May 9, 2024

FY 2023 Consolidated Financial Results (Under IFRS)

AIR WATER INC.
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Chuo-ku, Osaka, Japan

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

1. Results for FY 2023 (The year ended March 31, 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	%
FY2023	1,024,540	2.0	68,272	9.8	66,712	9.4	46,135	8.2	44,360	10.5	82,347	60.8
FY2022	1,004,914	13.1	62,181	-4.6	60,978	-5.1	42,649	-7.8	40,137	-7.1	51,206	-5.4

	Basic earnings per share	Diluted earnings per share	Ratio of profit to equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
FY2023	194.69	194.52	9.7	5.8	6.7
FY2022	176.84	176.66	9.7	5.8	6.2

(Reference) Share of profit of investments accounted for using the equity method:
2,056 million yen for FY2023, 2,502 million yen for FY2022

(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	Equity attributable to owners of parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2023	1,222,696	508,485	488,557	40.0	2,140.68
FY2022	1,091,645	446,482	430,232	39.4	1,892.36

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
FY2023	79,625	-97,966	14,723	64,975
FY2022	56,953	-71,135	19,257	65,944

2. Dividends

	Dividend per share					Total amount of dividends	Dividend payout ratio	Ratio of dividends to equity attributable to owners of parent
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	—	28.00	—	32.00	60.00	13,736	33.9	3.3
FY2023	—	30.00	—	34.00	64.00	14,659	32.9	3.2
FY2024 (Forecasts)	—	32.00	—	32.00	64.00		29.2	

3. Forecast of consolidated operating results for FY2024 (The 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
FY2024(1st half)	510,000	6.9	33,000	16.3	32,000	15.0	21,000	21.3	92.01
FY2024(Full year)	1,100,000	7.4	78,000	14.2	76,000	13.9	50,000	12.7	219.08

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 March 31, 2024: 229,755,057 shares

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

b. Number of shares of treasury shares

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

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

c. Average number of shares during the term

Year ended March 31, 2024: 227,856,414 shares

Year ended March 31, 2023: 226,972,674 shares

(Reference) Non-consolidated financial results

1. Results of non-consolidated operations for FY2023 (The year ended March 31, 2024)

(1) Non-consolidated operating results

(% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	145,511	-13.9	-6,248	—	16,888	65.3	19,418	18.0
FY2022	169,014	19.2	-7,904	—	10,219	-29.3	16,453	27.1

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY2023	85.22	85.16
FY2022	72.49	72.42

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	622,669	223,105	35.8	976.72
FY2022	568,827	216,209	38.0	949.74

(Reference) Shareholder's equity: 222,911 million yen for FY2023, 215,925 million yen for FY2022

* This report is exempt from 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 "4-(4) Outlook for the next fiscal year".

4. Summary of operating results

(1) Explanation of Operating Results

1) Operating results for the current period

Consolidated fiscal year, the Group's revenue was ¥1,024,540 million (102.0% that of the previous year), operating profit was ¥68,272 million (109.8%), and profit attributable to owners of parent was ¥44,360 million (110.5%). The Company achieved a new record high.

During the consolidated fiscal year, the Japanese economy was gently on a recovery track. Socioeconomic activities steadily returned to normal after the COVID-19 pandemic and capital expenditure associated with semiconductor field for the future, labor saving and reductions in CO_2 emissions remained solid. However, the future remained uncertain, mainly due to growing tension in Ukraine and in the Middle East, inflation in the West and the resulting continuation of monetary tightening, in addition to weakness in the current semiconductor market, ongoing depreciation of the yen in the foreign exchange market.

In these circumstances, the Group improved profitability to support groupwide performance, mainly after price revisions, particularly in the industrial gas business in Japan. A significant turnaround in the woody biomass power generation business and other factors produced positive effects on performance.

(Main activities)

The Group bolstered the profitability of existing businesses in Japan through integrated Group management based on business units. It also accelerated efforts to build a foundation for the overseas business as a future growth area and to address issues in carbon neutrality and agriculture, with a view to solving social issues.

For existing businesses in Japan, the Group advanced the integration and reorganization of Group companies in order to establish core companies that would achieve autonomous growth in separate business units. In addition, the Group implemented thorough price management, including reviews of low-profit projects, in order to ensure a profit level appropriate for the value of products and services. It also worked on profit growth measures, including those for raising productivity.

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

With respect to carbon neutrality-related activities, the Group worked on "VERPA," a vertical solar power generation system, and build a bio-methane supply chain in a bid for business creation through resolution of social issues. Serving as an alternative fuel to liquefied natural gas (LNG), the bio-methane is produced from livestock excreta. In expectation of diverse demands for CO_2 emission reduction such as CO_2 collection and reuse, low-carbon hydrogen, and ammonia, the Group worked to build a group-wide system of business promotion. In the agriculture segment, food security and improvement in self-sufficiency in food products are now social issues. The Group restructured its agriculture production and processing business structure in Hokkaido. It formed capital and business alliances among the industry's four major companies to strengthen the platform for distribution and processing of fruit and vegetables.

2) Consolidated results by segment for this period

Effective from the first quarter of the current fiscal year, the domestic engineering business and 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 previous fiscal year is disclosed based on the reporting segment classification after the change.

(Unit：Million yen)

	Revenue		Operating profit	
	FY 2023	**YoY Growth**	**FY 2023**	**YoY Growth**
Digital & Industry	339,410	100.4%	33,563	128.5%
Energy Solutions	66,588	96.2%	4,042	94.9%
Health & Safety	230,865	97.8%	15,078	97.4%
Agriculture & Foods	162,610	106.4%	6,917	125.4%
Other Businesses	225,067	107.8%	10,802	210.3%
（Adjustment）	−	− %	△2,132	− %
Total	1,024,540	102.0%	68,272	109.8%

(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 ¥339,410 million (100.4% that of the corresponding period of the previous year), and operating profit was ¥33,563 million (128.5%).

In the **business as a whole**, while the functional materials business was impacted mainly by sluggish semiconductor market, efforts to increase operational efficiency and productivity, in addition to price revisions, particularly of industrial gas, resulted in a significant increase in earnings strength.

In the **industrial gas business**, Amid generally weak demand for industrial gas, the company acquiring new projects, mainly from major companies. Efforts to improve productivity in response to rising energy and logistics costs and prices revision of industrial gas also contributed to the significant increase in profits. The carbon dioxide gas business had been recovering since the previous fiscal year, when the result had been severely affected by a shortage of raw material gas.

In the **electronics business**, Although the stagnant semiconductor market has had a negative affect on demand, the on-site supply of gas for large semiconductor factories maintained certain operating rates and growth in sales of products such as high-purity chemicals, which useing in the front-end process of semiconductor manufacturing supported the performance. In response to the successive establishment and extension of semiconductor factories in Japan, growth in sales of special chemical materials offset a decrease in sales of thermal control-related equipment for semiconductor manufacturing equipment.

In the **functional materials business**, electronics-related products including O-rings (sealing materials) for semiconductor manufacturing facilities and precision polishing pads was affected by inventory adjustment and sales of naphthoquinone remained sluggish because of production adjustments of agrochemical products at customers. This resulted in a year-on-year decline.

<Energy solutions>

Revenue in this segment was ¥66,588 million (96.2%), and operating profit was ¥4,042 million (94.9%).

In the **energy business**, sales of LNG tank trucks and small LNG satellite facilities remained strong as a result of aggressive fuel conversion from heavy oil to LNG customers in response to growing demand for low-carbon and decarbonized products. In the LP gas supply for households largely in Hokkaido, efforts to increase earning power were made through measures to improve delivery efficiency and the ratio of direct sales using IoT techniques. However, the selling price for LP gas dropped year on year in tandem with import prices, causing revenue to decrease, and profit declined due to the valuation of inventory conducted in the first half of the fiscal year.

<Health & Safety>

Revenue in this segment was ¥230,865 million (97.8%), and operating profit was ¥15,078 million (97.4%).

In the **business as a whole**, the company executed the integration and restructuring of the group companies to meet demand at clinical sites, which had changed through the COVID-19 pandemic, and also worked on production streamlining and price revision to cope with increasing raw material cost and labor expenses. The safety services business, which saw an increase in contracts for gas fire extinguishing systems for data centers, was generally strong. However, Impacted by reduced demand for COVID-19 -related products. As a result, both sales and profit were down year on year.

In the **medical products business**, the profitability of medical gases improved with price revisions and a reduction in low-margin projects. Meanwhile, the number of nitric oxide inhalation therapy cases increased and sales of Biami, a shower bathing system for nursing care facilities, grew steadily. 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** remained strong thanks to the recovery trend of hospital renewals in Japan and Singapore, an increase in the construction of gas fire extinguishing systems for data centers, and a recovery in sales of inhalers for fire fighting.

In the **medical service business**, while the Group made progress in the acquisition of new customers by proposing measures to improve the efficiency of hospital management, the business was affected by the initial cost of receiving new orders in the SPD (supply, processing, and distribution in hospital logistics management) and the termination of contracts with some large hospitals.

In the **consumer health business**, while contract manufacturing of cosmetics grew thanks to aggressive proposal-based sales activities in the aerosol and cosmetics segments, the business was affected by a fall in demand for infection control products such as masks and hand sanitizer and demand for vaccine needles.

<Agriculture & Foods>

Revenue in this segment was ¥162,260 million (106.4%), and operating profit was ¥6,917 million (125.4%).

In the **business as a whole**, earnings strength was improved through price revisions and an increase in production efficiency. In addition, an increase in the volume of contract manufacturing of beverages, growth of the retail vegetable and fruit segment, and new consolidation through M&A contributed to strong results.

In the **foods business**, the ham and delicatessen segment made progress in the new adoption of prepared food for convenience stores, in which the company focused on product development, and the shortage of eggs was eased in the sweets segment. However, sales of certain products were affected by a fall in purchases due to inflation, and sales remained generally unchanged from the previous fiscal year.

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

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

<Other Businesses>

Revenue in this segment was ¥225,067 million (107.8%), and operating profit was ¥1,082million (210.3%).

The **logistics business** made progress in acquiring new customers by expanding the low-temperature distribution network, revision of contract fees, work-style reforms, and the use of digital technologies that contributed to an increase in operational efficiency. However, a decline in the volume of infectious waste transactions that had previously enjoyed special demand in COVID-19 pandemic and temporary expenses incurred before the full-scale operation of a new low-temperature distribution center resulted in a year-on-year fall.

Nihonkaisui Co., Ltd. worked on selling at prices appropriate for the products and reducing costs in response to an increase in the prices of coal and materials. Both sales and profit in the electric power segment exceeded those in the same period of the previous fiscal year as a result of the start of the operation of Kanda Biomass Power Plant (Kanda, Fukuoka) in August 2023, in addition to a downward trend in marine transportation cost for power generation fuel.

In the **global and engineering business**, both on-site and off-site gas supply services for steel manufacturers in the industrial gas business in India performed strongly thanks to strong demand. In the industrial gas segment in North America, foreign sales grew steadily through local gas distributors. Meanwhile, against the background of full-scale development of hydrogen supply infrastructure, particularly in California, the U.S., sales of hydrogen-related equipment remained steady. In North America, American Gas Products, LLC., operating a helium gas supply business, was newly consolidated in the fourth quarter. The power supply system (UPS) sector remained strong thanks to orders received projects for large data centers in Southeast Asia, along with growth in the market through an increase in the use of generative AI, in addition to the resolution of construction delays in Asia and Europe.

The performance of the **electric power business** improved significantly year on year thanks to a decrease in marine transportation costs for power generation fuel and efforts to reduce the number of days in demurrage taken at unloading port facilities.

(2) Summary of financial position for the current period

Total assets at the end of the consolidated fiscal year stood at ¥1,222,696 million, an increase of ¥131,050 million from the end of the previous consolidated fiscal year, due primarily to increases in property, plant and equipment and also trade and other receivables. Liabilities stood at ¥714,210 million, an increase of ¥69,047 million from the end of the previous consolidated fiscal year due mainly to increases in bonds and borrowings. Equity stood at ¥508,485 million, an increase of ¥62,003 million from the end of the previous consolidated fiscal year, due mainly to 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 ¥2,140.68, and ratio of equity attributable to owners of parent to total assets changed to 40.0% from 39.4% at the end of the previous consolidated fiscal year.

(3) Summary of cash flows for the current period

Cash flows from operating activities was an inflow of ¥79,625 million after deducting payments including corporate income taxes from profit before tax and depreciation, which was an increase of ¥22,672 million from the previous consolidated fiscal year.

Cash flows from investing activities was an outflow of ¥97,966 million, which was an increase in expenditures of ¥26,831 million from the previous consolidated fiscal year, due mainly to an increase in expenditures resulting from payments for acquisition of businesses and payments for loans, despite a decrease in expenditures resulting from purchase of property, plant and equipment.

Cash flows from financing activities was an inflow of ¥14,723 million, which was a decrease of ¥4,533 million from the previous consolidated fiscal year, due mainly to a decrease in proceeds from borrowings.

As a result, cash and cash equivalents at the end of the consolidated fiscal year stood at ¥64,975 million, a decrease of ¥969 million from the end of the previous consolidated fiscal year.

(4) Outlook for the next fiscal year

We forecast revenue of ¥1,100,000 million, operating profit of ¥78,000 million, profit before tax of ¥76,000 million, and profit attributable to owners of parent of ¥50,000 million for the next fiscal year. We expect to see a rise in revenue and profit in all the segments.

With a view towards the terrAWell30 vision for FY2030, we are endeavoring to bolster our growth potential, to strengthen profitability and to incubate new business. We have a policy of maximizing value created from synergies among diverse businesses, human resources, and technologies, which constitute the Group's management resources. In line with this, we have defined two growth axes, specifically the global environment and wellness.

For overseas expansion, we define India and North America as priority strategic areas, given that demand is expected to grow in these two regions in terms of market size and potential. With the use of equipment and engineering technologies that we have cultivated in the Japanese market, we will build a supply chain that will firmly capture gas demand in a bid to speed up business expansion.

For existing businesses in Japan, we will continue with structural reforms, including the integration and reorganization of Group companies. We will also strive to boost profitability and earnings capacity by means of price management, optimal staff assignment, streamlining of distribution and procurement, digital transformation (DX) and other measures.

We will also work to establish new business models that will be helpful to technology development to realize a decarbonized society and solve local problems.

We understand that continuous investment in growth is essential for a medium- and long-term increase in the Group's corporate value. The industrial gas business in India and North America is expected to enjoy continued market growth. Not only in this business but also in the semiconductor and digital industry, decarbonization and green transformation (GX) and the agricultural business for stable food supply, positive efforts are being made to improve the environment for reinforcing Japan's industrial foundations. Mainly in these areas, we will make capital investment for building grounds for business growth and M&A investment for expanding business domains. Meanwhile, we will strengthen balance sheet management to improve capital efficiency.

In the future, we will continue to promote human capital investment, considering business strategy and human resources strategy to be the two pillars of management. Specifically, we will train 150 employees who can thrive in global business situations, and we will reform the personnel system to encourage autonomous career development.

We will address carbon neutrality from two perspectives. First, we will fulfill our responsibility to reduce our greenhouse gas (GHG) emissions. And second, we will make a contribution to reducing GHG emissions in society through our business activities.

(5) Basic Principles of Profit Distribution and Dividends for the Fiscal Year and for the Next Fiscal Year

The Company has positioned returning profits to shareholders as one of the most important management issues, while it works to enhance its management foundation to sustainably increase corporate value. The Company’s basic policy is to ensure the stable distribution of dividends from surplus in line with its business results while taking into consideration the enhancement of internal reserves that are needed for strategic investment and other purposes for medium- to long-term growth. Accordingly, we have set a standard of a dividend payout ratio of 30% of profit attributable to owners of parent.

For the current fiscal year, the Company plans to pay an interim dividend of ¥30 and a year-end dividend of ¥34. In total, the annual dividend will be ¥64 per share.

With regard to dividends for the next fiscal year, the Company expects to pay interim and year-end dividends of ¥32 per share, which will bring the annual dividend to ¥64 per share.

5. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position (As of March 31, 2023 and March 31, 2024)

(Unit：Million yen)

	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	65,944	64,975
Trade and other receivables	229,276	240,584
Inventories	92,014	92,643
Other financial assets	6,151	11,750
Income taxes receivable	4,307	2,465
Other current assets	33,444	36,953
Total current assets	431,139	449,372
Non-current assets		
Property, plant and equipment	443,443	497,708
Goodwill	65,130	81,859
Intangible assets	32,568	46,240
Investments accounted for using equity method	32,630	34,507
Retirement benefit asset	3,836	5,640
Other financial assets	78,182	100,621
Deferred tax assets	2,184	2,705
Other non-current assets	2,528	4,038
Total non-current assets	660,505	773,323
Total assets	1,091,645	1,222,696

	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	166,601	167,685
Bonds and borrowings	83,340	85,933
Other financial liabilities	5,035	13,865
Income taxes payable	10,127	11,418
Provisions	901	1,049
Other current liabilities	33,691	37,528
Total current liabilities	299,697	317,481
Non-current liabilities		
Bonds and borrowings	283,385	332,786
Other financial liabilities	30,192	22,951
Retirement benefit liability	6,365	6,478
Provisions	3,157	3,559
Deferred tax liabilities	14,601	23,845
Other non-current liabilities	7,762	7,107
Total non-current liabilities	345,465	396,729
Total liabilities	645,162	714,210
Equity		
Share capital	55,855	55,855
Capital surplus	49,962	49,097
Treasury shares	(3,532)	(2,217)
Retained earnings	303,680	335,113
Other components of equity	24,266	50,707
Total equity attributable to owners of parent	430,232	488,557
Non-controlling interests	16,249	19,927
Total equity	446,482	508,485
Total liabilities and equity	1,091,645	1,222,696

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

Consolidated Statement of Profit or Loss
(April 1 to March 31, 2023 and 2024)

(Unit：Million yen)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Continuing operations		
Revenue	1,004,914	1,024,540
Cost of sales	(804,830)	(804,271)
Gross profit	200,084	220,268
Selling, general and administrative expenses	(150,379)	(158,411)
Other income	15,049	7,882
Other expenses	(5,075)	(3,523)
Share of profit of investments accounted for using equity method	2,502	2,056
Operating profit	62,181	68,272
Finance income	2,051	2,878
Finance costs	(3,253)	(4,438)
Profit before tax	60,978	66,712
Income tax expense	(18,023)	(20,565)
Profit from continuing operations	42,954	46,146
Discontinued operations		
Profit (loss) from discontinued operations	(305)	(11)
Profit	42,649	46,135
Profit attributable to		
Owners of parent	40,137	44,360
Non-controlling interests	2,512	1,774
Profit	42,649	46,135

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	178.18Yen	194.74Yen
Discontinued operations	(1.34)Yen	(0.05)Yen
Basic earnings per share	176.84Yen	194.69Yen
Diluted earnings (loss) per share		
Continuing operations	178.00Yen	194.57Yen
Discontinued operations	(1.34)Yen	(0.05)Yen
Diluted earnings per share	176.66Yen	194.52Yen

Consolidated Statement of Comprehensive Income
(April 1 to March 31, 2023 and 2024)

(Unit：Million yen)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Profit	42,649	46,135
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	3,237	8,222
Remeasurements of defined benefit plans	972	1,435
Share of other comprehensive income of investments accounted for using equity method	27	109
Total of items that will not be reclassified to profit or loss	4,237	9,768
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,630	13,757
Effective portion of gains and losses on hedging instruments in a cash flow hedge	(2,408)	12,594
Share of other comprehensive income of investments accounted for using equity method	97	91
Total of items that may be reclassified to profit or loss	4,319	26,443
Total other comprehensive income	8,557	36,212
Comprehensive income	51,206	82,347
Comprehensive income attributable to		
Owners of parent	49,671	77,991
Non-controlling interests	1,535	4,356
Comprehensive income	51,206	82,347

(3) Consolidated Statement of Changes in Equity
FY2022 (April 1, 2022 to March 31, 2023)

(Unit：Million yen)

	Equity attributable to owners of parent					
					Other components of equity	
	Capital	Capital surplus	Treasury shares	Retained earnings	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of April 1, 2022	55,855	52,638	(4,838)	275,158	－	4,614
Profit	－	－	－	40,137	－	－
Other comprehensive income	－	－	－	－	960	6,636
Comprehensive income	－	－	－	40,137	960	6,636
Purchase of treasury shares	－	－	(2)	－	－	－
Disposal of treasury shares	－	24	1,309	－	－	－
Dividends	－	－	－	(13,047)	－	－
Share-based payment transactions	－	－	－	－	－	－
Increase (decrease) due to changes in equity	－	(1,851)	－	－	－	－
Increase (decrease) due to new consolidation	－	－	－	500	－	176
Increase (decrease) due to exclusion of subsidiaries from consolidation	－	－	－	－	－	－
Transfer from other components of equity to retained earnings	－	－	－	931	(960)	－
Put option provided to non-controlling shareholders	－	(849)	－	－	－	－
Transfer to non-financial assets	－	－	－	－	－	－
Total transactions with owners	－	(2,676)	1,306	(11,615)	(960)	176
Balance as of March 31, 2023	55,855	49,962	(3,532)	303,680	－	11,427

(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	–	–	–	–	40,137	2,512	42,649
Other comprehensive income	3,263	(1,326)	–	9,533	9,533	(976)	8,557
Comprehensive income	3,263	(1,326)	–	9,533	49,671	1,535	51,206
Purchase of treasury shares	–	–	–	–	(2)	–	(2)
Disposal of treasury shares	–	–	–	–	1,333	–	1,333
Dividends	–	–	–	–	(13,047)	(602)	(13,650)
Share-based payment transactions	–	–	(7)	(7)	(7)	–	(7)
Increase (decrease) due to changes in equity	–	–	–	–	(1,851)	(4,264)	(6,115)
Increase (decrease) due to new consolidation	–	–	–	176	677	769	1,446
Increase (decrease) due to exclusion of subsidiaries from consolidation	–	–	–	–	–	(5,283)	(5,283)
Transfer from other components of equity to retained earnings	28	–	–	(931)	–	–	–
Put option provided to non-controlling shareholders	–	–	–	–	(849)	–	(849)
Transfer to non-financial assets	–	(822)	–	(822)	(822)	(629)	(1,452)
Total transactions with owners	28	(822)	(7)	(1,585)	(14,570)	(10,011)	(24,581)
Balance as of March 31, 2023	10,708	1,846	284	24,266	430,232	16,249	446,482

FY2023 (April 1, 2023 to March 31, 2024)

(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	－	－	－	44,360	－	－
Other comprehensive income	－	－	－	－	1,410	13,731
Comprehensive income	－	－	－	44,360	1,410	13,731
Purchase of treasury shares	－	－	(4)	－	－	－
Disposal of treasury shares	－	0	1,319	－	－	－
Dividends	－	－	－	(14,197)	－	－
Share-based payment transactions	－	－	－	－	－	－
Increase (decrease) due to changes in equity	－	(670)	－	－	－	－
Increase (decrease) due to new consolidation	－	(4)	－	(891)	－	－
Increase (decrease) due to exclusion of subsidiaries from consolidation	－	－	－	－	－	－
Transfer from other components of equity to retained earnings	－	－	－	2,161	(1,410)	－
Put option provided to non-controlling shareholders	－	(190)	－	－	－	－
Transfer to non-financial assets	－	－	－	－	－	－
Total transactions with owners	－	(864)	1,314	(12,927)	(1,410)	－
Balance as of March 31, 2024	55,855	49,097	(2,217)	335,113	－	25,159

(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	－	－	－	－	44,360	1,774	46,135
Other comprehensive income	8,296	10,191	－	33,630	33,630	2,581	36,212
Comprehensive income	8,296	10,191	－	33,630	77,991	4,356	82,347
Purchase of treasury shares	－	－	－	－	(4)	－	(4)
Disposal of treasury shares	－	－	－	－	1,319	－	1,319
Dividends	－	－	－	－	(14,197)	(569)	(14,767)
Share-based payment transactions	－	－	(90)	(90)	(90)	－	(90)
Increase (decrease) due to changes in equity	－	－	－	－	(670)	(334)	(1,004)
Increase (decrease) due to new consolidation	－	(3,281)	－	(3,281)	(4,177)	420	(3,757)
Increase (decrease) due to exclusion of subsidiaries from consolidation	－	－	－	－	－	－	－
Transfer from other components of equity to retained earnings	(750)	－	－	(2,161)	－	－	－
Put option provided to non-controlling shareholders	－	－	－	－	(190)	－	(190)
Transfer to non-financial assets	－	(1,655)	－	(1,655)	(1,655)	(194)	(1,849)
Total transactions with owners	(750)	(4,936)	(90)	(7,189)	(19,666)	(678)	(20,344)
Balance as of March 31, 2024	18,253	7,100	193	50,707	488,557	19,927	508,485

(4) Consolidated Statement of Cash Flow

(Unit：Million yen)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before tax	60,978	66,712
Profit (loss) before tax from discontinued operations	(275)	(11)
Depreciation and amortization	44,987	46,590
Interest and dividend income	(1,435)	(1,913)
Interest expenses	2,411	3,592
Share of loss (profit) of investments accounted for using equity method	(2,502)	(2,056)
Loss (gain) on sale and retirement of fixed assets	(3,266)	(379)
Decrease (increase) in trade and other receivables	(26,422)	(5,172)
Decrease (increase) in inventories	(14,689)	2,619
Increase (decrease) in trade and other payables	20,177	(6,289)
Decrease (increase) in contract assets	(942)	1,756
Increase (decrease) in contract liabilities	(55)	(1,624)
Other	(8,746)	(6,203)
Subtotal	70,217	97,619
Interest received	480	503
Dividends received	1,492	1,700
Interest paid	(2,280)	(3,488)
Income taxes paid	(12,956)	(16,709)
Net cash provided by (used in) operating activities	56,953	79,625
Cash flows from investing activities		
Purchase of property, plant and equipment	(64,549)	(63,469)
Proceeds from sale of property, plant and equipment	6,321	2,327
Purchase of intangible assets	(2,120)	(2,999)
Purchase of investment securities	(3,934)	(6,226)
Proceeds from sale of investment securities	447	1,491
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,284)	(7,322)
Payments for loans	(231)	(4,657)
Collection of loans receivable	907	1,594
Payments for acquisition of businesses	(2,094)	(20,133)
Other	(595)	1,430
Net cash provided by (used in) investing activities	(71,135)	(97,966)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	6,080	(245)
Proceeds from long-term borrowings	52,176	41,128
Repayments of long-term borrowings	(30,521)	(37,180)
Proceeds from issuance of bonds	10,000	30,000
Additional purchase of shares of subsidiaries	(1,302)	(1,004)
Proceeds from sale and leaseback transactions	776	950
Repayments of lease liabilities	(5,515)	(5,422)
Dividends paid	(13,041)	(14,193)
Dividends paid to non-controlling interests	(602)	(569)
Other	1,206	1,260
Net cash provided by (used in) financing activities	19,257	14,723
Impact of exchange fluctuations for cash and cash equivalents	47	661
Net increase (decrease) in cash and cash equivalents	5,122	(2,956)
Net increase (decrease) in cash and cash equivalents due to a change in the scope of consolidation	1,267	1,986
Cash and cash equivalents at beginning of period	59,554	65,944
Cash and cash equivalents at end of period	65,944	64,975

(5) Notes to 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 consolidated financial statement of the Company and its subsidiaries (the "Group") closes on December 31 and consists of equity interests of the Group and its affiliates and joint control agreement.

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

(Basis of preparation)

(1) Compliance with the IFRS

The 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 Consolidated Financial Statements and have been prepared in accordance with IFRS as prescribed in Article 93 of the Ordinance.

(2) Basis of Measurement

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

(Segment Information)

(1) Overview of Reportable Segments

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

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

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

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

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

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

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

(2) Matters regarding Changes in Reporting Segments

From the first quarter of the current consolidated fiscal year, the domestic engineering business and Indian industrial gas, etc.business, which were previously classified under "Digital & Industry," moved to "OtherBusinesses," and the carbon dioxide and hydrogen business, which was previously classified under "Energy Solutions,"has been moved to "Digital & Industry.

The segment information for 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.

FY 2022 (April 1, 2022 to March 31, 2023)

(Unit：Million yen)

	Reportable Segment						Adjustments (Note)	Consolidated
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from external customers	338,039	69,210	235,992	152,815	208,855	1,004,914	—	1,004,914
Intersegment revenue or transfers	9,535	4,844	516	743	36,038	51,679	(51,679)	—
Total	347,575	74,055	236,509	153,559	244,893	1,056,593	(51,679)	1,004,914
Segment profit	26,128	4,259	15,482	5,516	5,135	56,521	5,659	62,181
Finance income								2,051
Finance costs								(3,253)
Profit before income tax								60,978
Segment assets	326,304	41,210	161,512	92,568	303,705	925,301	166,343	1,091,645
Other items								
Depreciation and amortization	19,183	3,079	4,212	4,982	13,530	44,987	—	44,987
Impairment loss	19	—	—	—	—	19	—	19
Gains on equity-method investments	526	—	896	44	1,035	2,502	—	2,502
Investments accounted for using equity method	4,264	—	12,764	212	15,388	32,630	—	32,630
Capital expenditures	33,943	3,559	2,701	5,100	17,048	62,352	4,014	66,367

(Note) 1: Adjustments of intersegment revenue or transfers of -51,679 million yen are elimination of intersegment transactions.

2: Adjustments of segment profit of 5,659 million yen are related to the elimination of intersegment transactions and profit or loss of the Company’s corporate divisions not allocated to reportable segments.

3: Adjustments of segment assets of 166,343 million yen are related to the elimination of intersegment assets and corporate assets not allocated to reportable segments. Corporate assets are mainly cash and deposits, financial assets and shared corporate facilities not attributable to reportable segments.

4: Adjustments of capital expenditures of 4,014 million yen are mainly corporate assets not attributable to reportable segments.

FY 2023 (April 1, 2023 to March 31, 2024)

（Unit：Million yen）

	Reportable Segment						Adjustments (Note)	Consolidated
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from external customers	339,410	66,588	230,865	162,610	225,067	1,024,540	—	1,024,540
Intersegment revenue or transfers	10,808	4,515	709	775	34,696	51,503	(51,503)	—
Total	350,218	71,103	231,574	163,385	259,763	1,076,044	(51,503)	1,024,540
Segment profit	33,563	4,042	15,078	6,917	10,802	70,405	(2,132)	68,272
Finance income								2,878
Finance costs								(4,438)
Profit before income tax								66,712
Segment assets	355,896	42,543	156,505	105,868	381,312	1,042,125	180,570	1,222,696
Other items								
Depreciation and amortization	19,790	3,409	4,396	5,128	13,865	46,590	—	46,590
Impairment loss	0	0	—	—	—	1	—	1
Gains on equity-method investments	678	—	731	(34)	681	2,056	—	2,056
Investments accounted for using equity method	4,875	—	13,402	17	16,212	34,507	—	34,507
Capital expenditures	34,817	3,545	7,315	4,535	20,740	70,955	2,348	73,303

(Note) 1: Adjustments of intersegment revenue or transfers of -51,503 million yen are elimination of intersegment transactions.
2: Adjustments of segment profit of -2,132 million yen are related to the elimination of intersegment transactions and profit or loss of the Company’s corporate divisions not allocated to reportable segments.
3: Adjustments of segment assets of 180,570 million yen are related to the elimination of intersegment assets and corporate assets not allocated to reportable segments. Corporate assets are mainly cash and deposits, financial assets and shared corporate facilities not attributable to reportable segments.
4: Adjustments of capital expenditures of 2,348 million yen are mainly corporate assets not attributable to reportable segments.

(Earning per share)

(1) Basic and diluted earnings per share

(Unit：Yen)

	FY 2022 (April 1, 2022 to March 31, 2023)	FY 2023 (April 1, 2023 to March 31, 2024)
Basic earnings (loss) per share	176.84	194.69
Continuing operations	178.18	194.74
Discontinued operations	(1.34)	(0.05)
Diluted earnings (loss) per share	176.66	194.52
Continuing operations	178.00	194.57
Discontinued operations	(1.34)	(0.05)

(2) Bases for calculating basic and diluted earnings per share

1) Profit attributable to common shareholders

(Unit：Million yen)

	FY 2022 (April 1, 2022 to March 31, 2023)	FY 2023 (April 1, 2023 to March 31, 2024)
Profit (loss) attributable to owners of parent	40,137	44,360
Continuing operations	40,442	44,372
Discontinued operations	(305)	(11)
Diluted profit (loss) attributable to common shareholders	40,137	44,360
Continuing operations	40,442	44,372
Discontinued operations	(305)	(11)

2) Average number of common shares during the year

(Unit：Thousands of shares)

	FY 2022 (April 1, 2022 to March 31, 2023)	FY 2023 (April 1, 2023 to March 31, 2024)
Average number of common shares during the year	226,972	227,856
Increases in common shares due to stock options	236	194
Average number of diluted common shares during the year	227,208	228,050

(Significant subsequent events)

Not applicable