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Fiscal year 2022 First Quarter

**Financial Results  
Explanatory Materials**

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Meeting society's needs with nature's blessings.



***AIR WATER***

August 4, 2022

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## Notes

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- 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).

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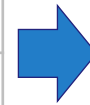
# **First Quarter Financial Results for Fiscal Year 2022**

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# Main points of the first quarter financial results

(Unit: Billion yen)	2022.1Q	YoY
<b>Revenue</b>	<b>224.7</b>	108.9%
<b>Operating profit</b>	<b>13.0</b>	80.6%
<b>Profit attributable to owners of parent</b>	<b>8.1</b>	75.9%



**Despite rigid price revisions following rises in fuel and material prices, the swelling costs in the electric power business had a major adverse impact.**

## ■ Revenue

- **Revenue surged in all segments**, after expansion of the electronics business and medical services business and price changes in response to surging fuel and material prices.

## ■ Operating profit

- Operating profit grew in Health & Safety and in Agriculture & Foods on the basis of solid demand.
- However, the electric power business was heavily hit by the rise in marine transport costs of palm kernel shells (PKS) used as power generation fuel.
- **In total, operating profit was down** due to temporary factors, such as the exclusion of the subsidiary in India after cancellation of the joint venture agreement and the unscheduled Suspension of a woody biomass power plant.

# Consolidated income statement



(Unit: Billion yen)	2021.1Q	2022.1Q	Increase/decrease	
			Amount	YoY
<b>Revenue</b>	206.4	<b>224.7</b>	+18.3	108.9%
Cost of sales	▲158.5	▲177.1	▲18.7	
<b>Gross profit</b>	47.9	<b>47.6</b>	▲0.3	99.3%
Selling, general and administrative expenses	▲33.7	▲35.9	▲2.2	
Other operating income and expenses	1.2	<b>0.6</b>	▲0.6	
Share of profit of investments accounted for using the equity method	0.6	<b>0.6</b>	+0.0	
<b>Operating profit</b>	16.1	<b>13.0</b>	▲3.1	80.6%
Finance income and costs	▲0.0	▲0.3	▲0.3	
<b>Quarterly profit before income taxes</b>	16.1	<b>12.7</b>	▲3.4	78.7%
Income taxes	▲4.6	▲4.2	+0.4	
Quarterly loss from discontinued operations	▲0.0	▲0.0	+0.0	
<b>Quarterly profit</b>	11.5	<b>8.5</b>	▲3.1	73.4%
<b>Owners of parent</b>	10.7	<b>8.1</b>	▲2.6	75.9%
Non-controlling interests	0.9	<b>0.4</b>	▲0.5	
<b>Operating profit margin</b>	7.8%	<b>5.8%</b>		
<b>ROE *1</b>	3.0%	<b>2.0%</b>		
<b>Basic net earnings per share for the quarter *2</b>	47.18 yen	<b>35.69 yen</b>		

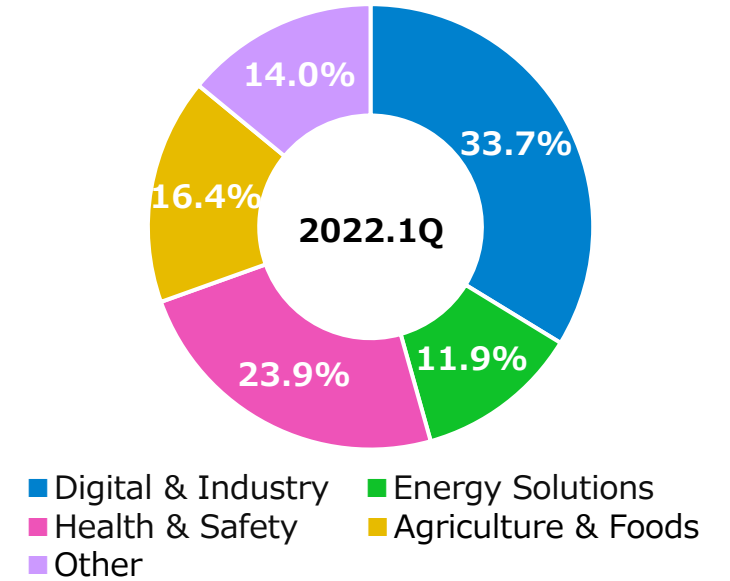
\*1 "Profit for the period attributable to owners of the parent" ÷ "Equity attributable to owners of the parent" (The average between the beginning and the end of the quarter)

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

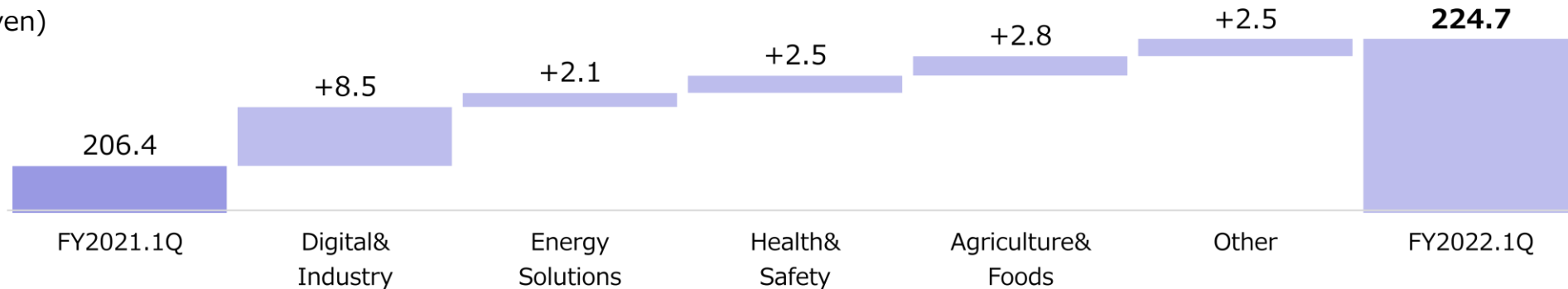
# Revenue by segment

(Unit: Billion yen)	2021.1Q	2022.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	67.3	<b>75.8</b>	+8.5	112.6%
Energy Solutions	24.7	<b>26.8</b>	+2.1	108.3%
Health & Safety	51.2	<b>53.7</b>	+2.5	104.9%
Agriculture & Foods	34.1	<b>36.9</b>	+2.8	108.1%
Other	29.0	<b>31.6</b>	+2.5	108.7%
<b>Total</b>	206.4	<b>224.7</b>	+18.3	108.9%

**Revenue composition ratio by segment**



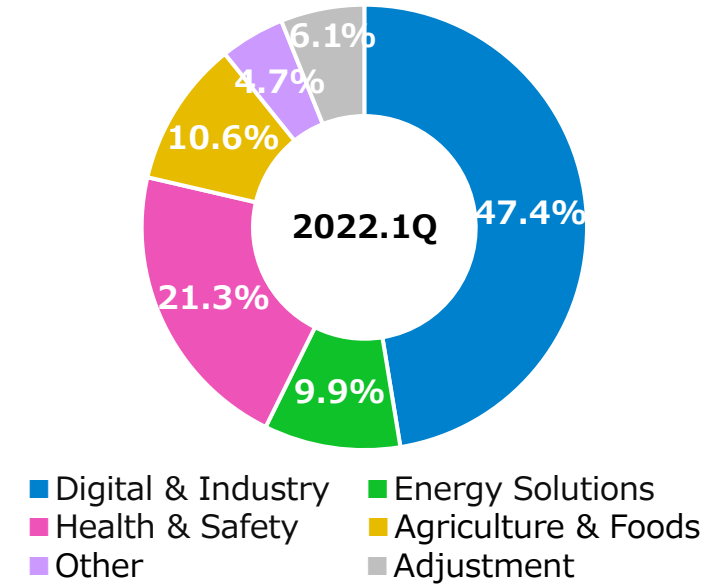
(Unit: Billion yen)



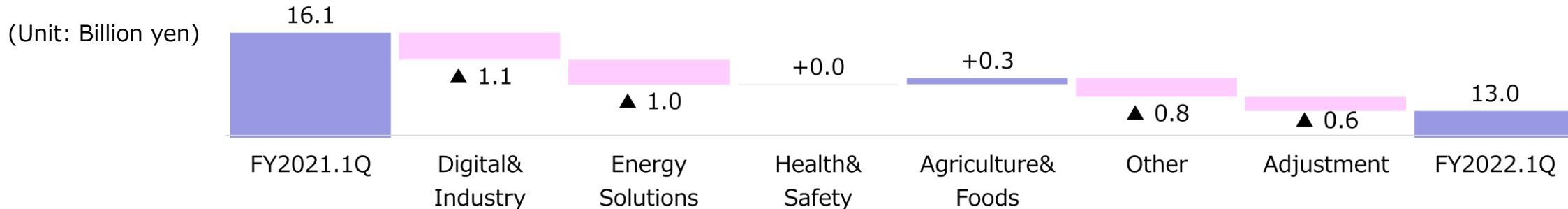
# Operating profit by segment

(Unit: Billion yen)	2021.1Q	2022.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	7.2	<b>6.2</b>	▲1.1	85.1%
Energy Solutions	2.3	<b>1.3</b>	▲1.0	56.1%
Health & Safety	2.7	<b>2.8</b>	+0.0	100.7%
Agriculture & Foods	1.1	<b>1.4</b>	+0.3	122.7%
Other	1.4	<b>0.6</b>	▲0.8	44.7%
Adjustment*	1.4	<b>0.8</b>	▲0.6	58.3%
<b>Total</b>	<b>16.1</b>	<b>13.0</b>	<b>▲3.1</b>	<b>80.6%</b>

Operating profit composition ratio by segment

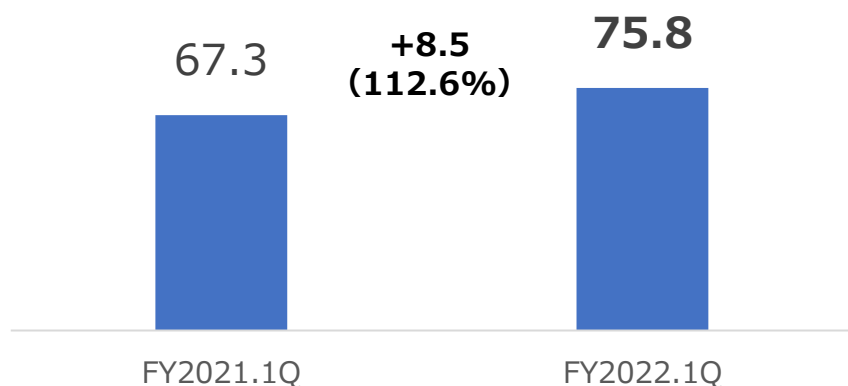


\* Adjustment: Elimination of intersegment transactions and profit or loss of the Company's Head Office divisions that are not allocated to each reporting segment.



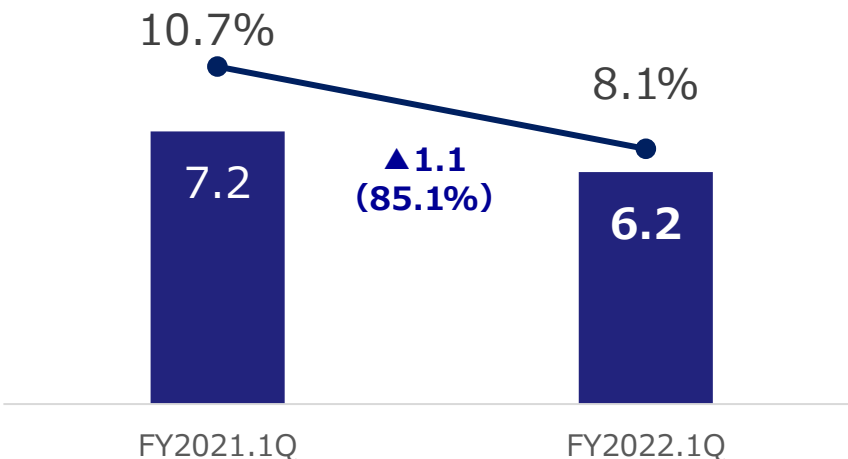
# Digital & Industry Revenue and operating profit

## Revenue



## Operating profit

### Operating profit margin



## Main increase/decrease factors

### Revenue +8.5 billion yen

- 【+】
  - Rise in sales of equipment and materials for electronics
  - Price revision of industrial gases
  - Increase in per-customer sales of on-site gas supply services for steel manufacturers
- 【-】
  - Effect of new consolidation of Hokuei Co., Ltd.
  - Exclusion of the subsidiary in India after cancellation of the joint venture agreement

### Operating profit ▲1.1 billion yen

- 【+】
  - Rise in sales of equipment and materials for electronics
- 【-】
  - Exclusion of the subsidiary in India after cancellation of the joint venture agreement
  - Increase in electricity costs

## Revenue by Unit

(Unit: Billion yen)

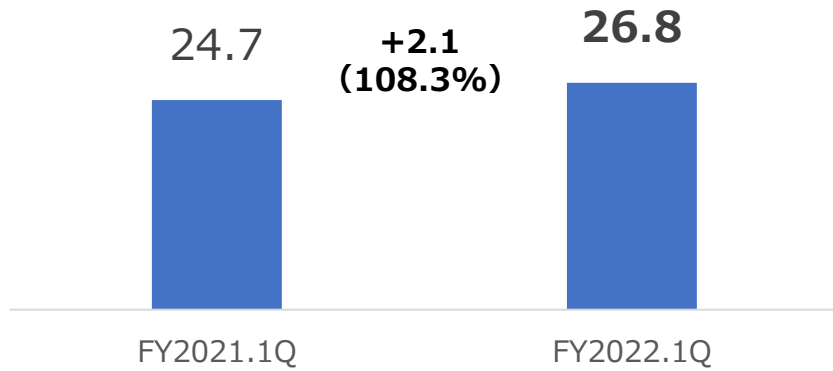
	2021.1Q	2022.1Q	Increase/decrease	YoY
Electronics	19.1	<b>21.6</b>	+2.5	113.1%
Functional Materials	16.2	<b>17.1</b>	+0.9	105.5%
Industrial Gases	27.4	<b>32.6</b>	+5.2	119.0%
Global & Engineering	4.6	<b>4.5</b>	▲0.1	97.4%
<b>Total</b>	<b>67.3</b>	<b>75.8</b>	<b>+8.5</b>	<b>112.6%</b>





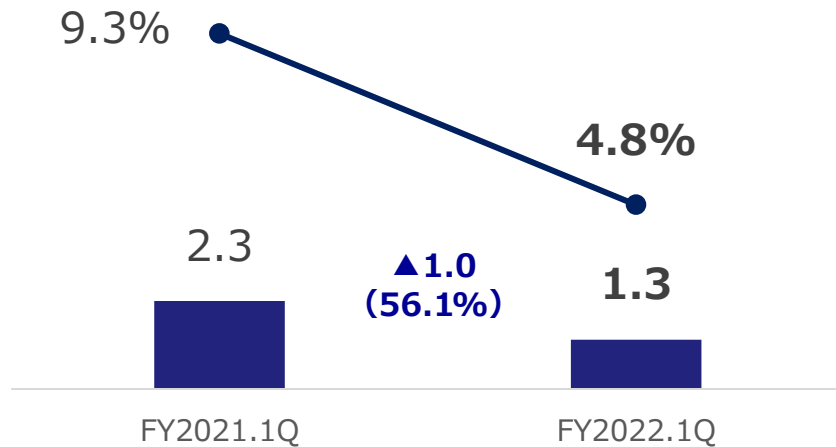
# Energy Solutions Revenue and operating profit

## ■ Revenue



## ■ Operating profit

## ● Operating profit margin



### Main increase/decrease factors

**Revenue +2.1 billion yen**

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

**Operating profit ▲1.0 billion yen**

- 【-】 Unscheduled suspension of the Onahama Power Plant for reason of equipment failure
- Hike in costs for marine transport of power generation fuels (PKS)

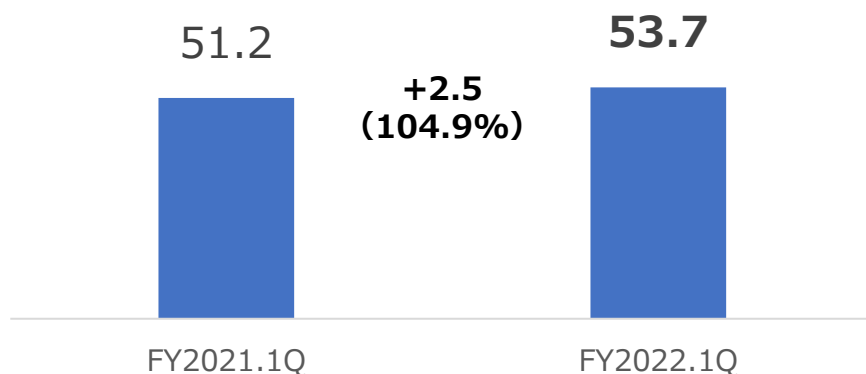
## ■ Revenue by Unit

(Unit: Billion yen)	2021.1Q	2022.1Q	Increase/decrease	YoY
Energy	19.8	<b>21.7</b>	+2.0	109.9%
Resources Recycling	5.0	<b>5.1</b>	+0.1	102.0%
<b>Total</b>	<b>24.7</b>	<b>26.8</b>	<b>+2.1</b>	<b>108.3%</b>



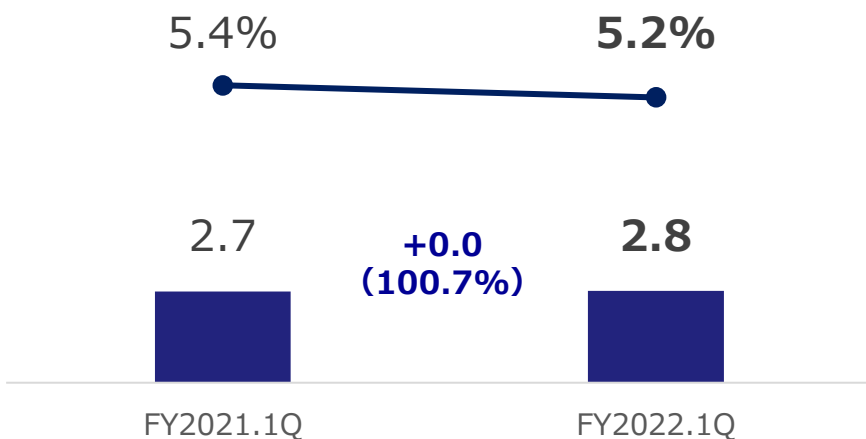
# Health & Safety Revenue and operating profit

## Revenue



## Operating profit

## Operating profit margin



## Main increase/decrease factors

### Revenue +2.5 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
  - Sales growth of dental materials

### Operating profit +0.0 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

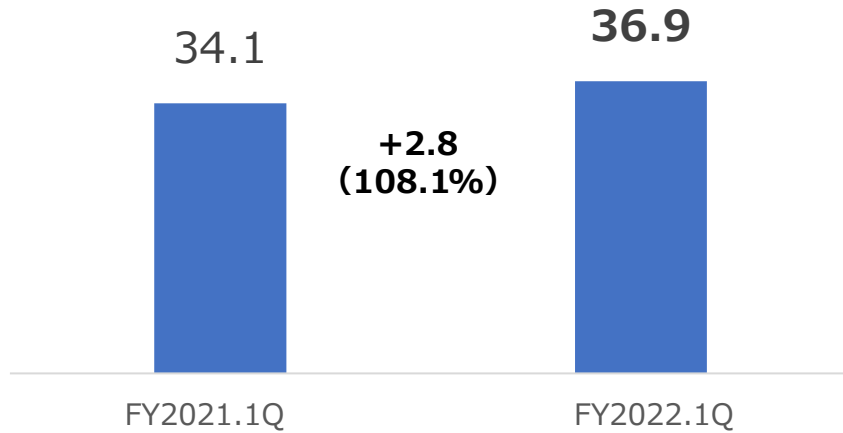
(Unit: Billion yen)

	2021.1Q	2022.1Q	Increase/decrease	YoY
Medical Services	15.1	<b>17.5</b>	+2.4	116.2%
Consumer Health	15.3	<b>15.3</b>	▲0.0	99.7%
Medical Products	16.1	<b>15.5</b>	▲0.6	96.4%
Safety Services	4.7	<b>5.4</b>	+0.7	114.3%
<b>Total</b>	<b>51.2</b>	<b>53.7</b>	<b>+2.5</b>	<b>104.9%</b>

# Agriculture & Foods Revenue and operating profit

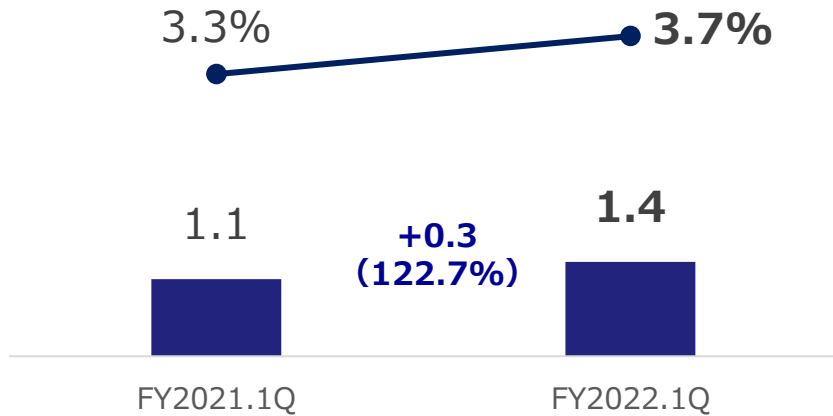


## Revenue



## Operating profit

### Operating profit margin



### Main increase/decrease factors

**Revenue +2.8 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 +0.3 billion yen**

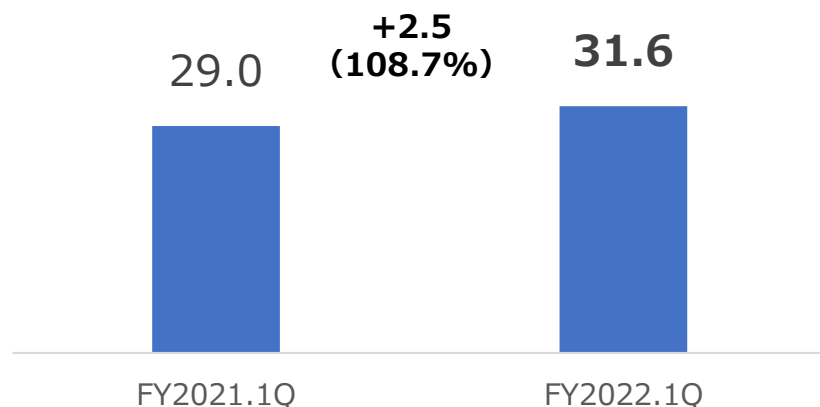
- 【+】 Effect of new consolidation of Plus Co., Ltd.
- 【+】 Sales in ham and deli areas after recovery of demand for commercial use

## Revenue by Unit

(Unit: Billion yen)	2021.1Q	2022.1Q	Increase/decrease	YoY
Foods	30.9	<b>31.7</b>	+0.8	102.5%
Agriculture	3.2	<b>5.2</b>	+2.0	162.5%
<b>Total</b>	<b>34.1</b>	<b>36.9</b>	<b>+2.8</b>	<b>108.1%</b>

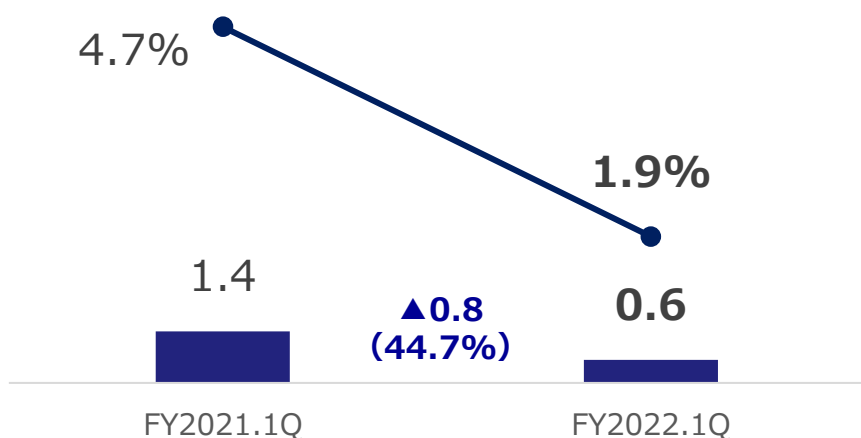
# Other Revenue and operating profit

## Revenue



## Operating profit

## Operating profit margin



## Main increase/decrease factors

### Revenue +2.5 billion yen

- 【+】
- Rise in freight volume in the logistics business
  - Sales hike of gas equipment in the industrial gas business in North America

### Operating profit ▲0.8 billion yen

- 【-】
- Rise in cost of marine transport for fuels for biomass power generation by Nihonkaisui Co., Ltd.
  - Hike in raw material costs in the industrial gas business in North America
  - Delay in progress of construction in the high- power UPS business

## Revenue by Unit

(Unit: Billion yen)

	2021.1Q	2022.1Q	Increase/decrease	YoY
Logistics	13.6	<b>15.0</b>	+1.4	110.5%
Nihonkaisui Co., Ltd.	8.1	<b>8.4</b>	+0.3	104.0%
North America & Industrial Gases/High Power UPS	5.8	<b>6.4</b>	+0.6	110.9%
Other	1.5	<b>1.7</b>	+0.2	109.8%
<b>Total</b>	<b>29.0</b>	<b>31.6</b>	<b>+2.5</b>	<b>108.7%</b>

# Consolidated statement of financial position

(Unit: Billion yen)		End of March 2022	End of June 2022	Increase/decrease	
				Amount	YoY
	Current assets	376.9	<b>388.9</b>	+12.0	103.2%
	Non-current assets	645.1	<b>651.3</b>	+6.2	101.0%
	<b>Total assets</b>	<b>1,022.0</b>	<b>1,040.2</b>	<b>+18.1</b>	<b>101.8%</b>
	Current liabilities	263.0	<b>261.6</b>	▲1.5	99.4%
	Non-current liabilities	339.1	<b>348.9</b>	+9.8	102.9%
	<b>Total liabilities</b>	<b>602.2</b>	<b>610.5</b>	<b>+8.3</b>	<b>101.4%</b>
	<b>Total equity</b>	<b>419.9</b>	<b>429.7</b>	<b>+9.8</b>	<b>102.3%</b>
<b>Total liabilities and equity</b>		<b>1,022.0</b>	<b>1,040.2</b>	<b>+18.1</b>	<b>101.8%</b>
Equity attributable to owners of the parent		395.1	<b>403.9</b>		
Interest-bearing liabilities		373.7	<b>384.4</b>		
Equity ratio attributable to owners of the parent		38.7%	<b>38.8%</b>		
Net D/E ratio*		0.80	<b>0.79</b>		

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

# Cash flow status



(Unit: Billion yen)		2021.1Q	2022.1Q	Increase/ decrease
Operating cash flows	[(1)]	13.7	<b>10.9</b>	▲2.9
Investment cash flows	[(2)]	▲12.0	<b>▲11.1</b>	+0.9
Financial cash flows	[(3)]	▲6.0	<b>3.0</b>	+9.0
Total cash flows	[(1)+(2)+(3)]	▲4.3	<b>2.7</b>	+7.0
Cash and cash equivalents at the end of the quarter		43.0	<b>63.7</b>	+20.7
Free cash flows	[(1)+(2)]	1.7	<b>▲0.2</b>	▲2.0

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# **Fiscal Year 2022 Full-Year Financial Results forecast**

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# Fiscal Year 2022 Full-Year Financial Results forecast



There is no change from the revised forecast announced on May 12.

(Unit: Billion yen)	FY2021 Full year Result	FY2022 Full year Forecast	Increase/decrease	
			Amount	YoY
Revenue	888.7	<b>1,000.0</b>	+111.3	112.5%
Operating profit	65.2	<b>70.0</b>	+4.8	107.4%
Profit before income taxes	64.2	<b>68.0</b>	+3.8	105.9%
Profit attributable to owners of the parent	43.2	<b>44.0</b>	+0.8	101.8%
Interest-bearing liabilities	373.7	<b>413.2</b>	+39.4	110.5%
Equity attributable to owners of the parent	395.1	<b>427.5</b>	+32.4	108.2%
Total assets	1,022.0	<b>1,119.9</b>	+97.9	109.6%
Operating profit margin	7.3%	<b>7.0%</b>		
ROE <sup>*1</sup>	11.5%	<b>10.7%</b>		
Basic net earnings per share for the period <sup>*2</sup>	191.06 yen	<b>194.06 yen</b>		
Equity ratio attributable to owners of the parent	38.7%	<b>38.2%</b>		
Net D/E ratio	0.80	<b>0.84</b>		

\*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)		FY2021 Full year (Result)	FY2022 Full year (Forecast)	Increase/decrease	
				Amount	YoY
Digital & Industry	Revenue	288.8	<b>317.0</b>	+28.2	109.8%
	Operating profit	27.8	<b>30.2</b>	+2.4	108.6%
Energy Solutions	Revenue	110.5	<b>116.0</b>	+5.5	105.0%
	Operating profit	10.4	<b>10.8</b>	+0.4	103.9%
Health & Safety	Revenue	217.5	<b>257.5</b>	+40.0	118.4%
	Operating profit	13.3	<b>14.9</b>	+1.6	112.2%
Agriculture & Foods	Revenue	139.5	<b>155.2</b>	+15.7	111.3%
	Operating profit	5.7	<b>7.3</b>	+1.6	127.7%
Other	Revenue	132.4	<b>154.3</b>	+22.0	116.6%
	Operating profit	7.3	<b>8.0</b>	+0.7	109.3%
Adjustment	Operating profit	0.7	<b>▲1.2</b>	<b>▲1.9</b>	—
Total	Revenue	888.7	<b>1,000.0</b>	+111.3	112.5%
	Operating profit	65.2	<b>70.0</b>	+4.8	107.4%

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# Supplementary Material

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



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

# Number of consolidated companies

	End of March 2022	End of June 2022	Increase/decrease
Consolidated subsidiaries*	127	<b>130</b>	Increase of 5 companies Decrease of 2 companies
Equity method affiliates	12	<b>12</b>	–
Total	139	<b>142</b>	Increase of 5 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	FY2021.1Q
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.

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



(Unit: Billion yen)	FY2021.1Q	FY2022.1Q	Increase/decrease	
	Amount	Amount	Amount	YoY
Oxygen	6.1	<b>8.4</b>	+2.4	139.2%
Nitrogen	7.7	<b>7.8</b>	+0.1	101.1%
Argon	3.1	<b>3.1</b>	+0.0	100.9%
Carbon dioxide	5.0	<b>4.9</b>	▲0.1	97.7%
Hydrogen	1.2	<b>1.4</b>	+0.2	114.0%
Helium	0.7	<b>0.7</b>	+0.0	104.5%
Other gases	4.4	<b>5.3</b>	+0.9	120.3%
LP gas	7.0	<b>9.0</b>	+2.0	129.0%
Kerosene	1.8	<b>2.1</b>	+0.3	116.8%

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

# Business profit by segment

(Unit: Billion yen)	FY2021.1Q	FY2022.1Q	Increase/decrease	
			Amount	YoY
Digital & Industry	6.9	<b>5.7</b>	▲1.2	83.0%
Energy Solutions	1.8	<b>0.4</b>	▲1.4	20.3%
Health & Safety	2.6	<b>2.5</b>	▲0.1	97.6%
Agriculture & Foods	1.0	<b>1.1</b>	+0.2	117.0%
Other	1.3	<b>0.5</b>	▲0.8	37.3%
Adjustment	1.4	<b>2.2</b>	+0.7	150.4%
<b>Total</b>	<b>14.9</b>	<b>12.3</b>	<b>▲2.6</b>	<b>82.9%</b>

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

## Revenue and operating profit of Regional business companies



(Unit: Billion yen)		FY2021.1Q	FY2022.1Q	Increase/decrease	
				Amount	YoY
Air Water Hokkaido	Revenue	17.7	<b>21.7</b>	+4.1	122.9%
	Operating profit	1.2	<b>1.2</b>	▲0.0	99.2%
Air Water East Japan	Revenue	16.5	<b>19.1</b>	+2.6	115.7%
	Operating profit	1.2	<b>1.6</b>	+0.5	139.7%
Air Water West Japan	Revenue	12.3	<b>16.3</b>	+4.0	132.8%
	Operating profit	1.0	<b>1.4</b>	+0.4	142.4%
Total	Revenue	46.3	<b>56.9</b>	+10.6	122.9%
	Operating profit	3.4	<b>4.3</b>	+0.9	125.4%

\* 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. 1Q	FY2022. 1Q	Increase/decrease	
					Amount	YoY
Air Water Materials Inc.	Other (Information Electronics Materials)	Digital & Industry (Electronics)	10.1	<b>11.5</b>	+1.4	113.8%
Air Water Performance Chemical Inc.	Chemical (AWPC) *	Digital & Industry (Functional Materials)	8.1	<b>7.7</b>	▲0.4	95.3%
Tateho Chemical Industries Co., Ltd.	Seawater (Magnesia)	Digital & Industry (Functional Materials)	2.1	<b>2.2</b>	+0.1	104.2%
Air Water & Energia Power Yamaguchi Corporation Air Water & Energia Power Onahama Corporation	Other (Electricity)	Energy Solutions (Energy)	6.7	<b>6.8</b>	+0.0	100.6%
Kawamoto Corporation	Medical (Hygiene Materials)	Health & Safety (Consumer Health)	7.5	<b>7.6</b>	+0.1	100.8%
Air Water Sol Inc.	Other (sol)	Health & Safety (Consumer Health)	6.0	<b>5.8</b>	▲0.2	96.3%
Gold Pak Co., Ltd.	Agriculture & Foods (Beverages)	Agriculture & Foods (Foods)	13.2	<b>12.9</b>	▲0.3	98.1%

\*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 1Q 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***