

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

February 2, 2024

Company name: Nippon Sanso Holdings Corporation Stock exchange listing: Tokyo (Prime)
TSE Code: 4091 URL: <https://www.nipponsanso-hd.co.jp>
Representative: Toshihiko Hamada, Representative Director, President CEO
Inquiries: Keita Kajiyama, General Manager, Investor Relations
Tel.: +81-3-5788-8512
Scheduled date to file Securities Report: February 9, 2024
Scheduled date to commence dividend payments: -
Supplementary materials on quarterly financial results: Yes
Quarterly results explanatory meeting: Yes (For institutional investors and analysts)

(Amounts less than ¥1 million are omitted)

1. Financial results for the first three quarters of FYE2024 (April 1, 2023 – December 31, 2023)

(1) Operating results

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
First three quarters of FYE2024	928,656	6.4	124,702	42.5	124,201	47.2	76,063	39.8	73,394	40.1	146,162	80.2
First three quarters of FYE2023	873,042	26.2	87,537	14.7	84,398	10.7	54,414	4.6	52,400	4.5	81,107	10.9

(Reference) Income before income taxes

First three quarters of FYE2024: ¥ 108,245 million [44.8%]

First three quarters of FYE2023: ¥ 74,757 million [8.4%]

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 three quarters of FYE2024	169.56	—
First three quarters of FYE2023	121.07	—

(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 three quarters of FYE2024 (December 31, 2023)	2,392,248	869,590	838,953	35.1
FYE2023 (March 31, 2023)	2,158,950	757,996	724,314	33.5

2. Dividends

	Annual Dividend				
	End of 1 st quarter (Yen)	End of 2 nd quarter (Yen)	End of 3 rd quarter (Yen)	Term end (Yen)	Total (Yen)
FYE2023	—	18.00	—	20.00	38.00
FYE2024	—	20.00	—		
FYE2024 (est.)				20.00	40.00

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

3. Forecasts for business operations for FYE2024 full term (April 1, 2023 – March 31, 2024)

(Percentages indicate year-on-year change)

	Revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(Yen)
Full term	1,230,000	3.7	155,000	25.9	163,000	36.4	100,500	32.3	97,000	32.7	224.09

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

(Reference) Income before income taxes

FYE2024 full term: ¥139,000 million (31.7%)

* Notes

(1) Changes in significant subsidiaries during the period: None

(Transfer of specified subsidiaries resulting in changes in the scope of consolidation)

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

1. Changes in accounting policies required by IFRS: None

2. Changes in accounting policies other than 1.: None

3. Changes in accounting estimates: None

(3) Number of outstanding shares (common shares)

1. Number of outstanding shares at the end of the period (including treasury stock)	As of Dec. 31, 2023	433,092,837 shares	As of Mar. 31, 2023	433,092,837 shares
2. Number of treasury stocks at the end of the period	As of Dec. 31, 2023	234,331 shares	As of Mar. 31, 2023	232,517 shares
3. Average number of shares during the period	As of Dec. 31, 2023	432,859,414 shares	As of Dec. 31, 2022	432,797,800 shares

* Financial reports are out of the scope of audit by certified public accountants or audit corporations.

* Explanation on the appropriate use of the forecasts of financial results and other comments

The forward-looking statements such as the forecasts of financial result stated in this document are based on the information currently available on the Company and certain assumptions that the Company judges as rational. The Company is under no obligation to guarantee their achievement. Actual financial results may vary significantly due to various reasons. For details on the assumptions of the forecasts and related matters, please see page 6, “(3) Explanation concerning predictive information such as consolidated business forecasts” in “1. Qualitative Information on Quarterly Financial Results.”

○ Contents

1. Qualitative Information on Quarterly Financial Results.....	4
(1) Explanation Concerning Business Results	4
(2) Explanation Concerning Financial Position	5
(3) Explanation Concerning Predictive Information such as Consolidated Business Forecasts.....	6
2. Quarterly Condensed Consolidated Financial Statements and Main Notes.....	7
(1) Quarterly Condensed Consolidated Statement of Financial Position	7
(2) Quarterly Condensed Consolidated Statement of Profit or Loss and Quarterly Condensed Consolidated Statement of Comprehensive Income	9
(3) Quarterly Condensed Consolidated Statement of Changes in Equity	11
(4) Quarterly Condensed Consolidated Statement of Cash Flows	13
(5) Notes to the Quarterly Condensed Consolidated Financial Statements.....	15
(Notes regarding going concern assumption)	15
(Segment information).....	15
(Significant subsequent events)	17

1. Qualitative Information on Quarterly Financial Results

(1) Explanation Concerning Business Results

(General Overview)

Nippon Sanso Holdings Group (NSHD Group) delivered positive profit growth for the first three quarters of the fiscal year under review (from April 1, 2023 to December 31, 2023) despite challenging geopolitical issues, rising trade tensions, global inflation, JPY depreciation, and a soft semiconductor market. Air separation gases (oxygen, nitrogen, and argon) transported via either truck or on-site pipeline to steel, chemical, and petroleum refining sectors, have decreased compared to the previous fiscal year. In addition, compared to prior year, there has been a moderation in energy related production and distribution costs, where costs previously had been high.

Furthermore, price management has been successful in passing costs through to our customers and our robust productivity projects continue to yield positive financial results. These factors enabled the NSHD Group to achieve the following results for the first nine months of the fiscal year currently under review.

Revenue on a consolidated basis increased by 6.4% year-on-year to ¥928,656 million, core operating income increased by 42.5% to ¥124,702 million, operating income increased by 47.2% to ¥124,201 million, and net income attributable to owners of the parent increased by 40.1% to ¥73,394 million.

As for the impact of foreign exchange rates year-on-year, JPY depreciated against the USD from ¥136.85 to ¥143.78 (+¥6.93, or +5.1%), against the EUR from ¥140.83 to ¥156.24 (+¥15.41, or +10.9%). As a result, overall revenue and core operating income were favorably impacted by approximately ¥38.2 billion and ¥4.7 billion respectively.

Core operating income is calculated by excluding from operating income certain gains and losses attributable to non-recurring factors such as losses incurred due to business withdrawal or downsizing.

(Overview of business performance by reportable segment)

A breakdown of business performance by reportable segment is as follows.

Segment income represents core operating income.

(i) Japan

In the industrial gas-related business, revenue increased year-on-year mainly due to sales price revisions against rising costs, despite lower shipment volumes of core products such as air separation gases and LP gas. In addition, the shipment volume of specialty gases for the electronics industry declined. In equipment and installation, both industrial gas-related and electronics-related businesses posted higher revenues, mainly due to medium and large sized projects which are accounted for on a percentage-of-completion basis. Meanwhile, there was a decrease in revenue due to the conversion from a consolidated on-site subsidiary to a joint operation entity.

As a result, in the Japan segment, revenue increased by 1.7% year-on-year to ¥305,554 million and segment income increased by 65.2% to ¥33,265 million.

(ii) United States

In the industrial gas-related business, revenue increased year-on-year mainly due to impact of the weak JPY and sales price revisions. Air separation gases experienced lower shipment volumes due to soft industrial trends. In equipment and installation, industrial gas-related sales were strong, especially for gas-related equipment, and electronics-related sales were also favorable, thereby increasing sales.

As a result, in the United States segment, revenue increased by 15.0% year-on-year to ¥257,198 million and segment income increased by 37.5% to ¥35,874 million.

(iii) Europe

Revenue increased in the industrial gas-related business year-on-year mainly due to the impact of the weak JPY despite slightly lower core product volumes such as air separation gases. Equipment and installation, continues to see positive performance in both industrial gas-related sales and medical-related equipment. In addition, segment income increased due to continued emphasis and successful delivery of productivity initiatives and the impact of the weak JPY.

As a result, in the Europe segment, revenue increased by 9.8% year-on-year to ¥223,169 million, and segment income

increased by 56.1% to ¥39,622 million.

(iv) Asia & Oceania

In the industrial gas-related business, revenue increased year-on-year mainly due to sales price revisions against rising costs and other factors, despite lower shipment volumes of core products such as air separation gases. In LP gas, of which a large portion of sales are in the Australia region, sales volumes decreased. In the electronics-related business, revenue declined significantly in East Asia due to softness in both gas and equipment demand due to customer inventory adjustments and postponements of capital investment.

As a result, in the Asia & Oceania segment, revenue decreased by 2.7% year-on-year to ¥119,503 million and segment income increased by 2.8% to ¥12,662 million. Revenue and segment income were favorably impacted by the weak JPY.

(v) Thermos

In Japan, sales from Portable vacuum-insulated mugs and sports bottles were firm, and revenue increased. Overseas, revenues were flat to the previous fiscal year. Segment income decreased due to rising raw material prices from inflation and production costs increased due to the weak JPY.

As a result, the Thermos segment revenue increased by 2.3% year-on-year to ¥23,163 million, the segment income decreased by 3.1% to ¥4,337 million.

(2) Explanation Concerning Financial Position

As of the end of the Q3 consolidated accounting period, total assets amounted to ¥2,392,248 million, an increase of ¥233,298 million from March 31, 2023. The impact of foreign exchange rates resulted in an increase in total assets of approximately ¥119.7 billion. As of the end of the Q3 consolidated accounting period, the yen was down ¥8.30 against the USD, and down ¥11.40 against the euro from the rates reported on March 31, 2023.

[Assets]

Total current assets amounted to ¥655,382 million, an increase of ¥128,308 million from March 31, 2023, mainly reflecting increases in cash and cash equivalents and trade receivables.

Total non-current assets were ¥1,736,865 million, an increase of ¥104,990 million from March 31, 2023, mainly reflecting increases in plant, property and equipment and goodwill.

[Liabilities]

Total current liabilities were ¥576,677 million, an increase of ¥151,520 million from March 31, 2023, mainly due to increases in bonds and borrowings and other current liabilities.

Total non-current liabilities were ¥945,981 million, a decrease of ¥29,815 million from March 31, 2023. The main factors were a decrease in bonds and borrowings and an increase in deferred tax liabilities.

[Equity]

Total equity amounted to ¥869,590 million, an increase of ¥111,593 million from March 31, 2023. The main factors included increases in the recording of net income attributable to owners of the parent, exchange differences on translation of foreign operations, and a decrease in retained earnings as a result of dividend payments.

The ratio of equity attributable to owners of the parent stood at 35.1%, up 1.6 percentage points from March 31, 2023.

(Cash flow analysis)

[Cash flow from operating activities]

Net cash provided by operating activities increased 21.2% year on year to ¥131,157 million. The main components were income before income taxes, depreciation and amortization, and corporate income tax payment or refund.

[Cash flow from investing activities]

Net cash used in investing activities increased 30.8% year-on-year to ¥83,689 million. The main use of cash was for the purchase of property, plant and equipment.

[Cash flow from financing activities]

Net cash provided by financing activities increased to ¥19,677 million from net cash used of ¥28,876 million year-on-year. The main factors were the proceeds from issuance of bonds, repayment of long-term borrowings, and proceeds from long-term borrowings.

As a result of the Company's operating, investing, and financing activities, the balance of cash and cash equivalents as

of the end of Q3, after accounting for the effects of exchange differences, came to ¥204,365 million.

(3) Explanation Concerning Predictive Information such as Consolidated Business Forecasts

No revisions have been made to the consolidated business forecasts released on October 31, 2023.

2. Quarterly Condensed Consolidated Financial Statements and Main Notes

(1) Quarterly Condensed Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	132,217	204,365
Account receivables	243,541	260,013
Inventories	97,612	107,572
Other financial assets	22,479	25,287
Other current assets	26,152	37,621
Subtotal	522,003	634,860
Assets possessed for a sales purpose	5,070	20,522
Total current assets	527,074	655,382
Non-current assets		
Property, plant and equipment	776,148	822,403
Goodwill	513,685	552,487
Intangible assets	242,334	247,167
Investments accounted for using the equity method	38,230	39,826
Other financial assets	46,763	60,971
Retirement benefit asset	2,810	2,759
Other non-current assets	8,461	7,797
Deferred tax assets	3,442	3,452
Total non-current assets	1,631,875	1,736,865
Total assets	2,158,950	2,392,248

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Account payables	128,197	117,944
Bonds and borrowings	140,540	278,968
Corporate income taxes payable	16,191	17,075
Other financial liabilities	102,119	105,491
Provision	284	321
Other current liabilities	37,824	53,860
Subtotal	425,157	573,663
Liabilities directly pertaining to assets possessed for a sales purpose	—	3,014
Total current liabilities	425,157	576,677
Non-current liabilities		
Bonds and borrowings	759,480	715,471
Other financial liabilities	35,693	35,711
Retirement benefit liabilities	14,117	14,772
Provision	5,440	5,420
Other non-current liabilities	20,364	20,093
Deferred tax liabilities	140,700	154,511
Total non-current liabilities	975,796	945,981
Total liabilities	1,400,953	1,522,658
Equity		
Share capital	37,344	37,344
Capital surplus	51,610	40,594
Treasury shares	(233)	(239)
Retained earnings	537,867	594,159
Other components of equity	97,724	167,093
Total equity attributable to owners of the parent	724,314	838,953
Non-controlling interests	33,682	30,636
Total equity	757,996	869,590
Total liabilities and equity	2,158,950	2,392,248

(2) Quarterly Condensed Consolidated Statement of Profit or Loss and Quarterly Condensed Consolidated Statement of Comprehensive Income
Condensed Consolidated Statement of Profit or Loss
(Consolidated Cumulative Third Quarter)

(Millions of yen)

	Nine-months ended December 31, 2022	Nine-months ended December 31, 2023
Revenue	873,042	928,656
Cost of sales	(554,118)	(551,642)
Gross operating profit	318,923	377,014
Selling, general and administrative expenses	(233,586)	(254,973)
Other operating income	4,454	2,800
Other operating expense	(7,616)	(3,072)
Share of profit of investments accounted for using the equity method	2,222	2,432
Operating income	84,398	124,201
Finance income	1,653	3,381
Finance costs	(11,293)	(19,337)
Income before income taxes	74,757	108,245
Corporate income taxes	(20,343)	(32,181)
Net income	54,414	76,063
Net income attributable to:		
Owners of the parent	52,400	73,394
Non-controlling interests	2,013	2,668
Net income per share		
Basic earnings per share (yen)	121.07	169.56

Condensed Consolidated Statement of Comprehensive Income
(Consolidated Cumulative Third Period)

(Millions of yen)

	Nine-months ended December 31, 2022	Nine-months ended December 31, 2023
Net income	54,414	76,063
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(3,451)	5,531
Remeasurements of defined benefit plans	11	(2)
Share of other comprehensive income of investments accounted for using the equity method	(42)	64
Total of items that will not be reclassified to profit or loss	(3,482)	5,593
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	28,954	62,521
Effective portion of net change in fair value of cash flow hedges	(893)	491
Share of other comprehensive income of investments accounted for using the equity method	2,114	1,492
Total of items that may be reclassified subsequently to profit or loss	30,174	64,504
Total other comprehensive income, net of tax	26,692	70,098
Comprehensive income	81,107	146,162
Comprehensive income attributable to:		
Owners of the parent	78,693	142,994
Non-controlling interests	2,413	3,168

(3) Quarterly Condensed Consolidated Statement of Changes in Equity

Nine-months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Share capital	Capital surplus	Treasury shares	Retained earnings
Balance at April 1, 2022	37,344	55,945	(281)	476,589
Net income	—	—	—	52,400
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	52,400
Purchase of treasury shares	—	—	(4)	—
Disposal of treasury shares	—	—	53	—
Dividends	—	—	—	(15,579)
Changes in ownership interest in subsidiaries	—	(4,171)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	609
Change in scope of consolidation	—	—	—	—
Other changes	—	—	—	—
Total transactions with owners	—	(4,171)	48	(14,970)
Balance at December 31, 2022	37,344	51,774	(232)	514,020

	Other components of equity				Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans				
Balance at April 1, 2022	39,428	368	19,319	—	59,115	628,714	32,423	661,137
Net income	—	—	—	—	—	52,400	2,013	54,414
Other comprehensive income	30,768	(884)	(3,603)	11	26,292	26,292	400	26,692
Comprehensive income	30,768	(884)	(3,603)	11	26,292	78,693	2,413	81,107
Purchase of treasury shares	—	—	—	—	—	(4)	—	(4)
Disposal of treasury shares	—	—	—	—	—	53	—	53
Dividends	—	—	—	—	—	(15,579)	(885)	(16,465)
Changes in ownership interest in subsidiaries	—	—	—	—	—	(4,171)	(1,857)	(6,029)
Business combinations or business divestitures	—	—	—	—	—	—	389	389
Transfer from other components of equity to retained earnings	—	—	(598)	(11)	(609)	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	—	—
Other changes	—	—	—	—	—	—	253	253
Total transactions with owners	—	—	(598)	(11)	(609)	(19,702)	(2,101)	(21,803)
Balance at December 31, 2022	70,196	(516)	15,117	—	84,797	687,704	32,736	720,441

Nine-months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

	(Millions of yen)			
	Share capital	Capital surplus	Treasury shares	Retained earnings
Balance at April 1, 2023	37,344	51,610	(233)	537,867
Net income	—	—	—	73,394
Other comprehensive income	—	—	—	—
Comprehensive income	—	—	—	73,394
Purchase of treasury shares	—	—	(5)	—
Disposal of treasury shares	—	—	—	—
Dividends	—	—	—	(17,316)
Changes in ownership interest in subsidiaries	—	(11,016)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	229
Change in scope of consolidation	—	—	—	(16)
Other changes	—	—	—	—
Total transactions with owners	—	(11,016)	(5)	(17,102)
Balance at December 31, 2023	37,344	40,594	(239)	594,159

	Other components of equity				Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of net change in fair value of cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans				
Balance at April 1, 2023	81,172	(284)	16,836	—	97,724	724,314	33,682	757,996
Net income	—	—	—	—	—	73,394	2,668	76,063
Other comprehensive income	63,558	487	5,555	(2)	69,599	69,599	499	70,098
Comprehensive income	63,558	487	5,555	(2)	69,599	142,994	3,168	146,162
Purchase of treasury stock	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	(17,316)	(820)	(18,136)
Changes in ownership interest in subsidiaries	—	—	—	—	—	(11,016)	(5,260)	(16,276)
Business combinations or business divestitures	—	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(231)	2	(229)	—	—	—
Change in scope of consolidation	—	—	—	—	—	(16)	—	(16)
Other changes	—	—	—	—	—	—	(133)	(133)
Total transactions with owners	—	—	(231)	2	(229)	(28,354)	(6,213)	(34,568)
Balance at December 31, 2023	144,730	202	22,159	—	167,093	838,953	30,636	869,590

(4) Quarterly Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine-months ended December 31, 2022	Nine-months ended December 31, 2023
Cash flow from operating activities		
Income before income taxes	74,757	108,245
Depreciation and amortization	78,880	83,049
Interest and dividends income	(1,266)	(2,727)
Interest expenses	11,268	19,273
Share of (profit) loss of investments accounted for using the equity method	(2,222)	(2,432)
Loss (gain) on sale and retirement of property, plant and equipment, and intangible assets	(455)	408
(Increase) decrease in trade receivables	(18,456)	(15,595)
(Increase) decrease in inventories	(20,233)	(7,752)
Increase (decrease) in trade payables	2,643	(10,059)
(Increase) decrease in retirement benefit asset	(647)	(393)
Increase (decrease) in retirement benefit liabilities	681	735
Other	9,442	2,445
Subtotal	134,392	175,195
Interest received	392	1,893
Dividends received	5,540	4,116
Interest paid	(9,703)	(19,448)
Corporate income tax refund (paid)	(22,395)	(30,599)
Cash flow from operating activities	108,226	131,157
Cash flow from investing activities		
Payments for purchase of property, plant and equipment	(62,176)	(80,123)
Proceeds from sale of property, plant and equipment	1,771	933
Payments for purchase of investment	(2,645)	(178)
Proceeds from sale and redemption of investments	1,505	755
Payments for acquisition of subsidiaries	(107)	—
Proceeds from sale of subsidiaries	—	154
Payments for acquisition of businesses	—	(2,326)
Other	(2,307)	(2,904)
Cash flow from investing activities	(63,960)	(83,689)

(Millions of yen)

	Nine-months ended December 31, 2022	Nine-months ended December 31, 2023
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	22,295	(1,398)
Net increase (decrease) in commercial papers	29,000	(1,000)
Proceeds from long-term borrowings	2,020	45,542
Repayment of long-term borrowings	(54,693)	(78,915)
Proceeds from issuance of bonds	—	99,532
Repayment of lease obligations	(8,921)	(10,036)
Payments for purchase of shares in subsidiaries not resulting in change in scope of consolidation	(2,737)	(16,174)
Dividends paid	(15,579)	(17,316)
Dividends paid to non-controlling interests	(885)	(820)
Other	626	264
Cash flow from financing activities	(28,876)	19,677
Impact of exchange rate changes on cash and cash equivalents	344	7,739
Net increase (decrease) in cash and cash equivalents	15,734	74,886
Balance of cash and cash equivalents at beginning of fiscal year	93,697	132,217
Increase (decrease) in cash and cash equivalents resulting from transfer to assets possessed for a sales purpose	—	(2,738)
Increase in cash and cash equivalents in relation to merger	104	—
Balance of cash and cash equivalents at end of quarter	109,535	204,365

(5) Notes to the Quarterly Condensed Consolidated Financial Statements

(Notes regarding going concern assumption)

Not applicable.

(Segment information)

(1) Outline of reportable segments

The NSHD Group's reportable segments are those of the components of the NSHD Group on which separate financial information is available, and which are evaluated regularly by the Board of Directors to determine the allocation of management resources and assess business performance. No grouping of operating segments has been carried out for reporting purposes.

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

The principal products and services for each of the reportable segments are as shown below.

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

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

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

Nine-months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statement of Income
	Japan	United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue from external customers	300,550	223,608	203,302	122,868	22,639	872,970	72	873,042
Revenue from inter-segment transactions and transfers	10,353	17,065	187	2,558	14	30,179	(30,179)	—
Total	310,904	240,673	203,489	125,427	22,654	903,149	(30,107)	873,042
Segment income (Note 2)	20,136	26,099	25,387	12,321	4,475	88,420	(883)	87,537

Notes: 1. The negative adjustment of (¥883) million for segment income is comprised of ¥100 million of intersegment eliminations and companywide expenses of (¥983) million that were not allocated to any particular reportable segment. These companywide expenses consist mainly of Group administration expenses at the Company that are not attributable to

reportable segments.

2. Segment income represents core operating income, which is calculated by excluding from operating income certain gains or losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

Nine-months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Millions of yen)

	Reportable segment						Adjustments (Note 1)	Amounts on the Consolidate d Statement of Income
	Japan	The United States	Europe	Asia & Oceania	Thermos	Total		
Revenue								
Revenue from external customers	305,554	257,198	223,169	119,503	23,163	928,589	67	928,656
Revenue from inter- segment transactions and transfers	10,632	17,739	312	2,357	12	31,054	(31,054)	—
Total	316,186	274,937	223,481	121,860	23,176	959,643	(30,986)	928,656
Segment income (Note 2)	33,265	35,874	39,622	12,662	4,337	125,762	(1,060)	124,702

Notes: 1. The negative adjustment of (¥1,060) million for segment income is comprised of ¥47 million of intersegment eliminations and companywide expenses of (¥1,107) million that were not allocated to any particular reportable segment. These companywide expenses consist mainly of Group administration expenses at the Company that are not attributable to reportable segments.

2. Segment income represents core operating income, which is calculated by excluding from operating income certain gains or losses attributable to non-recurring factors such as losses arising from business withdrawal or downsizing.

Reconciliation of segment income with income before income taxes is shown below.

(Millions of yen)

	Nine-months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine-months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Segment income	87,537	124,702
Proceeds from sale of fixed assets	596	—
Loss on arbitration award	(3,542)	—
Share of profit (loss) of investments accounted for using the equity method	(144)	—
Other	(48)	(500)
Operating income	84,398	124,201
Finance income	1,653	3,381
Finance costs	(11,293)	(19,337)
Income before income taxes	74,757	108,245

(Significant subsequent events)

(Early Redemption of Hybrid Bonds (Public Subordinated Bonds))

Nippon Sanso Holdings Corporation (NSHD; formerly Taiyo Nippon Sanso Corporation) hereby announces that it will implement the complete early redemption of following hybrid bonds (subordinated bonds) (“the Hybrid Bonds”), which NSHD issued on January 29, 2019.

1. Background to Early Redemption of the Hybrid Bonds

As announced in the "Notice Regarding Issue of Hybrid Bonds (Public Subordinated Bonds)" dated December 4, 2018, NSHD has issued the Hybrid Bonds as a means of raising funds to help maintain its financial soundness while avoiding a decline in capital efficiency due to share dilution.

As the initial optional redemption date of January 29, 2024 is approaching, with consideration for financial soundness based on investment for growth and the cash-in-hand situation, NSHD has decided that complete early redemption will increase the flexibility of its financial strategy and contribute to improving corporate value.

2. Details of Early Redemption

The details of the early redemption are as follows.

(1) Bonds to be redeemed prior to the maturity date	Taiyo Nippon Sanso Corporation 1st Series Deferrable Interest and Callable Unsecured Subordinated Bonds
(2) Amount of issue	100 billion yen
(3) Payment date	January 29, 2019
(4) Maturity date	January 29, 2054
(5) Early redemption date	January 29, 2024 (initial redemption date)
(6) Total early redemption amount	100 billion yen
(7) Early redemption price	100 yen for bonds with face value of 100 yen