
Fiscal year 2021 First Quarter

Financial Results

Explanatory Materials

Meeting society's needs with nature's blessings.



August 5, 2021

- Main points of the first quarter financial results/ Main points of upward revision to financial forecast.....3

First Quarter Financial Results for Fiscal Year 2021

- 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 16
- Cash flow status17

Fiscal Year 2021 Full-Year Financial Results forecast

- Financial forecasts for the first six months and for the full year.....19
- Full-year financial results forecast by segment. 20
- Main points of upward revision to full-year financial forecast by segment..... 21

Supplementary materials

- Revenue and Operating profit by segment (Year-on-year comparison to fiscal year 2019) 23
- Number of consolidated companies/major newly consolidated companies.....24
- Revenue by product in the industrial gas and energy businesses (in Japan)..... 25
- Business profit by segment..... 26
- Regional business companies: Revenue and operating profit...27

Reference Material

- Businesses and Technologies Contributing to Carbon Neutrality Projects announced for fiscal year 2021.....29

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.**
- **The company has adopted IFRS (International Financial Reporting Standards) beginning in the first quarter of fiscal year 2019.**

Main points of financial results for the first quarter of fiscal year 2021

Revenue 206.4 billion yen (114.5% year-on-year)

Operating profit 16.1 billion yen (184.8% year-on-year)

Profit attributable to owners of parent 10.7 billion yen
(239.4% year-on-year)

Capturing growth markets and progress in revenue improvement were behind the record-highs.

- As a recovery of the business environment becomes evident, structural reforms have advanced revenue improvement and resulted in a rise in revenue and profit in all businesses.
- The figures were higher than the levels for the first quarter of fiscal year 2019.

* Revenue was up 23.1 billion yen (or 112.6%), operating profit up 5.1 billion yen (or 146.9%) and profit attributable to owners of parent up 3.5 billion yen (or 149.2%) from the first quarter of fiscal year 2019.

Main points of upward revision to financial forecast

Revenue 890 billion yen (up 10 billion from initial forecast)

Operating profit 63 billion yen (up 5 billion yen from initial forecast)

Operating profit margin 7.1% (up 0.5 percentage points from initial forecast)

Profit attributable to owners of parent 41 billion yen (up 5 billion yen from initial forecast)

Surpassing the final operating profit target of 60 billion yen under the current mid-term management plan

- The upward trend of the business environment will continue in the second quarter and beyond. We will continue cultivating growth markets and improving revenue.

First Quarter Financial Results for Fiscal Year 2021

Consolidated income statement

| | 2020.1Q | 2021.1Q | Increase/decrease | |
|--|----------|-----------------|-------------------|--------|
| | | | Amount | YoY |
| Revenue | 180.3 | 206.4 | +26.1 | 114.5% |
| Cost of sales | ▲139.6 | ▲ 158.5 | ▲18.9 | |
| Gross profit | 40.7 | 47.9 | +7.3 | 117.9% |
| Selling, general and administrative expenses | ▲32.9 | ▲ 33.7 | ▲0.7 | |
| Other operating income and expenses | 0.6 | 1.2 | +0.6 | |
| Share of profit of investments accounted for using the equity method | 0.4 | 0.6 | +0.2 | |
| Operating profit | 8.7 | 16.1 | +7.4 | 184.8% |
| Finance income and costs | ▲0.3 | ▲ 0.0 | +0.3 | |
| Quarterly profit before income taxes | 8.5 | 16.1 | +7.7 | 190.5% |
| Income taxes | ▲3.2 | ▲ 4.6 | ▲1.4 | |
| Quarterly loss from discontinued operations | ▲0.0 | ▲ 0.0 | +0.0 | |
| Quarterly profit | 5.2 | 11.5 | +6.3 | 220.6% |
| Owners of parent | 4.5 | 10.7 | +6.2 | 239.4% |
| Non-controlling interests | 0.8 | 0.9 | +0.1 | |
| Operating profit margin *1 | 4.8% | 7.8% | | |
| ROE *2 | 1.3% | 3.0% | | |
| Basic net earnings per share for the quarter | 19.57yen | 47.18yen | | |

*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)

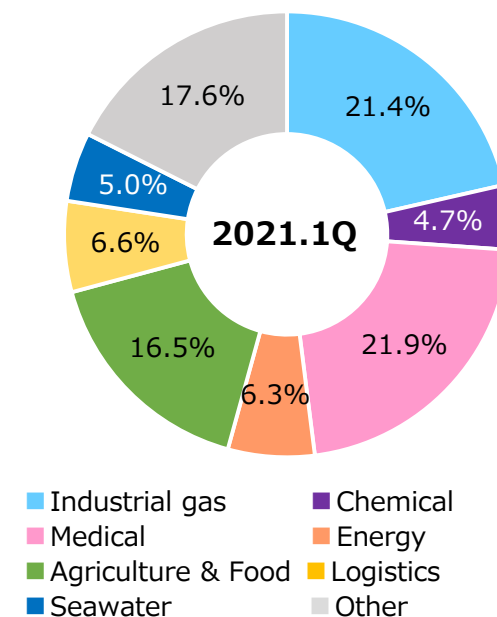
*2 Basic earnings per share for the period are calculated based on the average number of issued shares during the period.

Revenue by segment

(Unit: Billion yen)

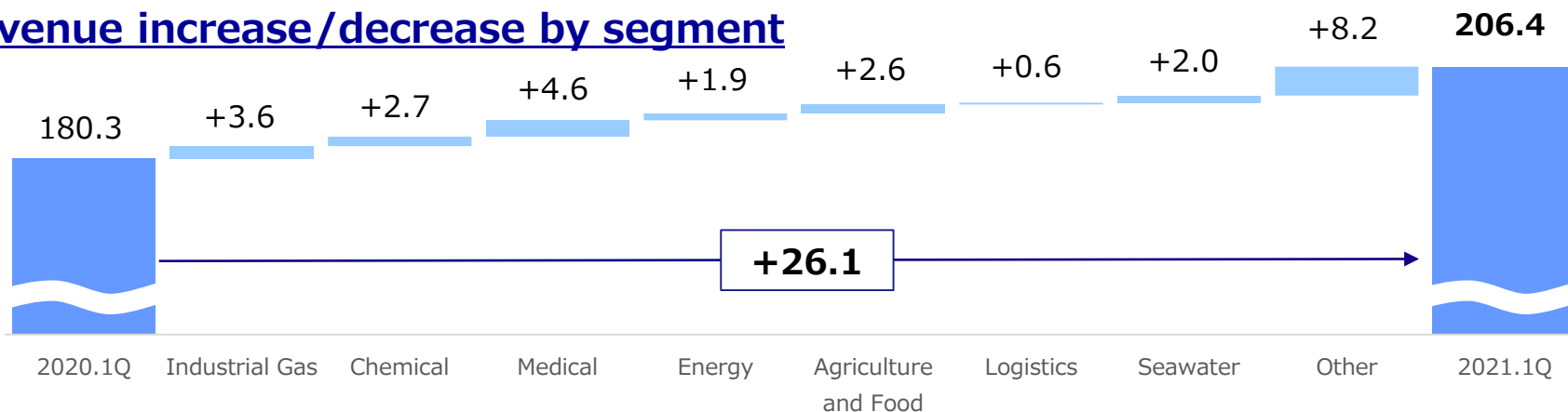
| | 2020.1Q | 2021.1Q | Increase/decrease | |
|--------------------|--------------|--------------|-------------------|---------------|
| | | | Amount | YoY |
| Industrial gas | 40.6 | 44.2 | + 3.6 | 108.9% |
| Chemical | 7.0 | 9.7 | + 2.7 | 138.3% |
| Medical | 40.6 | 45.2 | +4.6 | 111.4% |
| Energy | 11.0 | 13.0 | +1.9 | 117.5% |
| Agriculture & Food | 31.6 | 34.1 | +2.6 | 108.1% |
| Logistics | 13.0 | 13.6 | +0.6 | 104.2% |
| Seawater | 8.4 | 10.3 | +2.0 | 123.5% |
| Other | 28.1 | 36.3 | +8.2 | 129.3% |
| Total | 180.3 | 206.4 | +26.1 | 114.5% |

Revenue composition ratio by segment



Revenue increase/decrease by segment

(Unit: Billion yen)

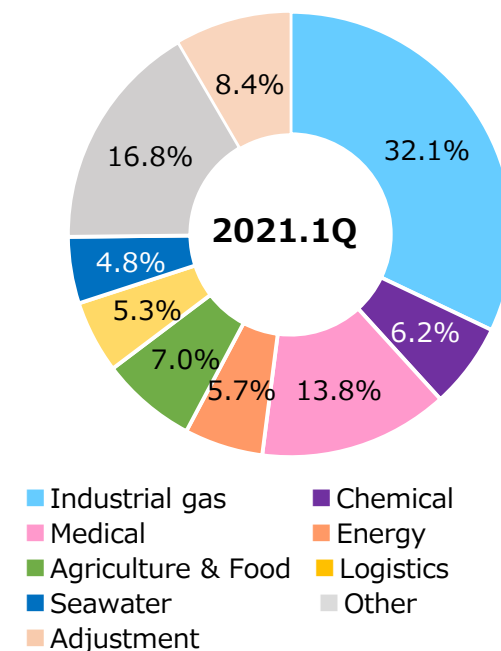


Operating profit by segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/decrease | |
|--------------------|------------|-------------|-------------------|---------------|
| | | | Amount | YoY |
| Industrial gas | 3.9 | 5.2 | +1.2 | 131.5% |
| Chemical | 0.3 | 1.0 | +0.7 | 396.0% |
| Medical | 0.8 | 2.2 | +1.5 | 291.5% |
| Energy | 0.8 | 0.9 | +0.2 | 121.0% |
| Agriculture & Food | 0.3 | 1.1 | +0.8 | 346.3% |
| Logistics | 0.7 | 0.9 | +0.2 | 128.3% |
| Seawater | 0.2 | 0.8 | +0.5 | 329.6% |
| Other | 0.7 | 2.7 | +2.0 | 380.0% |
| Adjustment* | 1.1 | 1.4 | +0.3 | 125.2% |
| Total | 8.7 | 16.1 | +7.4 | 184.8% |

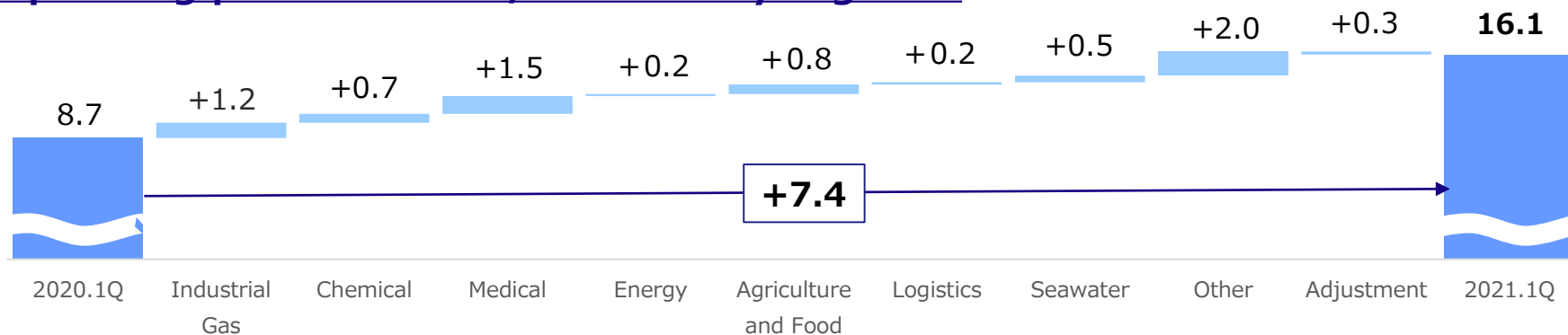
Operating profit composition ratio by segment

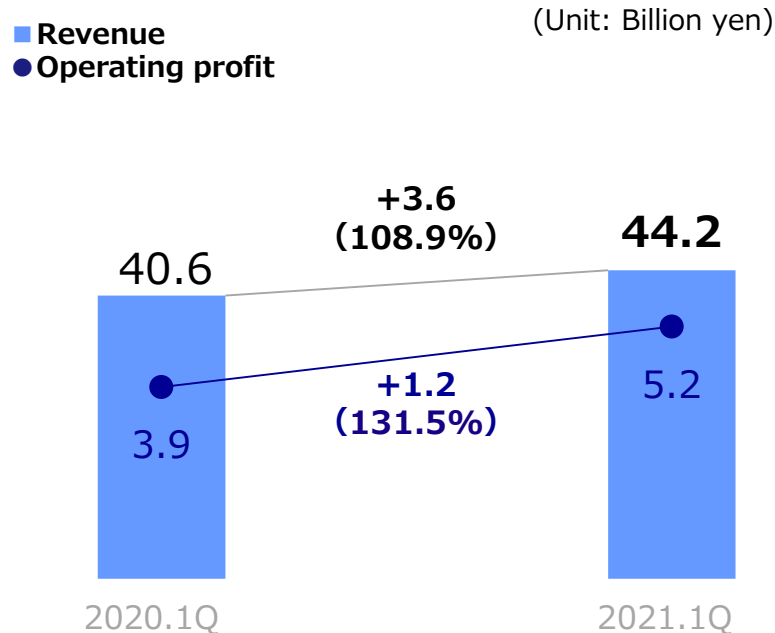


* Adjustment: Elimination of intersegment transactions and profit or loss of the company's Head Office divisions that are not allocated to each reporting segment.

Operating profit increase/decrease by segment

(Unit: Billion yen)





Main increase/decrease factors

■ Revenue +3.6 billion yen

- [+] · Rebound of tanker truck and cylinder supply services
- Rise in gas supply in India
- Increase in on-site gas supply services to steel manufacturers

■ Operating profit +1.2 billion yen

- [+] · Increase in sales of gas/equipment for electronics

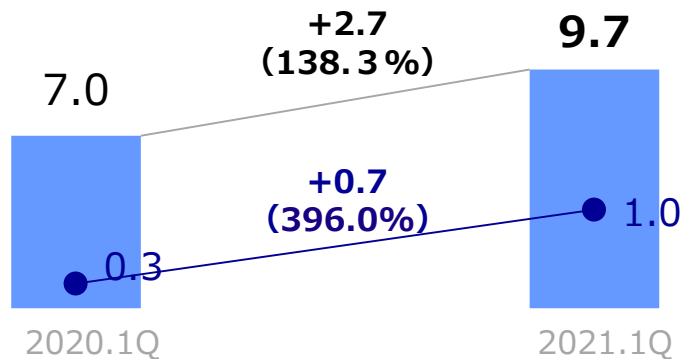
■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|---------------------------------------|-------------|-------------|-----------------------|---------------|
| Gas | 25.7 | 28.1 | + 2.4 | 109.2% |
| Equipment, construction and others | 11.6 | 11.5 | ▲0.1 | 99.3% |
| Overseas | 3.3 | 4.6 | + 1.3 | 139.9% |
| Total | 40.6 | 44.2 | + 3.6 | 108.9% |

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +2.7 billion yen

- [+] · Increase in sales of functional chemicals for electronic materials
- Recovery in sales and market for phthalic anhydride
- Growth in sales of naphthoquinone

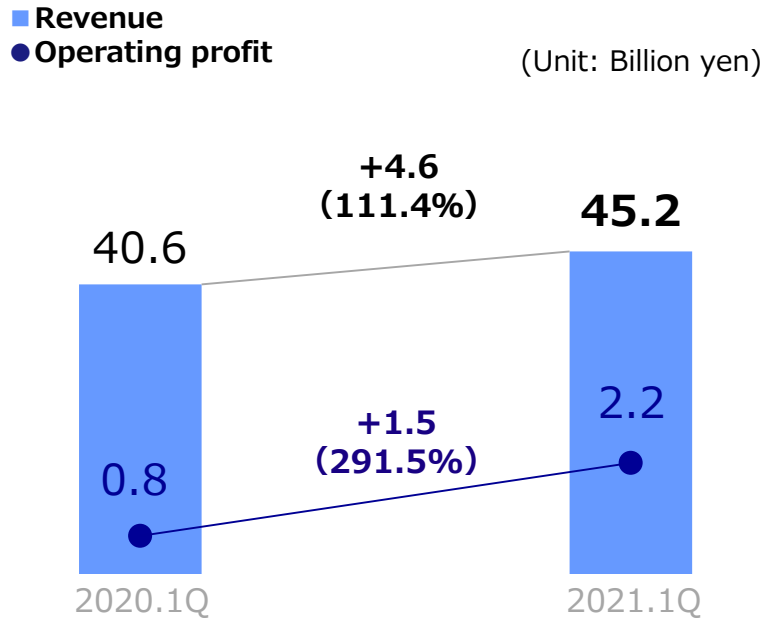
■ Operating profit +0.7 billion yen

- [+] · Increase in sales of functional chemicals for electronic materials
- Recovery in sales and market for phthalic anhydride
- Growth in sales of naphthoquinone

■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|--------------------------|---------|------------|-----------------------|--------|
| Functional chemicals | 4.6 | 6.0 | + 1.4 | 130.3% |
| Kawasaki Kasei Chemicals | 2.3 | 3.6 | + 1.3 | 154.4% |
| Total | 7.0 | 9.7 | + 2.7 | 138.3% |



Main increase/decrease factors

■ Revenue +4.6 billion yen

- [+] ·Rebound in demand for hospital facility construction, maintenance and inspections
- Rebound in demand for medical services
- Increase in sales of dental materials and syringes for vaccination

■ Operating profit +1.5 billion yen

- [+] ·Rebound in demand for hospital facility construction, maintenance and inspections
- Increase in sales of infection control products for dental clinics
- Increase in supply of medical gas
- Increase in sales of injection needle for vaccination

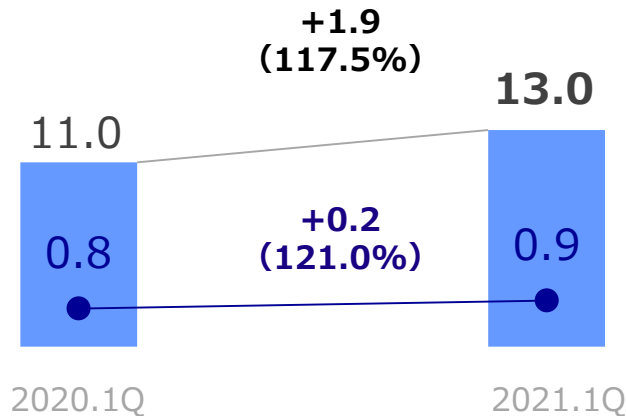
■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|----------------------------|-------------|-------------|-----------------------|---------------|
| Hospital facilities | 4.6 | 5.7 | +1.1 | 124.8% |
| Medical treatment services | 17.6 | 18.7 | +1.1 | 106.4% |
| Medical gas | 2.0 | 2.2 | +0.2 | 108.6% |
| Medical equipment | 2.0 | 2.2 | +0.1 | 107.2% |
| Home medical care | 2.4 | 2.9 | +0.5 | 121.3% |
| Hygiene products | 7.5 | 7.4 | ▲0.2 | 98.0% |
| Other | 4.5 | 6.2 | +1.7 | 137.9% |
| Total | 40.6 | 45.2 | +4.6 | 111.4% |

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +1.9 billion yen

- [+] · Rise in LPG and kerosene sales prices due to market conditions
- Increase in sales and constructions of energy-related equipment
 - Rallying demand for industrial LPG

■ Operating profit +0.2 billion yen

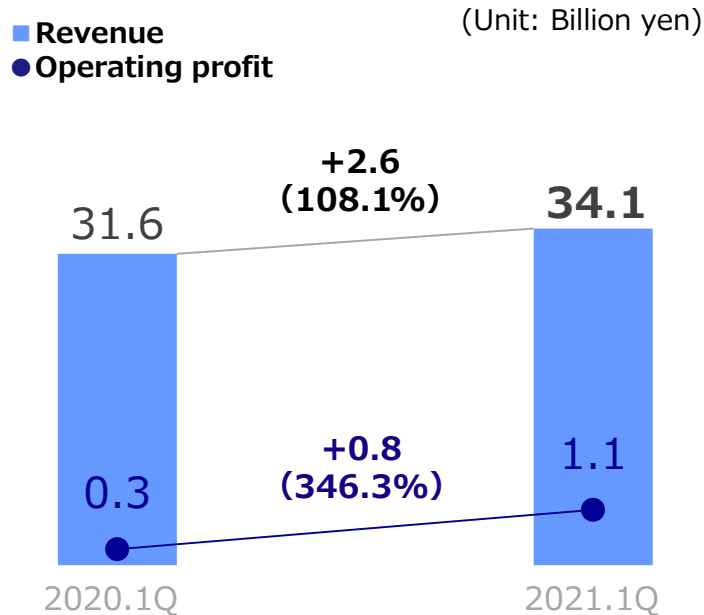
- [+] · Increase in sales and constructions of energy-related equipment

■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/decrease | YoY |
|---------------------|---------|-------------|-------------------|--------|
| LP gas | 10.8 | 12.7 | +1.9 | 117.7% |
| Natural gas-related | 0.2 | 0.2 | +0.0 | 120.7% |
| Total | 11.0 | 13.0 | +1.9 | 117.5% |

Agriculture & Food Products Business: Revenue and operating profit



Main increase/decrease factors

■ Revenue +2.6 billion yen

- [+] · Rise in contract manufacturing quantity in the beverage business
- Growing sales of farm products and food processing products for general consumers
- Sales rise in the sweets sector

■ Operating profit +0.8 billion yen

- [+] · Rise in contract manufacturing quantity in the beverage business
- Sales rise in the sweets sector

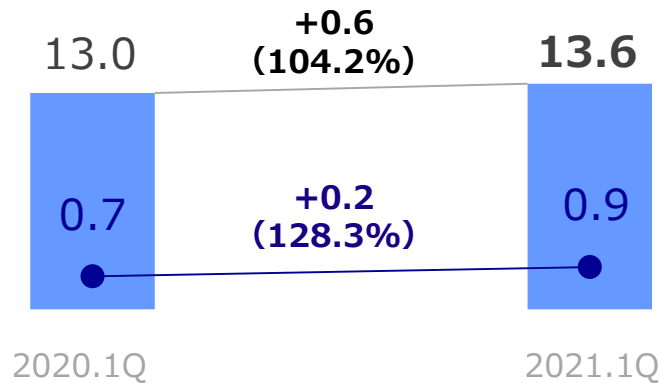
■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|-----------------------------------|-------------|-------------|-----------------------|---------------|
| Farm products and food processing | 12.9 | 13.6 | +0.7 | 105.1% |
| Beverage | 11.9 | 13.5 | +1.6 | 113.2% |
| Other | 6.7 | 7.0 | +0.3 | 104.8% |
| Total | 31.6 | 34.1 | +2.6 | 108.1% |

■ Revenue
● Operating profit

(Unit: Billion yen)



Main increase/decrease factors

■ Revenue +0.6 billion yen

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

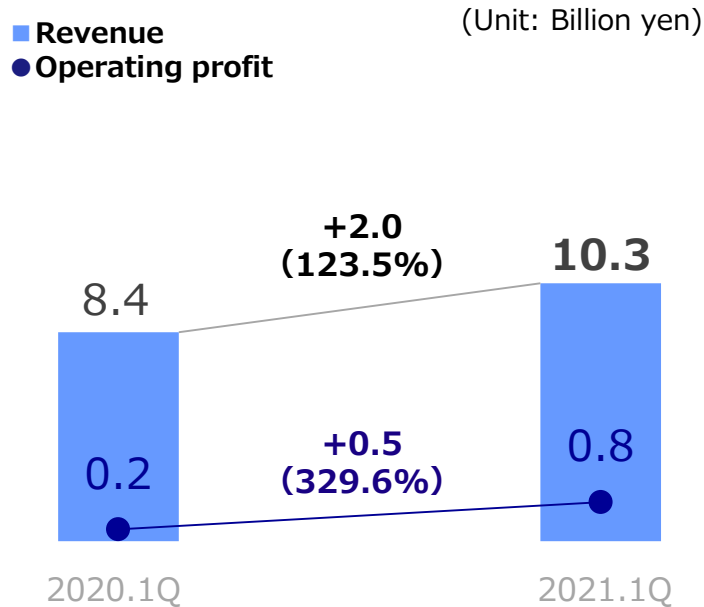
■ Operating profit +0.2 billion yen

- [+] · Rise in operating ratios of independent logistical warehouses
- [-] · Increase of diesel oil prices

■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|----------------------------|-------------|-------------|-----------------------|---------------|
| Transport | 5.9 | 6.3 | +0.5 | 107.8% |
| 3PL | 5.8 | 5.9 | +0.1 | 102.0% |
| Vehicle body manufacturing | 1.4 | 1.4 | ▲0.0 | 98.9% |
| Total | 13.0 | 13.6 | +0.6 | 104.2% |



Main increase/decrease factors

■ Revenue +2.0 billion yen

- [+] · Ako No.2 Biomass Power Plant began operating
- Rebound in sales of magnesium hydroxide for steelworks
 - Rise in sales of electro melting magnesia for heaters

■ Operating profit +0.5 billion yen

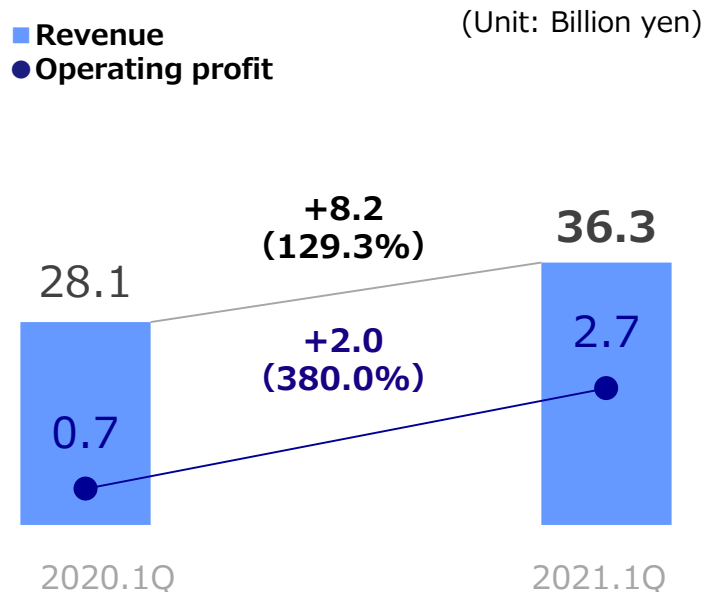
- [+] · Ako No.2 Biomass Power Plant began operating
- Lower prices for raw materials of magnesia used for heaters

■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|--------------|---------|-------------|-----------------------|--------|
| Salt-related | 6.4 | 8.1 | +1.7 | 127.1% |
| Magnesia | 2.0 | 2.2 | +0.2 | 112.0% |
| Total | 8.4 | 10.3 | +2.0 | 123.5% |

※ 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 +8.2 billion yen

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

■ Operating profit +2.0 billion yen

- [+] · Increase in sales of electronic materials for in-vehicle applications
 - Inauguration of the Onahama Power Plant in April
 - Rebound after the regular equipment inspection at Hofu Power Plant, which took place in the same period a year earlier
 - Growing sales of insecticides, paints and other aerosol products

■ Revenue by sub-segment

(Unit: Billion yen)

| | 2020.1Q | 2021.1Q | Increase/ decrease | YoY |
|---------------------------------------|---------|---------|-----------------------|--------|
| Aerosol | 5.1 | 6.0 | +0.8 | 116.4% |
| Information and electronics materials | 9.3 | 11.0 | +1.7 | 118.4% |
| Overseas engineering | 4.7 | 5.8 | +1.1 | 122.5% |
| Electricity | 2.4 | 6.8 | +4.4 | 279.4% |
| Other | 6.5 | 6.7 | +0.2 | 103.7% |
| Total | 28.1 | 36.3 | +8.2 | 129.3% |

Consolidated statement of financial position

(Unit: Billion yen)

| | | End of March 2021 | End of June 2021 | Increase/decrease | |
|---|------------------------------|----------------------|---------------------|-------------------|--------|
| | | | | Amount | YoY |
| | Current assets | 335.8 | 328.6 | ▲7.1 | 97.9% |
| | Non-current assets | 591.1 | 621.3 | +30.2 | 105.1% |
| | Total assets | 926.8 | 949.9 | +23.1 | 102.5% |
| | Current liabilities | 239.1 | 230.9 | ▲8.3 | 96.5% |
| | Non-current liabilities | 315.3 | 337.1 | +21.8 | 106.9% |
| | Total liabilities | 554.4 | 567.9 | +13.5 | 102.4% |
| | Total equity | 372.4 | 382.0 | +9.6 | 102.6% |
| | Total liabilities and equity | 926.8 | 949.9 | +23.1 | 102.5% |
| Equity attributable to owners of the parent | | 357.8 | 364.1 | | |
| Interest-bearing liabilities | | 337.8 | 367.8 | | |
| Equity ratio attributable to owners of the parent | | 38.6% | 38.3% | | |
| Net D/E ratio * | | 0.82 | 0.89 | | |

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

(Unit: Billion yen)

| | | 2020.1Q | 2021.1Q | Increase/ decrease |
|--|-------|---------|--------------|-----------------------|
| Operating cash flows | [(1)] | 13.8 | 13.7 | ▲0.1 |
| Investment cash flows | [(2)] | ▲16.1 | ▲12.0 | +4.1 |
| Financial cash flows | [(3)] | ▲4.3 | ▲6.0 | ▲1.7 |
| Total cash flows [(1)+(2)+(3)] | | ▲6.6 | ▲4.3 | +2.3 |
| Cash and cash equivalents at the end of the quarter | | 36.1 | 43.0 | +6.9 |
| Free cash flows [(1)+(2)] | | ▲2.3 | 1.7 | +4.0 |

Fiscal Year 2021 Full-Year Financial Results forecast

Financial forecasts for the first six months and for the full year

Financial forecasts for the first six months and for the full year are revised upwards in view of results for the first quarter and the future business environment.

(Unit: Billion yen)

| | First six months of FY2021 | | | | First six months of FY2020 | Increase/decrease | |
|--|----------------------------|------------------|-------------------|----------|----------------------------|-------------------|--------|
| | Initial forecast | Revised forecast | Increase/decrease | | | Amount | YoY |
| | | | Amount | Change % | | | |
| Revenue | 410.0 | 420.0 | +10.0 | 102.4% | 374.4 | +45.6 | 112.2% |
| Operating profit | 25.0 | 30.0 | +5.0 | 120.0% | 19.6 | +10.4 | 153.4% |
| Profit before income taxes | 24.3 | 30.0 | +5.7 | 123.5% | 18.8 | +11.2 | 159.4% |
| Profit attributable to owners of the parent | 14.3 | 19.0 | +4.7 | 132.9% | 10.7 | +8.3 | 177.4% |
| Operating profit margin | 6.1% | 7.1% | +1.0pt | – | 5.2% | +1.9pt | – |
| Basic net earnings per share for the quarter | 63.34yen | 84.09yen | | | 47.08yen | | |

(Unit: Billion yen)

| | Full year for FY2021 | | | | Full year for FY2020 | Increase/decrease | |
|---|----------------------|------------------|-------------------|----------|----------------------|-------------------|--------|
| | Initial forecast | Revised forecast | Increase/decrease | | | Amount | YoY |
| | | | Amount | Change % | | | |
| Revenue | 880.0 | 890.0 | +10.0 | 101.1% | 806.6 | +83.4 | 110.3% |
| Operating profit | 58.0 | 63.0 | +5.0 | 108.6% | 51.2 | +11.8 | 123.0% |
| Profit before income taxes | 56.5 | 62.0 | +5.5 | 109.7% | 49.7 | +12.3 | 124.9% |
| Profit attributable to owners of the parent | 36.0 | 41.0 | +5.0 | 113.9% | 27.4 | +13.6 | 149.8% |
| Operating profit margin | 6.6% | 7.1% | +0.5p.t | – | 6.4% | +0.7pt | – |
| Basic net earnings per share for the period | 159.46yen | 181.41yen | | | 120.98yen | | |

Full-year financial results forecast by segment

| | | Full year for FY2021 | | | | Increase/decrease | | | | |
|--------------------|------------------|----------------------|------------------|-------|-------|-------------------|----------|----------------------|-------------------|--------|
| | | Initial forecast | Revised forecast | | | Amount | Change % | Full year for FY2020 | Increase/decrease | |
| | | | | 1 H | 2H | | | | Amount | YoY |
| Industrial gas | Revenue | 197.0 | 197.0 | 94.0 | 103.0 | – | – | 185.6 | +11.4 | 106.2% |
| | Operating profit | 21.2 | 22.5 | 10.3 | 12.2 | +1.3 | 106.1% | 20.9 | +1.6 | 107.8% |
| Chemical | Revenue | 36.0 | 38.0 | 19.0 | 19.0 | +2.0 | 105.6% | 33.4 | +4.6 | 113.9% |
| | Operating profit | 2.3 | 2.8 | 1.5 | 1.3 | +0.5 | 121.7% | 2.0 | +0.8 | 140.5% |
| Medical | Revenue | 194.0 | 198.0 | 92.0 | 106.0 | +4.0 | 102.1% | 186.4 | +11.6 | 106.2% |
| | Operating profit | 11.6 | 12.3 | 4.5 | 7.8 | +0.7 | 106.0% | 10.5 | +1.8 | 117.1% |
| Energy | Revenue | 58.0 | 58.0 | 24.0 | 34.0 | – | – | 53.1 | +4.9 | 109.3% |
| | Operating profit | 4.6 | 4.7 | 1.1 | 3.6 | +0.1 | 102.2% | 4.6 | +0.1 | 103.1% |
| Agriculture & Food | Revenue | 144.0 | 144.0 | 70.0 | 74.0 | – | – | 132.6 | +11.4 | 108.6% |
| | Operating profit | 5.0 | 5.5 | 2.7 | 2.8 | +0.5 | 110.0% | 4.0 | +1.5 | 136.5% |
| Logistics | Revenue | 58.0 | 58.0 | 28.0 | 30.0 | – | – | 53.3 | +4.7 | 108.8% |
| | Operating profit | 3.2 | 3.4 | 1.7 | 1.7 | +0.2 | 106.3% | 2.8 | +0.6 | 120.1% |
| Seawater | Revenue | 45.0 | 46.0 | 21.0 | 25.0 | +1.0 | 102.2% | 41.0 | +5.0 | 112.3% |
| | Operating profit | 3.3 | 3.7 | 1.6 | 2.1 | +0.4 | 112.1% | 3.1 | +0.6 | 120.0% |
| Other | Revenue | 148.0 | 151.0 | 72.0 | 79.0 | +3.0 | 102.0% | 121.3 | +29.7 | 124.4% |
| | Operating profit | 9.4 | 10.1 | 5.1 | 5.0 | +0.7 | 107.4% | 4.9 | +5.2 | 208.2% |
| Adjustment | Operating profit | ▲2.6 | ▲2.0 | 1.5 | ▲3.5 | +0.6 | – | ▲1.5 | ▲0.5 | – |
| Total | Revenue | 880.0 | 890.0 | 420.0 | 470.0 | +10.0 | 101.1% | 806.6 | +83.4 | 110.3% |
| | Operating profit | 58.0 | 63.0 | 30.0 | 33.0 | +5.0 | 108.6% | 51.2 | +11.8 | 123.0% |

Main points of upward revision to full-year financial forecast by segment

The initial forecast was based on the assumption that the COVID-19 impact would persist to some extent until the second quarter. The actual impact on financial results for the first quarter turned out to be smaller than expected. In addition, the improvements in revenue resulting from structural reforms were achieved more quickly than projected. The financial forecast has been revised upwards in anticipation that this situation will continue in the second quarter.

(Unit: Billion yen)

| | | Initial forecast | Revised forecast | Increase/decrease | Main reasons for revision |
|--------------------|------------------|------------------|------------------|-------------------|---|
| Industrial gas | Revenue | 197.0 | 197.0 | – | <ul style="list-style-type: none"> • Growing sales of electronics-related items • Strong sales of the gas business in India |
| | Operating profit | 21.2 | 22.5 | +1.3 | |
| Chemical | Revenue | 36.0 | 38.0 | +2.0 | <ul style="list-style-type: none"> • Turnaround in market conditions for phthalic anhydride and other basic chemicals • Increase in sales of naphthoquinone |
| | Operating profit | 2.3 | 2.8 | +0.5 | |
| Medical | Revenue | 194.0 | 198.0 | +4.0 | <ul style="list-style-type: none"> • Rallying demand in the business for hospitals for medical gas, equipment and others • Continuing demand for infection control products, such as hand sanitizers and negative pressure devices |
| | Operating profit | 11.6 | 12.3 | +0.7 | |
| Energy | Revenue | 58.0 | 58.0 | – | <ul style="list-style-type: none"> • Rise in CP prices |
| | Operating profit | 4.6 | 4.7 | +0.1 | |
| Agriculture & Food | Revenue | 144.0 | 144.0 | – | <ul style="list-style-type: none"> • Progress in revenue improvement in production and logistics mainly for beverages and sweets |
| | Operating profit | 5.0 | 5.5 | +0.5 | |
| Logistics | Revenue | 58.0 | 58.0 | – | <ul style="list-style-type: none"> • Increase in volume of shipments of low-temperature logistics for supermarkets • Rise in diesel oil prices |
| | Operating profit | 3.2 | 3.4 | +0.2 | |
| Seawater | Revenue | 45.0 | 46.0 | +1.0 | <ul style="list-style-type: none"> • Lower prices for raw materials of magnesia used for heaters |
| | Operating profit | 3.3 | 3.7 | +0.4 | |
| Other | Revenue | 148.0 | 151.0 | +3.0 | <ul style="list-style-type: none"> • Increase in contract manufacturing volumes in the aerosol business • Rallying demand for data electronic materials for in-vehicle applications and growing demand for O-rings for semiconductor manufacturing systems • Delays in projects in the high power UPS business due to the resurgence of COVID-19 in Asia |
| | Operating profit | 9.4 | 10.1 | +0.7 | |
| Adjustment | Operating profit | ▲2.6 | ▲2.0 | +0.6 | <ul style="list-style-type: none"> • Posting of a gain on the sale of shares of subsidiaries and associates |
| Total | Revenue | 880.0 | 890.0 | +10.0 | |
| | Operating profit | 58.0 | 63.0 | +5.0 | |

Supplementary Material

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

(Unit: Billion yen)

| | | 2019.1Q | 2021.1Q | Increase/decrease | |
|--------------------|------------------|---------|--------------|-------------------|--------|
| | | | | Amount | YoY |
| Industrial gas | Revenue | 42.9 | 44.2 | + 1.3 | 103.1% |
| | Operating profit | 4.8 | 5.2 | + 0.4 | 108.7% |
| Chemical | Revenue | 4.7 | 9.7 | + 4.9 | 203.4% |
| | Operating profit | ▲0.0 | 1.0 | + 1.0 | — |
| Medical | Revenue | 41.8 | 45.2 | + 3.4 | 108.1% |
| | Operating profit | 1.1 | 2.2 | + 1.1 | 204.5% |
| Energy | Revenue | 11.4 | 13.0 | + 1.6 | 114.2% |
| | Operating profit | 0.6 | 0.9 | + 0.3 | 144.4% |
| Agriculture & Food | Revenue | 34.5 | 34.1 | ▲0.4 | 99.0% |
| | Operating profit | 0.9 | 1.1 | + 0.3 | 129.8% |
| Logistics | Revenue | 12.3 | 13.6 | + 1.3 | 110.8% |
| | Operating profit | 0.6 | 0.9 | + 0.3 | 144.6% |
| Seawater | Revenue | 8.7 | 10.3 | + 1.6 | 118.3% |
| | Operating profit | 0.5 | 0.8 | + 0.3 | 153.2% |
| Other | Revenue | 27.0 | 36.3 | + 9.3 | 134.5% |
| | Operating profit | 1.4 | 2.7 | + 1.3 | 197.6% |
| Adjustment | Operating profit | 1.2 | 1.4 | + 0.2 | 113.5% |
| Total | Revenue | 183.3 | 206.4 | + 23.1 | 112.6% |
| | Operating profit | 11.0 | 16.1 | + 5.1 | 146.9% |

Number of consolidated companies

| | End of March 2021 | End of June 2021 | Increase/decrease |
|-----------------------------|-------------------|------------------|--|
| Consolidated subsidiaries * | 124 | 119 | Increase of 3 companies Decrease of 8 company |
| Equity method affiliates | 14 | 13 | Decrease of 1 company |
| Total | 138 | 132 | Increase of 3 companies Decrease of 9 company |

* 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 |

(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)

| | 2020.1Q | 2021.1Q | Increase/decrease | |
|----------------------|---------|-------------|-------------------|--------|
| | Amount | Amount | Amount | YoY |
| Oxygen | 5.6 | 6.1 | +0.5 | 108.6% |
| Nitrogen | 7.2 | 7.7 | +0.4 | 106.2% |
| Argon | 3.0 | 3.1 | +0.1 | 103.7% |
| Carbon dioxide | 4.6 | 5.0 | +0.4 | 109.1% |
| Hydrogen | 1.0 | 1.2 | +0.2 | 118.6% |
| Helium | 0.5 | 0.7 | +0.1 | 123.2% |
| Other gases | 3.8 | 4.4 | +0.6 | 115.8% |
| Industrial gas total | 25.7 | 28.1 | +2.4 | 109.2% |
| LP gas | 5.9 | 7.0 | +1.0 | 117.7% |
| Kerosene | 1.4 | 1.8 | +0.4 | 125.8% |

*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)

| | 2020.1Q | 2021.1Q | Increase/decrease | |
|--------------------|---------|-------------|-------------------|--------|
| | | | Amount | YoY |
| Industrial gas | 3.7 | 4.9 | +1.2 | 132.4% |
| Chemical | 0.3 | 1.0 | +0.7 | 307.8% |
| Medical | 0.5 | 2.0 | +1.5 | 408.0% |
| Energy | 0.6 | 0.8 | +0.2 | 127.3% |
| Agriculture & Food | 0.2 | 1.0 | +0.8 | 466.0% |
| Logistics | 0.6 | 0.8 | +0.2 | 132.3% |
| Seawater | 0.2 | 0.7 | +0.5 | 363.7% |
| Other | 0.6 | 2.3 | +1.7 | 366.9% |
| Adjustment | 1.4 | 1.4 | +0.1 | 105.6% |
| Total | 8.1 | 14.9 | +6.8 | 183.6% |

Regional business companies: Revenue and operating profit

(Unit: Billion yen)

| | | 2020.1Q | 2021.1Q | Increase/decrease | |
|----------------------|------------------|---------|-------------|-------------------|--------|
| | | | | Amount | YoY |
| Air Water Hokkaido | Revenue | 12.0 | 13.6 | +1.6 | 113.6% |
| | Operating profit | 0.9 | 0.9 | +0.0 | 100.6% |
| Air Water East Japan | Revenue | 14.3 | 15.0 | +0.6 | 104.3% |
| | Operating profit | 1.0 | 1.1 | +0.1 | 109.3% |
| Air Water West Japan | Revenue | 10.8 | 11.9 | +1.1 | 110.2% |
| | Operating profit | 0.9 | 0.9 | +0.0 | 101.6% |
| Total | Revenue | 37.1 | 40.5 | +3.4 | 109.0% |
| | Operating profit | 2.8 | 2.9 | +0.1 | 104.2% |

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

* Results of 2020.1Q represent following figures.

Air Water Hokkaido: The 20.1Q result of Hokkaido Air Water

Air Water East Japan: The simple sum of 20.1Q result of Tohoku Air Water, Kanto Air Water, Koshinetsu Air Water and Chubu Air Water

Air Water West Japan : The simple sum of 20.1Q result of Kinki Air Water, Chushikoku Air Water and Kyushu Air Water

Reference Material

Businesses and Technologies Contributing to Carbon Neutrality

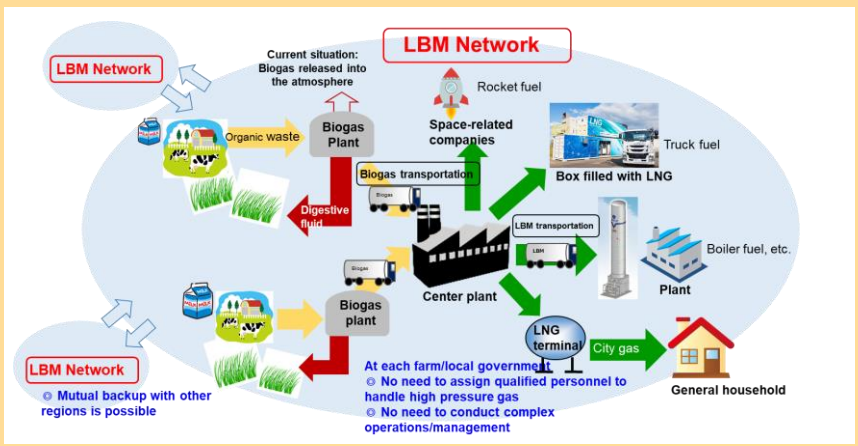
Projects announced for fiscal year 2021 (1)

- Combine business models and know-how in different businesses to offer decarbonization solutions to various industries

Development and verification of liquefied bio-methane processed from unused biogas

- Japan's first initiative for processing biogas that derives from livestock manure into liquefied bio-methane (LBM) and using it as an alternative to LNG was commenced.
- A model of supplying energy produced locally for local consumption will be established to fulfill the needs of LNG consumers for using renewable energy and those of dairy farmers for benefiting from biogas. An energy supply model with local LBM production and consumption inside the Tokachi region

* LBM: Liquefied Bio Methane



Launch of tri-generation business in biomass gasification power generation system

- Japan's first biomass gasification power generation was put into operation. It is suited to small scale power generation.
 - In comparison to co-generation, which means to supply not only electricity but also heat generated from power generation, a energy supply system that also makes effective use of emitted CO₂ has been inaugurated.
- * Gasification power generation: a system under which gas processed from woody biomass through thermal decomposition and reduction reaction is introduced as a fuel to an engine power generator to produce electric power.



Biomass gasification power generation system at Azumino Energy Center

Supplying the neighboring Azumino Farm with heat and CO₂ requisite to vegetable farming



- Click [here](#) for the news release on the demonstration project approved by the Ministry of the Environment for liquefied bio-methane local supply chain model using unused biogas (May 2021).
- Click [here](#) for the news release on the tri-generation business in which heat and CO₂ emitted from biomass gasification power generation are used for growing tomatoes (July 2021).

Businesses and Technologies Contributing to Carbon Neutrality

Projects announced for fiscal year 2021 (2)

- Technological development is accelerated by making full use of the strengths of an industrial gas manufacturer dealing in CO₂ and hydrogen.

Research and development of a high efficiency hydrogen production system using ferrous catalyst by direct methane reforming

- Joint research and development with Toda Kogyo Corporation on CO₂-free hydrogen (turquoise hydrogen) using the direct methane reforming method

- Combining sales of carbon nanotubes created as a byproduct, the project aims for a hydrogen production cost of 20 yen per Nm³ or less.

* Direct methane reforming (DMR): $CH_4 \rightarrow 2H_2 + C$
 One of the hydrogen production methods with no emissions of methane-derived CO₂



Cylinder bundle device of hydrogen gas

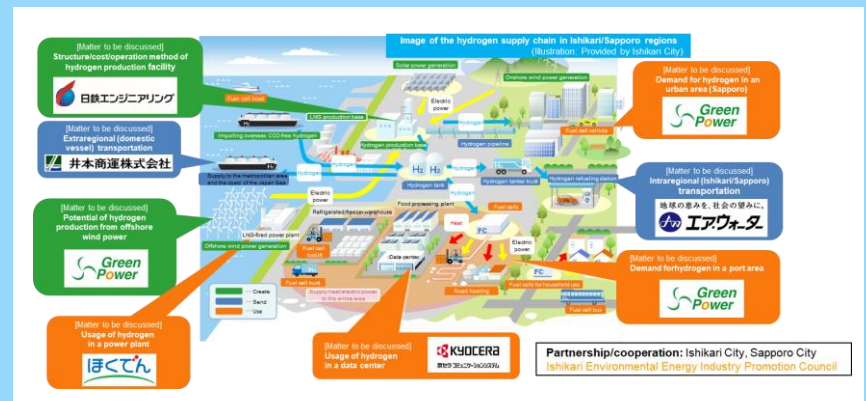
DMR reactor



Research project for hydrogen production and utilization with surplus power from offshore wind power plant in Hokkaido

- The Company owns Hokkaido's only hydrogen production plant and operates three hydrogen stations in Hokkaido independently or under contract to help create a hydrogen society.

- Methods of transporting hydrogen in Hokkaido are studied with an eye to hydrogen production using surplus power from the offshore wind power plant.



Schematic of the hydrogen supply chain in the Ishikari- Sapporo region

- Click [here](#) for the news release on research and development approved by NEDO of a high efficiency hydrogen production system using ferrous catalyst by direct methane reforming (July 2021)
- Click [here](#) for the news release on the research project for Japan's first hydrogen production and utilization with surplus power from offshore wind power plant (July 2021)

Meeting society's needs with nature's blessings.



AIR WATER INC.