

August 8, 2024

Consolidated Financial Results (Under IFRS)
For the First Quarter of the March 31, 2025 Fiscal Year

AIR WATER INC.
Head Office: 12-8, Minami semba 2-chome,
Chuo-ku, Osaka, Japan

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

1. Results for the three months ended June 30, 2024

(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, 2024	245,943	6.9	13,939	23.8	14,320	24.5	9,617	30.6	9,363	31.1	26,740	24.0
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	41.01	40.98
Three months ended June 30, 2023	31.39	31.36

(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, 2024	1,231,387	523,412	504,012	40.9
As of March 31, 2024	1,222,696	508,485	488,557	40.0

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, 2024	—	30.00	—	34.00	64.00
The fiscal year ending March 31, 2025	—				
The fiscal year ending March 31, 2025 (Forecasts)		32.00	—	32.00	64.00

(Note) Changes in forecast of dividends for the fiscal year ending March 31, 2025, from the latest disclosure: No

3. Forecast of consolidated operating results for the fiscal year ending March 31, 2025

(% 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)	510,000	6.9	33,000	16.3	32,000	15.0	21,000	21.3	91.94
The fiscal year	1,100,000	7.4	78,000	14.2	76,000	13.9	50,000	12.7	218.88

(Note) Changes in forecast of consolidated operating results for the fiscal year ending March 31, 2025, from the latest disclosure: No

Notes

(1) Significant changes in the scope of consolidation during the period : 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, 2024: 229,755,057 shares

As of March 31, 2024: 229,755,057 shares

b. Number of shares of treasury shares

As of June 30, 2024: 1,289,874 shares

As of March 31, 2024: 1,529,317 shares

c. Average number of shares during the term

First Three months of the fiscal year ending March 31, 2025: 228,338,236 shares

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

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm : None

* 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”.

4. Qualitative Information relating to First Quarter Settlement of Accounts

(1) Explanation of Operating Results

1) Operating results for the current period

For the current first quarter consolidated cumulative period, the Group's revenue was ¥245,943 million (106.9% that of the corresponding period of the previous year), operating profit was ¥13,939 million (123.8%), and profit attributable to owners of parent was ¥9,363 million (131.1%).

During the first quarter of the fiscal year under review, the Japanese economy experienced sluggish personal spending due to rising commodity prices while signs of a recovery were seen in capital expenditure supported by the robust performance of the corporate sector. The overseas outlook remained uncertain due to tension continuing to rise in the Middle East and downward pressure on the US and European economies caused by ongoing monetary tightening.

In this environment, the Group bolstered the profitability of existing businesses in Japan through integrated Group management based on business units. It is also making progress in building a foundation for overseas businesses as a future growth area and to address issues in carbon neutrality and agriculture, with a view to solving social issues.

During the first quarter under review, all segments achieved profit growth thanks to the steady performance in activities in the overseas industrial gas and agriculture businesses positioned as growth segments, in addition to progress in price management and structural reforms, which the Group had been instituting.

2) Consolidated results by segment for this period

	(Million yen)			
	Revenue		Operating profit	
	FY 2024.1Q	YoY Growth	FY2024.1Q	YoY Growth
Digital & Industry	78,524	96.1%	6,044	114.0%
Energy Solutions	14,741	106.7%	879	132.1%
Health & Safety	56,389	108.2%	2,466	102.7%
Agriculture & Foods	42,589	111.2%	1,731	127.8%
Other Business	53,697	121.9%	2,069	253.7%
(Adjustment)	-	- %	748	103.2%
Total	245,943	106.9%	13,939	123.8%

(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 ¥78,524million (96.1% that of the corresponding period of the previous year), and operating profit was ¥6,044 million (114.0%).

The Group developed new customers and implemented capital expenditure for large plants to acquire demand for gases amid growth in manufacturing facilities for semiconductors and digital industry in Japan. It also worked to expand its electronics-related businesses such as supply of special chemicals and sale of gas refining equipment. Moreover, the Group continued to revise gas prices, which had started in the previous fiscal year, and further streamlined manufacturing and supply structures while the general demand for industrial gasses remained somewhat weak.

Revenue decreased year on year as a result of a fall in the unit selling price of on-site gas supply for steelmakers and low sales of basic chemicals in the functional materials business, which more than offset the revenue growth through the price revision of industrial gasses. Operating profit increased year on year owing to the strong performance of gas supply to large semiconductor plants and the effect of the management of industrial gas prices ongoing since the previous fiscal year.

<Energy solutions>

Revenue in this segment was ¥14,741 million (106.7%), and operating profit was ¥879 million (132.1%).

The Group actively promoted customers' fuel conversion from fuel oil to LNG to meet the growing demand for low-carbon and net-zero carbon emissions and started energy supply that would contribute to carbon neutrality by harnessing unused local resources such as liquefied biomethane derived from cow manure. Efforts to raise the earning power of LP gas supply for households mostly in Hokkaido included an increase in delivery efficiency using the IoT technology and obtaining vendor commercial rights to acquire customers.

Revenue from LP gas increased year on year due to a rise in the selling price to customers, which was linked to import price. An increase in the sales volume of LNG also contributed to the revenue growth. Operating profit increased as the impact of inventory valuation of LP gas posted a year earlier had disappeared.

<Health & Safety>

Revenue in this segment was ¥56,389 million (108.2%), and operating profit was ¥2,466 million (102.7%).

The Group worked to satisfy needs at clinical sites through the supply of gasses for medical use and focused on the development of medical equipment, proposals for upgrading hospital facilities such as operating rooms, and receiving outsourcing contracts for hospital operations. In addition, the Group worked to enhance the structures of businesses closer to consumers such as home medical care, dental care, hygiene medicals, injection needles, and aerosol cosmetics. The safety services segment sought to receive contracts for data center-related projects.

Revenue increased year on year, which was attributable, in the safety services segment, to progress in the contraction of emergency generators for data centers in partnership with overseas, an increase in the number of nitric oxide inhalation therapy cases, and sales growth of shower bathing systems. Contract manufacturing of products such as injection needles, aerosol, and cosmetics remained at the level of the same period in the previous fiscal year. Operating profit was affected by higher raw material prices, mainly for imported products such as medical equipment and hygiene products, but increased from the same period of the previous year due to the effect of price revisions, mainly for medical gases.

<Agriculture & Foods>

Revenue in this segment was ¥42,589 million (111.2%), and operating profit was ¥1,731 million (127.8%).

In the business as a whole, the Group built a cooperative structure of four companies in the same industry in the agriculture sector in anticipation of the realization of sustainable agriculture and stable food supply system. Also, it worked to enhance the platform for the function of raw material procurement and the distribution and processing of vegetables and fruits. In addition, the Group improved the technology for smart agriculture, established a new business model using distribution and processing functions, and focused on the sale of commercial food products catering to changes in lifestyles and diverse needs in food consumption.

The foods segment was affected by a rise in the prices of raw materials such as meat, while sales of products such as frozen broccoli remained strong. Also, Contract manufacturing of vegetable and fruit beverages also remained solid. In the agriculture segment, the new consolidation of Marushin Seika Co., Ltd., a wholesaler of vegetables and fruits in Kyushu, in the previous period contributed to a year-on-year increase both in revenue and operating profit.

<Other business>

Revenue in this segment was ¥53,697 million (121.9%), and operating profit was ¥2,069 million (253.7%).

In the logistics business, general freight transportation and food distribution remained strong, and progress in the rationalization of contract fees resulted in steady growth.

NIHON KAISUI CO. LTD. posted solid results thanks to a recovery in the sales volume of commercial-use salt and the contribution of the operation of Kanda Biomass Power Plant, which had started operation in August 2023, to revenue.

The electric power business remained at the level in the same period of the previous fiscal year as a result of stable operation of the Onahama Biomass Power Plant.

In the global and engineering business, both on-site gas supply for steelmakers and gas supply using lorry cylinders in the industrial gas business in India performed strongly. In the industrial gas business in North America, two gas distributors newly consolidated in the previous fiscal year contributed to revenue. The high-output UPS (uninterruptible power source) business remained strong thanks to growth of the data center market.

As a result, both sales revenue and operating income of other businesses increased from the same period of the previous year.

(2) Explanation of financial position for the current period

Total assets at the end of the current first quarter consolidated fiscal year stood at ¥1,231,387 million, an increase of ¥8,691 million from the end of the previous consolidated fiscal year due mainly to an increase in other financial assets. Liabilities stood at ¥707,975 million, a decrease of ¥6,235 million from the end of the previous consolidated fiscal year due mainly to a decrease in trade and other payables. Equity stood at ¥523,412 million, an increase of ¥14,926 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 ¥2,140.68 at the end of the previous consolidated fiscal year to ¥2,206.08, and ratio of equity attributable to owners of parent to total assets changed to 40.9% from 40.0% 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 ¥25,725 million, reflecting an increase of ¥12,596 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 ¥17,620 million, reflecting a decrease of outflow by ¥1,679 million from the same period of the previous fiscal year, due mainly to a decrease of expenditures resulting from purchase of investment securities despite an increase in expenditures resulting from purchase of property, plant and equipment.

Cash flows from financing activities for the first quarter of the current fiscal year was an outflow of ¥10,612 million, reflecting an increase of ¥2,759 million from the same period of the previous fiscal year, due mainly to an increase of expenditures resulting from additional purchase of shares of subsidiaries

As a result, cash and cash equivalents at the end of the first quarter of the current fiscal year stood at ¥63,240 million, an increase of ¥10,454 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 9, 2024.

5. 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, 2024)	End of the first quarter of fiscal year (As of June 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	64,975	63,240
Trade and other receivables	240,584	218,674
Inventories	92,643	102,964
Other financial assets	11,750	12,620
Income taxes receivable	2,465	2,288
Other current assets	36,953	33,548
Total current assets	449,372	433,336
Non-current assets		
Property, plant and equipment	497,708	506,148
Goodwill	81,859	85,605
Intangible assets	46,240	46,883
Investments accounted for using equity method	34,507	34,490
Retirement benefit asset	5,640	5,528
Other financial assets	100,621	112,876
Deferred tax assets	2,705	2,636
Other non-current assets	4,038	3,880
Total non-current assets	773,323	798,051
Total assets	1,222,696	1,231,387

	End of the previous fiscal year (As of March 31, 2024)	End of the first quarter of fiscal year (As of June 30, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	167,685	161,294
Bonds and borrowings	85,933	91,917
Other financial liabilities	13,865	12,910
Income taxes payable	11,418	5,392
Provisions	1,049	1,056
Other current liabilities	37,528	37,957
Total current liabilities	317,481	310,529
Non-current liabilities		
Bonds and borrowings	332,786	331,625
Other financial liabilities	22,951	22,225
Retirement benefit liability	6,478	6,450
Provisions	3,559	3,723
Deferred tax liabilities	23,845	26,643
Other non-current liabilities	7,107	6,778
Total non-current liabilities	396,729	397,446
Total liabilities	714,210	707,975
Equity		
Share capital	55,855	55,855
Capital surplus	49,097	47,953
Treasury shares	(2,217)	(1,850)
Retained earnings	335,113	336,696
Other components of equity	50,707	65,357
Total equity attributable to owners of parent	488,557	504,012
Non-controlling interests	19,927	19,399
Total equity	508,485	523,412
Total liabilities and equity	1,222,696	1,231,387

(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, 2023	Three months ended June 30, 2024
Continuing operations		
Revenue	230,039	245,943
Cost of sales	(182,188)	(193,266)
Gross profit	47,851	52,676
Selling, general and administrative expenses	(37,722)	(39,921)
Other income	1,326	1,392
Other expenses	(723)	(754)
Share of profit of investments accounted for using equity method	532	546
Operating profit	11,263	13,939
Finance income	1,018	1,593
Finance costs	(779)	(1,211)
Profit before tax	11,501	14,320
Income tax expense	(4,137)	(4,701)
Profit from continuing operations	7,364	9,619
Discontinued operations		
Profit (loss) from discontinued operations	(2)	(2)
Profit	7,362	9,617
Profit attributable to		
Owners of parent	7,141	9,363
Non-controlling interests	220	253
Profit	7,362	9,617

(Unit : Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	31.40	41.02
Discontinued operations	(0.01)	(0.01)
Basic earnings per share	31.39	41.01
Diluted earnings (loss) per share		
Continuing operations	31.37	40.99
Discontinued operations	(0.01)	(0.01)
Diluted earnings per share	31.36	40.98

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

(Unit : Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	7,362	9,617
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	4,174	406
Share of other comprehensive income of investments accounted for using equity method	10	113
Total of items that will not be reclassified to profit or loss	4,185	520
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,361	9,498
Effective portion of gains and losses on hedging instruments in a cash flow hedge	2,602	6,989
Share of other comprehensive income of investments accounted for using equity method	53	115
Total of items that may be reclassified to profit or loss	10,016	16,603
Total other comprehensive income	14,201	17,123
Comprehensive income	21,563	26,740
Comprehensive income attributable to		
Owners of parent	21,273	25,081
Non-controlling interests	290	1,658
Comprehensive income	21,563	26,740

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
Three months ended June 30, 2023

(Unit : Million yen)

	Equity attributable to owners of parent					
	Capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					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)	—	—
Share-based payment transactions	—	—	—	—	—	—
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

	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)
Share-based payment transactions	—	—	—	—	—	—	—
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

Three months ended June 30, 2024

(Unit : Million yen)

	Equity attributable to owners of parent					
	Capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of April 1, 2024	55,855	49,097	(2,217)	335,113	—	25,159
Profit	—	—	—	9,363	—	—
Other comprehensive income	—	—	—	—	—	9,482
Comprehensive income	—	—	—	9,363	—	9,482
Purchase of treasury shares	—	—	(1)	—	—	—
Disposal of treasury shares	—	—	—	—	—	—
Dividends	—	—	—	(7,788)	—	—
Share-based payment transactions	—	—	368	—	—	—
Increase (decrease) due to changes in equity	—	(1,144)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	7	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(1,144)	367	(7,780)	—	—
Balance as of June 30, 2024	55,855	47,953	(1,850)	336,696	—	34,641

	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, 2024	18,253	7,100	193	50,707	488,557	19,927	508,485
Profit	—	—	—	—	9,363	253	9,617
Other comprehensive income	532	5,703	—	15,718	15,718	1,405	17,123
Comprehensive income	532	5,703	—	15,718	25,081	1,658	26,740
Purchase of treasury shares	—	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	(7,788)	(434)	(8,222)
Share-based payment transactions	—	—	—	—	368	—	368
Increase (decrease) due to changes in equity	—	—	—	—	(1,144)	(1,477)	(2,621)
Increase (decrease) due to new consolidation	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	(7)	—	—	(7)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—	—
Transfer to non-financial assets	—	(1,061)	—	(1,061)	(1,061)	(275)	(1,336)
Total transactions with owners	(7)	(1,061)	—	(1,069)	(9,626)	(2,187)	(11,814)
Balance as of June 30, 2024	18,778	11,742	193	65,357	504,012	19,399	523,412

(4) Condensed quarterly Consolidated Statement of Cash Flows

(Unit : Million yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before tax	11,501	14,320
Profit (loss) before tax from discontinued operations	(2)	(2)
Depreciation and amortization	11,110	12,043
Interest and dividend income	(809)	(1,113)
Interest expenses	719	1,120
Share of loss (profit) of investments accounted for using equity method	(532)	(546)
Loss (gain) on sale and retirement of fixed assets	50	(48)
Decrease (increase) in trade and other receivables	26,559	22,894
Decrease (increase) in inventories	(8,433)	(9,462)
Increase (decrease) in trade and other payables	(18,272)	(6,571)
Decrease (increase) in contract assets	2,885	5,336
Increase (decrease) in contract liabilities	1,768	2,043
Other	(2,046)	(3,816)
Subtotal	24,499	36,198
Interest received	179	190
Dividends received	701	1,074
Interest paid	(660)	(1,074)
Income taxes paid	(11,590)	(10,663)
Net cash provided by (used in) operating activities	13,129	25,725
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,467)	(15,869)
Proceeds from sale of property, plant and equipment	134	312
Purchase of intangible assets	(584)	(276)
Purchase of investment securities	(7,723)	(1,890)
Proceeds from sale of investment securities	181	59
Collection of loans receivable	156	737
Other	3	(693)
Net cash provided by (used in) investing activities	(19,299)	(17,620)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,263	5,012
Proceeds from long-term borrowings	319	2,113
Repayments of long-term borrowings	(4,014)	(3,845)
Additional purchase of shares of subsidiaries	—	(4,855)
Proceeds from sale and leaseback transactions	289	204
Repayments of lease liabilities	(1,046)	(1,161)
Dividends paid	(6,779)	(7,644)
Dividends paid to non-controlling interests	(279)	(434)
Other	394	(1)
Net cash provided by (used in) financing activities	(7,853)	(10,612)
Impact of exchange fluctuations for cash and cash equivalents	706	772
Net increase (decrease) in cash and cash equivalents	(13,317)	(1,734)
Net increase (decrease) in cash and cash equivalents due to a change in the scope of consolidation	157	—
Cash and cash equivalents at beginning of period	65,944	64,975
Cash and cash equivalents at end of period	52,785	63,240

(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 June 30 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) Applicable Financial Reporting Framework

The condensed quarterly consolidated financial statement of the Group have been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.’s Standards for the Preparation of Quarterly Financial Statements, applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards

(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, 2024.

(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, 2024.

(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) 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, 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	81,734	13,821	52,120	38,297	44,064	230,039	—	230,039
Inter-segment revenue	1,771	1,110	130	177	3,681	6,871	△6,871	—
Total	83,506	14,932	52,251	38,475	47,746	236,911	△6,871	230,039
Revenue by segment	5,300	665	2,401	1,354	815	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 725million 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, 2024

(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	78,524	14,741	56,389	42,589	53,697	245,943	—	245,943
Inter-segment revenue	2,276	1,175	132	189	4,306	8,079	△8,079	—
Total	80,800	15,916	56,522	42,778	58,004	254,022	△8,079	245,943
Revenue by segment	6,044	879	2,466	1,731	2,069	13,190	748	13,939
Finance income								1,593
Finance costs								(1,211)
Operating profit								14,320

(Note) 1. The reconciling item of -8,079 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 748 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.