

November 7, 2024

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

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 the Six months ended September 30, 2024

(1) Consolidated operating results

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2024	507,962	6.5	31,982	12.7	31,217	12.2	20,759	15.9	20,156	16.4	14,319	-65.1
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

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2024	88.23	88.17
Six months ended September 30, 2023	76.05	75.99

(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, 2024	1,188,948	510,798	492,040	41.4
As of March 31, 2024	1,222,696	508,485	488,557	40.0

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
The fiscal year ended March 31, 2024	Yen —	Yen 30.00	Yen —	Yen 34.00	Yen 64.00
The fiscal year ending March 31, 2025	—	32.00			
The fiscal year ending March 31, 2025 (Forecasts)			—	32.00	64.00

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

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

(% of change from previous year)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
The fiscal year	1,100,000	7.4	78,000	14.2	76,000	13.9	50,000	12.7	218.76

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

Notes

(1) Significant changes in the scope of consolidation during the period : None

(2) Changes in accounting policies and changes in accounting estimates

- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies other than (a): None
- c. Changes in accounting estimates: None

(3) Number of shares outstanding (ordinary shares)

a. Total number of shares outstanding (including treasury shares)

As of September 30, 2024:	229,755,057 shares
As of March 31, 2024:	229,755,057 shares

b. Number of shares of treasury shares

As of September 30, 2024:	1,105,307 shares
As of March 31, 2024:	1,529,317 shares

c. Average number of shares during the term

Six months of the fiscal year ending March 31, 2025:	228,463,198 shares
Six months of the fiscal year ended March 31, 2024:	227,634,448 shares

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

* Explanations and other special notes concerning the appropriate use of business performance forecasts

- The forward-looking statements such as result forecasts included in this document are based on the information available to AIR WATER INC. (hereinafter “the Company”) at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors. For matters relating to the forecasts, please, refer to “1-(3) Explanation of future prediction information such as forecast of consolidated operating results”.

4. Qualitative Information relating to Second Quarter Settlement of Accounts

(1) Explanation of Operating Results

1) Operating results for the current period

For the cumulative second quarter of the current consolidated fiscal year, the group's revenue was ¥507,962 million (106.5% that of the corresponding period of the previous year), operating profit was ¥31,982 million (112.7%), and profit attributable to owners of parent was ¥20,156 million (116.4%).

During the period, the Japanese economy benefited from continued stability of personal spending, as improved income conditions offset the impact of rising commodity prices. The economy continues to recover moderately, as evident in, for instance, increased capital expenditure supported by a strong corporate performance. Meanwhile, the overseas outlook remained uncertain due to the shift of US and European policy to monetary easing and concerns over geopolitical risks such as the ongoing tensions in the Middle East.

The Group is focusing on digital and semiconductor-related businesses, as well as overseas business in India and North America. In addition, businesses in Japan have sought to acquiring new customers and expanding sales channels by utilizing the Group's comprehensive strengths, also, aim to bolster profitability by reducing costs through rationalization and streamlining together with comprehensive price management. In business creation through a resolution of social issues, the Group started the commercial use of liquefied biomethane derived from livestock manure as a new business in the field of carbon neutrality.

Some businesses experienced an adverse impact from the sluggish semiconductor market during the period. Meanwhile, price management of industrial gases implemented in the past and activities in the overseas industrial gas business and agricultural sector made consistent advancements. As a result, all segments recorded profit growth.

2) Consolidated results by segment for this period

	(Million yen)			
	Revenue		Operating profit	
	FY 2024.2Q	YoY Growth	FY2024.2Q	YoY Growth
Digital & Industry	164,876	98.7%	14,331	106.4%
Energy Solutions	27,872	110.3%	779	146.2%
Health & Safety	114,561	106.2%	6,010	104.5%
Agriculture & Foods	89,029	111.2%	4,434	115.1%
Other Business	111,622	115.4%	5,519	138.0%
(Adjustment)	-	- %	907	118.2%
Total	507,962	106.5%	31,982	112.7%

(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 ¥164,876 million (98.7% that of the corresponding period of the previous year), and operating profit was ¥14,331 million (106.4%).

While the upgrading of production plants in Japan for the digital product and semiconductor industries is underway, the Group targeted demand for gases by acquiring new customers and implementing capital investment for the expansion of large plants and equipment. Moreover, the Group sought to expand electronics-related businesses such as the supply of special chemicals and sale of gas refining devices. The Group also continued to revise gas prices, which it had started in the previous fiscal year, and further streamlined manufacturing and supply structures.

Revenue was affected by a decrease in the unit selling price of on-site gas supply for steelmakers. In the functional materials business, sales of seal products and basic chemicals were sluggish. This consequently offset revenue growth based on the revision of industrial gas prices, causing revenue to decrease on a year-on-year basis. On the other hand, operating profit exceeded the same period last year due to the effects of the price management of industrial gases. Additionally, the expansion of industrial gas sales, improvements in productivity at plant operations, and steady gas supply to major semiconductor factories contributed to this increase.

<Energy solutions>

Revenue in this segment was ¥27,872 million (110.3%), and operating profit was ¥779 million (146.2%).

The Group actively promoted fuel conversion from fuel oil to LNG to its customers amid a rise in demand for low and net-zero carbon. It also started energy supply that would contribute to carbon neutrality using unused resources in local areas such as liquefied biomethane derived from livestock excreta. Distribution efficiency of LP gas supply for households mostly in Hokkaido was raised using IoT technology. The Group worked to improve profitability through efforts to acquire customers by obtaining vendors' commercial rights.

Revenue grew significantly year on year due to higher LP gas prices for customers, which is linked to the import price, an increase in the sales volumes of LP gas and LNG, and sales growth of LNG-related equipment. Operating profit increased as the loss on inventory valuation of LP gas posted a year earlier had disappeared.

<Health & Safety>

Revenue in this segment was ¥114,561 million (106.2%), and operating profit was ¥6,010million (104.5%).

The Group worked to fulfill needs at clinical sites through the supply base of medical gases. More specifically, activities include the development of medical instruments, steps to directly receive orders for the construction of hospital facilities such as operating rooms, and receiving outsourcing orders. In addition, the Group worked to enhance the structures of businesses closer to consumers such as home medical care related to daily healthcare, dental care, hygiene medicals, injection needles, aerosol and cosmetics. The safety services segment sought to receive contracts for data center-related projects.

There was an impact from the year-on-year decrease in contract manufacturing of products such as injection needles and aerosol. However, the number of patients undergoing nitric oxide inhalation therapy increased and sales of shower bathing devices for long-term care remained strong. In the safety services segment, too, progress in construction projects for data centers remained strong. Moreover, both revenue and operating profit increased year on year due to the effect of price revision of medical equipment and hygiene materials and cost reduction in the medical service business.

<Agriculture & Foods>

Revenue in this segment was ¥89,029 million (111.2%), and operating profit was ¥4,434 million (115.1%).

The Group is taking steps to improve technological development for smart agriculture and freshness maintenance and increase the volume of agricultural products for sale, aiming for sustainable agriculture and stable food supply systems. Additionally, building a supply-chain platform in the procurement of raw material vegetables, distribution and processing of fruit and vegetables through cooperation with other companies using the Group's distribution base.

Performance remained strong due to an increasing in the contract production of vegetable and fruit-based beverages. Moreover, sales of products such as frozen broccoli and Hokkaido potatoes remained strong. Both revenue and operating profit grew year on year owing to the new consolidation of Marushin Seika Co., Ltd., a wholesaler of vegetables and fruits in Kyushu, in the previous fiscal year.

<Other business>

Revenue in this segment was ¥111,622 million (115.4%), and operating profit was ¥5,519 million (138.0%).

In the logistics business, general cargo and food transportation remained strong. The Group also worked to rationalize contract fees and raise operational efficiency through digitization. As a result, both revenue and operating profit remained strong.

The sales volume of commercial-use salt at NIHON KAISUI CO. LTD. recovered and the operation of Kanda Biomass Power Plant, which had started operation in August 2023, has been stable. Both revenue and operating profit grew year on year also supported by strong performance related to water-treatment construction.

In the electric power business, operating profit increased year on year, because of decline in the PKS and cost-cutting at Onahama Biomass Power Plant.

In the global & engineering business, the Group is working to expand the equipment engineering business, which uses the Group's low-temperature technology, as well as the industrial gas business in the North American market. Two industrial gas-related companies newly consolidated in the previous fiscal year significantly contributed to revenue. In the Indian market, demand for industrial gasses is growing based on economic growth. The Group strengthened its

business base by, for instance, establishing a new cylinder gas filling plant, and both the onsite supply for steelmakers and gas supply using lorry cylinders remained strong. In the high-output uninterruptible power source (UPS) business, contracts received increased in Asia and North America due to the current rise in demand for data centers and an increase in capital expenditure of semiconductor manufacturers, which resulted in a strong performance. As a result, both revenue and profit exceeded the levels recorded in the same period of the previous year.

(2) Explanation of financial position for the current period

Total assets at the end of the current second quarter consolidated fiscal year stood at ¥1,188,948 million, a decrease of ¥33,747 million from the end of the previous consolidated fiscal year due mainly to a decrease in trade and other receivables. Liabilities stood at ¥678,150 million, a decrease of ¥36,059 million from the end of the previous consolidated fiscal year due mainly to a decrease in trade and other payables. Equity stood at ¥510,798 million, an increase of ¥2,312 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 ¥2,140.68 at the end of the previous consolidated fiscal year to ¥2,151.94, and ratio of equity attributable to owners of parent to total assets changed to 41.4% from 40.0% 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 ¥47,616 million, reflecting an increase of ¥13,020 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 ¥35,936 million, reflecting a decrease of outflow by ¥28,299 million from the same period of the previous fiscal year, due mainly to a decrease of expenditures resulting from purchase of investment securities.

Cash flows from financing activities for the second quarter of the current fiscal year was an outflow of ¥21,565 million, reflecting a decrease of ¥45,940 million from the same period of the previous fiscal year, due mainly to a decrease of proceeds from long-term borrowings and issuance of bonds.

As a result, cash and cash equivalents at the end of the second quarter of the current fiscal year stood at ¥55,647 million, a decrease of ¥7,602 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 9, 2024.

5. Condensed Quarterly Consolidated Financial Statements and Significant Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit : Million yen)

	End of the previous fiscal year (As of March 31, 2024)	End of the second quarter of fiscal year (As of September 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	64,975	55,647
Trade and other receivables	240,584	209,537
Inventories	92,643	103,778
Other financial assets	11,750	10,541
Income taxes receivable	2,465	454
Other current assets	36,953	31,972
Total current assets	449,372	411,932
Non-current assets		
Property, plant and equipment	497,708	505,716
Goodwill	81,859	79,293
Intangible assets	46,240	43,359
Investments accounted for using equity method	34,507	37,100
Retirement benefit asset	5,640	5,449
Other financial assets	100,621	99,510
Deferred tax assets	2,705	2,514
Other non-current assets	4,038	4,072
Total non-current assets	773,323	777,016
Total assets	1,222,696	1,188,948

(Unit : Million yen)

	End of the previous fiscal year (As of March 31, 2024)	End of the second quarter of fiscal year (As of September 30, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	167,685	144,675
Bonds and borrowings	85,933	95,786
Other financial liabilities	13,865	11,955
Income taxes payable	11,418	11,110
Provisions	1,049	763
Other current liabilities	37,528	38,530
Total current liabilities	317,481	302,821
Non-current liabilities		
Bonds and borrowings	332,786	315,791
Other financial liabilities	22,951	21,342
Retirement benefit liability	6,478	6,455
Provisions	3,559	3,647
Deferred tax liabilities	23,845	21,893
Other non-current liabilities	7,107	6,198
Total non-current liabilities	396,729	375,329
Total liabilities	714,210	678,150
Equity		
Share capital	55,855	55,855
Capital surplus	49,097	47,721
Treasury shares	(2,217)	(1,576)
Retained earnings	335,113	347,656
Other components of equity	50,707	42,383
Total equity attributable to owners of parent	488,557	492,040
Non-controlling interests	19,927	18,757
Total equity	508,485	510,798
Total liabilities and equity	1,222,696	1,188,948

(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, 2023	Six months ended September 30, 2024
Continuing operations		
Revenue	476,975	507,962
Cost of sales	(374,800)	(398,766)
Gross profit	102,174	109,195
Selling, general and administrative expenses	(76,447)	(81,653)
Other income	3,035	2,611
Other expenses	(1,623)	(1,307)
Share of profit of investments accounted for using equity method	1,237	3,135
Operating profit	28,375	31,982
Finance income	1,406	2,188
Finance costs	(1,959)	(2,952)
Profit before tax	27,822	31,217
Income tax expense	(9,910)	(10,449)
Profit from continuing operations	17,912	20,767
Discontinued operations		
Profit (loss) from discontinued operations	(2)	(7)
Profit	17,910	20,759
Profit attributable to		
Owners of parent	17,312	20,156
Non-controlling interests	597	603
Profit	17,910	20,759

(Unit : Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	76.06	88.26
Discontinued operations	(0.01)	(0.03)
Basic earnings per share	76.05	88.23
Diluted earnings (loss) per share		
Continuing operations	76.00	88.20
Discontinued operations	(0.01)	(0.03)
Diluted earnings per share	75.99	88.17

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

(Unit : Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	17,910	20,759
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of financial assets measured through other comprehensive income	4,664	(2,890)
Share of other comprehensive income of investments accounted for using equity method	43	178
Total of items that will not be reclassified to profit or loss	4,708	(2,712)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	10,854	(4,185)
Effective portion of gains and losses on hedging instruments in a cash flow hedge	7,419	234
Share of other comprehensive income of investments accounted for using equity method	194	223
Total of items that may be reclassified to profit or loss	18,468	(3,728)
Total other comprehensive income	23,177	(6,440)
Comprehensive income	41,087	14,319
Comprehensive income attributable to		
Owners of parent	39,060	13,381
Non-controlling interests	2,027	938
Comprehensive income	41,087	14,319

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
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)	—	—
Decrease due to mergers	—	—	—	—	—	—
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)
Decrease due to mergers	—	—	—	—	—	—	—
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

Six months ended September 30, 2024

(Unit : Million yen)

	Equity attributable to owners of parent					
	Capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	
					Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations
Balance as of April 1, 2024	55,855	49,097	(2,217)	335,113	—	25,159
Profit	—	—	—	20,156	—	—
Other comprehensive income	—	—	—	—	—	(4,173)
Comprehensive income	—	—	—	20,156	—	(4,173)
Purchase of treasury shares	—	—	(2)	—	—	—
Disposal of treasury shares	—	37	643	—	—	—
Dividends	—	—	—	(7,788)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(1,414)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	—	—	—
Decrease due to mergers	—	—	—	(126)	—	—
Transfer from other components of equity to retained earnings	—	—	—	301	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(1,376)	641	(7,613)	—	—
Balance as of September 30, 2024	55,855	47,721	(1,576)	347,656	—	20,986

(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, 2024	18,253	7,100	193	50,707	488,557	19,927	508,485
Profit	—	—	—	—	20,156	603	20,759
Other comprehensive income	(2,731)	129	—	(6,775)	(6,775)	334	(6,440)
Comprehensive income	(2,731)	129	—	(6,775)	13,381	938	14,319
Purchase of treasury shares	—	—	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	—	—	681	—	681
Dividends	—	—	—	—	(7,788)	(472)	(8,260)
Share-based payment transactions	—	—	(2)	(2)	(2)	—	(2)
Increase (decrease) due to changes in equity	—	—	—	—	(1,414)	(1,477)	(2,892)
Increase (decrease) due to new consolidation	—	—	—	—	—	—	—
Decrease due to mergers	—	—	—	—	(126)	—	(126)
Transfer from other components of equity to retained earnings	(301)	—	—	(301)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—	—
Transfer to non-financial assets	—	(1,245)	—	(1,245)	(1,245)	(158)	(1,404)
Total transactions with owners	(301)	(1,245)	(2)	(1,549)	(9,898)	(2,109)	(12,007)
Balance as of September 30, 2024	15,221	5,984	191	42,383	492,040	18,757	510,798

(4) Condensed quarterly Consolidated Statement of Cash Flows

(Unit : Million yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	27,822	31,217
Profit (loss) before tax from discontinued operations	(2)	(7)
Depreciation and amortization	22,484	24,312
Interest and dividend income	(1,009)	(1,480)
Interest expenses	1,636	2,280
Share of loss (profit) of investments accounted for using equity method	(1,237)	(3,135)
Loss (gain) on sale and retirement of fixed assets	(98)	(45)
Decrease (increase) in trade and other receivables	16,882	30,902
Decrease (increase) in inventories	(10,089)	(11,056)
Increase (decrease) in trade and other payables	(14,275)	(20,626)
Decrease (increase) in contract assets	1,785	4,122
Increase (decrease) in contract liabilities	1,371	3,525
Other	(2,787)	(3,570)
Subtotal	42,482	56,439
Interest received	356	326
Dividends received	988	1,298
Interest paid	(1,640)	(2,325)
Income taxes paid	(7,591)	(8,121)
Net cash provided by (used in) operating activities	34,595	47,616
Cash flows from investing activities		
Purchase of property, plant and equipment	(34,333)	(32,018)
Proceeds from sale of property, plant and equipment	736	442
Purchase of intangible assets	(1,074)	(1,269)
Purchase of investment securities	(19,129)	(3,878)
Proceeds from sale of investment securities	196	615
Collection of loans receivable	1,322	767
Payments for acquisition of businesses	(8)	—
Other	(11,945)	(596)
Net cash provided by (used in) investing activities	(64,235)	(35,936)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,468	(360)
Proceeds from long-term borrowings	17,651	5,731
Repayments of long-term borrowings	(16,702)	(11,967)
Proceeds from issuance of bonds	30,000	—
Additional purchase of shares of subsidiaries	(6)	(4,855)
Proceeds from sale and leaseback transactions	593	466
Repayments of lease liabilities	(2,667)	(3,002)
Dividends paid	(7,324)	(7,783)
Dividends paid to non-controlling interests	(324)	(472)
Other	685	678
Net cash provided by (used in) financing activities	24,374	(21,565)
Impact of exchange fluctuations for cash and cash equivalents	584	557
Net increase (decrease) in cash and cash equivalents	(4,680)	(9,327)
Net increase (decrease) in cash and cash equivalents due to a change in the scope of consolidation	1,986	—
Cash and cash equivalents at beginning of period	65,944	64,975
Cash and cash equivalents at end of period	63,250	55,647

(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) 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.

(2) 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.

(3) Important Accounting Estimates and Decisions involving Estimates

In the preparation of the Group’s condensed quarterly consolidated financial statement, the business manager must make decisions, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. The actual results may vary from such estimates.

Estimates and assumptions that become the basis of estimates are reviewed continuously. The impact of a revision of accounting estimates is recognized during the accounting period in which the estimates are revised and future accounting periods that will be affected.

The important accounting estimates and decisions involving estimates in this condensed quarterly consolidated financial statement are the same as the consolidated financial statement for the accounting year ending March 31, 2024.

(Significant accounting policies)

The accounting principles that the Group applies to the condensed quarterly consolidated financial statement are the same as the accounting principles applied to the consolidated financial statement for the consolidated fiscal year ending March 31, 2024.

(Segment Information)

(1) Overview of Reportable Segments

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

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

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

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

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

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

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

(2) Information about the Amounts of Revenue and Profit or Loss by Reportable Segment

The accounting method of the reported operating segments is the same as the accounting method used to prepare the consolidated financial statements.

The profit figures of the reportable segments are operating profit. Intersegment revenue and transfers of funds are presented based on prevailing market prices.

Six months ended September 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	167,079	25,266	107,866	80,060	96,701	476,975	—	476,975
Inter-segment revenue	4,820	2,049	267	398	8,622	16,158	(16,158)	—
Total	171,900	27,316	108,133	80,458	105,324	493,133	(16,158)	476,975
Revenue by segment	13,473	533	5,750	3,852	3,998	27,608	767	28,375
Finance income								1,406
Finance costs								(1,959)
Operating profit								27,822

(Note) 1. The reconciling item of -16,158 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 767million 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 September 30, 2024

(Unit : Million yen)

	Reportable Segment						Adjustment (Note)	Quarterly consolidated statements of income
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from outside customers	164,876	27,872	114,561	89,029	111,622	507,962	—	507,962
Inter-segment revenue	5,417	2,525	289	423	10,371	19,027	(19,027)	—
Total	170,293	30,397	114,850	89,453	121,994	526,989	(19,027)	507,962
Revenue by segment	14,331	779	6,010	4,434	5,519	31,075	907	31,982
Finance income								2,188
Finance costs								(2,952)
Operating profit								31,217

(Note) 1. The reconciling item of -19,027 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 907 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.