

## Notice of consolidate financial results for Q2 FYE2023

Nippon Sanso Holdings Corporation (“NSHD”, President CEO: Toshihiko Hamada) hereby announces its consolidated financial results for Q2 FYE2023. For details, please refer to the financial results and earnings announcement materials available on the website.

### 1. Business performance for 1H FYE2023 (Apr.-Sep.)

In the business environment surrounding the 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.

	FYE2022		FYE2023		YoY	
	1H	1H	1H	1H	Difference	% Change
(Unit: ¥ bn.)	(Apr.-Sep.)		(Apr.-Sep.)			
<b>Revenue</b>	<b>447.3</b>	<b>573.6</b>	<b>+126.3</b>	<b>+28.2%</b>		
<b>Core operating income</b>	<b>49.8</b>	<b>56.1</b>	<b>+6.3</b>	<b>+12.7%</b>		
Core OI margin	11.1%	9.8%				
Non-recurring profit and loss	-0.0	-2.3	-2.3			
<b>Operating income (IFRS)</b>	<b>49.7</b>	<b>53.8</b>	<b>+4.1</b>	<b>+8.2%</b>		
OI margin	11.1%	9.4%				
EBITDA margin	21.3%	18.9%				
Finance costs	-4.7	-4.2	+0.5			
<b>Income before income taxes</b>	<b>45.0</b>	<b>49.6</b>	<b>+4.6</b>	<b>+10.3%</b>		
Income tax expenses	9.8	13.2	+3.4			
<b>Net income</b>	<b>35.1</b>	<b>36.4</b>	<b>+1.3</b>	<b>+3.6%</b>		
(Attribution of net income)						
<b>Net income attributable to owners of the parent</b>	<b>34.2</b>	<b>35.1</b>	<b>+0.9</b>	<b>+2.5%</b>		
NI margin	7.7%	6.1%				
Net income attributable to non-controlling interests	0.8	1.2	+0.4			
Forex (Unit: JPY)						
(average rate during the period)	USD	110.10	135.30			
	EUR	131.16	139.14			
	AUD	82.33	93.51			

## 2. FYE2023 Full-term forecast

NSHD hereby announces that its consolidated earnings forecasts announced on July 29, 2022 for FYE2023 were revised as follows.

Reasons for the Revision of Revenue for consolidated gas business including Japan, U.S., Europe, and Asia & Oceania is expected to increase compared to the previous forecast. This is mainly due to the effect of favorable currency exchange due to the weak Japanese Yen and significant increase in prices as a result of inflation and surging energy costs. As a result, Core Operating Income as well as Operating Income are expected to increase; however, some areas are experiencing a delay between increased costs and the ability to increase prices. Also, the outlook remains uncertain and there is concern that future customer product demand will decrease as the global economy slows.

Segment income for Thermos is affected by higher cost such as raw materials, but is expected to perform near plan.

Net income and Net income attributable to owner of the parent is expected to increase in spite of the fact that interest expense and corporate income taxes are expected to increase.

There is no change in the dividend from the forecast previously announced on July 29, 2022 (¥18 per share).

	FYE2022 Full-term	FYE2023 Full-term forecast <small>(Announced on Nov. 1 2022)</small>	YoY		FYE2023 Full-term forecast (previos) <small>(Announced on July 29, 2022)</small>
			Difference	% Change	
(Unit: ¥ bn.)					
<b>Revenue</b>	<b>957.1</b>	<b>1,160.0</b>	<b>+202.9</b>	<b>+21.2%</b>	<b>950.0</b>
<b>Core operating income</b>	<b>102.7</b>	<b>115.0</b>	<b>+12.3</b>	<b>+12.0%</b>	<b>107.0</b>
Core OI margin	10.7%	9.9%			11.3%
Non-recurring profit and loss	-1.5	-2.0	-0.5		-2.0
<b>Operating income (IFRS)</b>	<b>101.1</b>	<b>113.0</b>	<b>+11.9</b>	<b>+11.7%</b>	<b>105.0</b>
OI margin	10.6%	9.7%			11.1%
EBITDA margin	20.4%	18.9%			21.0%
Finance costs	-9.5	-14.0	-4.5		-10.5
<b>Income before income taxes</b>	<b>91.6</b>	<b>99.0</b>	<b>+7.4</b>	<b>+8.1%</b>	<b>94.5</b>
Income tax expenses	24.9	28.5	+3.6		27.5
Net income	66.6	70.5	+3.9	+5.8%	67.0
(Attribution of net income)					
<b>Net income attributable to owners of the parent</b>	<b>64.1</b>	<b>68.0</b>	<b>+3.9</b>	<b>+6.1%</b>	<b>65.0</b>
NI margin	6.7%	5.9%			6.8%
Net income attributable to non-controlling interests	2.5	2.5	-0.0		2.0
Forex (Unit: JPY)					
USD	113.04	138			115
(average rate during the period)					
EUR	131.11	140			125
AUD	83.33	93.5			82.2

Total Forex impact for FYE2023 Full-term forecast : Positive impacts of ¥80.9 bn. on revenue and ¥10.1 bn. on core operating income.

(Reference)

Business performance for 1H FYE2023 (Apr.-Sep.) by segment

		FYE2022	FYE2023		YoY		
		1H	1H	Composition ratio	Difference	% Change	Forex impact
(Unit: ¥ bn.)		(Apr.-Sep.)	(Apr.-Sep.)				
<b>Gas business in Japan</b>	Revenue	173.2	<b>194.4</b>	33.9%	+21.2	+12.2%	+0.2
	Segment OI	13.9	<b>12.7</b>	22.6%	-1.2	-9.1%	+0.0
	Segment OI margin	8.1%	6.5%				
<b>Gas business in the U.S.</b>	Revenue	107.3	<b>145.9</b>	25.4%	+38.6	+35.9%	+24.5
	Segment OI	14.1	<b>16.0</b>	28.6%	+1.9	+14.0%	+3.3
	Segment OI margin	13.1%	11.0%				
<b>Gas business in Europe</b>	Revenue	94.9	<b>136.3</b>	23.8%	+41.4	+43.6%	+5.7
	Segment OI	12.7	<b>15.9</b>	28.3%	+3.2	+25.1%	+0.7
	Segment OI margin	13.4%	11.7%				
<b>Gas business in A&amp;O*</b>	Revenue	58.9	<b>81.8</b>	14.3%	+22.9	+38.8%	+9.0
	Segment OI	6.6	<b>8.9</b>	15.9%	+2.3	+34.6%	+1.0
	Segment OI margin	11.3%	10.9%				
<b>Thermos business</b>	Revenue	12.8	<b>15.1</b>	2.6%	+2.3	+17.9%	+0.1
	Segment OI	2.9	<b>3.3</b>	5.9%	+0.4	+11.0%	+0.0
	Segment OI margin	23.2%	21.8%				
<b>Adjustment</b>	Revenue	0.1	<b>0.0</b>	0.0%	-0.1	—	—
	Segment OI	-0.5	<b>-0.7</b>	-1.4%	-0.2	—	—
<b>Consolidated total</b>	Revenue	447.3	<b>573.6</b>	100.0%	+126.3	+28.2%	+39.7
	Core OI	49.8	<b>56.1</b>	100.0%	+6.3	+12.7%	+5.2
	Core OI margin	11.1%	9.8%				

【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.

【Gas business in the U.S.】

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.

#### 【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.

#### 【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.

#### 【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.

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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"

## **NIPPON SANSO HOLDINGS Corporation**

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