February 9, 2024

Consolidated Financial Results (Under IFRS)
For the Third 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 Nine Months Ended December 31, 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	%
Nine months ended December 31, 2023	744,668	2.7	49,832	20.3	49,290	20.0	32,416	21.4	31,046	17.2	52,539	42.5
Nine months ended December 31, 2022	724,769	12.0	41,429	-16.4	41,060	-16.2	26,705	-21.9	26,492	-17.6	36,877	-7.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	136.32	136.21
Nine months ended December 31, 2022	116.78	116.66

(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 December 31, 2023	1,192,514	478,987	460,204	38.6
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	—	30.00	—		
The fiscal year ending March 31, 2024 (Forecasts)				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 fiscal year	1,080,000	7.5	72,000	15.8	70,000	14.8	44,000	9.6	193.12

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

b. Number of shares of treasury shares

As of December 31, 2023:	1,651,412 shares
As of March 31, 2023:	2,402,613 shares

c. Average number of shares during the term

First Nine months of the fiscal year ending March 31, 2024:	227,746,017 shares
First Nine months of the fiscal year ended March 31, 2023:	226,860,794 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 Third Quarter Settlement of Accounts

(1) Explanation of Operating Results

1) Operating results for the current period

During the cumulative third quarter of the current consolidated fiscal year, socioeconomic activities in the Japanese economy steadily returned to normal after the COVID-19 pandemic. In the manufacturing sector, auto production related to a wide range of industries recovered to normal levels, and capital investment associated with labor saving an reductions in CO2 emissions remained steady. In general, the economy remained on a recovery track. However, the outlook remained uncertain, reflecting the risk of a downturn in overseas economies caused by a slowdown in the Chinese economy and the geopolitical risk caused by the intensifying conflicts in the Middle East region.

In this business environment, the Group bolster the profitability of existing businesses in Japan through integrated Group management based on business units. It also accelerated efforts to build a foundation for the industrial gas business overseas, a future growth area, and to create new carbon neutral and agriculture businesses, which will contribute to solving social issues.

For its existing businesses in Japan, the Group continued to integrate and reorganize Group companies to establish a core company, in which each business unit would achieve autonomous growth. In addition, the Group implemented thorough value management to ensure a profit level appropriate for the value of products and services and engaged in profit growth measures, including an increase in productivity and improvements to low-profit projects through total inspections of businesses.

Among its overseas businesses, the Group carried out active investment in North America and India, which are key strategic areas, and expanded infrastructure for the industrial gas business. In North America, the Group purchased multiple gas dealerships, launched the construction of a large gas plant in New York, which would be the Group's first manufacturing based in North America, and entered a helium gas business. In India, the Group received new orders for an onsite gas supply project for steelworks from Steel Authority of India Limited (SAIL), a state-run steel company. In addition, the construction of a liquefied gas production plant in southern India and gas filling stations in the northern region progressed as planned.

In the creation of new businesses through the solution of social issues, the Group worked to build a supply chain for bio-methane created from livestock excreta, which could be a fuel alternative to LNG, using gas refining and separation technologies and the Group's business base in Hokkaido with the aim of establishing a carbon neutral society. In expectation of diverse demands for CO2 emission reduction such as CO2 collection and reuse, low-carbon hydrogen, and ammonia, the Group worked to build a group-wide system of business promotion.

In the agriculture business, recognizing that ensuring food security and higher self-sufficiency in food products are social issues, the Group restructured the business in Hokkaido in the agriculture and processing sectors and focused on setting up a new distribution and processing business for fruits and vegetables based on capital and business alliances with the industry's two major companies. Moreover, the Group built a new Gas Technology Development Center to specialize in gas technologies that will serve as both the foundation for all businesses and as a source of synergies. We began conducting testing use gas technologies to transport and maintain the freshness of agricultural products.

Looking at the consolidated results for the first nine months of the current consolidated fiscal year, negative effects such as the sluggish semiconductor market and an economic slowdown in China were offset by progress in the improvement of the earnings structure in response to rises in various costs. This resulted in further growth from the first half of the fiscal year under review, in which profit increased substantially, maintaining a pace of steady growth.

In particular, in the businesses of industrial gas and commercial salt, the cost of which began to rise in the previous fiscal year, the effect of cost reductions and price revisions, including increased efficiency in production and logistics, began to emerge. In the Global & Engineering business, orders for new projects involving liquid hydrogen tanks, demand for which is high, and large data centers helped maintain the growth trend. Moreover, growth of the beverage business and the effect of new consolidation of vegetable and fruit wholesale in the Agriculture & Foods segment were part of the contribution. The woody biomass power generation business, which had a significant impact on the results in the previous fiscal year, achieved a considerable recovery thanks to a decrease in the cost of shipping of power generation fuel.

As a result, for cumulative third quarter of the current fiscal year, the group's revenue was ¥744,668million (102.7% that of the corresponding period of the previous year), operating profit was ¥49,832million (120.3%), and profit attributable to owners of parent was ¥31,046million (117.2%).

2) Consolidated results by segment for this period

Effective from the first quarter of the current fiscal year, the domestic engineering business and overseas engineering (Indian industrial gas, etc.) business, which were previously classified under "Digital & Industry," moved to "Other Businesses," and the carbon dioxide and hydrogen business, which was previously classified under "Energy Solutions," has been moved to "Digital & Industry

Segment information for the Third quarter of the previous fiscal year is disclosed based on the reporting segment classification after the change.

(Million yen)

	Revenue		Operating profit	
	FY 2023.3Q	YoY Growth	FY2023.3Q	YoY Growth
Digital & Industry	251,561	102.1%	22,735	120.6%
Energy Solutions	42,869	94.7%	1,567	73.9%
Health & Safety	165,731	98.1%	8,967	92.4%
Agriculture & Foods	125,020	107.7%	6,668	128.1%
Other Business	159,486	107.7%	8,136	223.4%
(Adjustment)	-	- %	1,756	91.7%
Total	744,668	102.7%	49,832	120.3%

(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 ¥251,561million (102.1% that of the corresponding period of the previous year), and operating profit was ¥ 22,735million (120.6%).

In the **business as a whole**, while the functional materials business was impacted mainly by sluggish semiconductor market, efforts to increase operational efficiency and productivity, in addition to price revisions, particularly of industrial gas, resulted in a significant increase in earnings strength, despite an environment in which demand for domestic industrial gas remains generally weak.

In the **industrial gas business**, efforts were made to improve logistical efficiency and reduce costs in response to rising energy costs. While demand for domestic industrial gas remained generally weak, continuous progress in the revision of industrial gas prices and the acquisition of new customers contributed to strong sales. In the supply of carbon dioxide gas, the shortage of raw material gas, which has had an impact since the previous fiscal year, began improving in the second quarter and remained on a recovery track.

In the **electronics business**, sales of gas-related devices and thermal control-related equipment for semiconductor manufacturing equipment slowed due to the impact of stock adjustments in response to the sluggish semiconductor market. However, the impact of this was offset as the operating rate of onsite gas supply to large semiconductor factories remained at a certain level and the new extension of large semiconductor factories contributed to an increase in sales of high purity chemicals, coating materials, equipment for supplying special chemical materials, and other products. The result was a strong performance.

In the **functional materials business**, semiconductor-related products including precision polishing pads was affected by the sluggish market, and sales of naphthoquinone for agricultural chemicals remained weak given the slowdown of the Chinese economy. This resulted in a decline.

<Energy solutions>
Revenue in this segment was ¥42,869 million (94.7%), and operating profit was ¥1,567 million (73.9%).
In the **energy business**, the unit selling price linked to import prices continued to fall despite an increase in the sales volume of LP gas due to progress in fuel conversion among industrial customers. As a result, revenue decreased. Profit decreased year on year due to the persistent impact of the inventory valuation of LP gas in the first half of the fiscal year and sluggish sales of kerosene distributed to households incidental to LP gas as a result of a mild winter in the third quarter. Meanwhile, sales of LNG tank trucks and small LNG satellite facilities remained strong amid growing demand for low-carbon and decarbonized products.
In the **green innovation business**, progress was made in the verification of the ReCO2 STATION small CO2 collection device and liquefied biomethane, which is a clean energy source usable as an alternative to LNG, for the creation of new businesses that will contribute to the realization of a carbon-neutral society.

<Health & Safety>
Revenue in this segment was ¥165,731 million (98.1%), and operating profit was ¥8,967 million (92.4%).
In the **business as a whole**, the safety services business generally remained strong and the streamlining of production and price revisions that were undertaken in each business domain helped offset the impact of higher raw material and personnel expenses. Meanwhile, sales decreased year on year with the termination of contracts for the lease of oxygen concentrators and a decline in demand for infection control products, which was a result of the reclassification of COVID-19 as a class 5 infectious disease.
In the **medical products business**, sales fell year on year owing to the termination of contracts for leasing oxygen concentrators to local governments at the end of the previous fiscal year, which offset an increase in profitability associated with price revisions in the medical gas market and the adjustment of low-profit projects and steady growth in the number of nitric oxide inhalation therapy cases.
The **safety services business** was affected by increases in the prices of construction materials and personnel expenses; however, sales from the renovation of hospitals and the construction of gas-based fire extinguishing systems for data centers remained firm, and construction of hospital facilities in Singapore was on a growth path.
In the **medical service business**, while the Group made progress in the acquisition of new customers by proposing measures to improve the efficiency of hospital management, the business was affected by the initial cost of receiving new orders in the SPD (supply, processing, and distribution in hospital logistics management) and the termination of contracts with some large hospitals.
In the **consumer health business**, while contract manufacturing of liquid fillings grew thanks to proposals actively made to cosmetics manufacturers in the aerosol segment, the business was affected by a reactionary fall from a gain on bargain purchase posted in the same period of the previous year in the hygiene material segment and a fall in demand for infection control products such as masks and hand sanitizer and demand for vaccine needles.

<Agriculture & Foods>
Revenue in this segment was ¥12,502 million (107.7%), and operating profit was ¥6,668 million (128.1%).
In the **business as a whole**, earnings strength was improved through price revisions and an increase in production efficiency. In addition, an increase in the volume of contract manufacturing of beverages, growth of the retail vegetable and fruit segment, and new consolidation through M&A contributed to strong results.
In the **foods business**, while the ham and delicatessen segment made progress in the new adoption of prepared food and other products for convenience stores, demand for some products fell due to price revisions, while a shortage of hen eggs that had arose mainly in the first quarter in the sweets segment had a persistent impact. These resulted in a slight year-on-year decrease in sales.

The **natural food business** remained strong thanks to investment in the enhancement of beverage filling lines, the expansion of house brand products, and growth of contract manufacturing of paper-pack products such as vegetable and fruit beverages, which are the Group's strengths, and plastic bottle beverages for major accounts.

The **agriculture business** remained steady thanks to a recovery in nationwide consumption in the vegetable and fruit retail sector after the COVID-19 pandemic and the opening of new direct-sale stores for farm products, despite the insufficient growth and unstable prices of farm products that continued in the agricultural product and processing segment, mostly in Hokkaido. Meanwhile, the Group newly consolidated Marushin Seika co., Ltd, a middle trader of vegetables and fruits in Kyushu, in the third quarter.

<Other Businesses>

Revenue in this segment was ¥1,59,486 million (107.7%), and operating profit was ¥8,136 million (223.4%).

The **logistics business** made progress in acquiring new shippers by expanding the Groups' own low-temperature distribution network and in revising prices to accommodate an increase in personnel and energy expenses. However, a decline in the volume of infectious waste transactions, which was strong in the same period of the previous year, and the impact of costs incurred before the full-scale operation of a new low-temperature distribution center resulted in a year-on-year fall.

NIHON KAISUI Co., Ltd. remained strong following a price revision for commercial salt and magnesium hydroxide, on which the company had been working since the previous fiscal year, in response to an increase in coal and other material prices. Sales in the electric power segment exceeded those in the same period of the previous fiscal year as a result of the start of the operation of Kanda Biomass Power Plant (Kanda, Fukuoka) in August 2023, in addition to a downward trend in marine transportation cost for power generation fuel.

In the **global and engineering business**, both on-site and off-site gas supply services for steel manufacturers in the industrial gas business in India performed strongly thanks to strong demand. In the industrial gas business in North America, sales of liquefied hydrogen tanks increased with growth in investments related to CO2 reduction and industrial gas sales in the U.S. states of New York and Arizona remained steady. The effect of the new consolidation of American Gas Products, LLC., operating a helium gas supply business in North America, in which M&A was conducted in the second quarter, is expected to be recognized in the fourth quarter. The power supply system (UPS) sector remained strong thanks to orders received for new projects for large data centers in Southeast Asia, the market for which is growing through an increase in the use of generative AI, in addition to the resolution of construction delays in Asia and Europe.

In the **electric power business,** The performance of the electric power business improved significantly year on year thanks to a downward trend in marine transportation costs for power generation fuel and measures for easing demurrage taken at unloading port facilities.

(2) Explanation of financial position for the current period

Total assets at the end of the current third quarter consolidated fiscal year stood at ¥1,192,514 million, an increase of ¥100,868 million from the end of the previous consolidated fiscal year due mainly to an increase in property, plant and equipment and other financial assets. Liabilities stood at ¥713,526 million, an increase of ¥68,363 million from the end of the previous consolidated fiscal year due mainly to an increase in bonds and borrowings. Equity stood at ¥478,987 million, an increase of ¥32,505 million from the end of the previous consolidated fiscal year, due mainly to an increase in other components of equity and an accumulation of profit attributable to owners of the parent.

Equity attributable to owners of parent per share grew from ¥1,892.36 at the end of the previous consolidated fiscal year to ¥2,017.53, and ratio of equity attributable to owners of parent to total assets changed to 38.6% from 39.4% at the end of the previous consolidated fiscal year.

Cash flows from operating activities for the third quarter of the current fiscal year was an inflow of ¥49,373 million, reflecting an increase of ¥13,414 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 third quarter of the current fiscal year was an outflow of ¥82,209 million, reflecting an increase in outflow by ¥27,603 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.

Cash flows from financing activities for the third quarter of the current fiscal year was an inflow of ¥28,342 million, reflecting an increase of ¥3,109 million from the same period of the previous fiscal year, due mainly to an increase proceeds from issuance of bonds.

As a result, cash and cash equivalents at the end of the third quarter of the current fiscal year stood at ¥62,912 million, a decrease of ¥4,289 million from the end of the third 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

(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 third quarter of fiscal year (As of December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	65,944	62,912
Trade and other receivables	229,276	225,563
Inventories	92,014	105,035
Other financial assets	6,151	6,419
Income taxes receivable	4,307	2,498
Other current assets	33,444	42,004
Total current assets	431,139	444,434
Non-current assets		
Property, plant and equipment	443,443	483,495
Goodwill	65,130	72,899
Intangible assets	32,568	33,552
Investments accounted for using equity method	32,630	34,458
Retirement benefit asset	3,836	3,822
Other financial assets	78,182	113,336
Deferred tax assets	2,184	2,285
Other non-current assets	2,528	4,228
Total non-current assets	660,505	748,079
Total assets	1,091,645	1,192,514

	End of the previous fiscal year (As of March 31, 2023)	End of the third quarter of fiscal year (As of December 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	166,601	158,422
Bonds and borrowings	83,340	77,694
Other financial liabilities	5,035	13,573
Income taxes payable	10,127	8,559
Provisions	901	1,024
Other current liabilities	33,691	42,405
Total current liabilities	299,697	301,678
Non-current liabilities		
Bonds and borrowings	283,385	351,334
Other financial liabilities	30,192	22,741
Retirement benefit liability	6,365	6,748
Provisions	3,157	3,567
Deferred tax liabilities	14,601	20,532
Other non-current liabilities	7,762	6,923
Total non-current liabilities	345,465	411,847
Total liabilities	645,162	713,526
Equity		
Share capital	55,855	55,855
Capital surplus	49,962	49,011
Treasury shares	(3,532)	(2,401)
Retained earnings	303,680	319,902
Other components of equity	24,266	37,837
Total equity attributable to owners of parent	430,232	460,204
Non-controlling interests	16,249	18,782
Total equity	446,482	478,987
Total liabilities and equity	1,091,645	1,192,514

(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 third quarter of the consolidated fiscal year

(Unit：Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Continuing operations		
Revenue	724,769	744,668
Cost of sales	(577,774)	(583,795)
Gross profit	146,995	160,872
Selling, general and administrative expenses	(109,548)	(115,350)
Other income	5,138	4,636
Other expenses	(2,955)	(2,255)
Share of profit of investments accounted for using equity method	1,801	1,929
Operating profit	41,429	49,832
Finance income	1,601	2,646
Finance costs	(1,971)	(3,188)
Profit before tax	41,060	49,290
Income tax expense	(14,365)	(16,887)
Profit from continuing operations	26,694	32,403
Discontinued operations		
Profit (loss) from discontinued operations	10	13
Profit	26,705	32,416
Profit attributable to		
Owners of parent	26,492	31,046
Non-controlling interests	212	1,370
Profit	26,705	32,416

(Unit：Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	116.73	136.26
Discontinued operations	0.05	0.06
Basic earnings per share	116.78	136.32
Diluted earnings (loss) per share		
Continuing operations	116.61	136.15
Discontinued operations	0.05	0.06
Diluted earnings per share	116.66	136.21

Condensed quarterly consolidated statement of comprehensive income
Cumulative third quarter of the consolidated fiscal year

(Unit：Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	26,705	32,416
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	52	5,285
Share of other comprehensive income of investments accounted for using equity method	(23)	102
Total of items that will not be reclassified to profit or loss	29	5,387
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,347	6,454
Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,550	8,053
Share of other comprehensive income of investments accounted for using equity method	245	228
Total of items that may be reclassified to profit or loss	10,142	14,736
Total other comprehensive income	10,172	20,123
Comprehensive income	36,877	52,539
Comprehensive income attributable to		
Owners of parent	35,669	49,453
Non-controlling interests	1,207	3,086
Comprehensive income	36,877	52,539

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
Nine months ended December 31, 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	－	－	－	26,492	－	－
Other comprehensive income	－	－	－	－	－	8,410
Comprehensive income	－	－	－	26,492	－	8,410
Purchase of treasury shares	－	－	(2)	－	－	－
Disposal of treasury shares	－	22	1,102	－	－	－
Dividends	－	－	－	(13,047)	－	－
Share-based payment transactions	－	－	－	－	－	－
Increase (decrease) due to changes in equity	－	(258)	－	－	－	－
Increase (decrease) due to new consolidation	－	－	－	575	－	176
Transfer from other components of equity to retained earnings	－	－	－	64	－	－
Put option provided to non-controlling shareholders	－	(196)	－	－	－	－
Transfer to non-financial assets	－	－	－	－	－	－
Transfer to other components of equity related to disposal group held for sale	－	－	－	－	－	－
Total transactions with owners	－	(432)	1,100	(12,407)	－	176
Balance as of December 31, 2022	55,855	52,206	(3,738)	289,243	－	13,202

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Other components of equity				Other components of equity related to disposal group held for sale	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	–	–	–	–	–	26,492	212	26,705
Other comprehensive income	34	732	–	9,177	–	9,177	994	10,172
Comprehensive income	34	732	–	9,177	–	35,669	1,207	36,877
Purchase of treasury shares	–	–	–	–	–	(2)	–	(2)
Disposal of treasury shares	–	–	–	–	–	1,125	–	1,125
Dividends	–	–	–	–	–	(13,047)	(601)	(13,649)
Share-based payment transactions	–	–	–	–	–	–	–	–
Increase (decrease) due to changes in equity	–	–	–	–	–	(258)	(204)	(463)
Increase (decrease) due to new consolidation	–	–	–	176	–	752	603	1,355
Transfer from other components of equity to retained earnings	(64)	–	–	(64)	–	–	–	–
Put option provided to non-controlling shareholders	–	–	–	–	–	(196)	–	(196)
Transfer to non-financial assets	–	(655)	–	(655)	–	(655)	(629)	(1,285)
Transfer to other components of equity related to disposal group held for sale	–	(2,243)	–	(2,243)	2,243	–	–	–
Total transactions with owners	(64)	(2,899)	–	(2,787)	2,243	(12,282)	(833)	(13,115)
Balance as of December 31, 2022	7,385	1,828	291	22,707	2,243	418,519	25,099	443,619

Nine months ended December 31, 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	－	－	－	31,046	－	－
Other comprehensive income	－	－	－	－	－	6,560
Comprehensive income	－	－	－	31,046	－	6,560
Purchase of treasury shares	－	－	(3)	－	－	－
Disposal of treasury shares	－	6	1,133	－	－	－
Dividends	－	－	－	(14,197)	－	－
Share-based payment transactions	－	－	－	－	－	－
Increase (decrease) due to changes in equity	－	(637)	－	－	－	－
Increase (decrease) due to new consolidation	－	(4)	－	(891)	－	－
Transfer from other components of equity to retained earnings	－	－	－	264	－	－
Put option provided to non-controlling shareholders	－	(314)	－	－	－	－
Transfer to non-financial assets	－	－	－	－	－	－
Transfer to other components of equity related to disposal group held for sale	－	－	－	－	－	－
Total transactions with owners	－	(950)	1,130	(14,824)	－	－
Balance as of December 31, 2023	55,855	49,011	(2,401)	319,902	－	17,988

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Other components of equity				Other components of equity related to disposal group held for sale	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	—	—	—	—	—	31,046	1,370	32,416
Other comprehensive income	5,341	6,505	—	18,407	—	18,407	1,715	20,123
Comprehensive income	5,341	6,505	—	18,407	—	49,453	3,086	52,539
Purchase of treasury shares	—	—	—	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	—	—	—	1,140	—	1,140
Dividends	—	—	—	—	—	(14,197)	(569)	(14,767)
Share-based payment transactions	—	—	(79)	(79)	—	(79)	—	(79)
Increase (decrease) due to changes in equity	—	—	—	—	—	(637)	(196)	(834)
Increase (decrease) due to new consolidation	—	(3,281)	—	(3,281)	—	(4,177)	324	(3,853)
Transfer from other components of equity to retained earnings	(264)	—	—	(264)	—	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	(314)	—	(314)
Transfer to non-financial assets	—	(1,211)	—	(1,211)	—	(1,211)	(111)	(1,322)
Transfer to other components of equity related to disposal group held for sale	—	—	—	—	—	—	—	—
Total transactions with owners	(264)	(4,492)	(79)	(4,837)	—	(19,481)	(552)	(20,034)
Balance as of December 31, 2023	15,785	3,858	204	37,837	—	460,204	18,782	478,987

(4) Condensed quarterly Consolidated Statement of Cash Flows

(Unit：Million yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before tax	41,060	49,290
Profit (loss) before tax from discontinued operations	10	13
Depreciation and amortization	33,462	34,299
Interest and dividend income	(1,256)	(1,902)
Interest expenses	1,565	2,525
Share of loss (profit) of investments accounted for using equity method	(1,801)	(1,929)
Loss (gain) on sale and retirement of fixed assets	10	(6)
Decrease (increase) in trade and other receivables	(23,496)	7,159
Decrease (increase) in inventories	(18,247)	(10,812)
Increase (decrease) in trade and other payables	22,448	(11,195)
Decrease (increase) in contract assets	(4,222)	(2,702)
Increase (decrease) in contract liabilities	5,749	7,778
Other	(6,597)	(6,359)
Subtotal	48,684	66,159
Interest received	249	536
Dividends received	1,368	1,417
Interest paid	(1,471)	(2,344)
Income taxes paid	(12,871)	(16,394)
Net cash provided by (used in) operating activities	35,959	49,373
Cash flows from investing activities		
Purchase of property, plant and equipment	(46,402)	(48,337)
Proceeds from sale of property, plant and equipment	2,083	872
Purchase of intangible assets	(1,179)	(1,652)
Purchase of investment securities	(2,330)	(10,982)
Proceeds from sale of investment securities	102	676
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,147)	(7,322)
Collection of loans receivable	837	1,515
Payments for acquisition of businesses	(2,094)	(8)
Other	(476)	(16,971)
Net cash provided by (used in) investing activities	(54,606)	(82,209)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	26,105	7,142
Proceeds from long-term borrowings	22,928	37,870
Repayments of long-term borrowings	(17,755)	(29,533)
Proceeds from issuance of bonds	10,000	30,000
Additional purchase of shares of subsidiaries	(691)	(834)
Proceeds from sale and leaseback transactions	541	802
Repayments of lease liabilities	(3,734)	(3,828)
Dividends paid	(12,662)	(13,789)
Dividends paid to non-controlling interests	(601)	(569)
Other	1,103	1,082
Net cash provided by (used in) financing activities	25,233	28,342
Impact of exchange fluctuations for cash and cash equivalents	449	(525)
Net increase (decrease) in cash and cash equivalents	7,035	(5,018)
Net increase (decrease) in cash and cash equivalents due to a change in the scope of consolidation	841	1,986
Cash and cash equivalents at beginning of period	59,554	65,944
Net increase (decrease) in cash and cash equivalents contained in assets held for sale	(229)	―
Cash and cash equivalents at end of period	67,201	62,912

(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, NIHON KAISUI 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 third 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.

Nine months ended December 31, 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	246,370	45,277	168,954	116,041	148,124	724,769	–	724,769
Inter-segment revenue	7,080	3,480	290	548	16,634	28,034	(28,034)	–
Total	253,451	48,758	169,244	116,590	164,759	752,804	(28,034)	724,769
Revenue by segment	18,846	2,120	9,700	5,205	3,642	39,514	1,915	41,429
Finance income								1,601
Finance costs								(1,971)
Operating profit								41,060

(Note) 1. The reconciling item of -28,034 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 1,915 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.

Nine months ended December 31, 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	251,561	42,869	165,731	125,020	159,486	744,668	–	744,668
Inter-segment revenue	7,551	3,167	419	598	14,168	25,904	(25,904)	–
Total	259,112	46,036	166,150	125,618	173,655	770,572	(25,904)	744,668
Revenue by segment	22,735	1,567	8,967	6,668	8,136	48,075	1,756	49,832
Finance income								2,646
Finance costs								(3,188)
Operating profit								49,290

(Note) 1. The reconciling item of -25,904 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 1,756 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.