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. 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 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

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 cumulative second quarter of the previous consolidated fiscal year shown here was prepared based on the revised reporting segments.

(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%
Total	476,975	102.9%	28,375	109.5%

(Note) The adjustment to operating profit is due to costs incurred at the company's headquarters division which was not allocated to any reporting segment.

<**Digital & Industry**>

Revenue in this segment was ¥166,251million (105.3% that of the corresponding period of the previous year), and operating profit was ¥13,525 million (116.7%).

In the **business as a whole**, there was significant progress in the improvement of profitability, reflecting the steady progress in the revision of industrial gas prices despite a year-on-year decrease in gas sales volume. The on-site supply of gas for large semiconductor manufacturers was carried out steadily. Meanwhile, affected by stock adjustments attributable to sluggish semiconductor market conditions, sales of functional materials and semiconductor-related equipment and devices remained poor.

The **electronics business** remained firm, reflecting high operating rates in the on-site supply of gas for large semiconductor manufacturers. In the business dedicated to the sale of materials for semiconductor plants, sales of high purity chemicals, coating materials and other items remained steady. On the other hand, sales of gas-related devices and thermal control-related equipment for semiconductor manufacturing equipment and their parts were slow, reflecting the impact of stock adjustments attributable to sluggish semiconductor market conditions.

In the **functional materials business,** sales of products such as magnesia for electromagnetic steel sheets and functional food ingredients that have the largest share of their respective markets remained solid, aided by stable demand. However, due to sluggish semiconductor market conditions, semiconductor related products including precision polishing pads and sales of naphthoquinone for agricultural chemicals remained weak, reflecting the slowdown of the Chinese economy.

In the **industrial gas business**, revenue increased due to the continued implementation of measures such as price revisions in response to cost increases. In addition, the supply of carbon dioxide was trending toward recovery, reflecting the elimination of raw material gas shortages that had affected the first quarter results. At the same time, progress was made in the improvement of profitability partly due to the effects of the efficiency of logistics and the reduction of costs.

<Energy solutions>

Revenue in this segment was ¥ 25,266 million (91.0%), and operating profit was ¥ 533million (45.7%).

In the **energy business,** the sales volume of industrial LP gas increased as a result of fuel conversion carried out amid the growing demand for low-carbon and decarbonized products. Further, the Group integrated and reorganized group companies in Hokkaido, the main area where it conducts business, while also taking measures to increase the ratio of direct sales of LP gas for home use. Through these and other initiatives, it sought to enhance profitability. However, revenue decreased, reflecting a sharp decline in the unit selling price of LP gas in tandem with their import prices, and profit declined year on year due to the impact of losses on inventory valuation recorded chiefly in the first quarter.

In the **green innovation business**, the Group toward the creation of new businesses which will help establish a decarbonized society, implemented various demonstrations related to the ReCO2 STATION small CO_2 collection device and liquefied biomethane which is a fuel usable as an alternative to LNG

<Health & Safety>

Revenue in this segment was ¥ 107,866 million (98.4%), and operating profit was ¥ 5,750 million (98.4%).

In the **business as a whole**, sales were affected by 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. Meanwhile, the safety services business and consumer health business remained steady. The Group streamlined production to address surging raw material prices and rising personnel expenses while also revising prices at appropriate times, which resulted in profit recovering to almost the level in the previous year.

In the **medical products business,** it sought to improve profitability mainly by revising prices and reviewing low-profitability projects in the medical gas area. However, the business was affected by the termination of contracts for leasing oxygen concentrators to local governments at the end of the previous fiscal year.

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. In addition, sales from the construction of hospital facilities in Singapore were trending toward a recovery.

In the **medical service business**, the Group succeeded in acquiring new customers by proposing measures to improve the efficiency of hospital management, but the business was affected by the termination of a contracts with some large hospitals.

In the **consumer health business**, sales of hygiene materials were affected by a decline in demand for infection control products such as masks and hand sanitizer. Even so, the business remained solid and achieved a year-on-year increase in sales, reflecting the growth of the contract manufacturing of liquid filling products due to a rise in the number of opportunities consumers have to go out and the implementation of active sales to cosmetics manufacturers, coupled with a rise in sales of cosmetic acupuncture and dental needles.

<Agriculture & Foods>

Revenue in this segment was ¥ 80,060 million (105.6%), and operating profit was ¥ 3,852 million (112.0%).

In the **business as a whole**, the Group proceeded with initiatives to enhance profitability, such as price revisions and the improvement of production efficiency, amid the prices of materials such as pork and eggs were rising. there was a delay in the price pass-through in the ham and delicatessen sector. Nevertheless, both sales and profit increased overall, driven by an increase in the contract manufacturing of tea beverages and fruit drinks and the effect of the opening of new farm stands.

In the **foods business**, sales remained firm, reflecting the broader adoption by expand sales of frozen foods for home use and prepared foods at convenience stores. However, on the profit front, the sector was affected by the delay in the timing of price revisions attributable to rising raw materials costs. The performance of the sweets sector was poor mainly in the first quarter, reflecting the suspension of the sale of mainstay products due to the shortage of eggs.

The **natural food business** performed strongly, due to investments for the augment of production lines for beverage filling equipment, as well as the results of a range of initiatives such as the expansion of products with in-house brands coupled with an increase in the contract manufacturing of tea beverages and fruit drinks attributable to a recovery in the flow of people and the continued high temperatures during summer.

The **agriculture business** was affected by losses due to the excess inventory of agricultural products harvested in the previous year in the agriculture and processing sector which is operated mainly in Hokkaido. Nevertheless, the business as a whole remained at the level of the previous year, aided by the effect of the opening of new farm stands promoted, as well as profitability improvement measures, chiefly the review of unprofitable stores in the fruit and vegetable sector.

<Other business>

Revenue in this segment was ¥ 97,529 million (105.3%), and operating profit was ¥ 3,916 million (202.1%).

In the **logistics business**, demand for trunk transportation continued to steady progress to handle EC related transactions. However, the business was a decline in the volume of infectious waste transactions which had been strong in the previous year. The Group moved forward steadily with price revisions commensurate with the increasing personnel expenses and the rising cost of energy. However, the business was affected by costs incurred up until the newly constructed low-temperature logistics center fully started operations.

NIHON KAISUI CO., LTD. overcame the impact of the coal prices that had increased due to effect of the revision of the prices of salt for industrial use, thereby securing stable profits. Also, progress was steady reflecting a decline in marine transportation costs for power generation fuels, coupled with the Kanda biomass power generation plant (Kanda-machi, Fukuoka) starting commercial operation in August 2023.

In the **global & engineering business**, the industrial gas business in India performed strongly for both on-site gas supply services for steel manufacturers and off-site gas supply services. In the industrial gas sector in North America, sales of liquefied hydrogen tanks and carbon dioxide-related equipment continued to trend toward a recovery due to the resolution of production stagnation attributed mainly to materials procurement. In addition, sales of industrial gas remained strong in New York in the United States. The Group implemented several M&A activities to expand the industrial gas business, and the effects of consolidation are expected to be seen in the third quarter and beyond.

In the **electric power business,** results improved sharply due to the continuous stable operation of the Onahama woody biomass power generation plant and a downward trend in marine transportation costs for power generation fuels, coupled with the progress in measures to reduce demurrage at port unloading facilities.

(2) Explanation of financial position for the current period

Total assets at the end of the current second quarter consolidated fiscal year stood at ¥1,169,398 million, an increase of ¥77,753 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 ¥694,076 million, an increase of ¥48,914 million from the end of the previous consolidated fiscal year due mainly to an increase in bonds and borrowings. Equity stood at ¥475,321 million, an increase of ¥28,839 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 ¥2,007.88, and ratio of equity attributable to owners of parent to total assets changed to 39.1% from 39.4% at the end of the previous consolidated fiscal year.

Cash flows from operating activities for the second quarter of the current fiscal year was an inflow of ¥34,595 million, reflecting an increase of ¥6,105 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 second quarter of the current fiscal year was an outflow of ¥64,235 million, reflecting an increase in outflow by ¥30,019 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 second quarter of the current fiscal year was an inflow of ¥24,374 million, reflecting an increase of ¥20,307 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 second quarter of the current fiscal year stood at ¥63,250 million, an increase of ¥3,143 million from the end of the second quarter of the previous consolidated fiscal year.

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

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

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit：Million yen)

	End of the previous fiscal year (As of March 31, 2023)	End of the second quarter of fiscal year (As of September 30, 2023)
Assets		
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					
					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	－	－	－	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					
					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	－	－	－	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

(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 September 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) 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 second 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.

Six months ended Nine 30, 2022

(Unit : Million yen)

	Reportable Segment						Adjustment (Note)	Quarterly consolidated statements of income
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from outside customers	157,826	27,773	109,637	75,821	92,607	463,666	―	463,666
Inter-segment revenue	4,792	2,191	187	380	9,183	16,735	(16,735)	―
Total	162,618	29,965	109,824	76,202	101,791	480,402	(16,735)	463,666
Revenue by segment	11,586	1,167	5,845	3,440	1,938	23,978	1,946	25,925
Finance income								858
Finance costs								(1,461)
Operating profit								25,322

(Note) 1. The reconciling item of -16,735 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 1,946 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.

Six months ended Nine 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	166,251	25,266	107,866	80,060	97,529	476,975	―	476,975
Inter-segment revenue	4,861	2,049	267	398	8,577	16,153	(16,153)	―
Total	171,113	27,316	108,133	80,458	106,106	493,128	(16,153)	476,975
Revenue by segment	13,525	533	5,750	3,852	3,916	27,578	797	28,375
Finance income								1,406
Finance costs								(1,959)
Operating profit								27,822

(Note) 1. The reconciling item of -16,153 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 797 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.