August 3, 2023

Consolidated Financial Results (Under IFRS)
For the First Quarter of the March 31, 2024 Fiscal Year

AIR WATER INC.
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(Note: All amounts are rounded down to the nearest million yen.)

1. Results for the three months ended June 30, 2023

(1) Consolidated operating results

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	230,039	2.4	11,263	-13.3	11,501	-9.3	7,362	-13.0	7,141	-11.7	21,563	28.8
Three months ended June 30, 2022	224,720	8.9	12,984	-19.4	12,683	-21.3	8,457	-26.6	8,089	-24.1	16,741	32.6

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	31.39	31.36
Three months ended June 30, 2022	35.69	35.66

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of June 30, 2023	1,091,366	460,846	444,111	40.7
As of March 31, 2023	1,091,645	446,482	430,232	39.4

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
The fiscal year ended March 31, 2023	—	28.00	—	32.00	60.00
The fiscal year ending March 31, 2024	—				
The fiscal year ending March 31, 2024 (Forecasts)		30.00	—	30.00	60.00

(Note) Changes in forecast of dividends for the fiscal year ending March 31, 2024, from the latest disclosure: No

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2024

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
The second quarter (cumulative)	500,000	7.8	32,000	23.4	31,000	22.4	20,000	22.4	87.90
The fiscal year	1,080,000	7.5	72,000	15.8	70,000	14.8	44,000	9.6	193.34

(Note) Changes in forecast of consolidated operating results for the fiscal year ending March 31, 2024, from the latest disclosure: No

Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies required by IFRS: None

b. Changes in accounting policies other than (a): None

c. Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

a. Total number of shares outstanding (including treasury shares)

As of June 30, 2023: 229,755,057 shares

As of March 31, 2023: 229,755,057 shares

b. Number of shares of treasury shares

As of June 30, 2023: 2,145,087 shares

As of March 31, 2023: 2,402,613 shares

c. Average number of shares during the term

First Three months of the fiscal year ending March 31, 2024: 227,478,311 shares

First Three months of the fiscal year ended March 31, 2023: 226,634,168 shares

* This report is exempt from quarterly review procedure based on the Financial Instruments and Exchange Act.

* Explanations and other special notes concerning the appropriate use of business performance forecasts

・The forward-looking statements such as result forecasts included in this document are based on the information available to AIR WATER INC. (hereinafter "the Company") at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors. For matters relating to the forecasts, please, refer to "1-(3) Explanation of future prediction information such as forecast of consolidated operating results".

1.Qualitative Information relating to First Quarter Settlement of Accounts

(1) Explanation of Operating Results

1) Operating results for the current period

During the first quarter of the current consolidated fiscal year, the Japanese economy recovered moderately due to the upward trend in corporate capital investment, in addition to the recovery of consumer spending reflecting the normalization of social and economic activity that has been impacted by the COVID-19 pandemic. However, the future remained uncertain mainly due to the decline in global demand for semiconductors and the increasing risk of the slowdown of overseas economies.

In this business environment, the Group achieved revenue of ¥1 trillion in the year ended March 31, 2022. To achieve the "terrAWell 30" long-term vision towards 2030, in line with its two foundations for growth, the "global environment" and "wellness," the Group produced synergy through the integration of its management resources, specifically its diverse businesses, human resources and technologies, and overall optimization, and accelerated initiatives to create new businesses that contribute to solving social issues.

Above all, in overseas and electronics-related businesses, which are positioned as growth areas, the Group pushed forward with M&A activities and the enhancement of manufacturing and supply infrastructure to expand the industrial gas business in North America and India. At the same time, the Group continued its aggressive capital investment in gas supply plants in response to the construction and expansion of semiconductor manufacturing plants, which is under way across Japan. Further, the Group established the new Global & Engineering Group, which oversees engineering functions as a technological domain essential for supplying industrial gases and promotes and manages overseas expansion, including the establishment of governance and risk management, in a centralized manner. The Group also began to enhance its core factory, which produces gas supply plants, and implemented other initiatives to further reinforce its engineering framework as the core of the industrial gas business.

In addition, the Group reformed its business structure with a focus on the integration and reorganization of group companies in business sectors including electronics and agricultural processing in Hokkaido to push its growth strategy forward in response to changes in the business environment. Thus, initiatives were implemented to create synergy within the Group and improve profitability through the optimal allocation of management resources.

Further, to create new businesses through innovation as quickly as possible, the Group established the new Gas Technology Development Center, which is specialized in the development of new ways of using gases, and set up a Development Center in each business sector. Thus, the Group aggressively promoted the development of new business models that help solve social issues, such as electronic and functional materials, decarbonization solutions, dental pulp regeneration therapy and onshore aquaculture.

During the first quarter of the current consolidated fiscal year, steady progress was made in measures to respond to the rising costs, including price revisions that were implemented in the previous fiscal year for various products including industrial gases and salt for business use. In Japan, there was a recovery in the foods and beverages field, reflecting the resumption of people's movements. Overseas, demand for gas remained brisk in India. Further, the woody biomass power generation business, whose overall performance was affected by the surge in marine transportation costs in the previous fiscal year, remained on a recovery trend due to the improvement of the cost environment.

However, there were changes in the external environment, including the slump of the semiconductor market and the slowdown of demand related to COVID-19, and the impact of the shortage of raw materials for carbonic acid gas was added to this.

As a result, for the current first quarter consolidated cumulative period, the group's revenue was ¥230,039 million (102.4% that of the corresponding period of the previous year), operating profit was ¥11,263 million (86.7%), and profit attributable to owners of parent was ¥7,141 million (88.3%).

2) Consolidated results by segment for this period

From the first quarter of the current consolidated fiscal year, the engineering business in Japan and the overseas and engineering business including the industrial gas business in India, which were previously included in Digital & Industry, are included in the Other Business. Similarly, the carbonic acid gas and hydrogen business, which was previously included in Energy solutions, is now a part of Digital & Industry.

The segment information for the first quarter of the previous consolidated fiscal year shown here was prepared based on the revised reporting segments.

(Million yen)

	Revenue		Operating profit	
	FY 2023.1Q	YoY Growth	FY2023.1Q	YoY Growth
Digital & Industry	81,316	108.2%	5,333	92.8%
Energy Solutions	13,821	92.5%	665	71.6%
Health & Safety	52,120	97.1%	2,401	86.8%
Agriculture & Foods	38,297	103.3%	1,354	100.9%
Other Business	44,483	101.3%	783	57.6%
(Adjustment)	-	- %	725	86.5%
Total	230,039	102.4%	11,263	86.7%

(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.

<Digital & Industry>

Revenue in this segment was ¥81,316million (108.2% that of the corresponding period of the previous year), and operating profit was ¥5,333 million (92.8%).

In the **business as a whole**, there was steady progress in the revision of industrial gas prices, which has been under way since the previous fiscal year, and on-site gas supply for large semiconductor manufacturers maintained a high operating rate. On the other hand, there was a year-on-year decline in profit due to a shortage of the raw material gas in the carbonic acid gas supply in addition to the deteriorated conditions of the petrochemical market and customers' inventory adjustments in the functional materials sector.

In the **electronics business,** performance was on par with the previous year, despite a decline in sales of special chemical materials and heat control equipment for semiconductor manufacturing equipment, which reflected the decrease in demand for semiconductors. Performance was maintained because on-site gas supply for large semiconductor manufacturers basically maintained a high operating rate and customers continued to enhance equipment in anticipation of the medium- and long-term growth of demand, and as a result, demand for equipment for supplying special chemical materials and related construction work remained steady.

In the **functional materials business,** sales of precision polishing pads, electronic materials, etc. decreased due to a decline in semiconductor demand. In addition, basic chemicals were weak in reaction to the conditions of the petrochemical market that was trending upward in the same period of the previous fiscal year, and functional materials for agrochemicals were also affected by customers' inventory adjustments. Because of these and other factors, the performance of the functional materials business as a whole declined significantly year on year.

In the **industrial gas business,** the carbon dioxide gas supply was affected by shortage of raw material gas, and domestic demand for industrial gases, including on-site gas supply services for steel manufacturers, was on a weak note overall, despite a sign of recovery in gases for automobiles and construction equipment. In this environment, the industrial gas business as a whole remained strong due to steady progress in measures against cost increase, including the revision of the prices of industrial gases that began to be implemented in the previous fiscal year.

<**Energy solutions**>

Revenue in this segment was ¥13,821 million (92.5% that of the corresponding period of the previous year), and operating profit was ¥665 million (71.6%).

In the **energy business,** business reorganization was conducted in Hokkaido as the main business area, with a focus on integration of wholesale and retail functions, in an attempt to improve profitability. In addition, sales volume of industrial LP gas increased as a result of aggressive fuel conversion carried out amid growing demand for low-carbon and decarbonized products. At the same time, orders received for LNG tank trucks and small LNG satellite facilities remained steady. However, unit selling price for LP gas dropped in tandem with import prices, causing revenue to decrease and also leading profits to be affected by inventory evaluation.

In the **green innovation business**, the Group implemented various demonstrations of the small CO_2 collection device, ReCO_2 STATION, and liquefied biomethane usable as an alternative fuel for LNG and took other initiatives to build a business model for the collection and use of CO_2 and new energy, aiming to create a business which will help build a decarbonized society.

<**Health & Safety**>

Revenue in this segment was ¥52,120 million (97.1% of the level in the same period of the previous fiscal year), and operating profit was ¥2,401million (86.8%).

The **business as a whole** was affected by a year-on-year decline in contracts for leasing home oxygen concentrators and in the demand for hygiene materials and other infection control products, which was a result of the reclassification of COVID-19 as a class 5 infectious disease. This more than offset the strong showing of the safety services business, which includes gas fire extinguishing systems for data centers.

There was a year-on-year decline in the performance of the **medical products business** due to a decrease in sales of dental materials, which were strong in the previous fiscal year, in addition to a decline in contracts for leasing oxygen concentrators to local governments.

The **safety services business** remained steady due to the growth of demand for products for data centers in the fire extinguishing system sector, in addition to an increase in hospital renovation projects.

In the **medical service business**, the Group endeavored to acquire new customers by proposing measures to improve the efficiency of hospital management, but the business's performance was affected by the termination of a contract with a large hospital.

The **consumer health business** benefitted from the growth of contract manufacturing of sunscreen sprays and cosmetics in addition to an increase in sales of cosmetic needles and dental needles mainly in overseas markets, reflecting the recovery of demand following the COVID-19 pandemic. However, the business was affected by a decline in demand for hygiene materials and other infection control products and a decline in their prices.

<**Agriculture & Foods**>

Revenue in this segment was ¥38,297 million (103.3% that of the corresponding period of the previous year), and operating profit was ¥1,354 million (100.9%).

In the **business as a whole**, both revenue and profit increased due to steady performance in the contract manufacturing of plastic bottle beverages, more than offsetting the impact of the rising cost of eggs and other raw materials in the sweets and delicatessen sectors.

In the **foods business,** sales remained strong due to the development of new sales channels, with a focus on products for consumers, in addition to products for professional use such as at hotels and restaurants. However, profit decreased year on year because the increased raw materials costs were not fully absorbed. The sweets sector was affected by a supply shortage of eggs, which caused the discontinuation of sales of some products and other effects.

The **natural food business** that conducts the contract manufacturing of vegetable- and fruit-based drinks remained steady due to an increase in contracts for plastic bottle beverages for convenience stores.

The performance of the **agriculture business** remained unchanged year on year, despite an increase in the number of customers visiting stores operated in the area of direct sales of agricultural products and the fruit and vegetable retail

sector, offset by a decline in the efficiency of processing potatoes and onions in the agricultural and processing sector, whose major production region is Hokkaido.
In this business, under a collaborative structure based on a capital and business alliance with two major companies in the industry, the Group pushed forward with the reinforcement of the fruit and vegetable distribution and processing platform through the mutual exploitation of the procurement, processing, sales and logistics functions of each company.

<Other business>

Revenue in this segment was ¥44,483 million (101.3% that of the corresponding period of the previous year), and operating profit was ¥783 million (57.6%).

In the **logistics business**, the food distribution sector remained strong mainly due to the acquisition of new customers. However, the business was affected by a decline in the volume of infectious waste cargo handled in the collection and transportation of waste from industrial and medical organizations, in addition to a decline in the volume of general cargo handled in the Hokkaido area. In this business, the Group reinforced its own logistics networks through initiatives such as starting operations at new logistics centers in Mie and Iwate.

The performance of **Nihonkaisui Co., Ltd.** remained brisk due to an increase in sales of pipeline systems for sewerage rehabilitation in the urban infrastructure business, in addition to the steady progress in measures to address the cost increases, including the revision of prices of commercial salt and magnesium hydroxide, which had begun in the previous fiscal year.

In the **global & engineering business,** in the industrial gas sector in North America, sales of liquefied hydrogen tanks and carbon dioxide-related equipment continued to trend toward recovery due to progress in the resolution of production stagnation attributed mainly to material procurement, which impacted performance in the previous fiscal year. At the same time, gas sales in New York, USA, also remained strong. However, the business's performance declined year on year because of the recording of upfront expenses related to M&A activities in the first quarter of the current consolidated fiscal year. On the other hand, in the industrial gas sector in India, demand for both on-site gas supply services for steel manufacturers and off-site gas supply services using tanker trucks and cylinders remained brisk, and the business's performance remained strong. Further, performance in the power supply system (UPS) sector exceeded the previous year due to progress in the resolution of delays in customers' investment plans and construction delays, among other factors.

The **electric power business** continued to trend toward recovery due to the continuous stable operation of the Onahama woody biomass power generation plant, a decrease in marine transportation costs for the palm kernel shells (PKS) and woody pellets used as fuels for power generation, and additionally the progress in the measures for reducing demurrage at port unloading facilities. Compared with the previous year, however, the performance of this business was affected by the absence of the results of the subsidiary that was operating Hofu Power Plant due to the transfer of the equity stake in that subsidiary in January 2023.

(2) Explanation of financial position for the current period

Total assets at the end of the current first quarter consolidated fiscal year stood at ¥1,091,366 million, a decrease of ¥278 million from the end of the previous consolidated fiscal year due mainly to a decrease in trade and other receivables. Liabilities stood at ¥630,519 million, a decrease of ¥14,643 million from the end of the previous consolidated fiscal year due mainly to a decrease in trade and other payables. Equity stood at ¥460,846 million, an increase of ¥14,364 million from the end of the previous consolidated fiscal year, due mainly to an increase in other components of equity.

Equity attributable to owners of parent per share grew from ¥1,892.36 at the end of the previous consolidated fiscal year to ¥1,951.20, and ratio of equity attributable to owners of parent to total assets changed to 40.7% from 39.4% at the end of the previous consolidated fiscal year.

Cash flows from operating activities for the first quarter of the current fiscal year was an inflow of ¥13,129 million, reflecting an increase of ¥2,250 million from the same period of the previous fiscal year, after deducting income taxes paid from profit before tax, depreciation and others.

Cash flows from investing activities for the first quarter of the current fiscal year was an outflow of ¥19,299 million, reflecting an increase in outflow by ¥8,175 million from the same period of the previous fiscal year, due mainly to an increase in expenditures resulting from purchase of property, plant and equipment and purchase of investment securities despite a decrease in payments for acquisition of business.

Cash flows from financing activities for the first quarter of the current fiscal year was an outflow of ¥7,853 million, reflecting a decrease of ¥10,813 million from the same period of the previous fiscal year, due mainly to a decrease proceeds from issuance of bonds.

As a result, cash and cash equivalents at the end of the first quarter of the current fiscal year stood at ¥52,785 million, a decrease of ¥10,945 million from the end of the first quarter of the previous consolidated fiscal year.

(3) Explanation of future prediction information such as forecast of consolidated operating results

Our full-year operating results forecasts remain unchanged from the forecasts announced on May 10, 2023.

2.Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit：Million yen)

	End of the previous fiscal year (As of March 31, 2023)	End of the first quarter of fiscal year (As of June 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	65,944	52,785
Trade and other receivables	229,276	204,094
Inventories	92,014	101,545
Other financial assets	6,151	6,450
Income taxes receivable	4,307	6,387
Other current assets	33,444	32,117
Total current assets	431,139	403,381
Non-current assets		
Property, plant and equipment	443,443	449,596
Goodwill	65,130	68,227
Intangible assets	32,568	33,314
Investments accounted for using equity method	32,630	33,170
Retirement benefit asset	3,836	3,931
Other financial assets	78,182	95,041
Deferred tax assets	2,184	2,231
Other non-current assets	2,528	2,471
Total non-current assets	660,505	687,984
Total assets	1,091,645	1,091,366

	End of the previous fiscal year (As of March 31, 2023)	End of the first quarter of fiscal year (As of June 30, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	166,601	150,811
Bonds and borrowings	83,340	86,195
Other financial liabilities	5,035	13,323
Income taxes payable	10,127	4,641
Provisions	901	896
Other current liabilities	33,691	35,890
Total current liabilities	299,697	291,758
Non-current liabilities		
Bonds and borrowings	283,385	282,531
Other financial liabilities	30,192	21,691
Retirement benefit liability	6,365	6,504
Provisions	3,157	2,953
Deferred tax liabilities	14,601	17,911
Other non-current liabilities	7,762	7,169
Total non-current liabilities	345,465	338,761
Total liabilities	645,162	630,519
Equity		
Share capital	55,855	55,855
Capital surplus	49,962	49,784
Treasury shares	(3,532)	(3,135)
Retained earnings	303,680	303,564
Other components of equity	24,266	38,041
Total equity attributable to owners of parent	430,232	444,111
Non-controlling interests	16,249	16,735
Total equity	446,482	460,846
Total liabilities and equity	1,091,645	1,091,366

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed quarterly consolidated statement of profit or loss
Cumulative first quarter of the consolidated fiscal year

(Unit：Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Continuing operations		
Revenue	224,720	230,039
Cost of sales	(177,116)	(182,188)
Gross profit	47,604	47,851
Selling, general and administrative expenses	(35,890)	(37,722)
Other income	1,594	1,326
Other expenses	(958)	(723)
Share of profit of investments accounted for using equity method	636	532
Operating profit	12,984	11,263
Finance income	535	1,018
Finance costs	(836)	(779)
Profit before tax	12,683	11,501
Income tax expense	(4,223)	(4,137)
Profit from continuing operations	8,459	7,364
Discontinued operations		
Profit (loss) from discontinued operations	(1)	(2)
Profit	8,457	7,362
Profit attributable to		
Owners of parent	8,089	7,141
Non-controlling interests	368	220
Profit	8,457	7,362

(Unit：Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	35.70	31.40
Discontinued operations	(0.01)	(0.01)
Basic earnings per share	35.69	31.39
Diluted earnings (loss) per share		
Continuing operations	35.66	31.37
Discontinued operations	(0.01)	(0.01)
Diluted earnings per share	35.66	31.36

Condensed quarterly consolidated statement of comprehensive income

Cumulative first quarter of the consolidated fiscal year

(Unit：Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	8,457	7,362
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	(603)	4,174
Share of other comprehensive income of investments accounted for using equity method	(4)	10
Total of items that will not be reclassified to profit or loss	(608)	4,185
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,031	7,361
Effective portion of gains and losses on hedging instruments in a cash flow hedge	2,786	2,602
Share of other comprehensive income of investments accounted for using equity method	73	53
Total of items that may be reclassified to profit or loss	8,891	10,016
Total other comprehensive income	8,283	14,201
Comprehensive income	16,741	21,563
Comprehensive income attributable to		
Owners of parent	14,986	21,273
Non-controlling interests	1,754	290
Comprehensive income	16,741	21,563

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Three months ended June 30, 2022

(Unit：Million yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of April 1, 2022	55,855	52,638	(4,838)	275,158	―	4,614
Profit	―	―	―	8,089	―	―
Other comprehensive income	―	―	―	―	―	6,017
Comprehensive income	―	―	―	8,089	―	6,017
Purchase of treasury shares	―	―	(0)	―	―	―
Disposal of treasury shares	―	0	388	―	―	―
Dividends	―	―	―	(6,637)	―	―
Increase (decrease) due to changes in equity	―	(446)	―	―	―	―
Increase (decrease) due to new consolidation	―	―	―	575	―	176
Transfer from other components of equity to retained earnings	―	―	―	(0)	―	―
Put option provided to non-controlling shareholders	―	(118)	―	―	―	―
Transfer to non-financial assets	―	―	―	―	―	―
Total transactions with owners	―	(564)	387	(6,062)	―	176
Balance as of June 30, 2022	55,855	52,073	(4,451)	277,185	―	10,809

(Unit：Million yen)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Net change in fair value of financial assets measured through other comprehensive income	Effective portion of gains and losses on hedging instruments in a cash flow hedge	Share acquisition rights	Total			
Balance as of April 1, 2022	7,416	3,995	291	16,317	395,131	24,725	419,857
Profit	—	—	—	—	8,089	368	8,457
Other comprehensive income	(583)	1,463	—	6,897	6,897	1,386	8,283
Comprehensive income	(583)	1,463	—	6,897	14,986	1,754	16,741
Purchase of treasury shares	—	—	—	—	(0)	—	(0)
Disposal of treasury shares	—	—	—	—	388	—	388
Dividends	—	—	—	—	(6,637)	(412)	(7,050)
Increase (decrease) due to changes in equity	—	—	—	—	(446)	(104)	(551)
Increase (decrease) due to new consolidation	—	—	—	176	752	—	752
Transfer from other components of equity to retained earnings	0	—	—	0	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	(118)	—	(118)
Transfer to non-financial assets	—	(182)	—	(182)	(182)	(175)	(357)
Total transactions with owners	0	(182)	—	(4)	(6,244)	(692)	(6,937)
Balance as of June 30, 2022	6,833	5,276	291	23,210	403,873	25,787	429,660

Three months ended June 30, 2023

(Unit：Million yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of April 1, 2023	55,855	49,962	(3,532)	303,680	－	11,427
Profit	－	－	－	7,141	－	－
Other comprehensive income	－	－	－	－	－	7,385
Comprehensive income	－	－	－	7,141	－	7,385
Purchase of treasury shares	－	－	(0)	－	－	－
Disposal of treasury shares	－	－	397	－	－	－
Dividends	－	－	－	(7,326)	－	－
Increase (decrease) due to changes in equity	－	－	－	－	－	－
Increase (decrease) due to new consolidation	－	－	－	(30)	－	－
Transfer from other components of equity to retained earnings	－	－	－	99	－	－
Put option provided to non-controlling shareholders	－	(177)	－	－	－	－
Transfer to non-financial assets	－	－	－	－	－	－
Total transactions with owners	－	(177)	396	(7,256)	－	－
Balance as of June 30, 2023	55,855	49,784	(3,135)	303,564	－	18,812

(Unit：Million yen)

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity				Total		
	Net change in fair value of financial assets measured through other comprehensive income	Effective portion of gains and losses on hedging instruments in a cash flow hedge	Share acquisition rights	Total			
Balance as of April 1, 2023	10,708	1,846	284	24,266	430,232	16,249	446,482
Profit	－	－	－	－	7,141	220	7,362
Other comprehensive income	4,165	2,581	－	14,132	14,132	69	14,201
Comprehensive income	4,165	2,581	－	14,132	21,273	290	21,563
Purchase of treasury shares	－	－	－	－	(0)	－	(0)
Disposal of treasury shares	－	－	－	－	397	－	397
Dividends	－	－	－	－	(7,326)	(279)	(7,605)
Increase (decrease) due to changes in equity	－	－	－	－	－	－	－
Increase (decrease) due to new consolidation	－	－	－	－	(30)	474	443
Transfer from other components of equity to retained earnings	(99)	－	－	(99)	－	－	－
Put option provided to non-controlling shareholders	－	－	－	－	(177)	－	(177)
Transfer to non-financial assets	－	(256)	－	(256)	(256)	－	(256)
Total transactions with owners	(99)	(256)	－	(356)	(7,394)	194	(7,199)
Balance as of June 30, 2023	14,773	4,170	284	38,041	444,111	16,735	460,846

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit：Million yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	12,683	11,501
Profit (loss) before tax from discontinued operations	(1)	(2)
Depreciation and amortization	11,016	11,110
Interest and dividend income	(495)	(809)
Interest expenses	497	719
Share of loss (profit) of investments accounted for using equity method	(636)	(532)
Loss (gain) on sale and retirement of fixed assets	283	50
Decrease (increase) in trade and other receivables	7,322	26,559
Decrease (increase) in inventories	(8,943)	(8,433)
Increase (decrease) in trade and other payables	(5,432)	(18,272)
Decrease (increase) in contract assets	1,924	2,885
Increase (decrease) in contract liabilities	571	1,768
Other	(1,630)	(2,046)
Subtotal	17,159	24,499
Interest received	76	179
Dividends received	655	701
Interest paid	(475)	(660)
Income taxes paid	(6,536)	(11,590)
Net cash provided by (used in) operating activities	10,878	13,129
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,277)	(11,467)
Proceeds from sale of property, plant and equipment	241	134
Purchase of intangible assets	(395)	(584)
Purchase of investment securities	(17)	(7,723)
Proceeds from sale of investment securities	3	181
Collection of loans receivable	431	156
Payments for acquisition of businesses	(2,094)	—
Other	(15)	3
Net cash provided by (used in) investing activities	(11,124)	(19,299)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,509	3,263
Proceeds from long-term borrowings	1,977	319
Repayments of long-term borrowings	(4,990)	(4,014)
Proceeds from issuance of bonds	10,000	—
Additional purchase of shares of subsidiaries	(551)	—
Proceeds from sale and leaseback transactions	298	289
Repayments of lease liabilities	(1,122)	(1,046)
Dividends paid	(6,130)	(6,779)
Dividends paid to non-controlling interests	(412)	(279)
Other	382	394
Net cash provided by (used in) financing activities	2,960	(7,853)
Impact of exchange fluctuations for cash and cash equivalents	620	706
Net increase (decrease) in cash and cash equivalents	3,335	(13,317)
Net increase (decrease) in cash and cash equivalents due to a change in the scope of consolidation	841	157
Cash and cash equivalents at beginning of period	59,554	65,944
Cash and cash equivalents at end of period	63,731	52,785

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Notes on assumption of going business)

Not applicable.

(Reporting company)

Air Water Inc. (the “Company”) is a joint-stock company located in Japan. The registered address of the head office of the Company is in Chuo-ku, Osaka-shi.

The condensed quarterly consolidated financial statement of the Company and its subsidiaries (the “Group”) closes on December 31 and consists of equity interests of the Group and its affiliates and joint control agreement.

The Group operates manufacturing and sale in the segments, Digital & Industry, Energy Solutions, Health & Safety, Agriculture & Foods, and Other products and services. See the section, “segment information, etc.” for the details of each business.

(Basis of preparation)

(1) Compliance with the IFRS

The condensed quarterly consolidated financial statement of the Group satisfies the requirements of a Specified Company engaging in international financing activities in Article 1-2 of the Ordinance on Quarterly Consolidated Financial Statements and, therefore, is prepared in conformity to IAS 34 pursuant to the provisions of Article 93 of the said Ordinance.

(2) Basis of Measurement

The condensed quarterly consolidated financial statement of the Group is prepared based on acquisition costs except retirement benefit liability (Assets) and financial instruments, etc. measured at fair value.

(3) Functional Currency and Presentation Currency

The monetary amounts in the condensed quarterly consolidated financial statement are presented in units of yen, the functional currency of the Company. All financial data presented in Japanese yen are rounded down to the nearest million yen.

(4) Important Accounting Estimates and Decisions involving Estimates

In the preparation of the Group’s condensed quarterly consolidated financial statement, the business manager must make decisions, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. The actual results may vary from such estimates.

Estimates and assumptions that become the basis of estimates are reviewed continuously. The impact of a revision of accounting estimates is recognized during the accounting period in which the estimates are revised and future accounting periods that will be affected.

The important accounting estimates and decisions involving estimates in this condensed quarterly consolidated financial statement are the same as the consolidated financial statement for the accounting year ending March 31, 2023.

(Significant accounting policies)

The accounting principles that the Group applies to the condensed quarterly consolidated financial statement are the same as the accounting principles applied to the consolidated financial statement for the consolidated fiscal year ending March 31, 2023.

(Segment Information)

(1) Overview of Reportable Segments

The Group's reportable segments are components of an entity for which separate financial information is available and is evaluated regularly by the Board of Directors in determining the allocation of management resources and in assessing performance.

The Group plans comprehensive strategies for each product and service and operates its business activities. Therefore, the Group consists of operating segments for each product and service, and has five reportable segments, including "Digital & Industry," "Energy Solutions," "Health & Safety," "Agriculture & Foods," and "Other Businesses."

The Digital & Industry segment primarily manufactures and sells industrial gases including oxygen, nitrogen, argon, carbon dioxide and hydrogen, and also manufactures and sells electronic materials, functional materials and so on.

The Energy Solutions segment primarily sells LP gas and kerosene, and also manufactures and sells LNG-related equipment.

The Health & Safety segment primarily manufactures and sells oxygen and other medical gases, dental and hygiene materials, hypodermic needles, aerosol products and other items, and also provides services including hospital facility construction, hospital services and home medical care.

The Agriculture & Foods segment primarily processes and distributes vegetables and fruits, manufactures and sells frozen food and processed meat products, and operates contract manufacturing of soft drinks.

The Other Business segment consists of the logistics business, which provides logistics services for general cargo, food, medical supplies and environmental products, Nihonkaisui Co., Ltd. which manufactures and sells commercial-use salt, overseas industrial gas businesses in North America, India and elsewhere, a business supplying high-output uninterruptible power sources (UPS), and a woody biomass power generation business, etc.

(2) Matters related to changes in reportable segments

From the first quarter of the current consolidated fiscal year, the engineering business in Japan and the overseas and engineering business including the industrial gas business in India, which were previously included in Digital & Industry, are included in the Other Business. Similarly, the carbonic acid gas and hydrogen business, which was previously included in Energy solutions, is now a part of Digital & Industry.

The segment information for the first quarter of the previous consolidated fiscal year shown here was prepared based on the revised reporting segments.

(3) Information about the Amounts of Revenue and Profit or Loss by Reportable Segment

The accounting method of the reported operating segments is the same as the accounting method used to prepare the consolidated financial statements.

The profit figures of the reportable segments are operating profit. Intersegment revenue and transfers of funds are presented based on prevailing market prices.

Three months ended June 30, 2022

(Unit : Million yen)

	Reportable Segment						Adjustment (Note)	Quarterly consolidated statements of income
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from outside customers	75,133	14,942	53,668	37,073	43,901	224,720	－	224,720
Inter-segment revenue	2,087	1,040	86	169	4,074	7,459	(7,459)	－
Total	77,221	15,983	53,755	37,243	47,976	232,180	(7,459)	224,720
Revenue by segment	5,746	929	2,767	1,343	1,359	12,146	838	12,984
Finance income								535
Finance costs								(836)
Operating profit								12,683

(Note) 1. The reconciling item of -7,459 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 838 million yen of segment profit is related to profit or loss of the Company's head office, which is not distributed to elimination of inter-segment transactions and each reportable segment.

Three months ended June 30, 2023

(Unit：Million yen)

	Reportable Segment						Adjustment (Note)	Quarterly consolidated statements of income
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from outside customers	81,316	13,821	52,120	38,297	44,483	230,039	－	230,039
Inter-segment revenue	1,793	1,110	130	177	3,657	6,870	(6,870)	－
Total	83,110	14,932	52,251	38,475	48,141	236,910	(6,870)	230,039
Revenue by segment	5,333	665	2,401	1,354	783	10,537	725	11,263
Finance income								1,018
Finance costs								(779)
Operating profit								11,501

(Note) 1. The reconciling item of -6,870 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 725 million yen of segment profit is related to profit or loss of the Company's head office, which is not distributed to elimination of inter-segment transactions and each reportable segment.

(Significant subsequent events)

Not applicable.