

November 9, 2023

**Consolidated Financial Results (Under IFRS)**  
**For the Second Quarter of the March 31, 2024 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 Six Months Ended September 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	%
Six months ended September 30, 2023	476,975	2.9	28,375	9.5	27,822	9.9	17,910	7.6	17,312	6.0	41,087	23.3
Six months ended September 30, 2022	463,666	10.5	25,925	-18.1	25,322	-18.8	16,646	-25.1	16,336	-20.7	33,329	27.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	76.05	75.99
Six months ended September 30, 2022	72.05	71.97

(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 September 30, 2023	1,169,398	475,321	457,484	39.1
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	193.20

(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 September 30, 2023:	229,755,057 shares
As of March 31, 2023:	229,755,057 shares
  - b. Number of shares of treasury shares
 

As of September 30, 2023:	1,910,564 shares
As of March 31, 2023:	2,402,613 shares
  - c. Average number of shares during the term
 

Six months of the fiscal year ending March 31, 2024:	227,634,448 shares
Six months of the fiscal year ended March 31, 2023:	226,756,043 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.

## **1. Qualitative Information relating to Second Quarter Settlement of Accounts**

### (1) Explanation of Operating Results

#### 1) Operating results for the current period

During the cumulative second quarter of the current consolidated fiscal year, the Japanese economy saw a recovery in the flow of people following the normalization of social and economic activity that had been impacted by the COVID-19 pandemic. However, the business sentiment of manufacturing companies lacked strength overall, and performance varied across industries. In addition, the future remained uncertain mainly due to the decline in global demand for semiconductors and the increasing risk of the slowdown of overseas economies including China.

In this business environment, the Group achieved revenue of ¥1 trillion in the year ended March 31, 2023 by facilitating business unit-based management across the Group as one team. In addition, in line with its two foundations for growth, the “global environment” and “wellness,” the Group sought to produce synergies through the overall optimization of its management resources, specifically its diverse businesses, human resources and technologies. The Group moved forward with new businesses creation initiatives based on three basic strategies developed to achieve further growth: the expansion of growth areas, enhancement of the profitability of existing businesses and solution social issues.

In conjunction with the expansion of growth areas, the Group set up the Global & Engineering Group with an eye toward accelerating overseas expansion in a range of areas, including engineering functions, essential for the supply of industrial gases, while also beginning to gear up its core facility to produce gas supply plants. In North America, we have also acquired several gas dealers. And in New York State, began construction of a large gas plant that is the first North American production base of its own. In addition, it joined helium business. while in India, it received an order for on-site gas plant for a steel mill from SAIL, a state-owned steel-making company, thereby making steady progress in initiatives for future business expansion. Further, in the electronics-related businesses, the Group continued its aggressive capital investment in gas supply plants for major semiconductor factories, also, in the Kumamoto area, the Group proceeded with organizing its office complexes, specializing in electronics-related businesses by constructing warehouses for special gases and chemicals, etc.

To bolster the profitability of its existing businesses, the Group reformed integration and reorganization of Group companies in sectors including electronics and medical equipment, as well as agricultural processing and energy in Hokkaido. It also took steps to create Group synergies, such as the optimal deployment of staff members and improvements in operational efficiency. Also, the Group continue to revise prices to ensure profit levels with the value of products and services offered as well as their costs. It then simultaneously working in capping SG&A expenses and reviewing of low-profitability projects. As a result, steady progress was made in earnings capabilities, primarily at three regional operating companies.

In creating new businesses, by utilizing the gas purification/separation technology and regional facility in Hokkaido, the Group worked to build a supply chain model of methane, which is carbon neutral energy. In addition, recognizing that ensuring food security and improving self-sufficiency in food products are social issues, the Group Started a new distribution/processing business for fruits and vegetables based on capital and business alliances with the industry's two major companies in the agriculture/processing sectors. It also focused on initiatives to promote the business of supplying a land-based aquaculture platform by leveraging diverse products and technologies, such as those related to oxygen, artificial seawater and freshness preservation.

With a view toward creating corporate value over the medium and long terms, as part of efforts to facilitate investments in intangible assets such as intellectual property, the Group opened “Air Water in KENTO”, in Settsu city, Osaka prefecture , a facility that creates new "wellness"-related businesses and offers relevant information. It also launched open innovation initiatives through industry-academia-government collaboration. The Group promoted simultaneously reforming its personnel system, including the introduction of an in-house recruitment program, to help employees achieve autonomous growth and improve their skills. By doing so, it worked to enhance human resources to drive sustainable growth going forward.

In terms of results for the first six months of the current consolidated fiscal year, profit increased significantly in the second quarter compared with the first quarter, reflecting a general recovery trend thanks to group-wide efforts to improve the revenue structure producing effects as expected in response to rises in a range of costs.

With respect to industrial gases and salt for industrial use, which had been affected by rising energy costs, profitability

improved thanks to the effects of cost reductions through improvements in the efficiency of production and distribution, as well as price revision. Further, the overseas engineering business remained on an expansion trend, mainly against the backdrop of brisk demand for liquefied hydrogen tanks. Meanwhile, the woody biomass power generation business, which had a significant impact on the previous fiscal year's performance, continued to recover with a decline in the marine transportation cost of power generation fuels.

As a result, for cumulative second quarter of the current fiscal year, the group's revenue was ¥476,975million (102.9% that of the corresponding period of the previous year), operating profit was ¥28,375million (109.5%), and profit attributable to owners of parent was ¥17,312million (106.0%).

## 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 second quarter of the previous fiscal year is disclosed based on the reporting segment classification after the change.

(Million yen)

	Revenue		Operating profit	
	FY 2023.2Q	YoY Growth	FY2023.2Q	YoY Growth
Digital & Industry	166,251	105.3%	13,525	116.7%
Energy Solutions	25,266	91.0%	533	45.7%
Health & Safety	107,866	98.4%	5,750	98.4%
Agriculture & Foods	80,060	105.6%	3,852	112.0%
Other Business	97,529	105.3%	3,916	202.1%
(Adjustment)	-	- %	797	41.0%
<b>Total</b>	<b>476,975</b>	<b>102.9%</b>	<b>28,375</b>	<b>109.5%</b>

(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.

## 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 second quarter of fiscal year (As of September 30, 2023)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	65,944	63,250
Trade and other receivables	229,276	214,199
Inventories	92,014	103,757
Other financial assets	6,151	7,329
Income taxes receivable	4,307	2,194
Other current assets	33,444	35,541
Total current assets	431,139	426,273
Non-current assets		
Property, plant and equipment	443,443	478,423
Goodwill	65,130	69,484
Intangible assets	32,568	33,223
Investments accounted for using equity method	32,630	33,832
Retirement benefit asset	3,836	3,856
Other financial assets	78,182	117,688
Deferred tax assets	2,184	2,285
Other non-current assets	2,528	4,330
Total non-current assets	660,505	743,125
Total assets	1,091,645	1,169,398

	End of the previous fiscal year (As of March 31, 2023)	End of the second quarter of fiscal year (As of September 30, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	166,601	155,023
Bonds and borrowings	83,340	82,121
Other financial liabilities	5,035	13,613
Income taxes payable	10,127	9,615
Provisions	901	919
Other current liabilities	33,691	37,254
Total current liabilities	299,697	298,548
Non-current liabilities		
Bonds and borrowings	283,385	334,018
Other financial liabilities	30,192	23,848
Retirement benefit liability	6,365	6,668
Provisions	3,157	3,533
Deferred tax liabilities	14,601	20,570
Other non-current liabilities	7,762	6,890
Total non-current liabilities	345,465	395,528
Total liabilities	645,162	694,076
Equity		
Share capital	55,855	55,855
Capital surplus	49,962	49,662
Treasury shares	(3,532)	(2,799)
Retained earnings	303,680	312,968
Other components of equity	24,266	41,797
Total equity attributable to owners of parent	430,232	457,484
Non-controlling interests	16,249	17,836
Total equity	446,482	475,321
Total liabilities and equity	1,091,645	1,169,398

(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 second quarter of the consolidated fiscal year

(Unit : Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Continuing operations		
Revenue	463,666	476,975
Cost of sales	(367,746)	(374,800)
Gross profit	95,919	102,174
Selling, general and administrative expenses	(72,939)	(76,447)
Other income	3,892	3,035
Other expenses	(2,093)	(1,623)
Share of profit of investments accounted for using equity method	1,145	1,237
Operating profit	25,925	28,375
Finance income	858	1,406
Finance costs	(1,461)	(1,959)
Profit before tax	25,322	27,822
Income tax expense	(8,672)	(9,910)
Profit from continuing operations	16,649	17,912
Discontinued operations		
Profit (loss) from discontinued operations	(3)	(2)
Profit	16,646	17,910
Profit attributable to		
Owners of parent	16,336	17,312
Non-controlling interests	309	597
Profit	16,646	17,910

(Unit : Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	72.06	76.06
Discontinued operations	(0.01)	(0.01)
Basic earnings per share	72.05	76.05
Diluted earnings (loss) per share		
Continuing operations	71.98	76.00
Discontinued operations	(0.01)	(0.01)
Diluted earnings per share	71.97	75.99

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

(Unit : Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	16,646	17,910
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	362	4,664
Share of other comprehensive income of investments accounted for using equity method	(12)	43
Total of items that will not be reclassified to profit or loss	349	4,708
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	11,987	10,854
Effective portion of gains and losses on hedging instruments in a cash flow hedge	4,111	7,419
Share of other comprehensive income of investments accounted for using equity method	234	194
Total of items that may be reclassified to profit or loss	16,333	18,468
Total other comprehensive income	16,683	23,177
Comprehensive income	33,329	41,087
Comprehensive income attributable to		
Owners of parent	30,876	39,060
Non-controlling interests	2,453	2,027
Comprehensive income	33,329	41,087



(3) Condensed Quarterly Consolidated Statement of Changes in Equity  
Six months ended September 30, 2022

(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, 2022	55,855	52,638	(4,838)	275,158	—	4,614
Profit	—	—	—	16,336	—	—
Other comprehensive income	—	—	—	—	—	12,052
Comprehensive income	—	—	—	16,336	—	12,052
Purchase of treasury shares	—	—	(1)	—	—	—
Disposal of treasury shares	—	22	669	—	—	—
Dividends	—	—	—	(6,637)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(441)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	575	—	176
Transfer from other components of equity to retained earnings	—	—	—	(8)	—	—
Put option provided to non-controlling shareholders	—	(188)	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(607)	668	(6,070)	—	176
Balance as of September 30, 2022	55,855	52,031	(4,170)	285,425	—	16,844

(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	—	—	—	—	16,336	309	16,646
Other comprehensive income	369	2,118	—	14,539	14,539	2,143	16,683
Comprehensive income	369	2,118	—	14,539	30,876	2,453	33,329
Purchase of treasury shares	—	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	—	692	—	692
Dividends	—	—	—	—	(6,637)	(444)	(7,082)
Share-based payment transactions	—	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	—	—	—	(441)	(79)	(521)
Increase (decrease) due to new consolidation	—	—	—	176	752	1	754
Transfer from other components of equity to retained earnings	8	—	—	8	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	(188)	—	(188)
Transfer to non-financial assets	—	(426)	—	(426)	(426)	(409)	(835)
Total transactions with owners	8	(426)	—	(241)	(6,250)	(932)	(7,182)
Balance as of September 30, 2022	7,793	5,687	291	30,616	419,757	26,246	446,004

Six months ended September 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	—	—	—	17,312	—	—
Other comprehensive income	—	—	—	—	—	10,933
Comprehensive income	—	—	—	17,312	—	10,933
Purchase of treasury shares	—	—	(2)	—	—	—
Disposal of treasury shares	—	6	735	—	—	—
Dividends	—	—	—	(7,326)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(13)	—	—	—	—
Increase (decrease) due to new consolidation	—	(4)	—	(891)	—	—
Transfer from other components of equity to retained earnings	—	—	—	193	—	—
Put option provided to non-controlling shareholders	—	(289)	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(300)	733	(8,024)	—	—
Balance as of September 30, 2023	55,855	49,662	(2,799)	312,968	—	22,361

(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	—	—	—	—	17,312	597	17,910
Other comprehensive income	4,693	6,121	—	21,748	21,748	1,429	23,177
Comprehensive income	4,693	6,121	—	21,748	39,060	2,027	41,087
Purchase of treasury shares	—	—	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	—	—	742	—	742
Dividends	—	—	—	—	(7,326)	(324)	(7,650)
Share-based payment transactions	—	—	(79)	(79)	(79)	—	(79)
Increase (decrease) due to changes in equity	—	—	—	—	(13)	7	(6)
Increase (decrease) due to new consolidation	—	(3,281)	—	(3,281)	(4,177)	(94)	(4,271)
Transfer from other components of equity to retained earnings	(193)	—	—	(193)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	(289)	—	(289)
Transfer to non-financial assets	—	(662)	—	(662)	(662)	(28)	(691)
Total transactions with owners	(193)	(3,944)	(79)	(4,217)	(11,808)	(439)	(12,248)
Balance as of September 30, 2023	15,208	4,022	204	41,797	457,484	17,836	475,321

(4) Condensed quarterly Consolidated Statement of Cash Flows

(Unit : Million yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before tax	25,322	27,822
Profit (loss) before tax from discontinued operations	(3)	(2)
Depreciation and amortization	22,054	22,484
Interest and dividend income	(749)	(1,009)
Interest expenses	987	1,636
Share of loss (profit) of investments accounted for using equity method	(1,145)	(1,237)
Loss (gain) on sale and retirement of fixed assets	(32)	(98)
Decrease (increase) in trade and other receivables	3,914	16,882
Decrease (increase) in inventories	(13,965)	(10,089)
Increase (decrease) in trade and other payables	(1,250)	(14,275)
Decrease (increase) in contract assets	(453)	1,785
Increase (decrease) in contract liabilities	563	1,371
Other	(5,362)	(2,787)
Subtotal	29,879	42,482
Interest received	172	356
Dividends received	952	988
Interest paid	(993)	(1,640)
Income taxes paid	(1,521)	(7,591)
Net cash provided by (used in) operating activities	28,489	34,595
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,773)	(34,333)
Proceeds from sale of property, plant and equipment	1,814	736
Purchase of intangible assets	(767)	(1,074)
Purchase of investment securities	(1,261)	(19,129)
Proceeds from sale of investment securities	4	196
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,703)	—
Collection of loans receivable	684	1,322
Payments for acquisition of businesses	(2,094)	(8)
Other	(118)	(11,945)
Net cash provided by (used in) investing activities	(34,216)	(64,235)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,850	2,468
Proceeds from long-term borrowings	8,712	17,651
Repayments of long-term borrowings	(10,336)	(16,702)
Proceeds from issuance of bonds	10,000	30,000
Additional purchase of shares of subsidiaries	(551)	(6)
Proceeds from sale and leaseback transactions	520	593
Repayments of lease liabilities	(2,725)	(2,667)
Dividends paid	(6,633)	(7,324)
Dividends paid to non-controlling interests	(444)	(324)
Other	675	685
Net cash provided by (used in) financing activities	4,067	24,374
Impact of exchange fluctuations for cash and cash equivalents	1,369	584
Net increase (decrease) in cash and cash equivalents	(288)	(4,680)
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
Cash and cash equivalents at end of period	60,107	63,250