



NIPPON SANSO HOLDINGS

# Q4 FYE2023 Consolidated Financial Results

## Earnings Announcement

( Fiscal year ended March 31, 2023 )

May 11, 2023  
Tokyo (Japan)

The Gas Professionals

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## ● Financial information

NSHD’s financial statements are prepared in accordance with international Financial Reporting Standards (“IFRS”).

# Notes

## ● Analysis of Operating Results (Reasons for change in Revenue and Segment Operating Income)

In the supplementary materials to the financial statements of NSHD, starting from the fiscal year ending March 31, 2022, NSHD will describe the status of the business results of NSHD group on a quarterly consolidated accounting period basis, as well as its recognition and analysis of the status of the business results of NSHD group from management's perspective. Please note that Segment Operating Income is based on Core Operating Income.

## ● The following table shows Revenue, Operating income, and the effect of Forex rate changes on Revenue and Operating Income.

The impact of Forex rate fluctuation is calculated by applying the average rate for the period under review to the period under review (the current period and the previous period). These disclosures are not in accordance with International Financial Reporting Standards (IFRS). However, we believe that these disclosures are useful analytical information for investors to understand the business conditions of the Group.

<Forex rates>

		Average Forex rates										(Reference) Currency sensitivity as rough indication		
		FYE2022				FYE2023				FYE2024			Impact of devaluation by 1 JPY (Full-term basis)	
Unit : JPY	Currency	1Q (Apr.-Jun.)	1st Half (Apr.-Sep.)	9M (Apr.-Dec.)	Full-term (Apr.-Mar.)	1Q (Apr.-Jun.)	1st Half (Apr.-Sep.)	9M (Apr.-Dec.)	Full-term (Apr.-Mar.)	Full-term Assumption (Apr.-Mar.)	Unit : ¥ bn.	Currency	Revenue	Core Operating Income
										(Announced on May 11, 2023)				
	USD	109.76	110.10	111.45	113.04	131.25	135.30	136.85	136.00	130	USD		+2.2	+0.28
	EUR	132.44	131.16	130.96	131.11	138.75	139.14	140.83	141.62	140	EUR		+1.9	+0.25
	SGD	82.41	82.01	82.77	83.83	94.97	97.12	98.61	99.05	97.1				
	AUD	84.15	82.33	82.69	83.33	92.52	93.51	93.16	92.67	93.5				
	CNY	17.06	17.07	17.35	17.65	19.71	19.91	19.81	19.71	19.9				

## ● Presentation of overall business performance and segment performance

The amounts shown are after offsetting and elimination of inter-segment transactions and do not include consumption tax etc. Notes that from Q3 FYE2023, the reportable segment names simplified, but the scope of segment aggregation didn't change.

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- 3. FYE2024 Full-term Forecast**

## Appendix

# 1. Strategic overview

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Our Medium-term Management plan:

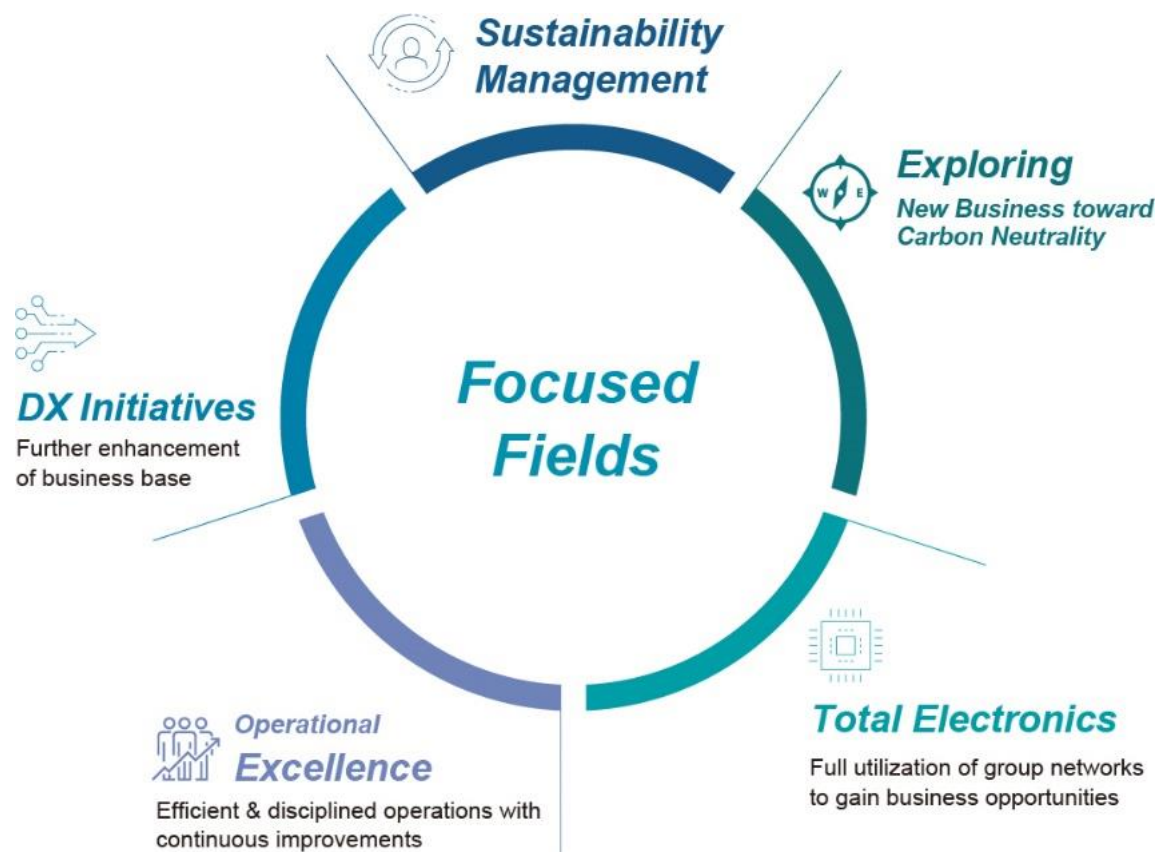
# NS Vision 2026 | Enabling the Future

Group Philosophy

**Proactive. Innovative. Collaborative.**  
**Making life better through gas technology.**  
**The Gas Professionals**

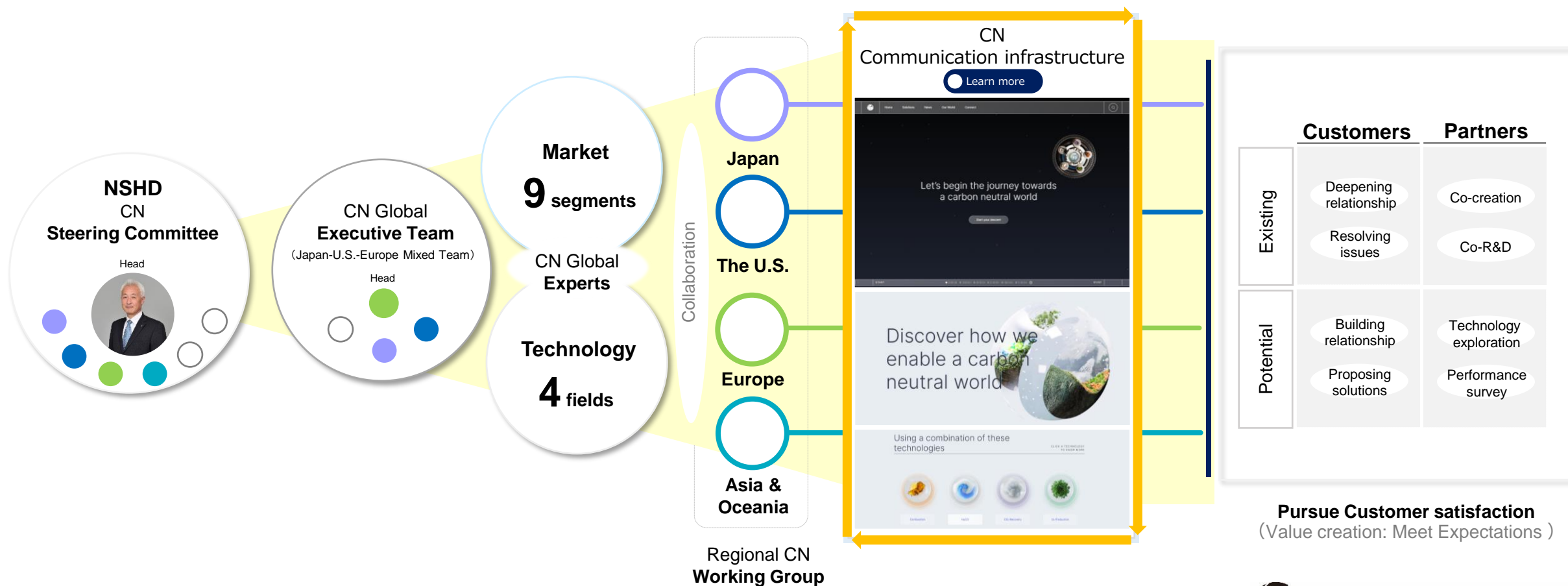
Group Vision

**We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future.**



# Action policy: Exploring new business toward carbon neutrality

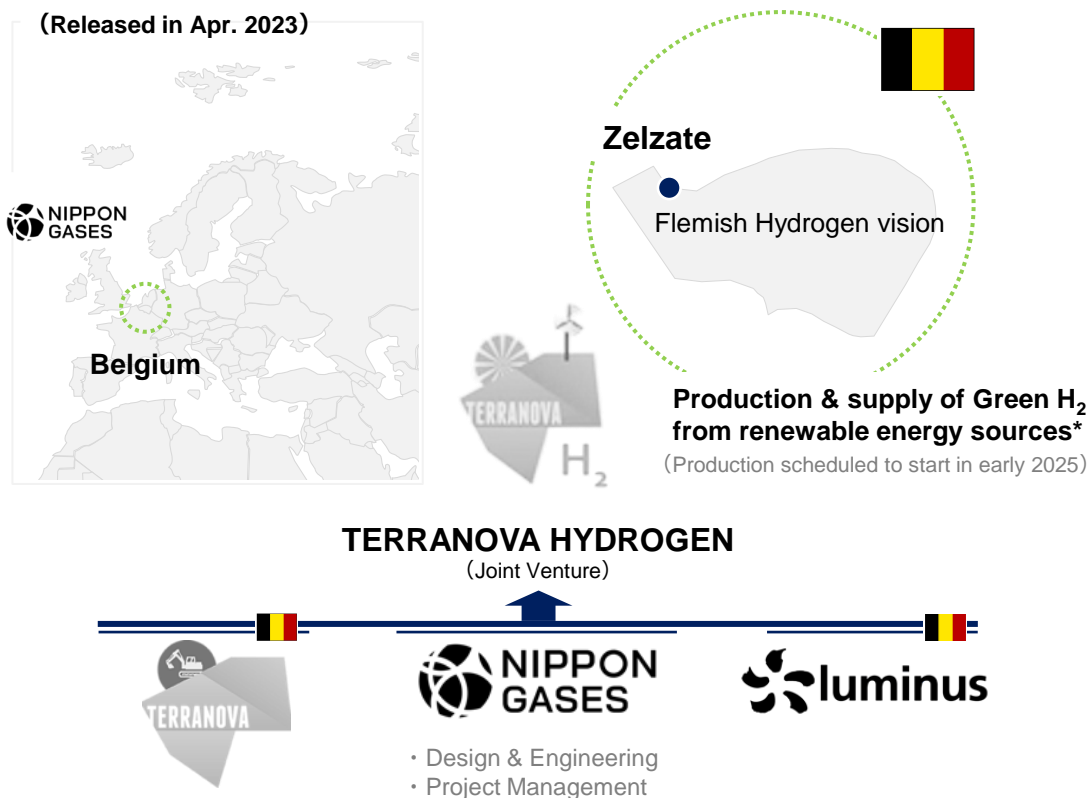
Operating company relationships with customers and various partners allow us to enhance value to the customer with quick resolution to customer issues (quick wins). The collaboration throughout the group enables us to improve our global technologies and knowledge and at the same time improve our probability of project wins.



# Progress: Quick wins in Europe

Nippon Gases Europe will continue to seize carbon neutrality opportunities, we aim to expand our business by investigating market trends, maintaining close communication with customers, and providing solutions that deepen customer stickiness.

## Participate in first Green H<sub>2</sub> production project in Belgium



\* Terranova location in Zelzate Manufactured using green power from solar and onshore wind generation

## Strategic alliances to add Value provided for customers

(Released in Nov. 2022 )



- Technology company specialized in Green technologies (e.g., technology for separating and refining bio-methane from bio-gas, etc.)
- Identify new value creation through the Company's chemical processing and cryogenic technologies, knowledge of gas recovery & refining applied to bio-fuel production & waste power generation, together with our own technologies.

(Released in Dec. 2021)

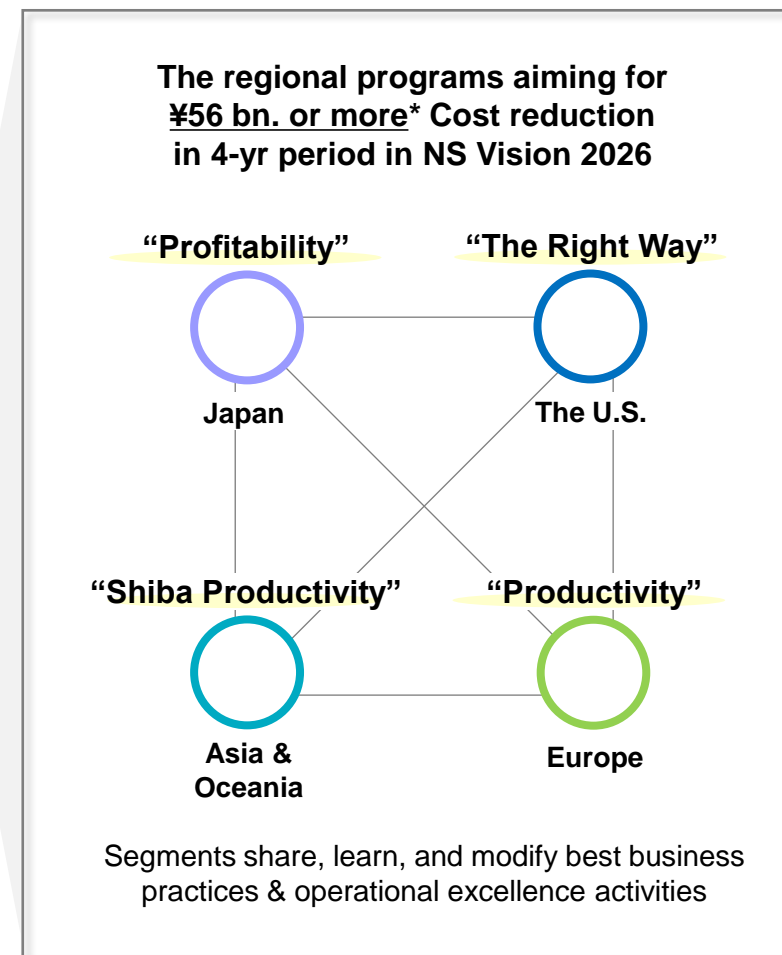
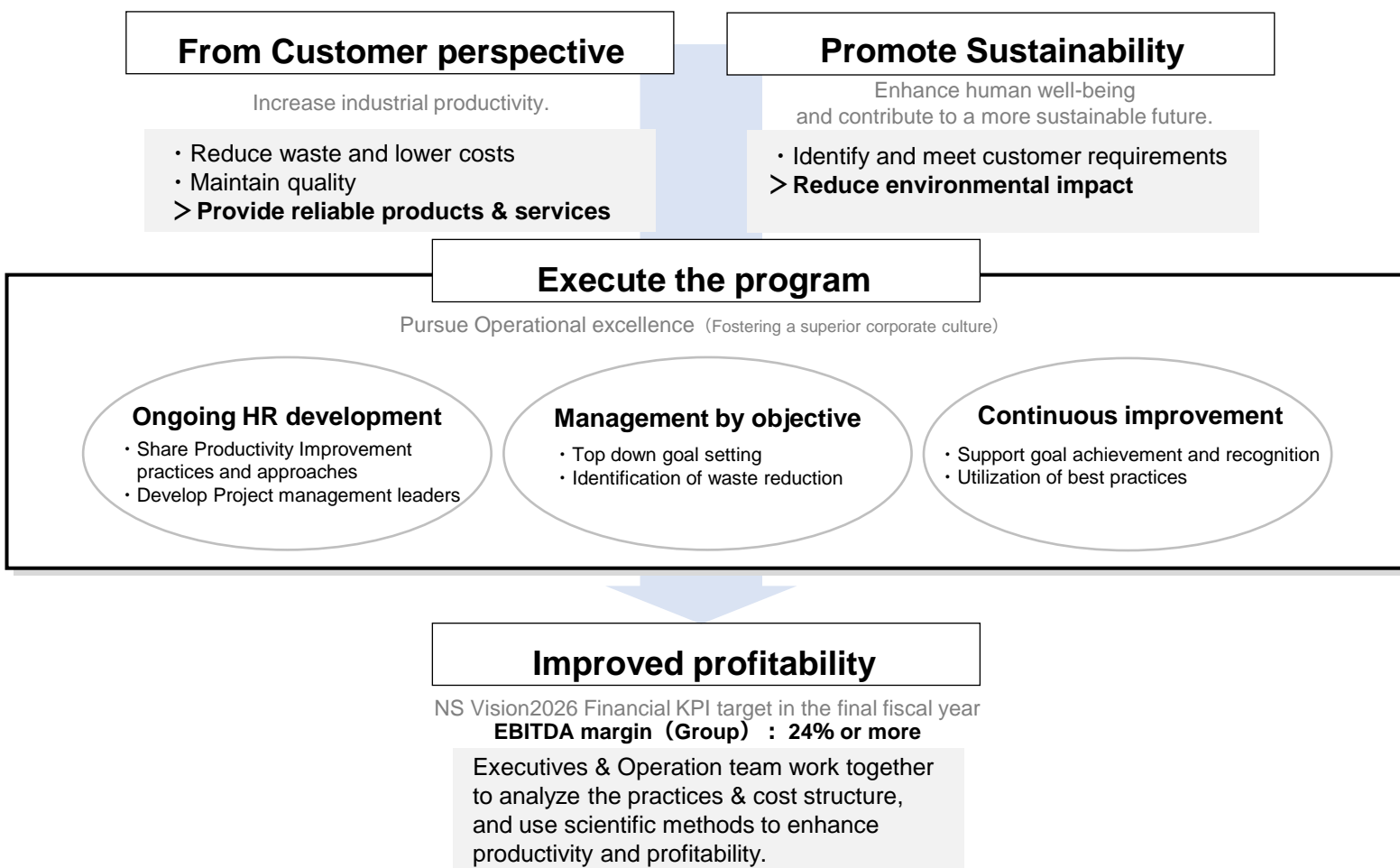


- Combining the Company's knowledge of hydrogen combustion in industrial furnaces (Hydrogen burner) with our own technology, the company aims to reduce CO<sub>2</sub> emissions, a key issue for the steel industry.
- Project Leader of **H-ACERO Project**. ArcelorMittal and other global companies are also members



# Action policy: Operational excellence

In order to realize our Group vision, we gather best practices by region to improve the collective strength of the team.

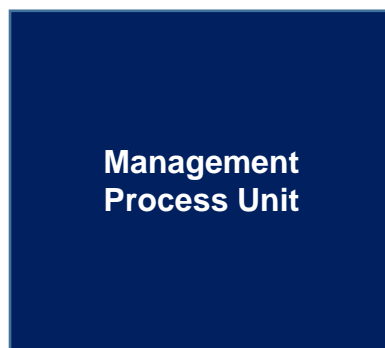


\* Total amount of cost reductions compared to the previous fiscal year, not including the impact of cost inflation and other cost increases.

# Progress: Programs for streamlining & efficiency in the U.S. & Europe

Our productivity programs, which are critical to our profit generation, utilize LSS\* to analyze processes, identify inefficiencies, and enable quick corrective resolution. The thousands of projects that initiated over the years are shared as best practices and improve the profitability of the entire group.

## The U.S. : “The Right Way (TRW) ”



- ① Bulk production
- ② Package gas operation
- ③ Specialty gas operation
- ④ Distribution ⑤ Corporate ⑥ HyCO
- ⑦ Liquid CO<sub>2</sub>/Dry ice ⑧ Procurement

Annual performance targets are set for individual business units including performance-linked compensation.

## Europe : “Productivity”



- ① Customer service ② Bulk distribution
- ③ Packaged gas distribution ④ Finance
- ⑤ Healthcare ⑥ IT
- ⑦ Marketing & Sales ⑧ Procurement
- ⑨ Bulk production ⑩ Packaged production

The productivity system is based on continuous improvement and utilization of digital data

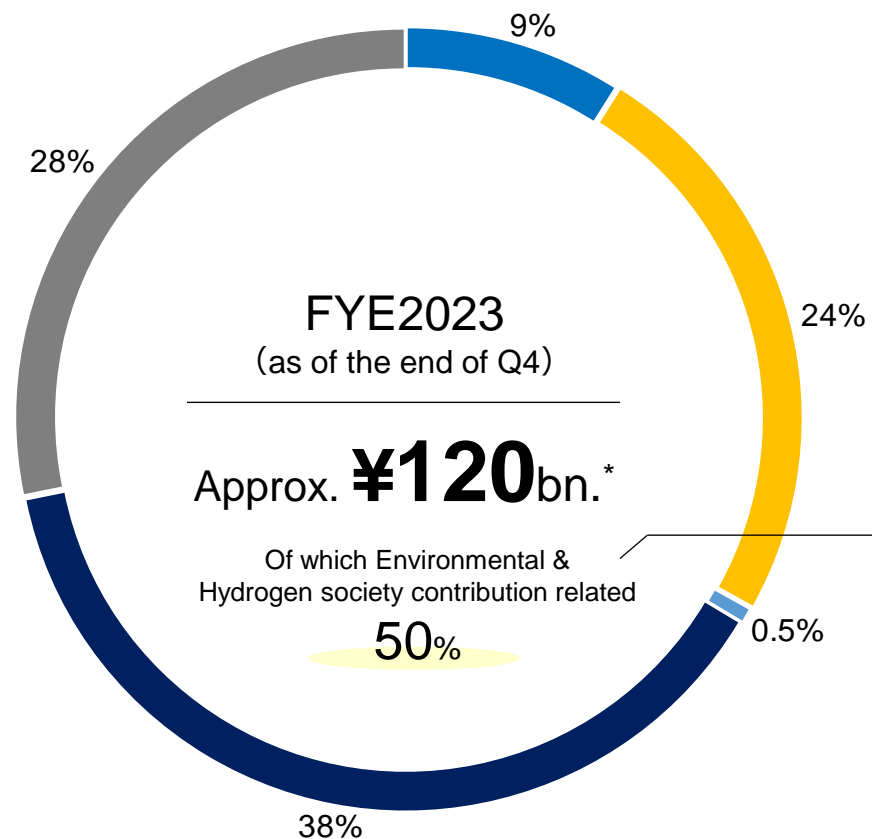
\* LSS (Lean Six Sigma) : World-standard methods for Quantitative process and Quality improvement

# Key CAPEX for our sustainable growth

There are many growth opportunities and our diversified capital portfolio is aligned with our medium term plan NS Vision 2026.

“Others” include projects which are not assignable because the facilities relate to a wide range of customers and no one specific market (e.g.)

- New or expanded production base for Bulk business
- Shipping container for liquefied helium



“Environmental & Hydrogen society contribution related” includes projects that contribute to our group and the customers’ efforts to become carbon neutrality. (e.g.)

- Modernizing our plants to state-of-the-art equipment
- Hydrogen production related (HyCO Plant, and Green hydrogen JV)

■ Steel & Metals ■ Electronics ■ Healthcare ■ Chemicals & Energy ■ Others

Note that the above is an aggregation of investments which have been approved by the Board of directors of each our group company, but have not yet been placed in service.

The size of each project is over approx. ¥500mn., \$4mn. or €4mn.

\* Converted to JPY using the average exchange rate for the Q4 of the FYE2023, as shown in the Notes (Please see p.3).

# Key Highlights

- ✓ Respond flexibly against **cost fluctuations, including inflation**
- ✓ Acquire **Carbon Neutrality**-related business opportunities
- ✓ Pursuing **project wins** and building **backlog**
- ✓ **Focus on** productivity and pricing
- ✓ **Weak JPY boosted** Revenue & Operating Income

## **2. Q4 FYE2023**

### **Business performance**

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#### **-1. Q4 Quarter Period performance**



# Consolidated results

	FYE2022	FYE2023	YoY	
	Q4	Q4	Difference	% Change
(Unit: ¥ bn.)	(Jan.-Mar.)	(Jan.-Mar.)		
<b>Revenue</b>	<b>265.6</b>	<b>313.6</b>	<b>+48.0</b>	<b>+18.1%</b>
<b>Core operating income</b>	<b>26.3</b>	<b>35.5</b>	<b>+9.2</b>	<b>+34.8%</b>
Core OI margin	9.9%	11.3%		
Non-recurring profit and loss	-1.4	-0.4	+1.0	
<b>Operating income (IFRS)</b>	<b>24.9</b>	<b>35.1</b>	<b>+10.2</b>	<b>+40.9%</b>
OI margin	9.4%	11.2%		
EBITDA margin	19.0%	19.9%		
Finance costs	-2.3	-4.3	-2.0	
<b>Income before income taxes</b>	<b>22.6</b>	<b>30.7</b>	<b>+8.1</b>	<b>+35.9%</b>
Income tax expenses	7.9	9.1	+1.2	
<b>Net income</b>	<b>14.6</b>	<b>21.5</b>	<b>+6.9</b>	<b>+47.3%</b>
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>13.9</b>	<b>20.6</b>	<b>+6.7</b>	<b>+48.1%</b>
NI margin	5.3%	6.6%		
Net income attributable to non-controlling interests	0.6	0.8	+0.2	

# Japan

(Unit: ¥ bn.)	FYE2022	FYE2023	YoY		% Change exc. FX
	Q4 (Jan.-Mar.)	Q4 (Jan.-Mar.)	Difference	% Change	
<b>Revenue</b>	105.2	<b>119.9</b>	+14.7	+13.9%	+13.8%
<b>Segment income</b>	8.4	<b>11.5</b>	+3.1	+36.4%	+36.4%
<b>Segment OI margin</b>	8.0%	<b>9.6%</b>			

#### YoY Factors for increase/decrease in this quarterly period and other comment

- Bulk & On-Site (Air separation gases): Volume decreased, but revenue increased due to price revisions. Energy costs increased significantly.
- Bulk (LP gas): Despite the impact of higher selling prices which are linked to purchase price, Revenue decreased due to lower volume,
- Specialty gases: Shipment volumes for electronic industry were firm.
- Equipment and installation, other: Revenue of industrial gas-related were flat, but revenue of electronics-related increased sharply.
- EBITDA margin: 13.7% (FYE2023 Q4)

# United States

(Unit: ¥ bn.)	FYE2022	FYE2023	YoY		% Change exc. FX
	Q4 (Jan.-Mar.)	Q4 (Jan.-Mar.)	Difference	% Change	
<b>Revenue</b>	60.5	<b>79.4</b>	+18.9	+31.2%	+15.5%
<b>Segment income</b>	6.8	<b>10.9</b>	+4.1	+59.6%	+39.6%
<b>Segment OI margin</b>	11.4%	<b>13.8%</b>			

#### YoY Factors for increase/decrease in this quarterly period and other comment

- Bulk & Packaged: Price revision activities contributed significantly to the business performance. While demand remains stable, costs have risen from general inflation and high energy and distribution costs. Gradual improvement in driver shortage, but headwind in cost remains.
- On-site: Shipment volumes declined as a result of lower customer requirements.
- Equipment and installation, other: Demand was favorable in welding and cutting related fields.
- EBITDA margin: 26.4% (FYE2023 Q4)

# Europe

(Unit: ¥ bn.)	FYE2022	FYE2023	YoY		
	Q4 (Jan.-Mar.)	Q4 (Jan.-Mar.)	Difference	% Change	% Change exc. FX
<b>Revenue</b>	60.5	<b>69.5</b>	+9.0	+15.0%	+5.0%
<b>Segment income</b>	6.8	<b>9.5</b>	+2.7	+38.5%	+26.3%
<b>Segment OI margin</b>	11.4%	<b>13.7%</b>			

#### YoY Factors for increase/decrease in this quarterly period and other comment

- Packaged: Shipment volume decreased but revenue increased due to price revisions.
- Bulk and on-site: Demand decreased significantly in the manufacturing industry. Revenue of bulk increased due to price revisions.
- Equipment and installation, other: Revenue of gas-related equipment increased.
- EBITDA margin: 27.0% (FYE2023 Q4)

# Asia & Oceania

(Unit: ¥ bn.)	FYE2022	FYE2023	Difference	YoY	% Change exc. FX
	Q4 (Jan.-Mar.)	Q4 (Jan.-Mar.)		% Change	
<b>Revenue</b>	32.7	<b>37.0</b>	+4.3	+13.3%	+3.8%
<b>Segment income</b>	3.1	<b>3.1</b>	+0.0	+1.3%	-8.5%
<b>Segment OI margin</b>	9.5%	<b>8.5%</b>			

#### YoY Factors for increase/decrease in this quarterly period and other comment

- Bulk gas: Demand remains firm.
- Bulk (LP gas): In Australia, revenue increased due to an increase in volume.
- Specialty gases: Shipment volumes for electronics industry in some areas of East Asia decreased.
- Equipment and installation, other: In industrial gas-related business, sales decreased in Singapore. In electronics-related business, sales were flat.
- EBITDA margin: 14.8% (FYE2023 Q4)



# Thermos

(Unit: ¥ bn.)	FYE2022	FYE2023	Difference	YoY	
	Q4 (Jan.-Mar.)	Q4 (Jan.-Mar.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	6.4	<b>7.5</b>	+1.1	+16.4%	+14.5%
<b>Segment income</b>	1.4	<b>1.5</b>	+0.1	+3.9%	+2.0%
<b>Segment OI margin</b>	22.9%	<b>20.5%</b>			

#### YoY Factors for increase/decrease in this quarterly period and other comment

- Japan: Revenue of main products; portable mugs and sports bottles as well as kitchenware such as frying pans were strong. In addition, raw material and manufacturing costs increased because of mainly due to inflation and the weak JPY.
- Asia: Revenue in South Korea were flat. Operation of production plants declined from prior year. Performance of equity method affiliates was flat.
- EBITDA margin: 25.5% (FYE2023 Q4)

## **2. Q4 FYE2023**

### **Business performance**

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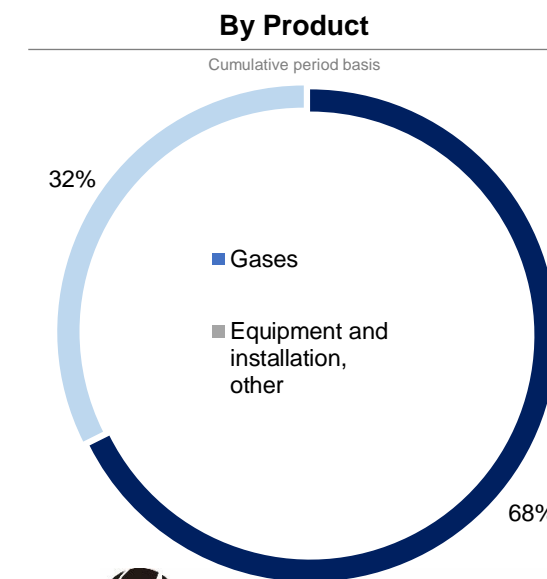
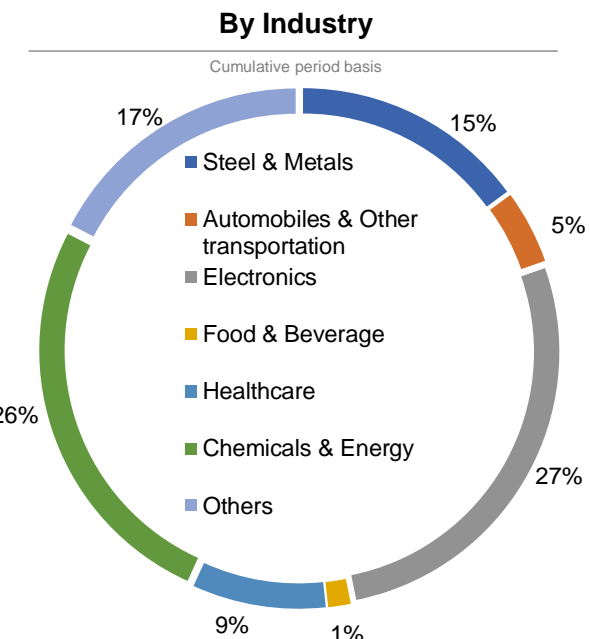
#### **-2. Full-term Cumulative performance**

# Consolidated results

	FYE2022 Full-term	FYE2023 Full-term	YoY	
			Difference	% Change
(Unit: ¥ bn.)				
<b>Revenue</b>	<b>957.1</b>	<b>1,186.6</b>	<b>+229.5</b>	<b>+24.0%</b>
<b>Core operating income</b>	<b>102.7</b>	<b>123.1</b>	<b>+20.4</b>	<b>+19.9%</b>
Core OI margin	10.7%	10.4%		
Non-recurring profit and loss	-1.5	-3.5	-2.0	
<b>Operating income (IFRS)</b>	<b>101.1</b>	<b>119.5</b>	<b>+18.4</b>	<b>+18.1%</b>
OI margin	10.6%	10.1%		
EBITDA margin	20.4%	19.3%		
Finance costs	-9.5	-14.0	-4.5	
<b>Income before income taxes</b>	<b>91.6</b>	<b>105.5</b>	<b>+13.9</b>	<b>+15.2%</b>
Income tax expenses	24.9	29.5	+4.6	
Net income	66.6	75.9	+9.3	+14.0%
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>64.1</b>	<b>73.0</b>	<b>+8.9</b>	<b>+14.0%</b>
NI margin	6.7%	6.2%		
Net income attributable to non-controlling interests	2.5	2.8	+0.3	
Forex (Unit: JPY)				
USD	113.04	136.00		
(average rate during the period)				
EUR	131.11	141.62		
AUD	83.33	92.67		

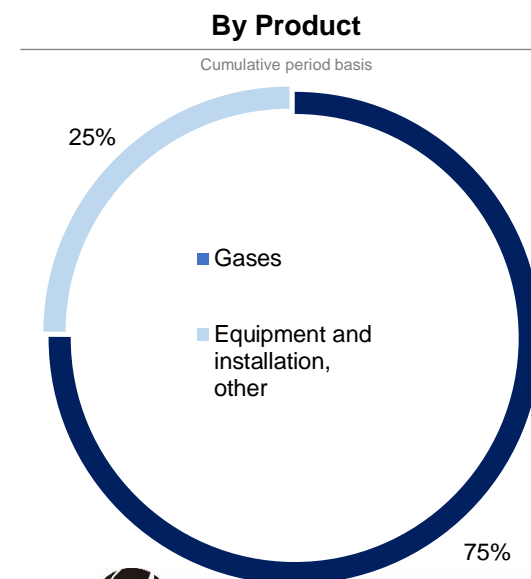
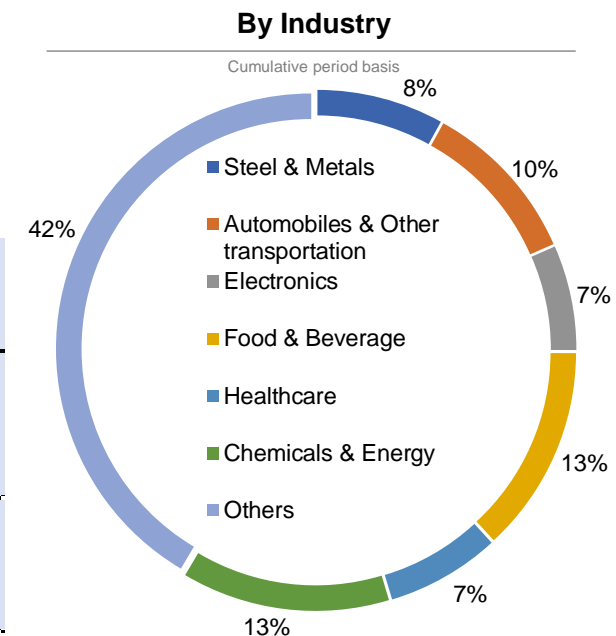
# Japan

(Unit: ¥ bn.)	YoY		Difference	YoY % Change	% Change exc. FX
	FYE2022 Full-term	FYE2023 Full-term			
<b>Revenue</b>	372.0	<b>420.4</b>	+48.4	+13.0%	+12.9%
<b>Segment income</b>	30.9	<b>31.6</b>	+0.7	+2.4%	+2.1%
Segment OI margin	8.3%	<b>7.5%</b>			



# United States

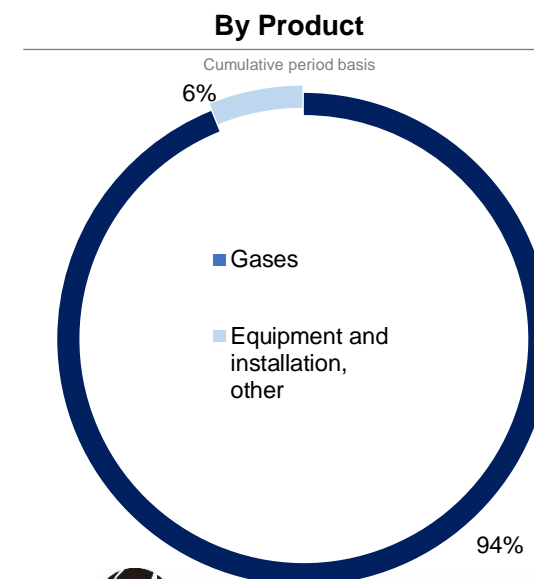
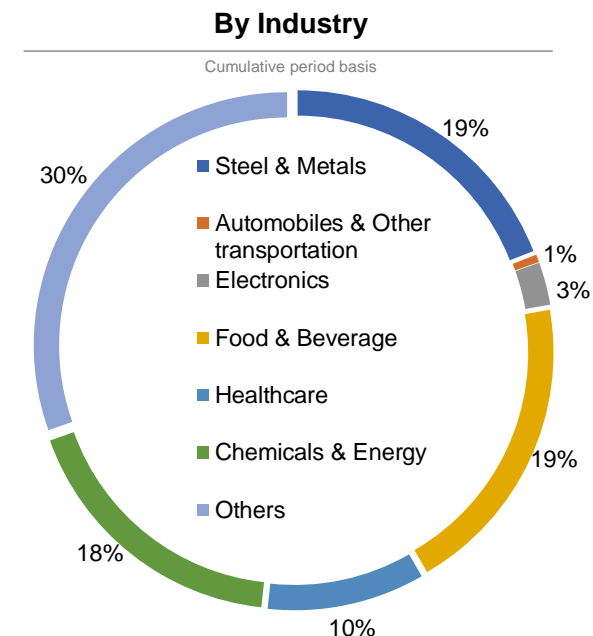
(Unit: ¥ bn.)	FYE2023		YoY		
	FYE2022 Full-term	FYE2023 Full-term	Difference	% Change	% Change exc. FX
<b>Revenue</b>	224.8	<b>303.0</b>	+78.2	+34.8%	+12.1%
<b>Segment income</b>	27.3	<b>37.0</b>	+9.7	+35.7%	+12.2%
Segment OI margin	12.2%	<b>12.2%</b>			





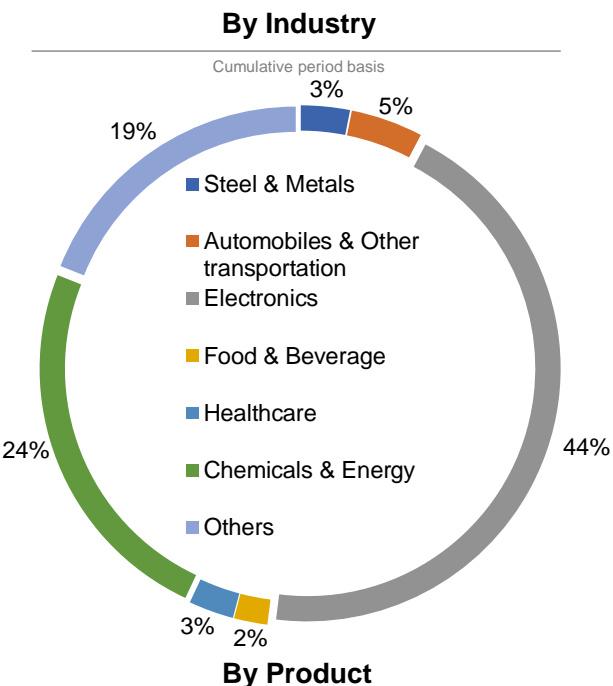
# Europe

(Unit: ¥ bn.)			YoY		
	FYE2022 Full-term	FYE2023 Full-term	Difference	% Change	% Change exc. FX
<b>Revenue</b>	209.7	<b>272.8</b>	+63.1	+30.1%	+20.4%
<b>Segment income</b>	26.3	<b>34.9</b>	+8.6	+32.7%	+22.6%
Segment OI margin	12.5%	<b>12.8%</b>			



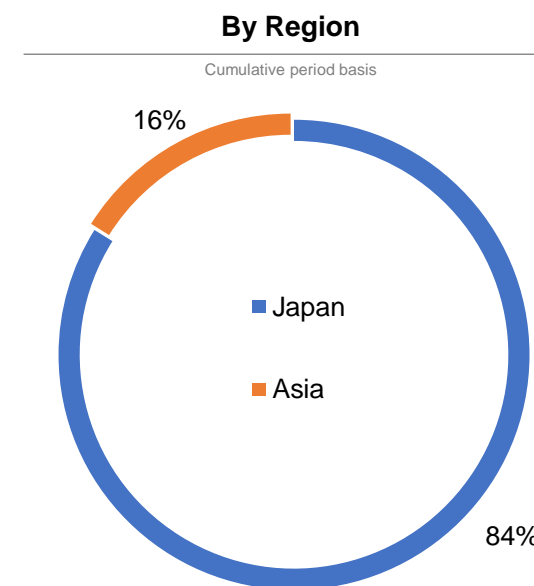
# Asia & Oceania

(Unit: ¥ bn.)	FYE2023		YoY		
	FYE2022 Full-term	FYE2023 Full-term	Difference	% Change	% Change exc. FX
<b>Revenue</b>	123.5	<b>159.9</b>	+36.4	+29.5%	+14.4%
<b>Segment income</b>	12.8	<b>15.4</b>	+2.6	+20.5%	+5.7%
Segment OI margin	10.4%	<b>9.7%</b>			



# Thermos

(Unit: ¥ bn.)	FYE2022	FYE2023	Difference	YoY	% Change <i>exc. FX</i>
	Full-term	Full-term		% Change	
<b>Revenue</b>	26.8	<b>30.1</b>	+3.3	+12.4%	+10.5%
<b>Segment income</b>	6.4	<b>6.0</b>	-0.4	-6.5%	-8.5%
Segment OI margin	24.0%	<b>19.9%</b>			



# 3. FYE2024 Full-term forecast

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# Consolidated forecast

	FYE2023	FYE2024	YoY	
	Full-term	Full-term forecast	Difference	% Change
(Unit: ¥ bn.)		(Announced on May 11, 2023)		
<b>Revenue</b>	<b>1,186.6</b>	<b>1,160.0</b>	<b>-26.6</b>	<b>-2.2%</b>
<b>Core operating income</b>	<b>123.1</b>	<b>127.5</b>	<b>+4.4</b>	<b>+3.6%</b>
Core OI margin	10.4%	11.0%		
Non-recurring profit and loss	-3.5	—	+3.5	
<b>Operating income (IFRS)</b>	<b>119.5</b>	<b>127.5</b>	<b>+8.0</b>	<b>+6.7%</b>
OI margin	10.1%	11.0%		
EBITDA margin	19.3%	20.2%		
Finance costs	-14.0	-25.5	-11.5	
<b>Income before income taxes</b>	<b>105.5</b>	<b>102.0</b>	<b>-3.5</b>	<b>-3.3%</b>
Income tax expenses	29.5	28.5	-1.0	
Net income	75.9	73.5	-2.4	-3.2%
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>73.0</b>	<b>70.5</b>	<b>-2.5</b>	<b>-3.5%</b>
NI margin	6.2%	6.1%		
Net income attributable to non-controlling interests	2.8	3.0	+0.2	
Forex (Unit: JPY)				
USD	136.00	130		
(average rate during the period)				
EUR	141.62	140		
AUD	92.67	93.5		

Total Forex impact for FYE2024 Full-term forecast : Negative impacts of ¥ 18.3 bn. on revenue and ¥ 2.2 bn. on core operating income.

# The Gas Professionals

# Q&A Session

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Representative Director,  
President CEO

**Toshihiko Hamada**



Executive Officer,  
Group Finance &  
Accounting Office,  
and CFO

**Alan Draper**



Senior Executive Officer,  
Group Corporate Planning  
Office

**Tsutomu Moroishi**



Senior Executive Officer,  
Group Sustainability  
Management Office,  
and CSO  
(Chief Sustainability Officer)

**Takeshi Miki**



General Manager,  
Investor relations,  
Group Finance &  
Accounting Office

**Keita Kajiyama**



General Manager,  
Accounting,  
Group Finance &  
Accounting Office

**Takashi Yoshida**

# Appendix

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## Corporate Information

(As of March 31, 2023)

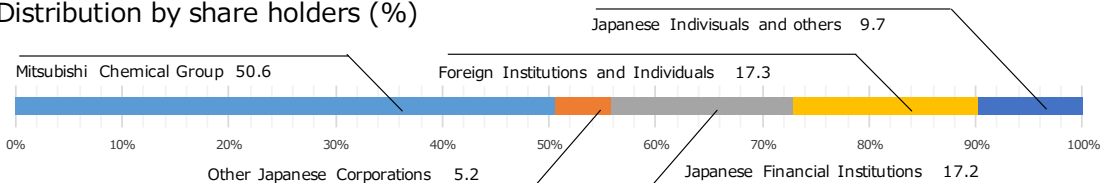
Company Name	Nippon Sanso Holdings Corporation
Founded	October 30, 1910
Headquarters	1-3-26 Koyama Shinagawa-ku, Tokyo 142-0062, Japan
TEL	81-3-5788-8500
	Representative Director, President CEO
Representative	Toshihiko Hamada
Common stock	37.3 billion yen

## Stock information

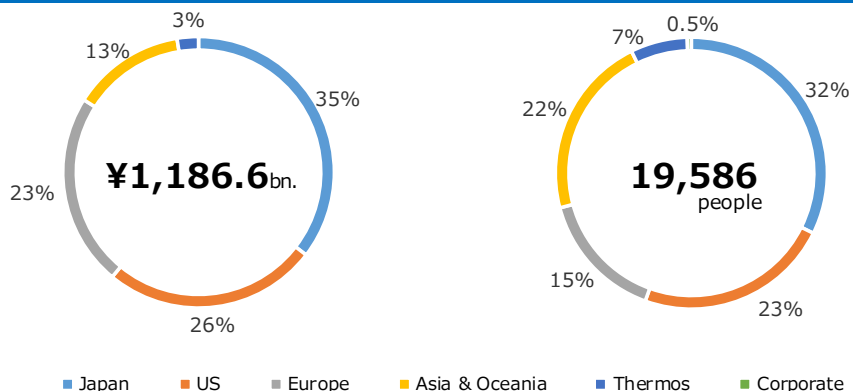
(As of March 31, 2023)

Number of shares	433,092,837
Number of shareholders	14,743
Listed stock exchanges	Tokyo Stock Exchange Prime Market
Ticker	4091.T

### Distribution by share holders (%)



## Revenue / Employee personnel by Segment (As of March 31, 2023)



## Corporate Philosophy

### Group Philosophy

Proactive. Innovative. Collaborative.

Making life better through gas technology.

# The Gas Professionals

### Group Vision

We aim to create social value through innovative gas solutions that increase industrial productivity, enhance human well-being and contribute to a more sustainable future.

## Main Core business

### Industrial Gas business



### Electronics business



### Thermos business



## FYE2024 Financial Forecast (IFRS)

Revenue	¥1,160.0 bn.	Net income attributable to owners of the parent	¥70.5 bn.
Operating income	¥127.5 bn.	EPS	¥162.87

## Overview

Plan Name	NS Vision 2026
Slogan	Enabling the Future
Period	4 years from April 2022 to March 2026
Released date	May 11, 2022

## Financial target

(Final fiscal year in the plan: FYE2026)

Revenue	¥975.0-1000.0 bn.
Core Operating Income	¥125.0-135.0 bn.
EBITDA margin	Group: ≥24 % Japan, the U.S., EU, A&O, Thermos: ≥17-33%
Adjusted net D/E ratio	≤0.7 times
ROCE after Tax	≥6 %

(Note) Forex rate (Assumption) : USD ¥115 EUR ¥125

## Non-Financial target

### <Environment>

Reduction rate of GHG emissions	FYE2026:	18 %
(Base year: FYE2019)	FYE2031:	32 %

GHG reduced emissions through environmental product offer  
 FYE2026: Lower GHG emissions through environmental product offerings and applications  
 > NSHD Group GHG emission

### <Safety Management>

Lost Time Injury Rate	FYE2026:	≤1.6
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### <Compliance>

Rate of receiving compliance training	FYE2026:	100 %
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### <HR>

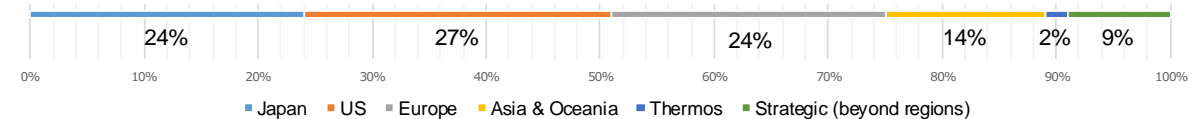
Rate of female employees	FYE2026:	≥22 %
	FYE2031:	25 %
Rate of female management posts	FYE2026:	≥18 %
	FYE2031:	22 %

## Capital allocation

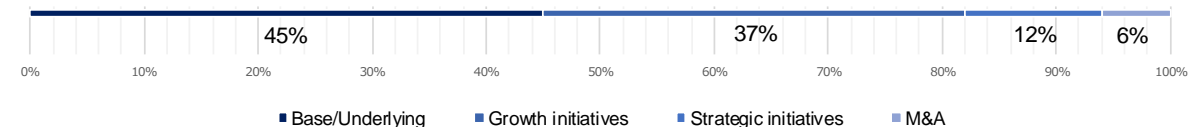
Cash-in (the total for 4 years)  
 [Operating Cash flow] ¥730.0 bn.

Cash-out  
 [Investment as a whole] ¥433.0 bn.

### Composition ratio by Business



### Composition ratio by Initiative



## Focused fields



# Non-recurring items

Non-recurring items are costs of structural reform (cost for withdrawal or downsizing business operations and special retirement allowances), losses caused by disasters or serious accidents, and other gains and expenses (such as disposal of idling assets).  
Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring items in the Company.

	FYE2022 Full-term	FYE2023 Full-term	YoY Difference
(Unit: ¥ bn.)			
<b>Core operating income</b>	<b>102.7</b>	<b>123.1</b>	<b>+20.4</b>
Non-recurring profit and loss	-1.5	-3.5	-2.0
<b>Operating income (IFRS)</b>	<b>101.1</b>	<b>119.5</b>	<b>+18.4</b>

Items (Unit : ¥ bn.)

FYE2022 Full-term result		FYE2023 Full-term result	
Item	Amount	Item	Amount
Impairment loss associated with capital investment, etc.	-1.5	Arbitration of Leasing facilities dispute (United States)	-3.5
		Gain on sales of overseas land (Asia & Oceania)	0.6
		Expenses related to closure of JFE Steel Keihin Plant, etc. (Japan)	-0.5
		Restructuring-related expenses for the alfi business (Thermos)	-0.3
		Others (Japan)	0.1
<b>Total</b>	<b>-1.5</b>	<b>Total</b>	<b>-3.5</b>

# Key performance indicators

Item	Unit	FYE2022 Full-term	FYE2023 Full-term
Basic earnings per share	JPY	148.13	168.85
Overseas sales ratio	%	59.2	63.0
ROE	%	11.2	10.8
ROCE	%	6.8	7.6
ROCE after Tax	%	4.8	5.4
Annual dividends per share	JPY	34	38
Dividend payout ratio	%	23.0	22.5
CAPEX <sub>(fund basis)</sub> & Investments and loans	¥bn.	76.5	94.7
Depreciation and amortization	¥bn.	92.4	105.7
Free cash flow	¥bn.	77.9	89.8
Adjusted net D/E ratio	Times	0.94	0.81
Interest-bearing liabilities	¥bn.	929.2	941.7
Net interest-bearing liabilities	¥bn.	835.5	809.5



# (Reference) Preconditions, Definition & Calculations of our KPIs

Glossary	Preconditions and Definitions in this Presentation
Core operating income	Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors (non-recurring items*). *Non-recurring items are costs of structural reform (cost for withdrawal or downsizing business operations and special retirement allowances), losses caused by disasters or serious accidents, and other gains and expenses (such as disposal of idling assets).
Interest-bearing debt	Bonds and borrowings as presented in the statement of financial position, plus lease liabilities included in other financial liabilities. *Includes Hybrid finance.
Hybrid finance	A form of debt financing that has features resembling equity, such as voluntary deferral of interest, extremely long-term redemption periods and subordination during liquidation or bankruptcy procedures. This kind of financing does not cause stock dilution, and a certain ratio of the funds procured in this way can be recognized as equity credit by rating agencies provided that certain conditions are met.
Equity-type debt	The amount of debt procured by hybrid finance that has been recognize as equity credit by rating agencies. In this fund procurement, rating agencies have recognized equity credit for 50% of the procured amount.
Indicator	Calculations used in this presentation
EBITDA margin	$(\text{Core operating income} + \text{Depreciation and amortization}) / \text{Revenue}$
ROE	$\text{Profit attributable to owners of parent} / \text{Total equity attributable to owners of parent}^*$
ROCE	$\text{Core operating income} / (\text{Interest-bearing debt} + \text{Total equity attributable to owners of parent}) * [\text{Capital employed}]$
ROCE after Tax	$\text{Core operating income after Tax} (+\text{Dividend received}) [\text{NOPAT}] ((\text{Core operating} - \text{Investment income/loss from Equity in earnings (losses) of affiliated companies included in Core operating income}) \times (1 - \text{effective tax rate}) + \text{Investment income/loss from Equity in earnings (losses) of affiliated companies included in Core operating income} + \text{Dividend received}) / (\text{Interest-bearing debt} + \text{Total equity attributable to owners of parent}) * [\text{Capital employed}]$
Adjusted net D/E ratio	$((\text{Interest-bearing debt} - \text{equity-type debt}) - \text{cash and cash equivalents}) / (\text{equity attributable to owners of the parent} + \text{equity-type debt})^*$

\* The average of the amounts at the end of the comparative fiscal years of the previous and current fiscal years is used.

# Condensed consolidated statements of Cash flows

(Unit : ¥ bn.)	FYE2022	FYE2023	YoY	
	Full-term	Full-term	Difference	% Change
Income before income taxes	91.6	105.5	+13.9	+15.2%
Depreciation and amortization	92.4	105.7	+13.3	
Changes in working capital	-20.6	-22.2	-1.6	
Others	-14.6	-1.0	+13.6	
<b>Cash flows from operating activities</b>	<b>148.7</b>	<b>187.9</b>	<b>+39.2</b>	<b>+26.4%</b>
Capital expenditures	-74.4	-91.8	-17.4	
Investments and loans	-2.0	-2.9	-0.9	
Others (asset sales, etc.)	5.6	-3.3	-8.9	
<b>Cash flows from investing activities</b>	<b>-70.8</b>	<b>-98.0</b>	<b>-27.2</b>	<b>+38.4%</b>
<b>Free cash flow</b>	<b>77.9</b>	<b>89.8</b>	<b>+11.9</b>	<b>+15.4%</b>
<b>Cash flows from financing activities</b>	<b>-77.9</b>	<b>-54.4</b>	<b>+23.5</b>	<b>-30.2%</b>

# Condensed consolidated statements of Financial position

(Unit : ¥ bn.)	FYE2022	FYE2023	YoY		FYE2022	FYE2023	YoY
	Q4	Q4	Difference		Q4	Q4	Difference
Cash and cash equivalents	93.6	132.2	+38.6	Trade payables	115.1	128.1	+13.0
Trade receivables	218.4	243.5	+25.1	Interest-bearing liabilities	929.2	941.7	+12.5
Inventories	80.0	97.6	+17.6	Others	271.5	330.9	+59.4
Others	30.2	53.7	+23.5	<b>Total liabilities</b>	<b>1,315.8</b>	<b>1,400.9</b>	<b>+85.1</b>
<b>Total current assets</b>	<b>422.4</b>	<b>527.0</b>	<b>+104.6</b>	Share capital and capital surplus, etc	569.5	626.5	+57.0
Property, plant and equipment	729.6	776.1	+46.5	Other components of equity	59.1	97.7	+38.6
Goodwill	485.1	513.6	+28.5	<b>Equity attributable to owners of parent</b>	<b>628.7</b>	<b>724.3</b>	<b>+95.6</b>
Intangible assets	241.3	242.3	+1.0	<b>Non-controlling interests</b>	<b>32.4</b>	<b>33.6</b>	<b>+1.2</b>
Others	98.3	99.7	+1.4	<b>Total equity</b>	<b>661.1</b>	<b>757.9</b>	<b>+96.8</b>
<b>Total non-current assets</b>	<b>1,554.5</b>	<b>1,631.8</b>	<b>+77.3</b>	<b>Total liabilities and equity</b>	<b>1,977.0</b>	<b>2,158.9</b>	<b>+181.9</b>
<b>Total assets</b>	<b>1,977.0</b>	<b>2,158.9</b>	<b>+181.9</b>				

# Results overview by Segment

		FYE2022	FYE2023		YoY		
		Full-term	Full-term	Composition ratio	Difference	% Change	Forex impact
(Unit: ¥ bn.)							
<b>Japan</b>	Revenue	372.0	<b>420.4</b>	35.4%	+48.4	+13.0%	+0.4
	Segment OI	30.9	<b>31.6</b>	25.7%	+0.7	+2.4%	+0.1
	Segment OI margin	8.3%	7.5%				
<b>United States</b>	Revenue	224.8	<b>303.0</b>	25.5%	+78.2	+34.8%	+45.6
	Segment OI	27.3	<b>37.0</b>	30.1%	+9.7	+35.7%	+5.7
	Segment OI margin	12.2%	12.2%				
<b>Europe</b>	Revenue	209.7	<b>272.8</b>	23.0%	+63.1	+30.1%	+16.8
	Segment OI	26.3	<b>34.9</b>	28.3%	+8.6	+32.7%	+2.1
	Segment OI margin	12.5%	12.8%				
<b>Asia &amp; Oceania</b>	Revenue	123.5	<b>159.9</b>	13.5%	+36.4	+29.5%	+16.3
	Segment OI	12.8	<b>15.4</b>	12.6%	+2.6	+20.5%	+1.7
	Segment OI margin	10.4%	9.7%				
<b>Thermos</b>	Revenue	26.8	<b>30.1</b>	2.5%	+3.3	+12.4%	+0.4
	Segment OI	6.4	<b>6.0</b>	4.9%	-0.4	-6.5%	+0.1
	Segment OI margin	24.0%	19.9%				
<b>Adjustment</b>	Revenue	0.1	<b>0.0</b>	0.0%	-0.1	—	
	Segment OI	-1.1	<b>-2.0</b>	-1.6%	-0.9	—	
<b>Consolidated total</b>	Revenue	957.1	<b>1,186.6</b>	100.0%	+229.5	+24.0%	+79.6
	Core OI	102.7	<b>123.1</b>	100.0%	+20.4	+19.9%	+9.9
	Core OI margin	10.7%	10.4%				



# Revenue growth by Product (Full-term)

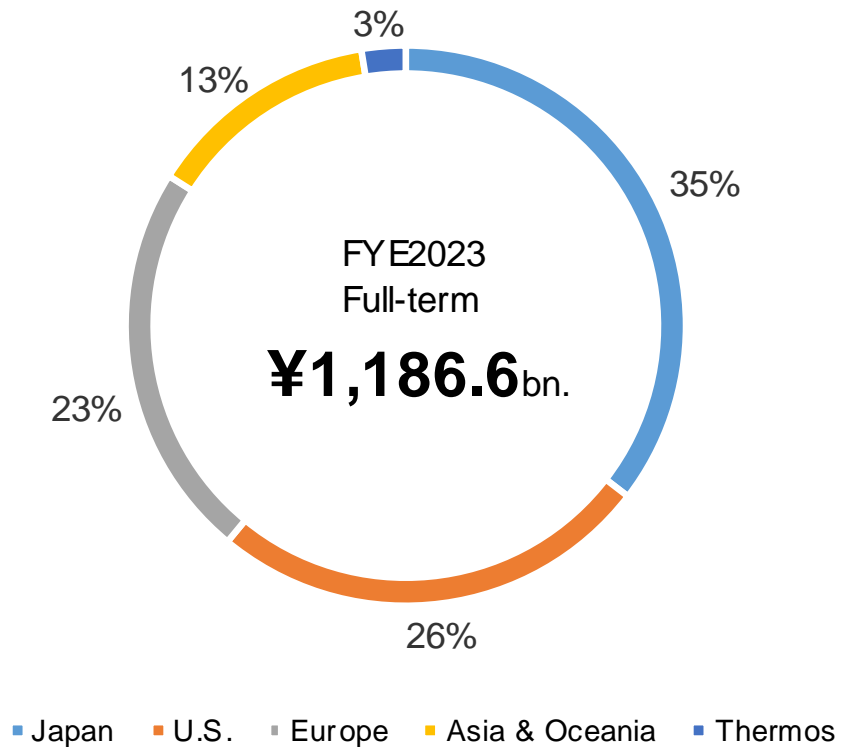
		Japan*	United States		Europe		Asia & Oceania	
		YoY % Change	YoY % Change	YoY % Change exc. FX impact	YoY % Change	YoY % Change exc. FX impact	YoY % Change	YoY % Change exc. FX impact
<b>Gases</b>	Packaged	+8.4%	+18.0%	-1.9%	+21.3%	+12.3%	+36.8%	+20.2%
	Bulk	+10.1%	+34.1%	+11.4%	+39.7%	+29.3%	+29.8%	+15.9%
	On-site	+26.8%	+30.5%	+8.5%	+24.4%	+15.1%	+34.7%	+16.1%
	Specialty gases	+15.9%	+26.7%	+5.3%	+19.2%	+10.4%	+32.9%	+16.8%
	<b>Subtotal</b>	<b>+16.0%</b>	<b>+28.9%</b>	<b>+7.1%</b>	<b>+31.5%</b>	<b>+21.7%</b>	<b>+31.6%</b>	<b>+16.5%</b>
<b>Equipment and installation, other</b>	Industrial Gases-related	+1.5%	+65.3%	+37.4%	+11.7%	+3.4%	+17.0%	+1.9%
	Electronics-related	+28.7%	+10.1%	-8.5%	—	—	+47.9%	+34.0%
	<b>Subtotal</b>	<b>+7.2%</b>	<b>+56.6%</b>	<b>+30.1%</b>	<b>+11.7%</b>	<b>+3.4%</b>	<b>+22.1%</b>	<b>+7.1%</b>
<b>Total</b>	<b>Revenue</b>	<b>+13.0%</b>	<b>+34.8%</b>	<b>+12.1%</b>	<b>+30.1%</b>	<b>+20.4%</b>	<b>+29.5%</b>	<b>+14.4%</b>

\* In Japan, the FX impact has been slight effect. Thus, the information in the above chart is omitted.

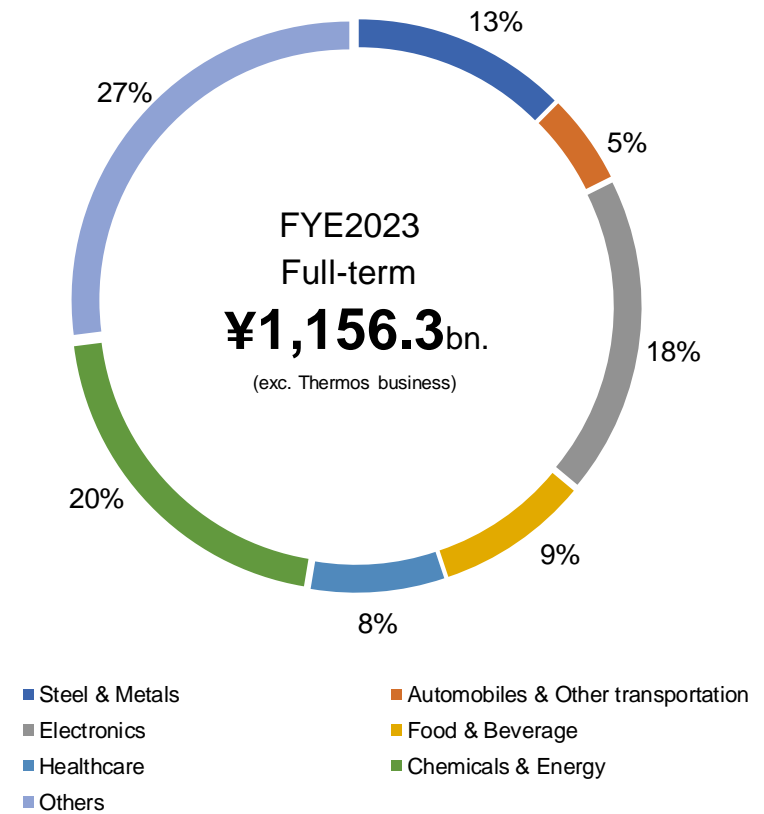
(Reference) Category	Breakdown
<b>Gases</b>	Industrial gases such as oxygen, nitrogen, argon, carbon dioxide and helium, LP gases, specialty gases
Packaged	Gas filling containers (cylinders) are delivered to the customer, and the gas is supplied according to method of use
Bulk	A storage tank for liquified gas is installed within the customer's facility, and the gas is supplied according to method of use
On-site	A gas production facility is established in an area adjacent to the customer, and the gas is constantly supplied using a directly connected pipe
Specialty gases	Mainly, gases for electronic materials that are used in the manufacture of semiconductors or LCD panels, standard gas, high-purity gas
<b>Equipment and installation, other</b>	Ancillary equipment for gas usage, refining equipment to raise gas purity level, construction for equipment installation, and welding and cutting-related goods
Industrial Gases-related	Supply facilities and other gas-using equipments, air separation units, and hardgoods (welding and cutting-related)
Electronics-related	Construction for equipment and pipe installation toward electronics, refining equipment for removing impurities, and other equipment

# Revenue composition

## By Segment

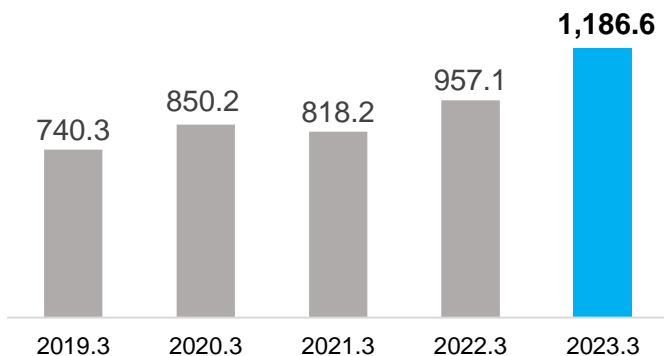


## By Industry

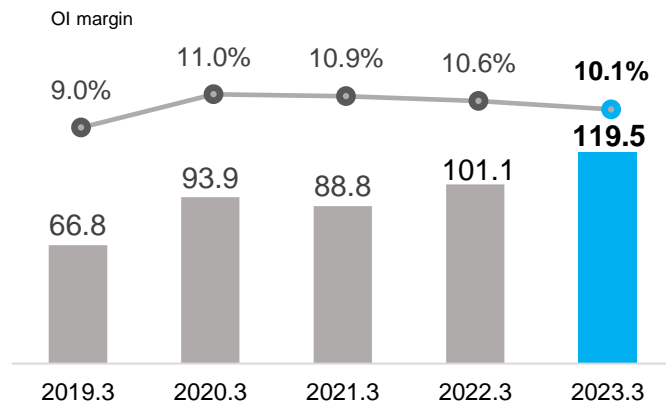


# Business performance over the past five years

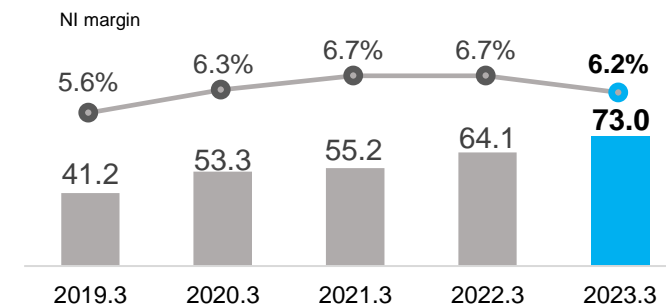
Revenue (¥ bn.)



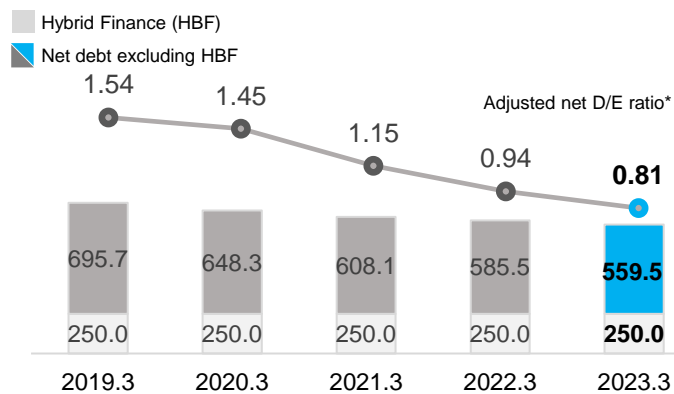
Operating income (IFRS) (¥ bn.)



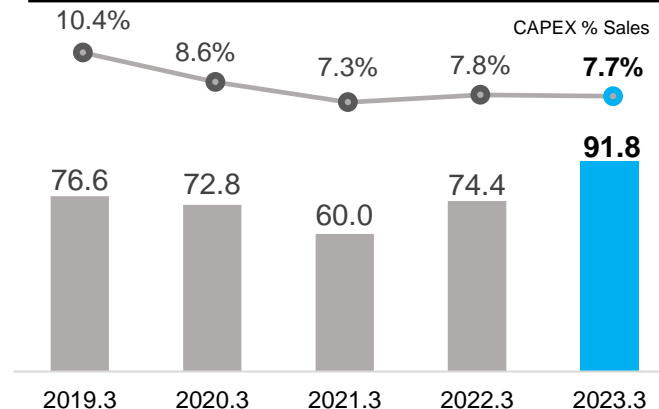
Profit attributable to owners of the parent (¥ bn.)



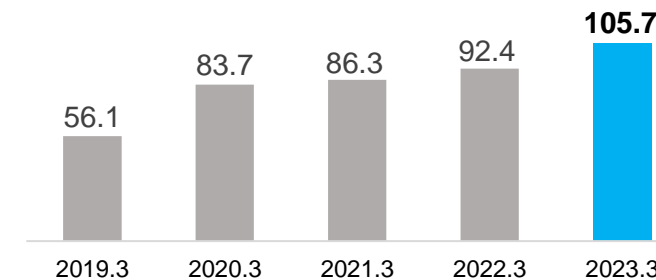
Net interest-bearing debts (¥ bn.)



Capital expenditures (¥ bn.)



Depreciation and amortization (¥ bn.)



\*Adjusted Net D/E Ratio: an indicator of safety (financial soundness) calculated in consideration of this part due to 50% of the amount raised by HBF is permitted as "Equity" by rating agencies.

\*It's recorded on a construction basis until FYE2019 and on a cash basis from FYE2020 onwards.

# Glossary: EBITDA margin / ROCE after Tax

## EBITDA

*(Earnings Before Interest Taxes Depreciation and Amortization)*

Indicator that shows profitability based on Cash Flow, excluding the impact of M&A and CAPEX.

This indicator should not be considered in isolation from performance indicators such as operating income and net income, which are indicators based on IFRS, and should not be viewed as substitutes for these indicators. This indicator should be given due consideration when comparing them with similarly named financial indicators presented by other companies.

## ROCE after Tax

*(Return On Capital Employed after Tax)*

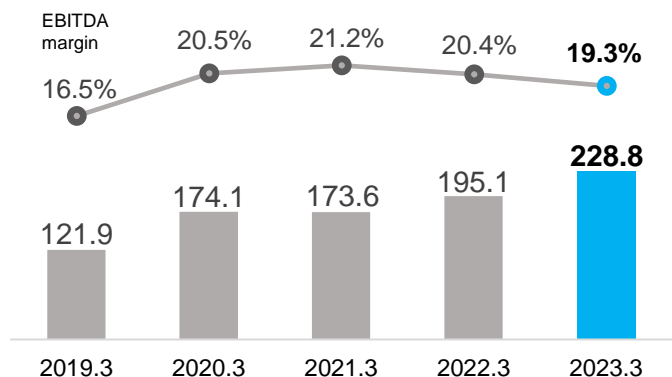
$$= \frac{\text{NOPAT (Net Operating Profit After Tax)}}{(\text{Interest-bearing debt} + \text{Total equity attributable to owners of parent})^*}$$

\* The average of the amounts at the end of the comparative fiscal years of the previous and current fiscal years is used.

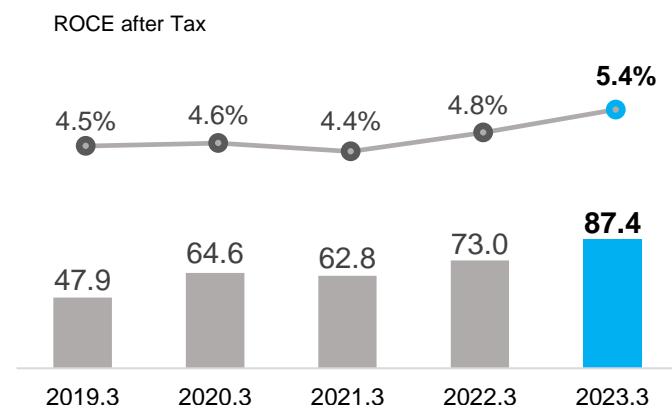
Indicator based on profitability and investment efficiency

This indicator should not be considered in isolation from performance indicators such as operating income and net income, which are indicators based on IFRS, and should not be viewed as substitutes for these indicators. This indicator should be given due consideration when comparing them with similarly named financial indicators presented by other companies.

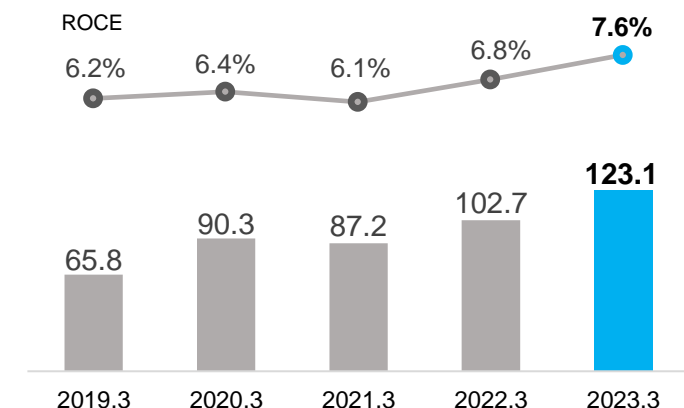
### EBITDA margin and EBITDA (¥ bn.)



### ROCE after Tax and NOPAT (¥ bn.)

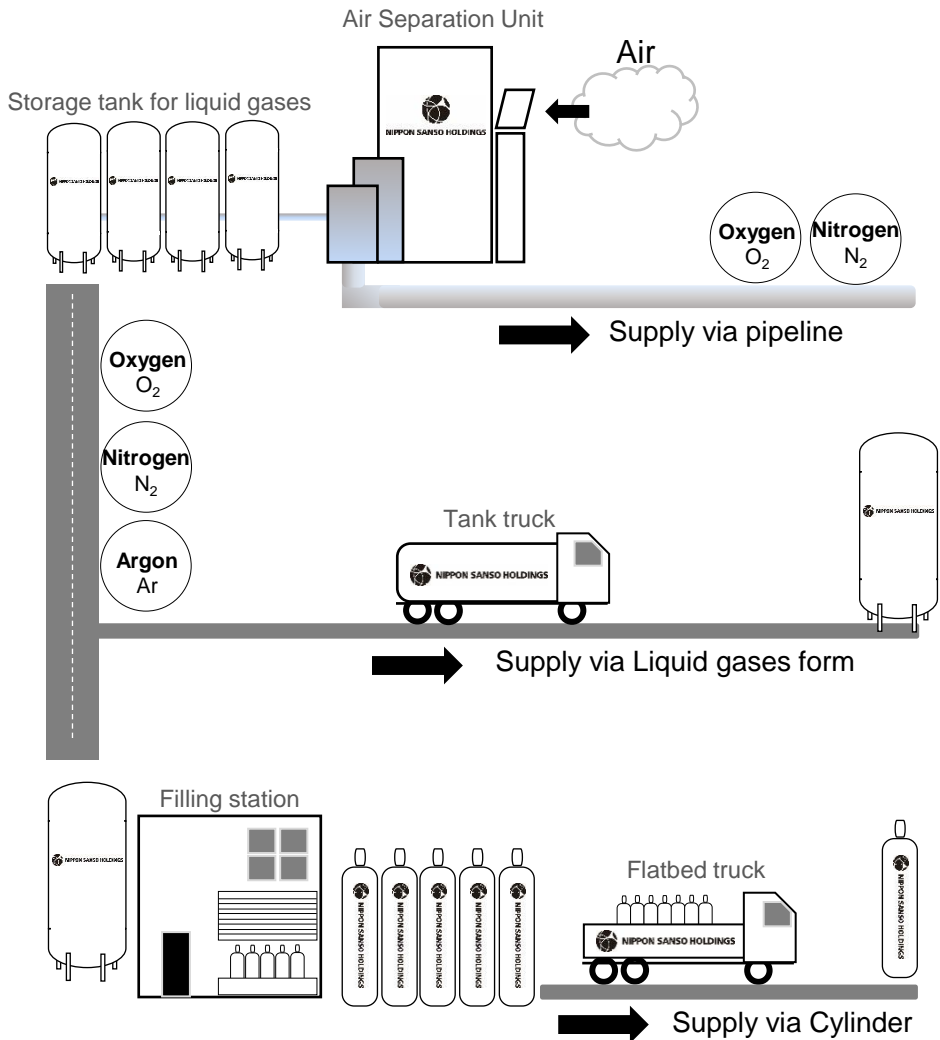


### (Reference) ROCE and Core OI (¥ bn.)



# Industrial gas supply systems

## Air Separation Gases



## On-site

Major supply destination (Sector)

**Steel      Petrochemical      Refinery**

We've established production plants in the vicinity of the customer. A form of direct connection and constant supply of pipes. (Large-scale supply)

## Bulk

Major supply destination (Sector)

**Automobile      Shipbuilding      Manufacturing  
Construction      Pharmaceutical      Glass/Paper  
machinery      Medical      Food/  
LCP      Photovoltaics      Semiconductor  
beverage**

We've installed a storage tank for liquefied gas in the customer's premises. A form of supply according to the method of use of gas. (Medium-scale supply)

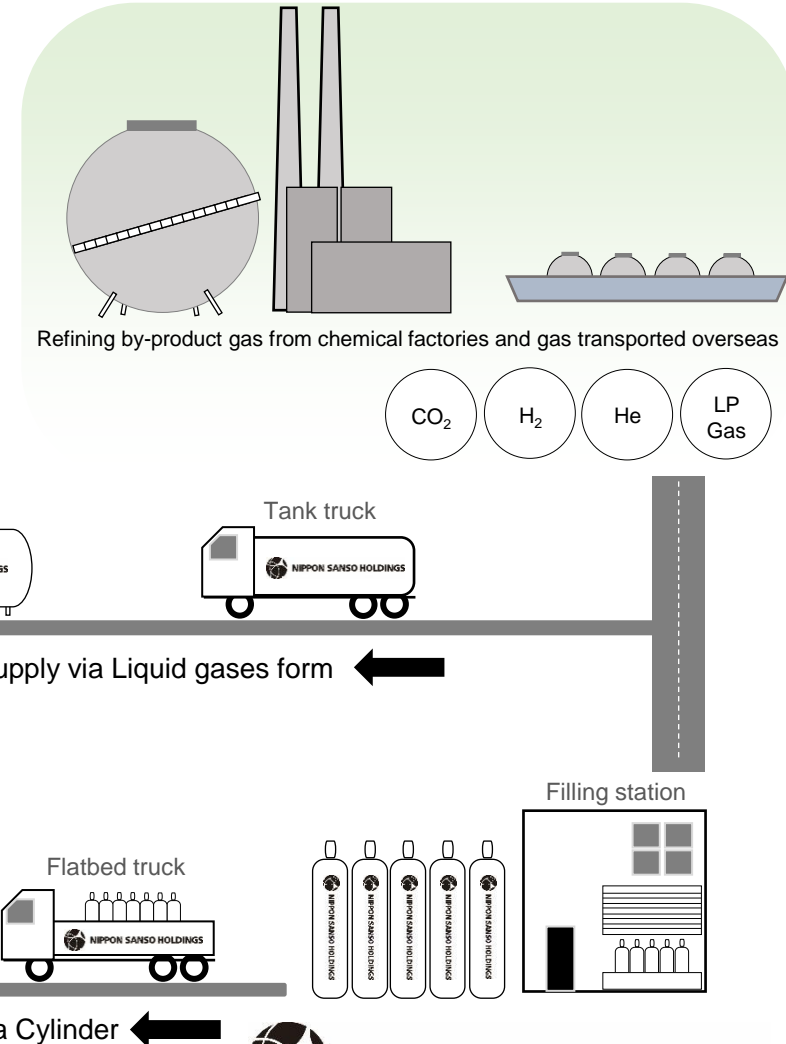
## Packaged

Major supply destination (Sector)

**Homecare      Advanced      Sanitation  
Engineering      medicine      Construction/  
development      R&D      Installation**

We deliver filling containers (cylinders) to customers. A form of supply according to the method of use of gas. (Small-scale supply)

## Other Gases



# THERMOS

## Thermos products deliver what matters every time.

As the leading manufacturer of convenient insulated product for over 100 years, Thermos is trusted by consumers to provide innovative portable containers that promote a safe and healthy lifestyle.

Thermos delivers when it matters.

At Thermos, We carefully choose the best available materials, and produce products with consistent quality and reliable performance. We ensure the excellence of our products by testing for quality.



## For further information, please contact:

---

### Public Relations for media

Public Relations,  
Group Human Resources & Corporate Secretariat Office  
Tel : +81 (0)3-5788-8513  
E-mail : [Nshd.info@nipponsanso-hd.co.jp](mailto:Nshd.info@nipponsanso-hd.co.jp)

### Investor Relations for investors

Investor Relations,  
Group Finance & Accounting Office  
Tel: +81 (0)3-5788-8512  
E-mail : [Nshd.ir@nipponsanso-hd.co.jp](mailto:Nshd.ir@nipponsanso-hd.co.jp)

### Upcoming IR events

FYE2023 Full-term Earnings Presentation	May 19, 2023
Annual Shareholder meeting	June 20, 2023
Q1 FYE2024 Earnings Call	July 28, 2023

[www.nipponsanso-hd.co.jp/en/](http://www.nipponsanso-hd.co.jp/en/)

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**NIPPON SANZO HOLDINGS**

# **The Gas Professionals**

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