

**First Quarter of Fiscal Year 2024
Q&A Summary of Conference Call for Analysts and Institutional Investors**

Date: Thursday, August 8, 2024 19:00 - 19:45 (Explanation: 20 minutes, Q&A: 25 minutes)
Format of the meeting: Conference call
Presenters: Ryosuke Matsubayashi : President and Representative Director, COO
Kikue Inoue : Corporate Director, Executive Officer, in charge of Promotion of Women's Active Engagement, HR, Corporate Communications
Aya Uesugi : Executive Officer, General Manager, Corporate Communications Office

<Company-wide>

■ **Performance versus forecasts**

Q: Regarding the results for the first quarter of FY2024, what is the state of progress toward your forecasts on a per-segment basis?

A: Revenue tracked with electric power costs in on-site gas supply, and apart from Digital & Industry, which was impacted by falling gas prices, all segments achieved progress in line with forecasts. With operating profit, all segments also made progress in line with forecasts.

■ **Forex impact**

Q: What was the impact of foreign exchange rates in the first quarter results? In addition, recently the yen has appreciated rapidly. What was been the impact of this?

A: We do not recognize any major impact from foreign exchange rates in our first quarter results. The recent appreciation of the yen will not have an immediate impact on our financial results. In the future, we will make efforts to mitigate the impact with price revisions and other measures if we enter a phase where forex impacts our financial results.

<By business>

■ **Digital & Industry**

Q: You noted that the recovery of semiconductor market conditions has lagged. Have you been able to make up for this elsewhere? Or, is it possible you will fail to meet your forecasts?

A: While the recovery of the semiconductor market has been delayed overall, that is not the case in all areas. There is variation depending on the product. As we had already projected that gas supply and special materials would recover from the second half of the fiscal year back when we gave our previous financial results briefing, at this point there is no negative impact in relation to our forecast. Additionally, slumping market conditions for consumables, gas and chemicals have had an impact, but thanks to progress with the construction of semiconductor plants, particularly in Kyushu, we expect to meet our forecasts for this year by securing equipment and construction projects. As we have fielded business inquiries from legacy semiconductor plants in addition to cutting-edge sectors, we will work to turn those prospects into revenue.

Q: What is the status of domestic industrial gas price revisions?

A: We will continue to implement price revisions against the backdrop of various costs rising. In the first quarter, with electricity costs falling, maintaining the sales price of gases other than those supplied on-site lead to an expansion in operating profit.

Q: In FY2023, profitability of the Industrial Gas unit improved in each quarter, but there is an impression that profitability declined in the first quarter of FY2024. Are there any special factors at play?

A: In FY2023, there was an impact from carbon dioxide gas equipment issues. In addition, electricity costs gradually declined toward the end of the fiscal year. These factors lead to an expansion of profit in every quarter. In addition, as there are seasonal factors that increase equipment and construction projects from the second quarter through to the fourth quarter, the first quarter tends to produce the lowest levels of profit in any year. There were no special factors at play in the first quarter of this fiscal year.

Q: Your full-year forecast for operating profit is 38 million yen, but it seems the progress you made toward that forecast in the first quarter was lagging. How do you assess your progress in relation to the forecast and what is the outlook for the second quarter and beyond?

A: Operating profit in the first quarter proceeded largely in line with our forecasts. Gas sales are stable throughout the year. However, equipment and construction (including electronics-related) sales tend to expand towards the second half of the fiscal year, and we also recognize seasonal factors with functional materials, which improve in the second quarter compared with the first quarter.

■ Agriculture & Foods

Q: Has vegetable planting proceeded apace this year? Additionally are there prospects for the contracted manufacturing of beverages? Please comment whether there is any impact from the extreme heat or other factors.

A: Planting is currently underway in Hokkaido, and while it is difficult to make any determinations at this point, we do not expect any significant negative impact on financial results. Additionally, due to the extreme heat, Gold-Pak, which provides contracted beverage manufacturing, surpassed levels seen at the same time in the previous year, when performance was also strong.

■ Other (Global & Engineering)

Q: How is progress in relation to the corporate plans for Global & Engineering in the Other segment?

A. The first quarter results were in line with forecasts. Global & Engineering includes the power supply system (UPS) business, the industrial gas business in India, and the industrial gas, equipment and engineering businesses in the United States. Gas-related operations are steady, but since there are fluctuations in orders and progress on construction for high output UPS and equipment sales, our focus is on thoroughly accumulating orders and expanding business going forward.

End of Q&A summary