

Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024 (Based on IFRS)

July 28, 2023

Stock exchange listing: Tokyo (Prime)

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Scheduled date to file Securities Report: August 8, 2023
Scheduled date to commence dividend payments: —
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 Q1 FYE2024 (April 1, 2023 – June 30, 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)	%
Q1 FYE2024	308,903	11.9	40,748	34.6	40,715	48.2	25,542	42.2	24,558	42.1	99,069	58.1
Q1 FYE2023	276,006	26.4	30,274	23.2	27,472	11.8	17,959	9.5	17,285	7.6	62,653	207.3

(Reference) Income before income taxes

Q1 FYE2024: ¥36,226 million [41.8%]

Q1 FYE2023: ¥25,540 million [15.0%]

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)
Q1 FYE2024	56.74	—
Q1 FYE2023	39.95	—

(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 (%)
Q1 FYE2024 (June 30, 2023)	2,288,601	847,530	813,063	35.5
FYE2023 (March 31, 2023)	2,158,950	757,996	724,314	33.5

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)
FYE2023	—	18.00	—	20.00	38.00
FYE2024	—				
FYE2024 (est.)		20.00	—	20.00	40.00

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

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

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

(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 Jun. 30, 2023	433,092,837 shares	As of Mar. 31, 2023	433,092,837 shares
2. Number of treasury stocks at the end of the period	As of Jun. 30, 2023	233,008 shares	As of Mar. 31, 2023	232,517 shares
3. Average number of shares during the period	Jun. 30, 2023	432,860,141 shares	Jun. 30, 2022	432,702,592 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, “(3)

Explanation concerning predictive information such as consolidated business forecasts” in “1. Qualitative Information on Quarterly Financial Results.”

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation Concerning Business Results

(General Overview)

The business environment surrounding the Nippon Sanso Holdings Group (NSHD Group) in the first quarter of the fiscal year under review (from April 1, 2023 to June 30, 2023), has continued to face a challenging and unpredictable business environment as a result of geopolitical issues in Ukraine, trade tensions between the US and China, global inflation, and JPY depreciation. Air separation gases (oxygen, nitrogen, and argon) volume, which are supplied via on-site pipeline mainly to steel, chemical, and petroleum refining industries, have decreased from the previous fiscal year. On the other hand, energy costs have moderated compared to the previously elevated levels experienced in Europe and the United States. Additionally, the burden of electricity costs, which constitutes a significant portion of the air separation gases production costs, has eased compared to the previous fiscal year.

Due to group-wide price management efforts, including cost pass-through, and solid productivity initiatives, the NSHD Group achieved the following results for the first quarter of the fiscal year under review.

Revenue on a consolidated basis increased 11.9% year-on-year to ¥308,903 million, core operating income increased 34.6% to ¥40,748 million, operating income increased 48.2% to ¥40,715 million, and net income attributable to owners of the parent increased 42.1% to ¥24,558 million.

As for the impact of foreign exchange rates year-on-year, JPY depreciated against the USD from ¥131.25 to ¥139.63 (+¥8.38, or +6.4%), against the EUR from ¥138.75 to ¥151.89 (+¥13.14, or +9.5%), and JPY appreciated against the AUD from ¥92.52 to ¥91.94 (¥0.58), or (0.6%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥11.6 billion and ¥1.6 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) Japan

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs, despite lower shipment volumes of core products such as air separation gases, carbon dioxide gas, and LP gas. In addition, sales of specialty gases for the electronics industry were firm, resulting in an increase in sales. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to the recording of medium- to large-sized projects on a percentage-of-completion basis.

As a result, in the Japan segment, revenue increased by 13.1% year-on-year to ¥107,629 million and segment income increased by 87.1% to ¥11,245 million.

(2) United States

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In equipment and installation, industrial gas-related sales were strong, especially for gas-related equipment, and electronics-related sales were also favorable, resulting in an increase in sales.

As a result, in the United States segment, revenue increased by 19.1% year-on-year to ¥82,051 million and segment income increased by 20.0% to ¥11,191 million. Revenue and segment income were favorably impacted by the weak JPY.

(3) Europe

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases and carbon dioxide gas. In equipment and installation, industrial gas-related sales increased due to strong sales of medical-related equipment. In addition, productivity and cost reduction efforts contributed to the positive performance of the business.

As a result, in the Europe segment, revenue increased by 12.6% year-on-year to ¥73,146 million, and segment income increased by 49.1% to ¥13,150 million. Revenue and segment income were favorably impacted by the weak JPY.

(4) Asia & Oceania

In the industrial gas-related business, revenue increased year-on-year mainly due to the effect of sales price revisions against the backdrop of rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In LP gas, of which a substantial portion of sales are in the Australia region, unit sales prices and sales volumes were consistent with the previous fiscal year. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment as a result of electronics customers reducing inventory and postponing capital investment due to their operating conditions.

As a result, in the Asia & Oceania segment, revenue decreased by 2.1% year-on-year to ¥38,469 million and segment income decreased by 10.6% to ¥4,128 million. Revenue was favorably impacted by the weak JPY.

(5) Thermos

In Japan, sales from portable vacuum-insulated mugs and kitchenware such as frying pans were firm, and revenue increased slightly. Overseas, revenues were generally soft. Segment income decreased significantly due to rising raw material prices from inflation and production costs increase due to the weak JPY.

As a result, the Thermos segment revenue decreased by 1.2% year-on-year to ¥7,584 million, the segment income decreased by 27.2% to ¥1,427 million.

(2) Explanation concerning financial position

As of the end of the Q1 consolidated accounting period, total assets amounted to ¥2,288,601 million, an increase of ¥129,650 million from March 31, 2023. The impact of foreign exchange rates resulted in an increase in total assets of approximately ¥134.9 billion. As of the end of the Q1 consolidated accounting period, the yen was down ¥11.46 against the USD, and down ¥11.88 against the euro from the rates reported on March 31, 2023.

[Assets]

Total current assets amounted to ¥548,855 million, an increase of ¥21,781 million from March 31, 2023. The main changes were an increase in assets held for sale and a decrease in cash and cash equivalents.

Total non-current assets were ¥1,739,745 million, an increase of ¥107,869 million from March 31, 2023, mainly reflecting increases in plant, property and equipment and goodwill.

[Liabilities]

Total current liabilities were ¥458,014 million, an increase of ¥32,857 million from March 31, 2023. The main changes were an increase in bonds and borrowings and a decrease in trade payables.

Total non-current liabilities were ¥983,056 million, an increase of ¥7,259 million from March 31, 2023. The main factors were an increase in deferred tax liabilities and a decrease in bonds and borrowings.

[Equity]

Total equity amounted to ¥847,530 million, an increase of ¥89,533 million from March 31, 2023. The main factors were increases due to the recording of exchange differences on translation of foreign operations and net income attributable to owners of the parent.

The ratio of equity attributable to owners of the parent stood at 35.5%, up 2.0 percentage points from March 31, 2023.

(Cash flow analysis)

[Cash flow from operating activities]

Net cash provided by operating activities increased 5.7% year on year to ¥33,610 million. The main components were income before income taxes, depreciation and amortization expenses, and corporate income tax payment or refund.

[Cash flow from investing activities]

Net cash used in investing activities increased 25.5% year on year to ¥24,975 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 increased 47.7% year on year to ¥24,922 million. The main changes were repayment of long-term borrowings, net increase in short-term borrowings, and proceeds from long-term borrowings.

As a result of the Company's operating, investing and financing activities, the balance of cash and cash equivalents as of the end of Q1, after accounting for the effects of exchange differences, came to ¥122,423 million.

(3) Explanation concerning predictive information such as consolidated business forecasts

No revisions have been made to the consolidated business forecasts released on May 11, 2023.

2. Quarterly Condensed Consolidated Financial Statements and Main Notes

(1) Quarterly Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	132,217	122,423
Trade receivables	243,541	248,524
Inventories	97,612	103,642
Other financial assets	22,479	25,304
Other current assets	26,152	31,538
Subtotal	522,003	531,433
Assets possessed for a sales purpose	5,070	17,421
Total current assets	527,074	548,855
Non-current assets		
Property, plant and equipment	776,148	815,107
Goodwill	513,685	554,620
Intangible assets	242,334	255,757
Investments accounted for using the equity method	38,230	39,000
Other financial assets	46,763	61,008
Retirement benefit asset	2,810	2,717
Other non-current assets	8,461	8,016
Deferred tax assets	3,442	3,515
Total non-current assets	1,631,875	1,739,745
Total assets	2,158,950	2,288,601

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade payables	128,197	125,423
Bonds and borrowings	140,540	172,569
Corporate income taxes payable	16,191	17,078
Other financial liabilities	102,119	101,519
Allowance	284	289
Other current liabilities	37,824	38,475
Subtotal	425,157	455,356
Liabilities directly pertaining to assets possessed for a sales purpose	—	2,657
Total current liabilities	425,157	458,014
Non-current liabilities		
Bonds and borrowings	759,480	749,866
Other financial liabilities	35,693	37,103
Retirement benefit liabilities	14,117	14,608
Allowance	5,440	5,767
Other non-current liabilities	20,364	20,510
Deferred tax liabilities	140,700	155,198
Total non-current liabilities	975,796	983,056
Total liabilities	1,400,953	1,441,070
Equity		
Share capital	37,344	37,344
Capital surplus	51,610	51,411
Treasury stock	(233)	(234)
Retained earnings	537,867	553,779
Other components of equity	97,724	170,761
Total equity attributable to owners of the parent	724,314	813,063
Non-controlling interests	33,682	34,467
Total equity	757,996	847,530
Total liabilities and equity	2,158,950	2,288,601

(2) Quarterly Condensed Consolidated Statement of Profit or Loss and Quarterly Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Profit or Loss
(Consolidated cumulative first quarter)

(Millions of yen)

	Three-months ended June 30, 2022	Three-months ended June 30, 2023
Revenue	276,006	308,903
Cost of sales	(173,531)	(187,077)
Gross operating profit	102,475	121,825
Selling, general and administrative expenses	(72,659)	(81,766)
Other operating income	1,454	812
Other operating expense	(4,245)	(443)
Share of profit of investments accounted for using the equity method	446	286
Operating income	27,472	40,715
Finance income	1,058	1,605
Finance costs	(2,990)	(6,093)
Income before income taxes	25,540	36,226
Corporate income taxes	(7,580)	(10,683)
Net income	17,959	25,542
Net income attributable to:		
Owners of the parent	17,285	24,558
Non-controlling interests	674	984
Net income per share		
Basic earnings per share (yen)	39.95	56.74

Condensed Consolidated Statement of Comprehensive Income
(Consolidated cumulative first quarter)

(Millions of yen)

	Three-months ended June 30, 2022	Three-months ended June 30, 2023
Net income	17,959	25,542
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(4,769)	4,995
Remeasurements of defined benefit plans	14	9
Share of other comprehensive income of investments accounted for using the equity method	(27)	11
Total of items that will not be reclassified to profit or loss	(4,782)	5,016
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	48,851	68,547
Effective portion of net change in fair value of cash flow hedges	(267)	(499)
Share of other comprehensive income of investments accounted for using the equity method	891	461
Total of items that may be reclassified subsequently to profit or loss	49,475	68,509
Total other comprehensive income, net of tax	44,693	73,526
Comprehensive income	62,653	99,069
Comprehensive income attributable to:		
Owners of the parent	61,455	97,624
Non-controlling interests	1,197	1,445

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Three-months ended June 30, 2022 (April 1, 2022 to June 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	—	—	—	17,285
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	17,285
Purchase of treasury stock	—	—	(1)	—
Disposal of treasury stock	—	—	53	—
Dividends	—	—	—	(7,787)
Changes in ownership interest in subsidiaries	—	(686)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	221
Change in scope of consolidation	—	—	—	—
Other changes	—	—	—	—
Total transactions with owners	—	(686)	52	(7,565)
Balance at June 30, 2022	37,344	55,259	(228)	486,308

	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 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	—	—	—	—	—	17,285	674	17,959
Other comprehensive income	49,222	(265)	(4,801)	14	44,170	44,170	522	44,693
Comprehensive income	49,222	(265)	(4,801)	14	44,170	61,455	1,197	62,653
Purchase of treasury stock	—	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	—	—	53	—	53
Dividends	—	—	—	—	—	(7,787)	(442)	(8,230)
Changes in ownership interest in subsidiaries	—	—	—	—	—	(686)	(604)	(1,290)
Business combinations or business divestitures	—	—	—	—	—	—	513	513
Transfer from other components of equity to retained earnings	—	—	(207)	(14)	(221)	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	287	287
Total transactions with owners	—	—	(207)	(14)	(221)	(8,421)	(246)	(8,667)
Balance at June 30, 2022	88,650	103	14,309	—	103,064	681,748	33,374	715,123

Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(Millions of yen)

	Share capital	Capital surplus	Treasury stock	Retained earnings
Balance at April 1, 2023	37,344	51,610	(233)	537,867
Net income	—	—	—	24,558
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	24,558
Purchase of treasury stock	—	—	(1)	—
Disposal of treasury stock	—	—	—	—
Dividends	—	—	—	(8,658)
Changes in ownership interest in subsidiaries	—	(199)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	28
Change in scope of consolidation	—	—	—	(16)
Other changes	—	—	—	—
Total transactions with owners	—	(199)	(1)	(8,646)
Balance at June 30, 2023	37,344	51,411	(234)	553,779

	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 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, 2023	81,172	(284)	16,836	—	97,724	724,314	33,682	757,996
Net income	—	—	—	—	—	24,558	984	25,542
Other comprehensive income	68,560	(494)	4,990	9	73,065	73,065	460	73,526
Comprehensive income	68,560	(494)	4,990	9	73,065	97,624	1,445	99,069
Purchase of treasury stock	—	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(8,658)	(553)	(9,212)
Changes in ownership interest in subsidiaries	—	—	—	—	—	(199)	(88)	(287)
Business combinations or business divestitures	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(18)	(9)	(28)	—	—	—
Change in scope of consolidation	—	—	—	—	—	(16)	—	(16)
Other changes	—	—	—	—	—	—	(17)	(17)
Total transactions with owners	—	—	(18)	(9)	(28)	(8,875)	(660)	(9,535)
Balance at June 30, 2023	149,732	(779)	21,808	—	170,761	813,063	34,467	847,530

(4) Quarterly Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three-months ended June 30, 2022	Three-months ended June 30, 2023
Cash flow from operating activities		
Income before income taxes	25,540	36,226
Depreciation and amortization	25,586	27,126
Interest and dividends income	(555)	(1,011)
Interest expenses	2,983	6,083
Share of (profit) loss of investments accounted for using the equity method	(446)	(286)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	150	1
(Increase) decrease in trade receivables	2,070	(1,599)
(Increase) decrease in inventories	(7,792)	(3,399)
Increase (decrease) in trade payables	(4,701)	(3,439)
(Increase) decrease in retirement benefit asset	(331)	(82)
Increase (decrease) in retirement benefit liabilities	203	228
Other	(989)	(11,502)
Subtotal	41,717	48,346
Interest received	51	490
Dividends received	876	1,355
Interest paid	(2,834)	(6,922)
Corporate income tax refund (paid)	(8,009)	(9,660)
Cash flow from operating activities	31,801	33,610
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(19,849)	(25,093)
Proceeds from sale of property, plant and equipment	321	367
Payments for purchase of investment	(116)	(24)
Proceeds from sale and redemption of investments	527	77
Payments for acquisition of subsidiaries	(107)	—
Proceeds from sale of subsidiaries	—	154
Other	(673)	(457)
Cash flow from investing activities	(19,897)	(24,975)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	17,473	14,281
Net increase (decrease) in commercial papers	3,000	(5,000)
Proceeds from long-term borrowings	52	12,914
Payments for repayment of long-term borrowings	(26,971)	(34,853)
Payments for repayment of lease obligations	(2,751)	(3,165)
Payments for purchase of shares in subsidiaries not resulting in change in scope of consolidation	(71)	(33)
Dividends paid	(7,787)	(8,658)
Dividends paid to non-controlling interests	(442)	(553)
Other	622	145
Cash flow from financing activities	(16,876)	(24,922)
Impact of exchange rate changes on cash and cash equivalents	1,812	7,407
Net increase (decrease) in cash and cash equivalents	(3,159)	(8,881)
Balance of cash and cash equivalents at beginning of fiscal year	93,697	132,217
Increase (decrease) in cash and cash equivalents resulting from transfer to assets possessed for a sales purpose	—	(912)
Balance of cash and cash equivalents at end of quarter	90,537	122,423

(5) Notes to the Quarterly Condensed 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 in Japan and overseas, mainly for customers in the steel, chemical, electronics, 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 housewares 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.

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

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

Three-months ended June 30, 2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statement of Income
	Japan	The United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue to external customers	95,150	68,891	64,976	39,286	7,679	275,984	22	276,006
Revenue from inter-segment transactions and transfers	3,867	6,037	55	755	2	10,718	(10,718)	—
Total	99,018	74,928	65,032	40,041	7,681	286,702	(10,696)	276,006
Segment income (Note 2)	6,011	9,325	8,816	4,615	1,961	30,731	(457)	30,274

Notes: 1. The negative adjustment of (¥457) million for segment income is comprised of (¥132) million of intersegment eliminations and companywide expenses of (¥324) 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.

Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statement of Income
	Japan	The United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue to external customers	107,629	82,051	73,146	38,469	7,584	308,880	22	308,903
Revenue from inter- segment transactions and transfers	3,333	6,002	75	722	3	10,137	(10,137)	—
Total	110,963	88,054	73,221	39,192	7,587	319,018	(10,115)	308,903
Segment income (Note 2)	11,245	11,191	13,150	4,128	1,427	41,142	(394)	40,748

Notes: 1. The negative adjustment of (¥394) million for segment income is comprised of (¥30) million of intersegment eliminations and companywide expenses of (¥364) 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 below.

(Millions of yen)

	Three-months ended June 30, 2022 (April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)
Segment income	30,274	40,748
Loss on arbitration award	(3,397)	—
Other	595	(33)
Operating income	27,472	40,715
Finance income	1,058	1,605
Finance costs	(2,990)	(6,093)
Income before income taxes	25,540	36,226