
Fiscal year 2022 Second Quarter

Financial Results Explanatory Materials

Meeting society's needs with nature's blessings.



AIR WATER

November 9, 2022

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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 Second quarter financial results



(Unit: Billion yen)

	2Q Financial Results for FY2022	
	FY2022 1-2Q	YoY
Revenue	463.7	110.5%
Operating profit	25.9	81.9%
Profit attributable to owners of parent	16.3	79.3%

FY2022 Full-Year Financial Results forecast		
Previous forecast	Revised forecast	Amount
1000.0	1000.0	—
70.0	62.0	▲8.0
44.0	40.0	▲4.0

■ Second Quarter Business Results

- Revenue increased in all segments after expansion of the electronics, medical service, and food businesses and price correction in response to surging prices of raw materials, fuel, and other items.
- Meanwhile, profit decreased partly due to temporary factors in addition to a steep rise in the cost of fuel for power generation and the cost of marine transportation in the electric power business.

* A reactionary fall from the posting of “other revenues” associated with the dissolution of a joint venture of the Indian subsidiary in the same period of the previous year, problems with facilities at a woody biomass power plant, etc.

■ Revision of full-year financial forecasts

- The full-year financial forecasts have been revised in light of the harsh environment for the electric power business expected to continue to a degree after the third quarter.
- The interim dividend will be 28 yen and the year-end dividend will remain unchanged from the initial forecast of 28 yen to order to maintain stable payments.

Second Quarter Financial Results for Fiscal Year 2022

Consolidated income statement



(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
			Amount	YoY
Revenue	419.6	463.7	+44.1	110.5%
Cost of sales	▲322.3	▲ 367.7	▲45.4	
Gross profit	97.3	95.9	▲1.4	98.6%
Selling, general and administrative expenses	▲69.1	▲ 72.9	▲3.8	
Other operating income and expenses	2.5	1.8	▲0.7	
Share of profit of investments accounted for using the equity method	1.0	1.1	+0.2	
Operating profit	31.6	25.9	▲5.7	81.9%
Finance income and costs	▲0.5	▲ 0.6	▲0.1	
Quarterly profit before income taxes	31.2	25.3	▲5.9	81.2%
Income taxes	▲8.8	▲ 8.7	+0.1	
Quarterly loss from discontinued operations	▲0.1	▲ 0.0	+0.1	
Quarterly profit	22.2	16.6	▲5.6	74.9%
Owners of parent	20.6	16.3	▲4.3	79.3%
Non-controlling interests	1.6	0.3	▲1.3	
Operating profit margin	7.5%	5.6%		
ROE *1	3.2%	4.0%		
Basic net earnings per share for the quarter *2	91.11yen	72.05yen		

*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 quarter)

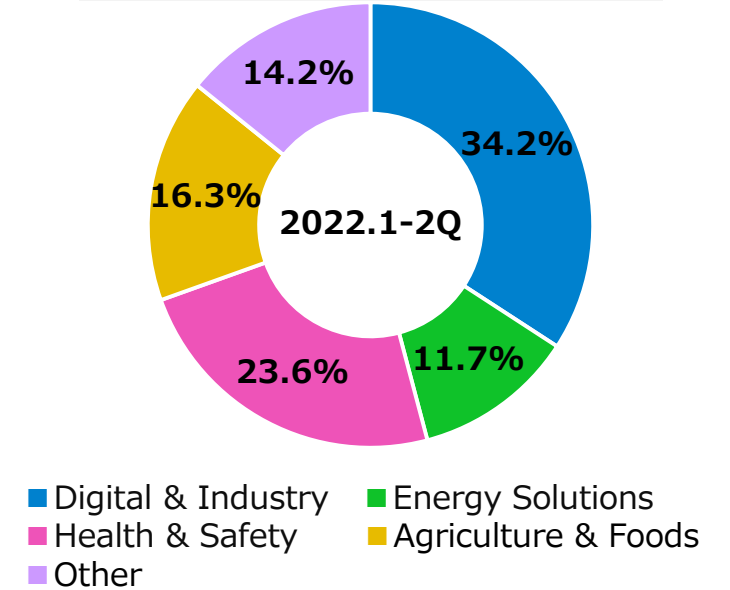
*2 Basic earnings per share for the period are calculated based on the average number of issued shares during the period.



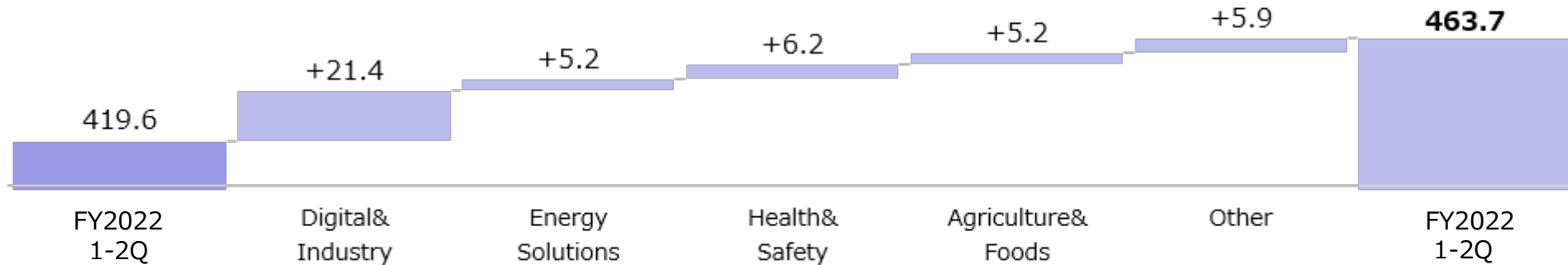
Revenue by segment

(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	137.0	158.5	+21.4	115.7%
Energy Solutions	49.1	54.3	+5.2	110.6%
Health & Safety	103.4	109.6	+6.2	106.0%
Agriculture & Foods	70.2	75.4	+5.2	107.5%
Other	59.9	65.8	+5.9	109.9%
Total	419.6	463.7	+44.1	110.5%

Revenue composition ratio by segment



(Unit: Billion yen)

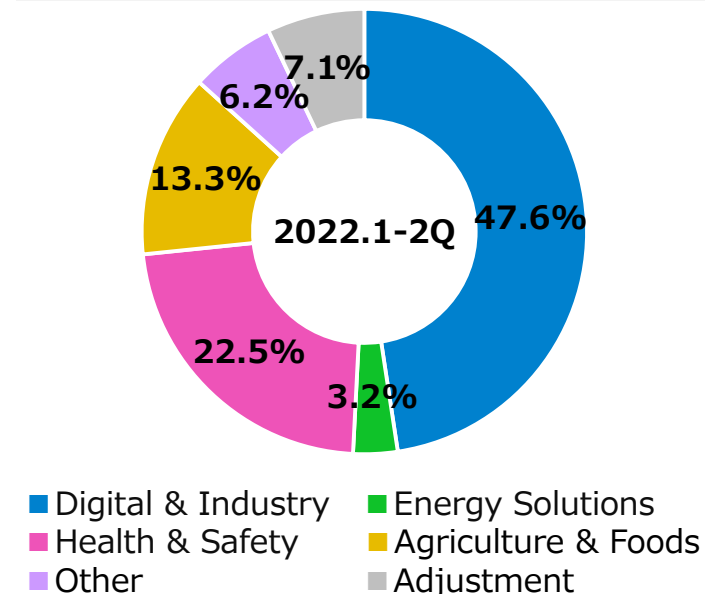




Operating profit by segment

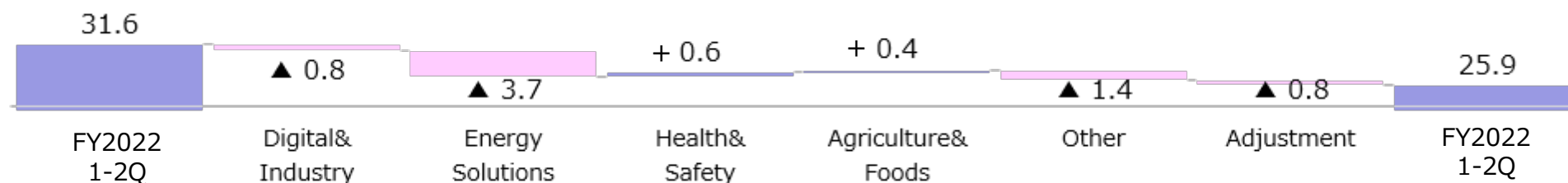
(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	13.2	12.3	▲0.8	93.7%
Energy Solutions	4.6	0.8	▲3.7	18.3%
Health & Safety	5.2	5.8	+0.6	112.5%
Agriculture & Foods	3.1	3.5	+0.4	111.4%
Other	3.0	1.6	▲1.4	53.9%
Adjustment*	2.6	1.8	▲0.8	70.0%
Total	31.6	25.9	▲5.7	81.9%

Operating profit composition ratio by segment



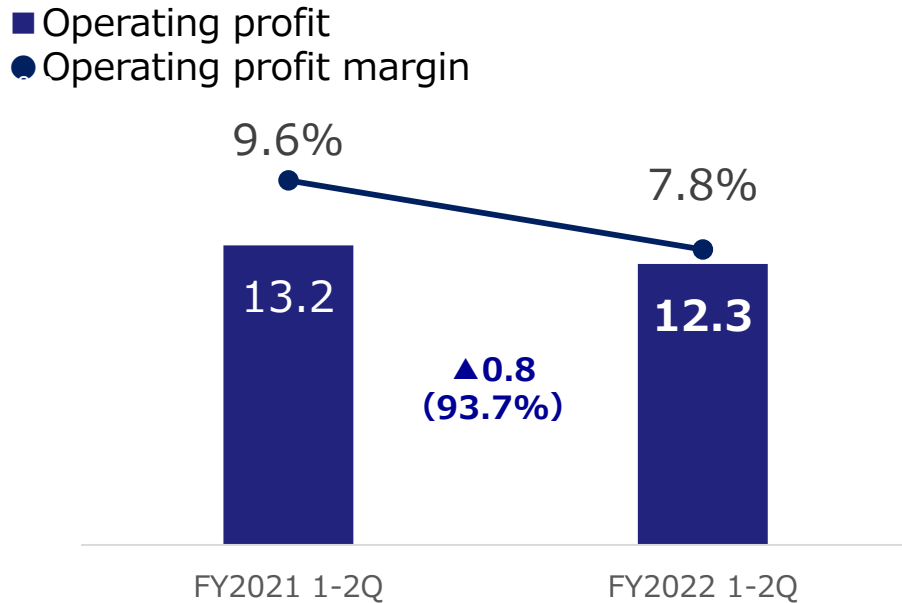
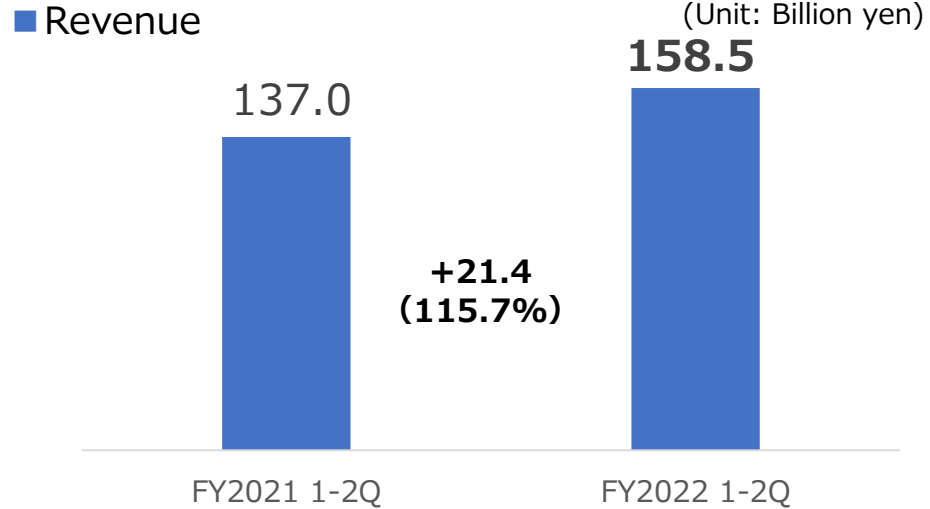
* Adjustment: Elimination of intersegment transactions and profit or loss of the Company's Head Office divisions that are not allocated to each reporting segment.

(Unit: Billion yen)





Digital & Industry Revenue and operating profit



Main increase/decrease factors

Revenue +21.4 billion yen

【+】

- Rise in sales of equipment and materials for electronics
- Increase in per-customer sales of on-site gas supply services for steel manufacturers
- Price revision of industrial gases
- Effect of new consolidation of Hokuei Co., Ltd.

【-】

- Exclusion of the subsidiary in India after cancellation of the joint venture agreement

Operating profit ▲0.8 billion yen

【+】

- Rise in sales of equipment and materials for electronics

【-】

- Increase in electricity costs
- Exclusion of the subsidiary in India after cancellation of the joint venture agreement

■ Revenue by Unit

(Unit: Billion yen)

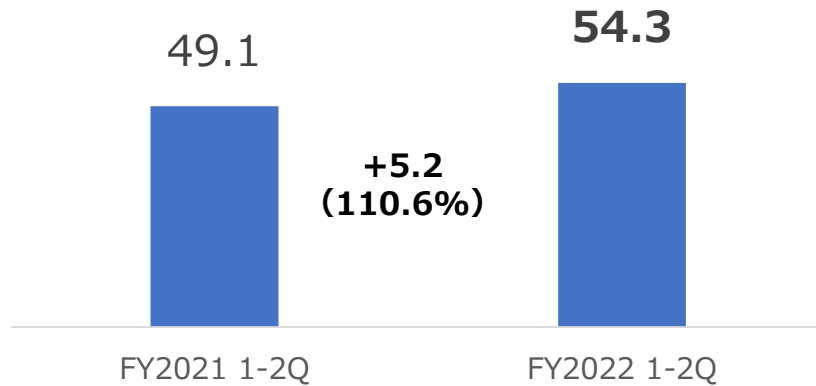
	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	YoY
Electronics	38.5	45.1	+6.6	117.1%
Functional Materials	32.3	35.2	+3.0	109.2%
Industrial Gases	57.7	68.9	+11.1	119.3%
Global & Engineering	8.5	9.3	+0.8	108.9%
Total	137.0	158.5	+21.4	115.7%



Energy Solutions Revenue and operating profit

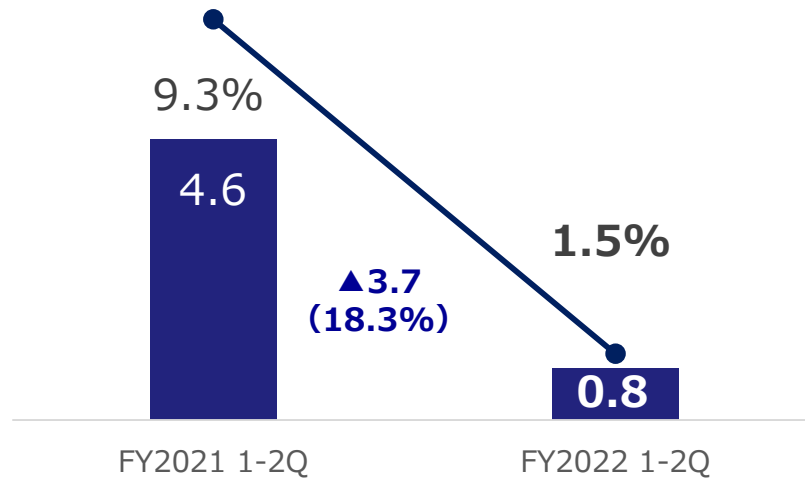
Revenue

(Unit: Billion yen)



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue +5.2 billion yen

【+】

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

Operating profit ▲3.7 billion yen

【-】

- A steep rise in prices of fuels (PKS and coal) and an increase in transportation costs
- Decrease in sales of dry ice

Revenue by Unit

(Unit: Billion yen)

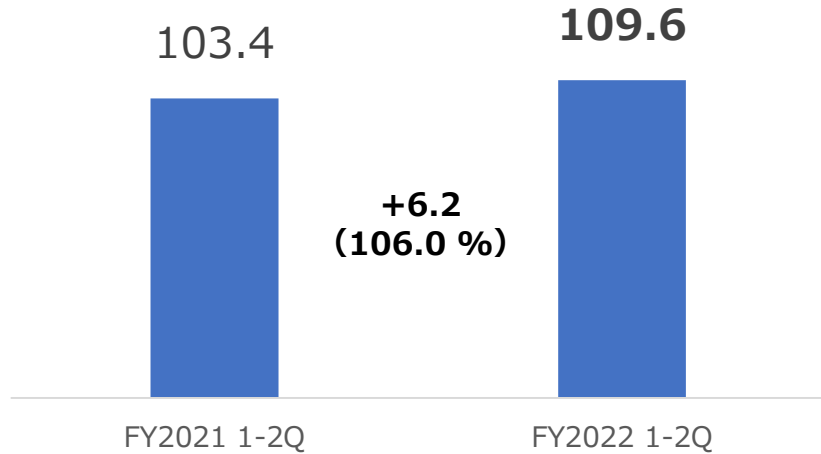
	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	YoY
Energy	37.6	42.6	+5.0	113.4%
Resources Recycling	11.5	11.7	+0.2	101.7%
Total	49.1	54.3	+5.2	110.6%



Health & Safety Revenue and operating profit

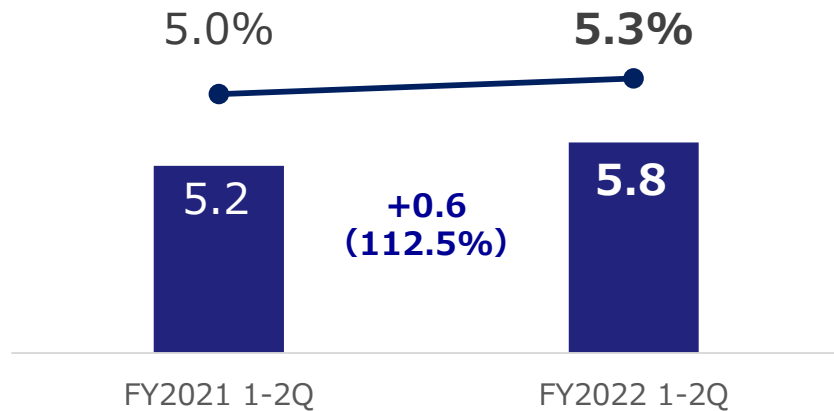
Revenue

(Unit: Billion yen)



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue +6.2 billion yen

- 【+】
 - New contract for supply processing and distribution (SPD) services in medical services
 - Increase in projects for gas-based fire extinguishing systems for data centers

Operating profit +0.6 billion yen

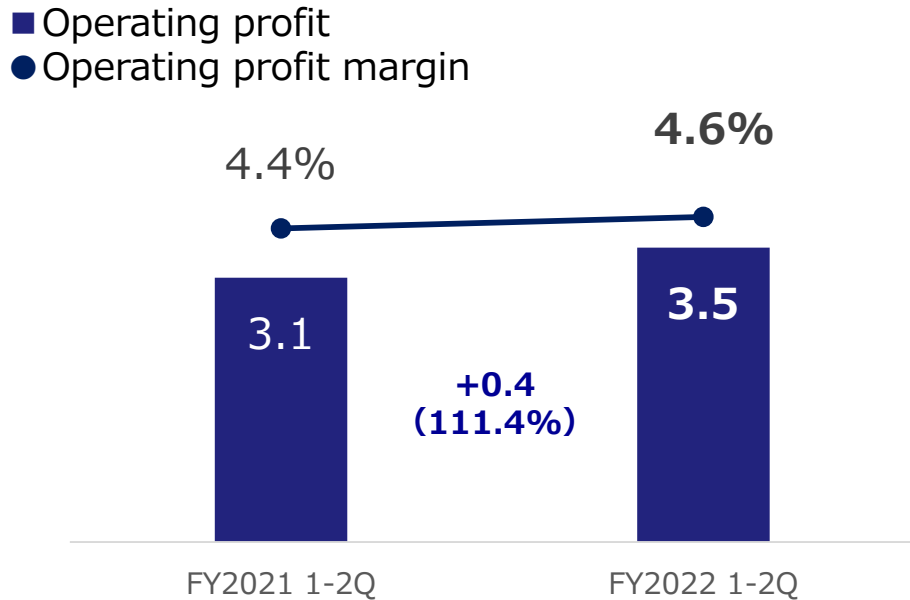
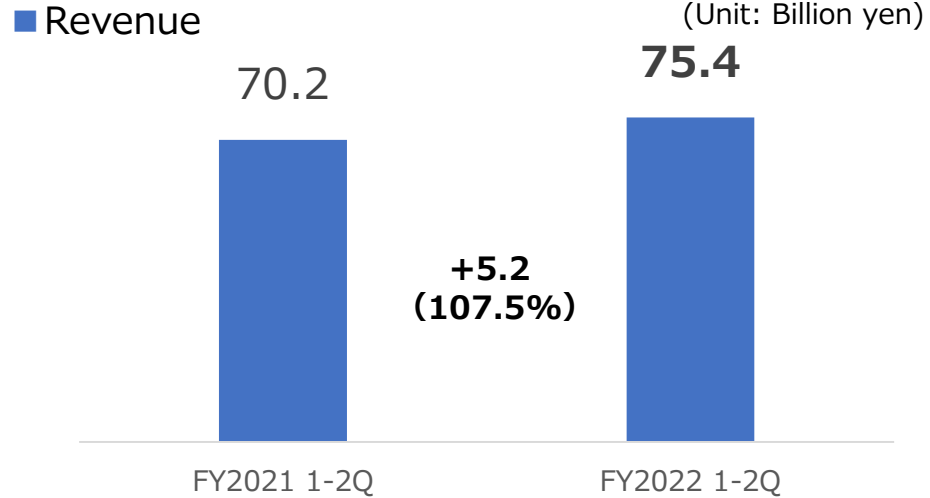
- 【+】
 - Increase in leases of domiciliary oxygen concentrators to local governments
 - Increase in projects for gas-based fire extinguishing systems for data centers
- 【-】
 - Hike in costs for raw materials of aerosol and sanitation materials

Revenue by Unit

(Unit: Billion yen)

	FY2021 1-2Q	FY2022 1-2Q	Increase/ decrease	YoY
Medical Services	28.2	33.5	+5.3	118.9%
Consumer Health	28.2	28.2	+0	100.0%
Medical Products	33.8	34.0	+0.2	100.6%
Safety Services	13.2	13.9	+0.7	105.5%
Total	103.4	109.6	+6.2	106.0%

Agriculture & Foods Revenue and operating profit



Main increase/decrease factors

Revenue +5.2 billion yen

- 【+】
 - Effect of new consolidation of PLUS Co., Ltd.
 - Sales in ham and deli areas after recovery of demand for commercial use
- 【-】
 - Decline in contract manufacturing of vegetable beverages

Operating profit +0.4 billion yen

- 【+】
 - Effect of new consolidation of Plus Co., Ltd.
 - Sales in ham and deli areas after recovery of demand for commercial use

■ Revenue by Unit

(Unit: Billion yen)

	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	YoY
Foods	35.6	36.8	+1.3	103.6%
Agriculture	6.7	11.3	+4.6	167.7%
Natural Foods*	27.9	27.3	▲0.6	97.9%
Total	70.2	75.4	+5.2	107.5%

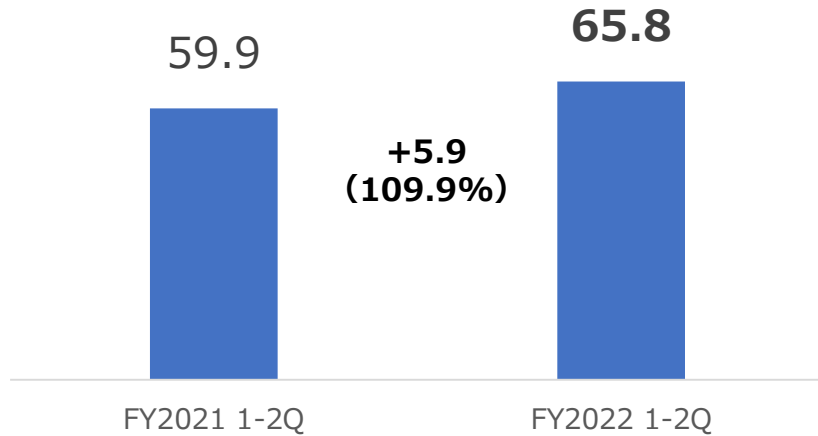
*Sales revenue in the beverage field, which was included in "Foods" since the second quarter of this fiscal year, is classified as "Natural Foods."



Other Revenue and operating profit

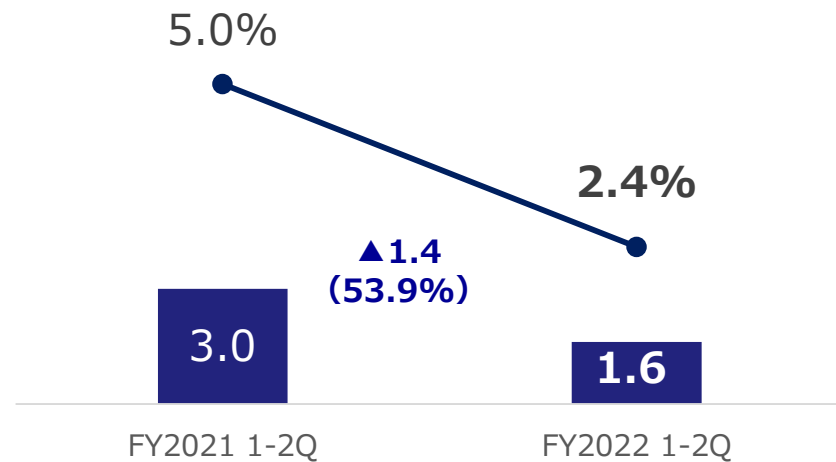
Revenue

(Unit: Billion yen)



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue +5.9 billion yen

- 【+】
- Rise in freight volume in the logistics business
 - Sales hike of gas equipment in the industrial gas business in North America
 - Effect of new consolidation of Reprowork Holdings Co., Ltd.
 - Repricing of commercial salt by Nihonkaisui Co., Ltd.

Operating profit ▲1.4 billion yen

- 【-】
- Rise in cost of marine transport for fuels for biomass power generation by Nihonkaisui Co., Ltd.
 - A cost increase for salt manufacturing at Nihonkaisui Co., Ltd. due to coal price hikes.
 - Hike in raw material costs in the industrial gas business in North America

Revenue by Unit

(Unit: Billion yen)

	FY2021 1-2Q	FY2022 1-2Q	Increase/ decrease	YoY
Logistics	27.9	30.2	+2.3	108.1%
Nihonkaisui Co., Ltd.	16.2	18.3	+2.1	113.0%
North America & Industrial Gases/High Power UPS	12.6	14.1	+1.6	112.4%
Other	3.2	3.2	▲0	99.9%
Total	59.9	65.8	+5.9	109.9%

Consolidated statement of financial position

(Unit: Billion yen)	End of March 2022	End of September 2022	Increase/decrease	
			Amount	YoY
Current assets	376.9	394.6	+17.7	104.7%
Non-current assets	645.1	672.3	+27.2	104.2%
Total assets	1022.0	1066.9	+44.9	104.4%
Current liabilities	263.0	278.7	+15.6	105.9%
Non-current liabilities	339.1	342.2	+3.1	100.9%
Total liabilities	602.2	620.9	+18.7	103.1%
Total equity	419.9	446.0	+26.1	106.2%
Total liabilities and equity	1022.0	1066.9	+44.9	104.4%
Equity attributable to owners of the parent	395.1	419.8		
Interest-bearing liabilities	3,737	3,877		
Equity ratio attributable to owners of the parent	38.7%	39.3%		
Net D/E ratio*	0.80	0.78		

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

Cash flow status



(Unit: Billion yen)		FY2021 1-2Q	FY2022 1-2Q	Increase/ decrease
Operating cash flows	[(1)]	37.4	28.5	▲8.9
Investment cash flows	[(2)]	▲22.2	▲34.2	▲12.0
Financial cash flows	[(3)]	4.3	4.1	▲0.3
Total cash flows [(1)+(2)+(3)]		19.5	▲1.7	▲21.2
Cash and cash equivalents at the end of the quarter		66.9	60.1	▲6.8
Free cash flows [(1)+(2)]		15.2	▲5.7	▲20.9

Capital investment, depreciation and R&D expenses



(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease
Capital investment	19.8	26.2	+6.4
Depreciation	21.5	22.1	+0.6
R&D expenses	2.5	2.8	+0.4

<Capital Investments by Segment>

(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease
Digital & Industry	7.7	14.2	+6.5
Energy Solutions	3.8	2.0	▲1.8
Health & Safety	1.6	1.2	▲0.4
Agriculture & Foods	2.3	3.2	+0.9
Other	4.3	5.5	+1.2
Total	19.8	26.2	+6.4

Fiscal Year 2022 Full-Year Financial Results forecast

Fiscal Year 2022 Full-Year Financial Results forecast



Full-year financial results forecast revised based on the severe business environment in the electric power business, etc.

(Unit: Billion yen)	Full-Year for FY2022				Compared to the results of the previous fiscal year		
	Previous forecast	Revised forecast	Increase/decrease		FY2021 Full year	Increase/decrease	
			Amount	Change %		Amount	YoY
Revenue	1000.0	1000.0	—	—	888.7	+111.3	112.5%
Operating profit	70.0	62.0	▲8.0	88.6%	65.2	▲3.2	95.1%
Profit before income taxes	68.0	60.0	▲8.0	88.2%	64.2	▲4.2	93.4%
Profit attributable to owners of the parent	44.0	40.0	▲4.0	90.9%	43.2	▲3.2	92.6%
Operating profit margin	7.0%	6.2%	▲0.8pt	—	7.3%	▲1.1pt	—
Basic net earnings per share for the quarter	194.25yen	176.33yen			191.06yen		
ROE *1	10.7%	9.7%			11.5%		
Equity ratio attributable to owners of the parent	38.2%	39.0%			38.7%		
Net D/E ratio *2	0.84	0.81			0.80		

Main reason for the revision

- ✓ The prices of materials such as PKS, the fuel for power generation in the woody biomass business that uses the FIT system, and the cost of marine transportation rapidly increased during the first half of the fiscal year under review. The full-year forecast was revised due to the projection that this condition will continue to a degree in and after the third quarter.

*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.



Full-year financial results forecast by segment

(Unit: Billion yen)		Full-Year for FY2022				Compared to the results of the previous fiscal year		
		Previous forecast	Revised forecast	Increase/decrease		Full-year for FY2021	Increase/decrease	
				Amount	YoY		Amount	YoY
Digital & Industry	Revenue	317.0	335.0	+18.0	105.7%	288.8	+46.2	116.0%
	Operating profit	30.2	30.2	—	—	27.8	+2.4	108.6%
Energy Solutions	Revenue	116.0	120.0	+4.0	103.4%	110.5	+9.5	108.6%
	Operating profit	10.8	4.0	▲6.8	37.0%	10.4	▲6.4	38.5%
Health & Safety	Revenue	257.5	235.0	▲22.5	91.3%	217.5	+17.5	108.0%
	Operating profit	14.9	15.6	+0.7	104.7%	13.3	+2.3	117.5%
Agriculture & Foods	Revenue	155.2	153.0	▲2.2	98.6%	139.5	+13.5	109.7%
	Operating profit	7.3	7.0	▲0.3	95.9%	5.7	+1.3	122.4%
Other	Revenue	154.3	157.0	+2.7	101.7%	132.4	+24.6	118.6%
	Operating profit	8.0	7.0	▲1.0	87.5%	7.3	▲0.3	95.7%
Adjustment	Operating profit	▲1.2	▲1.8	▲0.6	—	0.7	▲2.5	—
Total	Revenue	1000.0	1000.0	—	—	888.7	+111.3	112.5%
	Operating profit	70.0	62.0	▲8.0	88.6%	65.2	▲3.2	95.1%

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)

	FY2021 (Result)		FY2022 (Previous forecast)		FY2022 (Forecast)
Dividend payout ratio	29.3%	➡	28.8%	➡	31.8%
Basic net earnings [*] per share	191.06	➡	194.25	➡	176.33
Interim dividend	27.00	➡	28.00	➡	28.00
Year-end dividend	29.00	➡	28.00	➡	28.00
Annual dividend	56.00	➡	56.00	➡	56.00

* 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		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 UP	Other	
Former Segment Structure	Industrial Gases	Gas					●												
		Equipment, construction work, etc.	●		●			(hydrogen/ carbon dioxide)											
		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 consolidated companies

	End of March 2022	End of September 2022	Increase/decrease
Consolidated subsidiaries*	127	131	Increase of 6 companies Decrease of 2 companies
Equity method affiliates	12	12	–
Total	139	143	Increase of 6 companies Decrease of 2 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
–	–	–

(Reference) Major newly consolidated companies for fiscal year 2021

Company name	Segment *	Time of start of consolidation
Air Water & Energia Power Onahama Corporation	Other	FY2021 2Q
Repro Work Holdings Co., Ltd.	Logistics	FY2021 3Q
Plus Co., Ltd.	Agriculture & Food	FY2021 3Q
Hokuei Co., Ltd	Industrial Gas	FY2021 4Q

* The segmentation is based on the former segment classifications.

Planned changes in consolidated companies for FY2022

In mid-January 2023, we will transfer our shares in Air Water & Energy Power Yamaguchi, Inc. ("AWEP Yamaguchi") to the Chugoku Electric Power Company ("Chugoku Electric Power Company"), and we will acquire the shares in Air Water & Energy Power Onahama, Inc. As a result, AWEP Yamaguchi will become a wholly owned subsidiary of Chugoku Electric Power and AWEP Onahama will become a wholly owned subsidiary of MHI. For details, please refer to the news release dated October 28.

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



(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
	Amount	Amount	Amount	YoY
Oxygen	12.2	18.1	+5.8	147.6%
Nitrogen	15.6	16.0	+0.4	102.6%
Argon	6.2	6.4	+0.2	102.8%
Carbon dioxide	11.4	11.0	▲0.4	96.4%
Hydrogen	2.6	2.9	+0.3	112.1%
Helium	1.4	1.6	+0.2	115.8%
Other gases	9.0	10.9	+1.8	120.4%
LP gas	12.8	16.1	+3.3	125.9%
Kerosene	2.3	2.7	+0.4	116.7%

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

Business profit by segment

(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	12.5	11.3	▲1.2	90.6%
Energy Solutions	3.9	▲0.7	▲4.6	—
Health & Safety	4.8	5.3	+0.4	108.7%
Agriculture & Foods	2.8	2.9	+0.1	102.1%
Other	2.8	1.3	▲1.4	48.7%
Adjustment	2.3	4.0	+1.7	172.2%
Total	29.2	24.1	▲5.1	82.7%

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

Revenue of Regional business companies

(Unit: Billion yen)	FY2021 1-2Q	FY2022 1-2Q	Increase/decrease	
			Amount	YoY
Air Water Hokkaido	34.0	43.5	+9.5	128.0%
Air Water East Japan	33.6	38.6	+5.0	115.0%
Air Water West Japan	26.2	35.0	+8.8	132.8%
Total	93.7	117.1	+23.4	124.9%

* 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 1-2Q	FY2022 1-2Q	Increase/decrease	
					Amount	YoY
Air Water Materials Inc.	Other (Information Electronics Materials)	Digital & Industry (Electronics)	20.4	23.3	+2.9	114.2%
Air Water Performance Chemical Inc.	Chemical (AWPC) *	Digital & Industry (Functional Materials)	15.9	16.7	+0.8	104.9%
Tateho Chemical Industries Co., Ltd.	Seawater (Magnesia)	Digital & Industry (Functional Materials)	4.0	4.5	+0.4	110.9%
Air Water & Energia Power Yamaguchi Corporation	Other (Electricity)	Energy Solutions (Energy)	7.2	8.7	+1.5	120.4%
Air Water & Energia Power Onahama Corporation	Other (Electricity)	Energy Solutions (Energy)	6.5	6.1	▲0.4	93.5%
Kawamoto Corporation	Medical (Hygiene Materials)	Health & Safety (Consumer Health)	15.1	15.1	+0	100.2%
Air Water Sol Inc.	Other (sol)	Health & Safety (Consumer Health)	11.3	11.6	+0.3	102.7%
Gold Pak Co., Ltd.	Agriculture & Foods (Beverages)	Agriculture & Foods (Natural Foods)	27.0	26.4	▲0.6	97.6%

*AWPC was established on October 1, 2021. It integrate Air Water Inc.'s Electronic Material Development Division, Kawasaki Kasei Chemicals Ltd. and Daito Chemical Co., Therefore, results of FY2021 2Q are a simple aggregate of the results of the above three companies.

Fiscal Year 2021 Full-Year Financial Results (1H/2H/Full Year) by segment



		FY2021 Full year Result		
		1H	2H	Full year
Digital & Industry	Revenue	137.0	151.8	288.8
	Operating profit	13.2	14.6	27.8
Energy Solutions	Revenue	49.1	61.4	110.5
	Operating profit	4.6	5.8	10.4
Health & Safety	Revenue	103.4	114.1	217.5
	Operating profit	5.2	8.1	13.3
Agriculture & Foods	Revenue	70.2	69.3	139.5
	Operating profit	3.1	2.6	5.7
Other	Revenue	59.9	72.5	132.4
	Operating profit	3.0	4.3	7.3
Adjustment	Operating profit	2.6	▲2.0	0.7
Total	Revenue	419.6	469.1	888.7
	Operating profit	31.6	33.5	65.2

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AIR WATER