



**NIPPON SANZO HOLDINGS**

# Q1 FYE2024 Consolidated Financial Results

## Earnings Announcement

( Three months ended June, 2023 )

July 28, 2023  
Tokyo (Japan)

**The Gas Professionals**

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This presentation and materials distributed in connection with this presentation include certain financial measures not presented in accordance with International Financial Reporting Standards (“IFRS”), such as Core Operating Income, Debt, Net Debt, Adjusted net D/E ratio, Free Cash Flow and ROCE after Tax. NSHD’s management and executive officers evaluates results and makes operating and investment decisions using both IFRS and non-IFRS measures included in this presentation. These non-IFRS measures exclude certain income, cost and cash flow items which are included in, or are calculated differently from, the most closely comparable measures presented in accordance with IFRS. By including these non-IFRS measures, management and executive officers intends to provide investors with additional information to further analyze NSHD’s performance, core results and underlying trends. NSHD’s non-IFRS measures are not prepared in accordance with IFRS and such non-IFRS measures should be considered a supplement to, and not a substitute for, measures prepared in accordance with IFRS. Investors are encouraged to review the reconciliation of non-IFRS financial measures to their most directly comparable IFRS measure, which are on the part of our slide deck.

## ● 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>

Unit : JPY Currency	FYE2023				Average Forex rates				FYE2024	Unit : ¥ bn. Currency	(Reference) Currency sensitivity as rough indication	
	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.)		Impact of devaluation by 1 JPY (Full-term basis)	
										Revenue	Core Operating Income	
USD	131.25	135.30	136.85	136.00	139.63				130	USD	+2.2	+0.28
EUR	138.75	139.14	140.83	141.62	151.89				140	EUR	+1.9	+0.25
SGD	94.97	97.12	98.61	99.05	103.66				97.1			
AUD	92.52	93.51	93.16	92.67	91.94				93.5			
CNY	19.71	19.91	19.81	19.71	19.67				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.

# Contents

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2. **Q1 FYE2024 Business performance**
3. **FYE2024 Full-term Forecast**

## Appendix

# 1. Strategic overview

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Our Medium-term Management plan:

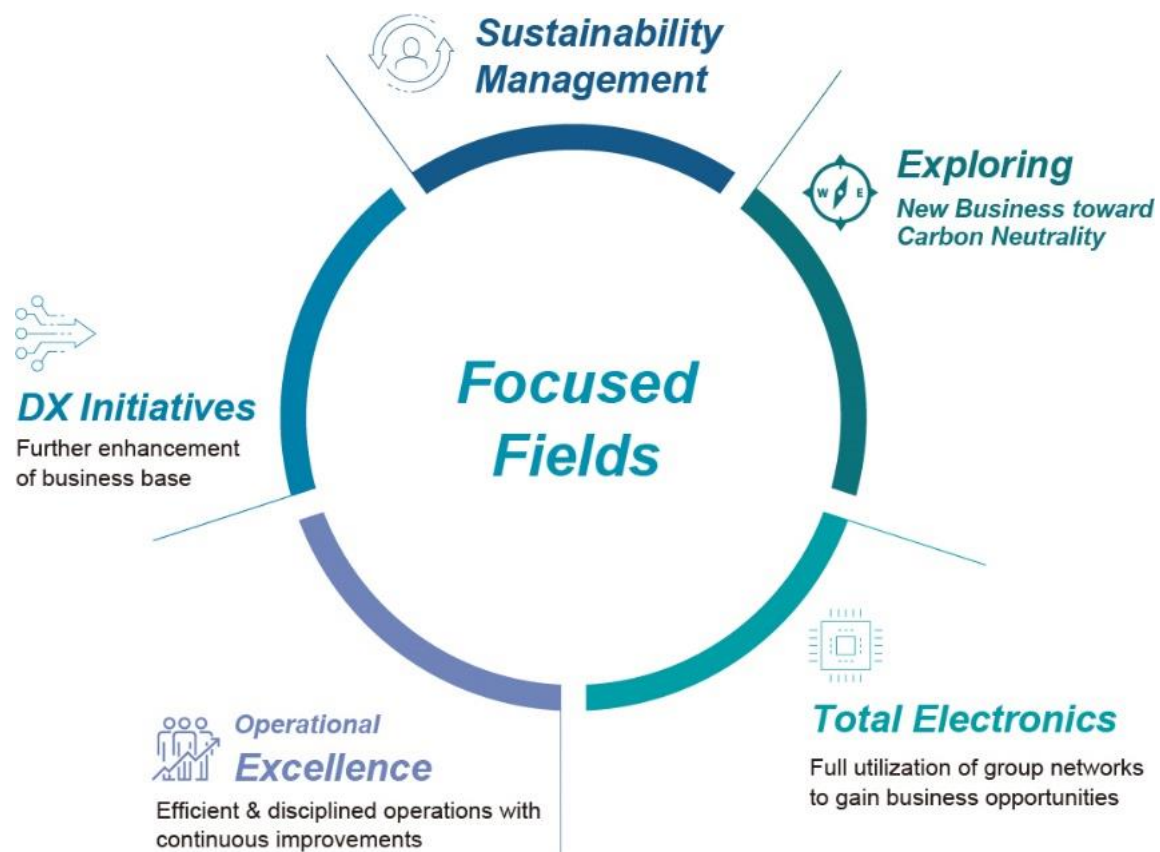
# NS Vision 2026 | Enabling the Future

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.**



# Diverse & Experienced Board of Directors

In June 2023, a new management structure was put in place, including two new Outside directors. Our Board of Directors consists of Nine experienced global leaders with diverse backgrounds.

## Internal Directors



**Toshihiko Hamada**  
Representative Director,  
President CEO  
Member of ACoAR<sup>12</sup>



**Kenji Nagata**  
Director  
Representative Director, President,  
Taiyo Nippon Sanso Corporation



**Thomas Scott Kallman**  
Director  
Chairman and CEO,  
Matheson Tri-Gas, Inc



**Eduardo Gil Elejoste**  
Director  
Chairman and President,  
Nippon Gases Euro-Holding S.L.U.



## Independent Directors<sup>\*1</sup>



**Miri Hara**  
Outside Director  
Member of ACoAR<sup>12</sup>



**Katsumi Nagasawa**  
Outside Director  
Chairman of ACoAR<sup>12</sup>



**Masako Miyatake**  
Outside Director  
Member of ACoAR<sup>12</sup>



**Hideo Nakajima** *(New)*  
Outside Director  
Member of ACoAR<sup>12</sup>



**Katsuhito Yamaji** *(New)*  
Outside Director  
Member of ACoAR<sup>12</sup>



### Expertise and experience of each director

- Corporate Management
- Financial Affairs & Accounting
- Legal Affairs & Risk Management
- Sales & Marketing
- Development & Technology
- Production & Procurement
- Overseas Assignment
- Business Experience at Other Companies
- Independence

<sup>\*1</sup> As defined by Tokyo Stock Exchange listing rules

<sup>12</sup> Note that ACoAR (Advisory Committee on Appointments and Remuneration) is an organization that advises the Board of Directors. The Board of Directors strives to ensure transparency and objectivity in decision-making by consulting the Committee and seeking advice from the independent outside directors when revising bylaws concerning director remuneration, selecting candidates for the positions of director or auditor, appointing and dismissing the president (CEO), appointing and dismissing executive officers and choosing successors to the president (CEO).

# Business initiative: Contributing to a Carbon Neutral society

Matheson Tri-Gas, the U.S. operating company, will commission an on-site supply of oxygen gas used in the calcining process<sup>\*1</sup> of **1PointFive**'s new DAC<sup>\*2</sup> business with a state-of-the-art Air separation unit designed by the Plant Engineering Center of Taiyo Nippon Sanso, the Japanese operating company. The establishment of this on-site plant will also strengthen our presence in the southern U.S. (Texas).



## 1PointFive, LLC

**1PointFive**'s mission is to stabilize the climate by limiting global warming to 1.5 degrees Celsius or less in coming years. To make this happen, they are dedicated to the deployment and commercialization of Carbon Engineering's proven Direct Air Capture technology at scale—enabling the removal of atmospheric CO<sub>2</sub> via a network of DAC facilities.

(Source: the company's website)

We have signed a long-term oxygen supply contract for 1PointFive's DAC plant in Ector, Texas, which is assumed to store CO<sub>2</sub> in the Saline aquifer. The U.S. Inflation Reduction Act encourages companies to promote carbon neutrality, and we would like to turn this momentum into our growth.

<sup>\*1</sup> Calcining process (Calcination) : The thermal treatment process in which ores and other solids are heated to generate thermal decomposition and phase transitions or to remove volatile components. In this case, thermal treatment of carbonates after CO<sub>2</sub> capture.

<sup>\*2</sup> DAC (Direct Air Capture) : Technology for the direct capture of atmospheric CO<sub>2</sub>. In this case, it is captured by chemical absorption and adsorption using liquefied potassium hydroxide solution. It is expected to be a negative emission of greenhouse gases (GHG).



## Business initiative: Contribute to the development of Japan's semiconductor industry

Taiyo Nippon Sanso has been selected by **Rapidus** as the design-builder for the construction of gas-related facilities for the pilot line of its Advanced semiconductor plant in Chitose, Hokkaido. Chitose Gas Center is scheduled to begin operation in Nov. 2024, where various gas production equipment and liquefied gas storage tanks will be installed to start bulk supply from our site, which is adjacent to the customer's site, in the first half of 2025.

### Rapidus Corporation

**Rapidus** was established by eight major Japanese companies\*<sup>1</sup> with the aim of establishing a foundation for the mass production of 2nm (nanometer) state-of-the-art semiconductors, which are indispensable for advanced industries such as automated driving and AI.  
(Source: Edited by us from the Company's website)

We will contribute to the development of the semiconductor industry by participating in its mass production project, which has been selected by Japan's METI\*<sup>2</sup> as an R&D project to establish the future manufacturing infrastructure for Advanced semiconductors.

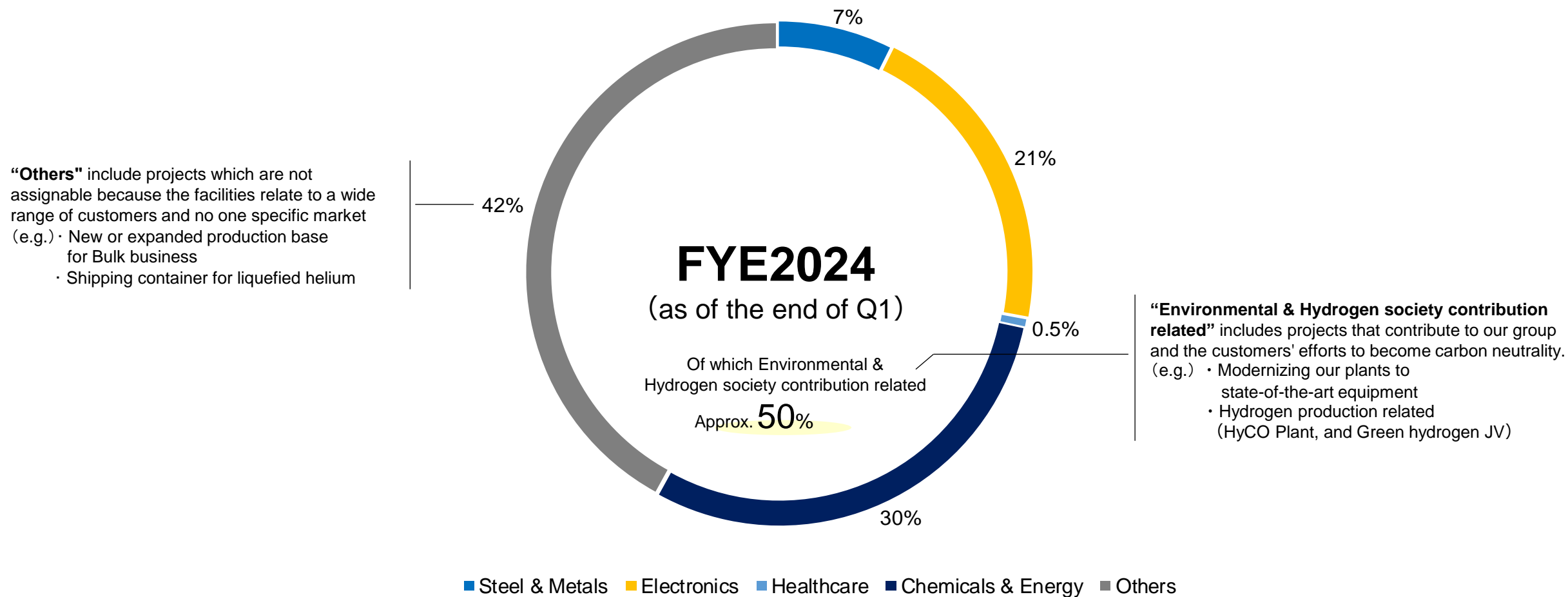


\*<sup>1</sup> Eight major Japanese companies: Kioxia Corporation, Sony Group Corporation, SoftBank Corp., Denso Corporation, Toyota Motor Corporation, NEC Corporation, Nippon Telegraph and Telephone Corporation, and MUFG Bank, Ltd.

\*<sup>2</sup> METI: the abbreviation for Ministry of Economy, Trade and Industry in Japan

# 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.



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.

# Key Highlights

- ✓ **Continue and maintain** price management
- ✓ Acquire **Carbon Neutrality**-related business opportunities
- ✓ **Gauge** the economic, industrial, and general manufacturing situation of each region
- ✓ Seize business opportunities in the **Electronics industry**
- ✓ Enhance and institutionalize **productivity**

## **2. Q1 FYE2024**

# **Business performance**

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# Consolidated results

	FYE2023	FYE2024	YoY	
	Q1	Q1	Difference	% Change
(Unit: ¥ bn.)	(Apr.- Jun.)	(Apr.- Jun.)		
<b>Revenue</b>	<b>276.0</b>	<b>308.9</b>	<b>+32.9</b>	<b>+11.9%</b>
<b>Core operating income</b>	<b>30.2</b>	<b>40.7</b>	<b>+10.5</b>	<b>+34.6%</b>
Core OI margin	11.0%	13.2%		
Non-recurring profit and loss	-2.8	-0.0	+2.8	
<b>Operating income (IFRS)</b>	<b>27.4</b>	<b>40.7</b>	<b>+13.3</b>	<b>+48.2%</b>
OI margin	10.0%	13.2%		
EBITDA margin	20.2%	22.0%		
Finance costs	-1.9	-4.4	-2.5	
<b>Income before income taxes</b>	<b>25.5</b>	<b>36.2</b>	<b>+10.7</b>	<b>+41.8%</b>
Income tax expenses	7.5	10.6	+3.1	
Net income	17.9	25.5	+7.6	+42.2%
(Attribution of net income)				
<b>Net income attributable to owners of the parent</b>	<b>17.2</b>	<b>24.5</b>	<b>+7.3</b>	<b>+42.1%</b>
NI margin	6.3%	8.0%		
Net income attributable to non-controlling interests	0.6	0.9	+0.3	
Forex (Unit: JPY)				
USD	131.25	139.63		
(average rate during the period)				
EUR	138.75	151.89		
AUD	92.52	91.94		



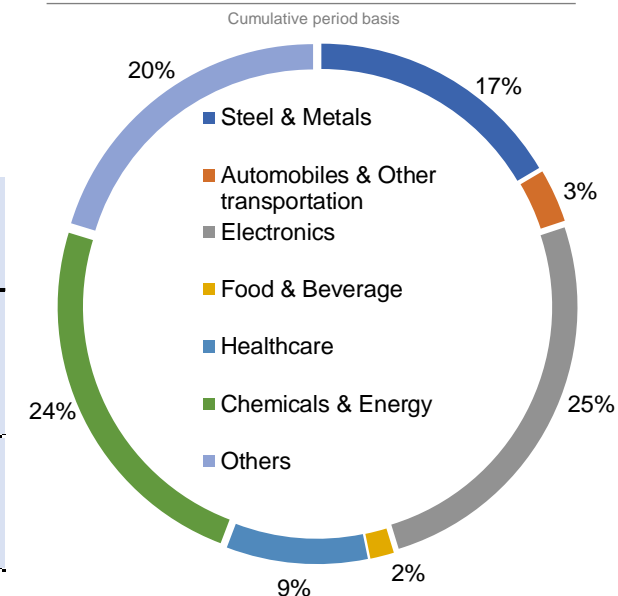
# Japan

(Unit: ¥ bn.)	FYE2023	FYE2024	Difference	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	95.1	<b>107.6</b>	+12.5	+13.1%	+13.0%
<b>Segment income</b>	6.0	<b>11.2</b>	+5.2	+87.1%	+86.5%
Segment OI margin	6.3%	<b>10.4%</b>			
EBITDA margin	11.3%	<b>14.9%</b>			

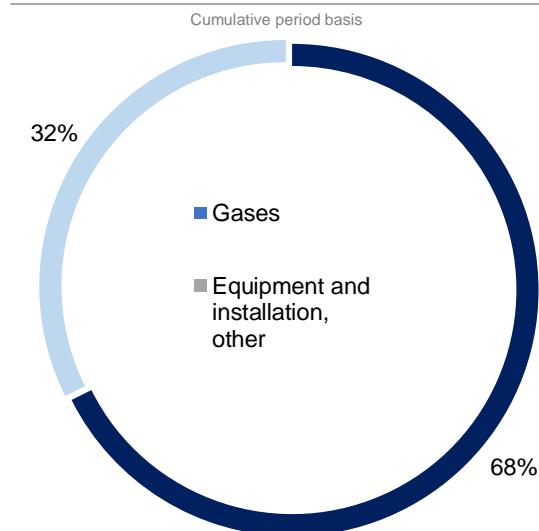
**YoY Factors for increase/decrease in this quarterly period and other comment**

- Lower shipment volumes of core products such as air separation gases, carbon dioxide gas, and LP gas
- Sales price revisions against the backdrop of rising costs
- Sales of specialty gases for the electronics industry were firm
- Industrial gas-related and electronics-related equipment and installation were firm

**By Industry**



**By Product**

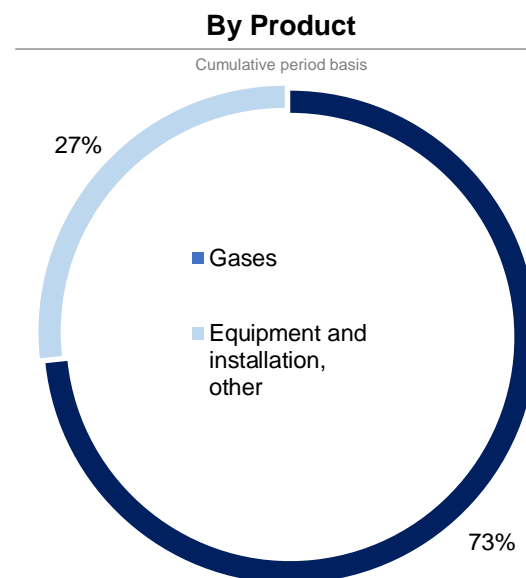
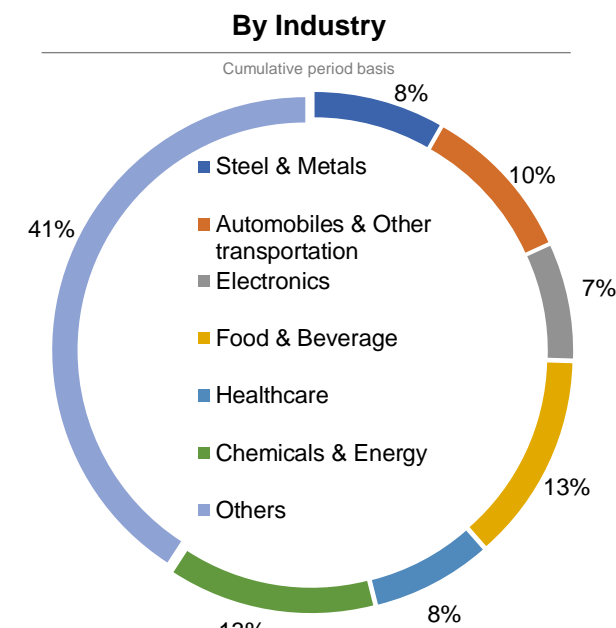


# United States

(Unit: ¥ bn.)	FYE2023	FYE2024	Difference	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	68.8	<b>82.0</b>	+13.2	+19.1%	+12.0%
<b>Segment income</b>	9.3	<b>11.1</b>	+1.8	+20.0%	+12.6%
Segment OI margin	13.5%	<b>13.6%</b>			
EBITDA margin	27.7%	<b>26.3%</b>			

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

- Lower shipment volumes of core products such as air separation gases
- Sales price revisions against the backdrop of rising costs and other factors
- Industrial gas-related equipment and installation sales were strong and electronics-related equipment sales were also favorable



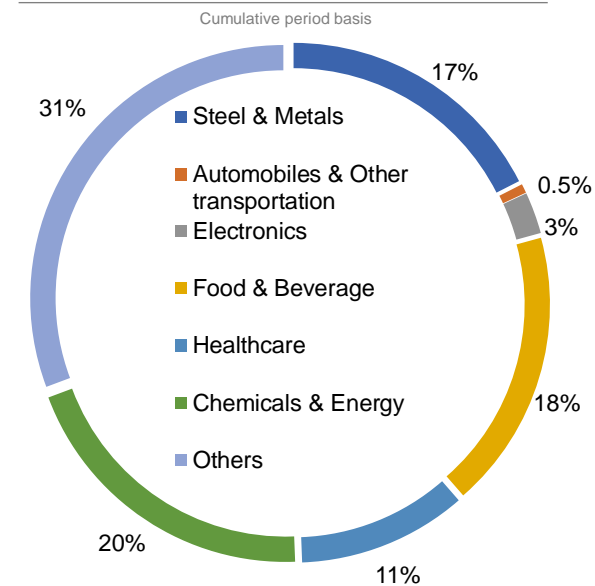
# Europe

(Unit: ¥ bn.)	FYE2023	FYE2024	Difference	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	64.9	<b>73.1</b>	+8.2	+12.6%	+2.8%
<b>Segment income</b>	8.8	<b>13.1</b>	+4.3	+49.1%	+36.0%
Segment OI margin	13.6%	<b>18.0%</b>			
EBITDA margin	26.6%	<b>30.5%</b>			

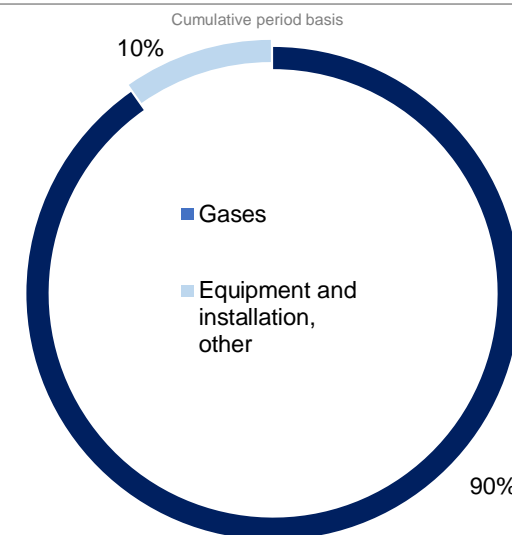
### YoY Factors for increase/decrease in this quarterly period and other comment

- Lower shipment volumes of core products such as air separation gases, carbon dioxide gas
- Sales price revisions against the backdrop of rising costs and other factors
- Strong sales of medical-related equipment
- Productivity and cost reduction efforts contributed to solid business performance

### By Industry



### By Product



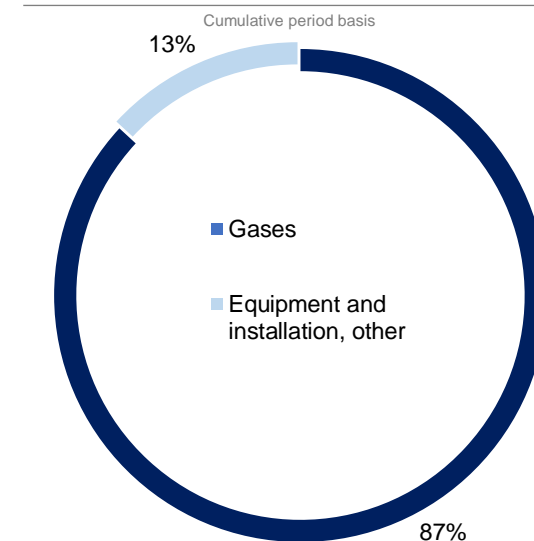
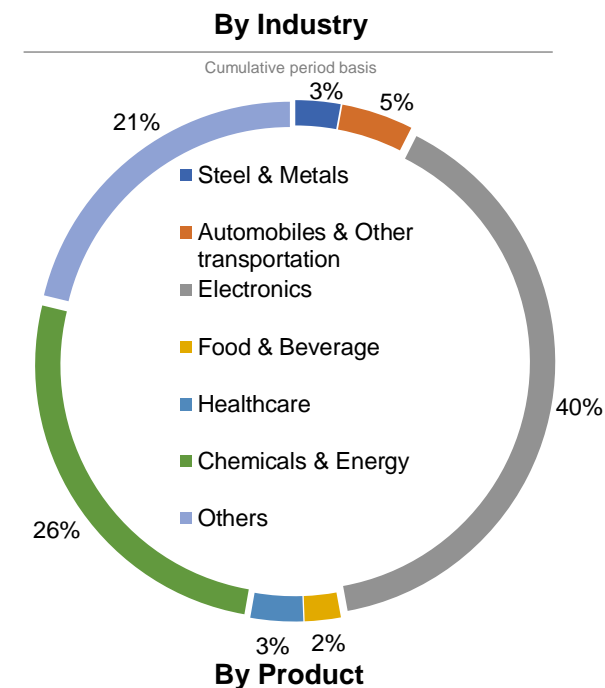


# Asia & Oceania

(Unit: ¥ bn.)	FYE2023	FYE2024	Difference	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	39.2	<b>38.4</b>	-0.8	-2.1%	-4.5%
<b>Segment income</b>	4.6	<b>4.1</b>	-0.5	-10.6%	-12.2%
Segment OI margin	11.7%	<b>10.7%</b>			
EBITDA margin	17.5%	<b>17.0%</b>			

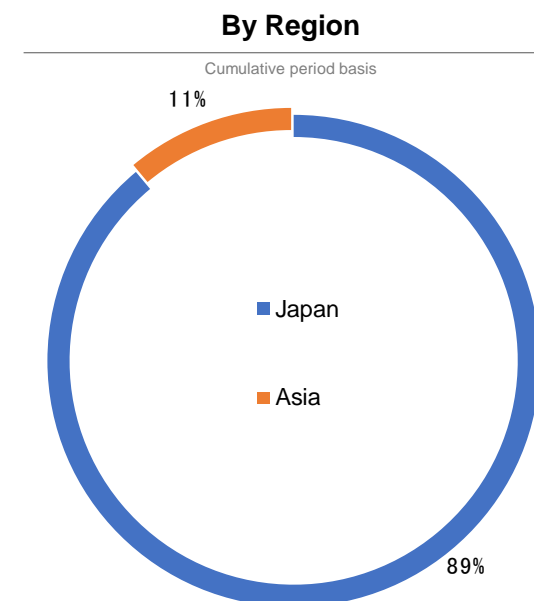
### YoY Factors for increase/decrease in this quarterly period and other comment

- Lower shipment volumes of core products such as air separation gases and carbon dioxide gas
- Sales price revisions against the backdrop of rising costs and other factors
- In LP gas, of which a large portion of sales are in the Australia region, unit sales prices and sales volumes were flat with the previous fiscal year
- In the electronics-related business, softness in both gas and equipment as a result of inventory adjustments and postponement of capital investment due to customer delays



# Thermos

(Unit: ¥ bn.)	FYE2023	FYE2024	Difference	YoY	
	Q1 (Apr.- Jun.)	Q1 (Apr.- Jun.)		% Change	% Change <i>exc. FX</i>
<b>Revenue</b>	7.6	<b>7.5</b>	-0.1	-1.2%	-1.6%
<b>Segment income</b>	1.9	<b>1.4</b>	-0.5	-27.2%	-29.5%
Segment OI margin	25.5%	<b>18.8%</b>			
EBITDA margin	30.1%	<b>23.7%</b>			



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

- In Japan, the revenue of portable vacuum-insulated mugs and kitchenware such as frying pans was firm
- Overseas, revenues were generally soft
- Rising raw material prices from inflation and production costs increased due to the weak JPY

# 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**



Senior 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)

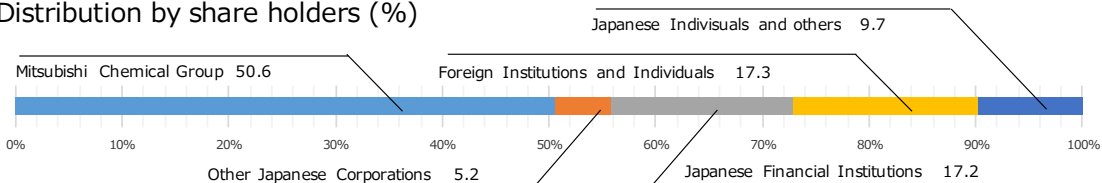
Company Name	Nippon Sanso Holdings Corporation
Founded	October 30, 1910
Headquarters	1-3-26 Koyama Shinagawa-ku, Tokyo 142-0062, Japan
TEL	81-3-5788-8500
	Representative Director, President CEO
Representative	Toshihiko Hamada
Common stock	37.3 billion yen

Stock information

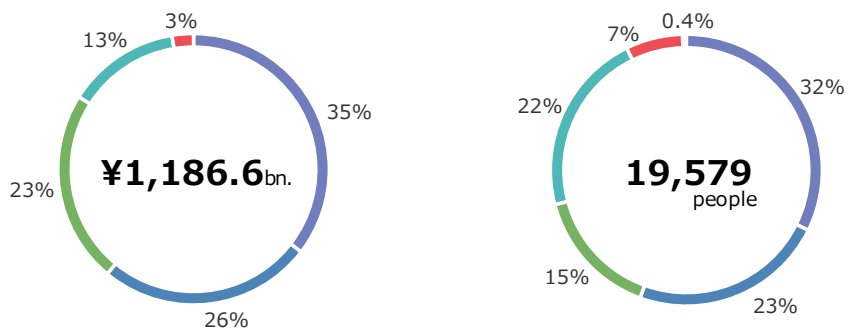
(As of March 31, 2023)

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)



■ Japan ■ US ■ Europe ■ Asia & Oceania ■ Thermos ■ Corporate

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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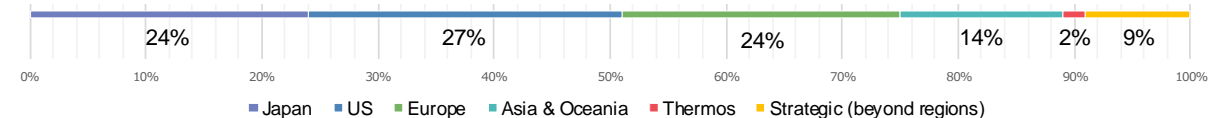
### <HR>

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

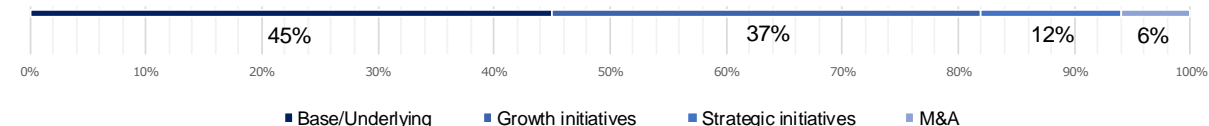
## Capital allocation

Cash-in	(the total for 4 years)
[Operating Cash flow]	¥730.0 bn.
Cash-out	¥433.0 bn.
[Investment as a whole]	

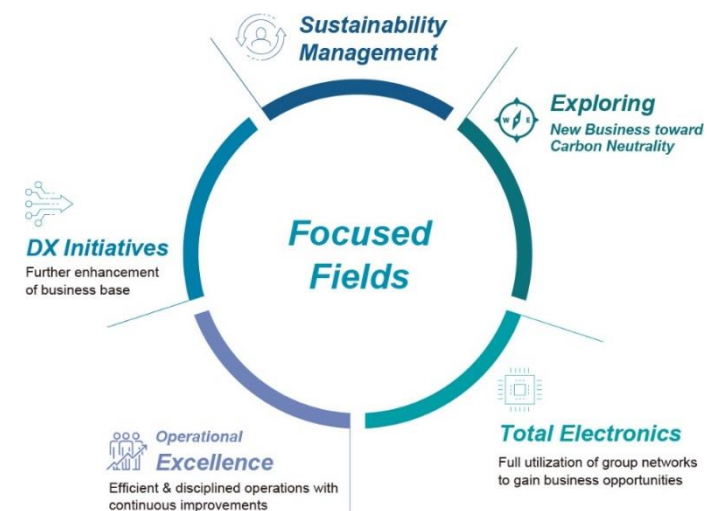
## Composition ratio by Business



## 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.

	FYE2023 Q1	FYE2024 Q1	YoY Difference
(Unit: ¥ bn.)			
<b>Core operating income</b>	<b>30.2</b>	<b>40.7</b>	<b>+10.5</b>
Non-recurring profit and loss	-2.8	-0.0	+2.8
<b>Operating income (IFRS)</b>	<b>27.4</b>	<b>40.7</b>	<b>+13.3</b>

## Items (Unit : ¥ bn.)

FYE2023 Q1 result		FYE2024 Q1 result	
Item	Amount	Item	Amount
Arbitration of Leasing facilities dispute (U.S.), etc.	-2.8	Loss associated with withdrawal from business	-0.0
<b>Total</b>	<b>-2.8</b>	<b>Total</b>	<b>-0.0</b>

# Key performance indicators

Item	Unit	FYE2023 Q1	FYE2024 Q1	FYE2023 Full-term
Basic earnings per share	JPY	39.95	56.74	168.85
Overseas sales ratio	%	63.7	63.6	63.0
ROE	%	—	—	10.8
ROCE	%	—	—	7.6
ROCE after Tax	%	—	—	5.4
Annual dividends per share	JPY	—	—	38
Dividend payout ratio	%	—	—	22.5
CAPEX <sub>(fund basis)</sub> & Investments and loans	¥bn.	20.0	25.1	94.7
Depreciation and amortization	¥bn.	25.5	27.1	105.7
Free cash flow	¥bn.	11.9	8.6	89.8
Adjusted net D/E ratio	Times	0.92	0.77	0.81
Interest-bearing liabilities	¥bn.	958.8	965.6	941.7
Net interest-bearing liabilities	¥bn.	868.3	843.2	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.)	FYE2023	FYE2024	YoY	
	Q1	Q1	Difference	% Change
Income before income taxes	25.5	36.2	+10.7	+41.8%
Depreciation and amortization	25.5	27.1	+1.6	
Changes in working capital	-10.4	-8.4	+2.0	
Others	-8.9	-21.3	-12.4	
<b>Cash flows from operating activities</b>	<b>31.8</b>	<b>33.6</b>	<b>+1.8</b>	<b>+5.7%</b>
Capital expenditures	-19.8	-25.0	-5.2	
Investments and loans	-0.2	-0.0	+0.2	
Others (asset sales, etc.)	0.1	0.1	-0.0	
<b>Cash flows from investing activities</b>	<b>-19.8</b>	<b>-24.9</b>	<b>-5.1</b>	<b>+25.5%</b>
<b>Free cash flow</b>	<b>11.9</b>	<b>8.6</b>	<b>-3.3</b>	<b>-27.5%</b>
<b>Cash flows from financing activities</b>	<b>-16.8</b>	<b>-24.9</b>	<b>-8.1</b>	<b>+47.7%</b>

# Condensed consolidated statements of Financial position

(Unit : ¥ bn.)	FYE2023	FYE2024	YoY		FYE2023	FYE2024	YoY
	Q4	Q1	Difference		Q4	Q1	Difference
Cash and cash equivalents	132.2	122.4	-9.8	Trade payables	128.1	125.4	-2.7
Trade receivables	243.5	248.5	+5.0	Interest-bearing liabilities	941.7	965.6	+23.9
Inventories	97.6	103.6	+6.0	Others	330.9	349.9	+19.0
Others	53.7	74.2	+20.5	<b>Total liabilities</b>	<b>1,400.9</b>	<b>1,441.0</b>	<b>+40.1</b>
<b>Total current assets</b>	<b>527.0</b>	<b>548.8</b>	<b>+21.8</b>	Share capital and capital surplus, etc	626.5	642.3	+15.8
Property, plant and equipment	776.1	815.1	+39.0	Other components of equity	97.7	170.7	+73.0
Goodwill	513.6	554.6	+41.0	<b>Equity attributable to</b>			
Intangible assets	242.3	255.7	+13.4	<b>owners of parent</b>	<b>724.3</b>	<b>813.0</b>	<b>+88.7</b>
Others	99.7	114.2	+14.5	<b>Non-controlling interests</b>	<b>33.6</b>	<b>34.4</b>	<b>+0.8</b>
<b>Total non-current assets</b>	<b>1,631.8</b>	<b>1,739.7</b>	<b>+107.9</b>	<b>Total equity</b>	<b>757.9</b>	<b>847.5</b>	<b>+89.6</b>
<b>Total assets</b>	<b>2,158.9</b>	<b>2,288.6</b>	<b>+129.7</b>	<b>Total liabilities and equity</b>	<b>2,158.9</b>	<b>2,288.6</b>	<b>+129.7</b>

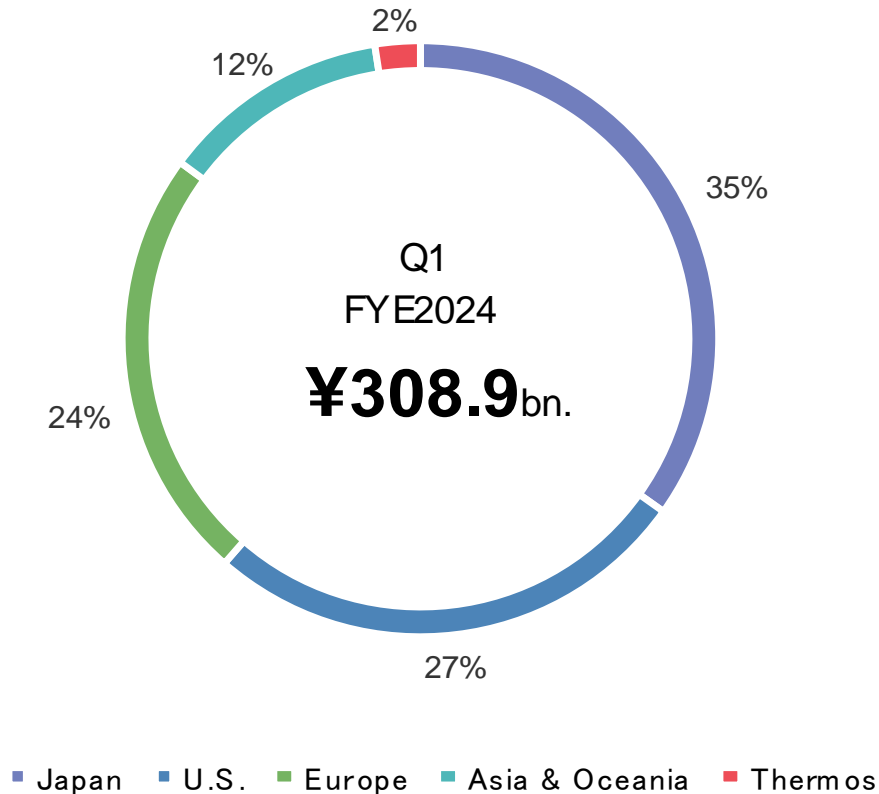
Note that foreign exchange rates resulted in an increase in both total assets and total liabilities and equity of approximately ¥134.9 billion. This mainly reflected foreign exchange rate changes, such as the JPY depreciation of ¥11.46 against the USD and the JPY depreciation of ¥11.88 against the EUR as of June 30, 2023, compared with the rates as of March 31, 2023.

# Results overview by Segment

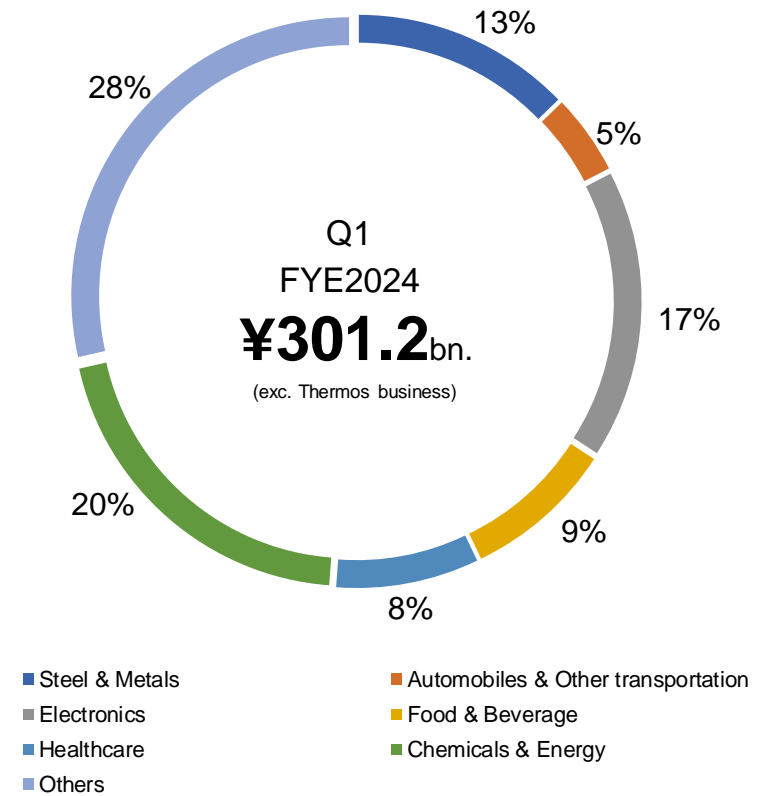
		FYE2023	FYE2024		YoY		Forex impact	% Change exc. FX
		Q1	Q1	Composition ratio	Difference	% Change		
(Unit: ¥ bn.)		(Apr.- Jun.)	(Apr.- Jun.)					
<b>Japan</b>	Revenue	95.1	<b>107.6</b>	34.8%	+12.5	+13.1%	+0.0	+13.0%
	Segment OI	6.0	<b>11.2</b>	27.6%	+5.2	+87.1%	+0.0	+86.5%
	Segment OI margin	6.3%	10.4%					
<b>United States</b>	Revenue	68.8	<b>82.0</b>	26.6%	+13.2	+19.1%	+4.3	+12.0%
	Segment OI	9.3	<b>11.1</b>	27.5%	+1.8	+20.0%	+0.6	+12.6%
	Segment OI margin	13.5%	13.6%					
<b>Europe</b>	Revenue	64.9	<b>73.1</b>	23.7%	+8.2	+12.6%	+6.1	+2.8%
	Segment OI	8.8	<b>13.1</b>	32.3%	+4.3	+49.1%	+0.8	+36.0%
	Segment OI margin	13.6%	18.0%					
<b>Asia &amp; Oceania</b>	Revenue	39.2	<b>38.4</b>	12.5%	-0.8	-2.1%	+0.9	-4.5%
	Segment OI	4.6	<b>4.1</b>	10.1%	-0.5	-10.6%	+0.0	-12.2%
	Segment OI margin	11.7%	10.7%					
<b>Thermos</b>	Revenue	7.6	<b>7.5</b>	2.5%	-0.1	-1.2%	+0.0	-1.6%
	Segment OI	1.9	<b>1.4</b>	3.5%	-0.5	-27.2%	+0.0	-29.5%
	Segment OI margin	25.5%	18.8%					
<b>Adjustment</b>	Revenue	0.0	<b>0.0</b>	0.0%	+0.0	—		—
	Segment OI	-0.4	<b>-0.3</b>	-1.0%	+0.1	—		—
<b>Consolidated total</b>	Revenue	276.0	<b>308.9</b>	100.0%	+32.9	+11.9%	+11.6	+7.4%
	Core OI	30.2	<b>40.7</b>	100.0%	+10.5	+34.6%	+1.6	+27.7%
	Core OI margin	11.0%	13.2%					

# Revenue composition

## By Segment



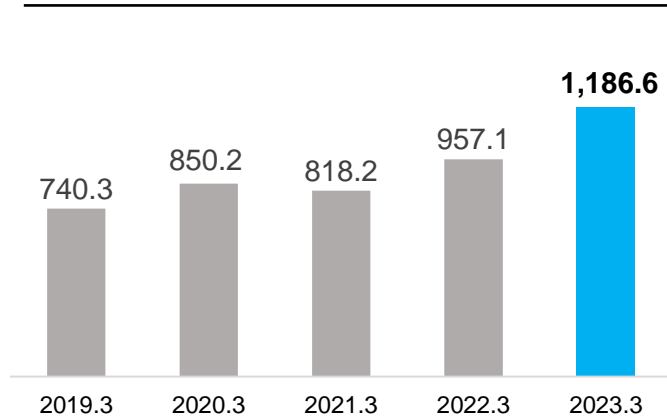
## By Industry



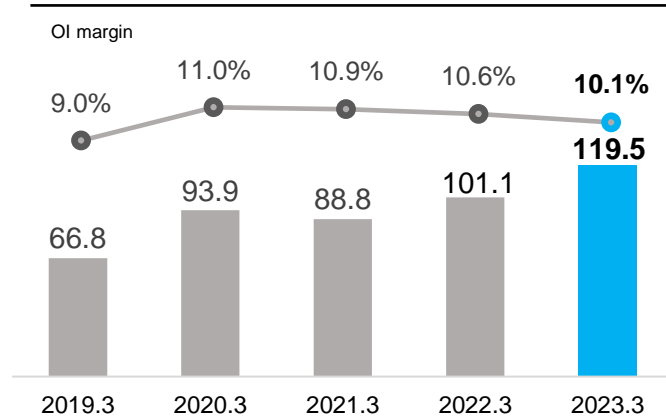


# Business performance over the past five years

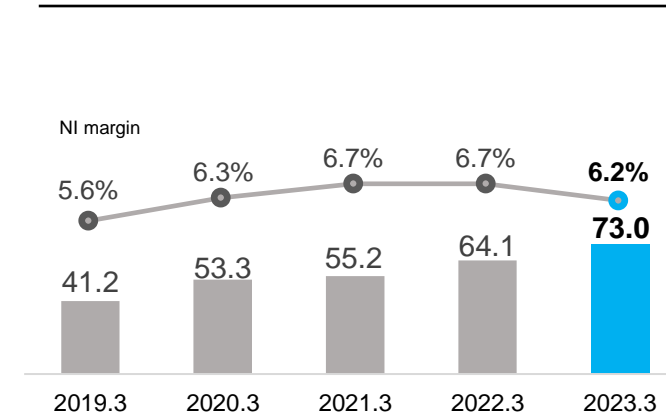
Revenue (¥ bn.)



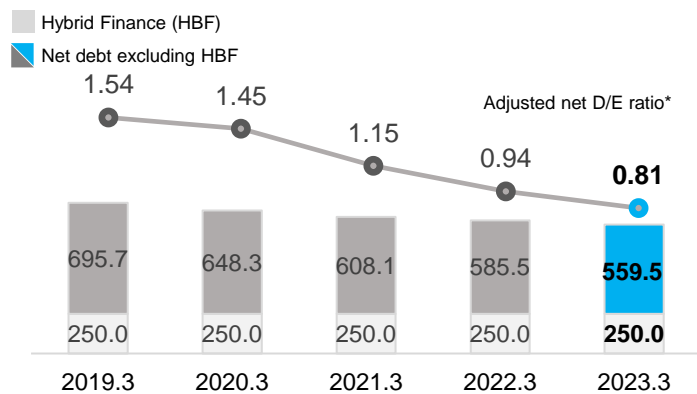
Operating income (IFRS) (¥ bn.)



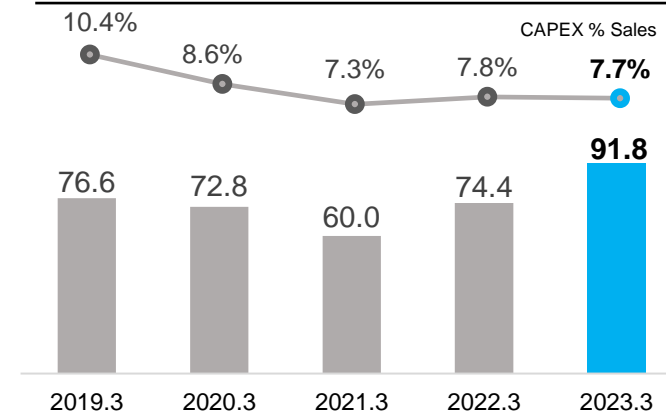
Profit attributable to owners of the parent (¥ bn.)



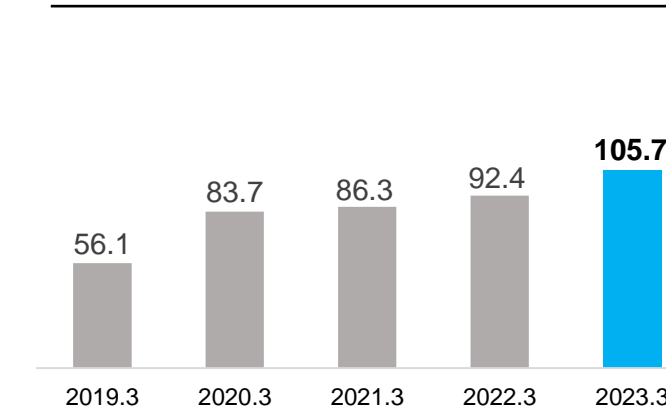
Net interest-bearing debts (¥ bn.)



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)*

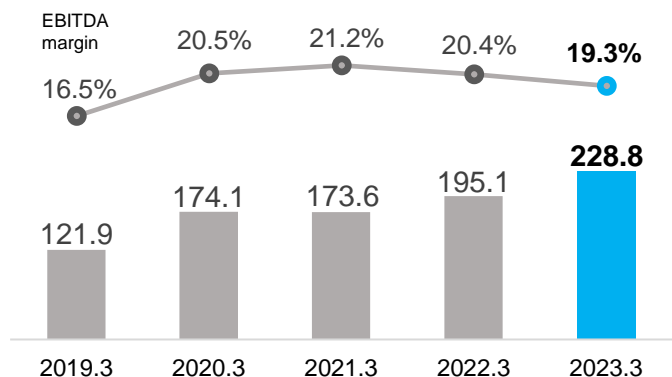
$$= \frac{\text{NOPAT (Net Operating Profit After Tax)}}{(\text{Interest-bearing debt} + \text{Total equity attributable to owners of parent})^*}$$

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

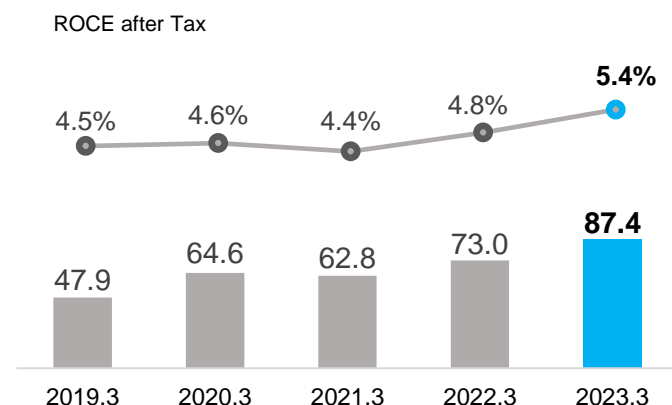
Indicator based on profitability and investment efficiency

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.

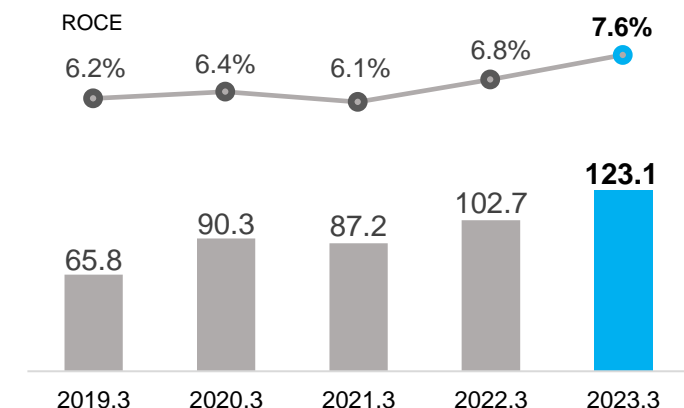
### EBITDA margin and EBITDA (¥ bn.)



### ROCE after Tax and NOPAT (¥ bn.)

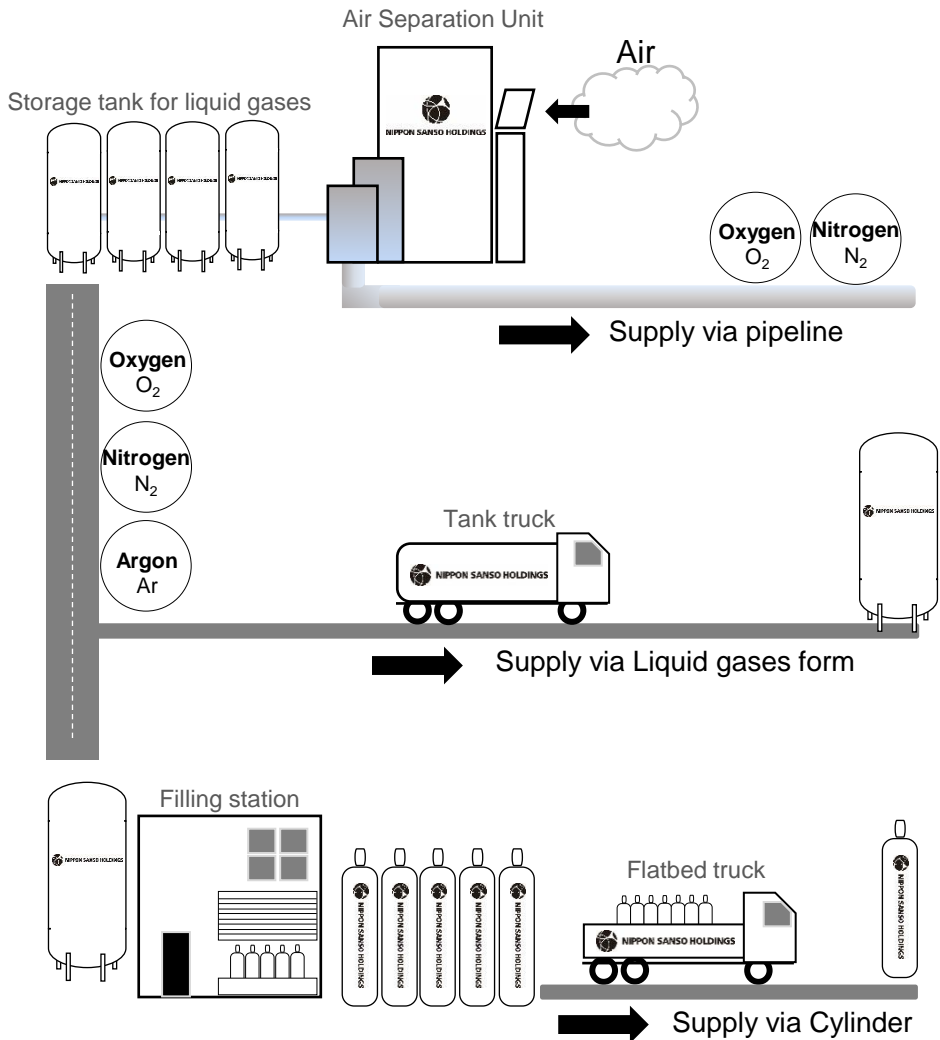


### (Reference) ROCE and Core OI (¥ bn.)



# 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 Glass/Paper**  
**Construction machinery      Pharmaceutical Medical      Food/beverage**  
**LCP      Photovoltaics      Semiconductor**

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)

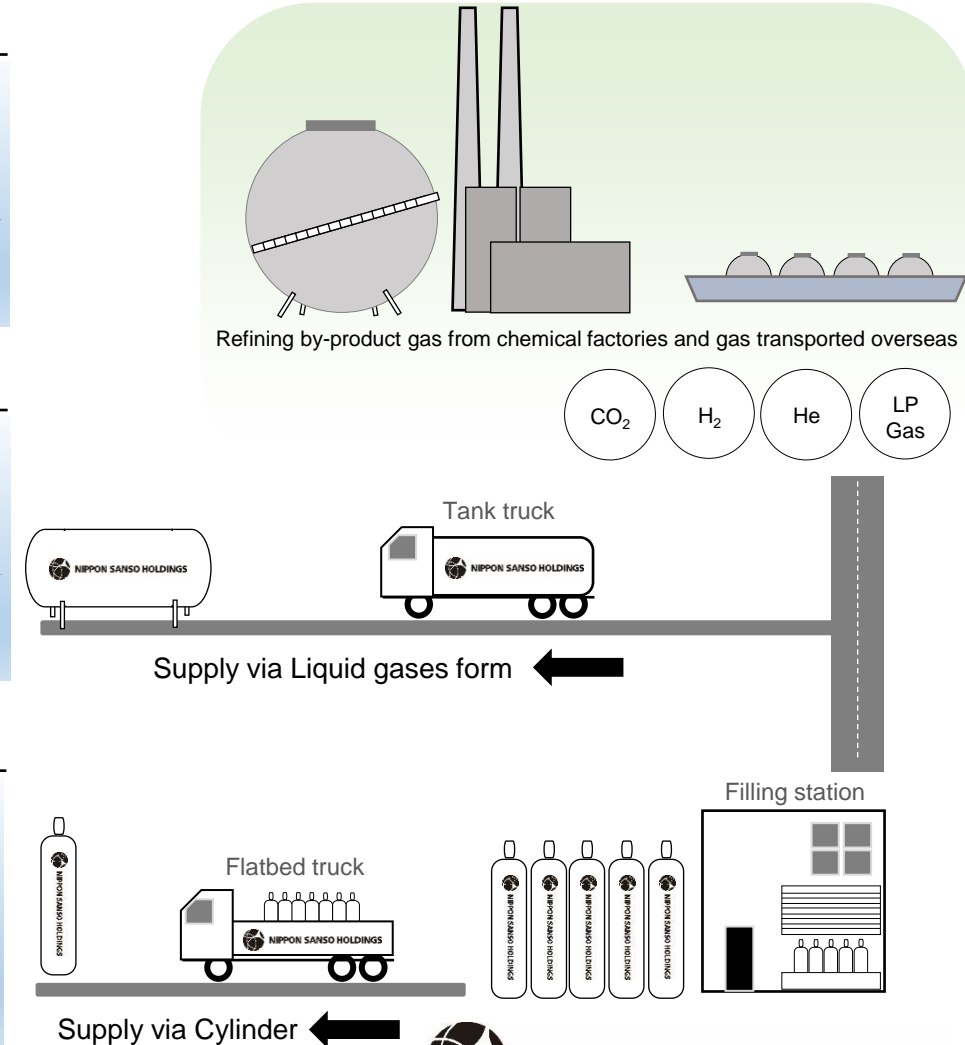
## Packaged

Major supply destination (Sector)

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



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### Upcoming IR events

Q2 FYE2024 Earnings Call

October 31, 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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