

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

May 11, 2023

Company name: Nippon Sanso Holdings Corporation Stock exchange listing: Tokyo (Prime)
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Scheduled date to be held Ordinary General Meeting of Shareholders: June 20, 2023
Scheduled date to file Securities Report: June 21, 2023
Scheduled date to commence dividend payments: June 21, 2023
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 FYE2023 (April 1, 2022 – March 31, 2023)

(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)	%
FYE2023	1,186,683	24.0	123,124	19.9	119,524	18.1	75,965	14.0	73,080	14.0	118,859	(10.2)
FYE2022	957,169	17.0	102,710	17.7	101,183	13.9	66,637	17.2	64,103	16.1	132,363	11.3

(Reference) Income before income taxes

FYE2023: ¥105,503 million [15.2%]

FYE2022: ¥91,611 million [17.9%]

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)	Return on equity attributable to owners of the parent (%)	Income before income taxes to total assets ratio (%)	Core operating income to revenue ratio (%)
FYE2023	168.85	–	10.8	5.1	10.4
FYE2022	148.13	–	11.2	4.8	10.7

(Reference) Share of profit (loss) of associates and joint ventures accounted for using the equity method

FYE2023: ¥3,553 million FYE2022: ¥3,512 million

(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 (%)	Equity attributable to owners of the parent per share (yen)
FYE2023 (March 31, 2023)	2,158,950	757,996	724,314	33.5	1,673.32
FYE2022 (March 31, 2022)	1,977,026	661,137	628,714	31.8	1,452.84

(3) Consolidated cash flows

	Cash flows from operating activities (¥ million)	Cash flows from investing activities (¥ million)	Cash flows from financing activities (¥ million)	Balance of cash and cash equivalents at term-end (¥ million)
FYE2023	187,959	(98,073)	(54,430)	132,217
FYE2022	148,760	(70,858)	(77,946)	93,697

2. Dividends

	Annual Dividend					Total amount of dividends (¥ million)	Payout ratio (consolidated) (%)	Ratio of dividends to equity attributable to owners of the parent (consolidated) (%)
	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	14,718	23.0	2.6
FYE2023	—	18.00	—	20.00	38.00	16,450	22.5	2.4
FYE2024 (est.)	—	20.00	—	20.00	40.00		24.6	

3. Forecasts for business operations for FYE2024 full term (April 1, 2023 – March 31, 2024)

(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	(2.2)	127,500	3.6	127,500	6.7	73,500	(3.2)	70,500	(3.5)	162.87

(Reference) Income before income taxes

FYE2024 full term: ¥102,000 million [(3.3%)]

* 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 Mar.31, 2023	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 Mar.31, 2023	232,517 shares	As of Mar. 31, 2022	344,870 shares
3. Average number of shares during the period	FYE2023	432,812,252 shares	FYE2022	432,749,204 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 6, "(4) Future Outlook" in "1. Overview of Business Results."

The Company held a briefing of results for institutional investors and analysts on Friday, May 19, 2023.

Results materials handed out at that briefing were posted on the Company website in a prompt manner following the briefing.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Under Review

(General overview)

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.

As for the impact of foreign exchange rates year-on-year, JPY depreciated against the USD from ¥113.04 to ¥136.00 (+¥22.96, or +20.3%), against the EUR from ¥131.11 to ¥141.62 (+¥10.51, or +8.0%), and against the AUD from ¥83.33 to ¥92.67 (+¥9.34, or +11.2%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥79.6 billion and ¥9.9 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.

Effective from the fiscal year under review, 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 impacting segment information.

Segment income represents core operating income.

(1) 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.

As a result, in the Japan segment, revenue increased 13.0% year-on-year to ¥420,452 million and segment income increased 2.4% to ¥31,680 million.

(2) The 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.

As a result, in the United States segment, revenue increased 34.8% year-on-year to ¥303,090 million and segment income increased 35.7% to ¥37,074 million. Revenue and segment income were favorably impacted by the weak JPY.

(3) 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.

As a result, in the Europe segment, revenue increased 30.1% year-on-year to ¥272,888 million, and segment income increased 32.7% to ¥34,904 million. Revenue and segment income were favorably impacted by the weak JPY.

(4) 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.

As a result, in the Asia & Oceania segment, revenue increased 29.5% year-on-year to ¥159,965 million and segment income increased 20.5% to ¥15,465 million. Revenue and segment income were favorably impacted by the weak JPY.

(5) 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.

As a result, the Thermos segment revenue increased 12.4% year-on-year to ¥30,190 million, the segment income decreased 6.5% to ¥6,021 million.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets amounted to ¥2,158,950 million as of March 31, 2023, an increase of ¥181,924 million from March 31, 2022. Foreign exchange rates resulted in an increase in total assets of approximately ¥106.1 billion. This mainly reflected foreign exchange rate changes, such as the JPY depreciation of ¥11.14 against the USD and the JPY depreciation of ¥9.02 against the EUR as of March 31, 2023, compared with the rates as of March 31, 2022.

In the fiscal year, trade receivables increased as a result of increased revenues. In addition, the Company proceeded with the planned repayment of interest-bearing debt with a focus on continued debt reduction and financial soundness. The Company will continue to communicate openly and appropriately with the bond market and financial institutions to improve our liquidity and funding capacity.

The hybrid financing raised in January 2019 and March 2019 totaled ¥250 billion, and the rating agencies (Japan Credit Rating Agency and Rating, Ltd. and Investment Information, Inc.) have approved 50% of this financing as "equity". The Company has referred to this as equity-type debt. As a financial soundness indicator that considers this hybrid financing, the Company has established the Adjusted net D/E ratio* as one of our key performance indicators and strives for the optimal composition of debt and equity. The Adjusted net D/E ratio achieved was 0.81 times, an improvement of 0.13 points from the end of the previous fiscal year.

(Note) Adjusted net D/E ratio: (Net interest-bearing debt – Equity-type debt) / (Equity attributable to owners of the parent + Equity-type debt)

[Assets]

Total current assets were ¥527,074 million, an increase of ¥104,581 million from March 31, 2022. The main changes were an increase in cash and cash equivalents and trade receivables, and the impact from JPY depreciation against major currencies such as the USD and the EUR. Total non-current assets were ¥1,631,875 million, an increase of ¥77,343 million from March 31, 2022, mainly reflecting increases in plant, property and equipment, goodwill and the impact from JPY depreciation against major currencies.

[Liabilities]

Total current liabilities were ¥425,157 million, an increase of ¥93,562 million from March 31, 2022. The main changes were an increase in bonds and borrowings, trade payables, and the impact from JPY depreciation against major currencies. Total non-current liabilities were ¥975,796 million, a decrease of ¥8,496 million from March 31, 2022. The main factors were a decrease in bonds and borrowings, an increase in deferred tax liabilities and the impact from JPY depreciation against major currencies.

[Equity]

Total equity amounted to ¥757,996 million, an increase of ¥96,859 million from March 31, 2022. The main factors were an increase due to the recording of profit attributable to owners of parent, a decrease due to retained earnings paid as dividends, and an increase in foreign exchange differences on translation of foreign operations.

The equity attributable to owners of the parent ratio stood at 33.5%, up 1.7 percentage points from the previous fiscal year-end.

(3) Overview of Cash Flows for the Fiscal Year Under Review

[Cash flow from operating activities]

Net cash provided by operating activities increased 26.4% year on year to ¥187,959 million. The main components were profit before income taxes, depreciation and amortization, and corporate income tax payment or refund.

[Cash flow from investing activities]

Net cash used in investing activities increased 38.4% year on year to ¥98,073 million. The main use of cash was for the purchase of property, plant and equipment.

[Cash flow from financing activities]

Net cash used in financing activities decreased 30.2% year on year to ¥54,430 million. The main changes were repayment of long-term borrowings, proceeds from long-term borrowings and net variation in commercial papers.

As a result of the Company's operating, investing and financing activities, the balance of cash and cash equivalents as of March 31, 2023, after accounting for the effects of exchange rates, increased 41.1% year on year to ¥132,217 million.

	FYE2019	FYE2020	FYE2021	FYE2022	FYE2023
The ratio of equity attributable to owners of the parent (%)	23.0	23.4	27.9	31.8	33.5
The ratio of equity attributable to owners of the parent on a market-value basis (%)	41.2	39.6	49.6	51.1	47.8
Redemption period (years)	10.2	6.7	6.4	6.2	5.0
Interest coverage ratio (times)	15.3	12.8	12.9	13.7	14.7

Note: The ratio of equity attributable to owners of the parent: Equity attributable to owners of the parent / total assets

The ratio of equity attributable to owners of the parent on a market-value basis (%): Total market value of the stock / total assets

Redemption period: Interest-bearing debts / cash flows

The interest coverage ratio: Cash flows / interest payment

1. The indicator values were all calculated based on financial numerical values on a consolidated basis.
2. The total market value was calculated by multiplying the term-end closing price of the stock by the number of term-end outstanding shares.
3. The cash flow here is the cash flow from operating activities included in the Consolidated Statement of Cash Flows.
Interest-bearing debts cover all of the debts recorded in the Consolidated Statement of Financial Position on which the Company pays interest. The figures specified for interest payment are the amounts of interest paid which are recorded in the Consolidated Statement of Cash Flows.

(4) Future Outlook

We have formulated a medium-term management plan, "NS Vision 2026 - Enabling the Future," covering the four-year period from the fiscal year beginning April 1, 2022 to the fiscal year ending March 31, 2026. The plan defines five focused fields, "Sustainability Management," "Explore New Business Toward Carbon Neutrality," "Total Electronics," "Operational Excellence," and "DX Initiatives," under the business management structure of four global industrial gas regions and Thermos, which comprise the five operating segments of the Nippon Sanso Holdings Group. In addition, we will enhance human well-being and contribute to a more sustainable future by improving the Group's total strengths and aiming for further growth.

Overall, in the regions where we operate, the outlook remains difficult to predict due to geopolitical issues, trade tensions, a global energy volatility, global inflation, and JPY depreciation. Therefore, the actual results may vary from our medium-term management financial outlook due to these and other positive and negative unknown factors.

In FYE2024, the Industrial gas business expects continued growth in resilient markets such as food & beverage, pharmaceuticals, and healthcare, we will explore new business opportunities with customers who are working toward Carbon Neutrality. In electronics, we will adopt to customers' production, demand, and capital investment plans.

In addition, global energy inflation headwinds which began in FYE 2022 have moderated in some regions, but the situation remains volatile and varies from region to region. Therefore, future energy prices remain unpredictable. Hence, our entire group will continue to focus on strong price management, cost recovery, and productivity initiatives.

In Thermos, we expect higher raw material costs due to inflation pressures and higher manufacturing costs due to the weak JPY, but we will concentrate on improving business performance through new product offerings with better functionality, expansion of product lines including frying pans and kitchenware, and E-commerce services including online shopping.

Our consolidated earnings forecast for FYE2024 is shown in the table below. The exchange rate assumptions used in the forecast are ¥130 to the USD and ¥140 to the EUR.

	Revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent
FYE2024 (¥ billion)	1,160.0	127.5	127.5	73.5	70.5
FYE2023 (¥ billion)	1,186.6	123.1	119.5	75.9	73.0
Change (%)	(2.2)	3.6	6.7	(3.2)	(3.5)

(5) Basic Policy on Profit Distribution and Dividends for FYE2023 and FYE2024

We will strive to return profits to shareholders under a dividend policy that aims to provide continuous and stable dividends, aligned in a way with consolidated business results, while setting aside enough retained earnings to enhance and strengthen our operational makeup.

Under this policy, we plan to offer a year-end dividend of ¥20 per share, up ¥2 from the year before. Since the interim dividend was ¥18 per share, this means that we will pay an annual dividend of ¥38 per share. For the next fiscal year, we plan to offer an annual dividend of ¥40 per share (an interim dividend of ¥20).

2. Basic Policy on Selection of Accounting Standards

The NSHD Group adopted the International Financial Reporting Standards (IFRS) in FYE2017 in order to improve the international comparability of its financial statements in the capital market and integrate accounting procedures within the group.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	93,697	132,217
Trade receivables	218,480	243,541
Inventories	80,064	97,612
Other financial assets	7,310	22,479
Other current assets	22,940	26,152
Subtotal	422,493	522,003
Assets possessed for a sales purpose	—	5,070
Total current assets	422,493	527,074
Non-current assets		
Property, plant and equipment	729,658	776,148
Goodwill	485,190	513,685
Intangible assets	241,320	242,334
Investments accounted for using the equity method	35,700	38,230
Other financial assets	55,410	46,763
Retirement benefit asset	2,468	2,810
Other non-current assets	1,163	8,461
Deferred tax assets	3,619	3,442
Total non-current assets	1,554,532	1,631,875
Total assets	1,977,026	2,158,950

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	115,123	128,197
Bonds and borrowings	110,595	140,540
Corporate income taxes payable	9,746	16,191
Other financial liabilities	65,228	102,119
Allowance	1,068	284
Other current liabilities	29,832	37,824
Total current liabilities	331,595	425,157
Non-current liabilities		
Bonds and borrowings	779,749	759,480
Other financial liabilities	31,231	35,693
Retirement benefit liabilities	14,165	14,117
Allowance	5,107	5,440
Other non-current liabilities	20,918	20,364
Deferred tax liabilities	133,120	140,700
Total non-current liabilities	984,292	975,796
Total liabilities	1,315,888	1,400,953
Equity		
Share capital	37,344	37,344
Capital surplus	55,945	51,610
Treasury stock	(281)	(233)
Retained earnings	476,589	537,867
Other components of equity	59,115	97,724
Total equity attributable to owners of the parent	628,714	724,314
Non-controlling interests	32,423	33,682
Total equity	661,137	757,996
Total liabilities and equity	1,977,026	2,158,950

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Profit or Loss)

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Revenue	957,169	1,186,683
Cost of sales	(598,597)	(748,053)
Gross operating profit	358,572	438,630
Selling, general and administrative expenses	(259,204)	(315,191)
Other operating income	2,241	5,182
Other operating expense	(3,937)	(12,650)
Share of profit of investments accounted for using the equity method	3,512	3,553
Operating income	101,183	119,524
Finance income	2,192	2,182
Finance costs	(11,765)	(16,203)
Profit before income taxes	91,611	105,503
Corporate income taxes	(24,973)	(29,538)
Net income	66,637	75,965
Net income attributable to:		
Owners of the parent	64,103	73,080
Non-controlling interests	2,534	2,884
Earnings per share		
Basic earnings per share (Yen)	148.13	168.85

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net income	66,637	75,965
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	6,773	(337)
Remeasurements of defined benefit plans	607	1,814
Share of other comprehensive income of investments accounted for using the equity method	70	(42)
Total of items that will not be reclassified to profit or loss	7,451	1,434
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	55,994	40,744
Effective portion of net change in fair value of cash flow hedges	299	(659)
Share of other comprehensive income of investments accounted for using the equity method	1,979	1,374
Total of items that may be reclassified subsequently to profit or loss	58,273	41,459
Total other comprehensive income, net of tax	65,725	42,894
Comprehensive income	132,363	118,859
Comprehensive income attributable to:		
Owners of the parent	129,325	115,466
Non-controlling interests	3,038	3,392

(3) Consolidated Statement of Changes in Equity
 FYE2022 (April 1, 2021 to March 31, 2022)

	(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	—	—	—	64,103
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	64,103
Purchase of treasury stock	—	—	(7)	—
Disposal of treasury stock	—	0	0	—
Dividends	—	—	—	(13,853)
Changes in ownership interest in subsidiaries	—	43	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	3,459
Change in scope of consolidation	—	—	—	41
Other changes	—	—	—	—
Total transactions with owners	—	43	(7)	(10,352)
Balance at March 31, 2022	37,344	55,945	(281)	476,589

	Other components of equity				Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of 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	—	—	—	—	—	64,103	2,534	66,637
Other comprehensive income	57,457	296	6,844	623	65,222	65,222	503	65,725
Comprehensive income	57,457	296	6,844	623	65,222	129,325	3,038	132,363
Purchase of treasury stock	—	—	—	—	—	(7)	—	(7)
Disposal of treasury stock	—	—	—	—	—	0	—	0
Dividends	—	—	—	—	—	(13,853)	(991)	(14,844)
Changes in ownership interest in subsidiaries	—	—	—	—	—	43	(379)	(335)
Business combinations or business divestitures	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(2,836)	(623)	(3,459)	—	—	—
Change in scope of consolidation	—	—	—	—	—	41	5	46
Other changes	—	—	—	—	—	—	14	14
Total transactions with owners	—	—	(2,836)	(623)	(3,459)	(13,775)	(1,350)	(15,126)
Balance at March 31, 2022	39,428	368	19,319	—	59,115	628,714	32,423	661,137

FYE2023 (April 1, 2022 to March 31, 2023)

	(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	—	—	—	73,080
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	73,080
Purchase of treasury stock	—	—	(5)	—
Disposal of treasury stock	—	—	53	—
Dividends	—	—	—	(15,579)
Changes in ownership interest in subsidiaries	—	(4,334)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	3,777
Change in scope of consolidation	—	—	—	—
Other changes	—	—	—	—
Total transactions with owners	—	(4,334)	48	(11,802)
Balance at March 31, 2023	37,344	51,610	(233)	537,867

	Other components of equity					Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of change in 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	—	—	—	—	—	—	73,080	2,884	75,965
Other comprehensive income	41,744	(652)	(507)	1,802	—	42,386	42,386	507	42,894
Comprehensive income	41,744	(652)	(507)	1,802	—	42,386	115,466	3,392	118,859
Purchase of treasury stock	—	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	53	—	53
Dividends	—	—	—	—	—	—	(15,579)	(1,018)	(16,598)
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	(4,334)	(1,907)	(6,242)
Business combinations or business divestitures	—	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	—	—	(1,975)	(1,802)	—	(3,777)	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	—	402	402
Total transactions with owners	—	—	(1,975)	(1,802)	—	(3,777)	(19,866)	(2,133)	(22,000)
Balance at March 31, 2023	81,172	(284)	16,836	—	—	97,724	724,314	33,682	757,996

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flow from operating activities		
Profit before income taxes	91,611	105,503
Depreciation and amortization	92,435	105,731
Impairment loss	1,216	2,140
Interest and dividends income	(965)	(1,640)
Interest expenses	11,601	16,165
Share of (profit) loss of investments accounted for using the equity method	(3,512)	(3,553)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	449	375
(Increase) decrease in trade receivables	(28,158)	(16,810)
(Increase) decrease in inventories	(6,764)	(14,204)
Increase (decrease) in trade payables	14,264	8,758
(Increase) decrease in retirement benefit asset	(580)	(710)
Increase (decrease) in retirement benefit liabilities	1,095	2,366
Other	4,756	15,730
Subtotal	177,451	219,852
Interest received	201	729
Dividends received	3,720	5,596
Interest paid	(10,842)	(12,752)
Corporate income tax refund (paid)	(21,770)	(25,466)
Cash flow from operating activities	148,760	187,959
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(74,478)	(91,825)
Proceeds from sale of property, plant and equipment	1,516	1,925
Payments for purchase of investment	(1,560)	(2,804)
Proceeds from sale and redemption of investments	6,083	4,276
Payments for acquisition of subsidiaries	(520)	(122)
Proceeds from sale of subsidiaries	0	—
Other	(1,900)	(9,523)
Cash flow from investing activities	(70,858)	(98,073)

(Millions of yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	8,016	3,232
Net increase (decrease) in commercial papers	(10,000)	19,000
Proceeds from long-term borrowings	25,105	30,433
Payments for repayment of long-term borrowings	(86,466)	(76,277)
Proceeds from issuance of bonds	25,000	—
Payments for redemption of bonds	(15,000)	—
Payments for repayment of lease obligations	(9,437)	(11,998)
Payments for purchase of shares in subsidiaries not resulting in change in scope of consolidation	(276)	(2,885)
Dividends paid	(13,853)	(15,579)
Dividends paid to non-controlling interests	(991)	(1,018)
Other	(43)	662
Cash flow from financing activities	(77,946)	(54,430)
Impact of exchange rate changes on cash and cash equivalents	2,416	2,961
Net increase (decrease) in cash and cash equivalents	2,371	38,416
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	266	—
Increase in cash and cash equivalents in relation to merger	—	104
Balance of cash and cash equivalents at term-end	93,697	132,217

(5) Notes to the Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable.

(Segment information)

(1) Outline of reportable segments

The NSHD Group's reportable segments are those of the components of the NSHD Group on which separate financial information is available, and which are evaluated regularly by the Board of Directors to determine the allocation of management resources and assess business 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, electronics, and food and beverage industries, and has production and sales bases for its main products in Japan, the United States, Europe, and Asia & Oceania. In addition, the NSHD Group engages in the manufacture and sale of houseware such as stainless steel vacuum bottles. Accordingly, the Company has established the following five reportable segments: Japan, the United States, Europe, Asia & Oceania, and Thermos.

(Matters regarding change of the names of the reportable segments)

Effective from the consolidated fiscal year under review, the names of the reportable segments, which had previously been "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," "The United States," "Europe," "Asia & Oceania," and "Thermos" in that order.

These changes have no impact on segment information.

For the previous consolidated fiscal year, the reportable segments are indicated with their new names.

The principal products and services for each of the reportable segments are as shown below.

Reportable segment	Main products and services
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
The United States	
Europe	
Asia & Oceania	
Thermos	Housewares and consumer goods

The accounting methods adopted for the reported operating segments are the same as those 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
 FYE2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidated Statement of Income
	Japan	The United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue to external customers	372,033	224,801	209,778	123,533	26,849	956,996	173	957,169
Revenue from inter- segment transactions and transfers	10,929	17,020	148	3,314	18	31,432	(31,432)	—
Total	382,963	241,822	209,926	126,848	26,867	988,428	(31,258)	957,169
Segment income (Note 2)	30,939	27,314	26,303	12,837	6,441	103,837	(1,127)	102,710
Other items								
Depreciation and amortization	19,351	31,987	31,736	7,935	1,315	92,326	108	92,435
Impairment loss	4	—	—	136	—	140	—	140
Share of profit of investments accounted for using the equity method	298	—	41	184	3,159	3,683	0	3,684

Notes: 1. The negative adjustment of (¥1,127) million for segment income is comprised of ¥102 million of intersegment eliminations and companywide expenses of (¥1,229) 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.

FYE2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidated Statement of Income
	Japan	The United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue to external customers	420,452	303,090	272,888	159,965	30,190	1,186,587	95	1,186,683
Revenue from inter- segment transactions and transfers	13,694	21,377	236	3,334	17	38,660	(38,660)	—
Total	434,147	324,468	273,125	163,300	30,207	1,225,248	(38,564)	1,186,683
Segment income (Note 2)	31,680	37,074	34,904	15,465	6,021	125,146	(2,021)	123,124
Other items								
Depreciation and amortization	19,111	40,669	35,061	9,317	1,471	105,631	99	105,731
Impairment loss	—	—	2,138	1	—	2,140	—	2,140
Share of profit of investments accounted for using the equity method	177	—	52	297	3,171	3,698	(0)	3,698

Note: 1. The negative adjustment of (¥2,021) million for segment income is comprised of (¥743) million of intersegment eliminations and companywide expenses of (¥1,278) 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 profit before income taxes is made as shown below.

(Millions of yen)

	FYE2022 (April 1, 2021 to March 31, 2022)	FYE2023 (April 1, 2022 to March 31, 2023)
Segment income	102,710	123,124
Proceeds from sale of fixed assets	—	615
Loss on arbitration award	—	(3,520)
Share of profit (loss) of investments accounted for using the equity method	(172)	(144)
Impairment loss	(1,075)	—
Other	(278)	(549)
Operating income	101,183	119,524
Finance income	2,192	2,182
Finance costs	(11,765)	(16,203)
Profit before income taxes	91,611	105,503

(Per share information)

Basic earnings per share and the calculation basis are as follows.

	FYE2022 (April 1, 2021 to March 31, 2022)	FYE2023 (April 1, 2022 to March 31, 2023)
Net income attributable to owners of parent (¥ million)	64,103	73,080
Average number of shares during the term (thousand shares)	432,749	432,812
Basic earnings per share (Yen)	148.13	168.85

Note: Diluted earnings per share are not listed as there are no dilutive shares.

(Significant subsequent events)

Not applicable.