

Consolidated Financial Results for the First half of Fiscal Year Ending March 31, 2021 (Based on IFRS)

October 30, 2020

Company name: Nippon Sanso Holdings Corporation Stock exchange listing: Tokyo (1st section)
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Scheduled date to file Quarterly Securities Report: November 10, 2020
Scheduled date to commence dividend payments: December 1, 2020
Supplementary materials on quarterly financial results: Yes
Quarterly results explanatory meeting: Yes (For institutional investors and analysts)

(Amounts less than ¥1 million are omitted)

1. Financial results for the first half of FYE2021 (April 1, 2020 – September 30, 2020)

(1) Operating results

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
First half of FYE2021	384,505	(9.1)	36,727	(19.2)	36,665	(21.6)	21,561	(24.9)	21,001	(24.3)	38,485	—
First half of FYE2020	422,881	28.4	45,479	61.6	46,749	61.4	28,724	53.4	27,740	56.9	(8,922)	—

(Reference) Income before income taxes

First half of FYE2021: ¥30,821 million [(24.5)%]

First half of FYE2020: ¥40,831 million [50.8%]

Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

	Basic earnings per share (Yen)	Diluted net income per share (Yen)
First half of FYE2021	48.53	—
First half of FYE2020	64.10	—

(2) Financial position

	Total assets (¥ million)	Total equity (¥ million)	Equity attributable to owners of the parent (¥ million)	Equity attributable to owners of the parent ratio (%)
First half of FYE2021 (September 30, 2020)	1,774,281	469,973	440,495	24.8
FYE2020 (March 31, 2020)	1,751,732	440,693	409,344	23.4

2. Dividends

	Annual Dividend				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term end	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FYE2020	—	14.00	—	14.00	28.00
FYE2021	—	14.00			
FYE2021 (est.)			—	14.00	28.00

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

3. Forecasts for business operations for FYE2021 full term (April 1, 2020 – March 31, 2021)

(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	830,000	(2.4)	82,000	(9.2)	82,000	(12.7)	46,000	(16.4)	44,000	(17.5)	101.67

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

(Reference) Income before income taxes

FYE2021 full term: ¥ 67,500million [14.7%]

* Notes

(1) Changes in significant subsidiaries during the six months ended Sep. 30, 2020: None
(Transfer of specified subsidiaries resulting in changes in the scope of consolidation)

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

1. Changes in accounting policies required by IFRS: None
2. Changes in accounting policies other than 1.: None
3. Changes in accounting estimates: None

(3) Number of outstanding shares (common shares)

1. Number of outstanding shares at the end of the period (including treasury stock)	As of Sep. 30, 2020	433,092,837 shares	As of Mar. 31, 2020	433,092,837 shares
2. Number of treasury stocks at the end of the period	As of Sep. 30, 2020	340,665 shares	As of Mar. 31, 2020	339,139 shares
3. Average number of shares during the period (quarterly cumulative)	Six months ended Sep. 30, 2020	432,753,143 shares	Six months ended Sep. 30, 2019	432,756,348 shares

* Quarterly financial reports are out of the scope of quarterly review 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 results stated in this document are based on the information currently available to 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 forecasts for business operations” in “1. General information relating to the first half results.”

(Obtaining Details of the Quarterly Financial Results Briefing)

NSHD plans to hold the following briefing for investors.

Thursday, November 12, 2020: Business performance briefing for institutional investors and analysts

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1. General information relating to the first half results

(1) Explanation concerning business results

General overview

The business environment surrounding the Nippon Sanso Holdings Group (NSHD Group) in the first half of the fiscal year under review (from April 1, 2020 to September 30, 2020) was as follows. In the first quarter (from April 1, 2020 to June 30, 2020), the global COVID-19 pandemic caused a drastic economic downturn and decline in demand in the countries and regions the NSHD Group has entered, and production activity in the manufacturing sector rapidly decelerated and became stagnant. From the start of the second quarter (from July 1, 2020 to September 30, 2020), certain countries, regions and customers have started to gradually show signs of recovery. The trend in shipments of air separation gases (oxygen, nitrogen, and argon) has been gradually recovering on a quarterly basis, but these shipments have decreased sharply in comparison to the previous fiscal year.

Against this backdrop, the NSHD Group achieved the following results for the first half of the fiscal year under review. Revenue on a consolidated basis decreased 9.1% year on year to ¥384,505 million, core operating income decreased 19.2% to ¥36,727 million, operating income decreased 21.6% to ¥36,665 million and net income attributable to owners of the parent decreased 24.3% to ¥21,001 million. Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items).

A breakdown of business performance by reportable segment is as follows. Segment income represents core operating income.

① Gas Business in Japan

In the industrial gas-related business, revenue from air separation gases, a core product, decreased sharply year on year, mainly due to sluggish production activity in relevant industries. Meanwhile, in the electronics-related field, revenue from electronic materials gases were mostly on a par with the previous fiscal year. In equipment and installation, revenue rose substantially in the electronics-related field. However, there was a large year-on-year decline in revenue primarily in welding and cutting equipment for metal processing

As a result, in the Gas Business in Japan, revenue decreased 9.7% year on year to ¥157,125 million, while segment income declined 6.8% to ¥11,476 million.

② Gas Business in the United States

In the industrial-gas related business, revenue from air separation gases, a core product, decreased sharply year on year, primarily for packaged and bulk gases. In the on-site business, revenue declined year on year due to the impact of lower demand from gas customers. In equipment and installation, electronics-related revenue increased, but revenue from welding and cutting equipment for metal processing decreased sharply, due partly to the voluntary suspension of business activities at retail stores in the relevant states.

As a result, in the Gas Business in the United States, revenue decreased 7.8% year on year to ¥91,253 million and segment income decreased 18.0% to ¥9,631 million.

③ Gas Business in Europe

Demand for bulk gas decreased sharply due to stagnation in production activity as a whole in the key regions Iberia (Spain and Portugal), Germany, and Italy. In the on-site business, demand fell significantly due to the impact of a decline in demand from gas customers. In equipment and installation, demand decreased substantially, mainly for welding and cutting equipment for metal processing.

As a result, in the Gas Business in Europe, revenue decreased 12.3% year on year to ¥74,821 million and segment income decreased 34.6% to ¥8,649million.

④ Gas Business in Asia & Oceania

In the industrial gas-related business, revenue from air separation gases, a core product, decreased sharply due to the impact of city lockdowns in countries and regions such as the Philippines and stagnant production activity in the manufacturing sector. In LPG, unit sales prices fell due to lower contract prices in purchasing, but shipments in Australia were solid. In the electronics-related business, shipments were favorable for electronic materials gases in East Asia. In equipment and installation, demand decreased sharply, mainly reflecting a decrease in spot projects in Singapore, as well as the absence of an installation project in Taiwan, and lower demand for welding and cutting equipment for metal processing.

As a result, in the Gas Business in Asia & Oceania, revenue decreased 2.6% year on year to ¥50,264 million and segment income increased 5.5% to ¥5,673million.

⑤ Thermos Business

In the Thermos Business, revenue from portable mugs, a core product, decreased sharply in Japan, as revenue was heavily impacted by the loss of sales opportunities associated with the leisure season. These sales opportunities were lost because of restrictions on going outdoors and the voluntary suspension of business activities in the first quarter of the fiscal year. Meanwhile, sales volume of frying pans and tumblers increased substantially in connection with the widespread adoption of new lifestyles where consumers spend longer periods of time at home. Overseas, sales volume decreased in response to the impact of business slowdowns in various regions.

As a result, in the Thermos Business, revenue decreased 15.4% year on year to ¥11,039 million, and segment income fell 48.9% to ¥2,112million.

(2) Explanation concerning financial position

Total assets amounted to ¥1,774,281 million as of September 30, 2020, an increase of ¥22,548 million from March 31, 2020. Due to the impact of foreign exchange rates, total assets were stated ¥23.6 billion higher than they otherwise would have been reported. This mainly reflected foreign exchange rate changes such as the yen's appreciation of ¥3.03 against the U.S. dollar and the yen's depreciation of ¥4.62 against the euro as of September 30, 2020, compared with the rates as of March 31, 2020.

[Assets]

Total current assets were ¥371,016 million, an increase of ¥3,714 million from March 31, 2020. The main changes were an increase in inventories and a decrease in trade receivables.

Total non-current assets were ¥1,403,264 million, an increase of ¥18,834 million from March 31, 2020, mainly due to increases in goodwill and other financial assets.

[Liabilities]

Total current liabilities were ¥297,802 million, a decrease of ¥34,101 million from March 31, 2020. This result mainly reflected decreases in bonds and borrowings and trade payables.

Total non-current liabilities were ¥1,006,505 million, an increase of ¥27,370 million from March 31, 2020. The main contributing factors were increases in bonds and borrowings and deferred tax liabilities.

[Equity]

Total equity amounted to ¥469,973 million, an increase of ¥29,279 million from March 31, 2020. The main changes were an increase due to the recording of net income attributable to owners of the parent, retained earnings paid as dividends, and an increase in exchange differences on translation of foreign operations.

The equity attributable to owners of the parent ratio stood at 24.8%, up 1.4 percentage points from the previous fiscal year-end.

(Cash flow analysis)

(Cash flow from operating activities)

Net cash provided by operating activities amounted to ¥53,928 million. The main components were profit before income taxes, depreciation and amortization, and increase (decrease) in trade payables.

(Cash flow from investing activities)

Net cash used in investing activities was ¥30,237 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 was ¥21,112 million. Principal factors behind this result included repayments of long-term borrowings, net increase (decrease) in commercial paper, 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 at end of fiscal year, after accounting for the effects of exchange rates, was ¥104,342 million as of September 30, 2020.

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

The Company has not revised its forecasts for business operations announced on May 12, 2020.

2. Condensed consolidated financial statements and main notes
(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of Mar. 31, 2020	As of Sept. 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	100,005	104,342
Trade receivables	179,243	171,243
Inventories	65,886	71,164
Other financial assets	7,147	7,816
Other current assets	15,020	16,181
Subtotal	367,302	370,749
Assets held for sale	—	267
Total current assets	367,302	371,016
Non-current assets:		
Plant, property and equipment:	655,195	657,073
Goodwill	419,290	430,987
Intangible assets	232,077	232,379
Investments accounted for using the equity method	32,065	32,039
Other financial assets	38,834	43,428
Retirement benefit asset	1,358	1,370
Other non-current assets	971	1,340
Deferred tax assets	4,637	4,645
Total non-current assets	1,384,430	1,403,264
Total assets	1,751,732	1,774,281

(Millions of yen)

	As of Mar. 31, 2020	As of Sept. 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade payables	93,885	82,660
Bonds and borrowings	154,980	133,588
Income taxes payable	8,331	7,472
Other financial liabilities	51,525	47,637
Allowance	375	394
Other current liabilities	22,805	26,048
Total current liabilities	331,903	297,802
Non-current liabilities:		
Bonds and borrowings	807,611	828,976
Other financial liabilities	29,171	29,453
Retirement benefit liabilities	12,952	13,462
Allowance	3,281	3,392
Other non-current liabilities	20,282	20,356
Deferred tax liabilities	105,835	110,863
Total non-current liabilities	979,135	1,006,505
Total liabilities	1,311,038	1,304,307
Equity		
Share capital	37,344	37,344
Capital surplus	56,387	56,048
Treasury stock	(268)	(271)
Retained earnings	379,322	394,134
Other components of equity	(63,441)	(46,760)
Total equity attributable to owners of parent	409,344	440,495
Non-controlling interests	31,349	29,477
Total equity	440,693	469,973
Total liabilities and equity	1,751,732	1,774,281

**(2) Condensed Consolidated Statement of Profit or Loss and
Condensed Consolidated Statement of Comprehensive Income
(Consolidated Financial Results for the Cumulative Second Quarter)**

**Condensed Consolidated Statement of Profit or Loss
(Consolidated Financial Results for the Cumulative Second Quarter)**

(Millions of yen)

	Six months ended Sept. 30, 2019	Six months ended Sept. 30, 2020
Revenue	422,881	384,505
Cost of sales	(259,875)	(236,602)
Gross profit	163,005	147,902
Selling, general and administrative expenses	(120,441)	(112,522)
Other operating income	4,463	2,120
Other operating expense	(1,741)	(1,464)
Share of profit of investments accounted for using the equity method	1,463	628
Operating profit	46,749	36,665
Finance income	1,268	743
Finance costs	(7,185)	(6,587)
Profit before income taxes	40,831	30,821
Income taxes	(12,107)	(9,259)
Profit	28,724	21,561
Profit attributable to:		
Owners of parent	27,740	21,001
Non-controlling interests	984	560
Earnings per share		
Basic earnings per share (Yen)	64.10	48.53

Condensed Consolidated Statement of Comprehensive Income
(Consolidated Financial Results for the Cumulative Second Quarter)

(Millions of yen)

	Six months ended Sept. 30, 2019	Six months ended Sept. 30, 2020
Profit	28,724	21,561
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,342)	3,252
Remeasurements of defined benefit plans	(11)	(18)
Share of other comprehensive income of investments accounted for using the equity method	8	(32)
Total of items that will not be reclassified to profit or loss	(1,345)	3,201
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(34,680)	14,157
Effective portion of net change in fair value of cash flow hedges	(57)	(4)
Share of other comprehensive income of investments accounted for using the equity method	(1,564)	(430)
Total of items that may be reclassified subsequently to profit or loss	(36,301)	13,722
Total other comprehensive income	(37,647)	16,923
Comprehensive income	(8,922)	38,485
 Comprehensive income attributable to:		
Owners of parent	(9,485)	37,664
Non-controlling interests	562	821

(3) Condensed Consolidated Statement of Changes in Equity
First half of FYE2020 (April 1, 2019 to September 30, 2019)

	Share capital	Capital surplus	Treasury stock	(Millions of yen) Retained earnings
Balance at April 1, 2019	37,344	53,116	(261)	339,393
Profit	–	–	–	27,740
Other comprehensive income	–	–	–	–
Comprehensive income	–	–	–	27,740
Purchase of treasury stock	–	–	(3)	–
Disposal of treasury stock	–	0	0	–
Dividends	–	–	–	(5,627)
Changes in ownership interest in subsidiaries	–	(3)	–	–
Business combinations or business divestitures	–	4,352	–	–
Transfer from other components of equity to retained earnings	–	–	–	(11)
Change in scope of consolidation	–	–	–	12
Other changes	–	–	–	–
Total transactions with owners	–	4,348	(3)	(5,626)
Balance at September 30, 2019	37,344	57,465	(264)	361,507

	Other components of equity					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2019	(33,440)	(39)	10,488	–	(22,991)	406,602	29,251	435,854
Profit	–	–	–	–	–	27,740	984	28,724
Other comprehensive income	(35,832)	(57)	(1,324)	(11)	(37,225)	(37,225)	(421)	(37,647)
Comprehensive income	(35,832)	(57)	(1,324)	(11)	(37,225)	(9,485)	562	(8,922)
Purchase of treasury stock	–	–	–	–	–	(3)	–	(3)
Disposal of treasury stock	–	–	–	–	–	0	–	0
Dividends	–	–	–	–	–	5,627	(604)	(6,232)
Changes in ownership interest in subsidiaries	–	–	–	–	–	(3)	(16)	(19)
Business combinations or business divestitures	–	–	–	–	–	4,352	1,165	5,518
Transfer from other components of equity to retained earnings	–	–	0	11	11	–	–	–
Change in scope of consolidation	–	–	–	–	–	12	–	12
Other changes	–	–	–	–	–	–	(259)	(259)
Total transactions with owners	–	–	0	11	11	(1,269)	285	(984)
Balance at September 30, 2019	(69,272)	(96)	9,163	–	(60,205)	395,847	30,100	425,947

First half of FYE2021 (April 1, 2020 to September 30, 2020)

	Share capital	Capital surplus	Treasury stock	(Millions of yen) Retained earnings
Balance at April 1, 2020	37,344	56,387	(268)	379,322
Profit	-	-	-	21,001
Other comprehensive income	-	-	-	-
Comprehensive income				21,001
Purchase of treasury stock	-	-	(2)	-
Disposal of treasury stock	-	0	0	-
Dividends	-			(6,060)
Changes in ownership interest in subsidiaries	-	(339)	-	-
Business combinations or business divestitures	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(18)
Change in scope of consolidation	-	-	-	(110)
Other changes	-	-	-	-
Total transactions with owners	-	(339)	(2)	(6,190)
Balance at September 30, 2020	37,344	56,048	(271)	394,134

	Other components of equity					Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total			
Balance at April 1, 2020	(71,170)	19	7,709	-	(63,441)	409,344	31,349	440,693
Profit	-	-	-	-	-	21,001	560	21,561
Other comprehensive income	13,516	(7)	3,172	(18)	16,662	16,662	260	16,923
Comprehensive income	13,516	(7)	3,172	(18)	16,662	37,664	821	38,485
Purchase of treasury stock	-	-	-	-	-	(2)	-	(2)
Disposal of treasury stock	-	-	-	-	-	0	-	0
Dividends	-	-	-	-	-	(6,060)	(407)	(6,468)
Changes in ownership interest in subsidiaries	-	-	-	-	-	(339)	(2,517)	(2,856)
Business combinations or business divestitures	-	-	-	-	-	-	54	54
Transfer from other components of equity to retained earnings	-	-	(0)	18	18	-	-	-
Change in scope of consolidation	-	-	-	-	-	(110)	-	(110)
Other changes	-	-	-	-	-	-	177	177
Total transactions with owners	-	-	(0)	18	18	(6,513)	(2,692)	(9,205)
Balance at September 30, 2020	(57,653)	11	10,881	-	(46,760)	440,495	29,477	469,973

(4) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Cash flow from operating activities		
Profit before income taxes	40,831	30,821
Depreciation and amortization	41,515	43,022
Interest and dividends income	(659)	(480)
Interest expenses	7,145	6,565
Share of (profit) loss of investments accounted for using the equity method	(1,463)	(628)
Loss (gain) on sales and retirement of property, plant and equipment, and intangible assets	(2,047)	29
(Increase) decrease in trade receivables	13,550	8,859
(Increase) decrease in inventories	(5,147)	(4,445)
Increase (decrease) in trade payables	(11,967)	(12,050)
(Increase) decrease in retirement benefit asset	(206)	(196)
Increase (decrease) in retirement benefit liabilities	390	405
Other	2,206	(4,549)
Subtotal	84,149	67,353
Interest receive	101	93
Dividends received	4,538	1,023
Interest paid	(6,158)	(5,705)
Income taxes refund (paid)	(12,127)	(8,836)
Net cash provided by operating activities	70,503	53,928
Cash flow from investing activities		
Purchase of property, plant and equipment	(36,500)	(29,026)
Proceeds from sale of property, plant and equipment	2,494	218
Purchase of investment	(291)	(468)
Proceeds from sales and redemption of investments	77	5
Payments for acquisition of subsidiaries	–	(119)
Proceeds from sales of subsidiaries	1,586	–
Other	(611)	(846)
Net cash used in investing activities	(33,244)	(30,237)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	(54,365)	2,010
Net increase (decrease) in commercial papers	11,000	(10,000)
Proceeds from long-term borrowings	55,757	51,564
Repayment of long-term borrowings	(27,273)	(51,320)
Repayments of lease obligations	(4,427)	(4,230)
Purchases of investments in subsidiaries not resulting in change in scope of consolidation	(22)	(2,704)
Dividends paid	(5,627)	(6,060)
Dividends paid to non-controlling interests	(604)	(407)
Other	1	36
Net cash used in financing activities	(25,562)	(21,112)
Effect of exchange rate changes on cash and cash equivalents	(1,981)	1,739
Net increase (decrease) in cash and cash equivalents	9,715	4,318
Balance of cash and cash equivalents at beginning of fiscal year	59,620	100,005
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	41	–
Increase in cash and cash equivalents resulting from merger	–	19
Balance of cash and cash equivalents at end of fiscal year	69,376	104,342

(5) Notes to the Condensed Consolidated Financial Statements

(Note regarding going concern assumption)

Not applicable.

(Segment information)

1) Outline of reportable segments

The NSHD Group's reportable segments are components of the NSHD Group about which separate financial information is available and which are evaluated regularly by the Board of Directors in deciding how to allocate management resources and in assessing performance. No grouping of operating segments has been carried out for reporting purposes.

The NSHD Group conducts gas businesses in Japan and overseas, mainly for customers in the steel, chemical and electronics industries, and has built production and sales structures for its main products in Japan, the United States, Europe, and Asia & Oceania. In addition, the NSHD Group conducts the manufacture and sales business of housewares such as stainless steel vacuum bottles. Therefore, the Company has established the following five reportable segments: Gas Business in Japan, Gas Business in the United States, Gas Business in Europe, Gas Business in Asia & Oceania, and Thermos Business.

The principal products and services included in the five reportable segments are shown in the table below.

Reportable segment	Main products and services
Gas Business in Japan	Oxygen, nitrogen, argon, carbon dioxide, helium, hydrogen, acetylene, gas-related equipment, specialty gases (electronic materials gases, pure gases, etc.), electronics-related equipment and installation, semiconductor manufacturing equipment, cutting and welding equipment, welding materials, plants and machinery, liquid petroleum gas (LPG) and related equipment, medical-use gases (oxygen, nitrous oxide, etc.), medical equipment, stable isotopes
Gas Business in the United States	
Gas Business in Europe	
Gas Business in Asia & Oceania	
Thermos Business	Housewares

The accounting methods adopted for the reported operating segments are the same as the methods adopted to prepare the consolidated financial statements. Revenue from inter-segment transactions and transfers is based primarily on prevailing market prices.

2) Figures of revenue and income (loss) by reportable segment

First half, FYE2020 (April 1, 2019 – September 30, 2019)

(¥ million)

	Reportable segment					Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business			
Revenue								
Revenue to external customers	174,015	98,953	85,283	51,582	13,046	422,881	—	422,881
Revenue from inter-segment transactions and transfers	4,984	8,021	—	1,362	11	14,379	(14,379)	—
Total	178,999	106,975	85,283	52,944	13,057	437,261	(14,379)	422,881
Segment income (Note 2)	12,319	11,744	13,218	5,376	4,137	46,796	(1,316)	45,479

Notes: 1. The (¥1,316) million negative adjustment for segment income is comprised of (¥336) million of intersegment eliminations and companywide expenses of (¥980) million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.

2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

First half, FYE2021 (April 1, 2020 – September 30, 2020)

(¥ million)

	Reportable segment					Total	Adjustments (Note 1)	Amounts on the Consolidated Statements of Income
	Gas Business in Japan	Gas Business in the United States	Gas Business in Europe	Gas Business in Asia & Oceania	Thermos Business			
Revenue								
Revenue to external customers	157,125	91,253	74,821	50,264	11,039	384,505	—	384,505
Revenue from inter-segment transactions and transfers	7,293	8,812	6	1,568	17	17,697	(17,697)	—
Total	164,418	100,066	74,828	51,832	11,057	402,203	(17,697)	384,505
Segment income (Note 2)	11,476	9,631	8,649	5,673	2,112	37,543	(816)	36,727

- Notes: 1. The (¥816) million negative adjustment for segment income is comprised of (¥123) million of intersegment eliminations and companywide expenses of (¥692) million that were not allocated to any particular reportable segment. These companywide expenses related principally to basic research expenses that were not allocated to a particular reportable segment.
2. Segment income represents core operating income, which is calculated as operating income excluding certain gains or losses attributable to non-recurring factors (non-recurring items).

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

(¥ million)

	First half of FYE2020 (April 1, 2019 to September 30, 2019)	First half of FYE2021 (April 1, 2020 to September 30, 2020)
Segment income	45,479	36,727
Gain on sales of noncurrent assets	2,059	—
Impairment loss	(311)	—
Other	(479)	(61)
Operating income	46,749	36,665
Financial revenue	1,268	743
Financial expenses	(7,185)	(6,587)
Income before income taxes	40,831	30,821