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Fiscal year 2020 Second Quarter

**Financial Results**  
**Explanatory Materials**

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Meeting society's needs with nature's blessings.



November 12, 2020

## Fiscal Year 2020 Second Quarter Financial Results

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

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## **Second Quarter Financial Results for Fiscal Year 2020**

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## Main points of fiscal year 2020 second quarter financial results

### ● Second quarter financial results:

#### Decline in revenue and profit due to the **impact of the COVID-19 infection**

- Operating profit for the second quarter (July – September) recovered to **97.1%** of the same period of the previous year, compared to 79.5% y-o-y recovery of the first quarter (April – June)
- The impact of the COVID-19 will be limited in after the second quarter and business will take a significant upturn

### ● Full year financial results forecast: **Upward revisions of revenue to 820 billion yen and operating profit to 50 billion yen**

- Comparison with the initial forecast Revenue + 10 billion yen, Operating profit + 4 billion yen
- Recovery earlier than the assumption made in the initial forecast is expected based on the first half results and the present business environment
- Cost reduction efforts through the continued promotion of work-style reform in and after the second half

## Matters related to the COVID-19

### ● Major impacts of COVID-19

- **In industrial gas business:** Decline in sales volume in on-site gas supply services to steel manufacturers due to the shutdown of our major customers' blast furnaces
- **In medical business:** postponements and delays occurred in hospital facility construction projects. Decrease in the number of outpatients due to fewer number of operations and the voluntary ban on leaving home.
- **In overseas engineering business (other business):** Economy stalled in countries, primarily in Singapore. Had impacts on the high-power UPS (Uninterruptible Power-supply System) sector.

### ● Growth areas and business opportunities triggered by COVID-19

- **Fields of infection prevention measures:** Systems & equipment and supplies that contribute to the reduction of in-hospital infection risks among medical staffs and patients, contract manufacturing of alcohol-based sanitizing agents and others
  - Fields of **electronics applications:** Expansion in demand for equipment and materials on the back of the introduction of 5G and the IoT.
- Promote aggressive market cultivation to take advantage of new needs emerged from the “New Normal” brought by the COVID-19 shock as a growth opportunity for the future. Work to address new challenges in the with corona society and strive to achieve further corporate growth while taking advantage of the strength of our conglomerate management which possesses a broad range of business fields that support people’s lives and living.

# Consolidated income statement

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	
			Amount	YoY
<b>Revenue</b>	3,854	<b>3,744</b>	▲109	97.2%
Cost of sales	▲3,012	▲2,906	+106	
<b>Gross profit</b>	842	<b>838</b>	▲4	
Selling, general and administrative expenses	▲646	▲669	▲23	
Other operating income and expenses	18	18	+0	
Share of (profit) loss of investments accounted for using the equity method	7	8	+1	
<b>Operating profit</b>	221	<b>196</b>	▲26	88.4%
Finance income and costs	▲3	▲7	▲5	
<b>Quarterly profit before income taxes</b>	219	<b>188</b>	▲31	86.1%
Income taxes	▲73	▲70	+3	
Quarterly loss from discontinued operations	▲1	▲0	+1	
<b>Quarterly profit</b>	145	<b>118</b>	▲27	81.3%
<b>Owners of parent</b>	122	<b>107</b>	▲15	87.8%
Non-controlling interests	23	10	▲12	
Operating profit margin	5.7%	<b>5.2%</b>		
ROE ※1	4.4%	<b>3.2%</b>		
Basic net earnings per share for the quarter※2	62.27円	<b>47.08円</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 year)

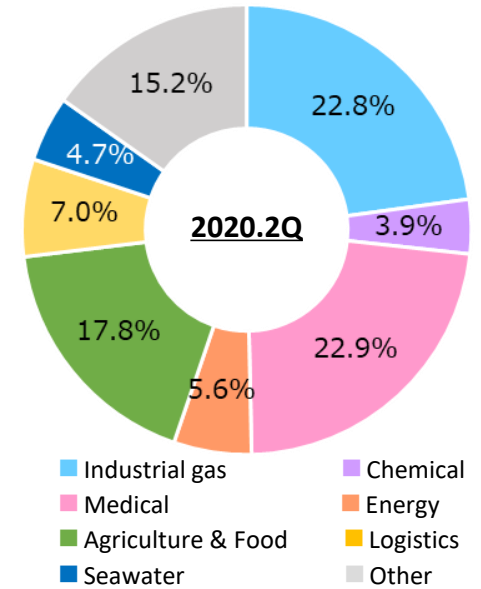
※2 Basic earnings per share for the period are calculated based on the average number of issued shares during the year.

## Revenue by segment

(Unit: Hundred million yen)

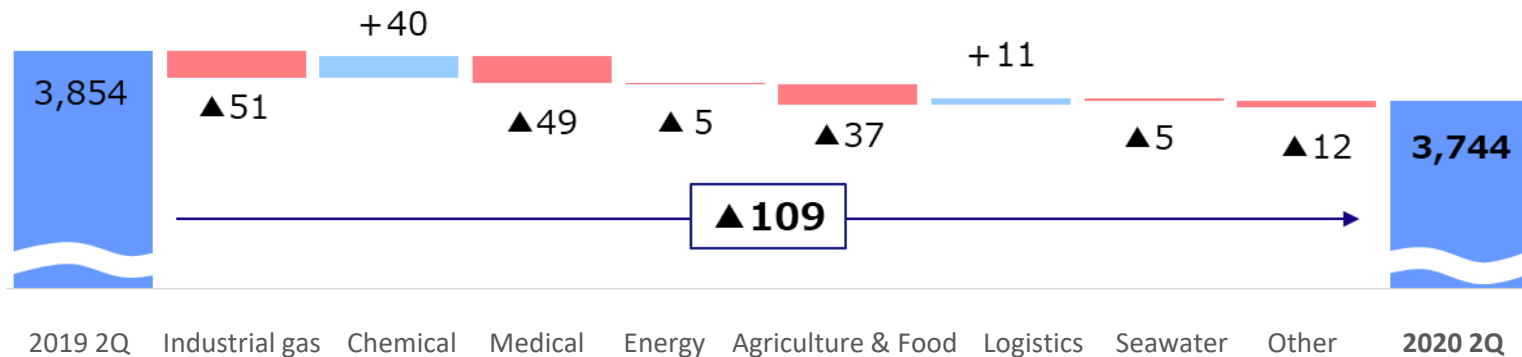
	2019.2Q	2020.2Q	Increase/decrease	
			Amount	YoY
Industrial gas	907	<b>855</b>	▲51	94.3%
Chemical	107	<b>147</b>	+40	136.8%
Medical	905	<b>856</b>	▲49	94.6%
Energy	213	<b>208</b>	▲5	97.8%
Agriculture & Food	705	<b>668</b>	▲37	94.7%
Logistics	252	<b>263</b>	+11	104.4%
Seawater	182	<b>176</b>	▲5	97.0%
Other	583	<b>571</b>	▲12	97.9%
<b>Total</b>	<b>3,854</b>	<b>3,744</b>	<b>▲109</b>	<b>97.2%</b>

## Revenue composition ratio by segment



## Revenue increase/decrease by segment

(Unit: Hundred million yen)

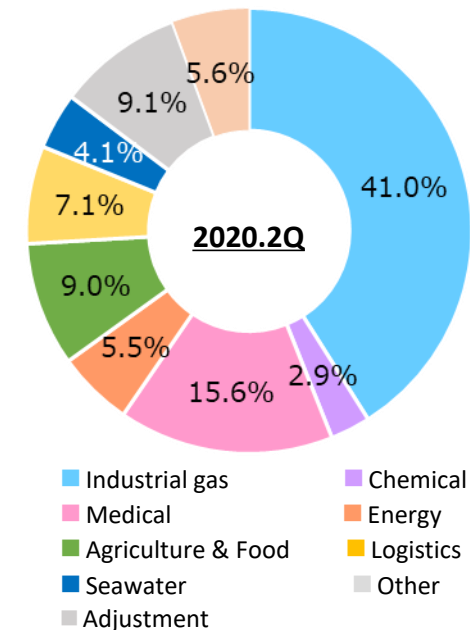


# Operating profit by segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	
			Amount	YoY
Industrial gas	89	80	▲9	90.1%
Chemical	▲1	6	+6	—%
Medical	39	31	▲8	79.2%
Energy	8	11	+2	128.2%
Agriculture & Food	22	18	▲4	81.6%
Logistics	13	14	+1	110.3%
Seawater	12	8	▲4	68.4%
Other	30	18	▲12	59.5%
Adjustment ※	10	11	+1	108.3%
<b>Total</b>	<b>221</b>	<b>196</b>	<b>▲26</b>	<b>88.4%</b>

## Operating profit composition ratio by segment

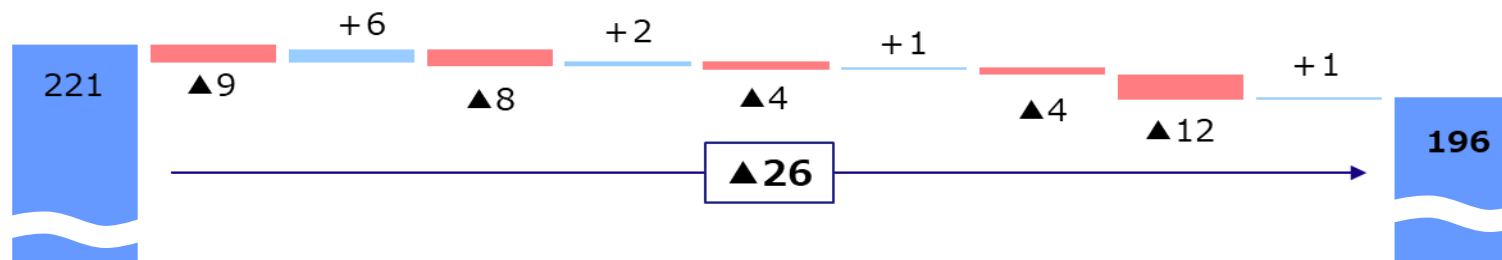


\* Adjustment: Elimination of intersegment transactions and profit or loss of the company's Head Office divisions that are not allocated to each reporting segment.

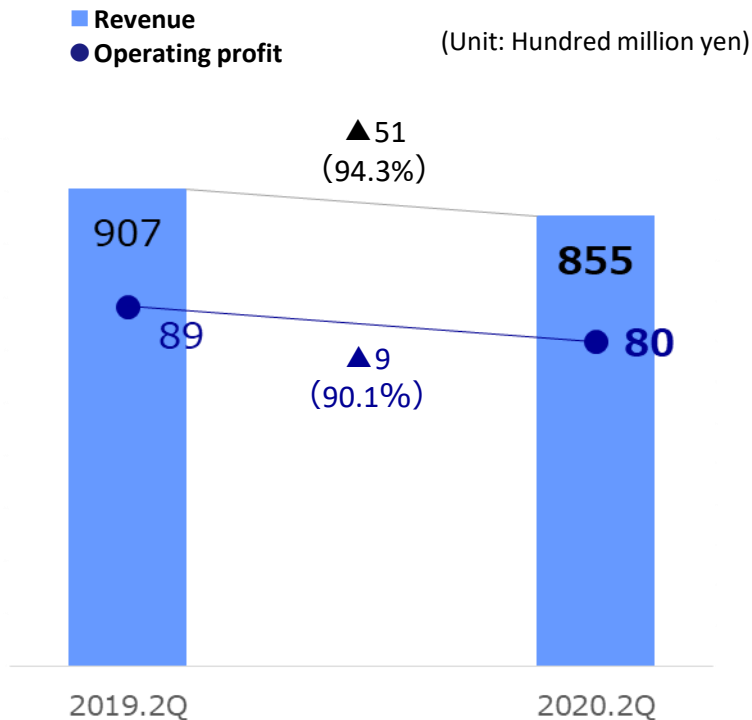
R&D expenses for new business areas that were previously recorded in the medical business have been included in "adjustments." Accordingly, figures for the previous fiscal year for comparison is restated according to the new classification.

(Unit: Hundred million yen)

## Operating profit increase/decrease by segment







## Main increase/decrease factors

### ■ Revenue ▲51 hundred million yen

- 【－】
  - Decline in on-site gas supply to steel manufacturers
  - Decline in gas supply via lorries and cylinders
- 【＋】
  - Effect of new consolidation of Air Water India Pvt. Ltd.
  - Increase in sales of gas and related equipment for semiconductors

### ■ Operating profit ▲9 hundred million yen

- 【－】
  - Decline in on-site gas supply to steel manufacturers
  - Decline in gas supply via lorries and cylinders
  - Increase in supply costs of carbon dioxide gas
  - Reactionary decrease resulting from a gain on sale of land recorded in the previous fiscal year
- 【＋】
  - Effect of new consolidation of Air Water India Pvt. Ltd.

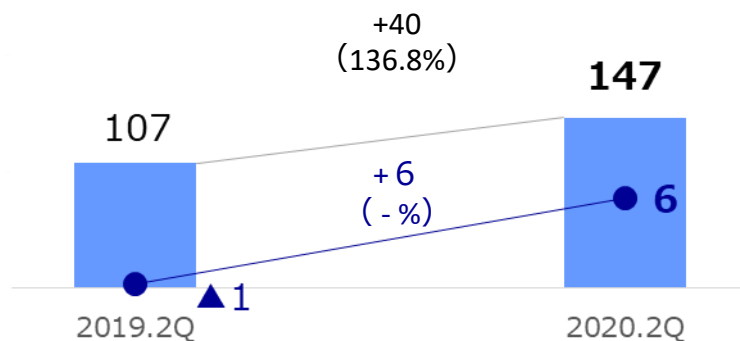
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Gas	602	526	▲76	87.4%
Equipment, construction and others	274	254	▲20	92.8%
Overseas	31	75	+44	242.6%
Total	907	855	▲51	94.3%

■ Revenue  
● Operating profit

(Unit: Hundred million yen)



## Main increase/decrease factors

### ■ Revenue +40hundred million yen

- 【+】 • Effects of new consolidation of FILWEL Co., Ltd. and Daito Chemicals Co., Ltd.
- 【-】 • Fall in unit prices of, and a decline in sales of, phthalic anhydride

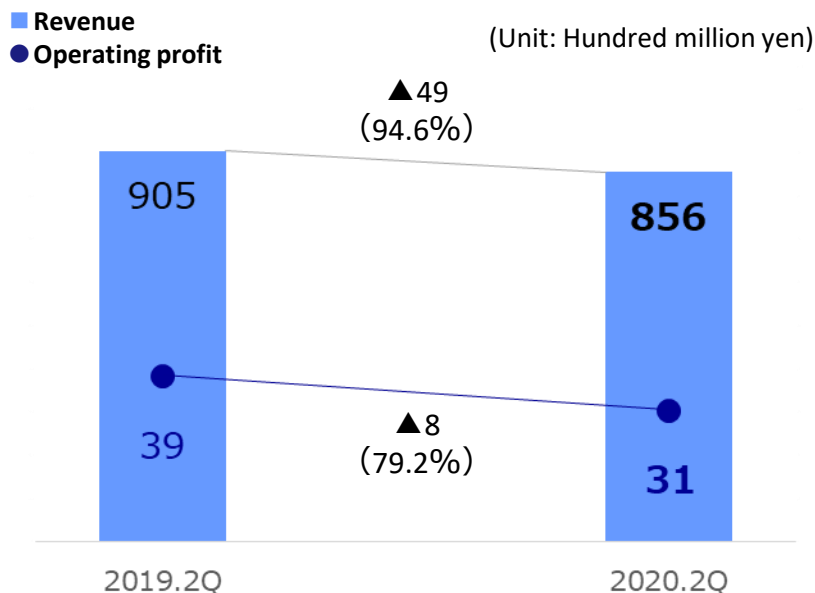
### ■ Operating profit +6hundred million yen

- 【+】 • Effects of new consolidation of FILWEL Co., Ltd. and Daito Chemicals Co., Ltd.
- Increase in sales of functional chemicals for electronics materials
- Progress in earnings improvement as a result of plant reorganization

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Functional chemicals	47	96	+49	204.3%
Kawasaki Kasei Chemicals	61	51	▲9	84.6%
Total	107	147	+40	136.8%



## Main increase/decrease factors

### ■ Revenue ▲49hundred million yen

- 【－】・ Decline in volume of medical services (SPD) due to a decrease in the numbers of operations and outpatients
- ・ Postponements and delays of hospital facility construction projects in Japan and Singapore
- 【＋】・ Increase in sales of infection control products such as masks and hand sanitizers in the hygiene products business

### ■ Operating profit ▲8hundred million yen

- 【－】・ Postponements and delays of hospital facility construction projects in Japan and Singapore
- 【＋】・ Increase in sales of infection control products such as masks and hand sanitizers in the hygiene products business

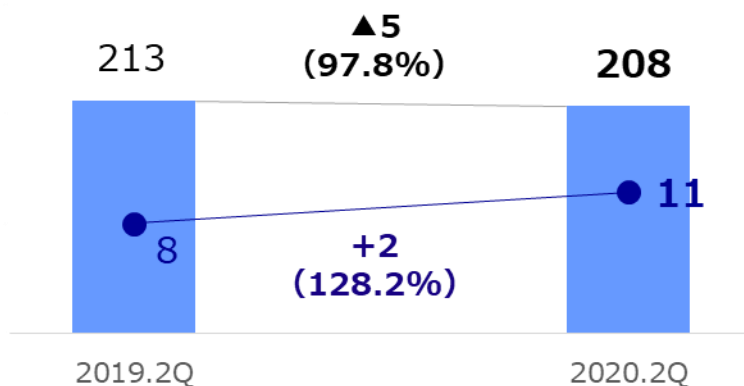
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Hospital facilities	131	111	▲20	84.8%
Medical treatment services	420	367	▲53	87.4%
Medical gas	44	40	▲3	92.7%
Medical equipment	35	41	+6	116.8%
Home medical care	47	49	+1	102.5%
Hygiene products	119	154	+34	128.9%
Other	109	95	▲15	86.5%
Total	905	856	▲49	94.6%

■ Revenue  
● Operating profit

(Unit: Hundred million yen)



## Main increase/decrease factors

### ■ Revenue ▲5 hundred million yen

- 【-】 • Decline in LP gas unit sales prices that moved in tandem with CP
- Decline in sales volume of LP gas for commercial and industrial use
- 【+】 • Effects of new consolidation of a subsidiary in Vietnam

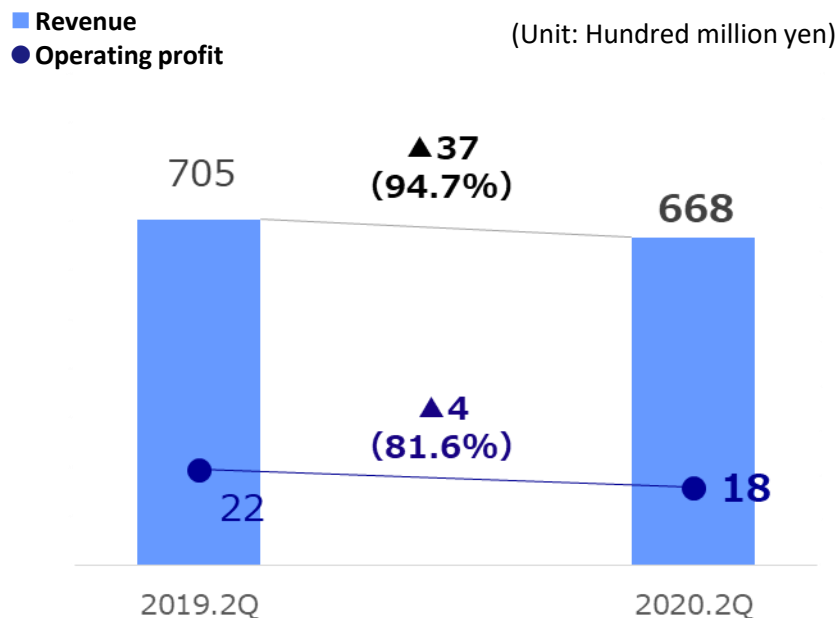
### ■ Operating profit +2 hundred million yen

- 【+】 • Increase in sales volume of LP gas for consumer use
- 【-】 • Decline in sales of, and construction for, energy-related equipment

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
LP gas	207	202	▲5	97.7%
Natural gas-related	6	6	+0	103.0%
Total	213	208	▲5	97.8%



## Main increase/decrease factors

### ■ Revenue ▲37hundred million yen

- 【－】
- Closures and shorter operating hours of stores in vegetables and fruit retail sector
  - Decline in volume of contract manufacturing of beverages due to the voluntary ban on leaving home
  - Decline in demand for food products for commercial use from restaurants and hotels

### ■ Operating profit ▲4hundred million yen

- 【－】
- Decline in demand for food products for commercial use from restaurants and hotels
  - Impact associated with the disposal of agricultural product stocks
- 【＋】
- Progress in earnings improvement in sweets sector

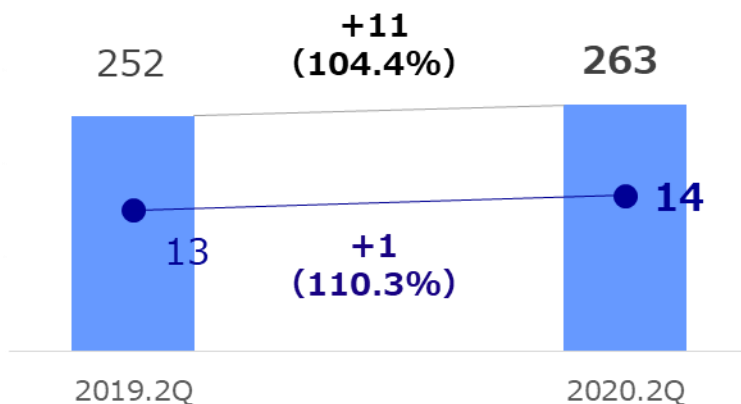
## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Farm products and food processing	282	276	▲6	97.9%
Beverage	266	253	▲13	94.9%
Other	156	139	▲18	88.7%
Total	705	668	▲37	94.7%

■ Revenue  
● Operating profit

(Unit: Hundred million yen)



## Main increase/decrease factors

### ■ Revenue + 11 hundred million yen

- 【+】 • Effects of new consolidation of KATSURA TSUSHO Co., Ltd.
- Increase in volume of shipments of low-temperature logistics for supermarkets
- 【-】 • Decline in volume of general logistics and chassis transport shipments

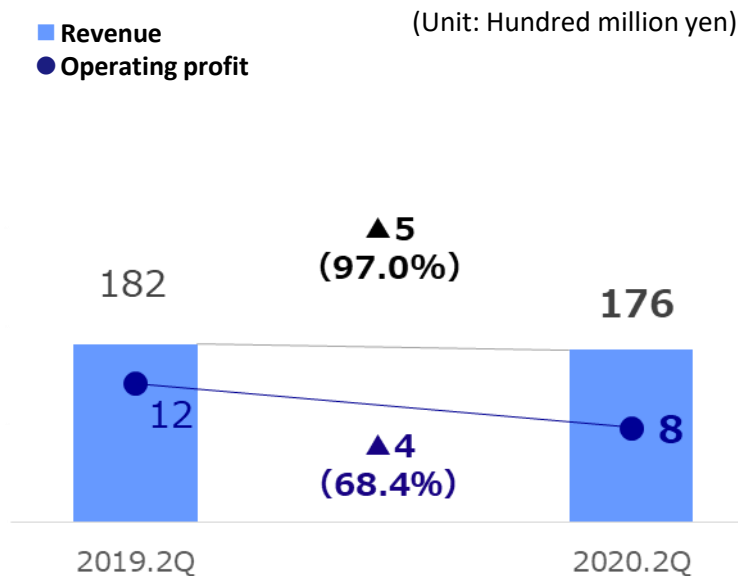
### ■ Operating profit + 1 hundred million yen

- 【+】 • Cost improvement thanks to fall of diesel oil prices
- Effects of new consolidation of KATSURA TSUSHO Co., Ltd.
- 【-】 • Decline in volume of general logistics and chassis transport shipments

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Transport	110	117	+8	106.9%
3PL	114	117	+3	102.6%
Vehicle body manufacturing	28	29	+1	102.4%
Total	252	263	+11	104.4%



## Main increase/decrease factors

### ■ Revenue ▲5 hundred million yen

- 【+】 • Increase in orders received for water treatment systems and sewage pipe rehabilitation
- 【-】 • Decline in sales of magnesia for general ceramic engineering

### ■ Operating profit ▲4 hundred million yen

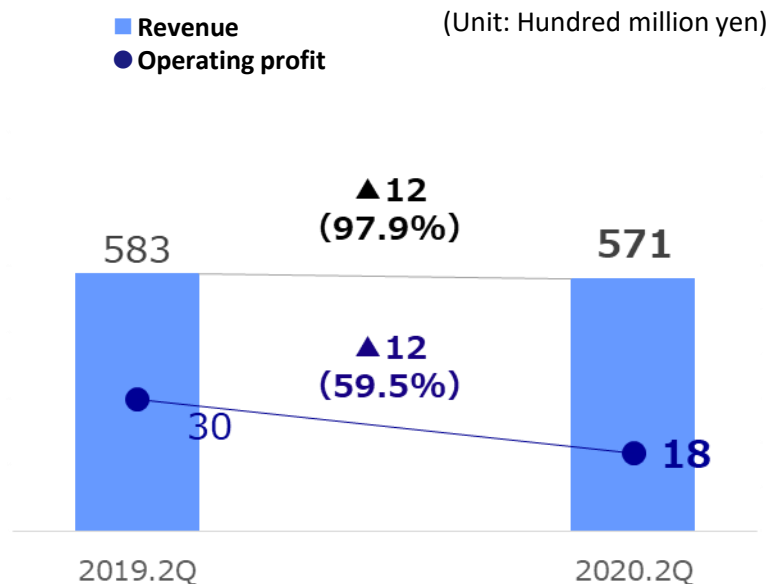
- 【-】 • Large-scale periodic repair at Sanuki plant
- Periodic repair at Onahama power plant (implemented biannually)

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Salt-related ※	131	136	+5	103.9%
Magnesia	51	40	▲10	79.4%
Total	182	176	▲5	97.0%

※ 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 ▲12hundred million yen**

- 【-】 • Decrease in construction projects of construction-related subsidiaries
- Decline in sales of electronics materials for in-vehicle applications
- 【+】 • New consolidation effects in overseas engineering
- Operation of Hofu power plant (started operation in July 2019)

■ **Operating profit ▲12hundred million yen**

- 【-】 • Project delays in high-power UPS sector
- Decrease in the number of operating days of Hofu power plant due to a periodic inspection
- Decrease in construction projects of construction-related subsidiaries
- 【+】 • Increase in volume of contract manufacturing of alcohol-based sanitizing agents in the aerosol business

## ■ Revenue by sub-segment

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	YoY
Aerosol	104	103	▲1	98.9%
Information and electronics materials	199	185	▲14	92.8%
Overseas engineering	92	101	+10	110.5%
Other	188	181	▲7	96.5%
Total	583	571	▲12	97.9%



# Consolidated statement of financial position

(Unit: Hundred million yen)

	End of March 2020	End of September 2020	Increase/decrease	
			Amount	YoY
Current assets	3,333	<b>3,104</b>	▲ 229	93.1%
Non-current assets	5,664	<b>5,865</b>	+201	103.6%
Total assets	8,997	<b>8,969</b>	▲ 28	99.7%
Current liabilities	2,835	<b>2,376</b>	▲ 459	83.8%
Non-current liabilities	2,644	<b>2,991</b>	+347	113.1%
Total liabilities	5,479	<b>5,367</b>	▲ 112	98.0%
Total equity	3,518	<b>3,603</b>	+84	102.4%
Total liabilities and equity	8,997	<b>8,969</b>	▲ 28	99.7%

Equity attributable to owners of the parent	3,320	<b>3,392</b>
Interest-bearing liabilities	3,342	<b>3,300</b>
Equity ratio attributable to owners of the parent	36.9%	<b>37.8%</b>
Net D/E ratio	0.88	<b>0.87</b>

## Cash flow status

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease
Operating cash flows [(1)]	189	<b>388</b>	+199
Investment cash flows [(2)]	▲618	<b>▲325</b>	+294
Financial cash flows [(3)]	474	<b>▲128</b>	▲602
Total cash flows [(1)+(2)+(3)]	45	<b>▲64</b>	▲109
Cash and cash equivalents at the end of the quarter	366	<b>365</b>	▲2
Free cash flows [(1)+(2)]	▲430	<b>+63</b>	+493

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease
Capital investment	326	<b>276</b>	<b>▲ 50</b>
Depreciation	174	<b>189</b>	+15
R&D expenses	14	<b>17</b>	+2

## <Capital investment by segment>

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease
Industrial gas	94	<b>78</b>	<b>▲ 16</b>
Chemical	5	<b>10</b>	+5
Medical	40	<b>41</b>	+1
Energy	15	<b>15</b>	<b>▲ 0</b>
Agriculture & Food	37	<b>14</b>	<b>▲ 24</b>
Logistics	33	<b>34</b>	+1
Seawater	53	<b>53</b>	<b>▲ 0</b>
Other	49	<b>33</b>	<b>▲ 16</b>
(Of them, electricity generation-related)	(67)	(47)	( <b>▲ 20</b> )
<b>Total</b>	<b>326</b>	<b>276</b>	<b>▲ 50</b>



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**Full-Year Financial Results Forecast  
for Fiscal year 2020**

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# Fiscal year 2020 full-year financial results forecast

Based on the first half results and present business environment, we have revised the full-year consolidated financial results forecast.

(Unit: Hundred million yen)

	FY2019 (Results)	FY2020 (Revised forecast)	Increase/decrease		FY2020 (Initial forecast)
			Amount	YoY	
Revenue	8,091	<b>8,200</b>	+109.2	101.3%	8,100
Operating profit	506	<b>500</b>	▲6	98.8%	460
Profit before income taxes	498	<b>485</b>	▲13	97.3%	450
Profit attributable to owners of the parent	304	<b>290</b>	▲14	95.3%	270
Interest-bearing liabilities	3,342	<b>3,467</b>	+124	103.7%	3,365
Equity attributable to owners of the parent	3,320	<b>3,475</b>	+155	104.7%	3,486
Total assets	8,997	<b>9,580</b>	+583	106.5%	9,479
Operating profit margin	6.3%	<b>6.1%</b>			5.7%
ROE ※1	10.0%	<b>8.5%</b>			7.9%
Basic net earnings per share for the period	147.43yen	<b>128.21yen</b>			118.69 yen
Equity ratio attributable to owners of the parent	36.9%	<b>36.3%</b>			36.8%
Net D/E ratio ※2	0.88	<b>0.89</b>			0.84

※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”

# Full-year financial results forecast by segment

(Unit: Hundred million yen)

		FY2019 Full-year Results	FY2020 full year			Increase/decrease		FY2020 full year	
			Initial forecast	Revised forecast	Difference	Amount	YoY	1H results	Revised 2H results forecast
Industrial gas	Revenue	1,890	1,960	<b>1,910</b>	▲50	+20	101.1%	855	<b>1,055</b>
	Operating profit	192	193	<b>199</b>	+6	+7	103.4%	80	<b>119</b>
Chemical	Revenue	275	340	<b>330</b>	▲10	+55	120.1%	147	<b>183</b>
	Operating profit	13	15	<b>18</b>	+3	+5	134.5%	6	<b>12</b>
Medical	Revenue	1,879	1,730	<b>1,850</b>	+120	▲29	98.4%	856	<b>994</b>
	Operating profit	105	98	<b>105</b>	+7	+0	100.4%	31	<b>74</b>
Energy	Revenue	520	500	<b>560</b>	+60	+40	107.8%	208	<b>352</b>
	Operating profit	43	43	<b>46</b>	+3	+3	108.2%	11	<b>35</b>
Agriculture & Food	Revenue	1,373	1,300	<b>1,360</b>	+60	▲13	99.1%	668	<b>692</b>
	Operating profit	33	30	<b>35</b>	+5	+2	106.6%	18	<b>17</b>
Logistics	Revenue	504	570	<b>550</b>	▲20	+46	109.1%	263	<b>287</b>
	Operating profit	24	24	<b>29</b>	+5	+5	121.0%	14	<b>15</b>
Seawater	Revenue	400	400	<b>400</b>	-	+0	100.0%	176	<b>224</b>
	Operating profit	29	26	<b>28</b>	+2	▲1	95.4%	8	<b>20</b>
Other <small>(sol, information electronics materials, and others)</small>	Revenue	1,251	1,300	<b>1,240</b>	▲60	▲11	99.2%	571	<b>669</b>
	Operating profit	73	47	<b>55</b>	+8	▲18	75.0%	18	<b>37</b>
Adjustment	Operating profit	▲6	▲16	<b>▲15</b>	+1	▲9	-	11	<b>▲26</b>
Total	Revenue	8,091	8,100	<b>8,200</b>	+100	+109	101.3%	3,744	<b>4,456</b>
	Operating profit	506	460	<b>500</b>	+40	▲6	98.8%	196	<b>304</b>

※ R&D expenses for new business areas that were previously recorded in the medical business have been included in "adjustments." Accordingly, figures for the previous fiscal year for comparison purpose and the initial forecast are restated according to the new classification.

## Basic dividend policy

We make it a policy to maintain a stable dividend in line with business results aiming at a dividend payout ratio of **30%**.

(Unit: Yen)

	<b>FY2019 (Result)</b>		<b>FY2020 (Forecast)</b>
Dividend payout ratio	<b>29.8%</b>	➔	<b>34.3%</b>
Basic earnings per share ※	<b>147.43</b>	➔	<b>128.21</b>
Interim dividend	<b>20.00</b>	➔	<b>22.00</b>
Year-end dividend	<b>24.00</b>	➔	<b>22.00</b>
Annual dividend	<b>44.00</b>	➔	<b>44.00</b>

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

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# **Supplementary materials**

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## Number of consolidated companies

	End of March 2020	End of September 2020	Increase/decrease
Consolidated subsidiaries ※	125	127	Increase of 2 companies
Equity method affiliates	17	13	Decrease of 4 companies
Total	142	140	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 2020

Company name	Segment	Time of start of consolidation
Air Water Vietnam Co., Ltd.	Industrial gas	2020.2Q
Pacific Petroleum Import and Export Trading Joint Stock Company	Energy	2020.2Q
KATSURA TSUSHO Co., Ltd.	Logistics	2020.2Q

## (Reference) Major newly consolidated companies for fiscal year 2019

Company name	Segment	Time of start of consolidation
Air Water India Pte. Ltd.	Industrial gas	2019.2Q
Ecofroz S.A.	Agriculture & Food	2019.2Q
FILWEL Co., Ltd.	Chemical	2019.2Q
Daito Chemicals Co., Ltd.	Chemical	2019.3Q
Hitec Holding B.V.	Other	2019.3Q

## Revenue by product in the industrial gas and energy businesses

(Unit: Hundred million yen)

	2019.2Q	2020.2Q	Increase/decrease	
	Amount	Amount	Amount	YoY
Oxygen	149	<b>108</b>	▲41	72.6%
Nitrogen	149	<b>148</b>	▲1	99.2%
Argon	63	<b>58</b>	▲6	91.1%
Carbon dioxide	112	<b>102</b>	▲10	90.8%
Hydrogen	24	<b>21</b>	▲4	85.0%
Helium	14	<b>11</b>	▲3	82.0%
Other gases	89	<b>77</b>	▲12	86.7%
Industrial gas total	602	<b>526</b>	▲76	87.4%
LP gas	115	<b>110</b>	▲6	95.1%
Kerosene	24	<b>19</b>	▲5	77.5%

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

# Major changes in business environment caused by the COVID-19

	Main negative factors	Main positive factors
Industrial gas	<ul style="list-style-type: none"> <li>● Decline in demand for industrial gas resulting from temporary suspension of blast furnaces (Kajima, Wakayama, Kokura)</li> <li>● Decline in demand for industrial gas due to the stagnation in domestic manufacturing industries including automobile related sectors and facility construction</li> <li>● Decrease in raw material gas for carbon dioxide gas due to lower refinery operations</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in demand for electronics applications (gas supply, related equipment, materials)</li> <li>● Increase in demand for medical oxygen in India</li> </ul>
Chemical	<ul style="list-style-type: none"> <li>● Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in demand for electronics applications (electronics materials, precision polishing pads)</li> </ul>
Medical	<ul style="list-style-type: none"> <li>● Postponements and cancellations of facility construction and repair and maintenance projects</li> <li>● Decline in demand for gas services resulting from a decrease in the number of operations</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in demand for infection control products (hand sanitizers, masks, etc.) ✕ Kawamoto Corporation, C.I. MEDICAL CO., LTD.</li> <li>● Increase in demand for vaccination needles (for COVID-19 infection)</li> <li>● Increase in demand for simple depressurizing apparatuses and ultraviolet radiation disinfection devices</li> <li>● Increase in medium-term demand for additional ICUs, and systems and equipment that support zoning</li> </ul>
Energy	<ul style="list-style-type: none"> <li>● Decline in demand for LP gas for industrial and commercial use</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in per-capita LP gas consumption due an increase in the percentage of people staying at home</li> </ul>
Agriculture & food	<ul style="list-style-type: none"> <li>● Decline in demand for commercial frozen and processed foods due to the stagnation in restaurant and tourism industries</li> <li>● Decline in demand for beverages due to the voluntary ban on leaving home</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in demand for commercial home delivery products</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>● Decrease in volume of shipments including construction materials</li> </ul>	<ul style="list-style-type: none"> <li>● Increase in volume of shipments of food for supermarkets (expansion of low-temperature logistics business)</li> </ul>
Seawater	<ul style="list-style-type: none"> <li>● Decline in demand for commercial salts for restaurants and food processing</li> </ul>	<ul style="list-style-type: none"> <li>● Not applicable</li> </ul>
Other	<ul style="list-style-type: none"> <li>● Postponement of high-power UPS-related construction projects resulting from the stalled economic activities in Singapore and Europe.</li> </ul>	<ul style="list-style-type: none"> <li>● Medium-term increase in construction of data centers associated with digital shift</li> <li>● Increase in demand for electronics applications (sealing materials for semiconductor manufacturing devices)</li> </ul>

# Points of upward revision of financial results forecasts by segment

The initial forecast assumed that the impact of COVID-19 will continue until the second half, but now anticipates that, except some businesses, the business environment will recover within the first half. Based on the first half results, the forecast also determined that it is possible to continue cost reduction in the second half.

		Initial forecast for 2H	Revised forecast for 2H	Difference	Main factors causing the difference
Industrial gas	Revenue	1,070	1,055	▲15	<ul style="list-style-type: none"> <li>Favorable Indian business (No COVID-19 impacts in the second half, increase in demand for medical oxygen argon)</li> <li>Expansion in electronics-related business</li> </ul>
	Operating profit	110	119	+9	
Chemical	Revenue	180	183	+3	<ul style="list-style-type: none"> <li>Increase in demand for precision polishing pads and electronics materials (polyimide resin for displays)</li> <li>Increase in demand for succinic acids (for bath salts)</li> </ul>
	Operating profit	10	12	+2	
Medical	Revenue	890	994	+104	<ul style="list-style-type: none"> <li>Increase in demand for infection control products (hand sanitizers, negative pressure air units, etc.)</li> <li>Increase in demand for vaccination needles (used for COVID-19 infection)</li> <li>New contract for medical services (SPD)</li> </ul>
	Operating profit	72	74	+3	
Energy	Revenue	290	352	+62	<ul style="list-style-type: none"> <li>Rise of CP</li> <li>Increase in per-capita LP gas consumption due to an increase in the percentage of people staying at home</li> </ul>
	Operating profit	34	35	+1	
Agriculture & food	Revenue	630	692	+62	<ul style="list-style-type: none"> <li>Expansion of wholesale of fruit and vegetables and commercial-use home-delivery products resulting from the stay-at-home demand</li> <li>Recovery in hotel demand backed by the GoTo campaign</li> <li>Improvement in earnings of the fruit and vegetable retailer (Kusyuya) and of food processing sector (sweets)</li> </ul>
	Operating profit	14	17	+3	
Logistics	Revenue	290	287	▲3	<ul style="list-style-type: none"> <li>Improvement in earnings due to higher operations of low-temperature logistics centers (in Atsugi and Kita-Kanto)</li> <li>Contribution of the revenue of Katsura Tsusho Co., Ltd.</li> </ul>
	Operating profit	9	15	+6	
Seawater	Revenue	220	224	+4	<ul style="list-style-type: none"> <li>Improvement in earnings due to a fall in raw material prices for magnesia for heaters</li> </ul>
	Operating profit	18	20	+2	
Other	Revenue	730	669	▲61	<ul style="list-style-type: none"> <li>Increase in contract manufacturing of alcohol-based disinfectants in the aerosol business</li> <li>Recovery in demand for information electronics materials for in-vehicle parts</li> <li>Increase in demand for O-rings for semiconductor manufacturing devices</li> <li>Stagnation in construction demand in a construction-related subsidiary</li> </ul>
	Operating profit	32	37	+5	
Adjustment	Operating profit	▲29	▲26	▲3	
Total	Revenue	4,300	4,456	+156	
	Operating profit	270	304	+34	

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***AIR WATER INC.***