0.4	2.0

🌐 Impact of foreign currency translations (average rate during the period)

Unit : JPY	USD	EUR	AUD
FYE2020 1H	108.67	120.91	74.75
FYE2021 1H	106.32	121.66	73.91



1-1. Overview of business performance

【Revenue】

(Billions of yen)	FYE2020 1H results	FYE2021 1H results	Difference	% Change
Gas Business in Japan	174.0	157.1	-16.9	-9.7%
Gas Business in the U.S.	98.9	91.2	-7.7	-7.8%
Gas Business in Europe	85.2	74.8	-10.4	-12.3%
Gas Business in Asia and Oceania	51.5	50.2	-1.3	-2.6%
Thermos Business	13.0	11.0	-2.0	-15.4%
Revenue Total	422.8	384.5	-38.3	-9.1%

【Operating income】

(Billions of yen)	FYE2020 1H results	FYE2021 1H results	Difference	% Change
Gas Business in Japan	12.3	11.4	-0.9	-6.8%
Gas Business in the U.S.	11.7	9.6	-2.1	-18.0%
Gas Business in Europe	13.2	8.6	-4.6	-34.6%
Gas Business in Asia and Oceania	5.3	5.6	+0.3	+5.5%
Thermos Business	4.1	2.1	-2.0	-48.9%
Eliminations or Corporate	-1.3	-0.8	+0.5	-
Core operating income Total	45.4	36.7	-8.7	-19.2%
Non-recurring profit and loss	1.2	-0.0	-1.2	-
Operating income Total	46.7	36.6	-10.1	-21.6%

1-2. Business Performance by Segment: Gas Business in Japan

(Billions of yen)				FYE2020 1H results	FYE2021 1H results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	7.3	6.4	-0.9	-12.1%
			Packaged subtotal	7.3	6.4	-0.9	-12.1%
		Bulk	Air separation gases	24.3	22.1	-2.2	-9.4%
			Carbon dioxide	11.9	11.1	-0.8	-6.8%
			Helium	2.1	2.5	+0.4	+18.8%
			Other gases	5.0	4.2	-0.8	-15.5%
			Bulk subtotal	43.5	40.0	-3.5	-8.0%
		On-site	Air separation gases	36.8	32.1	-4.7	-12.8%
			Other gases	3.3	3.2	-0.1	-5.4%
			On-site subtotal	40.2	35.3	-4.9	-12.2%
	LP gas			13.4	10.5	-2.9	-21.4%
	Specialty gases			12.7	12.9	+0.2	+1.1%
			Subtotal	117.3	105.3	-12.0	-10.2%
	Equipment and installation, other	Gas-related and plant, other		36.9	32.1	-4.8	-12.9%
		Electronics-related		7.1	8.9	+1.8	+25.3%
		Welding and cutting-related		12.5	10.6	-1.9	-15.3%
		Subtotal		56.6	51.7	-4.9	-8.7%
Revenue Total				174.0	157.1	-16.9	-9.7%
Segment income				12.3	11.4	-0.9	-6.8%

Reasons for changes in revenue

- Bulk & On-site (Air separation gases): Demand decreased sharply across the manufacturing sector as a whole.
- Equipment and installation, other (Electronics-related): Sales of Equipment and installation for semiconductor manufacturers increased.

Reason for change in segment income

- In bulk gases, earnings decreased mainly due to a decrease in revenue from air separation gases.
- Lower costs due to falling fuel prices.
- In Electronics related, earnings increased due to an increase in revenue from Equipment and installation.
- Temporary income of prior-year amounts from non-operating transactions.

1-2. Business Performance by Segment: Gas Business in the U.S.

(Billions of yen)				FYE2020 1H results	FYE2021 1H results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	23.2	20.1	-3.1	-13.2%
			Packaged subtotal	23.2	20.1	-3.1	-13.2%
		Bulk	Air separation gases	18.6	16.5	-2.1	-10.9%
			Carbon dioxide	12.8	11.8	-1.0	-8.0%
			Helium	2.6	3.5	+0.9	+32.5%
			Other gases	5.0	5.7	+0.7	+15.0%
			Bulk subtotal	39.1	37.7	-1.4	-3.6%
		On-site	Air separation gases	4.4	4.6	+0.2	+5.6%
			Other gases	7.0	5.6	-1.4	-18.9%
			On-site subtotal	11.4	10.3	-1.1	-9.4%
	LP gas			1.5	1.3	-0.2	-11.2%
	Specialty gases			3.2	3.2	-0.0	-0.7%
			Subtotal	78.7	72.9	-5.8	-7.3%
	Equipment and installation, other		Electronics-related	2.3	3.0	+0.7	+31.5%
			Welding and cutting-related	17.9	15.2	-2.7	-14.9%
		Subtotal	20.2	18.2	-2.0	-9.6%	
Revenue Total				98.9	91.2	-7.7	-7.8%
Segment income				11.7	9.6	-2.1	-18.0%

*Impact of foreign currency translation: Negative impacts of ¥2.13billion on revenue and ¥0.25 billion on segment income

Reasons for changes in revenue

- Packaged & Bulk: Demand decreased sharply across the manufacturing sector as a whole.
- Helium: Revenue increased due to pricing effects.
- On-site: Revenue decreased due to low levels of operation.
- Welding and cutting-related: Revenue decreased due to a soft demand for automobile and construction industry.

Reason for change in segment income

- In bulk gases, earnings decreased mainly due to a decline in revenue from air separation gases.
- Earnings decreased due to a decline in revenue from packaged gases and welding and cutting-related business.
- Temporary income and removal of prior-year amounts from non-operating transactions.
- Rationalization.

1-2. Business Performance by Segment: Gas Business in Europe

(Billions of yen)				FYE2020 1H results	FYE2021 1H results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	21.2	17.9	-3.3	-15.6%
			Packaged subtotal	21.2	17.9	-3.3	-15.6%
		Bulk	Air separation gases	19.4	17.2	-2.2	-11.2%
			Carbon dioxide	13.0	11.5	-1.5	-11.4%
			Helium	4.0	3.5	-0.5	-12.3%
			Other gases	3.4	3.3	-0.1	-2.9%
			Bulk subtotal	39.9	35.7	-4.2	-10.7%
		On-site	Air separation gases	11.4	9.5	-1.9	-16.4%
			Other gases	1.8	1.7	-0.1	-8.3%
			On-site subtotal	13.2	11.2	-2.0	-15.2%
		Specialty gases	3.3	3.1	-0.2	-5.2%	
		Subtotal	77.9	68.1	-9.8	-12.5%	
	Equipment and installation, other	Gas-related and plant, other	5.8	5.2	-0.6	-9.0%	
		Welding and cutting-related	1.5	1.3	-0.2	-10.6%	
		Subtotal	7.3	6.6	-0.7	-9.3%	
Revenue Total				85.2	74.8	-10.4	-12.3%
Segment income				13.2	8.6	-4.6	-34.6%

*Impact of foreign currency translation: Positive impacts of ¥0.52 billion on revenue and ¥0.08 billion on segment income

*The financial information presented under FYE2020 Q2 results differs from the information previously disclosed in FYE2020 Q2 because product aggregation categories were revised in the term under review.

Reasons for changes in revenue

- Packaged: Lower revenue centered on air separation gases, in addition to soft sales mainly in the refrigerant gas business (next-generation refrigerant gas) in Italy.
- Bulk & On-site: Demand decreased sharply across the manufacturing sector as a whole. (large impact on business results due to the spread of COVID-19)

Reason for change in segment income

- Earnings decreased due to a large decline in revenue across Bulk, Packaged and all other areas generally.
- Earnings decreased due to soft sales in the refrigerant gas business (next-generation refrigerant gas) .
- In bulk gases, earnings increased due to pricing effects.

1-2. Business Performance by Segment: Gas Business in Asia and Oceania

(Billions of yen)				FYE2020 1H results	FYE2021 1H results	Difference	% Change
Revenue	Gases	Packaged	Air separation gases, other	1.8	1.6	-0.2	-8.9%
			Packaged subtotal	1.8	1.6	-0.2	-8.9%
		Bulk	Air separation gases	8.4	7.0	-1.4	-16.1%
			Carbon dioxide	0.8	0.7	-0.1	-7.9%
			Helium	2.7	2.6	-0.1	-6.1%
			Other gases	1.3	1.2	-0.1	-7.5%
			Bulk subtotal	13.4	11.7	-1.7	-12.6%
		On-site	Air separation gases	1.8	1.6	-0.2	-8.3%
			On-site subtotal	1.8	1.6	-0.2	-8.3%
		LP gas			7.9	7.6	-0.3
	Specialty gases			13.1	15.4	+2.3	+17.2%
	Subtotal			38.2	38.1	-0.1	-0.3%
	Equipment and installation, other	Gas-related and plant, other		8.1	6.9	-1.2	-14.5%
		Electronics-related		2.8	3.0	+0.2	+7.7%
		Welding and cutting-related		2.3	2.1	-0.2	-10.2%
		Subtotal		13.3	12.1	-1.2	-9.0%
	Revenue Total				51.5	50.2	-1.3
Segment income				5.3	5.6	+0.3	+5.5%

*Impact of foreign currency translation: Negative impacts of ¥0.76 billion on revenue and ¥0.06 billion on segment income

Reasons for changes in revenue

- Bulk: In the Philippines, shipment volume decreased, as demand fell sharply in response to the impact of city lockdowns. Revenue similarly decreased in other regions as well.
- Specialty gases: Shipments were favorable in China and Taiwan.

Reason for change in segment income

- Earnings increased due to an increase in revenue from specialty gases in China and Taiwan.
- Profitability improved in the LP gas business in Australia.
- Earnings decreased due to a decrease in revenue in South East Asia as a whole.

1-2. Business Performance by Segment: Thermos Business

(Billions of yen)		FYE2020 1H results	FYE2021 1H results	Difference	% Change
Revenue	Japan	11.4	9.6	-1.8	-15.9%
	Overseas	1.6	1.4	-0.2	-11.5%
	Revenue Total	13.0	11.0	-2.0	-15.4%
Segment income		4.1	2.1	-2.0	-48.9%

*Impact of foreign currency translation: Negative impacts of ¥0.05 billion on revenue and ¥0.01 billion on segment income

Reasons for changes in revenue

- Japan: Sales opportunities were lost due to restrictions on movement and voluntary suspension of business activities at retail stores during Q1 period, resulting in a decrease in shipment volume. Meanwhile, stay-at-home demand supported firm sales of frying pans and tumblers.
- Overseas: Revenue decreased due to a decline in shipment volume in various regions.

Reason for change in segment income

- Japan: Earnings from the main products such as portable mugs decreased due to a substantial decline in revenue, as the Group was unable to capitalize on sales opportunities associated with periods of high demand such as the leisure season.
- Overseas: In addition to adjustments to operation levels at production plants, sales slowed at group companies accounted for by the equity.

2-1. Full-Year Forecasts for FYE2021

(Billions of yen)	FYE2020 Results Margin	FYE2021 Forecasts Margin	YoY Change % 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	—	-3.5
Operating income	93.9 11.0%	82.0 9.9%	-11.9 -12.7%
Finance costs	-14.7	-14.5	+0.2
Income before income taxes	79.1	67.5	-11.6
Income tax expenses	-24.0	-21.5	-2.5
Net income	55.0	46.0	-9.0
(Attribution of net income)			
Net income attributable to owners of the parent	53.3 6.3%	44.0 5.3%	-9.3 -17.5%
Net income for the year attributable to non-controlling interests	1.6	2.0	+0.4

- The Company has not revised its forecasts for segment announced on May12, 2020.
- Foreign currency translations (average rate during the period)

Unit : JPY	USD	EUR
FYE2021 est.	108	120
FYE2020 actual	108.95	120.85



2-2. Full-Year Forecasts for FYE2021 by Segment

【Revenue】

(Billions of yen)	FYE2020 Results	FYE2021 Forecasts	Difference	% Change
Gas Business in Japan	356.1	356.0	-0.1	-0.0%
Gas Business in U.S.	198.8	192.0	-6.8	-3.5%
Gas Business in Europe	165.5	153.0	-12.5	-7.6%
Gas Business in Asia and Oceania	104.5	103.0	-1.5	-1.5%
Thermos Business	25.1	26.0	+0.9	+3.5%
Revenue Total	850.2	830.0	-20.2	-2.4%

【Operating income】

(Billions of yen)	FYE2020 Results	FYE2021 Forecasts	Difference	% Change
Gas Business in Japan	28.7	31.2	+2.5	+8.6%
Gas Business in U.S.	22.2	16.3	-5.9	-26.8%
Gas Business in Europe	24.8	19.8	-5.0	-20.3%
Gas Business in Asia and Oceania	9.9	10.3	+0.4	+3.5%
Thermos Business	7.2	6.3	-0.9	-12.8%
Eliminations or Corporate	-2.6	-1.9	+0.7	-
Core operating income Total	90.3	82.0	-8.3	-9.2%
Non-recurring profit and loss	3.5	—	-3.5	-
Operating income Total	93.9	82.0	-11.9	-12.7%



(Reference Materials)

Breakdown for revenue disclosure categories for each segment

The breakdown for revenue disclosure categories for each segment is listed in the below chart.

Revenue disclosure category	Breakdown
Gases	Industrial gases such as oxygen, nitrogen, and argon, LP gases, specialty gases
Packaged	Gas filling containers (cylinders) are delivered to the customer, and the gas is supplied according to method of use
Air separation gases, other	All gases including air separation gases (oxygen, nitrogen, argon that are created by separation from the atmosphere)
Bulk	A storage tank for liquified gas is installed within the customer's facility, and the gas is supplied according to method of use
Air separation gases	Oxygen, nitrogen, argon
Carbon dioxide	Carbon dioxide gas, dry ice
Helium	Helium gas
Other gases	Other gases such as hydrogen
On-site	A gas production facility is established in an area adjacent to the customer, and the gas is constantly supplied using a directly connected pipe
Air separation gases	Oxygen, nitrogen, argon
Other gases	Other gases such as hydrogen and carbon monoxide
LP gas	Propane gas, butane gas
Specialty gases	Mainly, gases for electronic materials that are used in the manufacture of semiconductors or LCD panels, standard gas, high-purity gas
Equipment and installation, other	Ancillary equipment for gas usage, refining equipment to raise gas purity level, construction for equipment installation, and other equipment
Gas-related and plant, other	Gas-related supply facilities and gas abatement equipment, air separation units, and other equipment
Electronics-related	Construction for equipment and pipe installation toward electronics, refining equipment for removing impurities, and other equipment
Welding and cutting-related	Equipment, apparatuses, welding rods and other items (hard goods) used in metal processing including gas welding and cutting

Non-recurring Income and Expense Items

(Billions of yen)	FYE2020 1H results	FYE2021 1H results	YoY change
Core operating income	45.4	36.7	-8.7
Non-recurring profit and loss	1.2	-0.0	-1.2
Operating income	46.7	36.6	-10.1

【Non-recurring Income and Expense Items】

FYE2020 1H results		FYE2021 1H results	
Item	Amount (Billions of yen)	Item	Amount (Billions of yen)
Gain on sales of domestic land, etc.	2.1	Others	-0.0
Restructuring-related expenses for the alfi business (Thermos)	-0.5		
Impairment loss associated with the sale of an affiliated company	-0.3		
Total	1.2	Total	-0.0

Condensed Consolidated Statements of Cash Flows

(Billions of yen)		FYE2020 1H results	FYE2021 1H results	YoY change
	Income before income taxes	40.8	30.8	-10.0
	Depreciation and amortization	41.5	43.0	+1.5
	Changes in working capital	-3.5	-7.6	-4.1
	Others	-8.2	-12.2	-4.0
(1)	Cash flows from operating activities	70.5	53.9	-16.6
	Capital expenditures	-36.5	-29.0	+7.5
	Investments and loans	-0.2	-0.5	-0.3
	Others (asset sales, etc.)	3.5	-0.6	-4.1
(2)	Cash flows from investing activities	-33.2	-30.2	+3.0
Free cash flow (1+2)		37.2	23.6	-13.6
Net interest-bearing liabilities		936.0	894.4	-41.6
Adjusted net D/E ratio		1.56	1.36	-0.20

- Net interest-bearing liabilities: interest-bearing liabilities - cash and cash equivalents
- Adjusted net D/E ratio: $(\text{Net interest-bearing debt} - \text{equity-type debt}^{*1}) / (\text{equity attributable to owners of parent} + \text{equity-type debt}^{*1})$
 *1 Equity-type debt: the amount of debt procured by Hybrid finance^{*2} that has been recognized as equity credit by rating agencies (50% of the procured amount).
 *2 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.

Condensed Consolidated Statements of Financial Position

(Billions of yen)	FYE2020 Results	FYE2021 1H results	YoY Change		FYE2020 Results	FYE2021 1H results	YoY Change
Cash and cash equivalents	100.0	104.3	+4.3	Interest-bearing liabilities	998.3	998.7	+0.4
Trade receivables	179.2	171.2	-8.0	Trade payables	93.8	82.6	-11.2
Inventories	65.8	71.1	+5.3	Others	218.7	222.8	+4.1
Others	22.1	24.2	+2.1	Total liabilities	1,311.0	1,304.3	-6.7
Total current assets	367.3	371.0	+3.7	Share capital and capital surplus, etc	472.7	487.2	+14.5
Property, plant and equipment*	655.1	657.0	+1.9	Other components of equity	-63.4	-46.7	+16.7
Goodwill	419.2	430.9	+11.7	Equity attributable to owners of parent	409.3	440.4	+31.1
Intangible assets	232.0	232.3	+0.3	Non-controlling interests	31.3	29.4	-1.9
Others	77.8	82.8	+5.0	Total equity	440.6	469.9	+29.3
Total non-current assets	1,384.4	1,403.2	+18.8	Total liabilities and equity	1,751.7	1,774.2	+22.5
Total assets	1,751.7	1,774.2	+22.5				

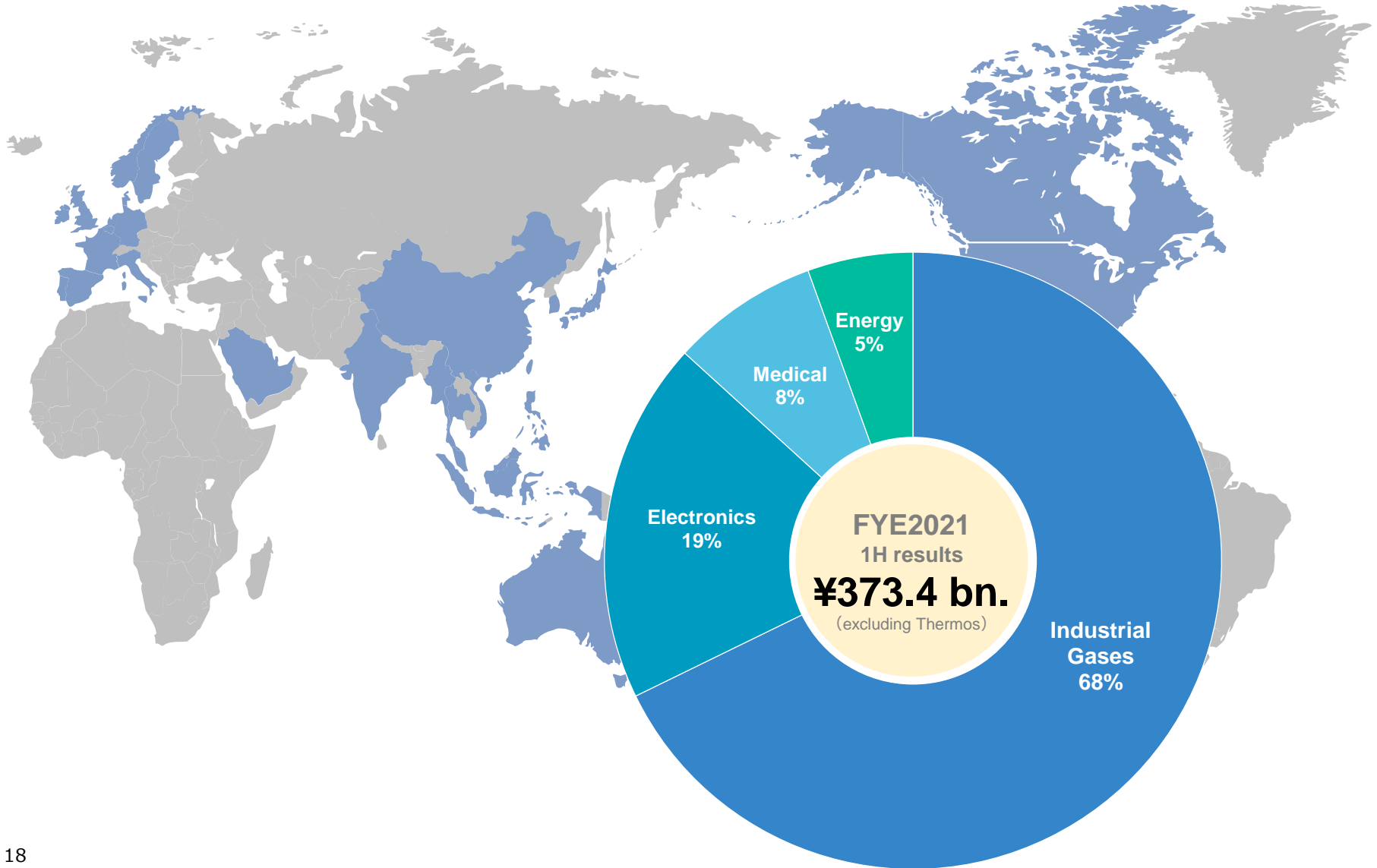
Key Performance Indicators (Consolidated)

	FYE2020 1H results	FYE2021 1H results	FYE2020 Results	FYE2021 Forecasts
Basic earnings per share (Yen)	64.10	48.53	123.26	101.67
Overseas sales ratio	56.1%	56.6%	55.5%	54.5%
ROE	-	-	13.1%	10.4%
ROCE	-	-	6.4%	5.8%
Annual dividends per share (Yen)	-	-	28	28
Dividend payout ratio	-	-	22.7%	27.5%
Capital expenditures (fund basis)(Millions of yen)	36,500	29,026	72,810	94,100
Investments and loans* (Millions of yen)	291	588	733	-
Depreciation and amortization (Millions of yen)	41,515	43,022	83,798	86,000
Free cash flow (Millions of yen)	37,259	23,691	87,455	39,400
Balance of interest-bearing liabilities (Millions of yen)	1,005,398	998,743	998,389	970,400
Net interest-bearing liabilities (Millions of yen)	936,022	894,400	898,384	881,800

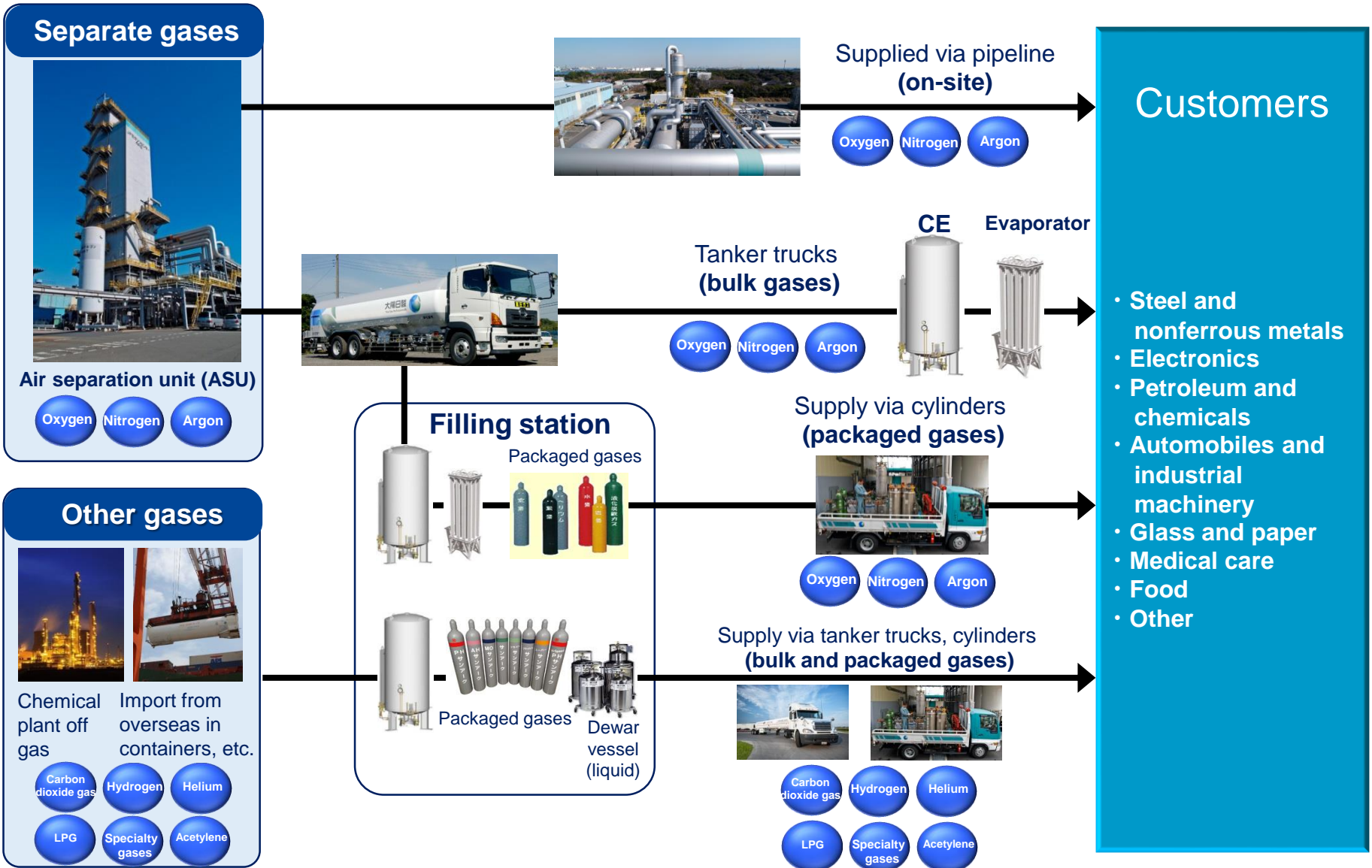
* Investment and loans shown above represent investment and loans under cash flows from investing activities (purchase of investment securities, purchase of shares of subsidiaries, and payments for acquisition of businesses).

Sales mix by business

(exc. Thermos business)



Our Gas Supply Structure



Disclaimer

These materials are not intended for purposes of disclosure for securities transactions, and it is impossible to guarantee that the information contained in this presentation is accurate and complete.

This presentation and report contain forward-looking statements (estimates and forecasts) regarding the future plans, strategies, activities and performance of Taiyo Nippon Sanso Corporation. Forward-looking statements reflect management's assumptions and beliefs based on information available as of the time of writing. Actual results reflect a variety of risk and uncertainties. These risks and uncertainties include, but are not limited to, changes in general economic and specific market conditions, currency exchange rate fluctuations, tax systems, and regulations.

Accordingly, actual results may differ from forecasts issued at this time. With this in mind, please refrain from relying solely on these materials when making investment decisions.



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