

<NEWS FLASH>

Consolidated Financial Results (Under IFRS)
For the Fiscal Year Ended March 31, 2021

AIR WATER INC.

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Chuo-ku, Osaka, Japan

Qualitative Information on Financial Results for the Period under Review

(1) Explanation of Operating Results

1) Operating results for the period under review

During the consolidated fiscal year under review, the Japanese economy experienced a slump in consumer spending and business activities in the first half, due to the novel coronavirus (hereinafter "COVID-19") pandemic. In the second half of the fiscal year, there were signs of recovery in some areas due to growth in exports and economic stimulus but the outlook remained uncertain, with a resurgence of infections from the winter onwards.

Under these conditions, AIR WATER INC. and its consolidated subsidiaries (hereinafter "the Group") fulfilled its responsibility of providing a stable supply of industrial gas, medical gas and other products which are essential for industry and people's lives, based on the implementation of thoroughgoing infection control measures and measures in consideration of safety. Meanwhile, the COVID-19 crisis led to growth in demand for electronics as teleworking and faster 5G networks become more widespread. At the same time, COVID-19 has brought about ongoing changes in needs, with growing demand for home cooked meals and home meal replacement products and increased energy consumption at home, in addition to needs for infection control products, especially sanitary materials. To adapt to such changes under the new normal the Group leveraged its diverse businesses and products to actively carve out new markets. It also made groupwide efforts to implement work style reform with digital at the core and worked to increase the efficiency of business operations.

In addition, as the foundations for growth over the coming decade, we established the Corporate Technology Strategy Center, a technology strategy platform for the overall Group, and reformed our research and development framework. We also implemented structural reforms, merging our eight regional business companies to form three new companies, with the aim of building a powerful business base which will drive improvement of profitability and sustainable business growth in Japan.

The Group advocates the recycling of global resources and strives for the realization of an Earth and society that enables future generations to live comfortably. Through its human- and environmentally friendly manufacturing activities, the Group contributes to society, works to preserve the global environment and efficiently use resources such as air and water. Under our communication concept, "meeting society's needs with nature's blessings," we have promoted initiatives to achieve the sustainable development goals (SDGs). An organizational system to facilitate Group-wide SDG activities was created by establishing the SDGs Promotion Division and the SDGs Implementation Committee chaired by the Chairman and CEO. The Group's Sustainability Vision was formulated to clarify the goals to be realized by 2050, with milestones for the achievement of the SDGs throughout the Group companies set for 2030.

During the first half of the fiscal year, the Group's performance was affected by reduced demand due to COVID-19, especially in the Industrial Gas Business and the Medical Business in Japan, and the overseas engineering business of the Other Businesses segment. However, during the second half of the fiscal year, the business environment showed continuous improvement in all segments, especially in Japan. Under these circumstances, earnings improved, largely due to the full-year contribution of the Indian industrial gas business in the Industrial Gas Business segment as well as the opening-up of new business opportunities, primarily infection control products, and reorganization of the production structure mainly in the Chemical Business, and the Agriculture and Food Business. Further boosted by cost reductions achieved through progress on digitalization and workstyle reform, operating profit exceeded the year-ago level in all segments except the Other Businesses segment, reaching an all-time high. The Group's strength as a conglomerate covering diverse business domains that support people's lives and livelihoods, including industrial gas, medical care & hygiene, energy, agriculture & food products and logistics and the strength of its business base which is closely tied to local communities were clear for all to see even under the unprecedented conditions of the COVID crisis.

As a result, the Group reported revenue for the fiscal year under review of ¥806,630 million (99.7% that of the previous year), operating profit of ¥51,231 million (101.2%), and profit attributable to owners of parent of ¥30,410 million (89.9%).

2) Consolidated results by segment for this period

(Million yen)

	Revenue		Operating profit	
	FY 2020	YoY Growth	FY 2020	YoY Growth
Industrial Gas Business	185,579	98.2%	20,864	108.4%
Chemical Business	33,357	121.4%	1,992	148.8%
Medical Business	186,425	99.2%	10,504	100.4%
Energy Business	53,085	102.1%	4,558	107.2%
Agriculture and Food Products Business	132,569	96.6%	4,029	122.8%
Logistics Business	53,291	105.7%	2,831	118.2%
Seawater Business	40,971	102.5%	3,082	105.0%
Other Business	121,349	97.0%	4,853	66.1%
(Adjustment)	-	- %	△1,486	234.8%
Total	806,630	99.7%	51,231	101.2%

(Note) The adjustment to operating profit is due to costs incurred at the company's headquarters division which was not allocated to any reporting segment.