
Fiscal year 2023 Second Quarter

**Financial Results
Explanatory Materials**

Meeting society's needs with nature's blessings.



AIR WATER

November 9, 2023

Second Quarter Financial Results for Fiscal Year 2023

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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).**

Second Quarter Financial Results for Fiscal Year 2023

Main points of the Second quarter financial results

(Unit: Billion yen)	FY22 1-2Q	FY23 1-2Q	Increase/decrease		FY22.2Q (July- September)	FY23.2Q (July- September)	Increase/decrease	
			Amount	YoY			Amount	YoY
Revenue	463.7	477.0	+13.3	102.9%	238.9	246.9	+8.0	103.3%
Operating profit	25.9	28.4	+2.5	109.5%	12.9	17.1	+4.2	132.2%
Profit attributable to owners of parent	16.3	17.3	+1.0	106.0%	8.2	10.2	+1.9	123.3%

◆ **Profit in the first six months increased significantly from the first quarter.**
(Operating profit increased 4.2 billion yen year on year in the second quarter alone.)

Profitability continued to improve, reflecting the steady implementation of the growth strategy (the expansion of growth areas, strengthening of existing businesses and creation of new businesses) and progress in measures in all businesses such as the revision of prices in response to cost increases and the improvement of production efficiency.

Main factors behind the growth

- Revision of prices of industrial gases, commercial salts and other products progressed
- Sales in Overseas (industrial gases and high-power UPS in North America) are on a growth trend.
- Impact of a shortage in a rise in fuel procurement costs in wooden biomass power generation has decreased
- With recovery of the flow of people, the consumer health unit and contract beverage production are expanding

◆ Interim dividend

According to the initial plan,
Dividend increased by 2 yen to 30 yen per share

Consolidated income statement

(Unit: Billion yen)	FY22.1-2Q	FY23.1-2Q	Increase/decrease	
			Amount	YoY
Revenue	463.7	477.0	+13.3	102.9%
Cost of sales	▲367.7	▲ 374.8	▲7.1	
Gross profit	95.9	102.2	+6.3	106.5%
Selling, general and administrative expenses	▲72.9	▲ 76.4	▲3.5	
Other operating income and expenses	1.8	1.4	▲0.4	
Share of profit of investments accounted for using the equity method	1.1	1.2	+0.1	
Operating profit	25.9	28.4	+2.5	109.5%
Finance income and costs	▲0.6	▲ 0.6	+0.1	
Quarterly profit before income taxes	25.3	27.8	+2.5	109.9%
Income taxes	▲8.7	▲ 9.9	▲1.2	
Quarterly loss from discontinued operations	▲0.0	▲ 0.0	+0.0	
Quarterly profit	16.6	17.9	+1.3	107.6%
Owners of parent	16.3	17.3	+1.0	106.0%
Non-controlling interests	0.3	0.6	+0.3	
Operating profit margin	5.6%	5.9%		
ROE *1	4.0%	3.9%		
Basic net earnings per share for the quarter *2	72.05 Yen	76.05 Yen		

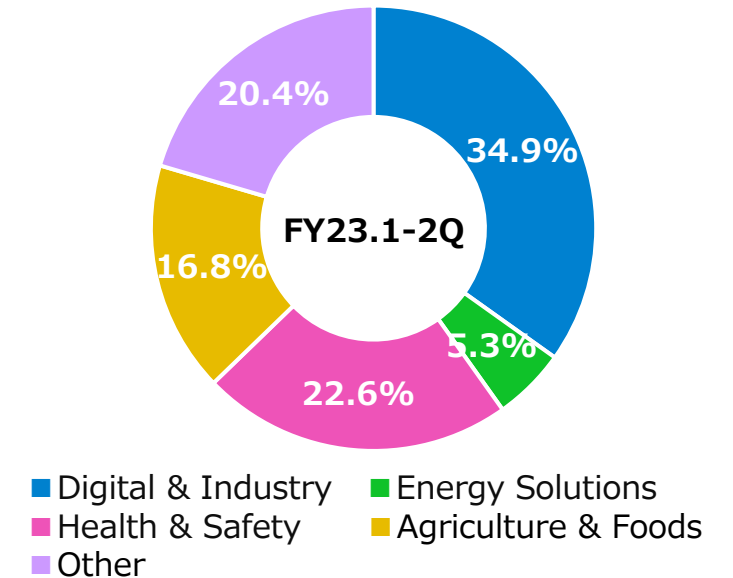
*1 "Profit for the quarter attributable to owners of the parent"
 ÷ "Equity attributable to owners of the parent" (The average between the beginning and the end of the quarter)

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

Revenue by segment

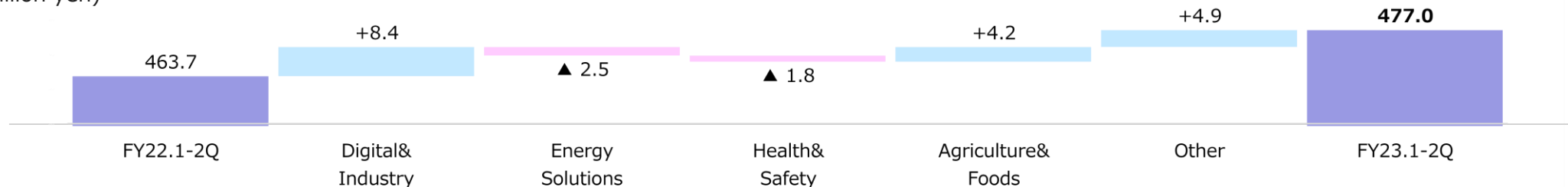
	FY22 1-2Q	FY23 1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	157.8	166.3	+8.4	105.3%
Energy Solutions	27.8	25.3	▲2.5	91.0%
Health & Safety	109.6	107.9	▲1.8	98.4%
Agriculture & Foods	75.8	80.1	+4.2	105.6%
Other	92.6	97.5	+4.9	105.3%
Total	463.7	477.0	+13.3	102.9%

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.

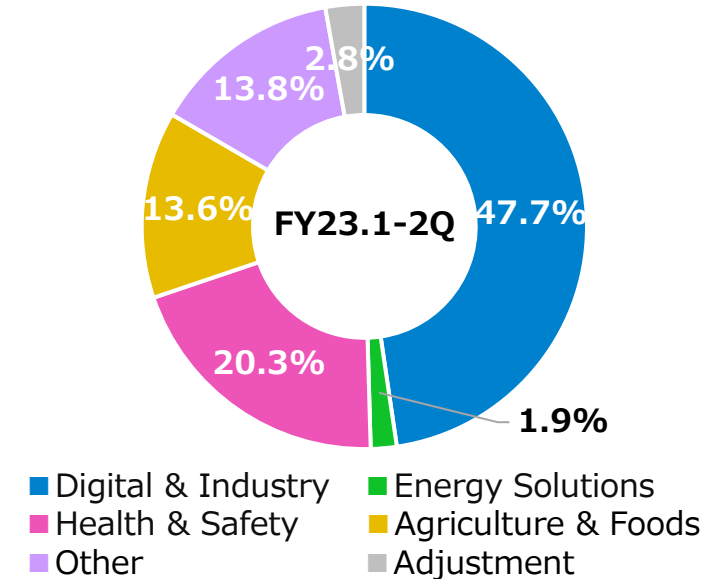
(Unit: Billion yen)



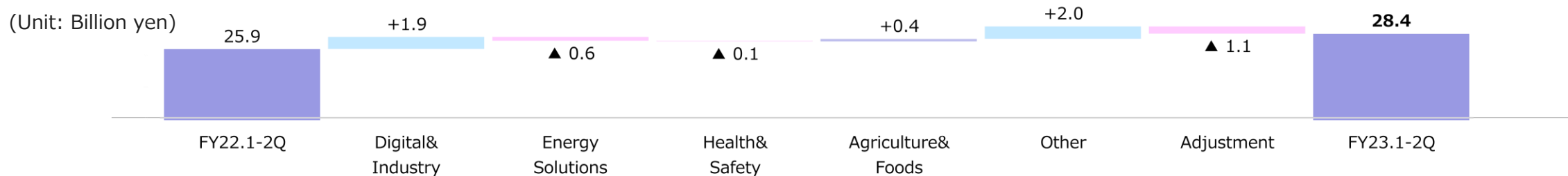
Operating profit by segment

(Unit: Billion yen)	FY22 1-2Q	FY23 1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	11.6	13.5	+1.9	116.7%
Energy Solutions	1.2	0.5	▲0.6	45.7%
Health & Safety	5.8	5.8	▲0.1	98.4%
Agriculture & Foods	3.4	3.9	+0.4	112.0%
Other	1.9	3.9	+2.0	202.1%
Adjustment*	1.9	0.8	▲1.1	41.0%
Total	25.9	28.4	+2.5	109.5%

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

(Unit: Billion yen)

	FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Revenue	157.8	166.3	+8.4	105.3%
Operating profit	11.6	13.5	+1.9	116.7%
Operating profit margin	7.3%	8.1%	+0.8pt	—

Main increase/decrease factors

Revenue +8.4 billion yen

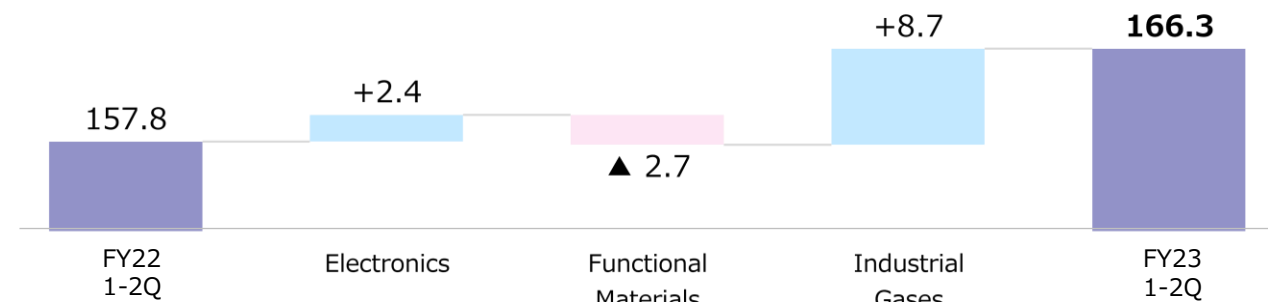
- [+] • Increase in per-customer sales of on-site gas supply services for steel and semiconductor manufacturers
- Price revision of industrial gas

Operating profit +1.9 billion yen

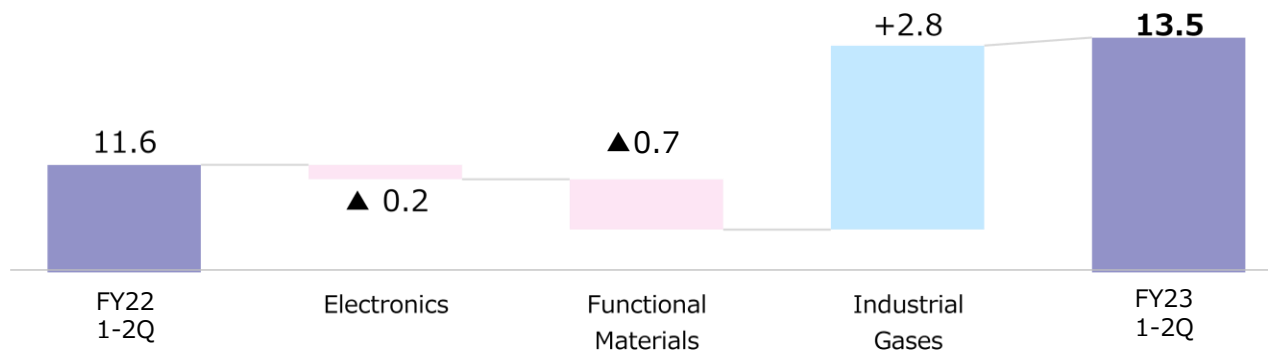
- [+] • Price revision of industrial gas
- [-] • Fall in sales of materials for electronics and quinone products including naphthoquinone for agricultural chemicals
- Fall in sales of semiconductor-related equipment and heat control equipment for semiconductor devices

Increase/Decrease by Unit Revenue

(Unit: Billion yen)



Operating profit



Energy Solutions Revenue and operating profit

(Unit: Billion yen)

	FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Revenue	27.8	25.3	▲2.5	91.0%
Operating profit	1.2	0.5	▲0.6	45.7%
Operating profit margin	4.2%	2.1%	▲2.1pt	—

Main increase/decrease factors

Revenue ▲2.5 billion yen

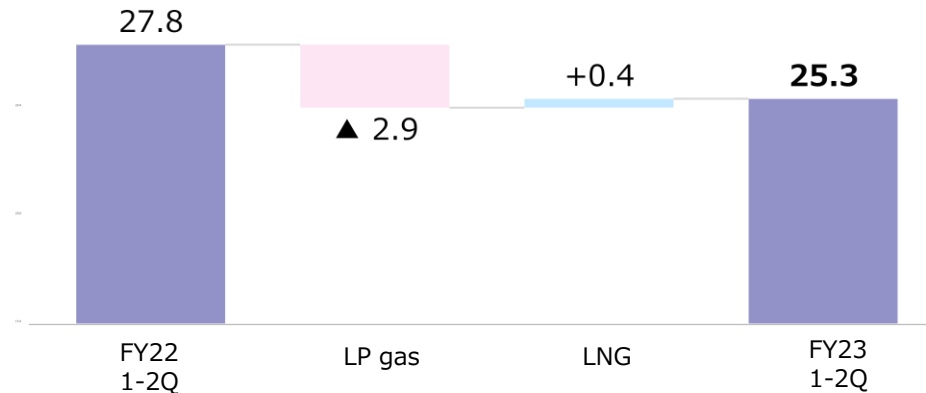
- 【-】 Decline in LP gas and kerosene sales prices due to market conditions
- 【+】 Rise in volume of LP gas for industrial use

Operating profit ▲0.6 billion yen

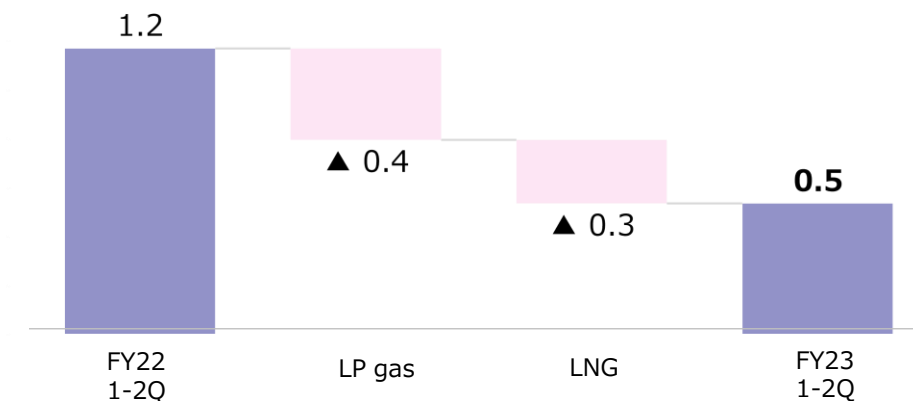
- 【-】 Impacts of market price fluctuations on LP gas inventory valuation

Increase/Decrease by business Revenue

(Unit: Billion yen)



Operating profit



Health & Safety Revenue and operating profit

(Unit: Billion yen)

	FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Revenue	109.6	107.9	▲1.8	98.4%
Operating profit	5.8	5.8	▲0.1	98.4%
Operating profit margin	5.3%	5.3%	▲0.0pt	—

Main increase/decrease factors

Revenue ▲1.8 billion yen

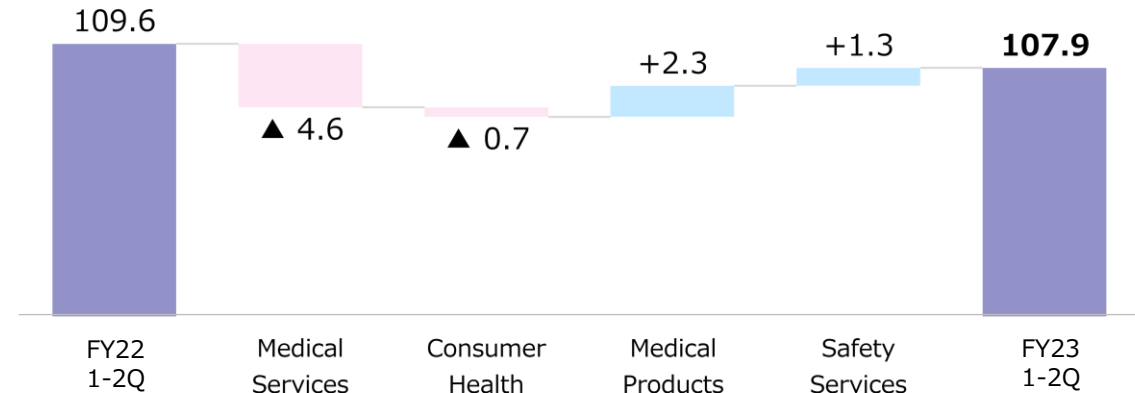
- 【-】
 - Decrease in contract for supply processing and distribution (SPD) services in medical services
 - Shrinkage of COVID-19-related demand (for domiciliary oxygen concentrators, hygiene materials and other infection control products)
- 【+】
 - Increase in construction for data centers

Operating profit ▲0.1 billion yen

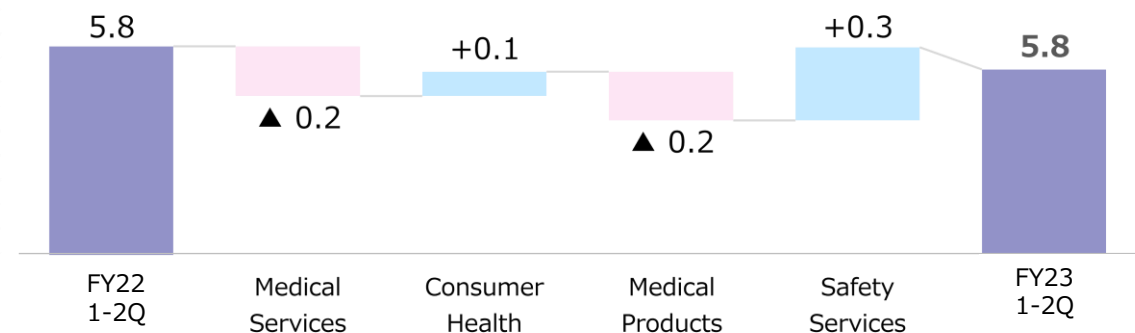
- 【-】
 - Shrinkage of COVID-19-related demand (for domiciliary oxygen concentrators, hygiene materials and other infection control products)
 - Decrease in contract for supply processing and distribution (SPD) services in medical services
- 【+】
 - Increase in contracts for cosmetics (liquid-filled products)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

Increase/Decrease by Unit Revenue

(Unit: Billion yen)



Operating profit



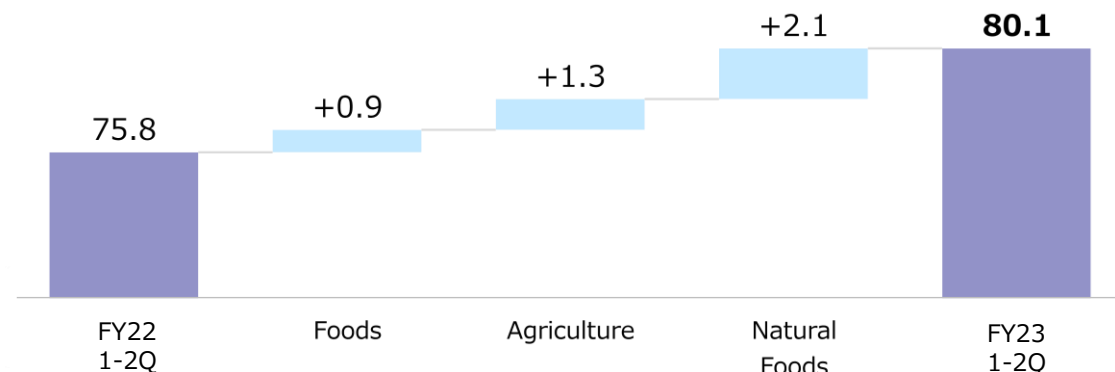
Agriculture & Foods Revenue and operating profit

(Unit: Billion yen)

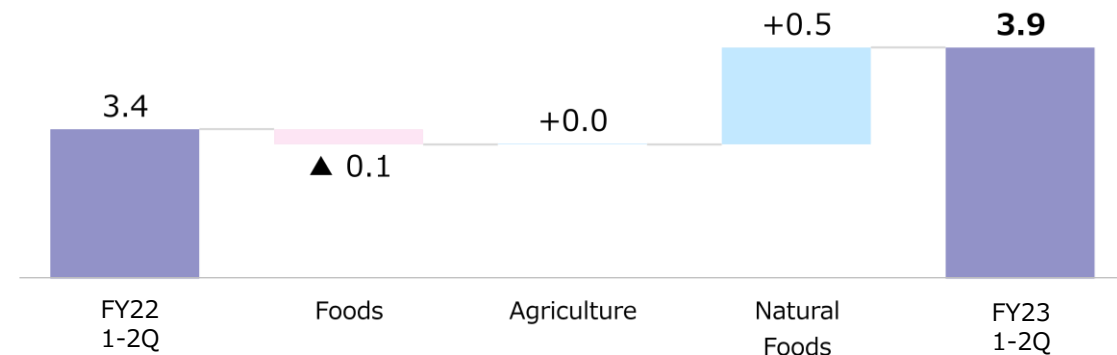
	FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Revenue	75.8	80.1	+4.2	105.6%
Operating profit	3.4	3.9	+0.4	112.0%
Operating profit margin	4.5%	4.8%	+0.3pt	—

Increase/Decrease by Unit Revenue

(Unit: Billion yen)



Operating profit



Main increase/decrease factors

Revenue +4.2 billion yen

- 【+】 • Increase in consignment of tea- and fruit-based beverages, etc.
- Increase in sales of agricultural produce in the farm-fresh produce delivery business

Operating profit +0.4 billion yen

- 【+】 • Increase in consignment of tea- and fruit-based beverages, etc.
- 【-】 • Rise in costs of raw materials including pork and eggs

Other Revenue and operating profit

(Unit: Billion yen)

	FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Revenue	92.6	97.5	+4.9	105.3%
Operating profit	1.9	3.9	+2.0	202.1%
Operating profit margin	2.1%	4.0%	+1.9pt	—

Main increase/decrease factors

Revenue +4.9 billion yen

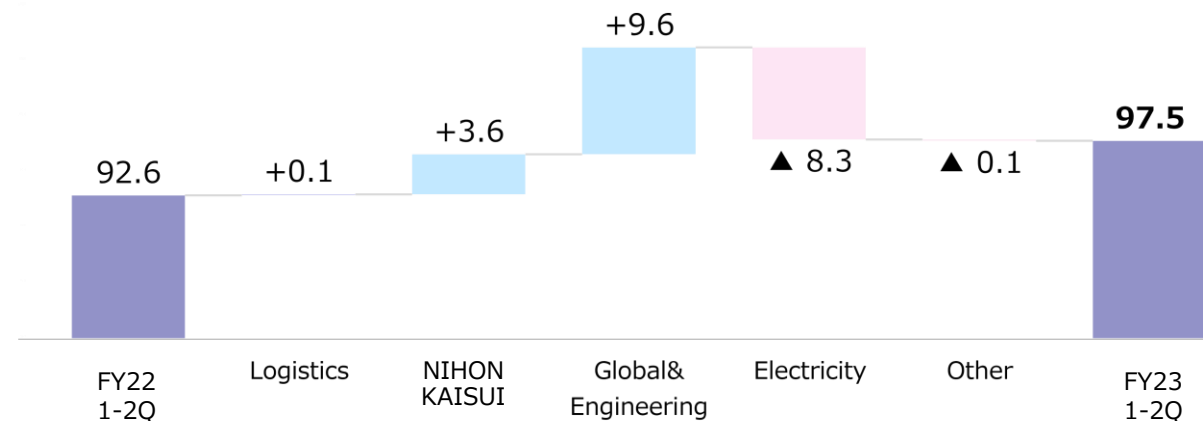
- 【+】
 - Recovery of earnings in North America and high-power UPS field
 - Kanda Biomass Power Plant began operating
 - Repricing of commercial salt
- 【-】
 - Decreased earnings due to the exclusion of the subsidiary operating the Hofu power plant from the scope of consolidation

Operating profit +2.0 billion yen

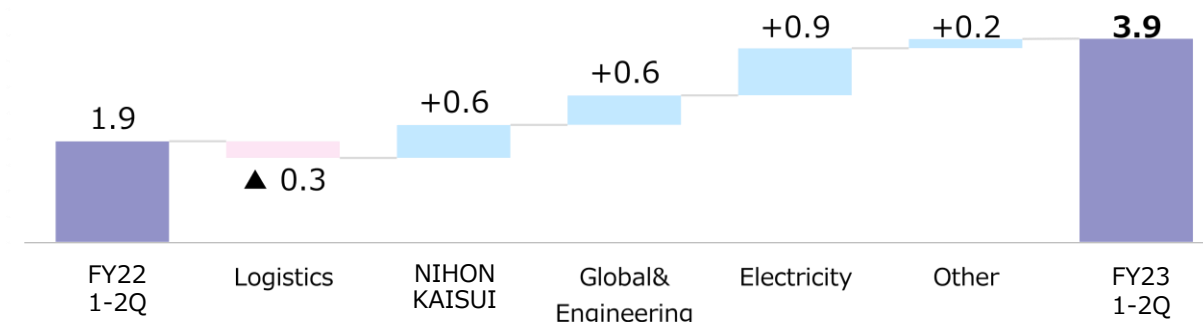
- 【+】
 - Recovery of earnings in North America and high-power UPS field
 - Recovery from the cost-related impact on the electric power business
 - Repricing of commercial salt

Increase/Decrease by Unit Revenue

(Unit: Billion yen)



Operating profit



Consolidated statement of financial position



(Unit: Billion yen)		End of March FY23	End of September FY23	Increase/decrease	
				Amount	YoY
Assets	Current assets	431.1	426.3	▲4.9	98.9%
	Non-current assets	660.5	743.1	+82.6	112.5%
	Total assets	1,091.6	1,169.4	+77.8	107.1%
Liabilities and Equity	Current liabilities	299.7	298.5	▲1.1	99.6%
	Non-current liabilities	345.5	395.5	+50.1	114.5%
	Total liabilities	645.2	694.1	+48.9	107.6%
	Total equity	446.5	475.3	+28.8	106.5%
Total liabilities and equity		1,091.6	1,169.4	+77.8	107.1%

Equity attributable to owners of the parent	430.2	457.5
Interest-bearing liabilities	390.2	440.2
Equity ratio attributable to owners of the parent	39.4%	39.1%
Net D/E ratio *	0.75	0.82

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

Cash flow status



(Unit: Billion yen)		FY22.1-2Q	FY23.1-2Q	Increase/ decrease
Operating cash flows	[(1)]	28.5	34.6	+6.1
Investment cash flows	[(2)]	▲34.2	▲64.2	▲30.0
Financial cash flows	[(3)]	4.1	24.4	+20.3
Total cash flows	[(1)+(2)+(3)]	▲1.7	▲5.3	▲3.6
Cash and cash equivalents at the end of the quarter		60.1	63.3	+3.1
Free cash flows	[(1)+(2)]	▲5.7	▲29.6	▲23.9

Capital investment, Depreciation, R&D expenses

(Unit: Billion yen)	FY22 1-2Q	FY23 1-2Q	Increase/ decrease
Capital investment	26.2	35.8	+9.6
Depreciation	22.1	22.5	+0.4
R&D expenses	2.8	2.4	▲0.5

<Capital Investments by Segment>

(Unit: Billion yen)	FY22 1-2Q	FY23 1-2Q	Increase/ decrease
Digital & Industry	11.6	14.7	+3.1
Energy Solutions	1.7	1.2	▲0.4
Health & Safety	1.2	3.9	+2.7
Agriculture & Foods	3.2	2.0	▲1.2
Other	8.5	13.9	+5.4
Total	26.2	35.8	+9.6

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	
			Amount	YoY
Revenue	1,004.9	1,080.0	+75.1	107.5%
Operating profit	62.2	72.0	+9.8	115.8%
Profit before income taxes	61.0	70.0	+9.0	114.8%
Profit attributable to owners of the parent	40.1	44.0	+3.9	109.6%
Interest-bearing liabilities	390.2	442.8	+52.6	113.5%
Equity attributable to owners of the parent	430.2	478.0	+47.7	111.1%
Total assets	1,091.6	1,229.9	+138.3	112.7%
Operating profit margin	6.2%	6.7%		
ROE ^{*1}	9.7%	9.7%		
Basic net earnings per share for the period	176.84 yen	193.20 yen		
Equity ratio attributable to owners of the parent	39.4%	38.9%		
Net D/E ratio ^{*2}	0.75	0.80		

*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



		(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 (Logistics/NIHON KAISUI/Global & Engineering/ Electricity/Other)	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%	

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 (Result)		FY2023 (Forecast)
Dividend payout ratio	29.3%	➡	33.9%	➡	31.1%
Basic net earnings per share *	191.06	➡	176.84	➡	193.20
Interim dividend	27.00	➡	28.00	➡	30.00
Year-end dividend	29.00	➡	28.00	➡	30.00
Annual dividend	–	➡	4.00	➡	–
Dividend payout ratio	56.00	➡	60.00	➡	60.00

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

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, cosmetics, and injection 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
	Sea water	Salt, environment and woody biomass power generation (Ako City, Hyogo Prefecture and Kanda machi, Fukuoka 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 September 2023	Increase/decrease
Consolidated subsidiaries*	142	134	Increase of 3 companies Decrease of 11 companies
Equity method affiliates	12	12	—
Total	154	146	Increase of 3 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

Company name	Segment	Time of start of consolidation
Nihon Kaisui TTS Kanda Power Co.,Ltd.	Other	FY2023.2Q

(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

Revenue by unit



(Unit: Billion yen)		FY22 1-2Q	FY23 1-2Q	Increase/ decrease	YoY
Digital & Industry	Electronics	45.1	47.5	+2.4	105.4%
	Functional Materials	35.2	32.5	▲2.7	92.3%
	Industrial Gases	77.5	86.3	+8.7	111.2%
	Group Total	157.8	166.3	+8.4	105.3%
Energy Solutions	LP gas	26.5	23.6	▲2.9	89.0%
	LNG related and others	1.3	1.7	+0.4	132.6%
	Group Total	27.8	25.3	▲2.5	91.0%
Health & Safety	Medical Services	33.3	28.7	▲4.6	86.1%
	Consumer Health	28.3	27.6	▲0.7	97.5%
	Medical Products	34.0	36.2	+2.3	106.7%
	Safety Services	14.0	15.3	+1.3	109.3%
	Group Total	109.6	107.9	▲1.8	98.4%
Agriculture & Foods	Foods	24.3	25.2	+0.9	103.8%
	Agriculture	24.2	25.5	+1.3	105.2%
	Natural Foods	27.3	29.4	+2.1	107.6%
	Group Total	75.8	80.1	+4.2	105.6%
Other	Logics	30.2	30.3	+0.1	100.3%
	NIHON KAISUI CO., LTD.	18.3	21.9	+3.6	119.7%
	Global & Engineering*	24.6	34.3	+9.6	139.0%
	Electricity	15.0	6.7	▲8.3	44.7%
	Other	4.5	4.4	▲0.1	97.5%
	Group Total	92.6	97.5	+4.9	105.3%

Revenue by product in Japan

(Unit: Billion yen)

Group	Gas Type	FY22.1-2Q	FY23.1-2Q	Increase/decrease	
		Amount	Amount	Amount	YoY
Digital & Industry	Oxygen	18.1	20.7	+2.6	114.5%
	Nitrogen	16.0	19.1	+3.2	119.9%
	Argon	6.4	6.7	+0.4	105.7%
	Carbon dioxide	11.0	11.9	+0.9	108.1%
	Hydrogen	2.9	2.9	+0.0	101.7%
	Helium	1.6	2.0	+0.4	125.4%
	Other gases	10.9	11.5	+0.6	105.6%
Energy Solutions	LP gas	16.1	14.0	▲2.1	87.1%
	Kerosene	2.7	2.4	▲0.3	88.0%

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

Business profit by segment

(Unit: Billion yen)	FY22.1-2Q	FY23.1-2Q	Increase/decrease	
			Amount	YoY
Digital & Industry	10.8	12.5	+1.8	116.3%
Energy Solutions	▲0.0	0.3	+0.3	—
Health & Safety	5.3	5.2	▲0.1	98.5%
Agriculture & Foods	2.9	3.6	+0.7	125.1%
Other	1.1	3.2	+2.1	284.5%
Adjustment	4.1	2.2	▲1.9	52.7%
Total	24.1	27.0	+2.8	111.8%

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

Revenue of Regional business companies



(Unit: Billion yen)	FY22.1-2Q	FY23.1-2Q	Increase/decrease	
			Amount	YoY
Air Water Hokkaido	43.5	44.5	+1.1	102.4%
Air Water East Japan	41.0	46.3	+5.3	113.0%
Air Water West Japan	35.0	38.5	+3.5	110.0%
Total	119.4	129.3	+9.9	108.3%

* 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	FY22.1-2Q	FY23.1-2Q	Increase/decrease	
				Amount	YoY
Air Water Materials Inc.	Digital & Industry (Electronics)	23.3	24.4	+1.1	104.7%
Air Water Performance Chemical Inc.	Digital & Industry (Functional Materials)	16.7	16.9	+0.2	101.5%
Tateho Chemical Industries Co., Ltd.	Digital & Industry (Functional Materials)	4.5	4.4	▲0.1	97.8%
Kawamoto Corporation	Health & Safety (Consumer Health)	15.1	14.6	▲0.5	96.5%
Air Water Realize Inc. ^{*1}	Health & Safety (Consumer Health)	11.6	11.5	▲0.1	99.0%
Gold Pak Co., Ltd.	Agriculture & Foods (Natural Foods)	26.4	28.6	+2.2	108.2%
Air Water Onahama Biomass Electric Power Co., Ltd.	Other (Electricity)	6.1	6.7	+0.6	110.3%
India Industrial Gas Sector field ^{*2}	Other (Global & Engineering)	9.1	10.1	+1.0	111.2%
North America Industrial Gases field ^{*2}	Other (Global & Engineering)	7.6	12.3	+4.7	161.9%
High-power UPS business field ^{*2}	Other (Global & Engineering)	6.9	11.6	+4.6	167.1%












*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: August 3, 2023 – November 9



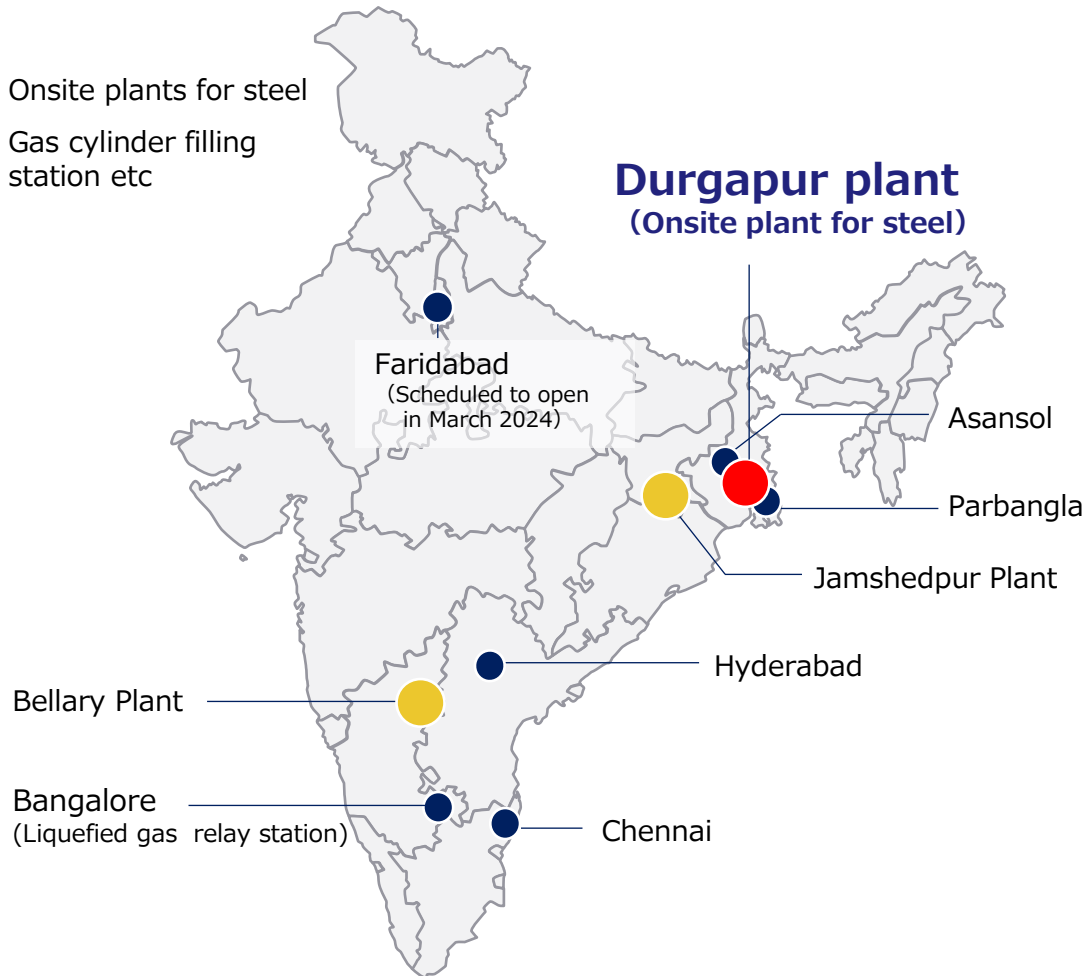
Release Date	Topic
August 7	 Air Water Realize Inc. and Misawa Medical Industry Co., Ltd. merge with each other
August 8	 Development of a local supply chain for CO ₂ -free hydrogen utilizing untapped natural gas in Toyotomicho, Hokkaido is introduced to NEDO's business for development of technologies for realizing a hydrogen society
August 9	 Air Water takes part in collaborative discussion for realizing carbon neutrality at a complex in Goi and Soga areas of Chiba prefecture
August 10	 A new LNG tanker is developed after a growing trend toward LNG fuel conversion
August 22	 Air Water conducts a joint demonstrative test for introducing livestock manure-derived biomethane to city gas
September 11	  Air Water in Kento, the hub for creation and development of a new wellness-related business and communication of related information, opens on September 13
September 14	 Air Water reinforces Gold-Pak's filling line for beverages sold in small paper containers
September 22	 <u>Contract Awarded for On-site Gas Supply to Durgapur Steel Plant of SAIL, a State-Owned Steelmaker of India</u>
October 2	 Fresh produce intermediate wholesaler Marushin Seika joins the Air Water Group
October 3	 <u>Acquisition of American Gas Products LLC, a United States Helium, Industrial and Specialty Gas Supply Company</u>

TOPICS Industrial gas business in India

Order received for on-site gas supply to Durgapur Steel Plant of SAIL, a state-run steelmaker of India

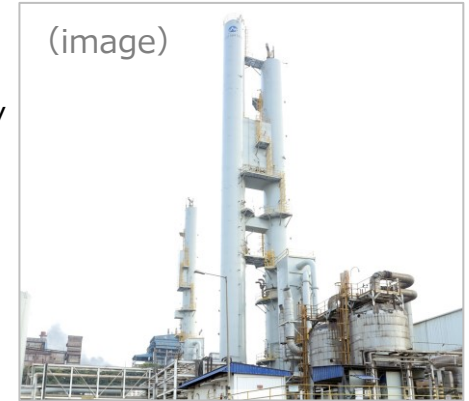
Air Water India Private Ltd. MAP

- Onsite plants for steel
- Gas cylinder filling station etc



Overview of the Plant

Location : Durgapur, West Bengal
 Oxygen Manufacturing capacity : 1,250tons/day (Approx. 36,500 Nm3/hour)
 Amount of capital investment 13.5 billion yen
 Launch of operation: October 2025 (plan)



*The facility not only provides gas to the steel plant through the piping system but it also functions as a base supplying liquefied gasses to the nearby area.

India's major steelmakers and the status of Air Water India's on-site gas supply

Company name	Crude steel production (unit: million t)	Our Plant
Tata Steel	30.18	Jamshedpur
JSW Steel	23.38	Bellary
SAIL	17.93	Durgapur
India Total	125.3	—

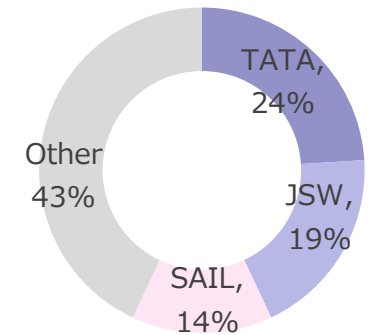


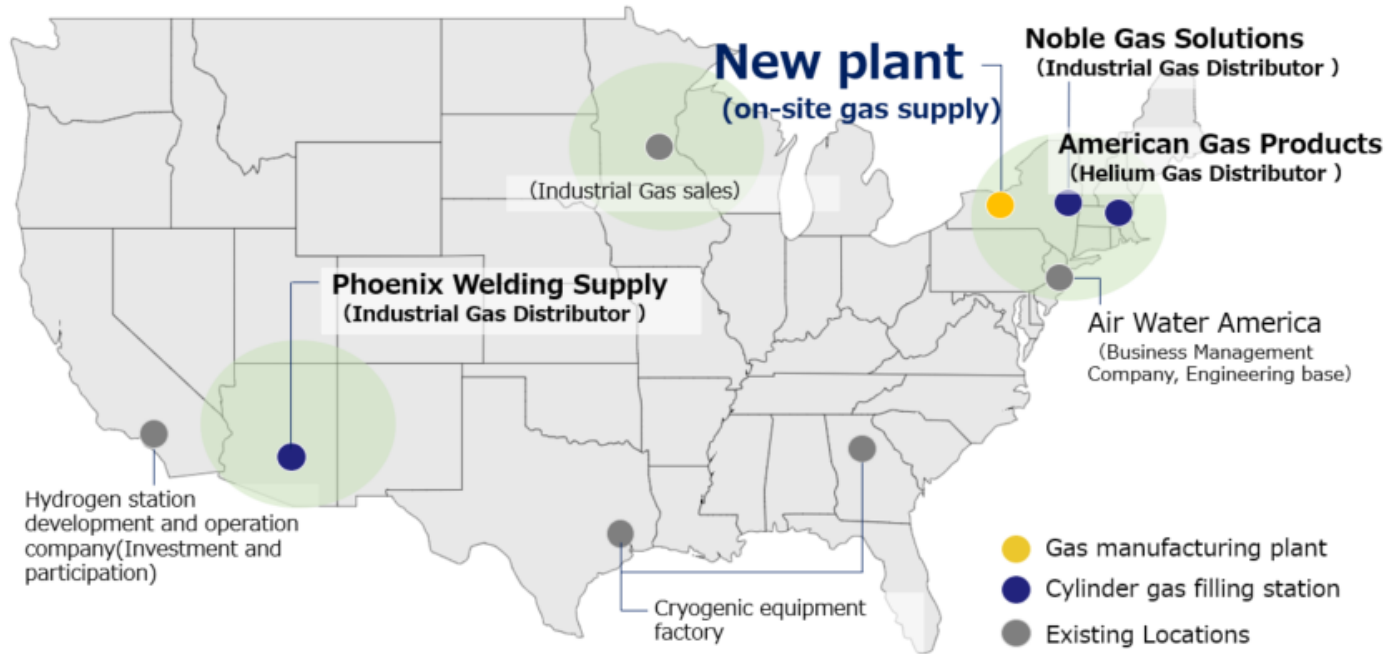
Exhibit : world steel 2022

Now, the Group is in a position to supply gases to India's top three steel makers. As it is expected that investments to expand facilities will continue against the backdrop of the increase in steel production, the Group will continue to receive orders for on-site gas supply projects.

TOPICS Industrial gas business in North American



Full-scale entry into the gas business that provides comprehensive services from manufacturing to sales in North America



Construction of an on-site gas supply plant for the Eastman Business Park in New York

Plant Overview

Construction site: Eastman Business Park, Rochester, New York,
 Manufacturing items: Nitrogen, Oxygen, Argon
 Manufacturing capability: 240 tons/day
 Total investment: Approximately 4 billion yen
 Start of operation: September 2025 (planned)
 *The facility not only provides gas to the steel plant through the piping system but it also functions as a base supplying liquefied gasses to the nearby area.

Expansion of the foundation of the industrial gas business in collaboration with distributors



(New York)



(Arizona)

Noble Gas Solutions

(Included in the Group in May.2022)
 Sales: 2.2 billion yen

Phoenix Welding Supply

(Included in the Group in April.2023)
 Sales: 2.5 billion yen

Acquisition of American Gas Products which is engaged in the helium business



(Massachusetts)

American Gas Products

(Included in the Group in Sept.2023)
 Sales:10billion yen

The Group will strengthen its comprehensive proposal-making capabilities by increasing the types of gases it handles in addition to the air separation gases and strive to expand into growth industries including the semiconductor industry.

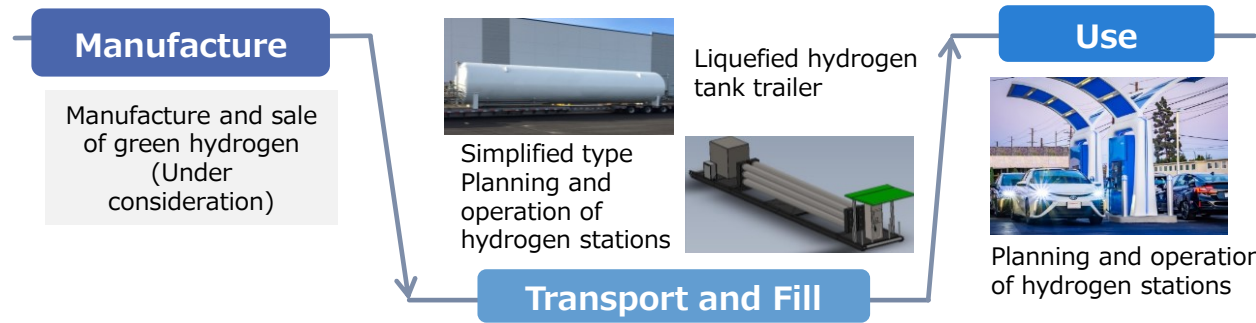
The Group is in the process of building industrial gas business infrastructure in strategic areas by establishing in-house gas manufacturing bases while simultaneously capturing demand for gases and obtaining the sales functions for these gasses by acquiring and merging with distributors.

TOPICS Initiatives that contribute to customers' decarbonization



Active promotion of the development of technology and the establishment of businesses that lead to carbon neutrality

Expansion of business domains with a view toward the establishment of a hydrogen fuel supply chain in the United States

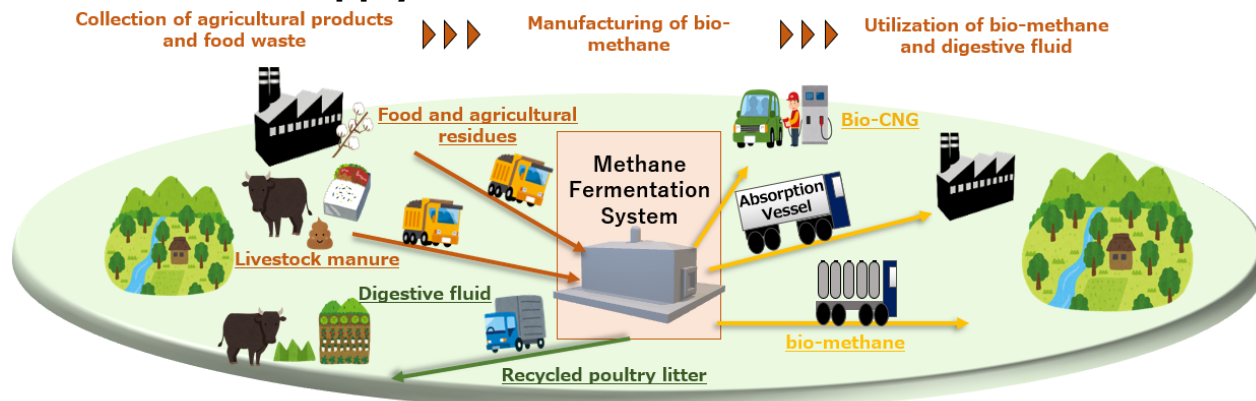


[Background]

2016: Started to manufacture liquefied hydrogen tanks (TW America)
 2021: Started to provide equipment to Plug Power Inc., a fuel cell manufacturer.
 2021: Invested in FirstElement Fuel, Inc., the largest hydrogen station developer and operator.

With demand for clean energy rising in the United States ahead of other countries, the Group will accelerate its expansion into relevant businesses such as green hydrogen manufacturing which features liquefied hydrogen-related equipment that requires high-level technologies.

Selection by NEDO for its inspection project aimed at building a bio-methane supply chain in India



India, which has one of the largest cattle populations in the world, has significant potential in terms of bio-methane manufacturing. However, it is the third largest emitter of CO₂ due to energy usage after China and the United States. Going forward, it is expected that progress will be made in the introduction of environmentally conscious energy sources.

[Overview]

Subject: "International project for the demonstration of Japan's technologies to contribute to decarbonization and energy conversion" for FY2023

Name of the project: Demonstration research for a system of manufacturing bio-methane from unused resources for the creation of a local bio-energy supply chain.

Implementation country: India

Period: October 2023 - September 2024

(Survey on conformity of demonstration requirements)

The Group positions India as a focus area for the whole Group, and in India it seeks to build a local production and local consumption-oriented bio-methane supply chain model leveraging the technologies and expertise developed in Japan.

TOPICS Agribusiness (agriculture and processing)

Enhancement of the fruit and vegetable procurement network in Kyushu by including Marushin Seika Co., Ltd. in the Group



Acquired 51% of the stock of Marushin Seika Co., Ltd., converting it into a group company in October 2023.

- The company is the largest wholesaler in the central wholesale market in Fukuoka and has a broad sales network of mass merchandise stores, food manufacturers and restaurants.
- The Group seeks to enhance its fruit and vegetable procurement network and its diverse production areas in Kyushu to make up for the poor harvest seasons in Hokkaido, the main area that produces the Group's products.
- In addition, it will work to collaborate with Kumamoto Low Temperature Logistics Center which will start operations in February 2024.

Overview of Marushin Seika Co., Ltd.

Established: October 1991 (Founded in 1982)
 Net sales: approx. 9.7 billion yen (fiscal year ended September 2023)
 Business description: Fruit and vegetable wholesale business

Overview of Kumamoto Low Temperature Logistics Center

Location: Tamana, Kumamoto
 Site area: 2,434m²
 Temperature range: 5 to 15 °C (three temperature zones)



Meeting society's needs with nature's blessings.

