
Fiscal year 2021 Third Quarter

Financial Results

Explanatory Materials

Meeting society's needs with nature's blessings.



February 10, 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 financial results for the Third quarter of fiscal year 2021

Revenue 647.0 billion yen (110.3% year-on-year)
 Operating profit 49.6 billion yen (136.8% year-on-year)
 Owners of parent 32.1 billion yen (151.5% year on year)
 Operating profit margin 7.7% (up 1.5 pt year on year)



Revenue base strengthened further and a new record high performance

- ✓ **Operating profit margin surged following business structural reform and a focus on growth markets**

[Main reasons for improvement]

Industrial gas	Enlargement of business for electronics
Medical	Recovery of business for hospitals and revenue growth in the everyday medical care sector including dental materials
Agriculture& Food	Revenue growth in the whole business, including the sweets sector
Seawater·Others	New woody biomass power plants inaugurated (i.e. the Ako No. 2 plant and the Onahama plant)

- ✓ **For the fourth quarter, although there are uncertainties such as rising resources prices, we will continue revenue improvement and deeply cultivate growth markets in order to accomplish the full-year financial targets.***

※ Revenue 890 billion yen (110.3% year on year)
 Operating profit 65 billion yen (126.9% year on year)
 Operating profit margin 7.3% (up 0.9 pt year on year)

Third Quarter Financial Results for Fiscal Year 2021

Consolidated income statement

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
			Amount	YoY
Revenue	586.4	647.0	+60.6	110.3%
Cost of sales	▲453.3	▲498.2	▲44.9	
Gross profit	133.1	148.8	+15.7	111.8%
Selling, general and administrative expenses	▲100.8	▲104.2	▲3.4	
Other operating income and expenses	2.4	3.5	+1.1	
Share of profit of investments accounted for using the equity method	1.5	1.5	▲0.0	
Operating profit	36.3	49.6	+13.3	136.8%
Finance income and costs	▲1.0	▲0.6	▲0.5	
Quarterly profit before income taxes	35.2	49.0	+13.8	139.1%
Income taxes	▲12.0	▲14.7	▲2.7	
Quarterly loss from discontinued operations	▲0.0	▲0.1	▲0.1	
Quarterly profit	23.2	34.2	+11.0	147.3%
Owners of parent	21.2	32.1	+10.9	151.5%
Non-controlling interests	2.0	2.0	+0.0	
Operating profit margin	6.2%	7.7%		
ROE ^{*1}	6.3%	8.7%		
Basic net earnings per share for the quarter ^{*2}	93.54yen	142.18yen		

*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)

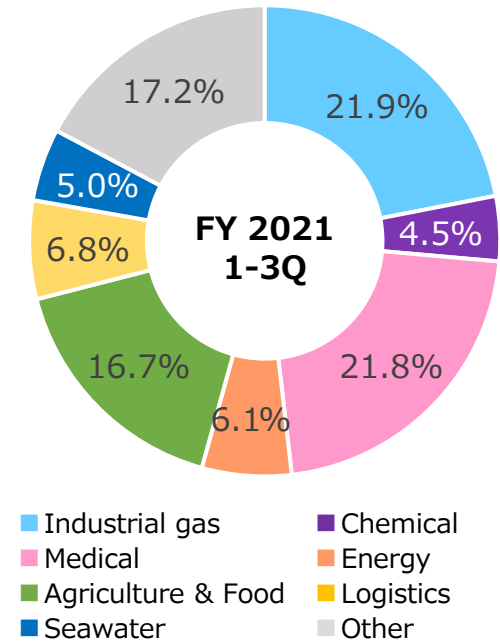
*2 Basic earnings per share for the period are calculated based on the average number of issued shares during the period.

Revenue by segment

(Unit: Billion yen)

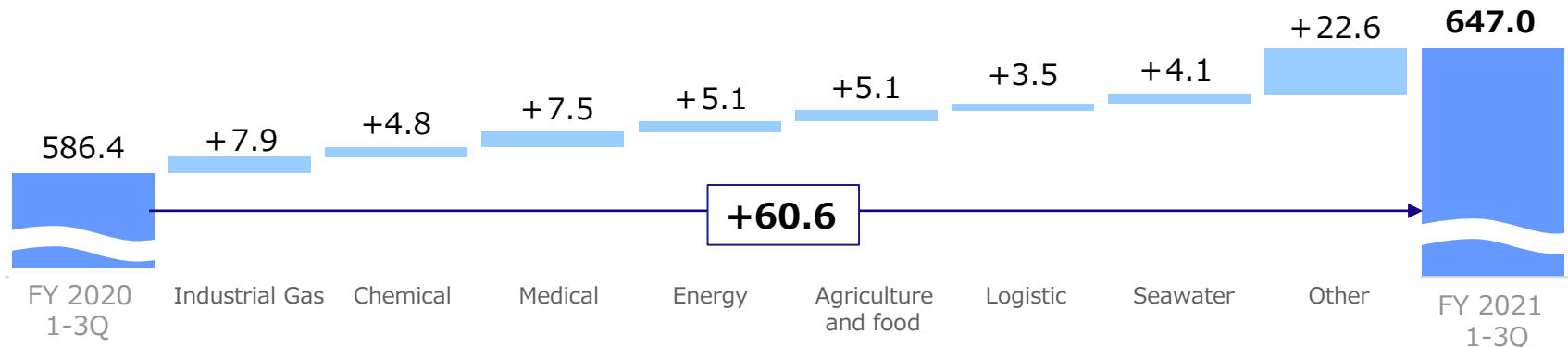
	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
			Amount	YoY
Industrial gas	134.1	141.9	+ 7.9	105.9%
Chemical	24.1	28.9	+ 4.8	119.9%
Medical	133.3	140.8	+ 7.5	105.6%
Energy	34.7	39.8	+ 5.1	114.6%
Agriculture & Food	102.9	108.1	+ 5.1	105.0%
Logistics	40.3	43.8	+ 3.5	108.7%
Seawater	28.1	32.2	+ 4.1	114.7%
Other	89.0	111.6	+ 22.6	125.4%
Total	586.4	647.0	+60.6	110.3%

Revenue composition ratio by segment



Revenue increase/decrease by segment

(Unit: Billion yen)

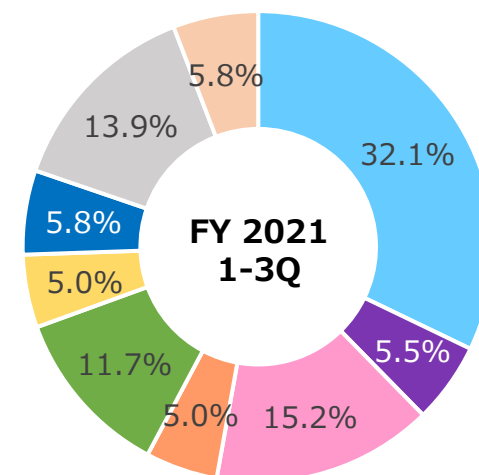


Operating profit by segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
			Amount	YoY
Industrial gas	13.7	15.9	+2.2	116.4%
Chemical	1.6	2.7	+1.1	170.8%
Medical	5.8	7.5	+1.7	128.7%
Energy	2.6	2.5	▲0.1	96.2%
Agriculture & Food	3.9	5.8	+1.9	148.8%
Logistics	2.2	2.5	+0.3	111.6%
Seawater	1.6	2.9	+1.2	177.3%
Other	3.3	6.9	+3.6	207.6%
Adjustment*	1.5	2.9	+1.4	191.4%
Total	36.3	49.6	+13.3	136.8%

Operating profit composition ratio by segment

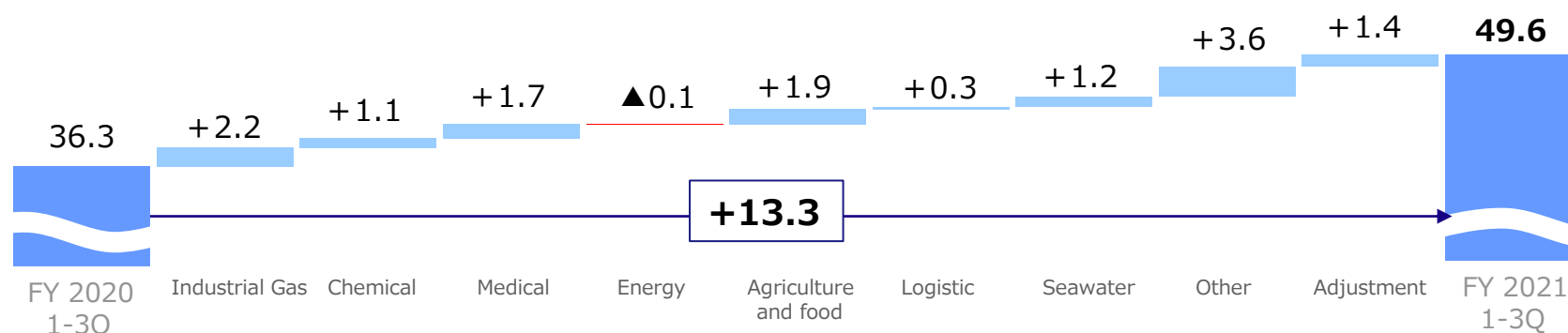


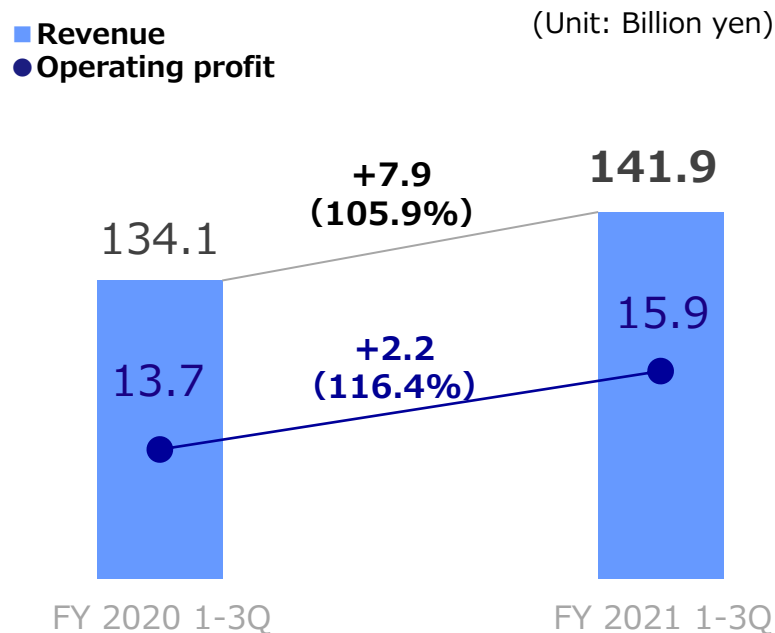
- Industrial gas
- Medical
- Agriculture & Food
- Seawater
- Adjustment
- Chemical
- Energy
- Logistics
- Other

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

Operating profit increase/decrease by segment

(Unit: Billion yen)





Main increase/decrease factors

■ Revenue +7.9 billion yen

- [+] · Increase in gas sales after rallying demand from manufacturers in Japan
- Rise in sales of equipment and materials for electronics
- Increase in sales of dry ice
- [-] · Reactionary decrease resulting from a large engineering project

■ Operating profit +2.2 billion yen

- [+] · Increase in sales of equipment and materials for electronics
- Rise in gas sales following recovery of demand from manufacturers in Japan
- Increase in sales of dry ice
- Rise in gas supply in India

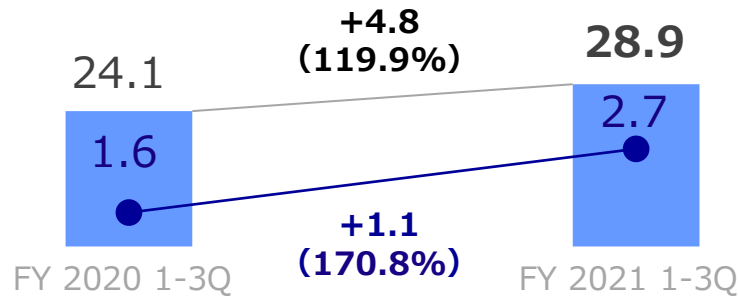
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease	YoY
Gas	79.7	90.1	+10.3	112.9%
Equipment, construction and others	42.7	39.3	▲3.4	92.1%
Overseas	11.6	12.5	+ 0.9	107.7%
Total	134.1	141.9	+ 7.9	105.9%

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +4.8 billion yen

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

■ Operating profit +1.1 billion yen

- [+] · Increase in sales of naphthoquinone for agricultural chemicals
- Increase in sales of functional chemicals for electronic materials
 - Increase in sales of sodium acetate for foods
 - Increase in sales of precision polishing pads

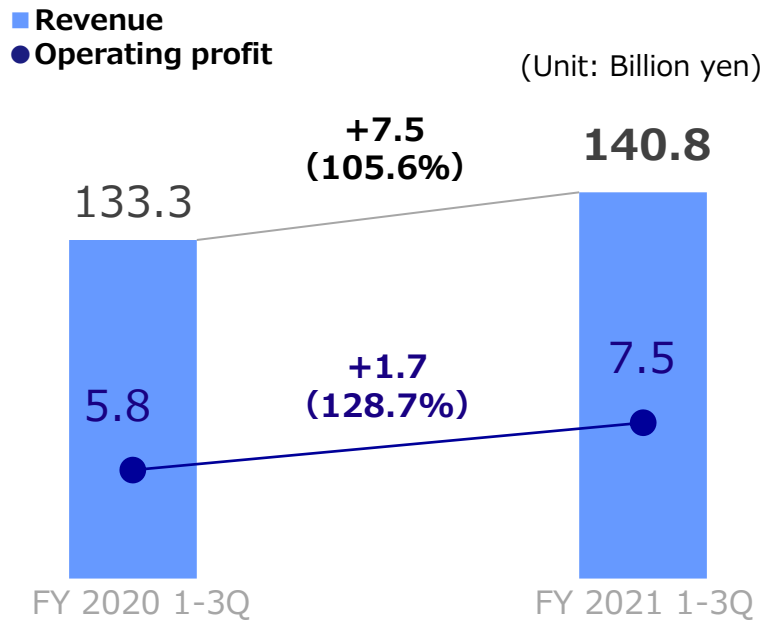
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	YoY
AWPC ^{*1}	19.6	23.5	+3.9	119.8%
Others ^{*2}	4.5	5.4	+0.9	120.2%
Total	24.1	28.9	+4.8	119.9%

*1 Represents revenue of Air Water Performance Chemical Inc. (AWPC). AWPC was established on October 1, 2021. On the same date, it integrate Air Water Inc.'s Electronic Material Development Division, Kawasaki Kasei Chemicals Ltd. and Daito Chemical Co., Ltd. For the fiscal year ended March 31,

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



Main increase/decrease factors

■ Revenue + 7.5 billion yen

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

■ Operating profit + 1.7 billion yen

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

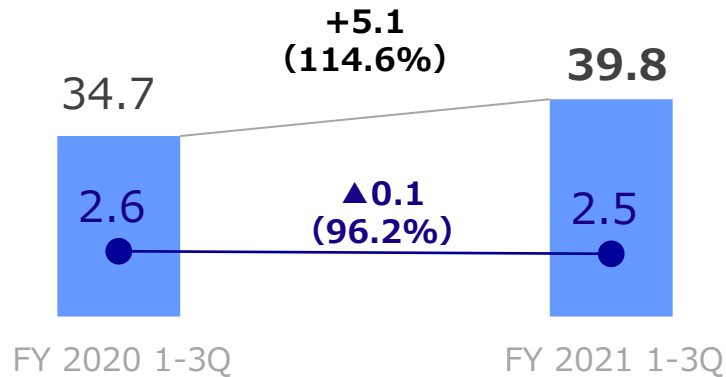
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease	YoY
Hospital facilities	17.0	19.3	+2.3	113.6%
Medical treatment services	57.2	57.8	+0.6	101.1%
Medical gas	6.2	6.7	+0.5	108.3%
Medical equipment	7.0	6.8	▲0.2	97.6%
Home medical care	7.4	8.7	+1.3	117.3%
Hygiene products	23.3	22.2	▲1.1	95.2%
Other	15.3	19.3	+4.0	126.5%
Total	133.3	140.8	+7.5	105.6%

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +5.1 billion yen

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

■ Operating profit ▲0.1 billion yen

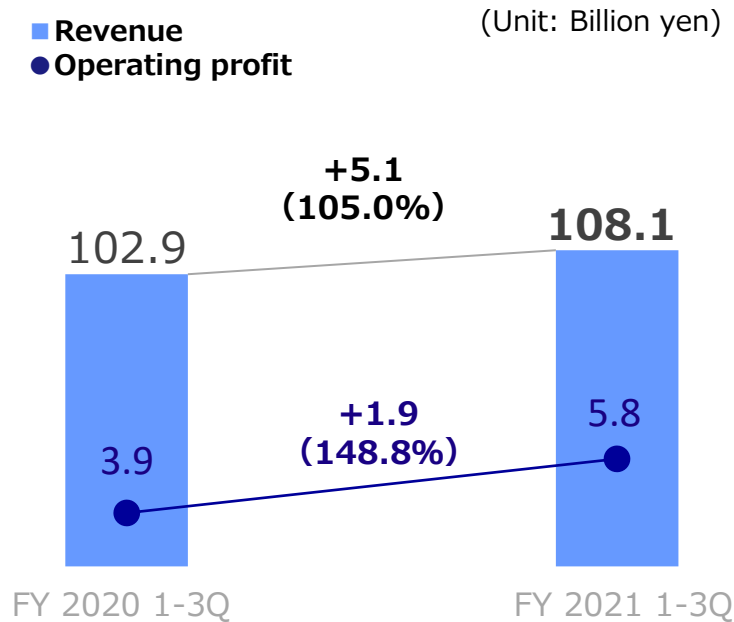
- [-] · Shrinkage of stay-at-home demands for LP gas for household use
- [+] · Increase in sales and constructions of energy-related equipment

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	YoY
LP gas	34.1	39.0	+4.9	114.3%
Natural gas-related	0.6	0.8	+0.2	127.9%
Total	34.7	39.8	+5.1	114.6%

Agriculture & Food Products Business: Revenue and operating profit



Main increase/decrease factors

■ Revenue +5.1 billion yen

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

■ Operating profit +1.9 billion yen

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

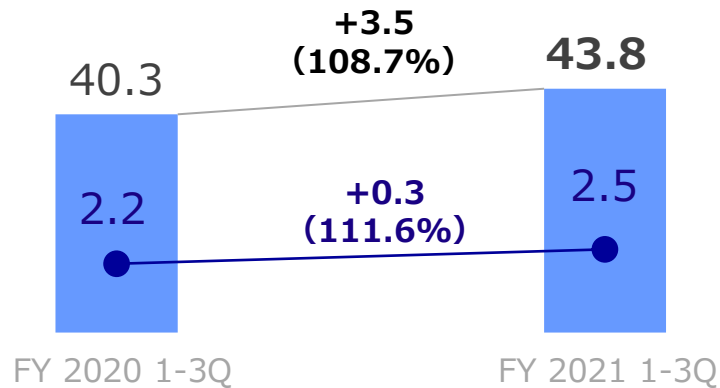
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	YoY
Farm products and food processing	44.7	47.3	+2.5	105.6%
Beverage	36.5	38.9	+2.5	106.7%
Other	21.7	21.9	+0.2	100.7%
Total	102.9	108.1	+5.1	105.0%

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +3.5 billion yen

- [+] · Rise in trunk line transport volume for B2B logistics and online sales
- Increase in volume of shipments of low-temperature logistics for supermarkets

■ Operating profit +0.3 billion yen

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

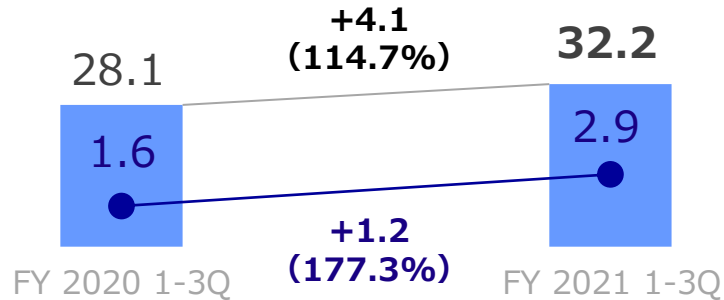
■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease	YoY
Transport	18.2	21.3	+3.1	116.9%
3PL	17.8	18.2	+0.5	102.6%
Vehicle body manufacturing	4.3	4.2	▲0.0	99.3%
Total	40.3	43.8	+3.5	108.7%

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +4.1 billion yen

- [+] · Ako No.2 Biomass Power Plant began operating
- Rise in sales of electro-melting magnesia for heaters, ceramic products and others

■ Operating profit +1.2 billion yen

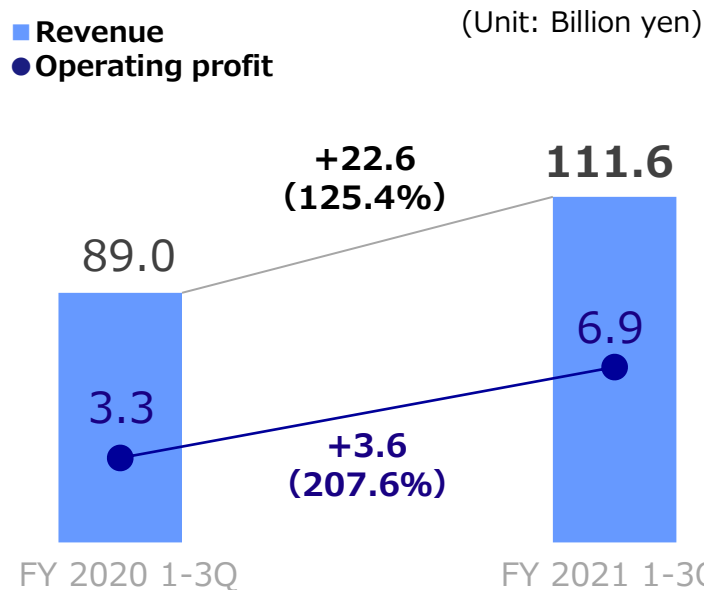
- [+] · Ako No.2 Biomass Power Plant began operating
- Rise in sales of electro-melting magnesia for heaters, ceramic products and others

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease	YoY
Salt-related	22.2	25.7	+3.5	115.8%
Magnesia	5.9	6.5	+0.6	110.6%
Total	28.1	32.2	+4.1	114.7%

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



Main increase/decrease factors

■ Revenue +22.6 billion yen

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

■ Operating profit +3.6 billion yen

- [+] · Inauguration of the Onahama Power Plant in April 2021
- Increase in sales of sealing materials for semiconductor manufacturing devices
 - Increase in sales of electronic materials for in-vehicle applications
 - Rise in sales of industrial gas equipment in North America

■ Revenue by sub-segment

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease	YoY
Aerosol	15.1	15.9	+0.9	105.7%
Information and electronics materials	28.8	34.0	+5.3	118.3%
Overseas engineering	16.5	19.8	+3.3	120.2%
Electricity	9.4	20.1	+10.7	213.8%
Other	19.3	21.8	+2.5	113.0%
Total	89.0	111.6	+22.6	125.4%

Consolidated statement of financial position

(Unit: Billion yen)

	End of March 2021	End of December 2021	Increase/decrease	
			Amount	YoY
Current assets	335.8	367.2	31.4	109.4%
Non-current assets	591.1	634.1	43.0	107.3%
Total assets	926.8	1,001.2	74.4	108.0%
Current liabilities	239.1	256.9	17.8	107.4%
Non-current liabilities	315.3	340.2	24.9	107.9%
Total liabilities	554.4	597.1	42.7	107.7%
Total equity	372.4	404.1	31.7	108.5%
Total liabilities and equity	926.8	1,001.2	74.4	108.0%
Equity attributable to owners of the parent	357.8	381.6		
Interest-bearing liabilities	337.8	376.9		
Equity ratio attributable to owners of the parent	38.6%	38.1%		
Net D/E ratio *	0.82	0.85		

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

(Unit: Billion yen)

		FY 2020 1-3Q	FY 2021 1-3Q	Increase/ decrease
Operating cash flows	[(1)]	47.1	46.6	▲0.5
Investment cash flows	[(2)]	▲41.5	▲36.1	+5.5
Financial cash flows	[(3)]	▲5.2	▲5.4	▲0.2
Total cash flows [(1)+(2)+(3)]		0.4	5.2	+4.8
Cash and cash equivalents at the end of the quarter		43.3	52.6	+9.4
Free cash flows [(1)+(2)]		5.6	10.5	+5.0

Fiscal Year 2021 Full-Year Financial Results forecast

There is no change from the revised forecast announced on November 5.

(Unit: Billion yen)

	Full year for FY2021			
	FY2020 (Result)	FY2021 (Initial Forecast)	Increase/decrease	
			Amount	YoY
Revenue	806.6	890.0	+83.4	110.3%
Operating profit	51.2	65.0	+13.8	126.9%
Profit before income taxes	49.7	64.0	+14.3	128.9%
Profit attributable to owners of the parent	27.4	43.0	+15.6	157.1%
Operating profit margin	6.4%	7.3%	+0.9pt	—
Basic net earnings per share for the quarter	120.98yen	190.13yen		
ROE ※1	7.9%	11.5%		
Equity ratio attributable to owners of the parent	38.6%	38.9%		
Net D/E ratio ※2	0.82	0.85		

※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”

FiscalYear2021Full-yearfinancialresultsforecast

By segments

		FY2020 full year	FY2021 full year	Increase/decrease		FY2021 full year	
		Results	① Revised forecast	Amount	YoY	② FY 2021 1-3Q	①-②
Industrial Gases	Revenue	185.6	196.0	+10.4	105.6%	141.9	54.1
	Operating profit	20.9	22.7	+1.8	108.8%	15.9	6.8
Chemical	Revenue	33.4	38.0	+4.6	113.9%	28.9	9.1
	Operating profit	2.0	3.0	+1.0	150.6%	2.7	0.3
Medical	Revenue	186.4	198.0	+11.6	106.2%	140.8	57.2
	Operating profit	10.5	12.2	+1.7	116.1%	7.5	4.7
Energy	Revenue	53.1	59.0	+5.9	111.1%	39.8	19.2
	Operating profit	4.6	4.7	+0.1	103.1%	2.5	2.2
Agriculture & Food Products	Revenue	132.6	144.0	+11.4	108.6%	108.1	35.9
	Operating profit	4.0	6.5	+2.5	161.3%	5.8	0.7
Logistics	Revenue	53.3	58.0	+4.7	108.8%	43.8	14.2
	Operating profit	2.8	3.2	+0.4	113.0%	2.5	0.7
Seawater	Revenue	41.0	46.0	+5.0	112.3%	32.2	13.8
	Operating profit	3.1	3.8	+0.7	123.3%	2.9	0.9
Other <small>(sol, information electronics materials, overseas engineering and others)</small>	Revenue	121.3	151.0	+29.7	124.4%	111.6	39.4
	Operating profit	4.9	9.9	+5.0	204.0%	6.9	3.0
(Adjustment)	Operating profit	▲1.5	▲1.0	+0.5	—	2.9	▲3.9
Total	Revenue	806.6	890.0	+83.4	110.3%	647.0	243.0
	Operating profit	51.2	65.0	+13.8	126.9%	49.6	15.4

Supplementary Material

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

(Unit: Billion yen)

		FY2019 1-3Q	FY2021 1-3Q	Increase/decrease	
				Amount	YoY
Industrial gas	Revenue	138.0	141.9	+3.9	102.8%
	Operating profit	14.1	15.9	+1.8	112.9%
Chemical	Revenue	18.7	28.9	+10.1	154.2%
	Operating profit	2.4	2.7	+0.3	113.5%
Medical	Revenue	135.5	140.8	+5.3	103.9%
	Operating profit	5.9	7.5	+1.6	127.1%
Energy	Revenue	35.1	39.8	+4.7	113.4%
	Operating profit	2.1	2.5	+0.4	117.1%
Agriculture & Food	Revenue	107.2	108.1	+0.9	100.8%
	Operating profit	3.6	5.8	+2.2	161.5%
Logistics	Revenue	38.0	43.8	+5.7	115.1%
	Operating profit	1.9	2.5	+0.6	133.1%
Seawater	Revenue	28.8	32.2	+3.4	111.9%
	Operating profit	2.1	2.9	+0.8	136.6%
Other	Revenue	90.7	111.6	+20.9	123.0%
	Operating profit	5.0	6.9	+1.9	138.0%
Adjustment	Operating profit	1.7	2.9	+1.2	167.9%
Total	Revenue	592.1	647.0	+54.9	109.3%
	Operating profit	38.8	49.6	+10.8	127.7%

Number of consolidated companies

	End of March 2021	End of December 2021	Increase/decrease
Consolidated subsidiaries*	124	121	Increase of 12 companies Decrease of 15 companies
Equity method affiliates	14	12	Decrease of 2 companies
Total	138	133	Increase of 12 companies Decrease of 17 companies

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

Major newly consolidated companies for fiscal year 2021

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

(Reference) Major newly consolidated companies for fiscal year 2020

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

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

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
	Amount	Amount	Amount	YoY
Oxygen	16.1	19.5	+3.4	121.1%
Nitrogen	22.5	23.5	+1.1	104.7%
Argon	8.8	9.5	+0.7	107.7%
Carbon dioxide	15.4	17.3	+1.9	112.6%
Hydrogen	3.2	3.9	+0.8	123.6%
Helium	1.8	2.0	+0.1	106.2%
Other gases	12.0	14.3	+2.4	119.8%
Industrial gas total	79.7	90.1	+10.3	112.9%
LP gas	17.2	20.9	+3.7	121.7%
Kerosene	4.8	6.2	+1.4	129.3%

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

Business profit by segment

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

(Unit: Billion yen)

	FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
			Amount	YoY
Industrial gas	12.7	15.0	+2.3	118.0%
Chemical	1.4	2.8	+1.4	195.7%
Medical	5.1	6.9	+1.8	135.0%
Energy	2.0	2.1	+0.1	102.6%
Agriculture & Food	3.3	5.0	+1.6	148.2%
Logistics	2.0	2.2	+0.2	111.6%
Seawater	1.4	2.8	+1.3	192.8%
Other	2.9	6.2	+3.3	212.0%
Adjustment	2.8	3.1	+0.3	110.5%
Total	33.8	46.1	+12.3	136.2%

Regional business companies: Revenue and operating profit

(Unit: Billion yen)

		FY 2020 1-3Q	FY 2021 1-3Q	Increase/decrease	
				Amount	YoY
Air Water Hokkaido	Revenue	38.5	42.3	+3.8	109.9%
	Operating profit	2.6	2.4	▲0.2	93.0%
Air Water East Japan	Revenue	44.0	48.4	+4.4	110.1%
	Operating profit	3.3	3.6	+0.3	107.9%
Air Water West Japan	Revenue	35.0	39.4	+4.5	112.8%
	Operating profit	3.1	3.3	+0.1	104.5%
Total	Revenue	117.4	130.1	+12.7	110.8%
	Operating profit	9.0	9.2	+0.2	102.4%

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

* Results of FY 2020 1-3Q represent following figures.

Air Water Hokkaido: The 20.3Q result of Hokkaido Air Water

Air Water East Japan: The simple sum of 20.3Q result of Tohoku Air Water, Kanto Air Water, Koshinetsu Air Water and Chubu Air Water

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

Meeting society's needs with nature's blessings.



AIR WATER INC.