

---

---

**Fiscal Year 2022 Full Year  
Financial Results  
Explanatory Materials**

---

---

Meeting society's needs with nature's blessings.



May 10, 2023

# Contents

## Main points of the full-year financial results for fiscal year 2022 and the full-year financial forecast for fiscal year 2023 . . . . . 3

### Financial results for the full year of fiscal year 2022

■ Consolidated income statement . . . . .	5
■ Revenue by segment . . . . .	6
■ Operating profit by segment . . . . .	7
■ Revenue and operating profit of each segment . . . . .	8
■ Consolidated statement of financial position . . . . .	13
■ Cash flow status . . . . .	14
■ Capital investment, Depreciation, R&D expenses . . . . .	15

### Fiscal Year 2023 Full-Year Financial Results Forecast

■ Full-year financial results forecast . . . . .	17
■ Full-year financial results forecast by segment . . . . .	18
■ Full-year results forecast and main measures by segment . . . . .	19
■ Cash flow forecast . . . . .	24

■ Capital investment plan . . . . .	25
■ Year-end dividend forecast . . . . .	26

### Supplementary materials

■ Disclosure Comparison Chart for FY2022 . . . . .	28
■ Number of major consolidated companies/major newly consolidated companies . . . . .	29
■ Revenue by product in the Digital & Industry and Energy Solutions (in Japan) . . . . .	30
■ Business profit by segment . . . . .	31
■ Revenue of Regional business companies . . . . .	32
■ Revenue of main group companies (old sub-segment) . . . . .	33

## Notes

- The numerical targets and forecasts presented in this document reflect the judgment of our company based on information currently available and involve potential risks and uncertainties. Therefore, the reader should note that actual business performance may differ significantly from the projections made herein due to changes in various factors.
- **Air Water Inc.'s financial statements are prepared in accordance with "IFRS" (International Financial Reporting Standards).**

# Main points of the full-year financial results for fiscal year 2022 and the full-year financial forecast for fiscal year 2023

Meeting society's needs with nature's blessings.



## Main points of the full-year financial results for fiscal year 2022

- Revenue 1,004.9 billion yen (113.1% year-on-year)  
Operating profit 62.2 billion yen (95.4% year-on-year)

Revenue of 1 trillion yen was achieved.  
Operating profit also exceeded the forecast.

- Revenue increased in all segments after the expansion of electronics and medical services as well as the increase of sales prices due to price revisions and market fluctuations, and consequently, the published value of 1 trillion yen was achieved.
- Operating profit exceeded the forecast revised in November 2022 thanks to the strong performance of electronics and medical services and gain on sale of land posted in 4Q which offset the negative impact of soaring costs (for power generation fuels and marine transportation) in the woody biomass power generation business.

- Year-end dividend  
28 yen (interim dividend 28 yen) <sup>+</sup>

Revenue of 1 trillion yen achieved  
Commemorative dividend 4 yen

Total annual dividend  
60 yen  
(Payout Ratio : 33.9%)

## Main points of the full-year financial forecast for fiscal year 2023

- Revenue 1,080.0 billion yen (107.5% year-on-year)  
Operating profit 72.0 billion yen (115.8% year-on-year)

Strengthen earning power

- Aim for growth with an emphasis on strengthening earning power based on the continued revision of prices to ensure thorough price management, reforming the business structure centered on the integration and reorganization of group companies, reducing the impact of the cost of woody biomass power generation and other means.

---

---

# **Full-year Financial Results for Fiscal Year 2022**

---

---

# Consolidated income statement



(Unit: Billion yen)	FY2021	FY2022	Increase/decrease	
			Amount	YoY
<b>Revenue</b>	888.7	<b>1,004.9</b>	+116.2	113.1%
Cost of sales	▲689.6	<b>▲804.8</b>	▲115.3	
<b>Gross profit</b>	199.1	<b>200.1</b>	+1.0	100.5%
Selling, general and administrative expenses	▲139.7	<b>▲150.4</b>	▲10.7	
Other operating income and expenses *1	3.8	<b>10.0</b>	+6.2	
Share of profit of investments accounted for using the equity method	1.9	<b>2.5</b>	+0.6	
<b>Operating profit</b>	65.2	<b>62.2</b>	▲3.0	95.4%
Finance income and costs	▲0.9	<b>▲1.2</b>	▲0.3	
<b>Profit before income taxes</b>	64.2	<b>61.0</b>	▲3.3	94.9%
Income taxes	▲17.8	<b>▲18.0</b>	▲0.2	
Profit from discontinued operations (▲:loss)	▲0.1	<b>▲0.3</b>	▲0.2	
<b>Profit</b>	46.3	<b>42.6</b>	▲3.6	92.2%
<b>Owners of parent</b>	43.2	<b>40.1</b>	▲3.1	92.9%
Non-controlling interests	3.0	<b>2.5</b>	▲0.5	
Operating profit margin	7.3%	<b>6.2%</b>		
ROE *2	11.5%	<b>9.7%</b>		
Basic earnings per share for the period *3	191.06yen	<b>176.84yen</b>		

\*1 Other operating income and expenses in FY2022 includes gain on sale of site of a former office building in Sapporo and gain on transfer of shares of Air Water & Energia Power Yamaguchi to Chugoku Electric Power Co., Inc.

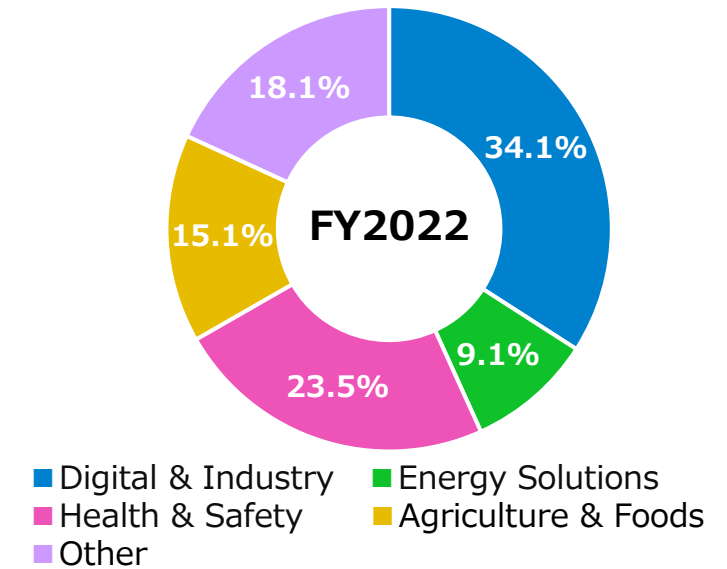
\*2 "Profit for the period attributable to owners of the parent" ÷ "Equity attributable to owners of the parent" (The average between the beginning and the end of the period.)

\*3 Basic earnings per share for the period are calculated based on the average number of issued shares during the period.

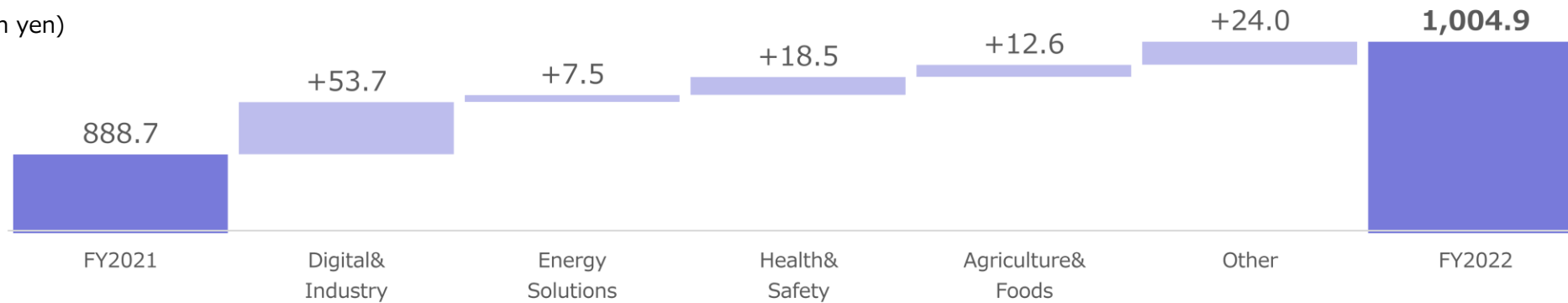
# Revenue by segment

(Unit: Billion yen)	FY2021	FY2022	Increase/decrease	
			Amount	YoY
Digital & Industry	288.8	<b>342.5</b>	+53.7	118.6%
Energy Solutions	84.5	<b>91.9</b>	+7.5	108.8%
Health & Safety	217.5	<b>236.0</b>	+18.5	108.5%
Agriculture & Foods	139.5	<b>152.1</b>	+12.6	109.0%
Other	158.4	<b>182.4</b>	+24.0	115.1%
<b>Total</b>	<b>888.7</b>	<b>1,004.9</b>	<b>+116.2</b>	<b>113.1%</b>

Revenue composition ratio by segment



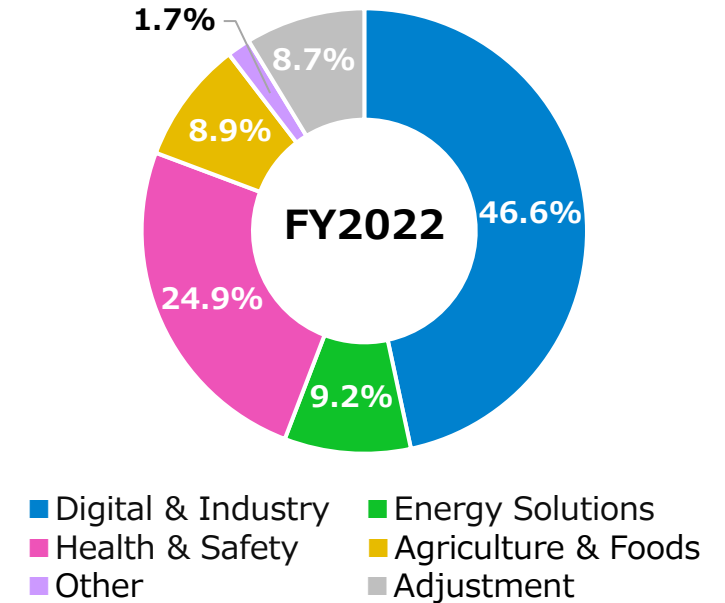
(Unit: Billion yen)



# Operating profit by segment

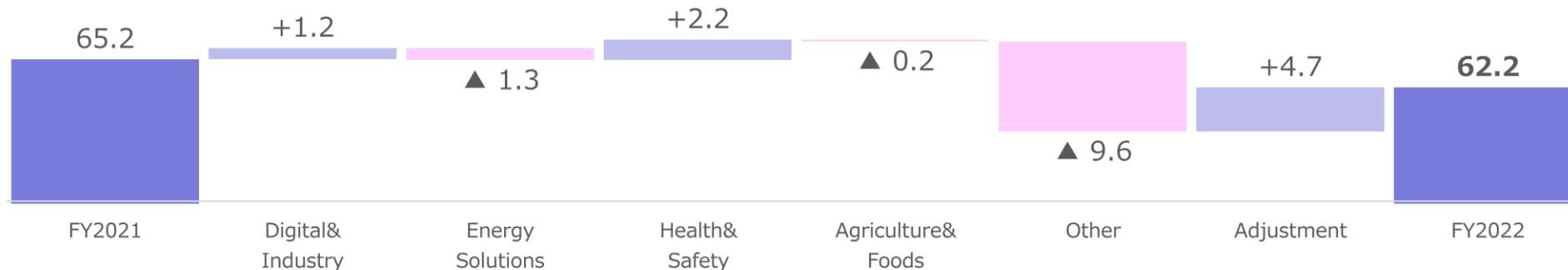
(Unit: Billion yen)	FY2021	FY2022	Increase/decrease	
			Amount	YoY
Digital & Industry	27.8	<b>29.0</b>	+1.2	104.3%
Energy Solutions	7.0	<b>5.7</b>	▲1.3	81.4%
Health & Safety	13.3	<b>15.5</b>	+2.2	116.6%
Agriculture & Foods	5.7	<b>5.5</b>	▲0.2	96.6%
Other	10.7	<b>1.1</b>	▲9.6	9.9%
Adjustment*	0.7	<b>5.4</b>	+4.7	—
<b>Total</b>	<b>65.2</b>	<b>62.2</b>	<b>▲3.0</b>	<b>95.4%</b>

Operating profit composition ratio by segment



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

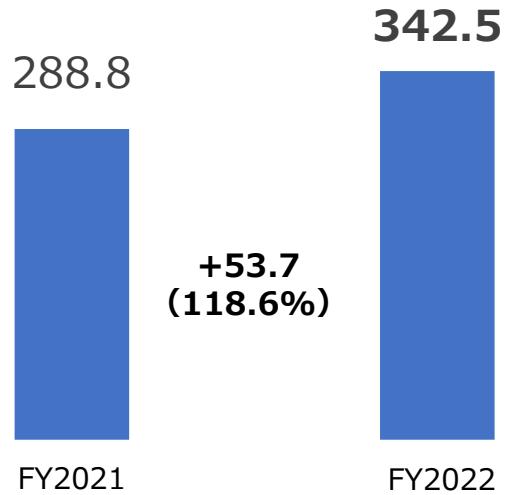
(Unit : Billion yen)



# Digital & Industry Revenue and operating profit

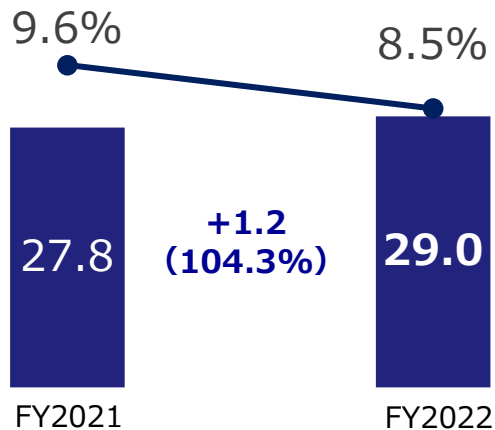
## Revenue

(Unit : Billion yen)



## Operating profit

### Operating profit margin



Main increase/decrease factors	
<b>Revenue</b>	<b>+53.7 billion yen</b>
【+】	<ul style="list-style-type: none"> <li>Increase in per-customer sales of on-site gas supply services for steel manufacturers</li> <li>Rise in sales of equipment and materials for electronics</li> <li>Price revision of industrial gas</li> <li>Effect of new consolidation of HOKUEI Co., Ltd.</li> </ul>
<b>Operating profit</b>	<b>+1.2 billion yen</b>
【+】	<ul style="list-style-type: none"> <li>Rise in sales of equipment and materials for electronics</li> <li>Effect of new consolidation of HOKUEI Co., Ltd.</li> </ul>
【-】	<ul style="list-style-type: none"> <li>Increase in electricity costs</li> <li>Exclusion of the subsidiary in India from consolidation after cancellation of the joint venture agreement</li> </ul>

## Revenue by Unit

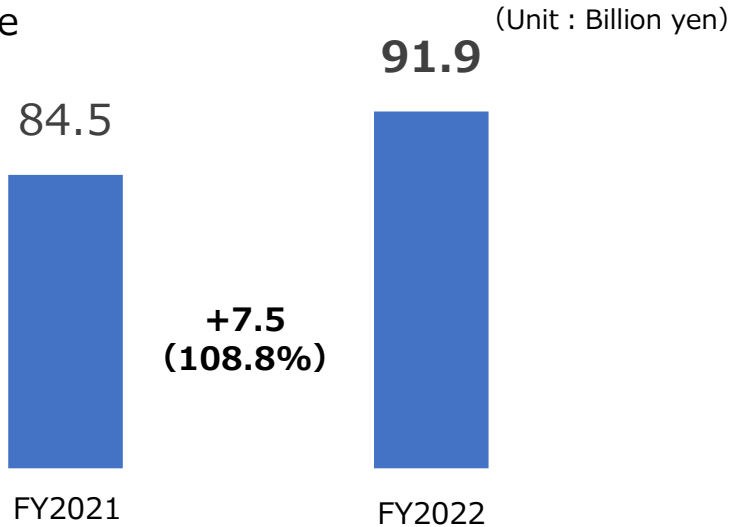
(Unit: Billion yen)

	FY2021	FY2022	Increase/decrease	YoY
Electronics	81.2	<b>94.1</b>	+13.0	116.0%
Functional Materials	66.7	<b>74.5</b>	+7.8	111.7%
Industrial Gases	124.3	<b>155.0</b>	+30.7	124.7%
Global & Engineering	16.6	<b>19.0</b>	+2.3	114.1%
<b>Total</b>	<b>288.8</b>	<b>342.5</b>	<b>+53.7</b>	<b>118.6%</b>



# Energy Solutions Revenue and operating profit

## ■ Revenue



## Main increase/decrease factors

### Revenue +7.5 billion yen

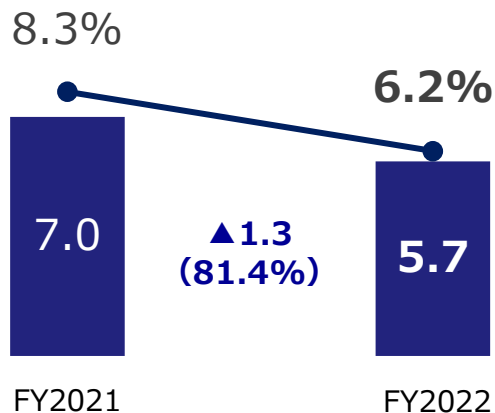
- 【+】 Rise in LPG and kerosene sales prices due to market conditions

### Operating profit ▲1.3 billion yen

- 【-】 Decrease in sales of dry ice due to a shortage of the raw material gas
- LP gas inventory valuation profit/loss due to the fluctuation of market conditions during the fiscal year

## ■ Operating profit

## ● Operating profit margin



## ■ Revenue by Unit

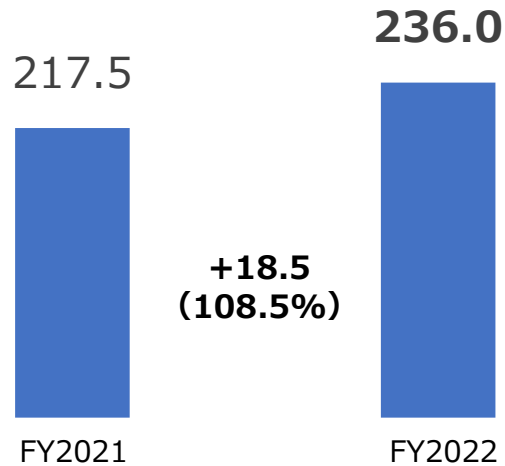
(Unit : Billion yen)

	FY2021	FY2022	Increase/decrease	YoY
Energy	61.9	<b>68.7</b>	+6.8	110.9%
Resources Recycling	22.6	<b>23.3</b>	+0.7	103.1%
Total	84.5	<b>91.9</b>	+7.5	108.8%

# Health & Safety Revenue and operating profit

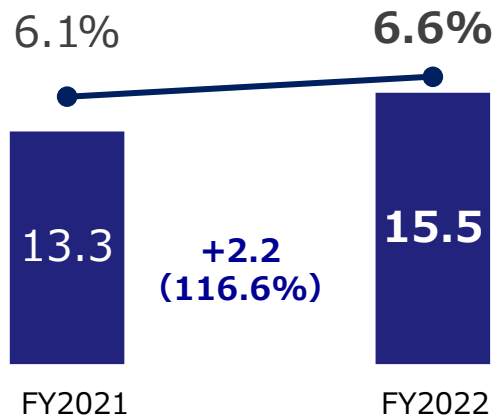
## ■ Revenue

(Unit : Billion yen)



## ■ Operating profit

## ● Operating profit margin



## Main increase/decrease factors

### Revenue +18.5 billion yen

- 【+】 • New contract for supply processing and distribution (SPD) services in medical services
- Rebound in hospital facility construction and gas fire extinguishing equipment

### Operating profit +2.2 billion yen

- 【+】 • Increase in leases of domiciliary oxygen concentrators to local governments
- Increase in the volume of sales of medical oxygen
- Rebound in hospital facility construction and gas fire extinguishing equipment
- Sales growth of dental materials

## ■ Revenue by Unit

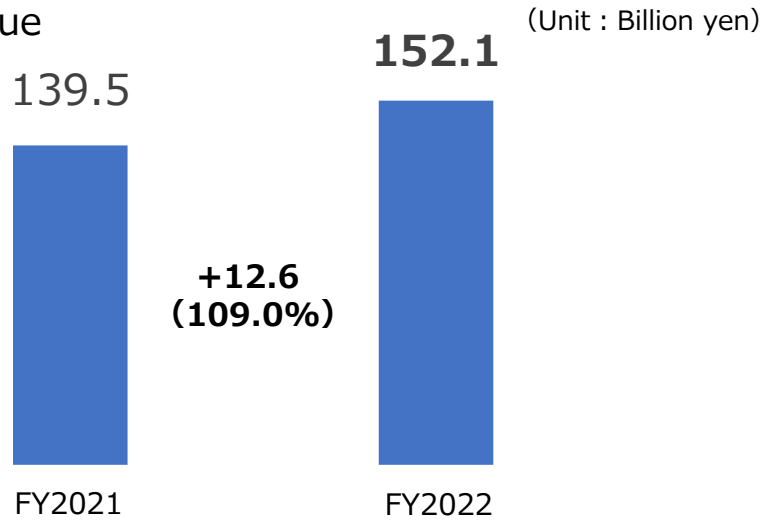
(Unit : Billion yen)

	FY2021	FY2022	Increase/decrease	YoY
Medical Services	60.1	<b>68.9</b>	+8.8	114.6%
Consumer Health	56.2	<b>59.1</b>	+2.9	105.2%
Medical Products	70.4	<b>73.6</b>	+3.2	104.6%
Safety Services	30.5	<b>34.2</b>	+3.7	112.0%
<b>Total</b>	<b>217.5</b>	<b>236.0</b>	<b>+18.5</b>	<b>108.5%</b>



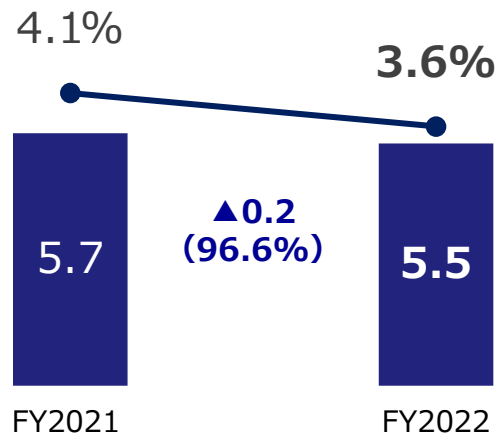
# Agriculture & Foods Revenue and operating profit

## Revenue



## Operating profit

### Operating profit margin



Main increase/decrease factors	
<b>Revenue</b>	<b>+12.6 billion yen</b>
【+】	<ul style="list-style-type: none"> <li>Effect of new consolidation of PLUS Co., Ltd.</li> <li>Sales in ham and deli areas after recovery of demand for commercial use</li> </ul>
<b>Operating profit</b>	<b>▲0.2 billion yen</b>
【+】	<ul style="list-style-type: none"> <li>Effect of new consolidation of Plus Co., Ltd.</li> <li>Sales in ham and deli areas after recovery of demand for commercial use</li> </ul>
【-】	<ul style="list-style-type: none"> <li>Rise in energy expenses for beverages</li> <li>Reaction to gain on sale of land posted for the same period of the previous year</li> </ul>

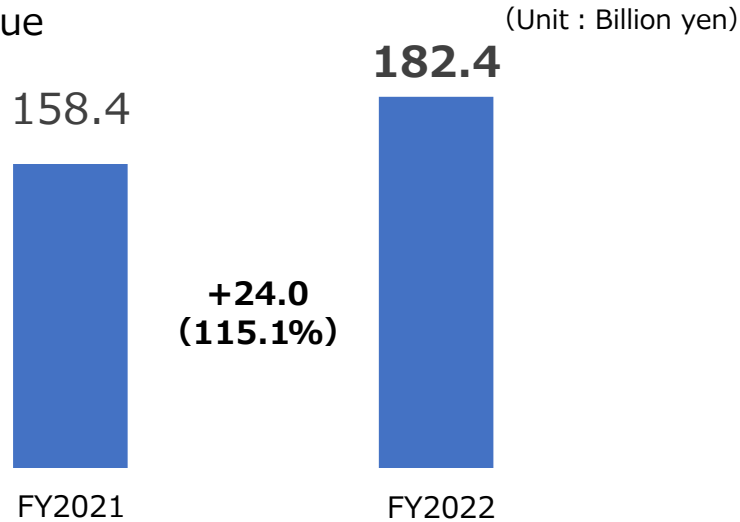
## Revenue by Unit

(Unit : Billion yen)

	FY2021	FY2022	Increase/decrease	YoY
Foods	50.2	<b>55.9</b>	+5.6	111.2%
Agriculture	38.6	<b>43.9</b>	+5.3	113.7%
Natural Foods (Beverage)	50.6	<b>52.3</b>	+1.7	103.3%
<b>Total</b>	<b>139.5</b>	<b>152.1</b>	<b>+12.6</b>	<b>109.0%</b>

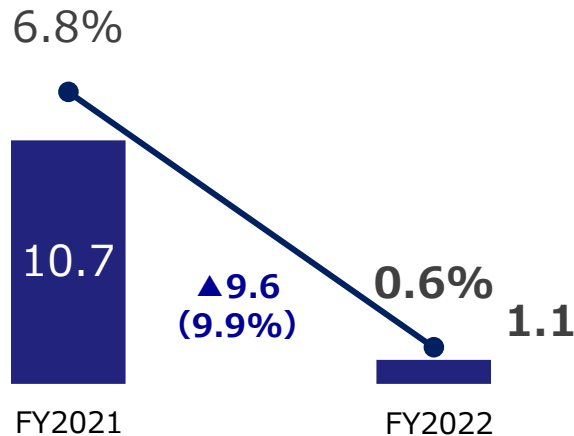
# Other Revenue and operating profit

## ■ Revenue



## ■ Operating profit

### ● Operating profit margin



## Main increase/decrease factors

### Revenue +24.0 billion yen

- 【+】
- Recovery of construction in the high-power UPS business
  - Sales hike of gas equipment in the industrial gas business in North America
  - Increase in the volume of cargo in the logistics business
  - Revision of commercial salt prices by Nihonkaisui Co., Ltd.
  - Effect of new consolidation of Noble Gas

### Operating profit ▲9.6 billion yen

- 【-】
- Rise in transportation expenses for fuels for power generation, i.e. PKS and coal, in the woody biomass power generation business, including at Nihonkaisui Co., Ltd.
  - A cost increase for salt manufacturing at Nihonkaisui Co., Ltd. due to coal price hikes.
  - Increase in expenses due to delayed procurement of components of gas-related equipment in the industrial gas business in North America

## ■ Revenue by Unit

(Unit : Billion yen)

	FY2021	FY2022	Increase/decrease	YoY
Logistics	58.4	<b>60.4</b>	+2.0	103.4%
Nihonkaisui Co., Ltd.	37.3	<b>44.4</b>	+7.0	118.8%
North America & Industrial Gases/High Power UPS	28.6	<b>43.0</b>	+14.3	150.1%
Electronics	26.0	<b>25.2</b>	▲0.8	97.0%
Other	8.0	<b>9.4</b>	+1.4	117.5%
<b>Total</b>	<b>158.4</b>	<b>182.4</b>	<b>+24.0</b>	<b>115.1%</b>

# Consolidated statement of financial position

(Unit: Billion yen)	End of March 2022	End of March 2023	Increase/decrease	
			Amount	YoY
Current assets	376.9	<b>431.1</b>	+ 54.2	114.4%
Non-current assets	645.1	<b>660.5</b>	+15.4	102.4%
<b>Total assets</b>	<b>1,022.0</b>	<b>1,091.6</b>	+ 69.6	106.8%
Current liabilities	263.0	<b>299.7</b>	+ 36.7	113.9%
Non-current liabilities	339.1	<b>345.5</b>	+6.3	101.9%
<b>Total liabilities</b>	<b>602.2</b>	<b>645.2</b>	+ 43.0	107.1%
<b>Total equity</b>	<b>419.9</b>	<b>446.5</b>	+ 26.6	106.3%
<b>Total liabilities and equity</b>	<b>1,022.0</b>	<b>1,091.6</b>	+ 69.6	106.8%
Equity attributable to owners of the parent	395.1	<b>430.2</b>		
Interest-bearing liabilities	373.7	<b>390.2</b>		
Equity ratio attributable to owners of the parent	38.7%	<b>39.4%</b>		
Net D/E ratio*	0.80	<b>0.75</b>		

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

# Cash flow status

(Unit: Billion yen)		FY2021	FY2022	Increase/ decrease
Operating cash flows	[(1)]	71.6	<b>57.0</b>	▲14.6
Investment cash flows	[(2)]	▲53.2	<b>▲71.1</b>	▲18.0
Financial cash flows	[(3)]	▲6.6	<b>19.3</b>	+25.9
Total cash flows [(1)+(2)+(3)]		11.8	<b>5.1</b>	▲6.7
Cash and cash equivalents at the end of the period		59.6	<b>65.9</b>	+6.4
Free cash flows [(1)+(2)]		18.4	<b>▲14.2</b>	▲32.6

# Capital investment, depreciation and R&D expenses

## Capital investment, depreciation and R&D expenses

(Unit: Billion yen)	FY2021	FY2022	Increase/ decrease
Capital investment	45.5	<b>66.4</b>	+20.9
Depreciation	43.4	<b>45.0</b>	+1.6
R&D expenses	5.3	<b>5.5</b>	+0.1

## Capital Investments by Segment

(Unit: Billion yen)	FY2021	FY2022	Increase/ decrease
Digital & Industry	19.1	<b>38.8</b>	+19.7
Energy Solutions	6.0	<b>4.4</b>	▲1.6
Health & Safety	3.3	<b>2.7</b>	▲0.6
Agriculture & Foods	4.8	<b>5.1</b>	+0.2
Other	12.2	<b>15.3</b>	+3.1
Total	45.5	<b>66.4</b>	+20.9

### Major capital investments in FY2022

- On-site plant for electronics
- VSU plants (Chiba and Mie)
- Plant for equipment for semiconductor
- New ham and delicatessen factory
- Logistics centers (Mie)
- Establishment of development bases with the goal of open innovation

---

---

# **Fiscal Year 2023 Full-Year Financial Results forecast**

---

---



# Fiscal Year 2023 Full-Year Financial Results forecast



	FY2022 (Result)	FY2023 (Forecast)	Increase/decrease		FY2023 1-2Q (Forecast)
			Amount	YoY	
Revenue	1,004.9	<b>1,080.0</b>	+75.1	107.5%	500.0
Operating profit	62.2	<b>72.0</b>	+9.8	115.8%	32.0
Profit before income taxes	61.0	<b>70.0</b>	+9.0	114.8%	31.0
Profit attributable to owners of the parent	40.1	<b>44.0</b>	+3.9	109.6%	20.0
Interest-bearing liabilities	390.2	<b>457.7</b>	+67.5	117.3%	
Equity attributable to owners of the parent	430.2	<b>461.1</b>	+30.9	107.2%	
Total assets	1,091.6	<b>1,213.5</b>	+121.8	111.2%	
Operating profit margin	6.2%	<b>6.7%</b>			
R O E *1	9.7%	<b>9.9%</b>			
Basic net earnings per share for the quarter	176.84yen	<b>193.53yen</b>			
Equity ratio attributable to owners of the parent	39.4%	<b>38.0%</b>			
Net D/E ratio *2	0.75	<b>0.86</b>			

\*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"

# Full-year financial results forecast by segment

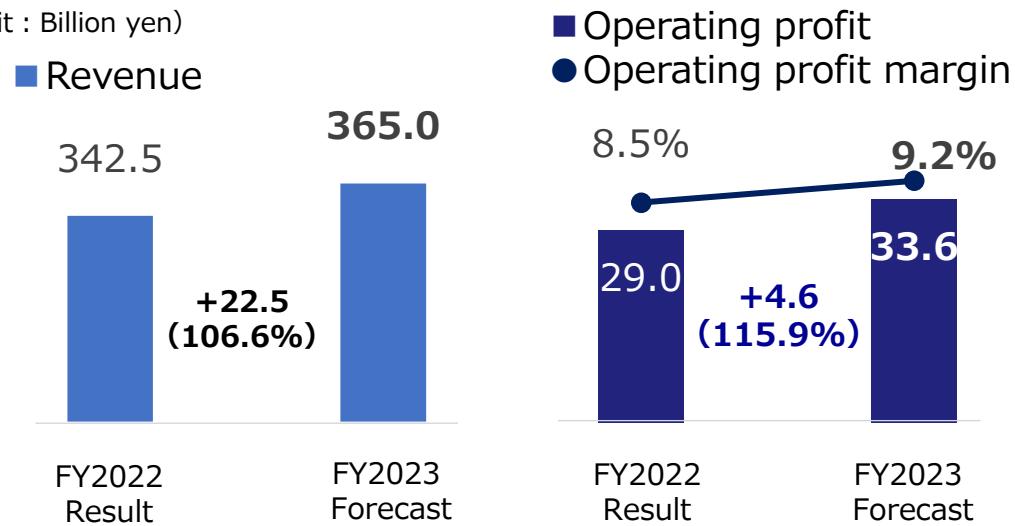


(Unit : Billion yen)		FY2022 (Result)	FY2023 (Forecast)	Increase/decrease	
				Amount	YoY
Digital & Industry	Revenue	342.5	<b>365.0</b>	+22.5	106.6%
	Operating profit	29.0	<b>33.6</b>	+4.6	115.9%
Energy Solutions	Revenue	91.9	<b>96.0</b>	+4.1	104.4%
	Operating profit	5.7	<b>7.6</b>	+1.9	133.3%
Health & Safety	Revenue	236.0	<b>245.0</b>	+9.0	103.8%
	Operating profit	15.5	<b>17.0</b>	+1.5	109.8%
Agriculture & Foods	Revenue	152.1	<b>173.0</b>	+20.9	113.8%
	Operating profit	5.5	<b>7.2</b>	+1.7	130.4%
Other (Logistics, Nihonkaisui Co., Ltd. North America & Industrial Gases/High Power UPS, Electricity, ect)	Revenue	182.4	<b>201.0</b>	+18.6	110.2%
	Operating profit	1.1	<b>8.2</b>	+7.1	772.1%
(Adjustment)	Operating profit	5.4	<b>▲1.6</b>	<b>▲7.0</b>	—
Total	Revenue	1,004.9	<b>1,080.0</b>	+75.1	107.5%
	Operating profit	62.2	<b>72.0</b>	+9.8	115.8%

# Digital & Industry

**Enhance profitability by continuing to revise prices of industrial gasses and other products.  
Continue capital investments in response to major semiconductor manufacturers' expansion.**

(Unit : Billion yen)



## Awareness of external environment

- Gradual recovery trend in major manufacturing industries in Japan such as the automobile, steel and semiconductor industries since the latter half of the fiscal year.
- Persistently high manufacture and supply expenses for electricity, logistics and other expenses
- Continuous strong demand for gas continues in the steel and other industries in India.

## Main measures for FY2023

### Expand electronics-related fields

- Enhance gas supply facilities in response to major semiconductor manufacturers' expansion in Japan.
- Consolidation of products for the electronics industry within the AW Group and strengthening of response capabilities through business. Reorganization
- Accelerate development of new functional materials such as semiconductor film formation materials.

### Enhance the profitability of industrial gases in Japan

- Reinforcement of supply system for air separation gas and other gases through expansion of production facilities, etc.
- Continue price revisions centered on industrial gases.
- Strengthen and expand the system integration field in the equipment device business.

### Expand overseas business

- Expand gas production and supply plants and acquire new on-site projects in India.

### TOPICS

### Enhancement of on-site gas supply facilities for semiconductors

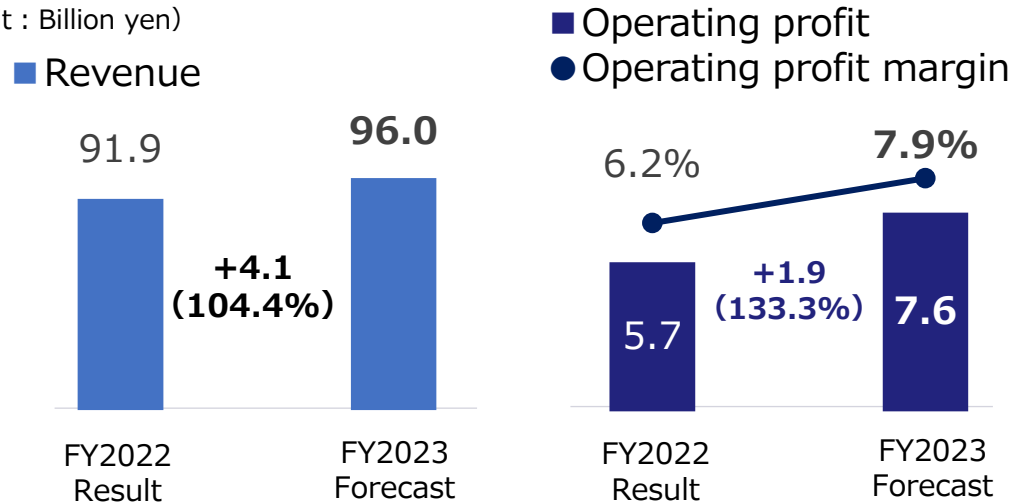
Associated with the capital investments made by major semiconductor manufacturers, large-scale nitrogen gas supply facilities are being constructed throughout Japan. The Sakai Plant, which is the core foundation of plant manufacturing, has begun its expansion to double manufacturing capability.



# Energy Solutions

**Increase revenue through a recovery in carbon dioxide production and strengthening direct sales of LP gas. Accelerate the establishment of a business based on a new energy supply model towards the establishment of a carbon-free society.**

(Unit : Billion yen)



## Awareness of external environment

- Tightening of raw materials for carbon dioxide gas against the backdrop of the merger and closure of oil refineries in Japan
- Increasing demand for low-carbon or carbon-free energies such as LNG
- Increasing demand for LP gas and related equipment resulting from rising electric bills (Change from the trend toward all-electric homes and businesses)
- Labor shortage in the delivery of LP gas and kerosene

## Main measures for FY2023

### Enhance a carbon dioxide gas and hydrogen production system

- Reinforce carbon dioxide gas storage facilities for stable supply during demand season (summer).
- Reinforce bases for hydrogen gas generator VHR.

### Strengthen LP gas direct sales business

- Expand the market share of direct sales, including purchase of commercial rights
- Use DX to increase the efficiency of delivery, filling and meter reading
- Expand the sales of LP gas and related equipment to capture the consumption trend resulting from rising electric bills

### Initiatives aimed at carbon neutrality

- Expand sales of transportation tanker trucks and LNG-related equipment including V Satellite.
- Establish a business based on a new energy supply model that reduces liquefied biomethane and other environmental burdens in Hokkaido.

## TOPICS

### Development of the world's first vertical-type solar power generation system

In April 2023, the Company developed and released the VERPA vertical solar power generation system in cooperation with Luxor Solar GmbH based in Germany. It is a response to demand especially related to parking lots and in areas with heavy snowfall.

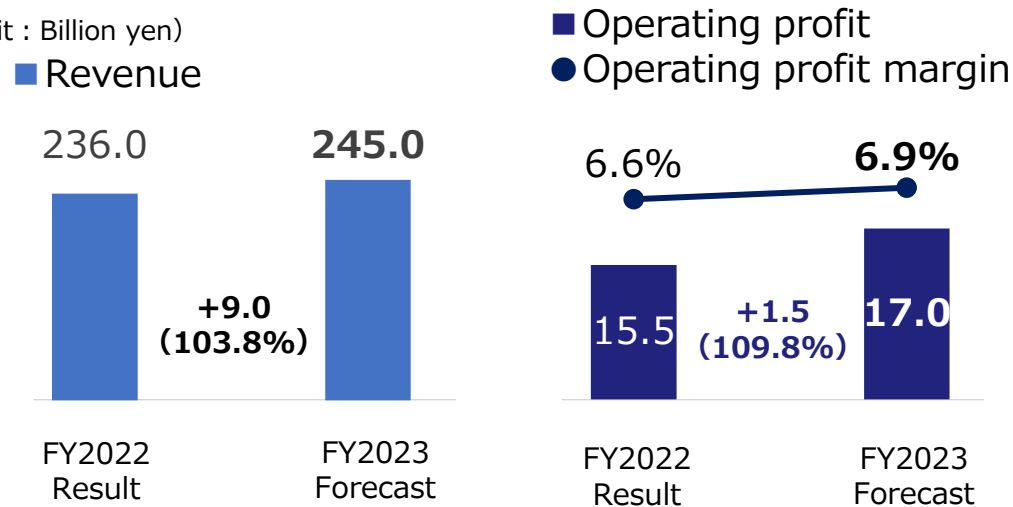


# Health & Safety

Capture demand in the changing environment after the COVID-19 pandemic.

Promote reinforcement of the business system focusing on restructuring the group companies and improving efficiency.

(Unit : Billion yen)



## Awareness of external environment

- Increasing need for the streamlining of hospital operations against the backdrop of the labor shortage
- Increasing need for home medical care caused by the limitation of medical expenses
- Growing demand for gas fire extinguishing systems for data centers
- Expanding contracted production in the cosmetics sector backed by the recovery of inbound tourism

## Main measures for FY2023

### Enhance the medical equipment business

- Strengthen the development and promotion system in the medical equipment business By group company organization.
- Release and expand sales of self-developed products.

### Expand and enhance the businesses targeting hospitals

- Capture demand from hospitals for outsourcing (SPD/sterilization) that has increased after the COVID-19 pandemic and demand for renovation construction.
- Streamline purchasing operations in SPD and make efficient production in the equipment construction sector.

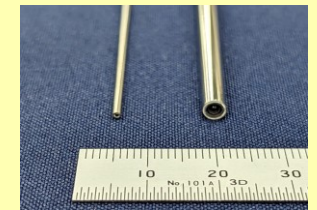
### Enhance manufacturers' functions in the consumer health business

- Streamline the production through synergies among sanitary materials, hypodermic needles and aerosols.
- Expand ODM contracts for cosmetics.

## TOPICS

### Success in the development of the world's first POF ultra-fine endoscope

Succeeded in the world's first development of an ultra-fine disposable endoscope the size of a hypodermic needle by applying the GI-type plastic optical fiber (POF) technique in cooperation with Keio University. The future commercialization of this development will make it possible to observe the insides of joints with minimal invasiveness and significantly reduce the burdens borne by patients.

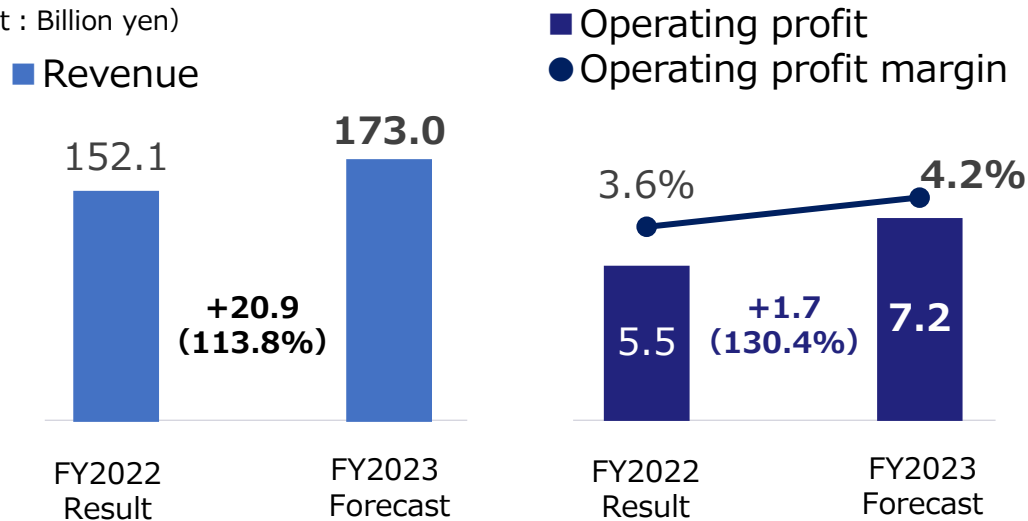


Ultrafine endoscope (left) and conventional type

# Agriculture & Foods

**Establish a new distribution/processing platform for fruits and vegetables through capital and business alliances with two major companies in the industry.**

(Unit : Billion yen)



## Awareness of external environment

- Continuing high prices for raw materials and energy worldwide
- Continuous expansion of demand for frozen and processed vegetables over the medium- to long-term.
- Expansion of demand for restaurant/commercial-use products due to the recovery of inbound tourism and the movement of people.
- Frequent occurrence of irregular weather due to climate change

## Main measures for FY2023

**Strengthen the distribution/processing platform for fruits and vegetables through a three-company collaboration.**

- Enhance material procurement functions.
- Streamline logistics utilizing each company's logistics network.
- Jointly develop storage/processing technologies for agricultural products

**Cultivate existing business**

- Expand the delicatessen business centered on the new ham and delicatessen products factory (Tottori).
- Continuously revise prices and product volume to address rising raw materials and other expenses
- Enhance productivity by promoting in-house distribution, review unprofitable products, streamline production systems and other means.

## TOPICS

### Start of a capital and business alliance in the agricultural processing sector

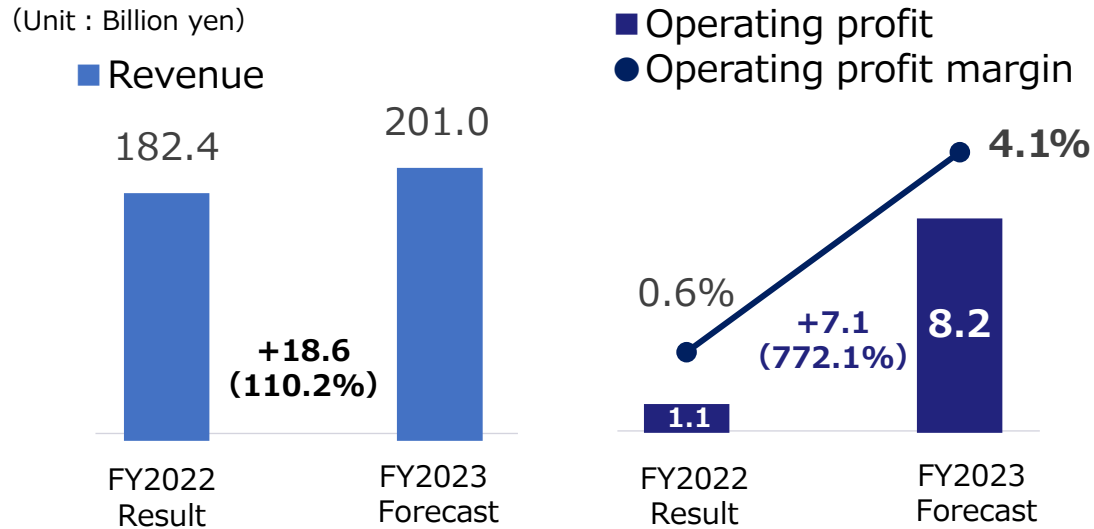
In February 2023, the Company started a capital and business alliance with two major companies in the industry, Vegetech Co., Ltd. and Delica Foods Holdings Co., Ltd. Leveraging the strengths of the three companies, we will establish a new distribution/processing platform for fruits and vegetables to contribute to the reduction of food loss.





# Other

## Expand business mainly driven by M&A activities in North America Expand the low-temperature logistics network and promote the Group's in-house logistics



### Awareness of external environment

- Electric power business: The impact of the increased cost of the marine transportation of power generation fuels (PKS, etc.) and of the coal used for salt production is decreasing.
- Logistics business: The volume of cargo handled, such as foodstuffs and feedstuffs, is steady. However, a shortage of drivers and other manpower is an urgent issue.
- Industrial gas business in North America: Demand for industrial gases is on the rise overall due to demand for decarbonization and demand for semiconductors associated with the CHIPS Act.

### Main measures for FY2023

#### Logistics Business

- Strengthen logistics network and expand food distribution.
- Further promotion of in-house production of group logistics.

#### North American Industrial Gas

- Establish industrial gas supply business infrastructure through both production base strategy and M&A.
- Creation and strengthening of hydrogen and carbon dioxide gas related businesses in line with decarbonization demand.

#### Nihonkaisui

- Stable operation of the Kanda biomass power generation plant (which will begin to operate in October 2023)

#### Electric power

- Reduce the impact of cost fluctuations (power generation fuels, marine transportation, etc.)

### TOPICS

#### M&A activity involving a cryogenic refrigeration system manufacturer with an eye toward the medical and bio-related business

In April 2023, the Company made Dohmeyer Holding BVBA in Belgium a subsidiary. This company manufactures cryogenic refrigeration systems which use liquid nitrogen and carbon dioxide gas for refrigeration. We aim to expand the business targeting cold chains for vaccines, new drugs and food processing.



# Cash flow forecast

(Unit : Billion yen)		FY2022 (Result)	FY2023 (Forecast)	Increase/ decrease
Operating cash flows	[(1)]	57.0	<b>91.4</b>	+34.5
Investment cash flows	[(2)]	▲71.1	<b>▲142.4</b>	▲71.3
Financial cash flows	[(3)]	19.3	<b>44.6</b>	+25.4
Total cash flows [(1)+(2)+(3)]		5.1	<b>▲6.4</b>	▲11.5
Cash and cash equivalents at the end of the period		65.9	<b>60.3</b>	▲5.6
Free cash flows [(1)+(2)]		▲14.2	<b>▲51.0</b>	▲36.8



# Capital investment plan

## Capital investment plan by segments

(Unit : Billion yen)	FY2022	FY2023	Increase/ decrease
Digital & Industry	38.8	<b>42.0</b>	+3.2
Energy Solutions	4.4	<b>5.0</b>	+0.6
Health & Safety	2.7	<b>5.0</b>	+2.3
Agriculture & Foods	5.1	<b>6.5</b>	+1.4
Other	15.3	<b>21.5</b>	+6.2
Total	66.4	<b>80.0</b>	+13.6
Depreciation	45.0	<b>47.5</b>	+2.5

### Major capital investments in FY2023

- On-site plant for electronics
- Industrial gas production plants in India
- Hydrogen gas production plants
- Woody biomass power plant (Fukuoka)
- Expansion of industrial gas supply bases in North America
- Low temperature logistics center (Kumamoto)
- Establishment of development bases with the goal of open innovation

## 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 : Billion yen)	FY2021 (Result)		FY2022 (Result)		FY2023 (Forecast)
Dividend payout ratio	29.3%	➔	33.9%	➔	31.0%
Basic net earnings per share *1	191.06	➔	176.84	➔	193.53
Interim dividend	27.00	➔	28.00	➔	30.00
Year-end dividend	29.00	➔	28.00	➔	30.00
Commemorative dividend	-	➔	4.00	➔	-
Annual dividend	56.00	➔	60.00	➔	60.00

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

---

---

# **Supplementary Material**

---

---

# Disclosure Comparison Chart for FY2022 (Old Segment Disclosure/New Group/Unit Disclosure)



Segment	Sub-segment	New group & unit																		
		Digital & Industry				Energy Solutions		Health & Safety				Agriculture & Foods			Other					
		Electronics	Functional Materials	Industrial Gases	Overseas & Engineering	Energy	Resource Recycling	Service	Consumer Health	Medical Products	Safety Services	Foods	Agriculture	Natural Foods	Logistics	Nihonkaisui Co., Ltd.	North America & Industrial Gases/High Power UPS	Electricity	Other	
Former Segment Structure	Industrial Gases	Gas					●													
		Equipment, construction work, etc.	●		●															
		Overseas				●														
	Chemical	AWPC																		
		Other		●																
	Medical	Equipment									●									
		Medical Service							●											
		Medical Gases																		
		Medical Equipment									●									
		Home Health Care																		
		Hygiene Materials								●										
	Energy	LP Gas					●													
		Natural Gas related																		
	Agriculture & Foods	Agriculture & Processing											●	●						
		Beverages																		
		Other												●						
	Logistics	transport																		
		3PL													●					
		chassis																		
	seawater	Salt-related														●				
magnesia			●																	
Other	sol								●											
	Information Electronics Materials	●																		
	Global Engineering															●				
	Electricity																	●		
	Other		● (Mach etc.)	● (NV)			● (Ecolocca)												●	

## Number of major consolidated companies

	End of March 2021	End of March 2022	Increase/decrease
Consolidated subsidiaries*	127	<b>142</b>	Increase of 20 companies Decrease of 5 companies
Equity method affiliates	12	<b>12</b>	–
<b>Total</b>	<b>139</b>	<b>154</b>	Increase of 20 companies Decrease of 5 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 2022

Company name	Segment	Time of start of consolidation
Dohmeyer Holding BVBA	Other	FY2022 4Q

### (Reference) Major newly consolidated companies for fiscal year 2021 \* The segmentation is based on the former segment classifications.

Company name	Segment *	Time of start of consolidation
Air Water & Energia Power Onahama Corporation	Other	FY2021 3Q
Repro Work Holdings Co., Ltd.	Logistics	FY2021 3Q
Plus Co., Ltd.	Agriculture & Food	FY2021 3Q
Hokuei Co., Ltd	Industrial Gas	FY2021 4Q

### FY2022 Major changes in consolidated companies

Effective January 18, 2023, we transferred our shares in Air Water & Energia Power Yamaguchi, Inc. to The Chugoku Electric Power Co. As a result, Air Water & Energia Power Yamaguchi became a wholly owned subsidiary of The Chugoku Electric Power Company, Inc. and is no longer a consolidated subsidiary of the Company.

# Revenue by product in the Digital & Industry and Energy Solutions (in Japan) AIR WATER

(Unit : Billion yen)	FY2021	FY2022	Increase/decrease	
			Amount	YoY
Oxygen	27.0	<b>40.3</b>	+13.2	148.8%
Nitrogen	31.4	<b>34.5</b>	+3.1	109.9%
Argon	12.7	<b>13.4</b>	+0.7	105.3%
Carbon dioxide	21.8	<b>21.5</b>	▲0.3	98.5%
Hydrogen	5.3	<b>5.9</b>	+0.6	111.8%
Helium	2.5	<b>3.8</b>	+1.3	150.1%
Other gases	19.9	<b>24.6</b>	+4.7	123.9%
LP gas	31.4	<b>35.6</b>	+4.3	113.6%
Kerosene	13.5	<b>14.2</b>	+0.7	105.0%

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

# Business profit by segment <sup>\*1</sup>

(Unit : Billion yen)	FY2021	FY2022	Increase/decrease	
			Amount	YoY
Digital & Industry	26.3	<b>26.8</b>	+0.5	101.8%
Energy Solutions	6.4	<b>3.3</b> <sup>*2</sup>	▲3.1	51.2%
Health & Safety	12.3	<b>14.0</b>	+1.7	114.1%
Agriculture & Foods	4.7	<b>4.2</b>	▲0.5	90.2%
Other	9.8	<b>0.7</b>	▲9.1	7.0%
(Adjustment)	1.8	<b>3.2</b> <sup>*2</sup>	+1.4	174.6%
<b>Total</b>	<b>61.4</b>	<b>52.2</b>	<b>▲9.1</b>	<b>85.1%</b>

\*1 Business profit is calculated by subtracting other revenues and expenses from operating profit.

\*2 Includes the effect of the recording of inter-subsidary business consignment fees.

# Revenue of Regional business companies

	FY2021	FY2022	Increase/decrease	
			Amount	YoY
(Unit : Billion yen)				
Air Water Hokkaido	87.4	<b>102.6</b>	+ 15.2	117.4%
Air Water East Japan	76.1	<b>86.5</b>	+ 10.4	113.7%
Air Water West Japan	56.7	<b>77.5</b>	+ 20.7	136.7%
Total	220.3	<b>266.6</b>	+ 46.4	121.0%

\* The above figures represent consolidated results for each regional company.



## Revenue of main group companies (old sub-segment)



(Unit : Billion yen)

Company Name	Old segment (sub-segment)	New Segment (unit)	FY2021	FY2022	Increase/decrease	
					Amount	YoY
Air Water Materials Inc.	Other (Information Electronics Materials)	Digital & Industry (Electronics)	42.8	<b>47.8</b>	+5.1	111.9%
Air Water Performance Chemical Inc. <sup>*1</sup>	Chemical (AWPC)	Digital & Industry (Functional Materials)	32.1	<b>36.7</b>	+4.7	114.6%
Tateho Chemical Industries Co., Ltd.	Seawater (Magnesia)	Digital & Industry (Functional Materials)	8.5	<b>9.3</b>	+0.8	108.8%
Kawamoto Corporation	Medical (Hygiene Materials)	Health & Safety (Consumer Health)	30.1	<b>30.4</b>	+0.3	101.0%
Air Water realize Inc. <sup>*2</sup>	Other (sol)	Health & Safety (Consumer Health)	22.5	<b>24.8</b>	+2.3	110.1%
Gold Pak Co., Ltd.	Agriculture & Foods (Beverages)	Agriculture & Foods (Natural Foods)	48.9	<b>50.5</b>	+1.6	103.3%
Air Water & Energia Power Onahama Corporation <sup>*3</sup>	Other (Electricity)	Other (Electricity)	12.4	<b>12.1</b>	▲0.4	97.1%

\*1 This company was established on October 1, 2021 through the integration of our Electronic Material Development Division, Kawasaki Kasei Chemicals Ltd. and Daito Chemical Co., Ltd. For this reason, its figures for FY2021 1-3Q are a simple total of the revenues of the three companies above for the first half of FY2021 and the revenue of Air Water Performance Chemical Inc. for the third quarter of FY2021.

\*2. The name of the company was changed from Air Water Sol Inc. to Air Water Realize Inc. on April 1, 2023.

\*3. On January 18, 2023, it became a wholly owned subsidiary of the Company, and its name was changed from Air Water & Energia Power Onahama Co., Ltd. to Air Water Onahama Biomass Electric Power Co., Ltd.

Meeting society's needs with nature's blessings.



***AIR WATER***