

# IR Briefing

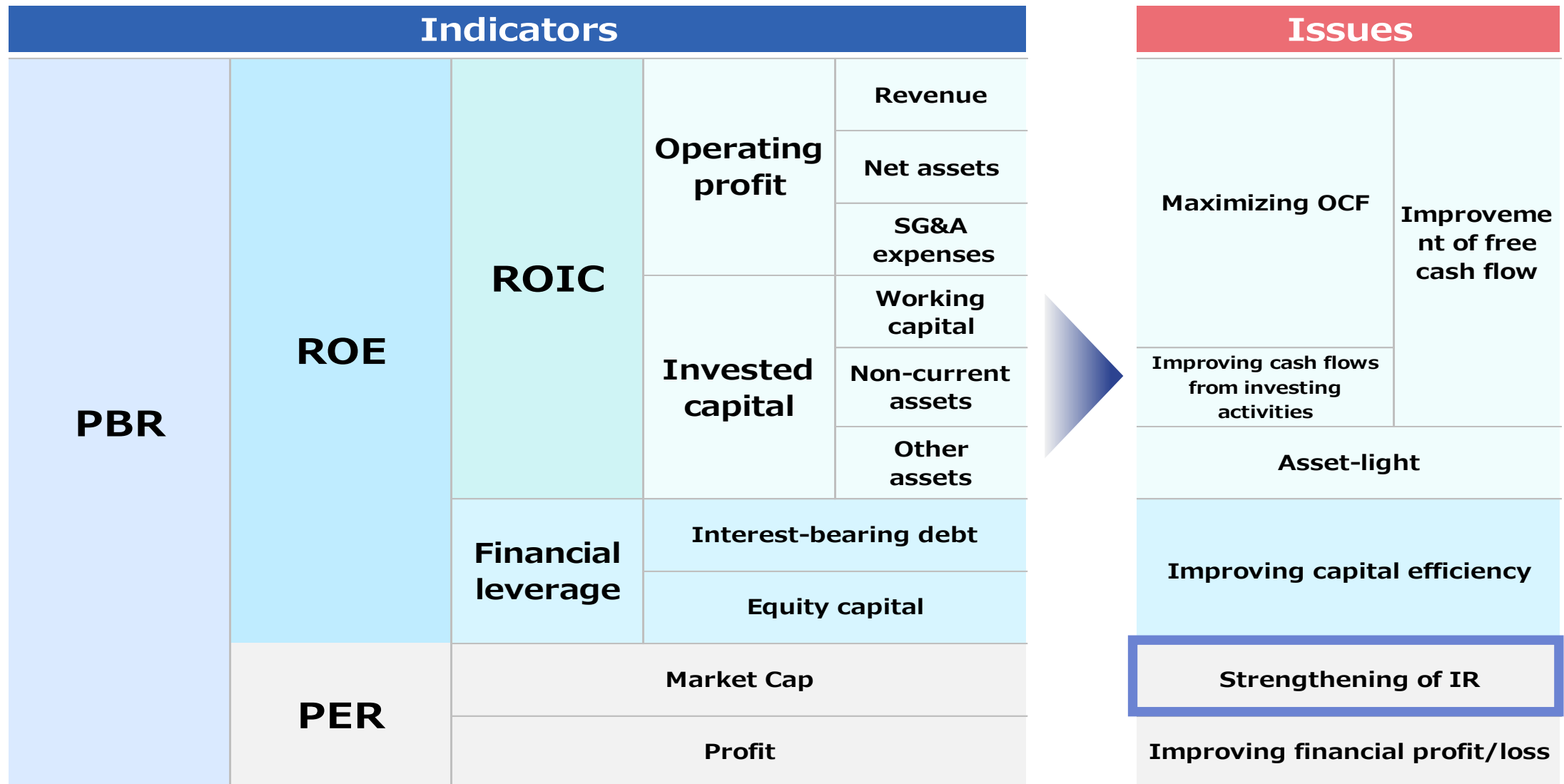
Meeting society's needs with nature's blessings.



August 21, 2024

- 1** Management policy and overall strategy
- 2** Strategies in focus areas
- 3** Questions and answers

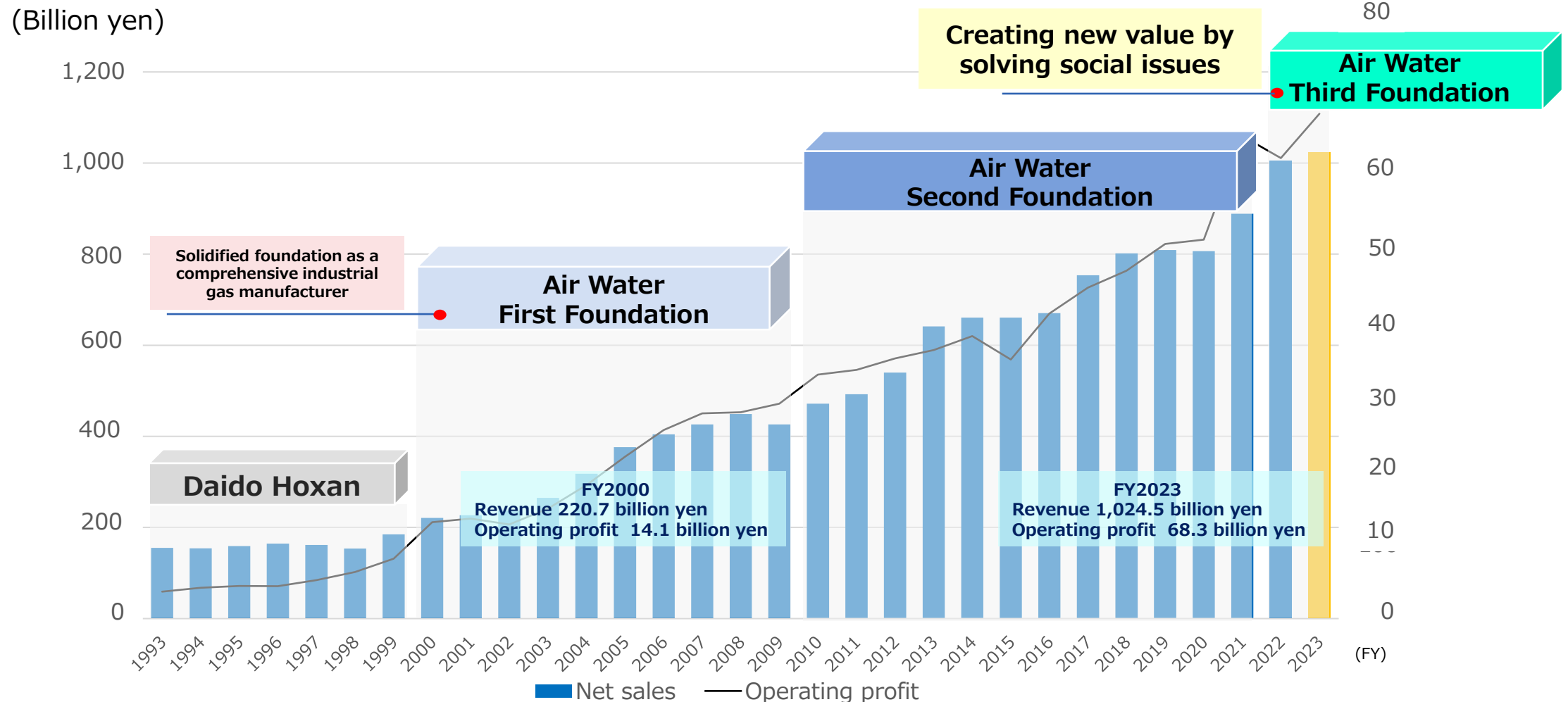
# Efforts to Increase Share Price = PBR



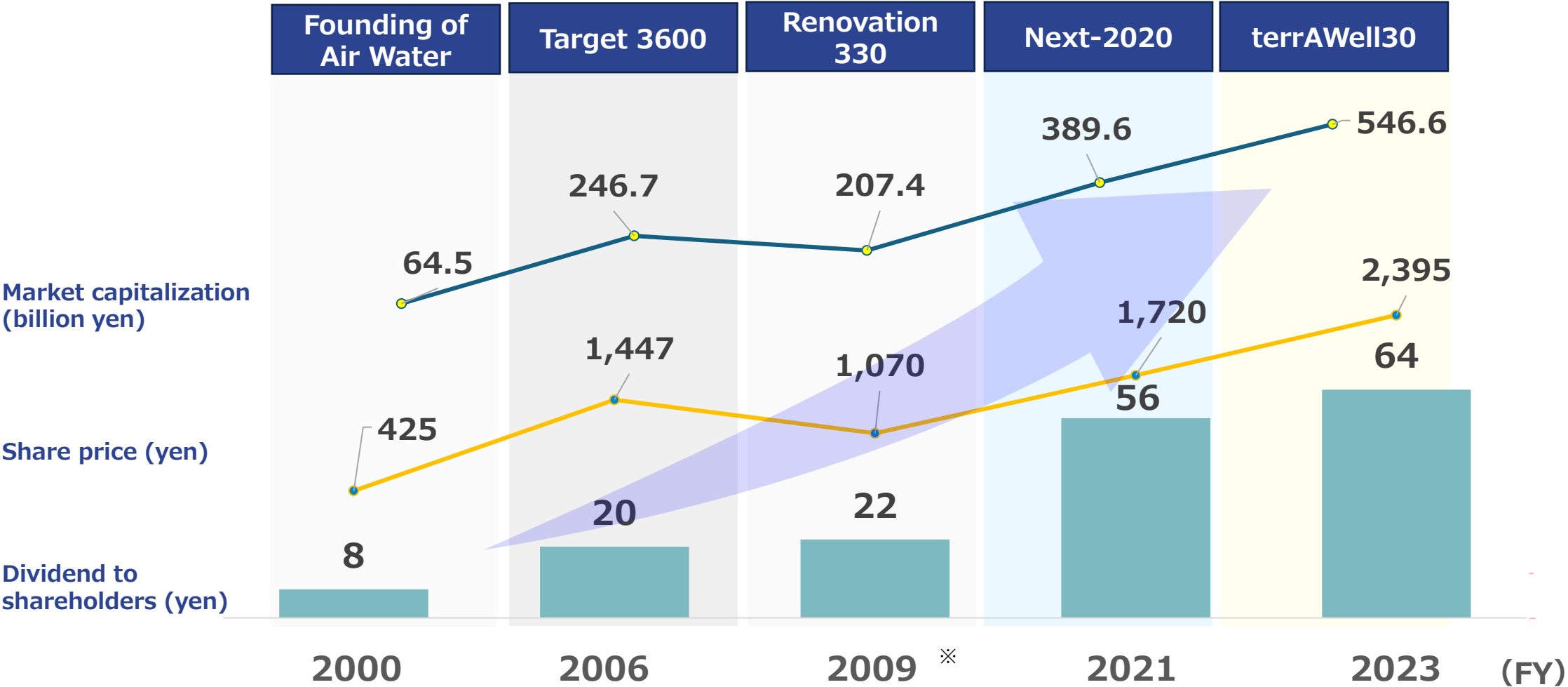
# History of Growth

# History of Growth

Revenue has grown approx. 4.6 fold (CAGR: 7.2%) and operating profit has grown approx. 4.8 fold (CAGR: 7.4%), compared to the levels at the time Air Water was founded.



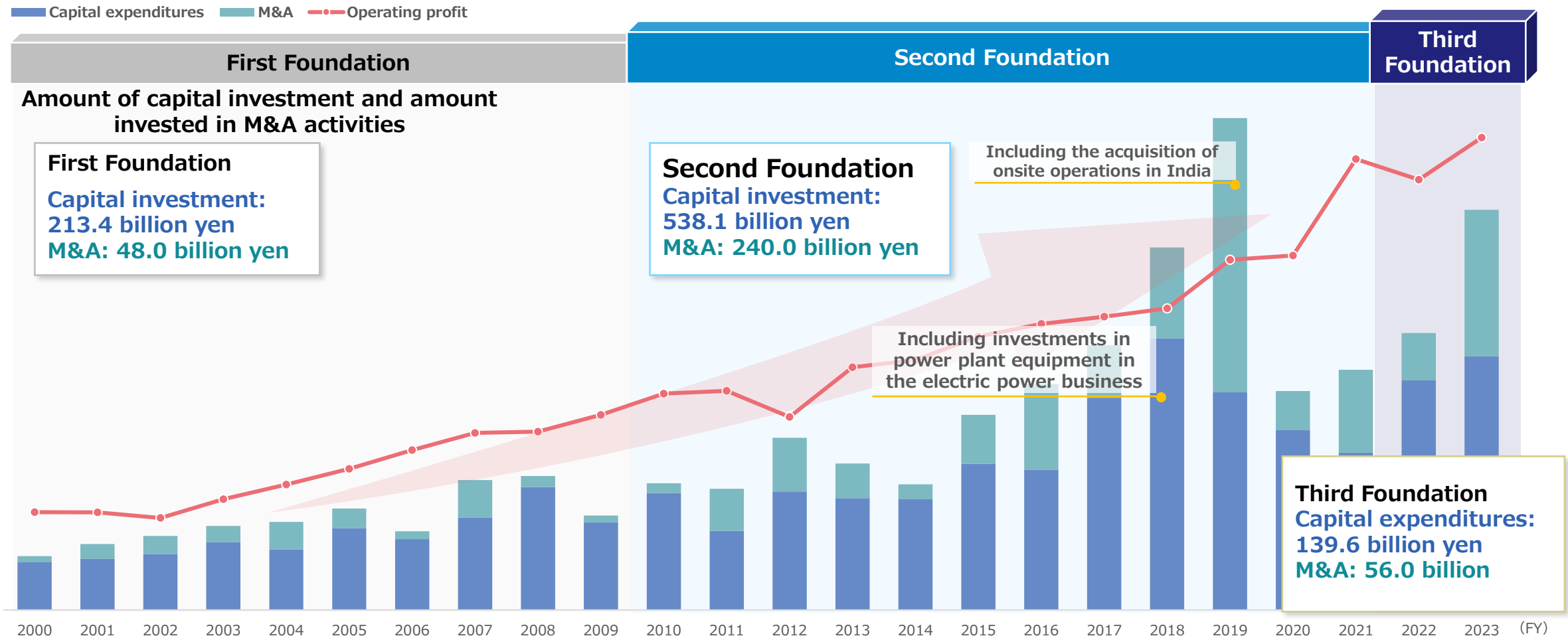
# History of Growth



— / The amount of the dividend has grown 8 fold and total market cap has grown approx. 8.4 fold, compared to the levels at the time Air Water was founded. / —

\*Stock prices declined around the world in 2009 due to the financial crisis triggered by the collapse of Lehman Brothers.

# History of Growth

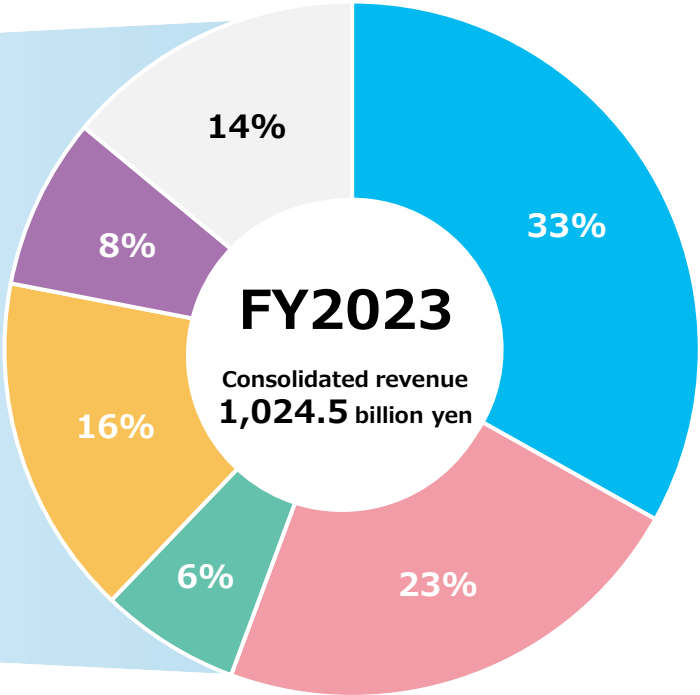
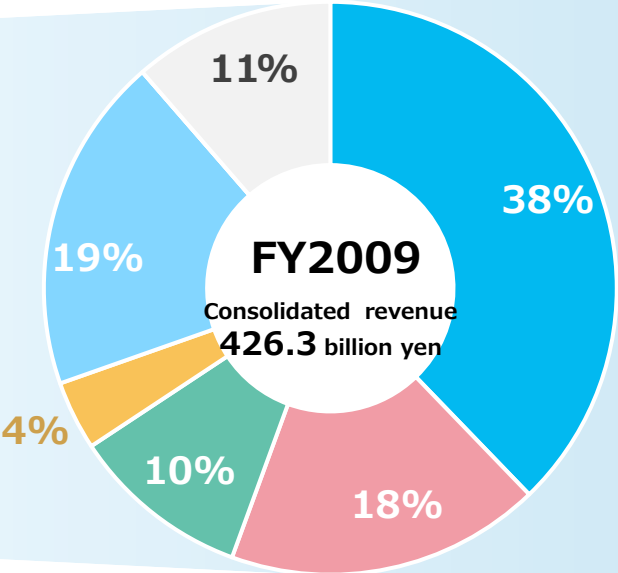
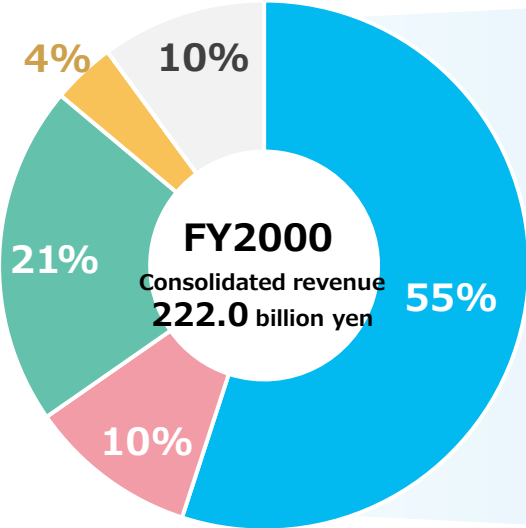


**Sustainable growth achieved with growth investments in equipment and M&A activities**

# History of Growth

Solidified foundation as a comprehensive industrial gas manufacturer

Established a business portfolio that enables stable growth



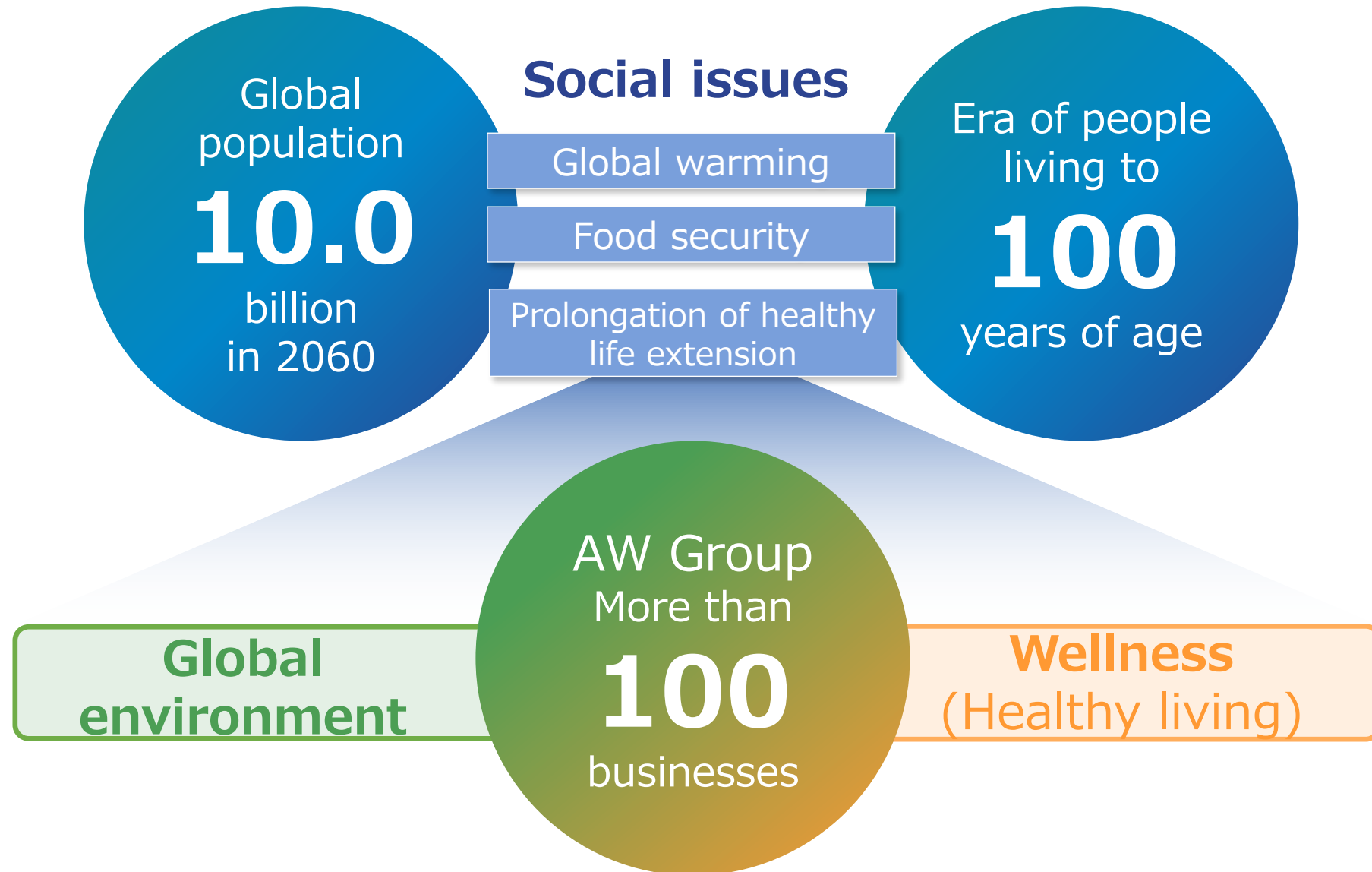
\*The numbers for FY2023 are based on the segment classifications after the organizational change.

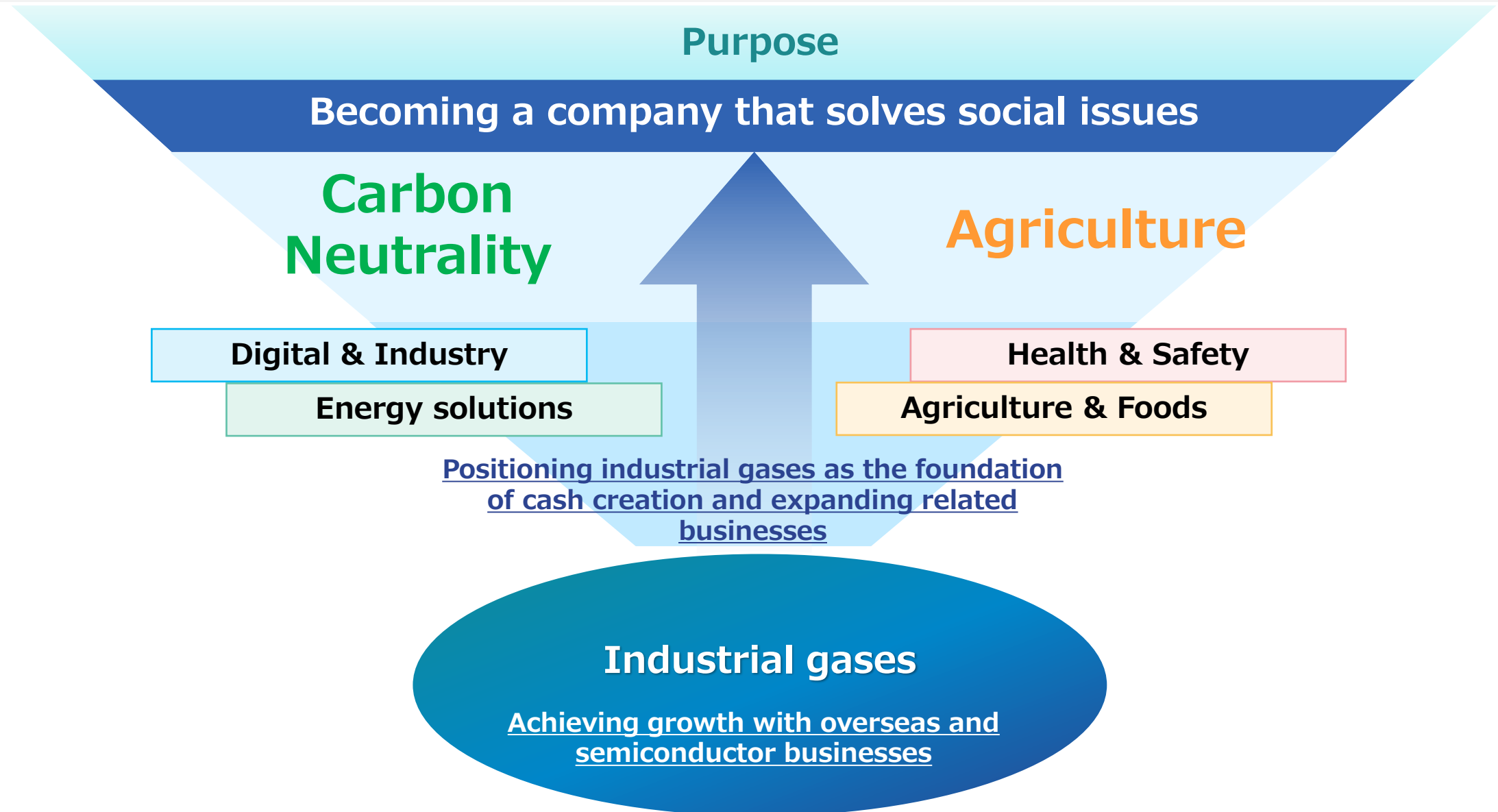
-  Industrial gas-related businesses
-  Medical business
-  Energy business
-  Agriculture and food products business
-  Chemical business
-  Overseas (North America and Europe)
-  Other

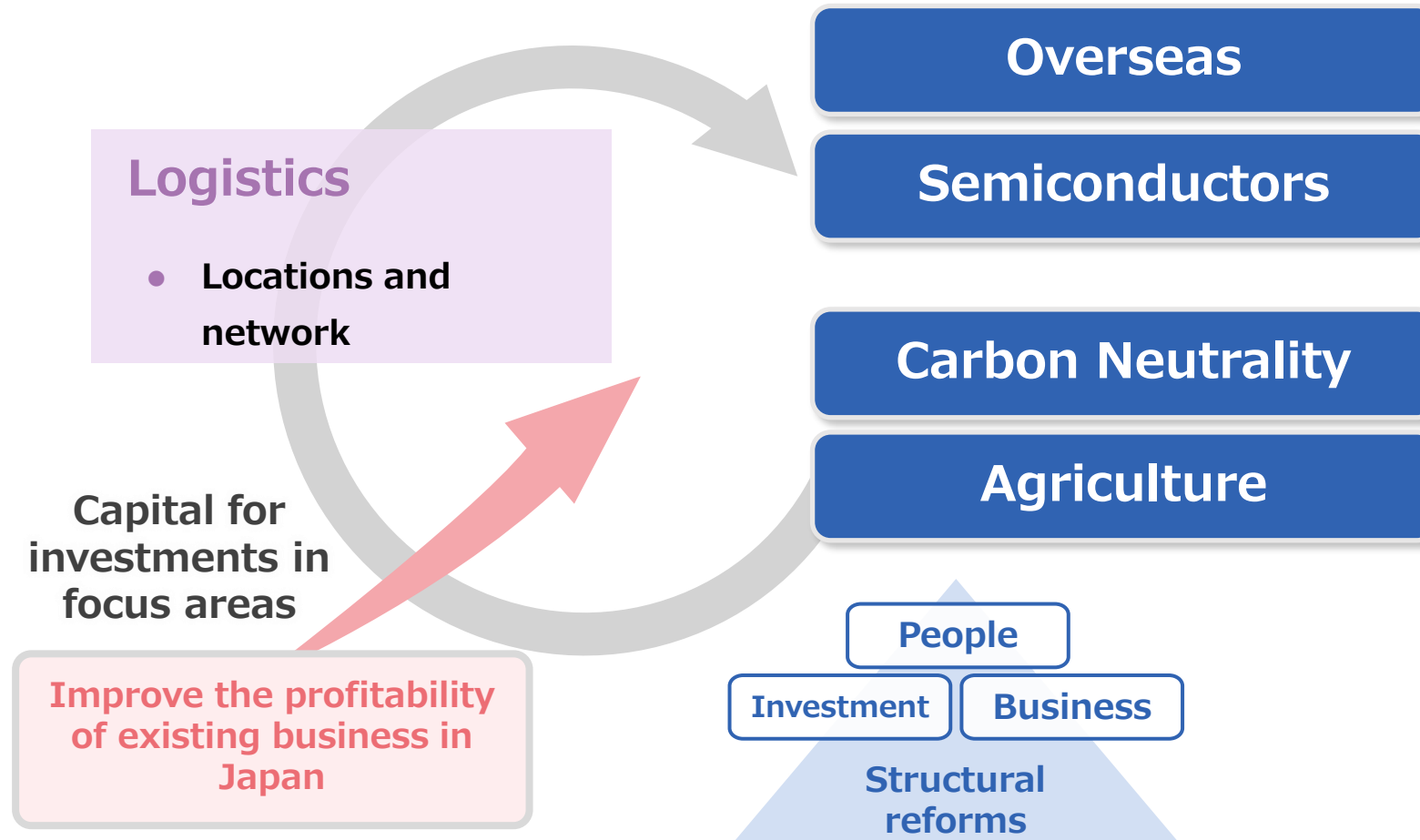


## Long-Term Vision and Themes of Focus Businesses

# Business Environment and Long-Term Vision

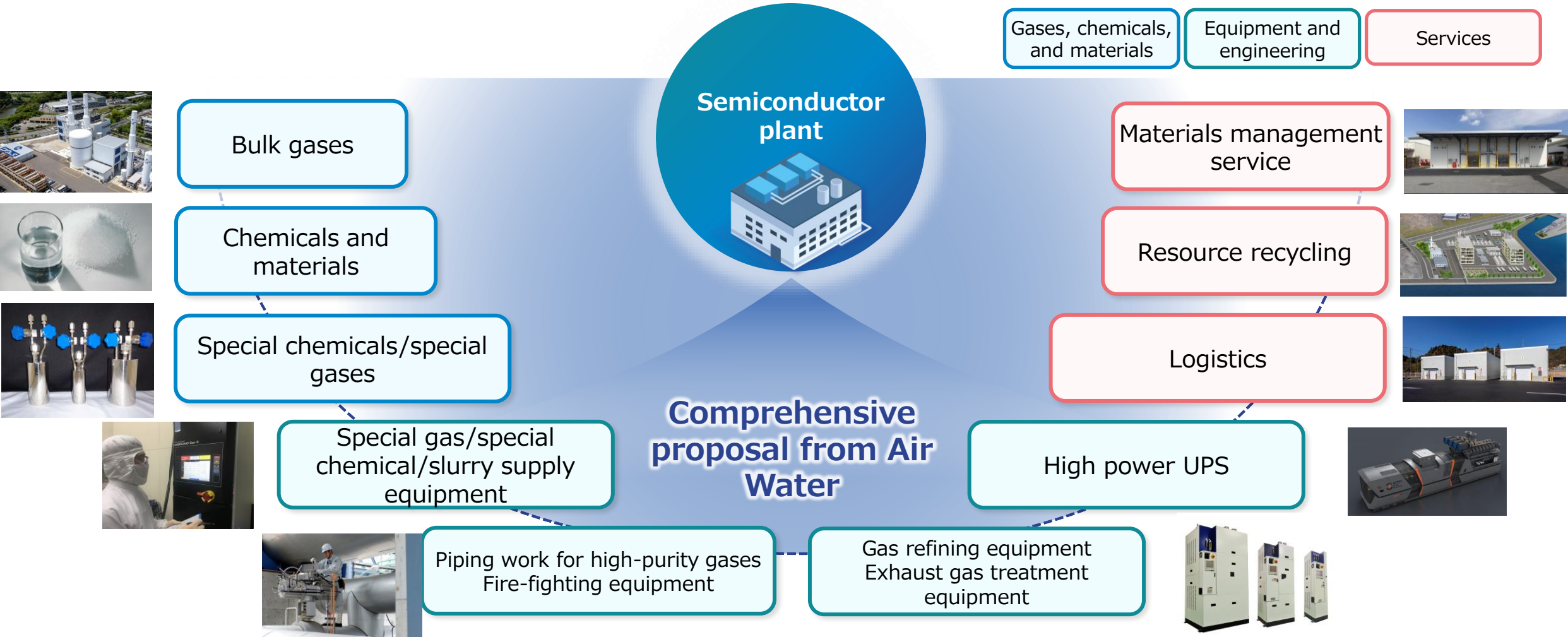






## Technologies

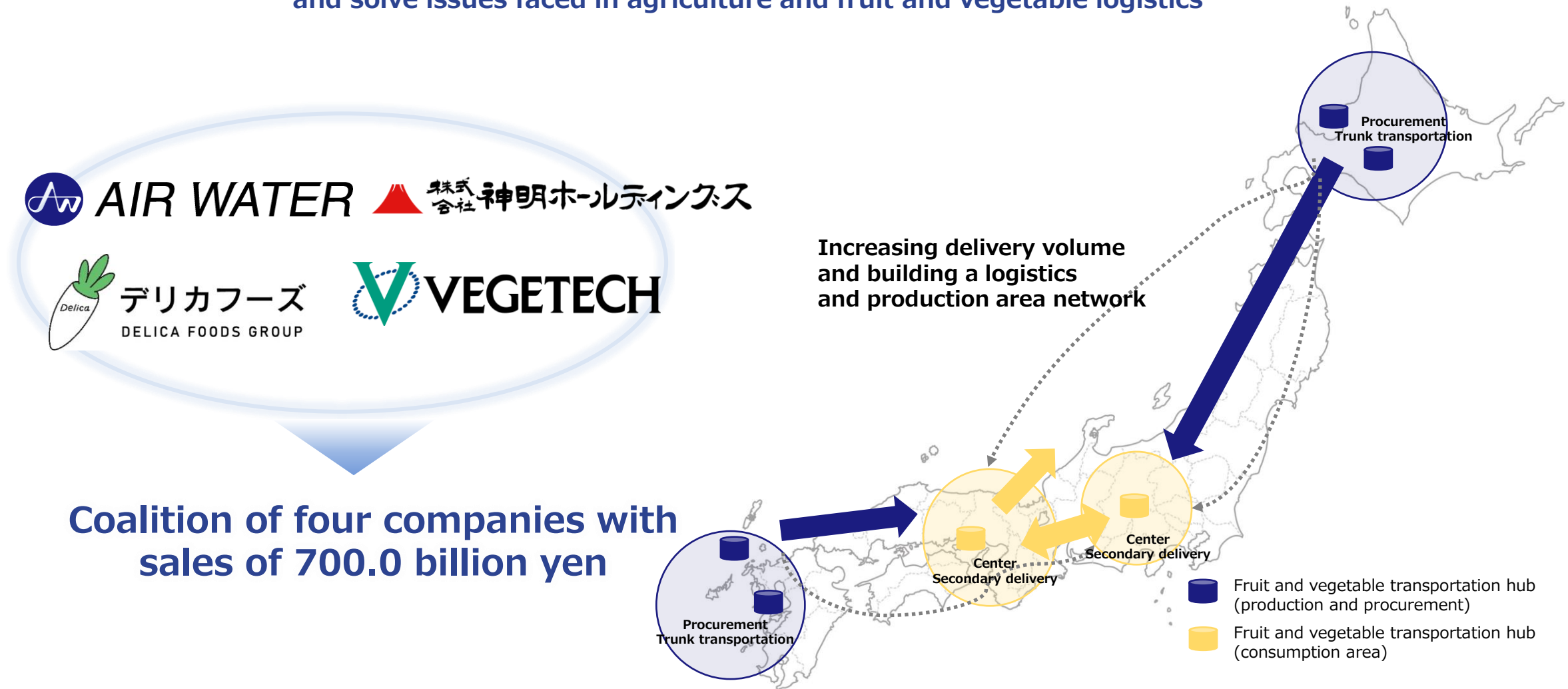
- Semiconductor-related
- Functional material
- Gas process engineering
- Gas supply equipment
- Decarbonization
- Resource recycling GX
- Medicine and healthcare
- Agriculture, food bio



Using our distinctive technologies, products, and infrastructure to provide comprehensive support for semiconductor manufacturing, solve customers' issues, and differentiate ourselves from other companies

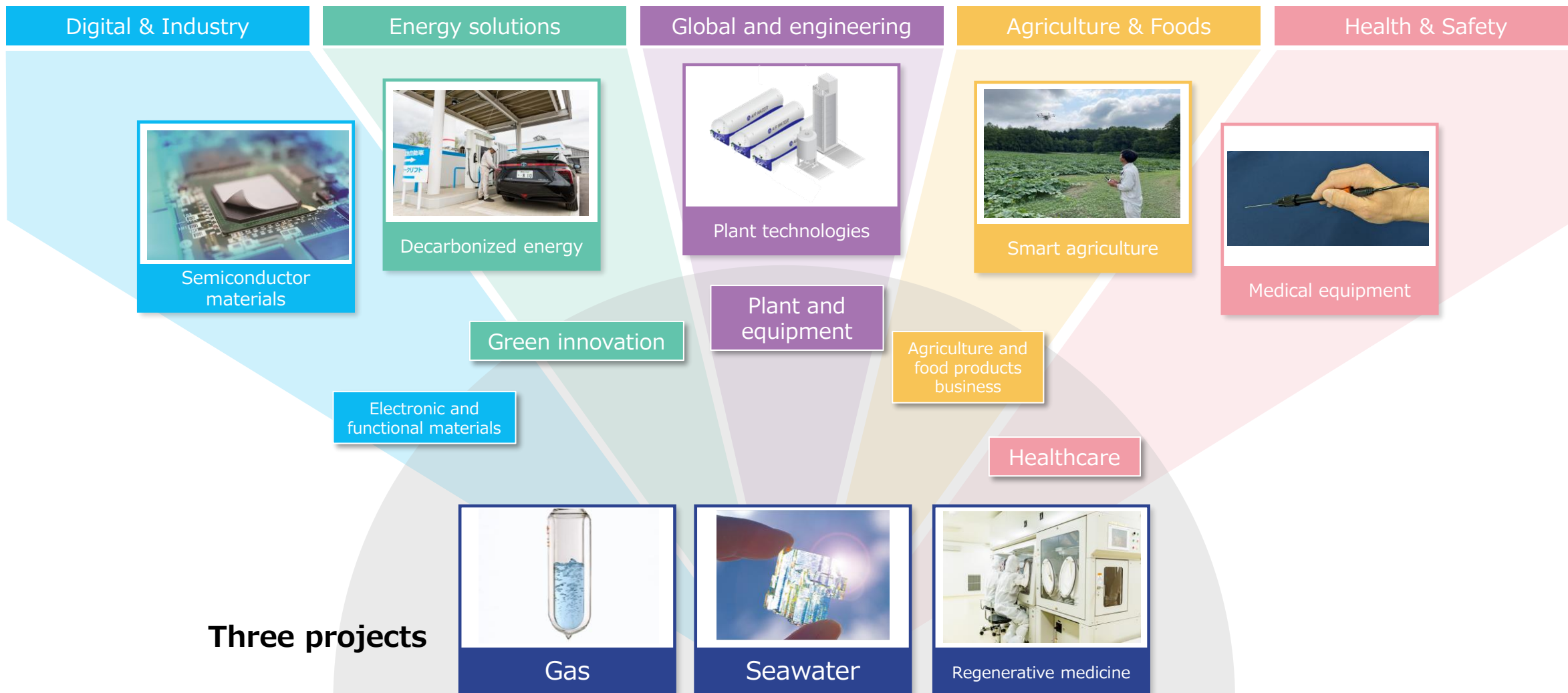
# Agricultural Sector

Formed a capital and business alliance with SHINMEI Holdings Co., Ltd. to build a sustainable agricultural model and solve issues faced in agriculture and fruit and vegetable logistics



# **Reinforcing Management Base for Achieving Growth Strategies**

# Research and Development (Themes)





# Research and Development (Innovation)

## International Advanced Medal Center in Kobe



## Air Water Kento in Osaka



Combining people, knowledge and technologies

# to innovate

## Air Water Forest in Hokkaido



Scheduled for opening  
in December 2024

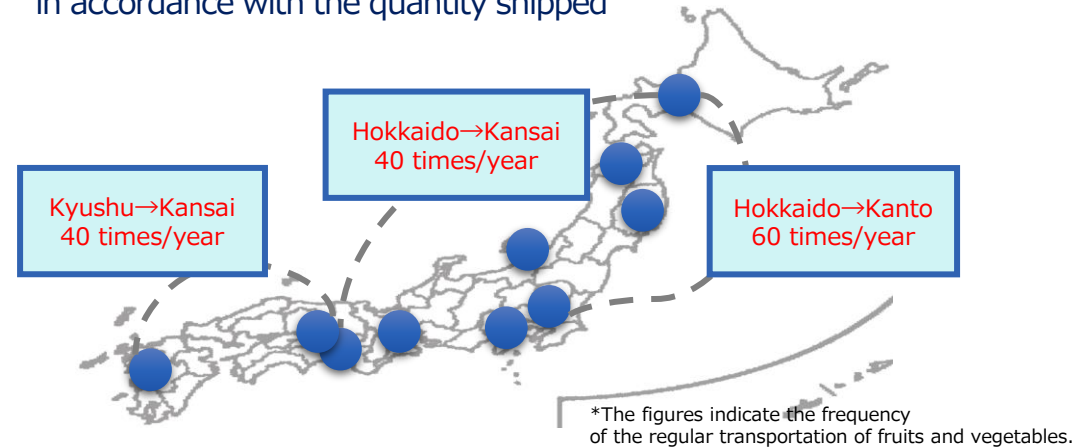
## Nature's Blessing Farm in Matsumoto



# Initiative to Support Focus Areas: DX of Logistics

## 1) Transformation into a logistics business

- ◆ A logistics network linking logistics centers has been completed.
  - Increasing the frequency of regular transportation in accordance with the quantity shipped



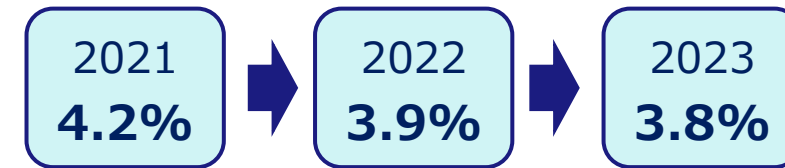
- ◆ Strengthening the fruit and vegetable logistics network in step with the collaboration of four agricultural companies



- ◆ Implementation of demonstration experiments for technologies for keeping food fresh
  - Maintaining the freshness of food during transportation

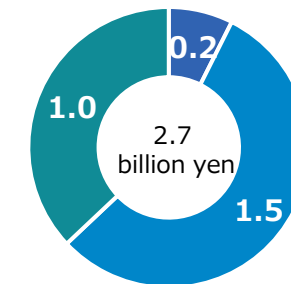
## 2) Contribution to the Group's logistics functions

- ◆ The Group's logistics costs have been decreasing steadily.



\*Percentage of total net sales

- ◆ Initiatives to totally eliminate the use of external warehouses
  - Establishment of a system for fact-finding surveys and regular information collection
  - Progress being made in three measures: (1) cancellation of contracts, (2) inventory reduction and (3) use of the Group's warehouses



\*Amount of contracts for the use of external warehouses

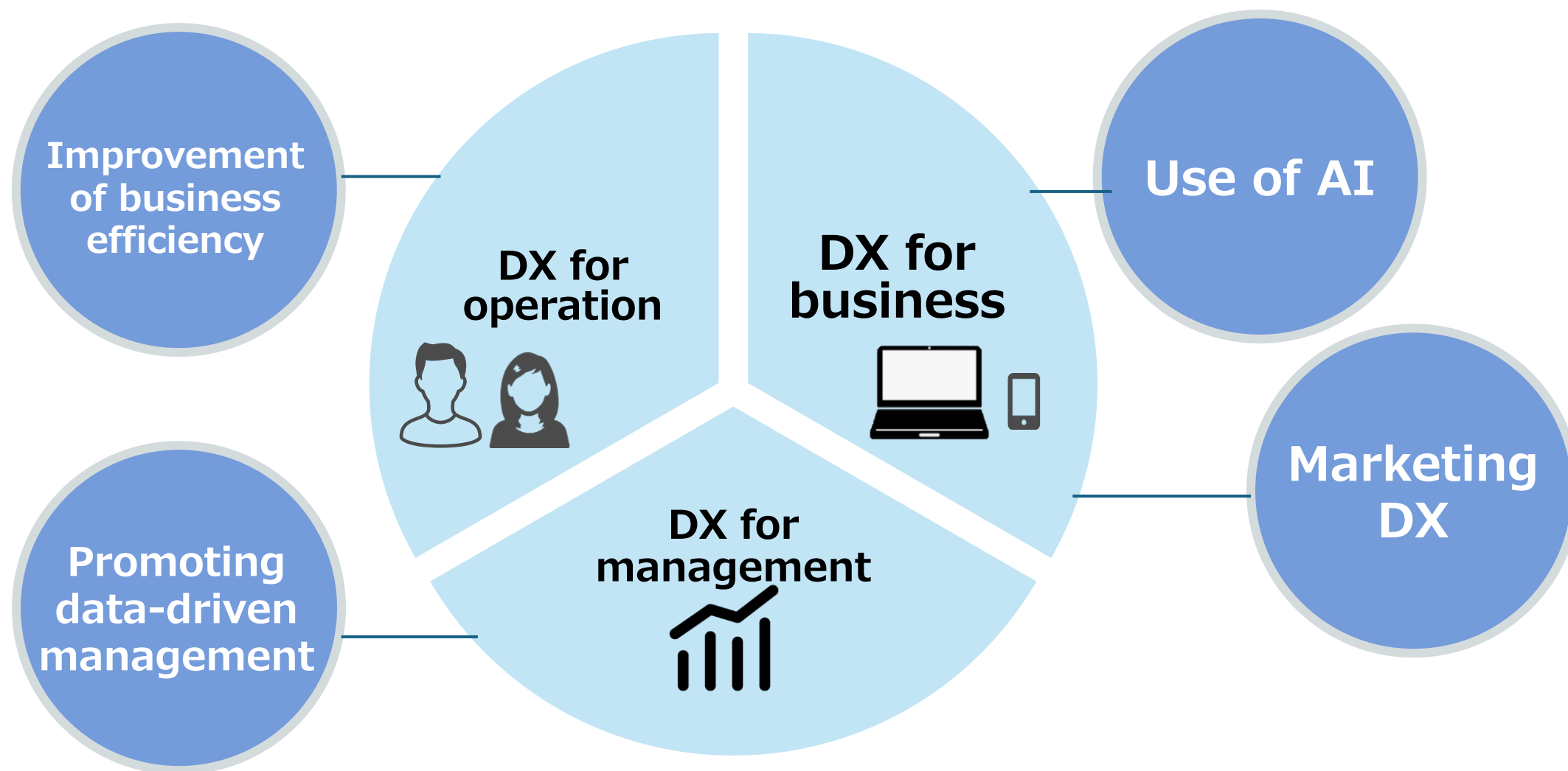
- Cancellation of agreement
- Inventory reduction
- Use of the Group's warehouses

# Investments in Human Capital

**Investments in human capital**  
for having each one employee change and evolve  
themselves toward business growth



## The evolution of management and the promotion of AI and DX





New initiative: A part of the DX of marketing

An app with 5 million membership users

Key points



Annual growth rate of  
50%



Questionnaire



Popular with women and  
young people



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Increased  
recognition

Enhancement  
of brand

BtoC business



Advertising

Acquisition  
of new  
members/sales

Questionnaire

# Social Contribution Activities

Taking advantage of our community-centered business base, we proactively promote initiatives to help solve local issues, support sports and promote the arts while building cooperative structures including collaboration with each local government.



Established a donation program for local governments in Hokkaido



Employed two fencers, Yuto Ueno and Yuka Ueno, as athlete employees.



Air Water Smile (Matsumoto City), an initiative to support the continued employment of people with disabilities



Co-sponsored local marathons, such as the Matsumoto Marathon

# Essential Company

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**Air Water, which is essential for society**

**1** Management policy and overall strategy

**2** Strategies in focus areas

**3** Questions and answers



A scenic landscape featuring lush green mountains and a calm lake that perfectly reflects the sky and clouds. The scene is peaceful and natural, with the text 'Carbon Neutrality' centered over it.

# Carbon Neutrality

# Our Approach to Initiatives to Promote Carbon Neutrality

## Responsibility

### Reducing GHG emissions from the Group (Scope 1+2)

- 30% cut by FY2030 (vs. FY2020\*)
- Realizing carbon neutrality by FY2050

## Contribution

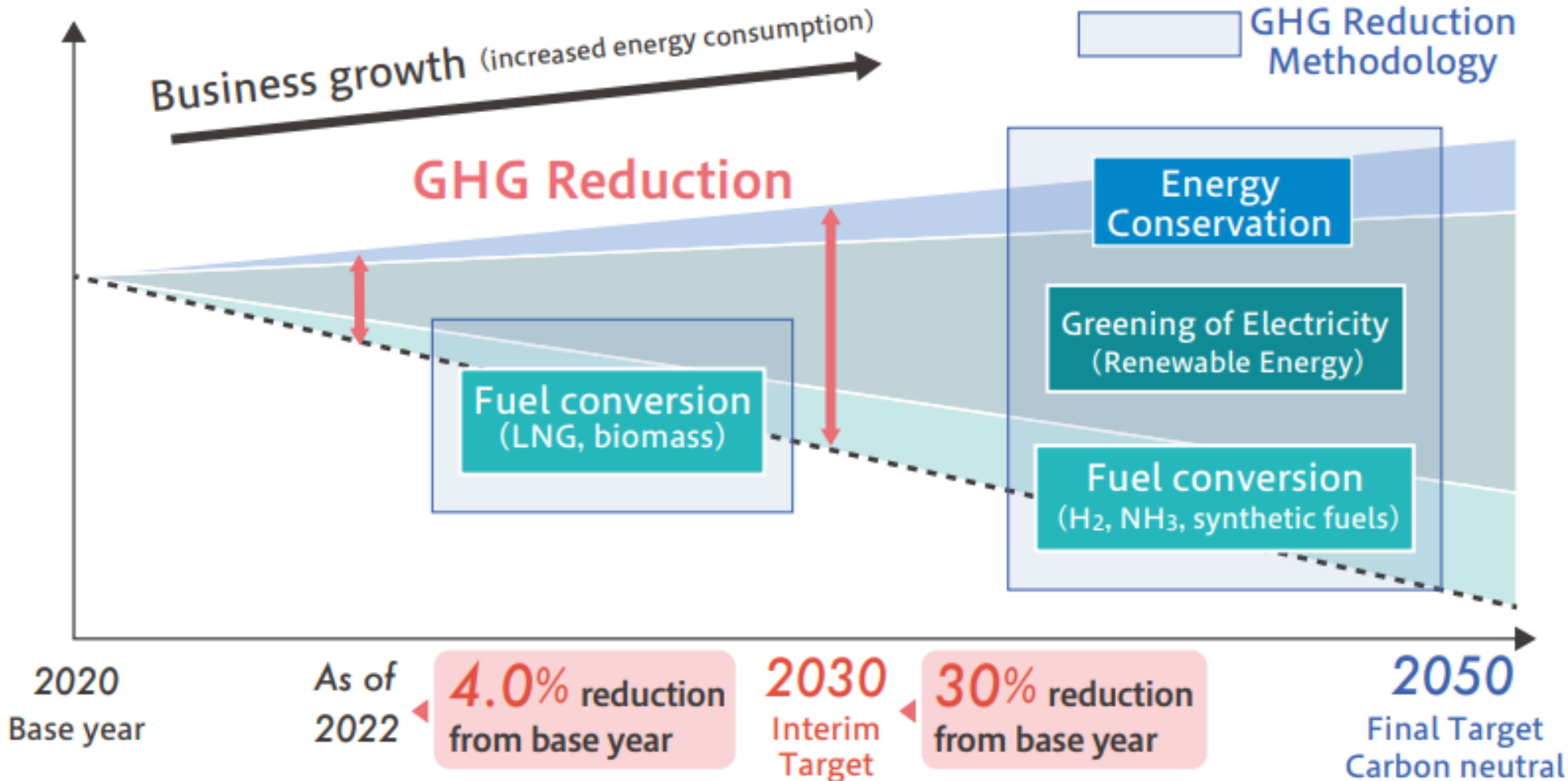
### Reducing GHG in society through business activities

- Providing products and solutions that contribute to carbon neutrality
- Developing technologies to realize carbon neutrality and driving rapid social implementation

\*It targets energy-derived CO<sub>2</sub> emissions (Scope 1 and 2) from consolidated subsidiaries in Japan, out of GHG.

# Our Approach to Initiatives to Promote Carbon Neutrality (Responsibility)








## Balance of Our GHG Reduction Measures



# Products Which Contribute to Carbon Neutrality (Contribution)

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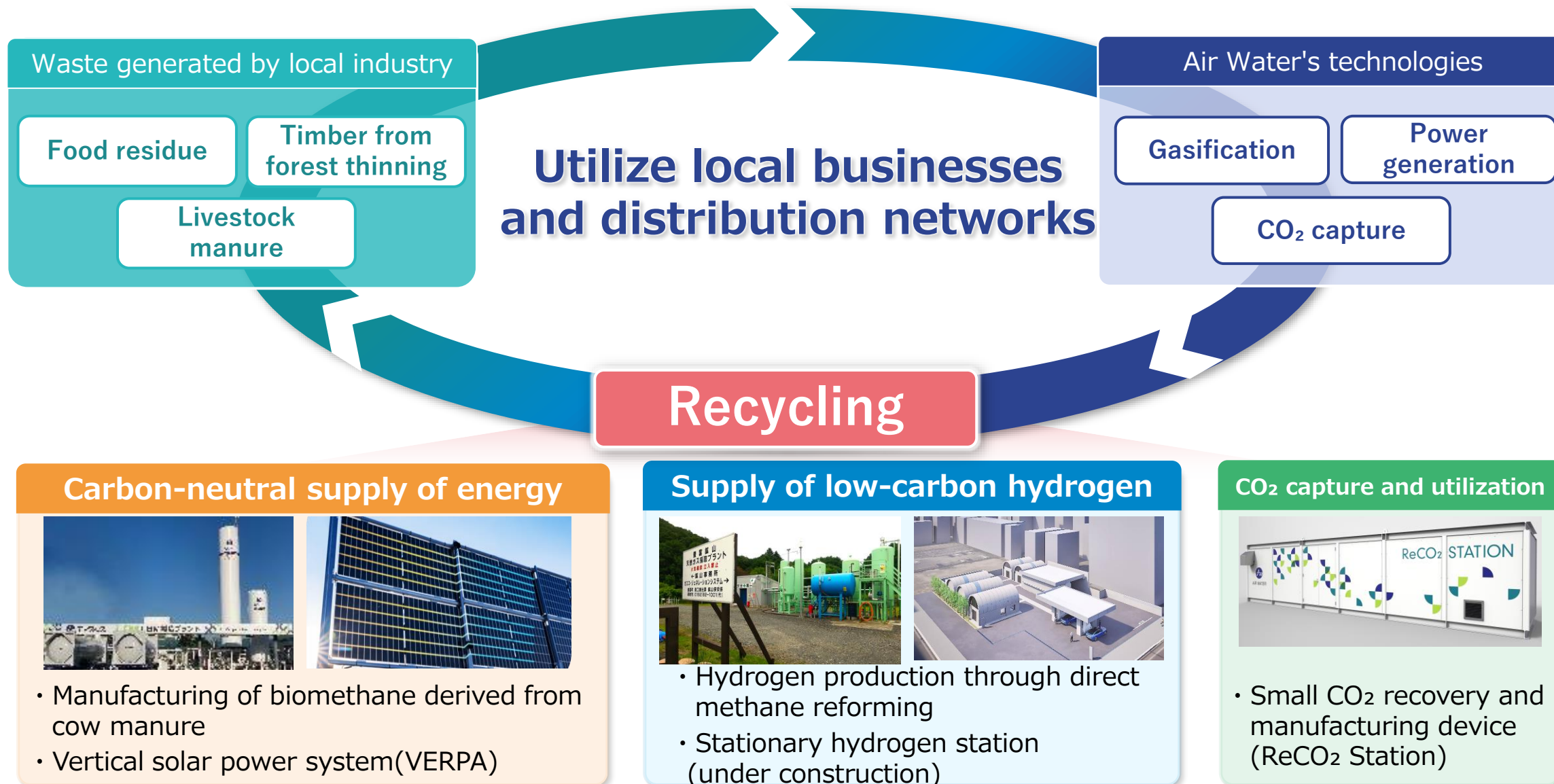
Scope	Areas	Businesses and products	Product image
Scope1	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Equipment powered by alternative fuels</li> <li>Chemical products</li> <li>Exhaust gas treatment equipment</li> <li>Hydrogen generator</li> <li>CO<sub>2</sub> collection system</li> <li>Welding gases (not containing carbon)</li> </ul>	<p>Biomethane, biodiesel</p> <p>V-Satellite, a compact LNG satellite facility</p> <p>Maximol, an urethane raw material</p> <p>NF3, detoxification equipment</p> <p>VHR, a high-efficiency hydrogen gas generator</p> <p>ReCO<sub>2</sub> Station, a small CO<sub>2</sub> recovery device</p> <p>ELNACKS®, an argon-oxygen mixture gas</p>	 V satellite  Maximol  VHR  「ReCO <sub>2</sub> Station」
Scope2	<ul style="list-style-type: none"> <li>Energy-efficient devices and equipment</li> <li>Oxygen burner for electric furnaces</li> <li>Biomass power generation business</li> <li>Solar power generation</li> </ul>	<p>Nitrogen PSA</p> <p>CO-JET burner</p> <p>Woody biomass power plant</p> <p>VERPA, a vertical solar power system</p>	 CO-JET burner  Woody biomass power plant
Scope3	<ul style="list-style-type: none"> <li>Regenerated wood</li> </ul>	<p>ECOROCA series of deck materials</p>	 ECOROCA

**Total avoided GHG emissions: 1.25 million t-CO<sub>2</sub>/year (FY2023 result)**



# Development of Technologies Which Contribute to Carbon Neutrality (Contribution)

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The background is a dark blue field filled with a complex network of glowing white and light blue lines, resembling a circuit board or a data network. These lines are interconnected by small, bright, out-of-focus circular nodes, creating a sense of depth and digital connectivity. The overall aesthetic is high-tech and futuristic.

# Digital and Semiconductor

# Stable Supply of High-Purity Gases to Semiconductor Plants (Our Strengths (1))

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## New construction/expansion of large-scale semiconductor plants



### (Industry trends)

- Manufacturing plants for the mass production of advanced logic semiconductors are located in Japan (Hokkaido and Kumamoto).
- Capital investments are being made actively in the field of memory, which we will focus on in the future, and the area of sensors, where Japanese manufacturers have a large share of the market.

### (Initiative)

- Aggressive capital investment in large cryogenic air separation plants
- We are taking actions to identify new customers while competing with major gas providers.

## Renovation/expansion of existing (medium-scale) semiconductor plants



### (Industry trends)

- Investments to renovate/expand existing semiconductor plants for economic security\* are progressing.
- There are signs of a recovery of semiconductor demand, mainly due to progress in edge computing and AI processing technologies.

### (Initiative)

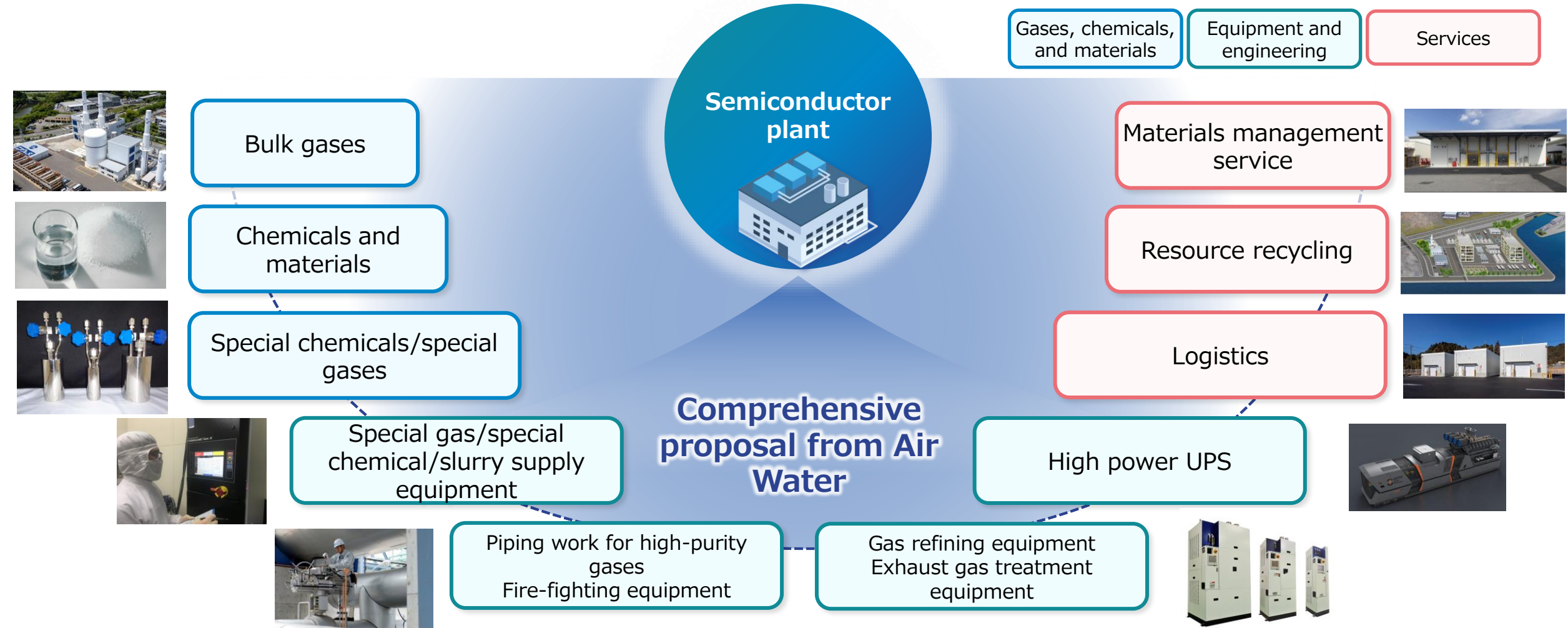
- Focusing efforts on proposing V1 nitrogen gas generators  
(Orders increased twofold from the average over the past five years.)

\*In December 2022, semiconductors were designated specified critical products based on the Act on the Promotion of Ensuring National Security through Integrated Implementation of Economic Measures. (Subsidies, etc. were provided for the establishment of production bases in Japan, the development of next-generation technologies and other initiatives.)



# Supporting Semiconductor Manufacturing (Our Strengths (2))

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Using our distinctive technologies, products, and infrastructure to provide comprehensive support for semiconductor manufacturing, solve customers' issues, and differentiate ourselves from other companies



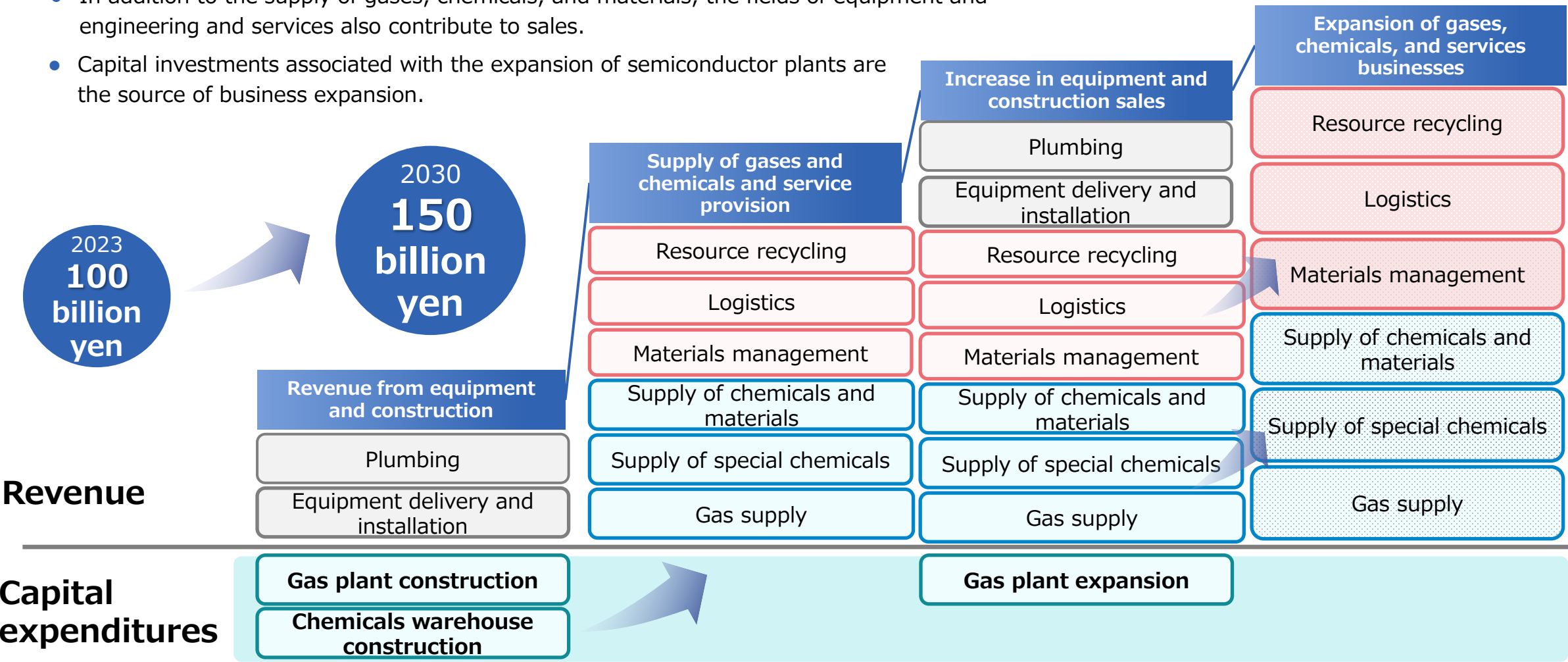
# Tapping into the Growth of the Semiconductor Market Leveraging the Group's Comprehensive Strengths

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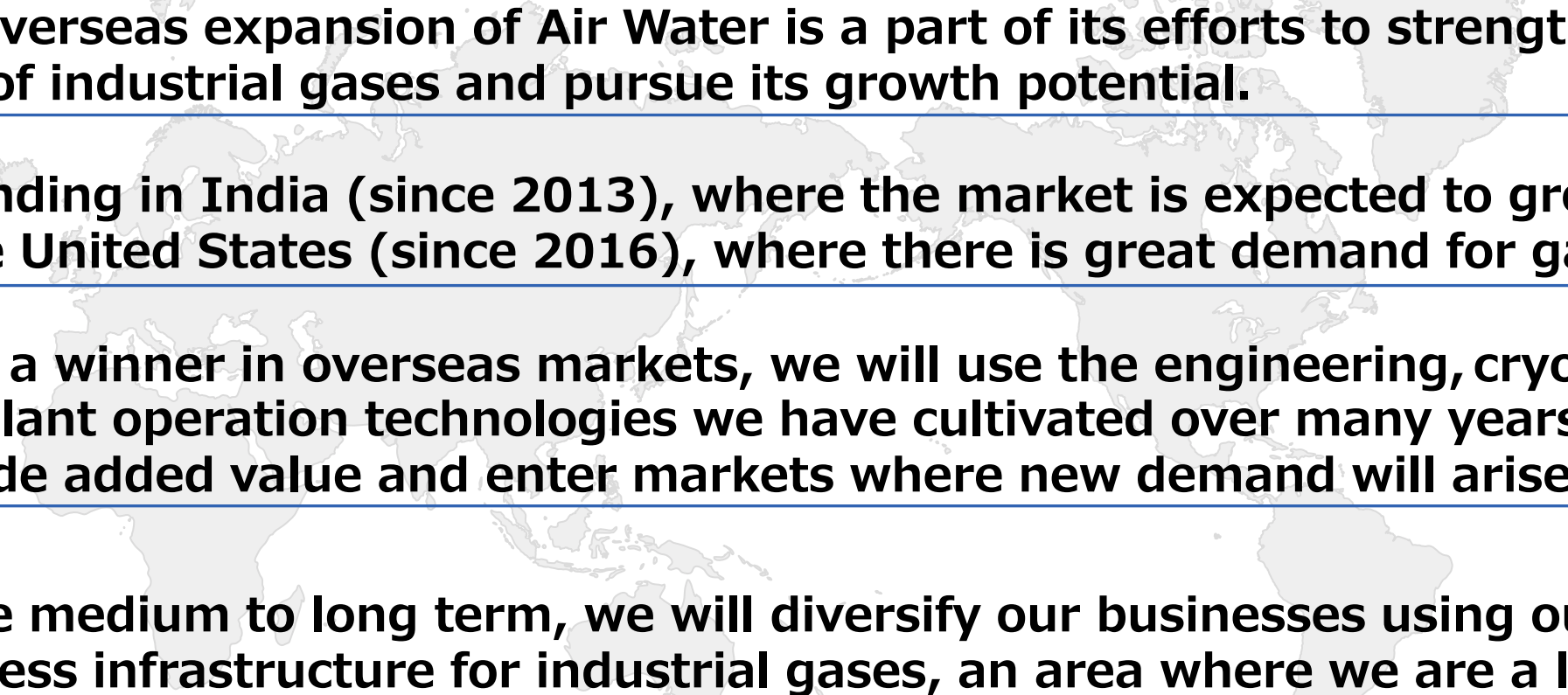
## Products and services for semiconductor plants and business model

- In addition to the supply of gases, chemicals, and materials, the fields of equipment and engineering and services also contribute to sales.
- Capital investments associated with the expansion of semiconductor plants are the source of business expansion.



An aerial photograph of an industrial facility, likely a refinery or chemical plant. A tall, slender smokestack rises prominently in the center-left. To its right, there are several large, white, cylindrical storage tanks. The facility is surrounded by a network of pipes and walkways. In the background, there are more industrial buildings, including one with a red roof, and a distant horizon under a clear sky. The word "Overseas" is overlaid in large white text across the center of the image.

# Overseas

- 
- **The overseas expansion of Air Water is a part of its efforts to strengthen the field of industrial gases and pursue its growth potential.**
  - **Expanding in India (since 2013), where the market is expected to grow, and in the United States (since 2016), where there is great demand for gases.**
  - **To be a winner in overseas markets, we will use the engineering, cryogenic, and plant operation technologies we have cultivated over many years to provide added value and enter markets where new demand will arise**
  - **In the medium to long term, we will diversify our businesses using our business infrastructure for industrial gases, an area where we are a leader.**

# Approach to Overseas Expansion (Our Strengths)

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## Create



- Plant engineering  
Large, medium-sized, and small  
cryogenic air separation plants



- Operations and maintenance

Rectification separation, adsorption  
separation and gas recovery technologies

## Transport Store



- Liquid hydrogen tanks and trailers  
Mobile hydrogen stations



- Storage tanks and containers for  
liquefied gases, LGC, and other  
products

Vacuum insulation technologies and  
expertise in the manufacturing of low-  
temperature equipment

## Use



- Medical/food freezers  
Refrigerated storage  
containers for medical  
and biotech applications

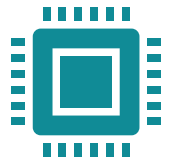


- Carbon dioxide gas equipment  
Dry ice production and water  
treatment

Gas applications

## Target

Semi-  
conductors



Decarbonized  
hydrogen  
energy





# India (Business Strategies)

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**“Building a manufacturing and supply infrastructure network” and “receiving new orders for the onsite supply of gas to steel plants” as an integrated pair of initiatives**



【North】  
Faridabad filling plant  
(Commencement of operations in April 2024)

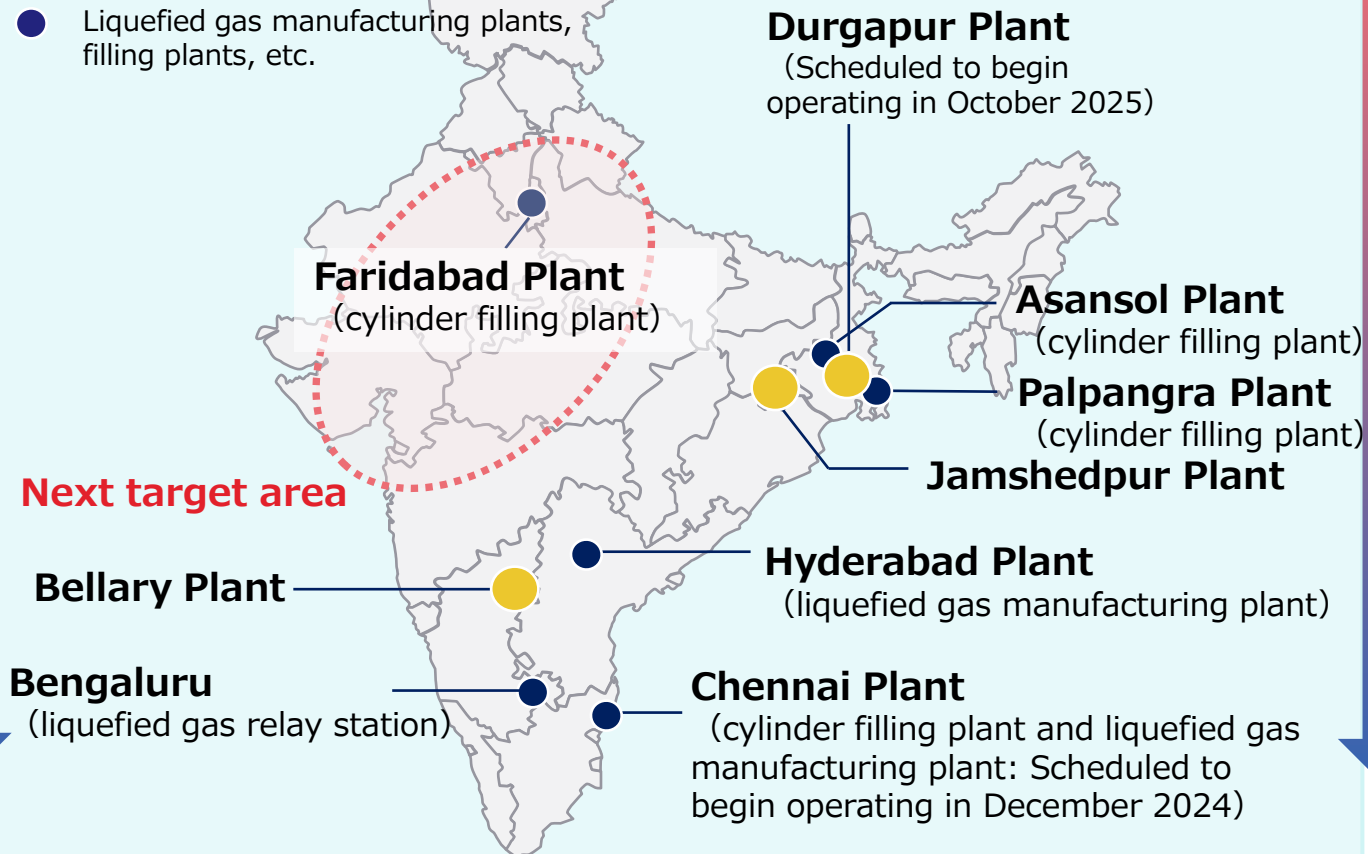


【South】  
Chennai Plant  
(a liquefied gas manufacturing plant under construction)

**Expanding our bases by targeting North and West India**

## Map of Air Water India's bases

- Onsite plants for steel plants
- Liquefied gas manufacturing plants, filling plants, etc.



Jamshedpur Plant  
(for Tata Steel)



Bellary Plant  
(for JSW Steel)

**Onsite projects increased due to an order received for a project for SAIL.**

# North America (Business Strategies)

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**“Developing the carbon neutrality business” and further accelerating  
“the growth of the industrial gas and engineering business” and “the low-temperature equipment business”**

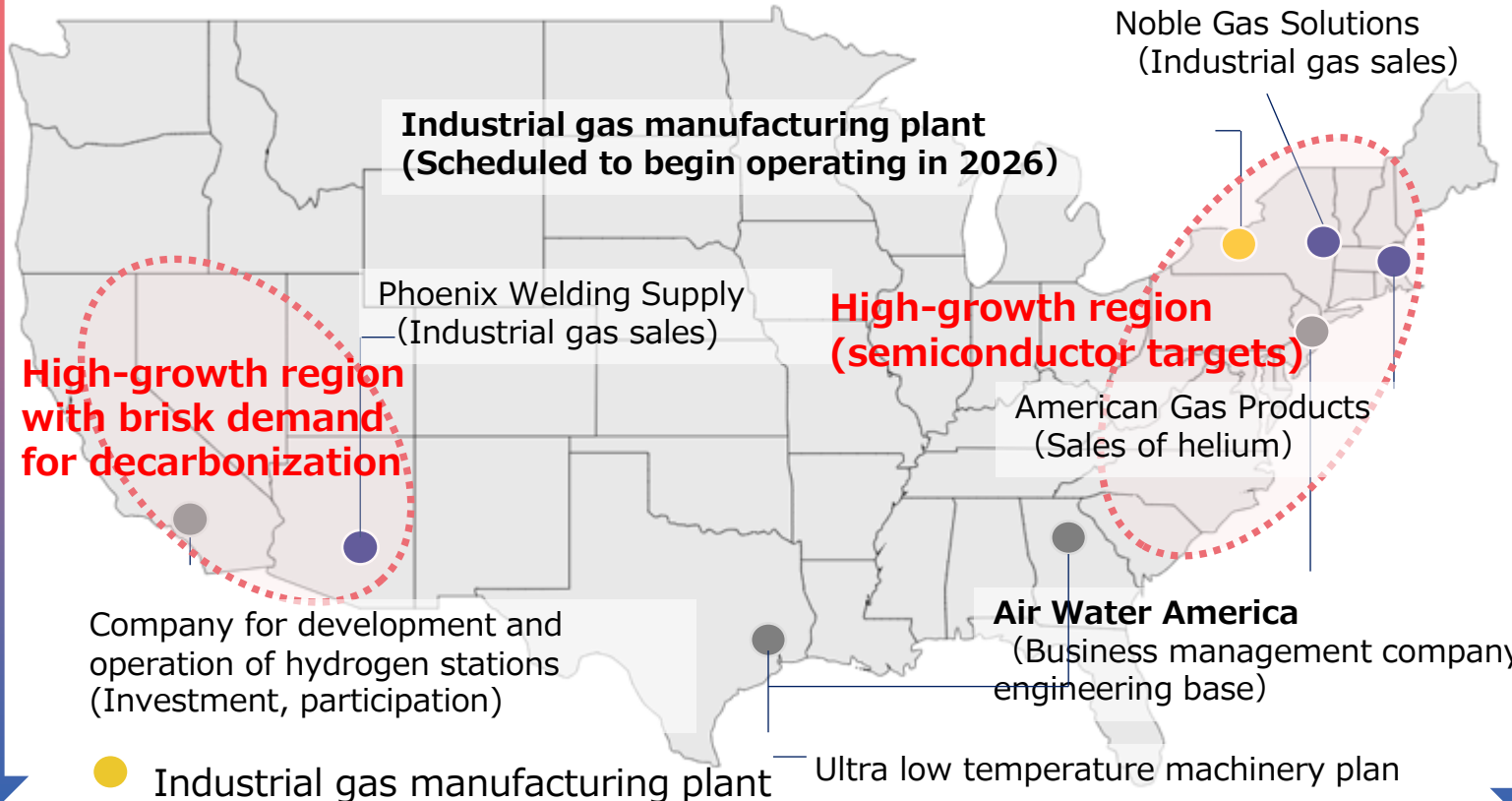


【California】  
FirstElement Fuel  
((Hydrogen supply system  
for FC mobility))



【West Coast area】  
Equipment for  
manufacturing,  
Transportation and  
storage of clean liquefied  
hydrogen

Developing them as new  
businesses based on technologies



Map of Air Water bases in the United States



【New York】  
American Gas Products  
(enhancing gas sales functions)



【New York】  
Order received for an  
onsite plant  
(enhancing gas manufacturing  
functions)  
※\*Conceptual image

Accelerating their growth  
as base businesses

**1** Management policy and overall strategy

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Meeting society's needs with nature's blessings.



## Important points

The target figures and forecasts mentioned in these materials are determinations made by the Company based on currently available information, and include potential risks and uncertainties. For this reason, please be aware that actual results may differ substantially from these forecasts due to changes in various factors.

•Our financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS).