
Fiscal Year 2021 Full Year

Financial Results

Explanatory Materials

Meeting society's needs with nature's blessings.



May 12, 2022

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Notes

•The numerical targets and forecasts presented in this document reflect the judgment of the Company based on information currently available and involve potential risks and uncertainties. Therefore, note that actual business performance may differ significantly from the projections made herein due to changes in various factors.

•**The Company has adopted International Financial Reporting Standards (IFRS)**

Main points of the full-year financial results for fiscal year 2021

Revenue 888.7 billion yen (110.2% year-on-year)
Operating profit 65.2 billion yen (127.2% year-on-year)
Owners of parent 43.2 billion yen (157.9% year on year)
Operating profit margin 7.3% (up 0.9point year on year)

**New record
high results**

- ✓ Achieved new record high results and a significant increase in the operating profit margin through business structural reforms and a focus on growth markets.
- ✓ Profit reached the forecast revised upward in November 2021 despite uncertainties such as the disruption of global supply chains and a steep rise in resource prices in the business environment.

Main points of the full-year financial forecast for fiscal year 2022

Revenue 1,000 billion (112.5% year-on-year)
Operating profit 70.0 billion
(107.4% year-on-year)

**Steps toward achieving
the 1 trillion yen net
sales corporate vision**

- ✓ On track to achieving the 1 trillion yen net sales corporate vision, toward which all companies in the Group have been working since 2010
- ✓ Aiming for business growth by implementing business strategies, including an M&A strategy and thorough price revision, based on the Group's reinforced revenue base
- ✓ Shifting to a management system more closely uniting the Company and Group companies through the Group-wide reorganization dated April 1, 2022 Planning to further improve earnings strength and establish new businesses by creating synergy beyond business boundaries

Full-year Financial Results for Fiscal Year 2021

Consolidated income statement

	FY2020	FY2021	Increase/decrease	
			Amount	YoY
Revenue	806.6	888.7	+82.0	110.2%
Cost of sales	▲625.7	▲689.6	▲63.8	
Gross profit	180.9	199.1	+18.2	110.1%
Selling, general and administrative expenses	▲135.4	▲139.7	▲4.3	
Other operating income and expenses	3.4	3.8	+0.4	
Share of profit of investments accounted for using the equity method	2.3	1.9	▲0.3	
Operating profit	51.2	65.2	+13.9	127.2%
Finance income and costs	▲1.6	▲0.9	+0.6	
Profit before income taxes	49.7	64.2	+14.6	129.4%
Income taxes	▲19.3	▲17.8	+1.5	
Profit (loss) from discontinued operations	0.1	▲0.1	▲0.2	
Profit	30.4	46.3	+15.9	152.1%
Owners of parent	27.4	43.2	+15.8	157.9%
Non-controlling interests	3.0	3.0	+0.0	
Operating profit margin	6.4%	7.3%		
ROE ^{*1}	7.9%	11.5%		
Basic earnings per share for the period ^{*2}	120.98 yen	191.06 yen		

*1 "Profit for the period attributable to owners of the parent" ÷ "Equity attributable to owners of the parent" (The average between the beginning and the end of the period.)

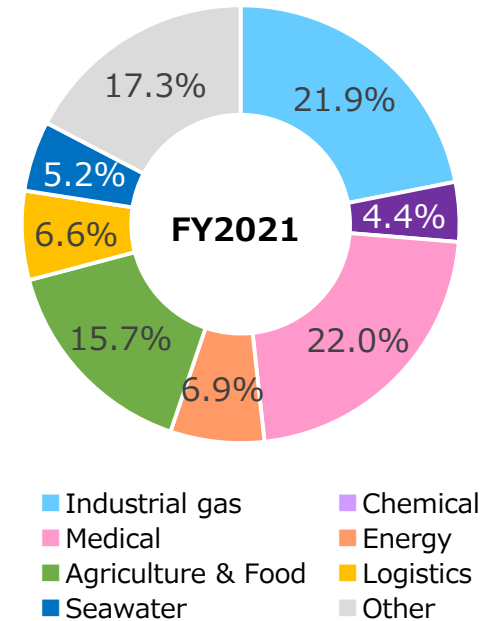
*2 Basic earnings per share for the period are calculated based on the average number of issued shares during the period.

Revenue by segment

(Unit: Billion yen)

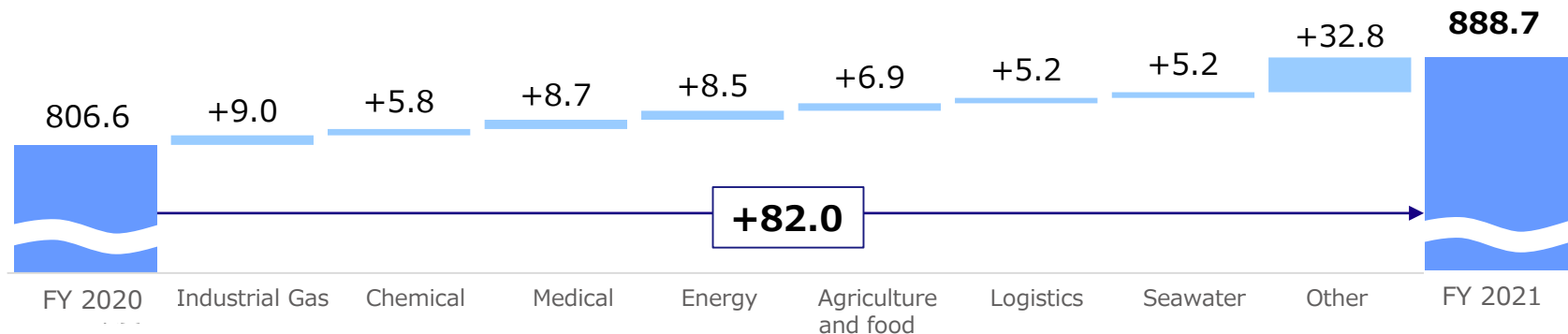
	FY2020	FY2021	Increase/decrease	
			Amount	YoY
Industrial Gas	185.6	194.6	+ 9.0	104.8%
Chemical	33.4	39.1	+ 5.8	117.3%
Medical	186.4	195.2	+ 8.7	104.7%
Energy	53.1	61.6	+ 8.5	116.0%
Agriculture & Food Products	132.6	139.5	+ 6.9	105.2%
Logistics	53.3	58.4	+ 5.2	109.7%
Seawater	41.0	46.2	+ 5.2	112.7%
Other	121.3	154.1	+ 32.8	127.0%
Total	806.6	888.7	+82.0	110.2%

Revenue composition ratio by segment



Revenue increase/decrease by segment

(Unit: Billion yen)



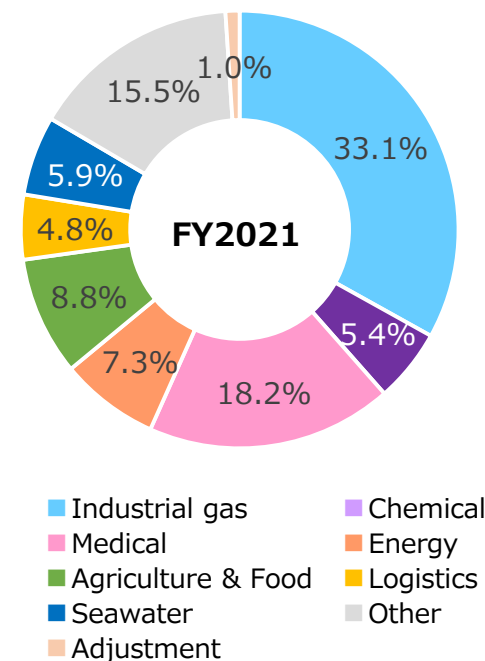
Operating profit by segment

(Unit: Billion yen)

	FY2020	FY2021	Increase/decrease	
			Amount	YoY
Industrial Gas	20.9	21.6	+0.7	103.3%
Chemical	2.0	3.5	+1.5	177.2%
Medical	10.5	11.9	+1.4	112.9%
Energy	4.6	4.8	+0.2	104.7%
Agriculture & Food Products	4.0	5.7	+1.7	141.9%
Logistics	2.8	3.1	+0.3	110.2%
Seawater	3.1	3.8	+0.7	124.2%
Other	4.9	10.1	+5.3	208.3%
(Adjustment) *	▲1.5	0.7	+2.2	—
Total	51.2	65.2	+13.9	127.2%

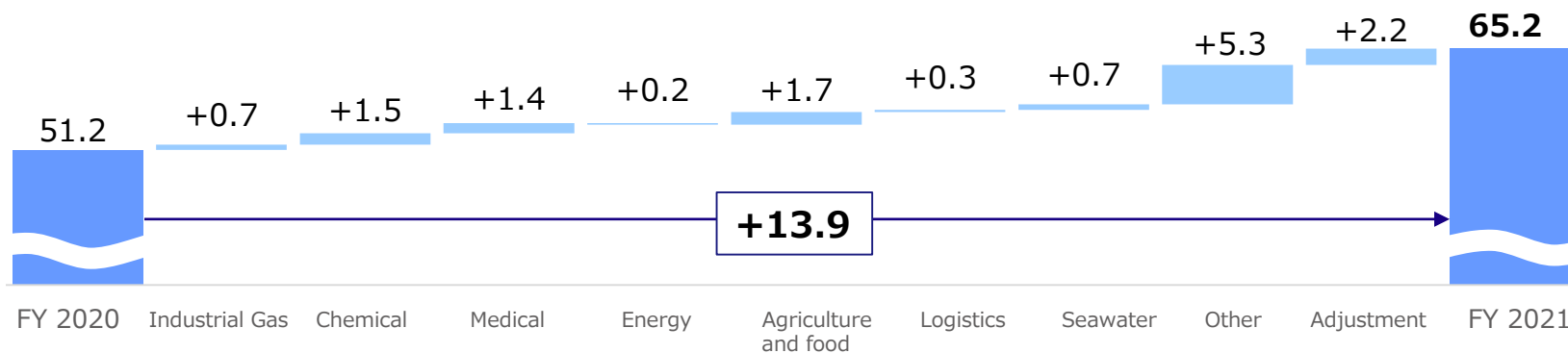
* Adjustment: Elimination of intersegment transactions and profit or loss of the Company's Head Office divisions that are not allocated to each reporting segment.

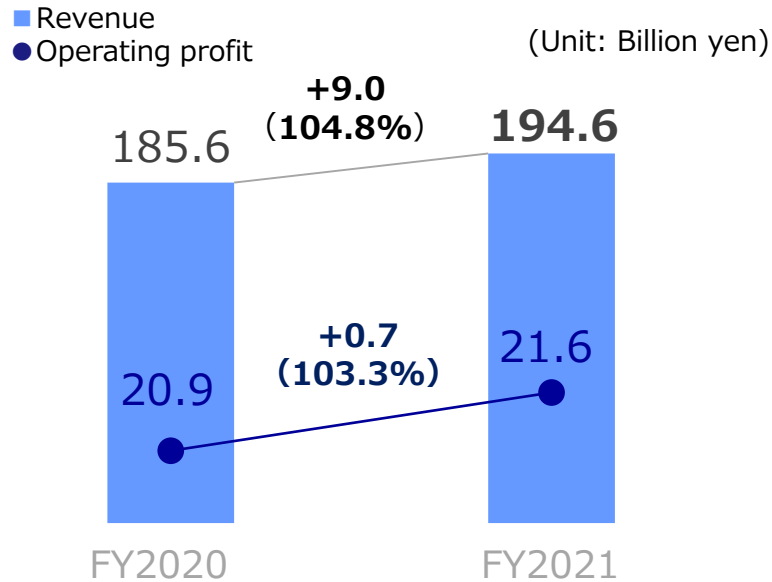
Operating profit composition ratio by segment



Operating profit increase/decrease by segment

(Unit: Billion yen)



**Main increase/decrease factors****■ Revenue +9.0 billion yen**

- 【+】· Increase in gas sales after rallying demand from manufacturers in Japan
- Rise in sales of equipment and materials for electronics
 - Increase in sales of dry ice
 - Effect of new consolidation of Hokuei Co., Ltd.

- 【-】· Reactionary decrease resulting from a large engineering project

■ Operating profit +0.7 billion yen

- 【+】· Increase in sales of equipment and materials for electronics
- Rise in gas sales following recovery of demand from manufacturers in Japan
 - Increase in sales of dry ice
 - Rise in gas supply in India
 - Effect of new consolidation of Hokuei Co., Ltd.

- 【-】· Increase in electricity costs

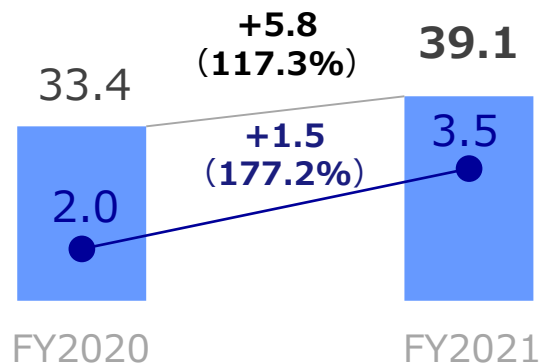
■ Revenue by sub-segment

(Unit: Billion yen)

	FY2020	FY2021	Increase/ decrease	YoY
Gas	107.1	120.7	+ 13.6	112.7%
Equipment, construction and others	62.6	57.3	▲5.3	91.5%
Overseas	15.9	16.6	+ 0.7	104.3%
Total	185.6	194.6	+ 9.0	104.8%

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +5.8 billion yen

- 【+】· Increase in sales of functional chemicals for electronic materials
- Upturn in domestic organic acid market
 - Increase in sales of naphthoquinone for agricultural chemicals

■ Operating profit +1.5 billion yen

- 【+】· Upturn in domestic organic acid market
- Increase in sales of naphthoquinone for agricultural chemicals
 - Increase in sales of precision polishing pads
 - Increase in sales of functional chemicals for electronic materials
 - Increase in sales of sodium acetate for foods

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
AWPC *1	27.2	31.8	+ 4.6	116.8%
Others *2	6.1	7.4	+ 1.2	119.6%
Total	33.4	39.1	+ 5.8	117.3%

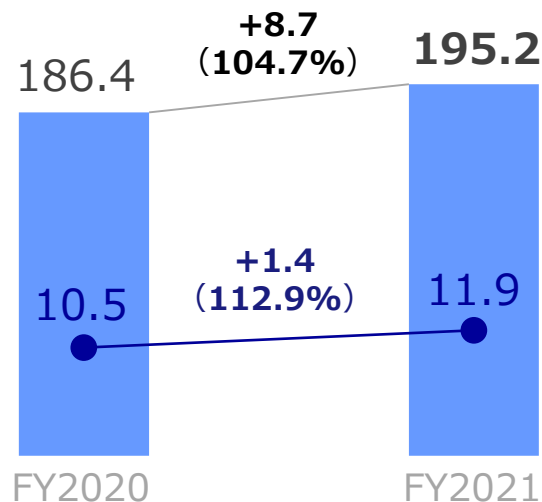
*1 Represents revenue of Air Water Performance Chemical Inc. (AWPC). AWPC was established on October 1, 2021.

On the same date, it integrate Air Water Inc.'s Electronic Material Development Division, Kawasaki Kasei Chemicals Ltd. And Daito Chemical Co., Ltd. For the fiscal year ended March 31,

*2 The value totaling the revenue of FILWEL Co., Ltd. and that of Printec Corporation is presented.

Medical Business

■ Revenue
● Operating profit (Unit: Billion yen)



Main increase/decrease factors

■ Revenue +8.7 billion yen

- 【+】· Increase in rentals of equipment for domiciliary oxygen therapy
- Rebound in demand for hospital facility construction, maintenance and inspections
 - Rise in sales of syringes for vaccination and dental materials

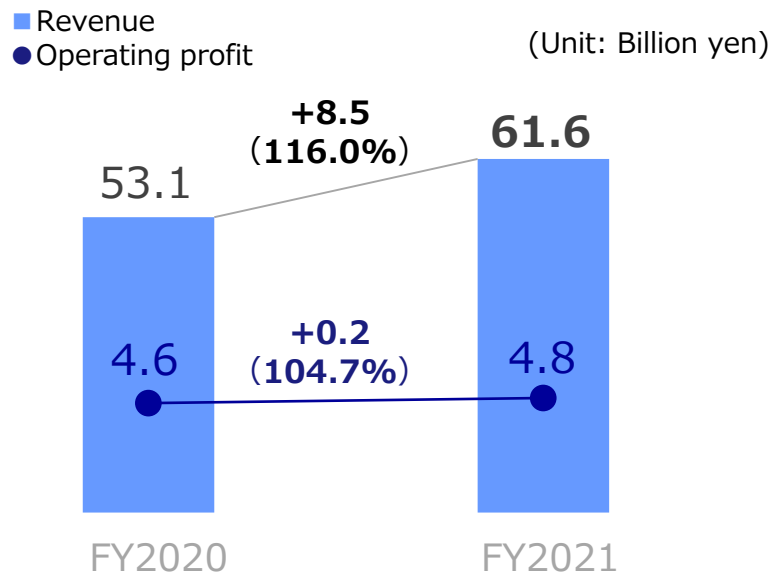
■ Operating profit +1.4 billion yen

- 【+】· Increase in rentals of equipment for domiciliary oxygen therapy
- Progress in revenue improvement in medical services
 - Recovery of medical gas supply
 - Rebound in demand for hospital facility construction, maintenance and inspections
- 【-】· Reactionary decrease after extraordinary demand for hygiene products in the previous year

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
Hospital facilities	28.1	29.7	+ 1.6	105.8%
Medical treatment services	77.8	78.9	+ 1.1	101.4%
Medical gas	8.3	9.2	+ 0.8	109.9%
Medical equipment	10.0	9.9	▲ 0.1	99.1%
Home medical care	10.1	11.8	+ 1.6	116.1%
Hygiene products	30.4	29.6	▲ 0.8	97.4%
Other	21.7	26.2	+ 4.5	120.5%
Total	186.4	195.2	+ 8.7	104.7%



Main increase/decrease factors

■ Revenue +8.5 billion yen

- 【+】· Rise in LPG and kerosene sales prices due to market conditions
- Rebound in demand for LPG for industrial and commercial use

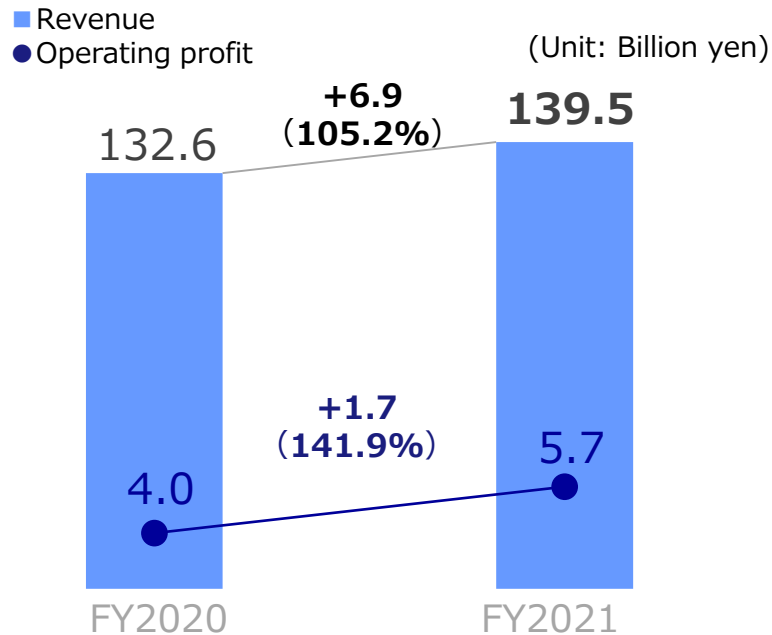
■ Operating profit +0.2 billion yen

- 【+】· Increase in sales and constructions of energy-related equipment
- Rationalization of selling price of kerosene
 - Streamlining of delivery and other operations
- 【-】· Shrinkage of stay-at-home demands for LP gas for household use

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
LP gas	52.2	60.2	+8.0	115.4%
Natural gas-related	0.9	1.4	+0.5	152.5%
Total	53.1	61.6	+8.5	116.0%

**Main increase/decrease factors****■ Revenue +6.9 billion yen**

- 【+】
- Rise in contract manufacturing quantity in the beverage business
 - Sales rise in the sweets sector
 - Increase in sales of cooked and processed foods for mass merchants in ham and deli areas
 - Effect of new consolidation of Plus Co., Ltd.

■ Operating profit +1.7 billion yen

- 【+】
- Increase in sales of cooked and processed foods for mass merchants in ham and deli areas
 - Productivity improvement in the sweets sector
 - Rise in contract manufacturing quantity in the beverage business
 - Effect of new consolidation of Plus Co., Ltd.
 - Posting of a gain on sale of land of a subsidiary

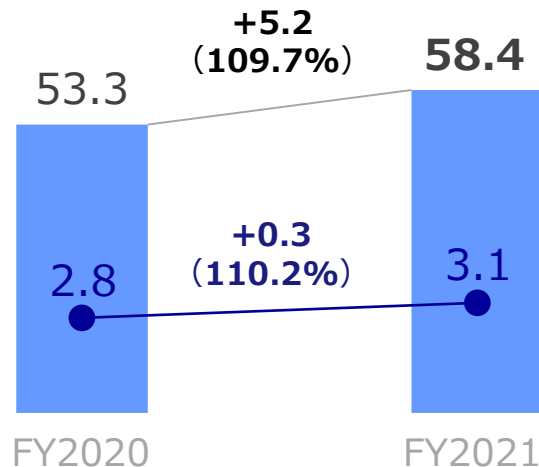
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
Farm products and food processing	57.8	62.5	+4.8	108.3%
Beverage	47.2	49.2	+2.0	104.2%
Other	27.6	27.8	+0.2	100.6%
Total	132.6	139.5	+6.9	105.2%

■ Revenue
● Operating profit

(Unit: Billion yen)

**Main increase/decrease factors****■ Revenue +5.2 billion yen**

- 【+】· Rise in trunk line transport volume for B2B logistics and online sales
- Increase in volume of shipments of low-temperature logistics for supermarkets
 - Effect of new consolidation of Repro work Holdings Co., Ltd.

■ Operating profit +0.3 billion yen

- 【+】· Rise in trunk line transport volume for B2B logistics and online sales
- Effect of new consolidation of Repro work Holdings Co., Ltd.
- 【-】· Increase of diesel oil prices

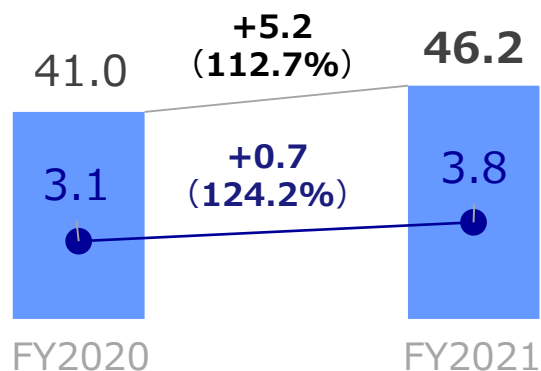
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
Transport	24.3	28.8	+4.5	118.5%
3PL	23.4	24.2	+0.7	103.1%
Vehicle body manufacturing	5.6	5.5	▲0.1	98.6%
Total	53.3	58.4	+5.2	109.7%

■ Revenue
● Operating profit

(Unit: Billion yen)

**Main increase/decrease factors****■ Revenue +5.2 billion yen**

- 【+】· Ako No.2 Biomass Power Plant began operating (January 2021)
- Increase in commercial-use salts
 - Rise in sales of electro-melting magnesia for heaters, ceramic products and others

■ Operating profit +0.7 billion yen

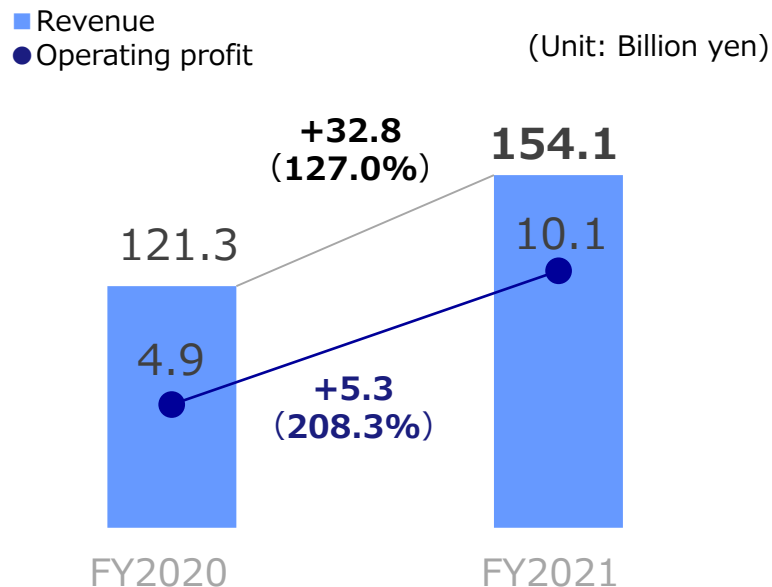
- 【+】· Ako No.2 Biomass Power Plant began operating
- Rebound in sales of magnesium hydroxide for steel manufacturers
 - Rise in sales of electro-melting magnesia for heaters, ceramic products and others

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease	YoY
Salt-related *	32.8	37.3	+4.5	113.8%
Magnesia	8.2	8.9	+0.7	108.3%
Total	41.0	46.2	+5.2	112.7%

* The segment consists of the salt manufacturing business, environmental business, electric power business and food product business of Nihonkaisui Co., Ltd.



Main increase/decrease factors

■ Revenue +32.8 billion yen

- 【+】
- Inauguration of the Onahama Power Plant in April 2021
 - Increase in sales of electronic materials for in-vehicle applications
 - Rise in sales of industrial gas equipment in North America

■ Operating profit +5.3 billion yen

- 【+】
- Inauguration of the Onahama Power Plant in April 2021
 - Increase in sales of O-rings (sealing materials) for semiconductor manufacturing devices
 - Increase in sales of electronic materials for in-vehicle applications
 - Rise in sales of industrial gas equipment in North America

■ Revenue by sub-segment

	FY 2020	FY 2021	Increase/ decrease	YoY
Aerosol	20.8	22.4	+1.5	107.3%
Information and electronics materials	38.9	45.8	+6.9	117.7%
Overseas engineering	23.0	28.6	+5.6	124.5%
Electricity	12.3	26.3	+14.1	214.5%
Other	26.3	31.0	+4.7	117.8%
Total	121.3	154.1	+32.8	127.0%

Consolidated statement of financial position

(Unit: Billion yen)

		End of March 2021	End of March 2022	Increase/decrease	
				Amount	YoY
	Current assets	335.8	376.9	+ 41.1	112.2%
	Non-current assets	591.1	645.1	+ 54.1	109.2%
	Total assets	926.8	1022.0	+ 95.2	110.3%
	Current liabilities	239.1	263.0	+ 23.9	110.0%
	Non-current liabilities	315.3	339.1	+ 23.8	107.6%
	Total liabilities	554.4	602.2	+ 47.7	108.6%
	Total equity	372.4	419.9	+ 47.5	112.7%
	Total liabilities and equity	926.8	1022.0	+ 95.2	110.3%
Equity attributable to owners of the parent		357.8	395.1		
Interest-bearing liabilities		337.8	373.7		
Equity ratio attributable to owners of the parent		38.6%	38.7%		
Net D/E ratio		0.82	0.80		

*"Net interest-bearing liabilities" ÷ "Equity attributable to owners of the parent"

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/ decrease
Operating cash flows [(1)]	76.6	71.6	▲5.0
Investment cash flows [(2)]	▲52.7	▲53.2	▲0.5
Financial cash flows [(3)]	▲20.9	▲6.6	+14.3
Total cash flows [(1)+(2)+(3)]	3.0	11.8	+8.8
Cash and cash equivalents at the end of the quarter	46.0	59.6	+13.6
Free cash flows [(1)+(2)]	23.9	18.4	▲5.5

Capital investment, depreciation and R&D expenses

(Unit: Billion yen)

	FY2020	FY2021	Increase/decrease
Capital investment	52.0	45.5	▲6.5
Depreciation	39.0	43.4	+4.3
R&D expenses	4.0	5.3	+1.4

Capital Investments by Segment (Unit: Billion yen)

segment	FY2020	FY2021	Increase/decrease
■ Industrial gas	17.6	12.1	▲5.5
■ Chemical	2.6	3.9	+1.3
■ Medical	5.5	3.0	▲2.6
■ Energy	3.1	3.5	+0.4
■ Agriculture & Food	2.6	4.8	+2.3
■ Logistics	6.7	4.9	▲1.8
■ Seawater	8.4	3.8	▲4.6
■ Other	5.4	9.5	+4.0
Total	52.0	45.5	▲6.5

Major capital investments in FY2021

- On-site plant for electronics
- VSU plants (Kitakyushu)
- New production plant
- Additional construction of functional chemicals manufacturing facilities
- New ham and delicatessen factory
- Logistics center (Tomakomai)
- Establishment of development bases with the goal of open innovation
- Expansion of industrial gas supply and engineering bases in North America

Supplementary Material

Revenue and Operating profit by segment (Year-on-year comparison to fiscal year 2019)

(Unit: Billion yen)

		FY2019	FY2021	Increase/decrease	
				Amount	YoY
Industrial gas	Revenue	189.0	194.6	+ 5.6	103.0%
	Operating profit	19.2	21.6	+ 2.3	112.0%
Chemical	Revenue	27.5	39.1	+ 11.7	142.4%
	Operating profit	1.3	3.5	+ 2.2	263.8%
Medical	Revenue	187.9	195.2	+ 7.3	103.9%
	Operating profit	10.5	11.9	+ 1.4	113.4%
Energy	Revenue	52.0	61.6	+ 9.6	118.5%
	Operating profit	4.3	4.8	+ 0.5	112.3%
Agriculture & Food	Revenue	137.3	139.5	+ 2.2	101.6%
	Operating profit	3.3	5.7	+ 2.4	174.2%
Logistics	Revenue	50.4	58.4	+ 8.0	115.9%
	Operating profit	2.4	3.1	+ 0.7	130.3%
Seawater	Revenue	40.0	46.2	+ 6.2	115.5%
	Operating profit	2.9	3.8	+ 0.9	130.4%
Other	Revenue	125.1	154.1	+ 29.1	123.2%
	Operating profit	7.3	10.1	+ 2.8	137.8%
Adjustment	Operating profit	▲0.6	0.7	+ 1.3	—
Total	Revenue	809.1	888.7	+ 79.6	109.8%
	Operating profit	50.6	65.2	+ 14.6	128.8%

Number of consolidated companies

	End of March 2021	End of March 2022	Increase/decrease
Consolidated subsidiaries*	124	127	Increase of 19 companies Decrease of 16 companies
Equity method affiliates	14	12	Decrease of 2 companies
Total	138	139	Increase of 19 companies Decrease of 18 companies

* The number of consolidated subsidiaries include only companies which Air Water directly consolidates. Affiliated companies consolidated by consolidated subsidiaries are excluded from this number. Consolidated companies listed above include joint operations.

Major newly consolidated companies for fiscal year 2021

Company name	Segment	Time of start of consolidation
Air Water & Energia Power Onahama Corporation	Other	2021.1Q
Repro Work Holdings Co., Ltd.	Logistics	2021.3Q
Plus Co., Ltd.	Agriculture & Food	2021.3Q
Hokuei Co.,Ltd.	Industrial gas	2021.4Q

(Reference) Major newly consolidated companies for fiscal year 2020

Company name	Segment	Time of start of consolidation
Air Water Vietnam Co., Ltd.	Industrial gas	2020.1Q
Pacific Petroleum Import and Export Trading Joint Stock Company	Energy	2020.1Q
KATSURA TSUSHO Co., Ltd.	Logistics	2020.1Q

Revenue by product in the industrial gas and energy businesses (in Japan)

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/decrease	
	Amount	Amount	Amount	YoY
Oxygen	22.1	27.0	+4.9	122.3%
Nitrogen	29.9	31.4	+1.5	105.1%
Argon	12.0	12.7	+0.8	106.4%
Carbon dioxide	19.6	21.8	+2.3	111.7%
Hydrogen	4.4	5.3	+0.9	120.0%
Helium	2.6	2.5	▲0.1	96.4%
Other gases	16.5	19.9	+3.3	120.1%
Industrial gas total	107.1	120.7	+13.6	112.7%
LP gas	25.6	31.3	+ 5.7	122.3%
Kerosene	10.4	13.5	+ 3.1	129.8%

*Revenues generated by overseas industrial gas and LP gas businesses are not included.

Business profit by segment

* Business profit is calculated by subtracting other revenues and expenses from operating profit.

(Unit: Billion yen)

	FY 2020	FY 2021	Increase/decrease	
			Amount	YoY
Industrial gas	19.1	20.2	+1.1	105.8%
Chemical	1.8	3.6	+1.8	197.4%
Medical	9.5	11.0	+1.6	116.4%
Energy	3.9	4.2	+0.3	108.8%
Agriculture & Food	3.3	4.7	+1.4	141.6%
Logistics	2.6	2.7	+0.2	107.6%
Seawater	2.6	3.7	+1.1	142.5%
Other	4.3	9.4	+5.0	216.1%
Adjustment	0.7	1.8	+1.1	250.3%
Total	47.8	61.4	+13.6	128.4%

Regional business companies: Revenue and operating profit

(Unit: Billion yen)

		FY 2020	FY 2021	Increase/decrease	
				Amount	YoY
Air Water Hokkaido	Revenue	57.2	64.0	+6.8	111.8%
	Operating profit	4.2	4.0	▲0.2	94.6%
Air Water East Japan	Revenue	61.1	68.0	+6.9	111.3%
	Operating profit	4.9	5.3	+0.4	107.9%
Air Water West Japan	Revenue	49.5	54.8	+5.3	110.8%
	Operating profit	4.4	4.6	+0.2	104.2%
Total	Revenue	167.8	186.8	+19.0	111.3%
	Operating profit	13.5	13.9	+0.3	102.6%

* The above figures represent non-consolidated financial results of individual companies.

* Results of FY2020 full year represent following figures.

Air Water Hokkaido: Full-year result of Hokkaido Air Water (renamed to Air Water Hokkaido as of October 1, 2021)

Air Water East Japan: The simple sum of 20.1-2Q result of Tohoku Air Water, Kanto Air Water, Koshinetsu Air Water and Chubu Air Water and the 20.3-4Q result of Air Water East Japan

Air Water West Japan: The simple sum of 20.1-2Q result of Kinki Air Water, Chushikoku Air Water and Kyushu Air Water and 20.3-4Q result of Air Water West Japan

Fiscal Year 2022 Full-Year Financial Results forecast

Fiscal Year 2022 Full-Year Financial Results forecast

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/decrease	
			Amount	YoY
Revenue	888.7	1,000.0	+111.3	112.5%
Operating profit	65.2	70.0	+4.8	107.4%
Profit before income taxes	64.2	68.0	+3.8	105.9%
Profit attributable to owners of the parent	43.2	44.0	+0.8	101.8%
Interest-bearing liabilities	373.7	413.2	+ 39.4	110.5%
Equity attributable to owners of the parent	395.1	427.5	+ 32.4	108.2%
Total assets	1,022.0	1,119.9	+ 97.9	109.6%
Operating profit margin	7.3%	7.0%		
R O E ^{*1}	11.5%	10.7%		
Basic net earnings per share for the quarter	191.06yen	194.25yen		
Equity ratio attributable to owners of the parent	38.7%	38.2%		
Net D/E ratio ^{*2}	0.80	0.84		

*1 "Profit for the period attributable to owners of the parent" ÷ "Equity attributable to owners of the parent"

*2 "Net interest-bearing debt" ÷ "Equity attributable to owners of the parent"

Fiscal Year 2022 Full-year financial results forecast by segments

		FY2021 (Result)	FY2022 (Forecast)	Increase/decrease	
				Amount	YoY
Industrial Gas	Revenue	194.6	211.5	+16.9	108.7%
	Operating profit	21.6	23.6	+2.0	109.5%
Chemical	Revenue	39.1	43.8	+4.7	111.9%
	Operating profit	3.5	3.6	+0.1	102.0%
Medical	Revenue	195.2	234.5	+39.3	120.2%
	Operating profit	11.9	13.2	+1.3	110.9%
Energy	Revenue	61.6	64.2	+2.6	104.2%
	Operating profit	4.8	5.1	+0.3	106.9%
Agriculture & Food Products	Revenue	139.5	155.0	+15.5	111.1%
	Operating profit	5.7	7.3	+1.5	126.8%
Logistics	Revenue	58.4	62.9	+4.5	107.6%
	Operating profit	3.1	3.5	+0.4	112.1%
Seawater	Revenue	46.2	49.2	+3.0	106.6%
	Operating profit	3.8	3.9	+0.0	100.6%
Other	Revenue	154.1	178.9	+24.8	116.1%
	Operating profit	10.1	11.3	+1.1	111.3%
(Adjustment)	Operating profit	0.7	▲1.3	▲2.0	—
Total	Revenue	888.7	1,000.0	+111.3	112.5%
	Operating profit	65.2	70.0	+4.8	107.4%

Industrial Gas Business

Size increased due to innovative changes in electronics and the overseas business portfolio
Revenues secured by revising prices to adapt to increased costs in Japan

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	194.6	211.5	+ 16.9	108.7%
Operating profit	21.6	23.6	+ 2.0	109.5%
Operating profit margin	11.1%	11.2%	+0.1pt	—

Main measures for FY2022

Expansion of electronics-related business

- Expand business to respond to semiconductor manufacturers in Japan globally increasing production and expanding facilities
- Strengthen the production and sales systems of related equipment to respond to increased demand for semiconductors
(e.g., heat control equipment for semiconductor manufacturing devices)

Expansion of industrial gas business in Japan

- Expand business by making maximum use of infrastructure networks such as VSU and filling stations and taking new base construction measures (construction of new Kameyama VSU and Chiba VSU)
- Expand business by enhancing hydrogen gas production plants (Renewal of Nihongi Plant of Air Water Hydrogen Corp.)
- Revise the prices of general industrial gases

Expansion of overseas business

- Expand business by enhancing production plants in India and Vietnam
- Promote new on-site order receipt activity in India
- Construct overseas engineering system centered on India

Main increase/decrease factors

- 【+】 Expansion of on-site gas supply for electronics and related construction, equipment, and special chemicals in line with semiconductor manufacturers' increase of production and expansion of facilities
- 【+】 Expansion of sales of industrial gases in electronic materials and other growing fields
- 【+】 Revision of the prices of general industrial gases and solvents
- 【+】 Effect of new consolidation of HOKUEI Co., Ltd.
- 【-】 Increase in electricity costs

TOPICS: Acquire electronics-related demand following the good performance of semiconductor manufacturers



Due to investment in increased production and expansion by major semiconductor manufacturers, additional construction and expansion of large nitrogen gas supply facilities is planned. Further, capital investments are being made with the goal of increasing the production of related equipment (heat control equipment for semiconductor manufacturing devices, gas purification equipment for semiconductor manufacturing processes).

Chemical Business

Business expanded mainly in electronics-related fields, where the market is continuously growing. Further, we will aim for the early realization of effects from the integration of Group companies.

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	39.1	43.8	+4.7	111.9%
Operating profit	3.5	3.6	+0.1	102.0%
Operating profit margin	9.0%	8.2%	▲0.8pt	—

Main increase/decrease factors

- 【+】 Increase in sales of functional chemicals for electronic materials
- 【+】 Increase in sales of precision polishing pads on the back of electronics-related demand
- 【-】 Recorded profit due to the upturn in the organic acid market in the previous year

Main measures for FY2022

Expansion in electronics-related fields

- Increase in sales and new business development in the area of functional chemicals for electronic materials
- Increase in sales of precision polishing pads for HDDs on the back of demand for data centers
- Sales expansion of circuit products for industrial robots

Early effects of the integration of Group companies

- Enhanced development, production, and logistics systems after the establishment of Air Water Performance Chemicals Inc. (AWPC)

Promoting M&A activities and alliances

- Enhanced the electronics materials and environment-related fields through active M&A activities
- Expand business performance through JVs and collaborations such as ATN Graphite Technology K.K. (joint venture with AWI, Toyo Tanso Co., Ltd., and Nankai Chemical Industry Co., Ltd.)

TOPICS: Plan to operate new TEG plant



Thermally expandable graphite (TEG) developed by ATN Graphite Technology K.K. has superior flame and chemical resistance and is widely used for car parts and construction materials. Trial operations of the new plant began in April 2022. It aims to improve production efficiency and develop applications in the electronic materials field and other fields

Medical Business

Responding to demand caused by the recovery from the COVID-19 pandemic

Continuing to promote the expansion of business in the field of disaster preparedness and develop new businesses in the field of domiciliary rehabilitation

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	195.2	234.5	+39.3	120.2%
Operating profit	11.9	13.2	+1.3	110.9%
Operating profit margin	6.1%	5.6%	▲0.5pt	—

Main measures for FY2022

Cultivation of existing business

- Receiving new contract SPD projects on the back of increased demand for outsourcing
- Continuing to meet the need for the prevention of infection and the functional improvement of businesses for hospitals.
- Responding to growing demand for data centers and logistics warehouses in the disaster preparedness business

Expansion of home medical care and oral health business

- Increase market share of the new oxygen concentrator
- Creating the new domiciliary rehabilitation businesses
- Increase sales of dental materials

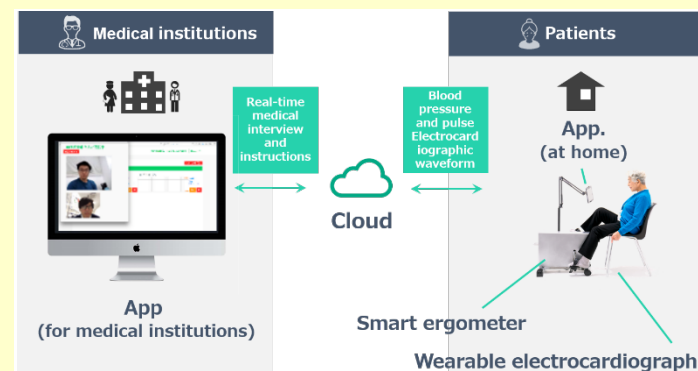
Expanding overseas businesses in anticipation of future growth

- Expansion of hospital facility construction in Singapore
- Increase sales of dental and aesthetic needles for overseas markets

Main increase/decrease factors

- 【+】 Receipt of new large SPD projects
- 【+】 Expansion of the disaster preparedness field (gas fire-fighting equipment business)
- 【+】 Expansion of hospital facility construction in Singapore
- 【+】 Increase in sales of dental and aesthetic needles for overseas markets
- 【+】 Expansion of businesses for hospitals (gas, equipment, and construction)

TOPICS: Invest in domiciliary rehabilitation startups using remote communications (March 2022)



In March 2022, we invested in Remohab Inc., a startup company aiming to commercialize a rehabilitation system supporting telemedicine and home medical care for patients with heart disease. Our goal is to expand the home medical care business.

Energy Business

Steadily Increasing revenues by enhancing LP gas direct sales
Promoting efforts to create new types of energy to achieve carbon neutrality

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	61.6	64.2	+2.6	104.2%
Operating profit	4.8	5.1	+0.3	106.9%
Operating profit margin	7.7%	7.9%	+0.2pt	—

Main increase/decrease factors

- 【+】 Increase in sales of LP gas for consumer use including purchase of commercial rights
- 【+】 Recovery of sales of LP gas in Vietnam
- 【+】 Recovery of energy-related equipment and construction
- 【+】 Increase in sales of LNG-related equipment

Main measures for FY2022

Strengthening LP gas direct sales business

- Expanding the market share of direct sales, including purchase of commercial rights
- Using DX to increase the efficiency of delivery, filling and meter reading
- Promoting efforts to revise prices

Promoting efforts for carbon neutrality

- Promoting the shift to alternative fuels (from heavy oil to LP gas and LNG)
- Increase in sales of LNG-related equipment such as V Satellite
- Development of new forms of energy with reduced environmental burden such as liquefied biomethane

Strengthening the overseas business

- Expand the LP gas wholesale business in Vietnam

TOPICS: Development and verification of liquefied bio-methane processed from unused biogas



Japan's first initiative for processing biogas that derives from livestock manure into liquefied bio-methane (LBM) and using it as an alternative to LNG was commenced.

Agriculture & Food Products Business

Expanding commercial processed foods and health-oriented beverages in response to changing food needs due to the COVID-19 pandemic. At the same time, focusing on responses for the recovering demand for professional use products

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	139.5	155.0	+15.5	111.1%
Operating profit	5.7	7.3	+1.5	126.8%
Operating profit margin	4.1%	4.7%	+0.6pt	—

Main increase/decrease factors

- 【+】 Increase in the volume of contract manufacturing of health-oriented beverages, etc.
- 【+】 Recovery of demand for professional use products and increase in sales of commercial cooked and processed products in the farm products and food processing business
- 【+】 Productivity improvement in the sweets sector
- 【+】 Recovery from the impact of the drop in vegetable prices
- 【+】 Effect of new consolidation of PLUS Co., Ltd.

Main measures for FY2022

Strengthening the farm products and food processing business

- Improving productivity due to the operation of a new plant and increase in sales of deli goods for the home
- Enhancing sales of processed foods (e.g., baked deli goods) for mass-merchandise outlets
- Efforts to revise prices and change weight of contents in response to increasing raw material prices

Strengthening the fruit and vegetable retail business

- Increase in the volume of contract manufacturing of health-oriented products such as plant milk
- Development of green products using recycling containers

Strengthening the beverage business

- Expansion of the direct delivery business in cooperation with our logistics network
- Responding to recovering demand following the impact of the COVID-19 pandemic and the full-scale expansion of e-commerce business

TOPICS: Make Plus Co., Ltd., which operates Direct Delivery from Farm - Yottette, into a group company (November 2021)



We are leveraging our value chain from procurement to processing and sale of agricultural products and the logistics network that connects them. We work to expand the areas of farm stands in cooperation with regional business companies.

Logistics Business

Using our logistics network to respond to demand for low-temperature logistics, whose market is growing; expand the environmental logistics business; and work to improve profitability including the realization of proper pricing

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	58.4	62.9	+4.5	107.6%
Operating profit	3.1	3.5	+0.4	112.1%
Operating profit margin	5.3%	5.6%	+0.2pt	—

Main measures for FY2022

Enhancement of low-temperature food logistics

- Increase in the volume of contract manufacturing of food logistics using the low-temperature logistics warehouse network
- Enhancement of low-temperature logistics infrastructure through capital investments and M&A activities

Developing new business domains

- Expansion of the environmental logistics business in cooperation with regional business companies
- Monetization of Eco feed (making residual foods into feed)

Initiatives to streamline logistics, etc.

- Promoting reduction of the amount of labor necessary at joint delivery and warehouses
- Promoting the realization of proper pricing in response to the increase of light oil and personnel expenses
- Contributing to the improvement of the efficiency of the in-group logistics of the agriculture and food businesses, etc.

Main increase/decrease factors

- 【+】 Increase in the volume of contract manufacturing in the 3PL business
- 【+】 Improvement of the efficiency of transportation and logistics centers
- 【+】 Promoting efforts to achieve proper pricing
- 【+】 Effect of new consolidation of Reprowork Holdings Co., Ltd.
- 【-】 Increase of diesel oil prices

TOPICS: Make Reprowork Holdings Co., Ltd., which runs a medical and environmental logistics business, into a Group company(August 2021)



Reprowork Holdings Co., Ltd. has one quarter of the infectious medical waste market in Hokkaido. It works with regional medical waste companies in Hokkaido to improve medical and environmental logistics.

Seawater Business

In addition to responding to the recovered demand for commercial-use salt and environmental products, revising the prices of a variety of products including salt products in response to increasing resource prices

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	46.2	49.2	+3.0	106.6%
Operating profit	3.8	3.9	+0.0	100.6%
Operating profit margin	8.3%	7.8%	▲0.5pt	—

Main increase/decrease factors

- 【+】 Recovery of demand for and revision of the prices of commercial-use salt for restaurants and food processing
- 【+】 Revisions of magnesium hydroxide prices
- 【+】 Expansion of the urban infrastructure business (water treatment facilities and pipe rehabilitation)
- 【+】 Expand sales of magnesia for electromagnetic steel plates
- 【-】 Increase in costs associated with an increase in raw fuel prices

Main measures for FY2022

Expansion of the magnesia business

- Expand sales of magnesia for electromagnetic steel plates
- Expand sales of ceramic products for which demand is increasing

Expansion of the environment business

- Expand sales of environmental products mainly for Taiwan and Southeast Asia
- Expand the pipe rehabilitation business supported by demand for the renovation of sewage pipes

Enhancing the stable revenue base

- Responding to the recovered demand for commercial-use salt for restaurants and food processing
- Stable operation of woody biomass power plants
- Revising the prices of commercial-use salt and environmental products

TOPICS: Expanded demand for magnesia products supported by efforts to achieve carbon neutrality



The magnesia for electromagnetic steel plates market expanded due to increased demand for high-efficiency transformers along with the development of offshore wind power generation infrastructure and the tightening of environmental regulations in Europe. In addition, the market for ceramic products for the cartridge heaters of electric vehicles (EV) expanded.

Other Businesses

The high-power uninterrupted power supply systems (UPS) business in the overseas engineering business has recovered from the impact of COVID-19. The increase in demand in engineering- and electronics-related fields in North America has contributed to this.

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease	YoY
Revenue	154.1	178.9	+24.8	116.1%
Operating profit	10.1	11.3	+1.1	111.3%
Operating profit margin	6.6%	7.3%	+0.7pt	—

Main increase/decrease factors

- 【+】 Recovery of the environment surrounding the overseas high power UPS business
- 【+】 Increase in sales of industrial gas equipment in North America
- 【+】 Increase in sales of O-rings for information electronic materials and semiconductor manufacturing devices due to increased demand for semiconductors
- 【+】 Recovery of demand in the aerosol business, for products such as cosmetics
- 【-】 Increase in marine transportation costs in the electric power business

Main measures for FY2022

Overseas engineering business

【North American industrial gas equipment and engineering businesses】

- Increase in sales of carbon dioxide gas and hydrogen-related equipment
- Development of a foundation for the industrial gas supply business through cooperation with dealers and M&A activities

【High power UPS business】

- Increase in the number of new orders supported by demand for data centers and semiconductors in addition to the recovery of the construction environment, where activity had been restricted due to the COVID-19 pandemic.

Information electronic materials business

- Increase in sales of basic chemical products, etc. to respond to increasing demand for semiconductors
- Expansion of the VMI (Vendor Managed Inventory) business in China and Southeast Asia

Aerosol business

- Increase in the volume of contract manufacturing of cosmetics, for which demand is expected to increase due to increasing opportunities to go out

TOPICS: Reached an agreement with Mitsui & Co., Ltd. on strategic alliance aimed at global cooperation



We reached an agreement on a strategic alliance with Mitsui & Co., Ltd. with the goal of expanding the global industrial gas business. By using its network in North America, we aim to enter the US industrial gas market through the local production for local consumption strategy which installs the highly efficient and compact VSU air separation plants.

(Unit: Billion yen)

	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease
Operating cash flows [(1)]	71.6	85.5	+ 14.0
Investment cash flows [(2)]	▲ 53.2	▲ 117.0	▲ 63.8
Financial cash flows [(3)]	▲ 6.6	26.9	+ 33.5
Total cash flows [(1)+(2)+(3)]	11.8	▲ 4.6	▲ 16.4
Cash and cash equivalents at the end of the quarter	59.6	55.0	▲ 4.6
Free cash flows [(1)+(2)]	18.4	▲ 31.5	▲ 49.9

Capital investment plan

(Unit: Billion yen)

segment	FY2021 (Result)	FY2022 (Forecast)	Increase/ decrease
■ Industrial gas	12.1	31.9	+ 19.8
■ Chemical	3.9	2.1	▲ 1.7
■ Medical	3.0	4.7	+ 1.8
■ Energy	3.5	2.4	▲ 1.1
■ Agriculture & Food	4.8	7.7	+ 2.9
■ Logistics	4.9	6.4	+ 1.5
■ Seawater	3.8	4.1	+ 0.3
■ Other	9.5	17.7	+ 8.2
Total	45.5	77.0	+ 31.5

Major capital investments in FY2022

- On-site plant for electronics
- VSU plants (Chiba and Kameyama, Mie)
- Renewal of contract manufacturing lines for beverages
- New ham and delicatessen factory
- New low temperature logistics center
- Expansion of industrial gas supply and engineering bases in North America
- Establishment of development bases with the goal of open innovation
- Establishment of production and logistics bases for the O-ring business

Depreciation	43.4	46.5	+ 3.1
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Year-end dividend forecast

Basic dividend policy

We make it a policy to maintain a stable dividend in line with business results in the future aiming at a dividend payout ratio of 30%.

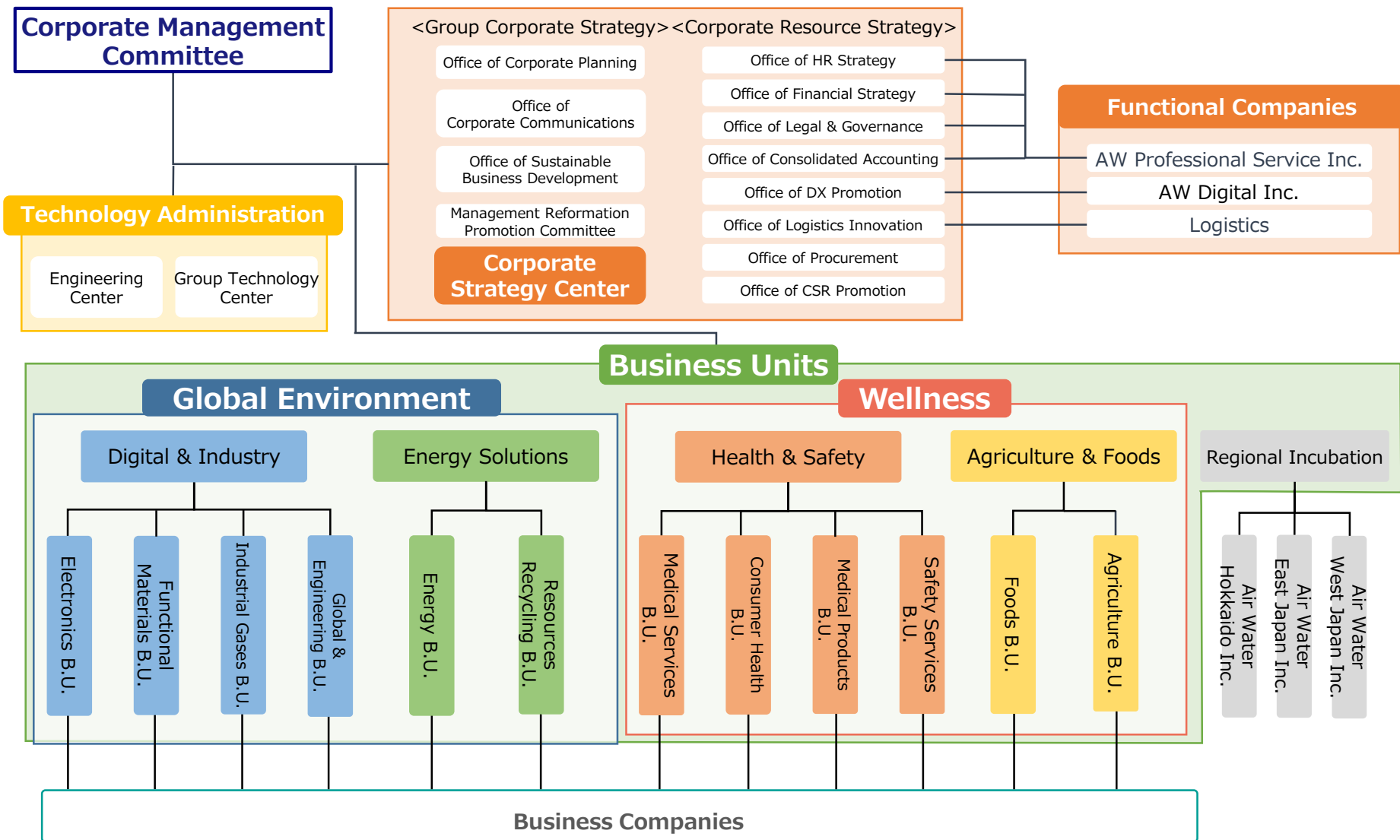
(Unit : yen)

	FY2020 (Result)		FY2021 (Result)		FY2022 (Forecast)
Dividend payout ratio	36.4% ^{*2}	➡	29.3%	➡	28.8%
Basic net earnings per share ^{*1}	120.98	➡	191.06	➡	194.25
Interim dividend	22.00	➡	27.00	➡	28.00
Year-end dividend	22.00	➡	29.00	➡	28.00
Annual dividend	44.00	➡	56.00	➡	56.00

^{*1} Basic net earnings per share for the period are calculated based on the average number of issued shares during the year.

^{*2} Although basic earnings per share decreased in fiscal 2020 due to the impact of tax reforms in India, the dividend payout ratio for fiscal 2020 was 36.4% as a result of the continuation of stable dividends.

April 1, 2022 Reorganization



Meeting society's needs with nature's blessings.



AIR WATER INC.