

# IR Briefing

Meeting society's needs with nature's blessings.



August 21, 2024

Air Water Inc.  
IR Briefing Script

[Presenters]

Kikuo Toyoda, Chairman and Representative Director, Chief Executive Officer  
Ryosuke Matsubayashi, President and Representative Director, Chief Operating Officer

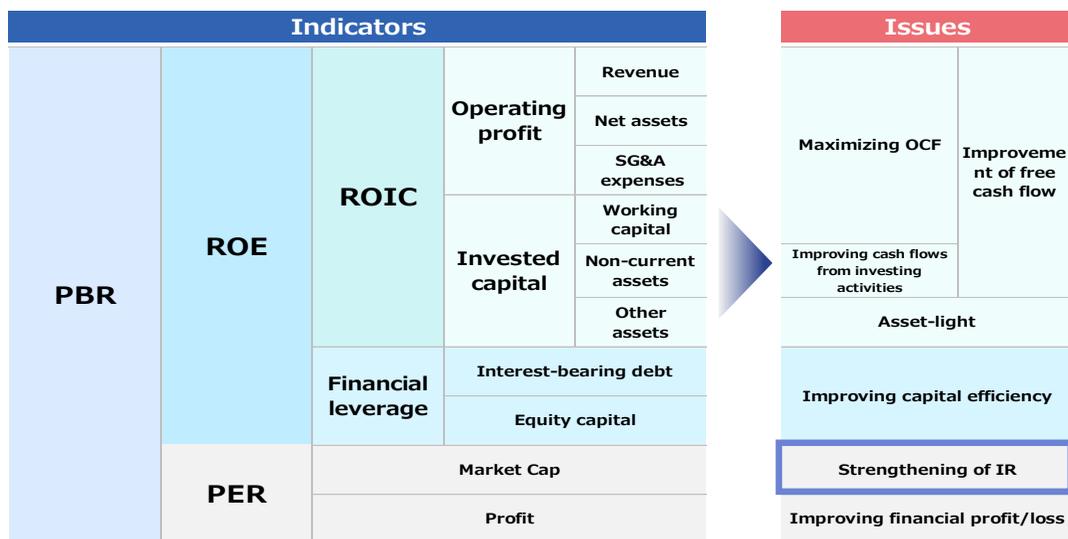
- 1 Management policy and overall strategy
- 2 Strategies in focus areas
- 3 Questions and answers

Thank you for taking the time out of your busy schedules to join us for this AIR WATER IR briefing. My name is Aya Uesugi from the Corporate Communications Office, and I will be moderating today's briefing. Once again thank you for being here.

This is our first IR briefing in around two years, and we have around 90 people in attendance, including those watching over the livestream. We are delighted to see so much interest in AIR WATER's business activities.

In our regular results briefings, we are not able to give communicate a complete picture of our business and management. We hope that through this briefing you will be reminded of AIR WATER's appeal and potential, and we appreciate your attention.

## Efforts to Increase Share Price = PBR



I am Kikuo Toyoda, Chairman and CEO of AIR WATER.

I would like to thank you for taking the time to attend this AIR WATER IR briefing.

Today marks around two years since we last had a briefing of this time, so we have not had an opportunity to thoroughly communicate our long-term vision and management approaches, but we will do our best to meet your expectations today.

Those of you gathered today have pointed out that our share price has underperformed in proportion to our past growth rate.

I also recognize that improving our share price is one of the vital challenges for management, and as a Group we have launched efforts to improve PBR.

When you analyze PBR, it breaks down into ROE and PER. In December last year we set a higher long-term target value for ROE of 12%.

Since we met our target of 1 trillion yen in revenue, going forward we will switch to placing a greater emphasis on profit and cash flow, and will endeavor to strengthen management to this end.

The issue we are currently even more aware of is PER. I believe this reflects the sense of expectation that investors have in our business strategies and potential. Today's IR meeting is part of our response to this. Going forward, we will continue to engage in periodic dialogue with investors, analysts and shareholders in an effort to provide a more in-depth understanding of the initiatives we are pursuing.

Personally, I would like us to aim for a market capitalization of 1 trillion yen. This is a goal shared by all of our staff in attendance today.

# 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.

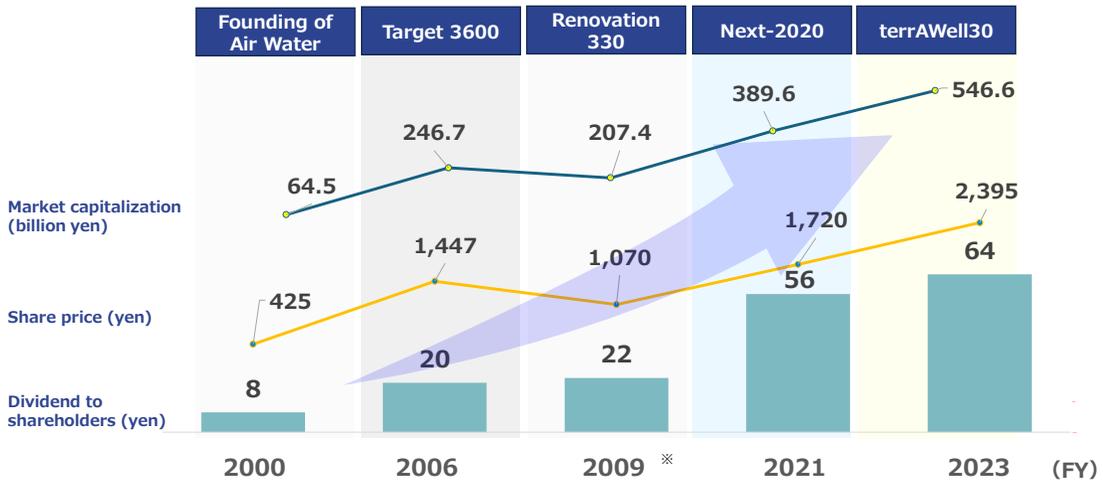


\*Sales numbers are net sales under the Japanese GAAP for FY2018 before and revenue numbers under IFRS for FY2019 and later years.

Now I would like to describe the journey AIR WATER has taken to get to this point.

AIR WATER was founded in 2000. Following this first foundation and a subsequent second foundation, we have now entered our third foundation. To briefly explain how AIR WATER came to be in the first place, it was the result of a merger between Daido Sanso and Hoxan Corporation, which later merged with Kyodo Oxygen, a subsidiary of Sumitomo Metal Industries. By simple addition, these three companies commanded revenue of 168.9 billion yen, ordinary profit of 3.7 billion yen and an ordinary profit margin of 2.2%, but when AIR WATER was founded, its first operating period produced revenue of 220.7 billion yen, operating profit of 14.1 billion yen. It goes without saying that the two mergers undertaken in the past have had a positive effect on our financial results. In FY2022 we achieved 1 trillion yen in revenue. Over the 24 years of AIR WATER's history, revenue has grown at an average annual rate of 7.2%, and operating profit has grown at 7.4%. These are respectable figures that we can be proud of on all fronts.

## History of Growth

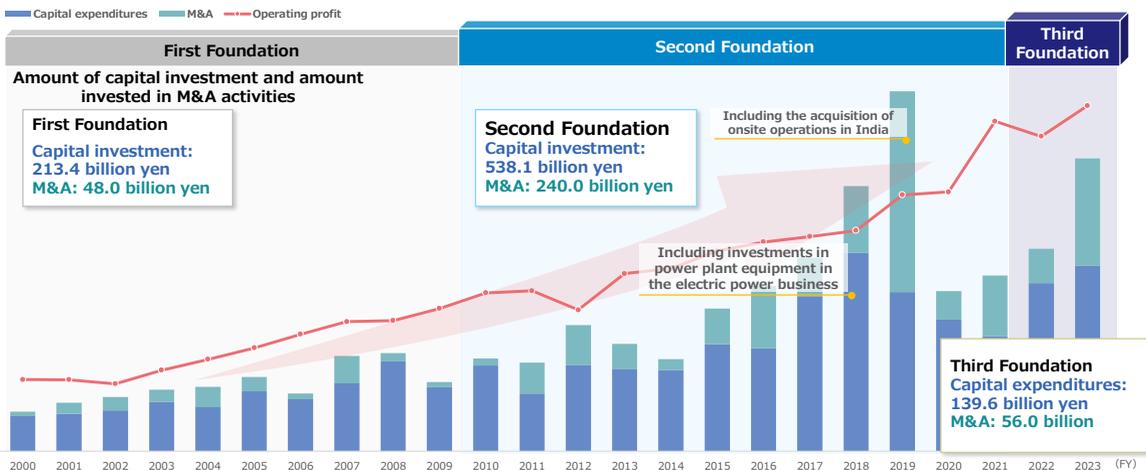


The amount of the dividend has grown 8 fold and total market cap has grown approx. 8.4 fold, compared to the levels at the time Air Water was founded.

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

Shareholder dividends have enjoyed similar growth, improving eight-fold from 8 yen per share in FY2000 to 64 yen per share in FY2023. Market capitalization has followed a similar track, going from 64.5 billion yen when AIR WATER was founded and peaking at 546.6 billion yen in FY2023.

# History of Growth



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

This chart shows the change in investment amounts and operating profit since our founding.

We have grown by building upon capital investment and investment through M&A activities.

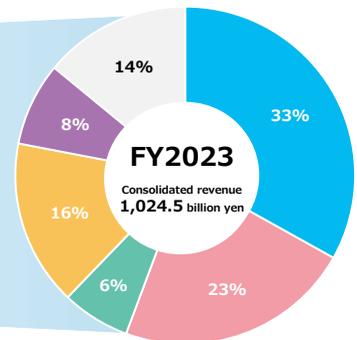
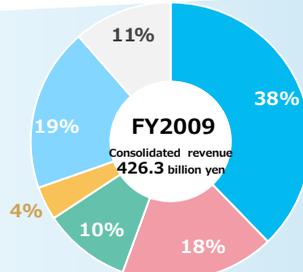
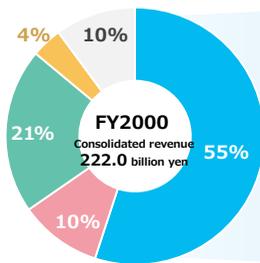
I think our growth drive is investment.

And if you look at the ratio between these two types, the split is 70% capital investment and 30% M&A. We have actively made capital investments in the companies we have acquired to drive further growth. We plan on employing this same approach to continue growing in the future.

# 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.



Next I would like to talk about our business portfolio.

Initially in FY2000, AIR WATER was an industrial gas-focused company, with industrial gas-related business accounting for 55% of total sales. By FY2023, this figure had fallen to 33%. However, this 33% in FY2023 also includes operating results from the chemical sector, and if you looked purely at industrial gas, it would be around 20%. On the other hand, the medical-related segment has jumped from 10% to 23%, and the agriculture & foods-related segment has grown from 4% to 16%. This shows how AIR WATER has grown, leveraging the industrial gas-related segment as a base from which to diversify into related fields.

## Long-Term Vision and Themes of Focus Businesses



Next I would like to talk about our long-term vision and themes of focus businesses.

This slide is an arrangement of three different 100s.

The first 100 is the world population, which will reach 10.0 billion people. It is expected that the world population will pass this 10 billion mark in 2060.

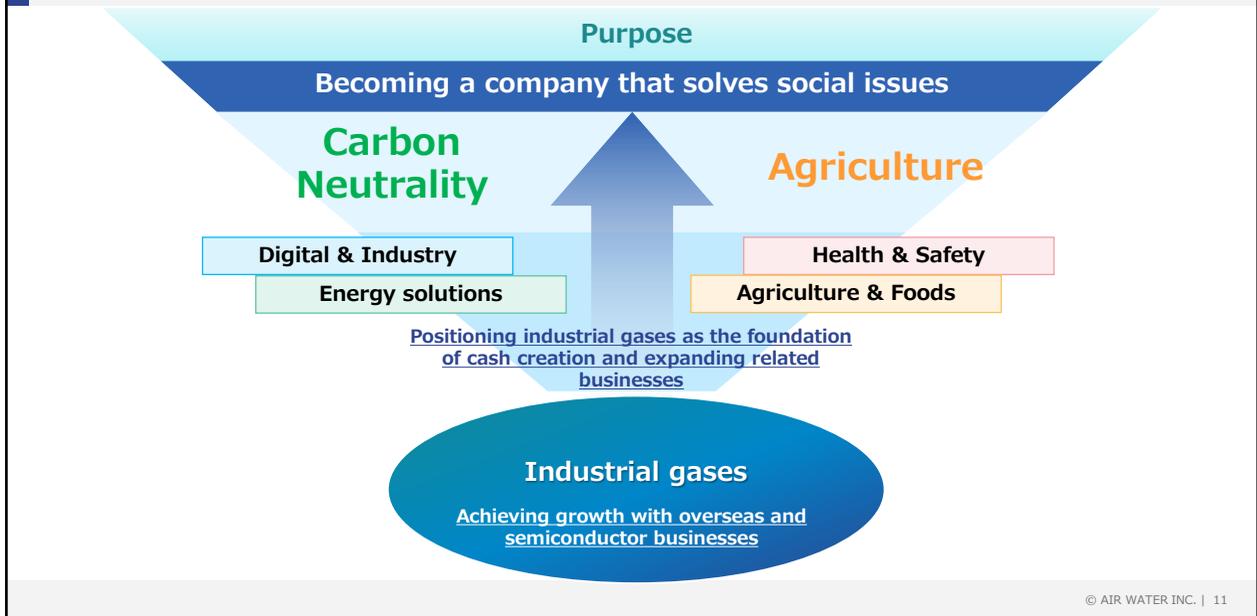
The second 100 relates to our lifespans, as we are heading to an era of 100-year lifespans being common for people.

The last 100 is the more than 100 businesses underway in the Air Water Group.

As for how these three 100s are linked with our growth strategy, when the world population reaches 10.0 billion, we will directly face issues with the depletion of global resources, including food, water and energy. Domestically, Japan's food self-sufficiency rate is believed to be around 38%, and since the seeds and fertilizer used to cultivate these crops are almost all imported from overseas, the self-sufficiency rate is effectively 9%. In the future, food self sufficiency will become an issue, but if the food self-sufficiency rate improves from 38% to 80%, we will face the problem of water shortages.

As the era of hundred-year lifespans arrives, there will be growing needs to extend people's healthy lifespans and develop more sophisticated preventive medicine, leading to growing issues such as medical expenses. Social will thus face an array of challenges.

To address these social issues, we have defined the two growth tracks of the global environment and wellness, and will tackle them by utilizing the over 100 companies that make up the Air Water Group.



From the perspective of investors, our businesses, our businesses span a wide range of fields, and we fully recognize that some see this portfolio as complex and difficult to understand.

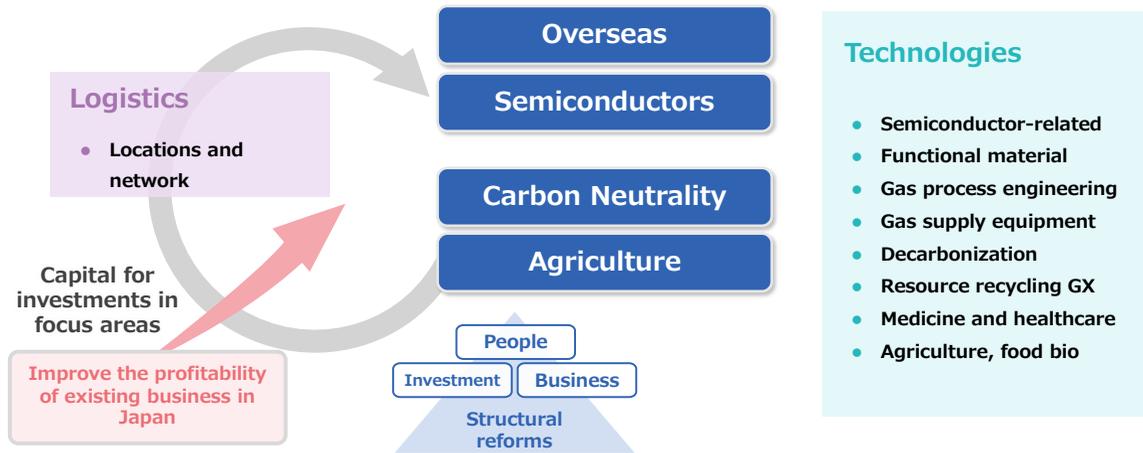
One of our aims today is to speak about our growth strategy in order to make this a little less difficult to grasp.

Our base is industrial gases, and it serves as our engine. To become a company that solves social issues and achieves its purpose in a way that is derived from this industrial gas business, we are putting the greatest focus on carbon neutrality and agriculture. We want to push for progress in these four categories - Digital & Industry, Energy Solutions, Health & Safety and Agriculture & Foods.

AIR WATER has been able to establish its current conglomerate management structure precisely because of the stable revenue it secured in the industrial gas segment. We want to change the often-cited assessment that our conglomerate structure is quite difficult to grasp into a conglomerate premium rating.

Various companies have pushed strategies of "selection and concentration," but not us. That's because the origin of our diversified management is what we have created stemming from the industrial gas business.

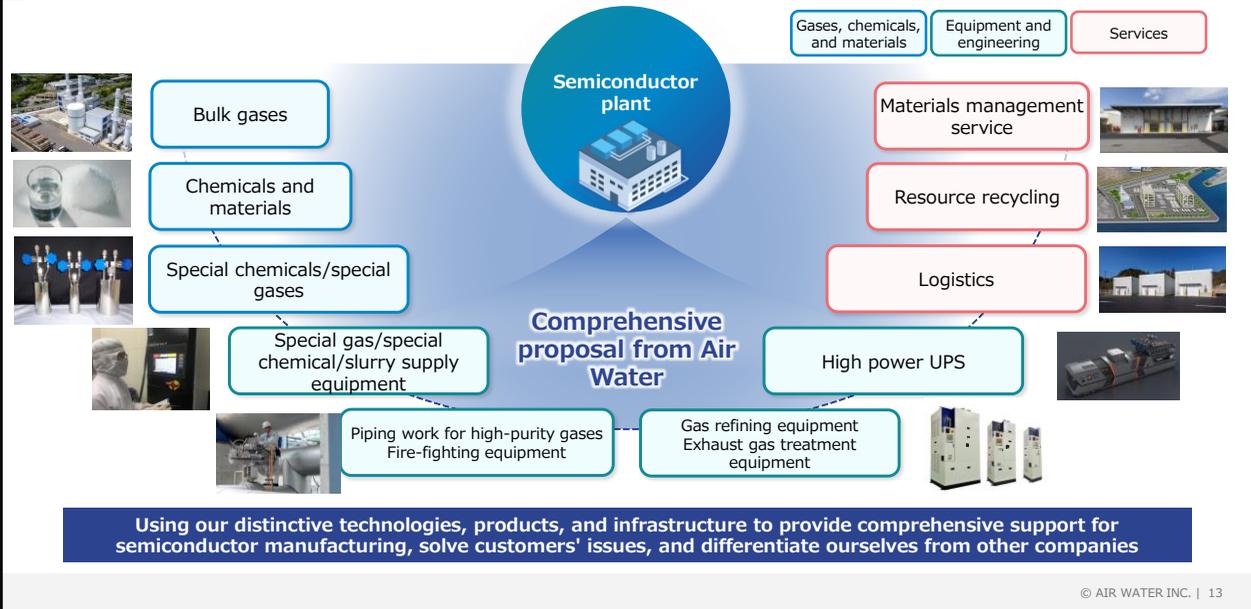
Depending on how these 100 businesses are combined, I think we will be able to continue to grow further.



Next, I would like to introduce our focus areas.

We identify four focus areas, overseas and semiconductors as growth areas for industrial gases, and carbon neutrality and agriculture as areas aimed at solving social issues in the medium- to long-term. Supporting these focus areas is technology, and the logistics network we maintain domestically. My current thinking is to leverage these and connect them with our growth strategy.

## Semiconductor Businesses



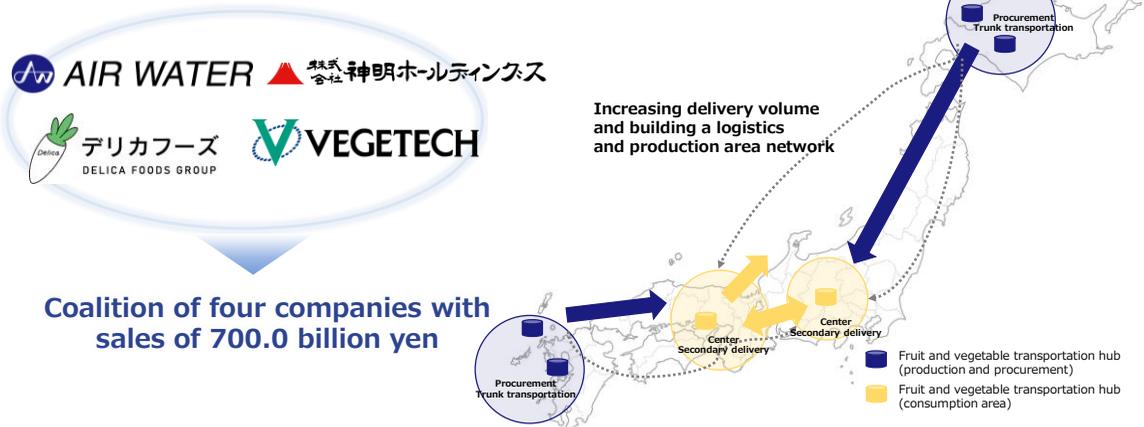
Now I would like to explain about the semiconductor field.

You may assume that most of our semiconductor-related business involves gas, but we maintain a wide range of businesses that are needed for semiconductor manufacturing. These include chemicals and materials, specialty chemicals and gases, supply equipment for specialty gases/chemicals and slurries, high-purity gas piping and fire protection equipment, gas purification and exhaust gas treatment equipment, uninterruptible power supplies (high-capacity UPS), logistics, resource recycling, and material management services. Our strength lies in leveraging all of these in the semiconductor-related field.

Recently, customers have been facing a host of challenges even in the core elements of semiconductor plant operation, namely power, water and problems with waste. We want to respond to those issues by fully leveraging our technologies, products and infrastructure. These issues could steadily increase in the future. That's why we want to continue to focus on these areas and link them with our growth strategy.

## 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



Next, let's look at the agriculture area.

In February 2023 we began a three-way collaboration with DELICA FOODS, which has a strong presence in the restaurant industry, and VEGETECH, whose expertise lies in the convenience store and supermarket sectors. Then in March this year, we invested in the leading rice wholesaler SHINMEI Holdings, launching a four-way collaboration. Combined, these four companies form a group generating 700 billion yen in sales.

The strength of this alliance lies in the different positions held by each of the four companies. Our biggest strength is our business infrastructure in Hokkaido. In Hokkaido we employ around 5,000 people and maintain almost 200 locations. Our thinking is to procure agricultural goods in Hokkaido, and transport them to Honshu or export them overseas, as well as handling processing.

As we are positioned at the upstream processes for the other three companies, our idea in the agriculture segment is to link this to further growth using our freshness preservation technologies for the goods produced in Hokkaido.

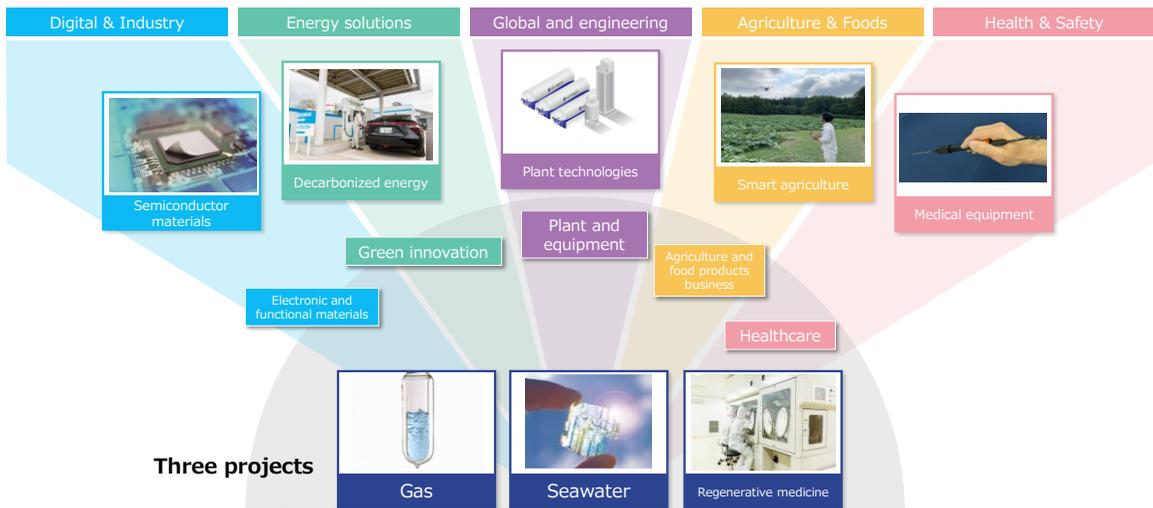
## Reinforcing Management Base for Achieving Growth Strategies

Next I would like to talk about our efforts to reinforce our management base to achieve our growth strategies.

Since I was appointed Chairman, we have consolidated the businesses acquired through M&A activities while pursuing organizational restructuring. This has created an organization that is able to pursue optimal overall synergy. Meanwhile on the investment front we have enhanced PMI and improved our investment screening system to operate in a way that better emphasizes investment efficiency.

Our theme for this year is the evolution of management. Until now we have emphasized revenue and profit, but in the future we will pursue management that incorporates balance sheet control. We hope to achieve our growth strategies by pursuing management that emphasizes ROE and cash flow.

## Research and Development (Themes)



Next, let's look at research and development.

We maintain five development centers catering to their respective business fields, creating growth strategies in each business based on materials research for semiconductors, decarbonization energy, plant technologies, smart agriculture and the development of medical devices.

We also pursue three projects.

The first is gas. We want to pursue gas-related research in greater depth and expand into new fields.

The second is water, one of the words in our corporate name. Our efforts are focused on seawater. We produce magnesium from bittern, which is the mixture left over when the salt is extracted from seawater. This magnesium is used in electromagnetic steel sheets, and is essential for producing higher-quality steel. While the market is small, magnesium has unlimited potential.

The third is regenerative medicine. The current theme involves how to utilize iPS cells collected from children's baby teeth. We hope that people working the medical field will use our iPS cells to conduct a variety of research and development. We also believe that dental pulp stem cell banks are extremely effective, and we are currently conducting R&D in this area. We will focus research into our future growth strategies on these five R&D fields and the three projects related to gas, seawater and regenerative medicine.

## 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



Now let's look at the creation of innovation.

We have pursued the creation, development and establishment of promotional hubs for new businesses that help solve social issues, and we already maintain three such R&D sites in Kobe, Osaka and Matsumoto.

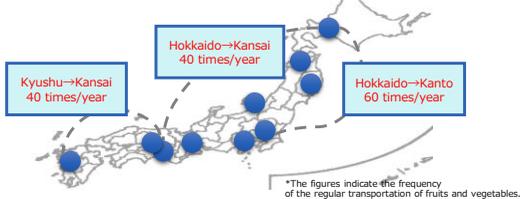
The International Advanced Medical Center in Kobe is involved with the medical business, while Air Water Kento in Osaka targets the medical agriculture and food businesses, and the Nature's Blessing Farm in Matsumoto deals with energy and businesses related to agriculture and food.

Nature's Blessing Farm in particular engages in biomass power generation using wood chips and bamboo chips, smart agriculture utilizing the heat generated from the power generating facilities, as well as land-based aquaculture and methane fermentation projects. I have gotten the impression that land-based aquaculture holds great potential from the perspective of improving our food self-sufficiency rate. Additionally in Hokkaido, we are constructing the Air Water Forest that is schedule to open in December this year. By working closely with the local community and collaborating with local governments, universities, research institutes, companies and startups to pool human resources, knowledge and technologies, we want the Air Water Forest to function not only as a way to create new business through open innovation, but also as way to improve our brand power through the dissemination of innovation, and cultivate human resources through the new business creation process.

## 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



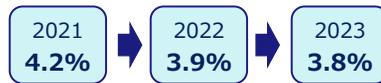
- ◆ Strengthening the fruit and vegetable logistics network in step with the collaboration of four agricultural companies



- ◆ 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

Moving on, let's look at logistics.

One of our strengths is our nationwide logistics network. It is said that "those who controls logistics control business," and it rings true at AIR WATER, as logistics serves as a solid base of our business portfolio.

In line with this, we consolidated our logistics subsidiaries in Hokkaido and eastern Japan this spring. With this integration, cargo moving from Hokkaido to Kanto and from Kanto to Hokkaido, which was previously handled separately, will be optimized, leading to improved cargo loading rates overall.

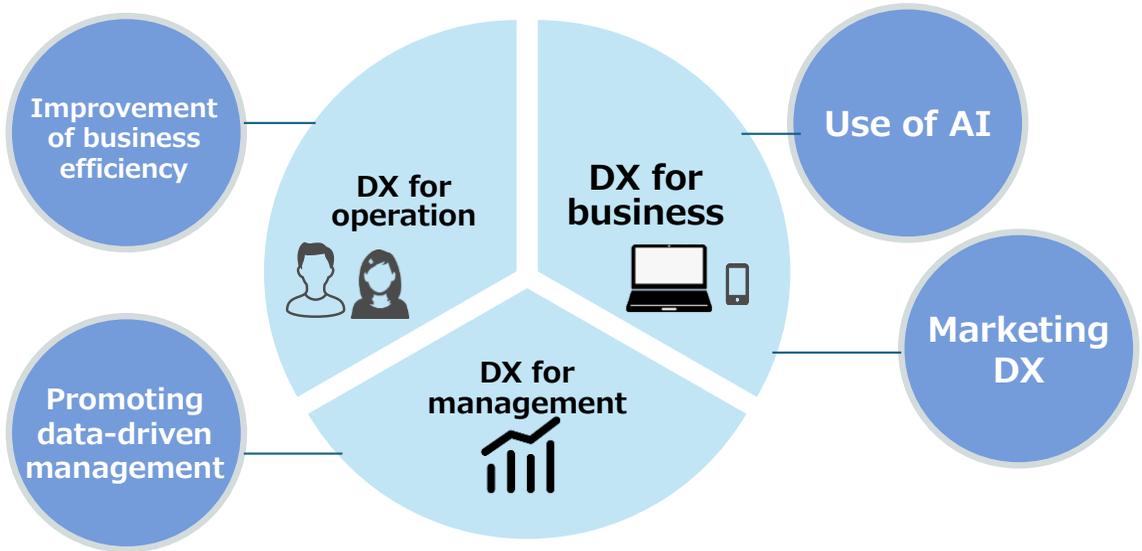
In addition, we have consolidated Nishinohon Air Water Butsuryu with Katsura Commerce to address the 2024 logistics problem in western Japan. We have also pursued initiatives to centrally manage warehouses through the Logistics segment and abolish all external warehouses within the current fiscal year.

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



Next I would like to talk about investment in human capital. Previously, personnel expenses were often treated as a cost. Based on our view of personnel expenses as investment, over the past few years we have proactively implemented wage increases across the Air Water Group. We have also been promoting the appointment of women to managerial positions, and although this has been a gradual process, this effort has produced many female managers. We have been actively appointing women, and this year for example we have newly appointed a Corporate Director, Audit & Supervisory Board Member and Executive Officer. We are also considering other programs for employees, including a stock-based compensation scheme.

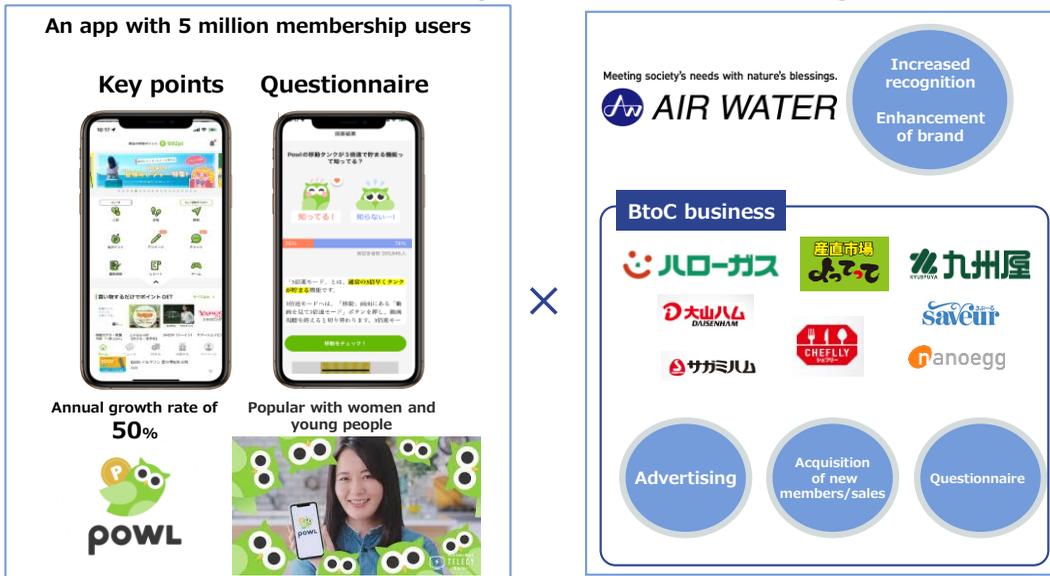
The evolution of management and the promotion of AI and DX



Towards the evolution of management, we have created a new organization in an effort to actively promote AI and DX.

By combining DX and AI in three ways, namely DX for operation, DX for business and DX for management, we are working to improve productivity and efficiency while also making use of human resources.

New initiative: A part of the DX of marketing



In one new initiative related to AI and DX, we recently acquired the company PTX, inc., which operates "Powl," a point scavenging application. This is a profitable company with a high growth rate. While the main purpose of the acquisition was to strengthen marketing in the B-to-C business, we also expect to improve our reach among young people and women, demographics with which we have not traditionally excelled. I hope you stay tuned for improvements both in our businesses and recognition.

## 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

Next I would like to touch on our regional activities and social contribution efforts.

Last year, out of a desire to further evolve our business activities in Hokkaido, we established a donation scheme for local governments in Hokkaido known as the Hometown Support H Program. We also sponsor the sport of fencing. Yuka Ueno, who joined AIR WATER in April this year, won a bronze medal in the women's team foil event at the Paris Olympics, and has brought a great deal of energy to the company.

We also support the continued employment of people with disabilities in Matsumoto, Nagano Prefecture, and engage in various other activities that contribute to society including the sponsorship of sports and cultural events in various locations.

## Essential Company

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

Lastly, the aim of AIR WATER is to become an "Essential Company" that society cannot do without. I would like to end my briefing today by declaring that we will further promote businesses of which AIR WATER is uniquely capable and which showcase its distinct characteristics. Thank you.

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

My name is Ryosuke Matsubayashi and I am the president of Air Water. Moving on, I will start by going over our initiatives in the areas of carbon neutrality, semiconductors and overseas, which are our strategies in focus areas.



First I would like to describe our carbon neutrality efforts.

### 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

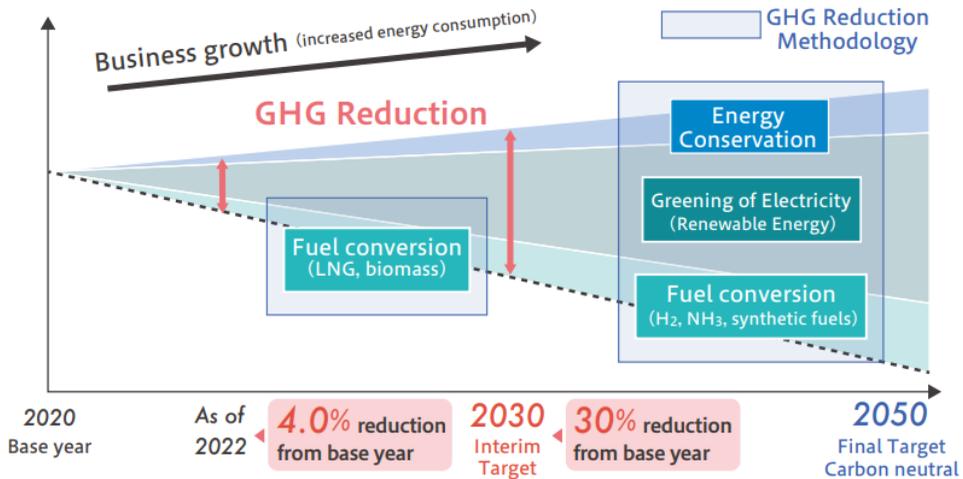
- Providing products and solutions that contribute to carbon neutrality
- Developing technologies to realize carbon neutrality and driving rapid social implementation

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

AIR WATER tackles carbon neutrality from two perspectives, our responsibility to reduce our own greenhouse gas (GHG) emissions, and our responsibility to reduce GHG emissions in society that stem from our products and business activities.

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

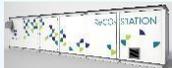
### Balance of Our GHG Reduction Measures



In terms of our impact on climate change, we have set the target of reducing CO<sub>2</sub> emissions generated by our consolidated domestic subsidiaries by 30% compared with FY2020 levels by the year 2030 as a milestone toward achieving carbon neutrality by 2050.

This slide shows our roadmap toward reducing GHG emissions by 30%. Currently, the Air Water Group products 2.12 million tons of GHG emissions, measured in Scope 1 and Scope 2 CO<sub>2</sub> equivalents. Looking at the breakdown of the main sources of these emissions, 10% come from the combustion of fossils at our in-house power generating facilities, while 80% is from power consumption, primarily from our industrial gas manufacturing plants. For these emissions we aim to balance the achievement of reduction targets with business growth based on strategies of energy savings, adopting green electricity, and switching to biomass fuel.

## Products Which Contribute to Carbon Neutrality (Contribution)

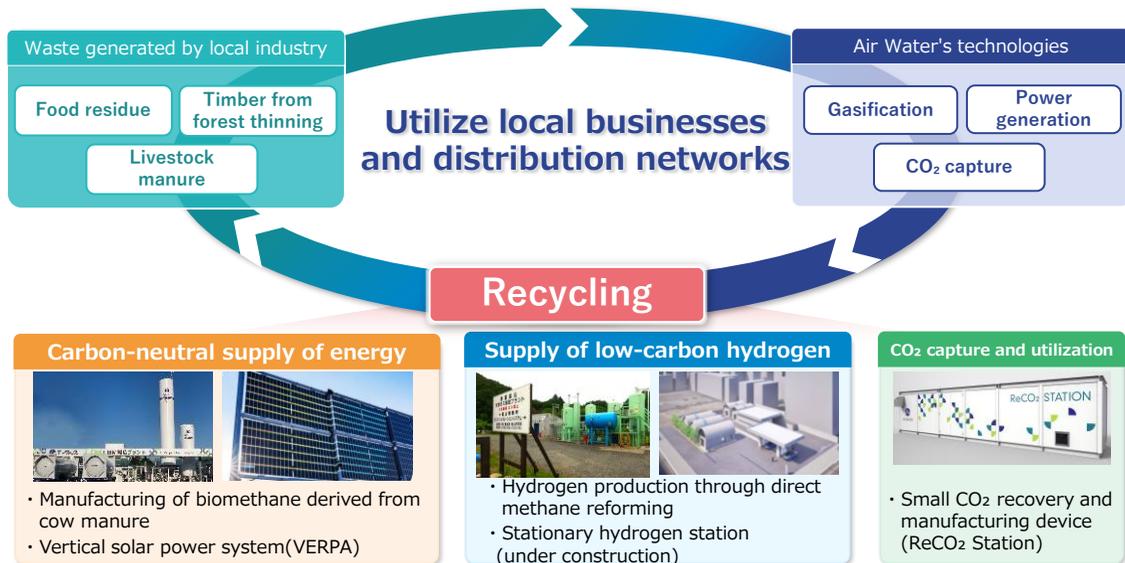
Scope	Areas	Businesses and products	Product image
Scope1	<ul style="list-style-type: none"> <li>Renewable energy</li> <li>Equipment powered by alternative fuels</li> <li>Chemical products</li> <li>Exhaust gas treatment equipment</li> <li>Hydrogen generator</li> <li>CO<sub>2</sub> collection system</li>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

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

AIR WATER is also working to contributing to GHG emission reductions in social through its products and business activities. Focusing on the global environment sector, we have rolled out products that help reduce GHG emissions, and our current reduction contributions amount to 1.25 million tons annually on a CO<sub>2</sub> equivalent basis. In the future, much as we treat our internal responsibilities, we will set quantitative targets for the amount we contribute to reducing GHG emissions in society.

In promoting our business activities, we draw customers' attention to the decarbonization performance of these products as differentiating factors, striving to boost our image as a company that proactively tackles carbon neutrality, leading to enhanced corporate value.

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



AIR WATER is also focused on the development of technologies and products that contribute to carbon neutrality.

Using the gas control technologies we have cultivated in the industrial gas business, including the separation, refining, liquefaction and storage of gas, we are focused on supply green energy such as bio-methane and low-carbon hydrogen, and on development in the areas of CO<sub>2</sub> capture and utilization. These initiatives leverage our strengths in maintaining a business portfolio extending beyond industrial gas to energy, agriculture and foods, and the infrastructure and human resources we possess with deep roots in local communities.

In the future, the technologies developed here will help reduce GHG emissions in society as environment-contributing products introduced on earlier slides. From May this year we began selling bio-methane as a fuel for factors in Hokkaido, and we are working to grow demand.

Our of our unique features is our ability to leverage a diverse portfolio to go beyond simply developing technologies, leading to their implementation in society at an early stage.



# Digital and Semiconductor

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Next I will talk about our growth strategies in the area of digital technologies and semiconductors.

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

### 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.)

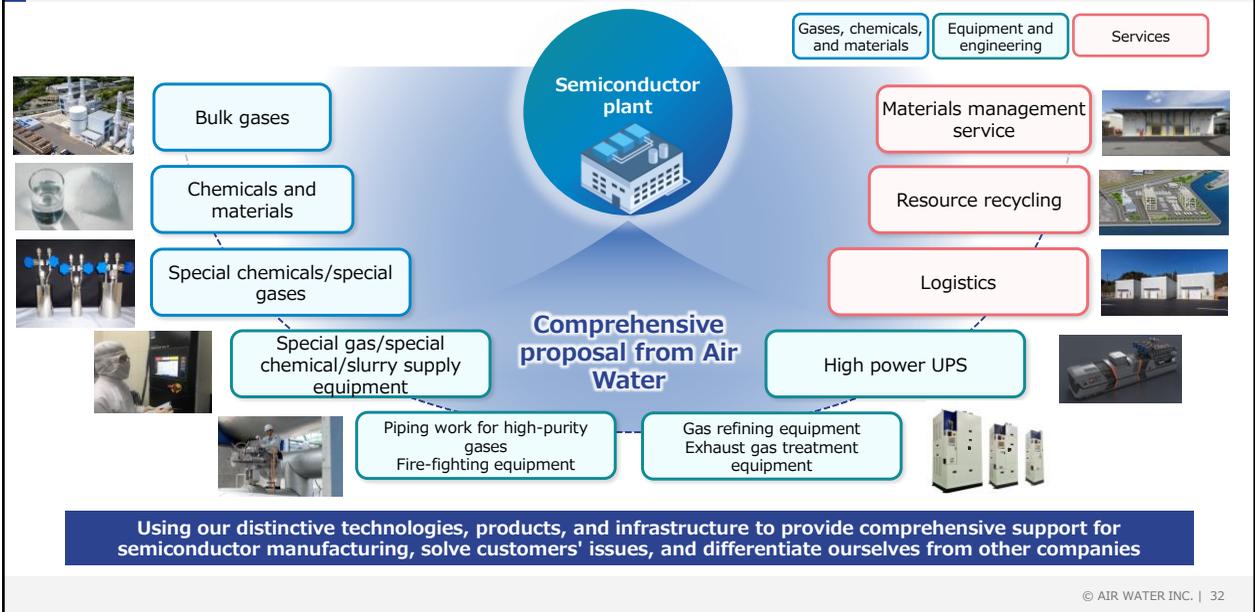
Here I will describe our focus areas and growth strategies.  
Let's look at the area of semiconductors and digital technology first.

Japan is currently pursuing a national industrial strategy to strengthen its semiconductor production base, and the Air Water Group sees this as a significant growth opportunity. As a supplier of high-purity gases that are essential for semiconductor plants, we have executed the largest capital investment in our history as part of efforts to reinforce and expand our gas supply business for semiconductor plants.

For large-scale semiconductor plants producing memory, CMOS image sensors and other products, we currently provide on-site gas supply as the core equipment of the latest V1D large-scale air separation plants at four sites in Japan, and two further sites are currently under construction.

We have also invested in expansions at medium-scale semiconductor plants in Japan, and gas demand for legacy semiconductors such as power semiconductors and logic LSIs has also expanded. Our V1 high-purity nitrogen gas generators offer excellent energy saving performance, small installation footprint and stability, earning high marks from users. Our installation track record now extends to more than 100, cementing the V1's status as the de facto standard model of nitrogen gas generators for semiconductor plants. The demand for gas at these medium-scale semiconductor plants has growth, and the number of plants scheduled to begin operating in FY2024 is equivalent to twice the average over the past five years.

## Supporting Semiconductor Manufacturing (Our Strengths (2)) Meeting society's needs with nature's blessings. AIR WATER



The Air Water Group's contributions to semiconductor manufacturing are not limited to the supply of gas.

From the stable supply of the materials needed for semiconductor manufacturing including gases, specialty chemicals and regular chemicals, we have further evolved to supporting semiconductor plant operation through the provision of services including material management, logistics, and the recycling of post-consumption resources. Additionally, we provide products and services essential to semiconductor plants from construction through to stable operation, including the delivery of the devices and equipment necessary as plant facilities, to construction work to lay high-purity piping.

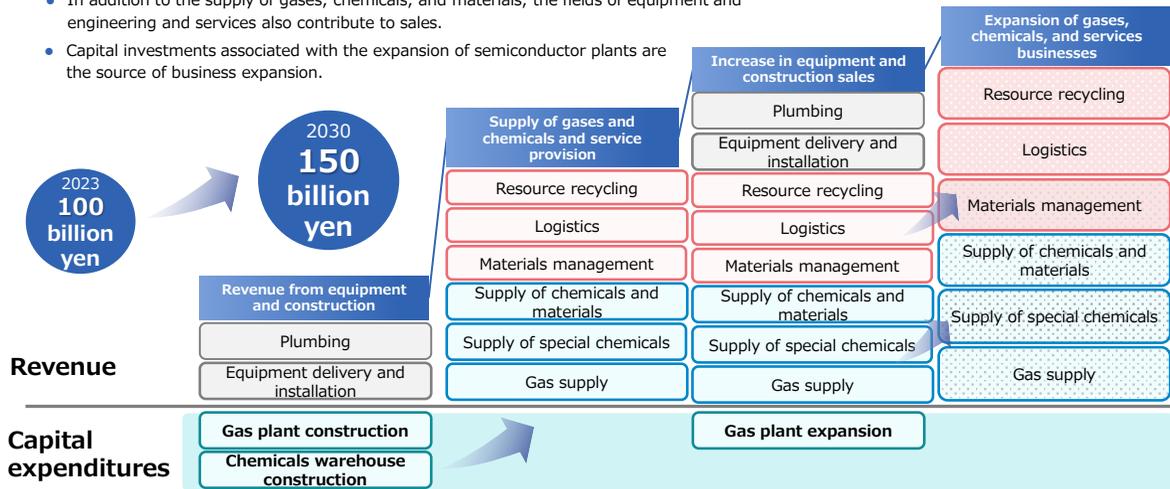
As this shows, one of the Air Water Group's strengths lies in its ability to offer a suite of products that broadly support the growth of the semiconductor market in a single package.

As our foundation is in industrial gases, there is an impression that this is the starting point for what we provide to users, but AIR WATER deals with a wide range of other products that often provide inroads to working with semiconductor manufacturers.

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

## 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.



Thanks to the wide range of products you saw in previous slides, we cover the various phases of semiconductor plants from their construction and operation to facility expansion and increased production, building a business model that captures demand driven by growth in the semiconductor market. In the electronics business, we aim to expand the 100 billion yen in revenues generated in FY2023 to 150 billion yen by FY2030.

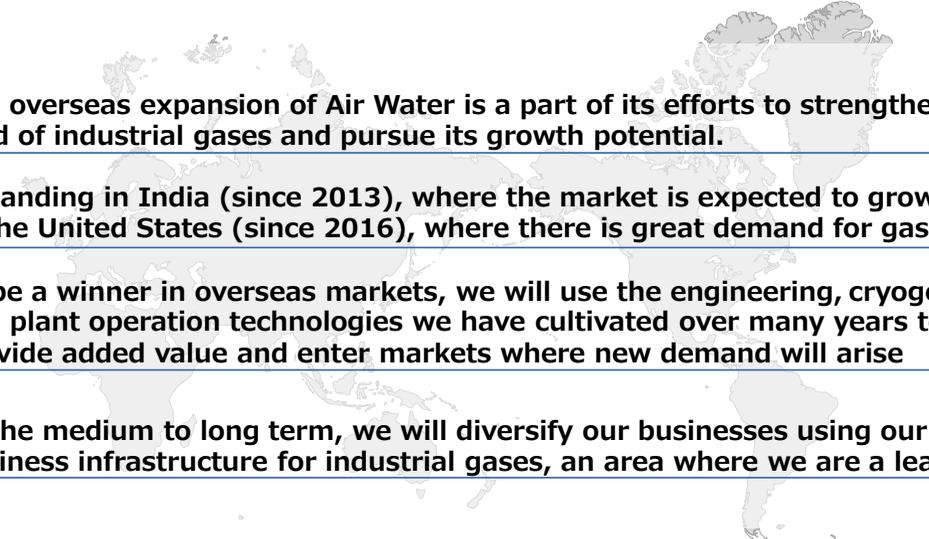
Capital investment associated with the expansion of semiconductor plants will become a source of business expansion.



In closing, I would like to explain about the overseas business which we are focused on as a growth area.

This poses the question of why and how AIR WATER will bolster its overseas expansion. Allow me to explain step by step.

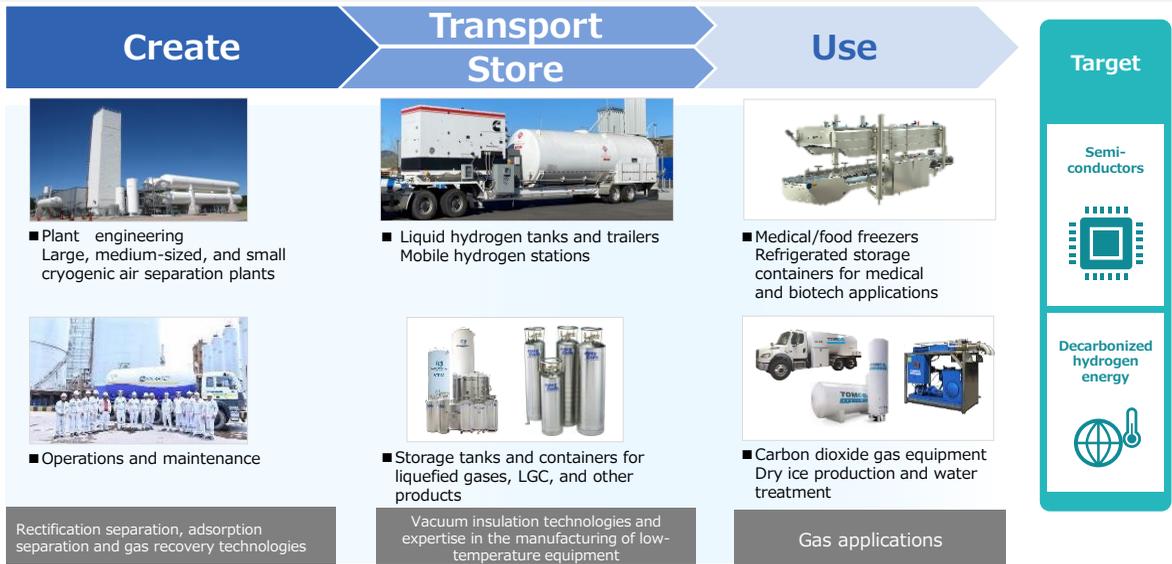
## Approach to Overseas Expansion

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- **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.**

Our overseas expansion is part of our efforts to strengthen our industrial gas business. As you are aware, the industrial gas business is able to continually develop alongside the customers and regions where plants have been established, and is expected to serve as a cash cow role for the Air Water Group. In Japan, however, with the exception of certain industries such as semiconductors major investment and growth opportunities for industrial gas are on the decline, which has led us to believe that business expansion overseas, which further market growth is expected, is needed.

Given this, since 2013 we began our overseas expansion, first targeting India with its fast-growing market driven by population growth and expanding domestic demand, followed in 2016 by the United States, the world's largest industrial gas market and a wellspring of innovation.

# Approach to Overseas Expansion (Our Strengths)



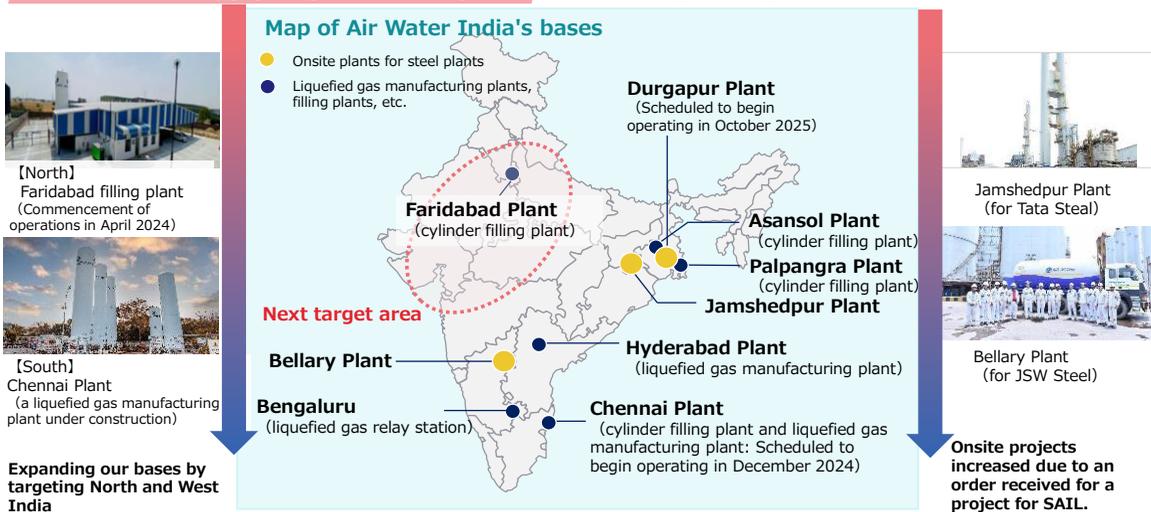
This is a continuation from the previous page. Our path to victory lies in leveraging the plant engineering technologies, ultra-low temperature technologies and plant operation technologies we have cultivated for many years to provide added value including energy savings, low-carbon and decarbonization and stable supply, and to make inroads into current industrial gas markets and those newly emerging in the future. With regard to these technologies, we have the ability to sufficiently compete with other companies even in overseas markets. Including the Air Water Group, there are only a few companies that maintain all technologies in-house, ranging from cryogenic air separation, adsorption separation, hydrogen manufacturing and liquefaction and the capture and purification of carbon dioxide gas and rare gases, to low-temperature equipment and gas applications. In addition, through large-scale M&A activities and capital investment, we can secure the infrastructure in a target market early on, accelerating the rate of growth.

In India and the United States, the markets of our potential main customers in the fields of steel, semiconductors and decarbonization are entering a period of transformation, increasingly turning into green fields that require further technological innovation. Each of these national governments are strengthening and expanding domestic industries and making strategic efforts to ensure economic security, posing many business opportunities for AIR WATER. On the following slides I will describe our business expansion in each country.

We have made progress establishing overseas business foundations starting with industrial gas, but in the medium- to long-term, we will pursue overseas expansion in areas served by the other businesses we operate. By combining products and businesses in areas such as healthcare, agriculture and food using industrial gases as a base, we will solve social issues and create added value overseas, just as we have done in Japan.

## India (Business Strategies)

**“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**



In India we have pursued a growth strategy based on the expansion of merchant and packaged gas manufacturing and supply infrastructure to capture booming industrial gas needs driven by domestic demand, aiming for significant growth by securing contracts for on-site gas supply for the steel industry.

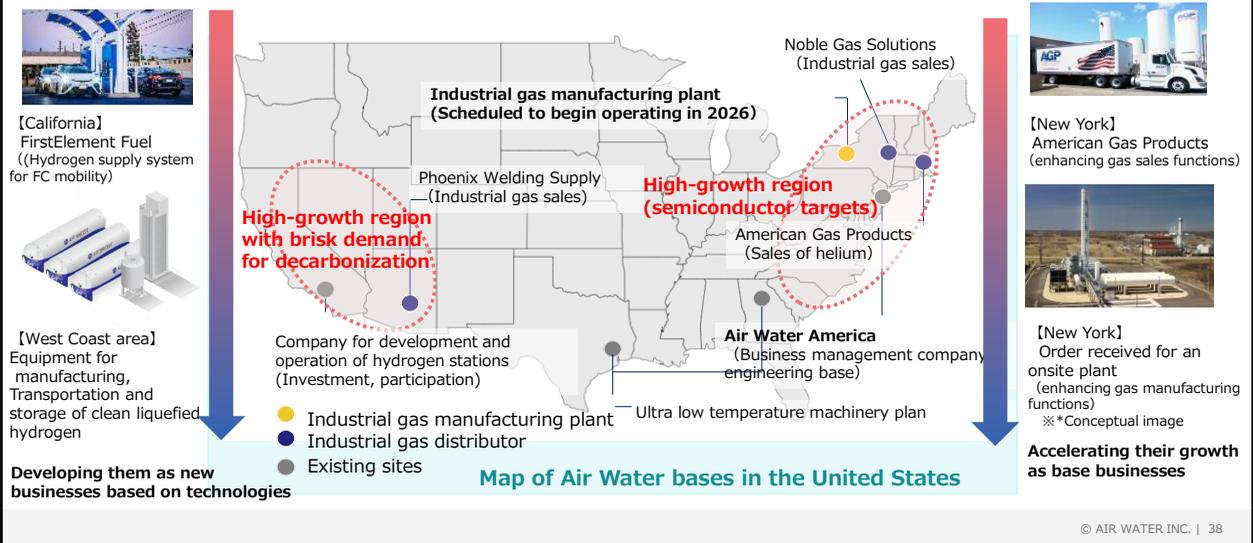
With an investment of 5 billion yen we are currently constructing a liquefied gas manufacturing plant and gas cylinder filling plant in southern Chennai, with operations starting this December. Ahead of this, in April this year we completed and launched a gas cylinder filling plant in Faridabad, an area near Delhi that was previously underserved. In the future, we will enhance our liquefied gas manufacturing and supply infrastructure to capture demand in the country's northern and western areas.

In the area off on-site gas supply for the steel industry, last year we secured a gas supply order for the Durgapur Steel Plant operated by the Indian state-owned Steel Authority of India Limited (SAIL). We have invested 13.5 billion yen in an on-site plant that is currently under construction and is schedule to begin operations from October 2025. In securing this order, we have put in place a system to supply to three of India's largest four blast furnace steel manufacturers. The Indian government has set the target of raising crude oil production volume to 300 million tons by 2030, and we will continue to pursue business expansion in the future by securing these on-site supply contracts.

We currently hold the third-largest market share in India, following Linde and INOX. In addition to business for the steel industry, we will strengthen effort to secure contracts to supply gases for semiconductor plants being planned for the future, demonstrating our presence as a business partner developing in step with India's economic growth.

## North America (Business Strategies)

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



In the United States, we are focused on the market growth area on the East Coast, pursuing the basic growth strategies of securing business rights and sites through acquisitions of distributors and industrial gas businesses, and expanding gas manufacturing and supply infrastructure. In addition, we aim to grow the industrial gas business by securing large-scale on-site gas supply contracts associated with the new construction of semiconductor plants and green chemical plants.

We have invested 4.5 billion yen in New York State, where we have begun construction of an on-site and liquefied gas manufacturing plant which is scheduled to begin operations in early 2026. In the vicinity of the plant construction site new semiconductor plants are also being planned, and we will use this plant as a backup site to secure on-site projects in the surrounding area. In the current fiscal year we are in negotiations for investment decisions related to several plants.

Additionally, in California, ahead of growing hydrogen demand which is expected due to the widespread adoption of commercial fuel cell vehicles in the future, we are working on clean liquefied hydrogen, and the manufacturing and sale of liquefied hydrogen transportation and storage equipment, as part of efforts to capture emerging demand for gas and equipment.

This fiscal period we received an order from a commercial fuel cell truck manufacturer for 10 portable liquefied hydrogen recharger units, entering into a lease contract with more than 6 billion yen in total. Delivery is planned within the fiscal year.

We will further strengthen and drive the implementation of these initiatives with the aim of achieving rapid growth in the United States.

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

This concludes my briefing. Thank you.

(Toyoda)

In closing, I believe today's briefing significantly shifts the narrative compared with previous ones.

Previously, we often spoke with an inward focus, but going forward we are committed to making the company better by accepting extensive feedback from the institutional investors and analysts who have joined us here today. We appreciate your cooperation.

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).**