
Fiscal year 2023 First Quarter

**Financial Results
Explanatory Materials**

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AIR WATER

August 3, 2023

First Quarter Financial Results for Fiscal Year 2023

■ Main points of the First quarter financial results for Fiscal Year 2023	4
■ 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

Fiscal Year 2023 Full-Year Financial Results forecast

■ Fiscal Year 2023 Full-Year Financial Results forecast	16
■ Full-year financial results forecast by segment	17

Supplementary materials

■ Segment classification table	19
■ Number of consolidated companies	21
■ Domestic Revenue by Type of gases	22
■ Business profit by segment	23
■ Revenue of Regional business companies	24
■ Major Group Companies / Global & Engineering Revenue by Field	25
■ List of recent major releases	26

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).**

First Quarter Financial Results for Fiscal Year 2023

Main points of the First quarter financial results

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Revenue	224.7	230.0	+5.3	102.4%
Operating profit	13.0	11.3	▲1.7	86.7%
Profit attributable to owners of parent	8.1	7.1	▲0.9	88.3%

■ Revenue

- **Revenue grew**, chiefly following the progress in the revision of prices of industrial gases, commercial salts and other products and a turnaround in the food and drink area following the recovery of the movement of people.

■ Operating profit

- Sales are affected in the areas of functional materials and other areas due to a slowdown of the semiconductor market and petrochemical market, and the contraction of COVID-19-related demand following Japan's downgrading COVID-19 to a class V infectious disease.
- In addition, temporary factors include a shortage of materials for carbonic acid and the posting of upfront expenses for mergers and acquisitions in the industrial gas sector in the United States. Due to the effect of these temporary factors, **profit decreased**.

Consolidated income statement

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Revenue	224.7	230.0	+ 5.3	102.4%
Cost of sales	▲177.1	▲ 182.2	▲5.1	
Gross profit	47.6	47.9	+ 0.2	100.5%
Selling, general and administrative expenses	▲35.9	▲ 37.7	▲1.8	
Other operating income and expenses	0.6	0.6	▲0.0	
Share of profit of investments accounted for using the equity method	0.6	0.5	▲0.1	
Operating profit	13.0	11.3	▲1.7	86.7%
Finance income and costs	▲0.3	0.2	+ 0.5	
Quarterly profit before income taxes	12.7	11.5	▲1.2	90.7%
Income taxes	▲4.2	▲ 4.1	+ 0.1	
Quarterly loss from discontinued operations	▲0.0	▲ 0.0	▲0.0	
Quarterly profit	8.5	7.4	▲1.1	87.0%
Owners of parent	8.1	7.1	▲0.9	88.3%
Non-controlling interests	0.4	0.2	▲0.1	
Operating profit margin	5.8%	4.9%		
ROE *1	2.0%	1.6%		
Basic net earnings per share for the quarter *2	35.69 yen	31.39 yen		

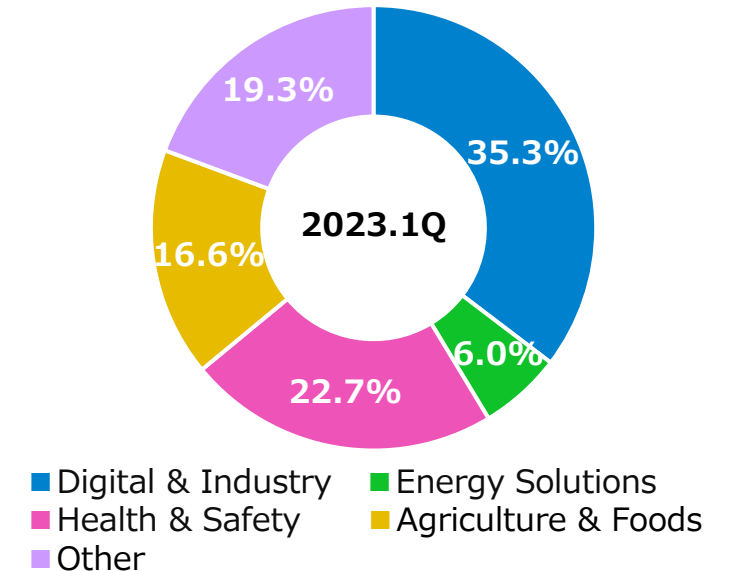
*1 "Profit for the quarter attributable to owners of the parent" ÷ "Equity attributable to owners of the parent" (The average between the beginning and the end of the quarter)

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

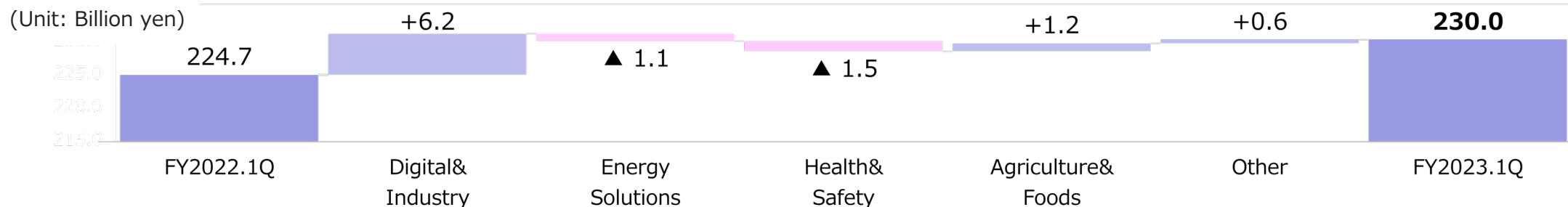
Revenue by segment

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	75.1	81.3	+6.2	108.2%
Energy Solutions	14.9	13.8	▲1.1	92.5%
Health & Safety	53.7	52.1	▲1.5	97.1%
Agriculture & Foods	37.1	38.3	+1.2	103.3%
Other	43.9	44.5	+0.6	101.3%
Total	224.7	230.0	+5.3	102.4%

Revenue composition ratio by segment



*From the first quarter of the current fiscal year, the engineering business in Japan and the overseas and engineering business (including the industrial gases business in India), which was previously included in Digital and Industry, are in other business. Similarly, the industrial gas business and the hydrogen business, which were previously included in Energy solutions, are now a part of Digital & Industry. Accordingly, figures for the same period of the previous fiscal year reflect the segment classification after the change.

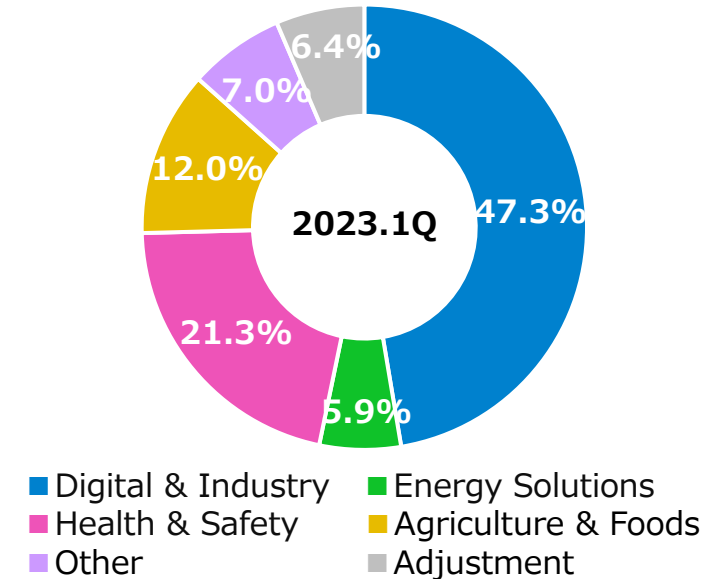




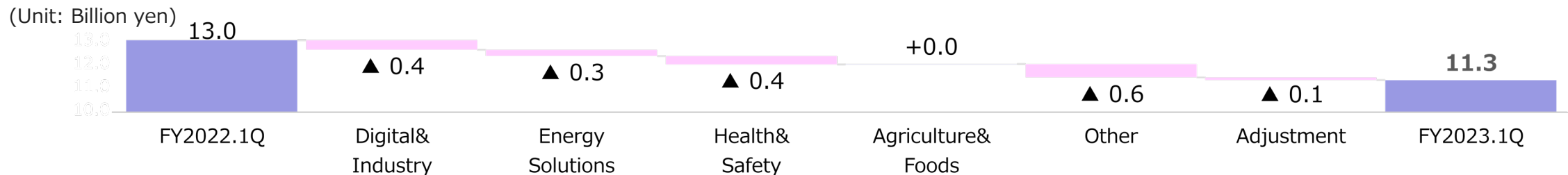
Operating profit by segment

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	5.7	5.3	▲0.4	92.8%
Energy Solutions	0.9	0.7	▲0.3	71.6%
Health & Safety	2.8	2.4	▲0.4	86.8%
Agriculture & Foods	1.3	1.4	+0.0	100.9%
Other	1.4	0.8	▲0.6	57.6%
Adjustment*	0.8	0.7	▲0.1	86.5%
Total	13.0	11.3	▲1.7	86.7%

Operating profit composition ratio by segment



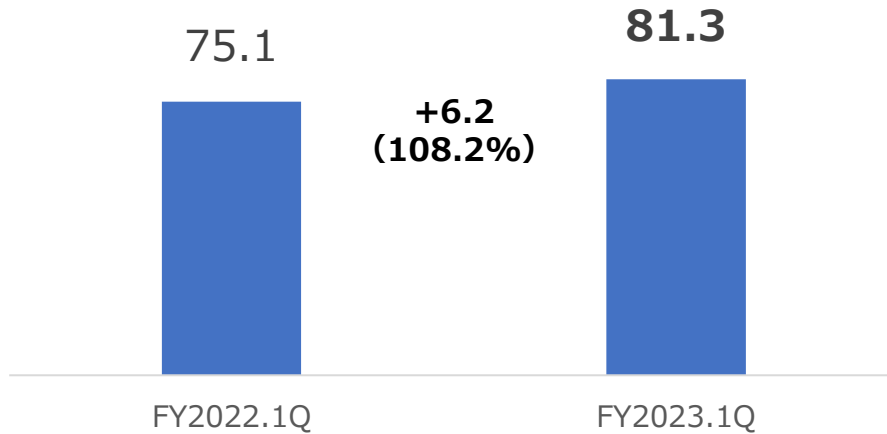
* Adjustment: Elimination of intersegment transactions and profit or loss of the Company's Head Office divisions that are not allocated to each reporting segment.
 * From the first quarter of the current fiscal year, the engineering business in Japan and the overseas and engineering business (including the industrial gases business in India), which was previously included in Digital and Industry, are in other business. Similarly, the industrial gas business and the hydrogen business, which were previously included in Energy solutions, are now a part of Digital & Industry. Accordingly, figures for the same period of the previous fiscal year reflect the segment classification after the change.



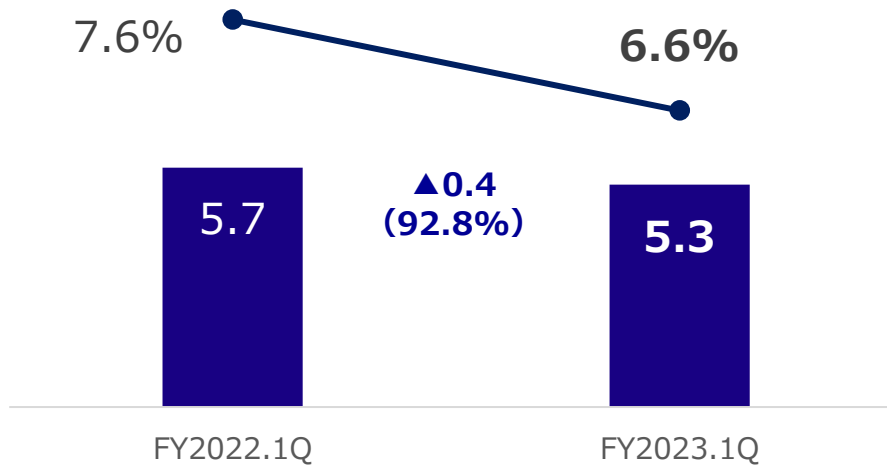


Digital & Industry Revenue and operating profit

Revenue



Operating profit Operating profit margin



Main increase/decrease factors

Revenue +6.2 billion yen

- [+] Increase in per-customer sales of on-site gas supply services for steel and semiconductor manufacturers
- Price revision of industrial gas

Operating profit ▲0.4 billion yen

- [-] Decrease in sales of dry ice due to a shortage of the raw material gas
- Fall in sales of materials for electronics and naphthoquinone for agricultural chemicals
- [+] Price revision of industrial gas

Revenue by Unit

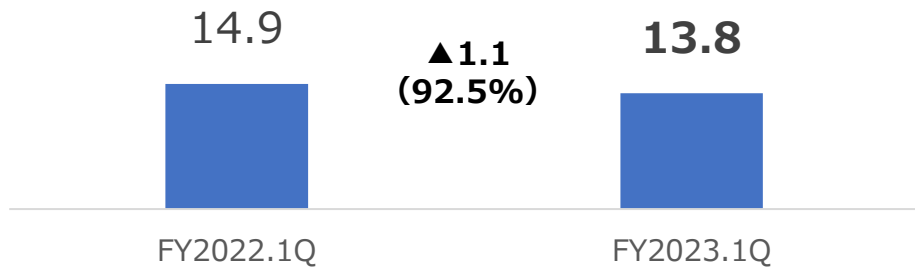
(Unit: Billion yen)

	2022.1Q	2023.1Q	Increase/decrease	YoY
Electronics	21.6	23.9	+2.3	110.5%
Functional Materials	17.1	15.8	▲1.3	92.3%
Industrial Gases	36.5	41.7	+5.2	114.4%
Total	75.1	81.3	+6.2	108.2%



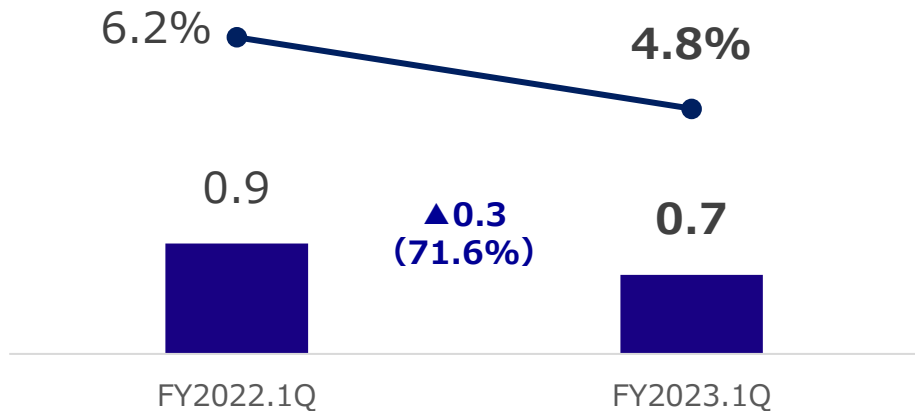
Energy Solutions Revenue and operating profit

■ Revenue



■ Operating profit

● Operating profit margin



Main increase/decrease factors

Revenue ▲1.1 billion yen

- [-] • Decline in LP gas and kerosene sales prices due to market conditions
- [+] • Rise in volume of LP gas for industrial use

Operating profit ▲0.3 billion yen

- [-] • Impacts of market price fluctuations on LP gas inventory valuation

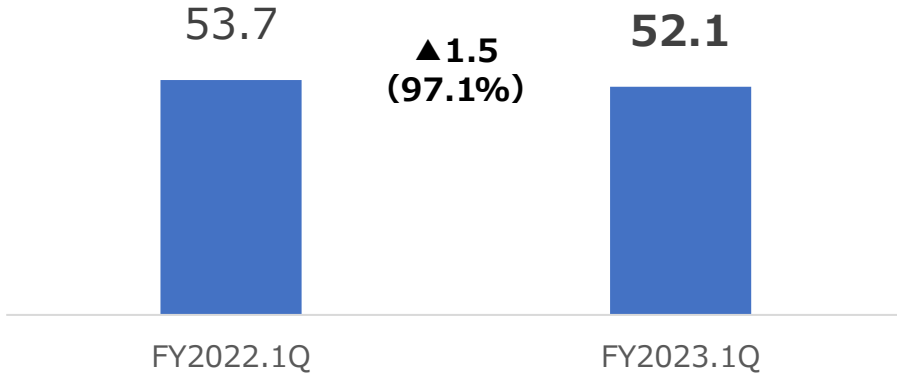
■ Revenue by Business

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	YoY
LP gas	14.4	13.1	▲1.3	91.1%
Natural gas-related	0.6	0.7	+0.2	126.8%
Total	14.9	13.8	▲1.1	92.5%



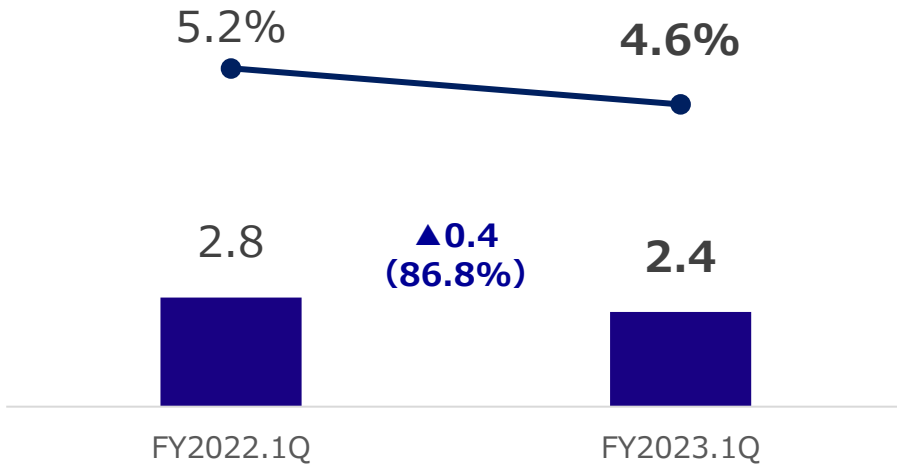
Health & Safety Revenue and operating profit

Revenue



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue ▲1.5 billion yen

- 【-】
 - Decrease in contract for supply processing and distribution (SPD) services in medical services
 - Shrinkage of COVID-19-related demand (for domiciliary oxygen concentrators, hygiene materials and other infection control products)
- 【+】
 - Increase in construction for data centers

Operating profit ▲0.4 billion yen

- 【-】
 - Shrinkage of COVID-19-related demand (for domiciliary oxygen concentrators, hygiene materials and other infection control products)
 - Decrease in contract for supply processing and distribution (SPD) services in medical services

Revenue by Unit

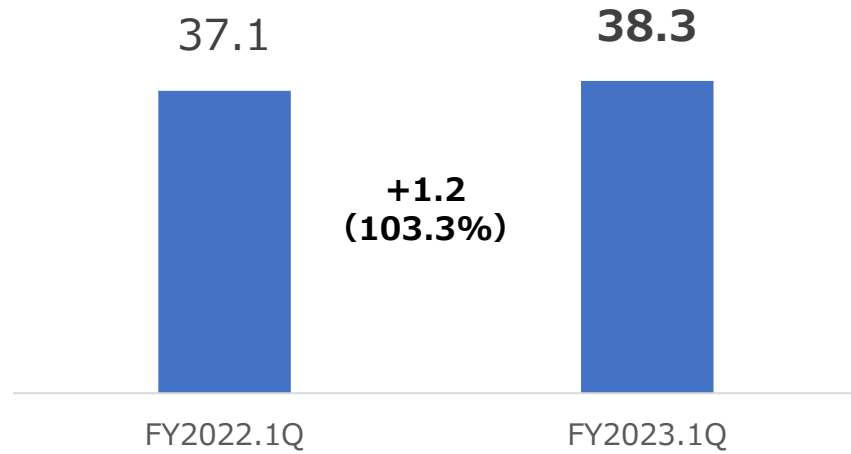
(Unit: Billion yen)

	2022.1Q	2023.1Q	Increase/decrease	YoY
Medical Services	16.8	14.2	▲2.6	84.3%
Consumer Health	14.2	13.9	▲0.2	98.2%
Medical Products	16.6	17.7	+1.1	106.8%
Safety Services	6.1	6.3	+0.2	103.8%
Total	53.7	52.1	▲1.5	97.1%

Agriculture & Foods Revenue and operating profit

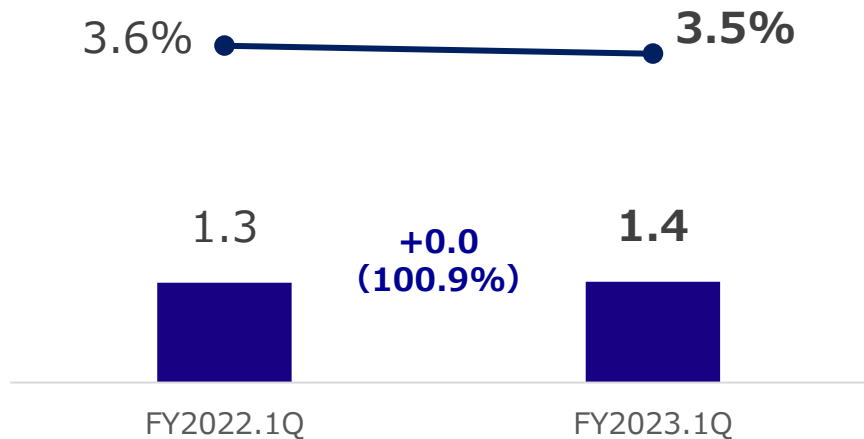


Revenue



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue +1.2 billion yen

- 【+】 Increase in contract manufacturing of plastic bottled beverages and other products for convenience stores
- Increase in sales of agricultural produce in the farm-fresh produce delivery business

Operating profit +0.0 billion yen

- 【+】 Increase in contract manufacturing of plastic bottled beverages and other products for convenience stores
- 【-】 Rise in costs of raw materials including pork and eggs

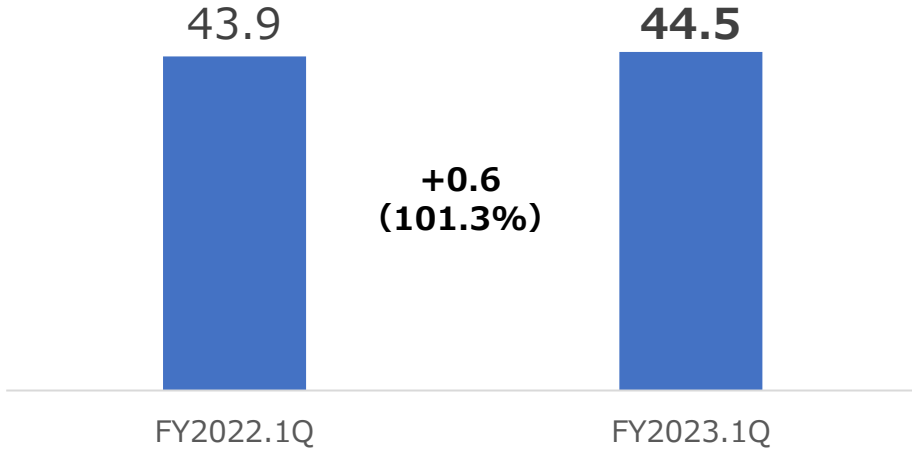
Revenue by Unit

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	YoY
Foods	12.3	12.2	▲0.1	99.2%
Agriculture	11.4	11.8	+0.3	102.8%
Natural Foods	13.3	14.3	+1.0	107.5%
Total	37.1	38.3	+1.2	103.3%



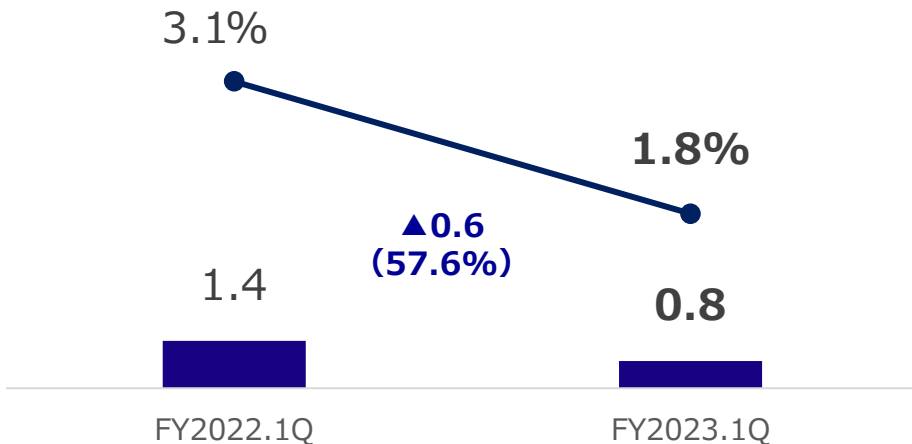
Other Revenue and operating profit

Revenue



Operating profit

Operating profit margin



Main increase/decrease factors

Revenue +0.6 billion yen

- [+] • Growth in sales of equipment related to liquefied hydrogen and carbonic acid in North America
- Repricing of commercial salt
- Effect of new consolidation of Dohmeyer Holding BVBA (a freezer manufacturer based in Belgium)
- [-] • Decreased earnings due to the exclusion of the subsidiary operating the Hofu power plant from the scope of consolidation

Operating profit ▲0.6 billion yen

- [-] • Decreased earnings due to the exclusion of the subsidiary operating the Hofu power plant from the scope of consolidation
- Posting of upfront expenses related to mergers and acquisitions in North America
- [+] • Repricing of commercial salt

Revenue by Unit

(Unit: Billion yen)

	2022.1Q	2023.1Q	Increase/decrease	YoY
Logistics	15.0	14.8	▲0.2	98.6%
Nihonkaisui Co., Ltd.	8.4	10.1	+1.7	120.1%
Global & Engineering*	11.4	15.2	+3.8	133.2%
Electricity	6.8	3.5	▲3.3	51.7%
Other	2.2	0.8	▲1.4	36.5%
Total	43.9	44.5	+0.6	101.3%

*From the first quarter of the current fiscal year, the engineering business in Japan and the overseas and engineering business (including the industrial gases business in India), which used to be included in the Digital and Industry, are in the other business. It was then integrating with the industrial gas business in North America and the power supply system (UPS) business and was established as Global and Engineering.

*For revenue by business in Global & Engineering, see p.25.

Consolidated statement of financial position

(Unit: Billion yen)

	End of March 2023	End of June 2023	Increase/decrease	
			Amount	YoY
Current assets	431.1	403.4	▲27.8	93.6%
Non-current assets	660.5	688.0	+27.5	104.2%
Total assets	1,091.6	1,091.4	▲0.3	100.0%
Current liabilities	299.7	291.8	▲7.9	97.4%
Non-current liabilities	345.5	338.8	▲6.7	98.1%
Total liabilities	645.2	630.5	▲14.6	97.7%
Total equity	446.5	460.8	+14.4	103.2%
Total liabilities and equity	1,091.6	1,091.4	▲0.3	100.0%
Equity attributable to owners of the parent	430.2	444.1		
Interest-bearing liabilities	390.2	391.8		
Equity ratio attributable to owners of the parent	39.4%	40.7%		
Net D/E ratio*	0.75	0.76		

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

Cash flow status



(Unit: Billion yen)		2022.1Q	2023.1Q	Increase/ decrease
Operating cash flows	[(1)]	10.9	13.1	+2.3
Investment cash flows	[(2)]	▲11.1	▲19.3	▲8.2
Financial cash flows	[(3)]	3.0	▲7.9	▲10.8
Total cash flows [(1)+(2)+(3)]		2.7	▲14.0	▲16.7
Cash and cash equivalents at the end of the quarter		63.7	52.8	▲10.9
Free cash flows [(1)+(2)]		▲0.2	▲6.2	▲5.9

Fiscal Year 2023 Full-Year Financial Results forecast

Fiscal Year 2023 Full-Year Financial Results forecast



The full-year financial forecasts remain unchanged from those announced on May 10, 2023.

(Unit: Billion yen)

	FY2022 Full year Result	FY2023 Full year Forecast	Increase/decrease		FY2023 First Half (Forecast)
			Amount	YoY	
Revenue	1,004.9	1,080.0	+75.1	107.5%	500.0
Operating profit	62.2	72.0	+9.8	115.8%	32.0
Profit before income taxes	61.0	70.0	+9.0	114.8%	31.0
Profit attributable to owners of the parent	40.1	44.0	+3.9	109.6%	20.0
Interest-bearing liabilities	390.2	457.7	+67.5	117.3%	
Equity attributable to owners of the parent	430.2	461.1	+30.9	107.2%	
Total assets	1,091.6	1,213.5	+121.8	111.2%	
Operating profit margin	6.2%	6.7%			
ROE ^{*1}	9.7%	9.9%			
Basic net earnings per share for the period	176.84 yen	193.34 yen			
Equity ratio attributable to owners of the parent	39.4%	38.0%			
Net D/E ratio ^{*2}	0.75	0.86			

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

Full-year financial results forecast by segment



The figures, including the results for the previous fiscal year, have been adjusted to reflect the change in segment classifications in the first quarter.

(Unit: Billion yen)		FY2022 Full year (Result)	FY2023 Full year (Forecast)	Increase/decrease	
				Amount	YoY
Digital & Industry	Revenue	338.0	363.0	+25.0	107.4%
	Operating profit	26.1	33.2	+7.1	127.1%
Energy Solutions	Revenue	69.2	70.0	+0.8	101.1%
	Operating profit	4.3	4.6	+0.3	108.0%
Health & Safety	Revenue	236.0	245.0	+9.0	103.8%
	Operating profit	15.5	17.0	+1.5	109.8%
Agriculture & Foods	Revenue	152.8	173.0	+20.2	113.2%
	Operating profit	5.5	7.2	+1.7	130.5%
Other <small>(Logistics/Nihonkaisui/Global&Engineering/ Electricity/Other)</small>	Revenue	208.9	229.0	+20.1	109.6%
	Operating profit	5.1	11.4	+6.2	221.0%
Adjustment	Operating profit	5.7	▲1.4	▲7.0	—
Total	Revenue	1,004.9	1,080.0	+75.1	107.5%
	Operating profit	62.2	72.0	+9.8	115.8%

Supplementary Material

Segment classification table

Group	Unit	Business
Digital & Industry	Electronics	Gas supply to semiconductor manufacturers, special gases and chemicals, gas refining systems, devices for semiconductor manufacturing systems and chemicals
	Functional Materials	Electronic materials, circuit products, precision polishing pads, O-rings, basic chemicals, chemicals for food and magnesia
	Industrial Gases	Industrial gases (oxygen, nitrogen, argon, carbonic acid [*] , hydrogen [*] , helium and others) and related equipment
Energy Solutions	Energy	LP gas, kerosene, LP gas-related equipment, LNG-related equipment, development of businesses related to low carbon and decarbonization (CO ₂ capture, hydrogen energy, biomethane, LNG and others)
Health & Safety	Medical Services	Supply processing & distribution (SPD; centralized management of medical materials and pharmaceuticals in hospitals) and sterilization
	Consumer Health	Hygiene materials, aerosols and hypodermic needles
	Medical Products	Medical gases, medical equipment, home care and dental materials
	Safety Services	Hospital facility construction, gas fire extinguishing equipment and respirators

* Transferred from Energy Solutions from the first quarter of this fiscal year.

Segment classification table

Group	Unit	Business
Agriculture & Foods	Foods	Ham and delicatessen products, frozen food and sweets
	Agriculture	Vegetable processing, wholesaling, retailing and farm-fresh market for fresh vegetables and fruit and agricultural machinery
	Natural Foods	OEM contract manufacturing of beverages and manufacturing and sales of house brand beverages
Other	Logistics	Transport, food distribution, medical and environmental distribution and designing and modifying vehicle bodies
	Seawater	Salt, environment and woody biomass power generation (in Ako-shi, Hyogo Prefecture)
	Global & Engineering	Industrial gases (India and Vietnam [*]), industrial gas-related equipment (North America), plant engineering [*] and high-power uninterrupted power supplies (UPS)
	Electricity	Woody biomass-fired power plant (Iwaki City, Fukushima Prefecture)
	Other	Construction work, Ecolocca (artificially regenerated wood)

* Transferred from Digital & Industry from the first quarter of this fiscal year.

Number of consolidated companies

	End of March 2023	End of June 2023	Increase/decrease
Consolidated subsidiaries*	142	133	Increase of 2 companies Decrease of 11 companies
Equity method affiliates	12	12	–
Total	154	145	Increase of 2 companies Decrease of 11 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 2023

There are no applicable companies.

(Reference)

Major companies newly consolidated or excluded from consolidation in FY2022

Newly consolidated/Excluded	Company name	Segment	Time of start of consolidation
Newly consolidated	Dohmeyer Holding BVBA	Other	FY2022.4Q
Excluded	Air Water & Energia Power Yamaguchi	Other	FY2022.4Q

Domestic Revenue by Type of gases

(Unit: Billion yen)

Group	Gas Type	2022.1Q	2023.1Q	Increase/decrease	
		Amount	Amount	Amount	YoY
Digital & Industry	Oxygen	8.4	10.4	+1.9	123.1%
	Nitrogen	7.8	9.5	+1.7	122.2%
	Argon	3.1	3.4	+0.3	111.1%
	Carbon dioxide	4.9	5.0	+0.2	103.8%
	Hydrogen	1.4	1.5	+0.1	107.9%
	Helium	0.7	0.9	+0.2	134.6%
	Other gases	5.3	6.3	+1.0	119.4%
Energy Solutions	LP gas	9.0	7.9	▲1.1	88.1%
	Kerosene	2.1	1.8	▲0.2	88.4%

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

Business profit by segment

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	5.3	4.9	▲0.4	91.8%
Energy Solutions	0.3	0.6	+0.2	164.7%
Health & Safety	2.5	2.1	▲0.4	84.2%
Agriculture & Foods	1.1	1.2	+0.1	112.1%
Other	0.9	0.5	▲0.4	51.0%
Adjustment	2.2	1.5	▲0.8	65.3%
Total	12.3	10.7	▲1.7	86.3%

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

Revenue of Regional business companies

(Unit: Billion yen)	2022.1Q	2023.1Q	Increase/decrease	
			Amount	YoY
Air Water Hokkaido	21.7	22.2	+0.5	102.3%
Air Water East Japan	19.1	23.3	+4.2	121.8%
Air Water West Japan	16.3	18.3	+2.0	112.5%
Total	57.1	63.8	+6.7	111.7%

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

Major Group Companies / Global & Engineering Revenue by Field



(Unit: Billion yen)

Company/Business Name	Group	2022.1Q	2023.1Q	Increase/decrease	
				Amount	YoY
Air Water Materials Inc.	Digital & Industry (Electronics)	11.5	12.0	+0.5	104.6%
Air Water Performance Chemical Inc.	Digital & Industry (Functional Materials)	7.8	7.1	▲0.6	91.7%
Tateho Chemical Industries Co., Ltd.	Digital & Industry (Functional Materials)	2.2	2.2	▲0.0	98.9%
Kawamoto Corporation	Health & Safety (Consumer Health)	7.6	7.3	▲0.2	96.8%
Air Water Realize Inc. ^{*1}	Health & Safety (Consumer Health)	5.8	5.9	+0.1	101.5%
Gold Pak Co., Ltd.	Agriculture & Foods (Natural Foods)	12.9	13.9	+1.0	107.7%
Air Water & Energia Power Onahama Corporation	Other (Electricity)	2.9	3.5	+0.6	121.7%
North America Industrial Gases field ^{*2}	Other (Global & Engineering)	3.3	6.0	+2.6	179.4%
High-power UPS business field ^{*2}	Other (Global & Engineering)	3.3	3.9	+0.6	118.1%
India Industrial Gas Sector field ^{*2}	Other (Global & Engineering)	4.4	4.8	+0.4	109.9%

















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

*2 Simple sum of each group company.

List of recent major releases

*Period covered: April 1 - August 3, 2023



Release Date	Topic
April 13	 Air Water and Luxor Solar Co-Develop Vertical Solar System for Parking Area (VERPA)
April 14	 Air Water Inc. Acquires Specialized Cryogenic Distribution Equipment Producer M1 Engineering
April 17	 About Dohmeyer Holdings BVBA Becoming a Subsidiary That Manufactures Cryogenic Refrigeration Systems
April 18	 Air Water Mechatronics Begins Operating New Plant Building for Gas Refining Systems for Semiconductor Manufacturing Process
May 8	 Strengthening of the Engineering Structure for the Expansion of the Overseas Electronics Business
June 12	 Air Water Group Updates Information Disclosure According to TCFD Recommendations — Expanding Disclosure of Scenario Analyses —
June 21	 Successful Sea Trial on A Domestic LNG-fueled Vessel for Use of Liquefied Biomethane as Marine Fuel ~Achieving Net Zero Emissions in Ocean Transport~
June 28	 Air Water Constructs New Cylinder Gas Filling Plant and Establishes Gurgaon Office in Northern India
July 1	 New Air Water Medical Inc. Kicks Off Enhanced Medical Business Centered on Medical Equipment
July 6	 Morioka Low-Temperature Center to Begin Operations as a Three-Temperature Logistical Center for Food
July 18	 Joint Demonstration Experiment of CO ₂ Capture Technology Using Small-Sized CO ₂ Capture System for CO ₂ Emissions from Work Ships
July 20	 Air Water Jointly Underwrites Third Party Allocation of Shares from FRD Japan
July 28	 Industry's First Use of Livestock-Derived Biomethane for Electric Power for Plant and Product Materials
August 1	 Nihonkaisui's Kanda Biomass Power Plant Begins Commercial Operation
August 3	 Signed an on-site gas supply contract in New York State, U.S.A., and entered the industrial gas supply business in North America on a full-scale basis.
August 3	 Acquired Phoenix, an industrial gas sales company in Arizona, U.S.A., as a subsidiary, expanding industrial gas sales area in North America.

Meeting society's needs with nature's blessings.

