

<NEWS FLASH>
Consolidated Financial Results (Under IFRS)
For the First Quarter of the March 31, 2021 Fiscal Year

AIR WATER INC.

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Qualitative Information relating to First Quarter Earnings

(1) Explanation of Operating Results

1) Operating results for the current period

The Japanese economy in the cumulative first quarter of the current consolidated fiscal year remained unpredictable, with corporate activities and consumer spending having significantly shrunk due to closure and stay-at-home requests resulting from the issuance of the state of emergency declaration caused by the spread of the COVID-19 infection, and with the global economy having worsened sharply due to emergency measures taken by each country to prevent the spread of the infection.

In such a business environment, our corporate group maintained stable supply systems for our products including industrial gas and medical gas, by thoroughly implementing infection prevention measures. Also, in order to respond to changes in market needs in the corona crisis, we launched new initiatives to develop high-value-added products and cultivate new markets focusing on the equipment and materials for electronics applications, the demand for which have been growing due to the next-generation communication standard (5G) and the IoT, and on infectious disease prevention fields in the medical business.

We have also been working on operational reforms and the innovation of corporate culture, such as the promotion of work style improvement and sales restructuring based on digitalization to respond to the “new normal” following the corona shock.

Our eight regional business companies in Japan beat back the impact of the COVID-19 and achieved steady growth, resulting in them exhibiting stability, which is our company’s strength, as the real strength of regional businesses. In order to build a strong business foundation that drives improved profitability and sustainable growth in Japan in the future, we will implement management reform, in which the current eight regional business companies will be merged into three newly born companies effective October 1 this year.

Our corporate group will continue to work to overcome new challenges in the “with corona society” and seek further growth by taking advantage of the strength of our conglomerate management with various business fields that support people’s lives and living, including industrial gas, medical care & hygiene, energy, agriculture & food products and logistics, and also by utilizing our business foundation which is firmly linked with local communities.

For the current first quarter consolidated cumulative period, the group’s revenue was ¥180,259 million (98.3% that of the corresponding period of the previous year), operating profit was ¥8,719 million (79.5%), and profit attributable to owners of parent was ¥4,451 million (62.3%).

2) Consolidated results by segment for this period

(Million yen)

| | Revenue | | Operating profit | |
|---|----------------|--------------|------------------|--------------|
| | FY 2020.1Q | YoY Growth | FY 2020.1Q | YoY Growth |
| Industrial Gas Business | 40,626 | 94.7% | 3,928 | 82.6% |
| Chemical Business | 6,978 | 147.1% | 251 | - % |
| Medical Business | 40,552 | 97.0% | 635 | 58.6% |
| Energy Business | 11,037 | 97.2% | 761 | 119.3% |
| Agriculture and Food Products Business | 31,588 | 91.6% | 323 | 37.5% |
| Logistics Business | 13,046 | 106.3% | 662 | 112.7% |
| Seawater Business | 8,377 | 95.8% | 236 | 46.5% |
| Other Business | 28,052 | 104.0% | 710 | 52.0% |
| (Adjustment) | - | - % | 1,208 | 101.2% |
| Total | 180,259 | 98.3% | 8,719 | 79.5% |

(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.