

February 7, 2025

Consolidated Financial Results (Under IFRS)
For the Third 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 Nine months ended December 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	%
Nine months ended December 31, 2024	784,867	5.4	53,204	6.8	53,132	7.8	36,013	11.1	35,016	12.8	45,377	△13.6
Nine months ended December 31, 2023	744,668	2.7	49,832	20.3	49,290	20.0	32,416	21.4	31,046	17.2	52,539	42.5

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2024	Yen 153.19	Yen 153.10
Nine months ended December 31, 2023	136.32	136.21

(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 December 31, 2024	1,261,177	533,559	514,403	40.8
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	218.64

(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 December 31, 2024: 229,755,057 shares

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

b. Number of shares of treasury shares

As of December 31, 2024: 760,387 shares

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

c. Average number of shares during the term

Nine months of the fiscal year ending March 31, 2025: 228,582,685 shares

Nine months of the fiscal year ended March 31, 2024: 227,746,017 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 “4-(3) Explanation of future prediction information such as forecast of consolidated operating results”.

4. Qualitative Information relating to Third Quarter Settlement of Accounts

(1) Explanation of Operating Results

1) Operating results for the current period

For the cumulative third quarter of the current consolidated fiscal year, the group's revenue was ¥784,867 million (105.4% that of the corresponding period of the previous year), operating profit was ¥53,204 million (106.8%), and profit attributable to owners of parent was ¥35,016 million (112.8%).

During the period, the Japanese economy benefited from improvements in the employment and income conditions, as well as steady corporate capital investment. Meanwhile, the outlook remained uncertain due in part to rising commodity prices, large exchange fluctuations, and the impact of the US presidential election on global conditions.

The Group is focusing on digital and semiconductor-related businesses and industrial gas-related businesses in overseas countries such as India and North America, which are positioned as growth areas. In December 2024, the Group started the business of "The Forest of AIR WATER", an open innovation promotion facility, in Sapporo, which is one of the Group's founding locations. It will work to create new businesses that will contribute to the solution of local issues with a focus on energy and the environment as well as agriculture and food through cooperation with universities and research institutions, local governments, companies, startups, and other organizations.

Some businesses experienced an adverse impact from the sluggish semiconductor market during the period under review. Meanwhile, initiatives such as the repricing of industrial gases implemented in the past, the acquisition of new customers, and activities in the overseas industrial gas business and agricultural sector made steady progress. All segments achieved an increase in sales and profit, leading to a record high nine-month result.

2) Consolidated results by segment for this period

(Million yen)

	Revenue		Operating profit	
	FY 2024.3Q	YoY Growth	FY2024.3Q	YoY Growth
Digital & Industry	253,354	100.2%	24,710	108.7%
Energy Solutions	45,938	107.2%	1,886	120.3%
Health & Safety	176,531	106.5%	9,106	101.5%
Agriculture & Foods	136,514	109.2%	6,831	102.4%
Other Business	172,527	109.1%	9,501	115.8%
(Adjustment)	-	- %	1,168	69.0%
Total	784,867	105.4%	53,204	106.8%

(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 ¥253,354million (100.2% that of the corresponding period of the previous year), and operating profit was ¥24,710 million (108.7%).

Demand for domestic industrial gasses, particularly in material sectors such as steel and chemicals, was trending downwards. In response, the Group targeted demand through investment in large plants corresponding to the expansion of manufacturing facilities in the digital product and semiconductor industries and acquisition of new customers. In addition, the Group focused on comprehensive business development for Group merchandise and services supporting semiconductor manufacturing such as special chemicals, gas refining devices, and related construction.

Revenue was affected by a decrease in the unit selling price of on-site gas supply for steelmakers and sluggish sales of sealants in the functional material business. Meanwhile, gas supply for semiconductor plants remained strong. Sales in digital and semiconductor-related businesses also increased, remaining at the level as the same period of the previous year. Operating profit was affected by the cost of purchasing helium and fluctuations in demand for organic acid products such as phthalic anhydride. Nevertheless, it posted steady growth thanks largely to an increase in the productivity of plant operation and the price management of industrial gasses.

<Energy solutions>

Revenue in this segment was ¥45,938 million (107.2% that of the corresponding period of the previous year), and operating profit was ¥1,886 million (120.3%).

The Group actively promoted fuel conversion from fuel oil to liquefied natural gas (LNG) to its customers amid a rise in demand for low and net-zero carbon. Moreover, the Group started energy supply that would contribute to carbon neutrality, deploying unused resources in local areas such as liquefied biomethane derived from livestock excreta, which is a source of clean energy. Distribution efficiency of LP gas supply for households mostly in Hokkaido was raised using IoT technology. Also, took steps to improve profitability by increasing the number of customers, primarily through the acquisition of vendors' commercial rights.

Revenue grew due to an increase in selling prices linked to market prices of overall products such as LP gas, kerosene, and LNG. Also received a significant year-on-year boost owing to the expansion of sales of LNG-related equipment. Operating profit increased as a result of efforts to raise operational efficiency in LP gas distribution and the absence of the impact of a loss on inventory valuation of LP gas posted a year earlier.

<Health & Safety>

Revenue in this segment was ¥176,531 million (106.5% of the level in the same period of the previous fiscal year), and operating profit was ¥9,106million (101.5%).

The Group worked to satisfy needs at clinical sites through the supply of gasses for medical use and focused on developing medical equipment, directly receiving orders for the construction of hospital facilities such as, in particular, repairing operating rooms, and receiving outsourcing contracts for hospital operations. In addition, the Group worked to enhance

the structures of businesses closer to consumers such as home medical care, dental care, hygiene medicals, injection needles, and aerosol cosmetics. The safety services segment sought to receive contracts for data center-related projects.

New construction projects for hospitals and contract manufacturing of aerosol decreased year on year. 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 mainly in projects for data centers remained strong. Furthermore, both revenue and operating profit increased year on year thanks to the acquisition of new facilities in the medical service business and the effect of price revisions of medical equipment and hygiene materials.

<Agriculture & Foods>

Revenue in this segment was ¥136,514 million (109.2% that of the corresponding period of the previous year), and operating profit was ¥6,831 million (102.4%).

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

The result was affected by rising prices of raw materials such as pork. Contract production mainly of vegetable and fruit-based beverages increased due to extreme summer heat. Moreover, growth in sales of products such as frozen broccoli in the North American market and Hokkaido potatoes and carrots contributed to the result. 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 the previous fiscal year.

<Other business>

Revenue in this segment was ¥172,527 million (109.1% that of the corresponding period of the previous year), and operating profit was ¥9,501 million (115.8%).

In the logistics business, efforts to rationalize contract fees and raise operational efficiency by using digital technologies facilitated steady growth in general cargo and food transportation. An increase in the freight of vegetables and fruits through cooperative efforts with other companies was added to the volume, resulting in year-on-year growth.

NIHON KAISUI CO., LTD. demand for commercial-use salt recovered and sales volume of snow-melting salt increased. Meanwhile, sales remained unchanged year on year due to the impact of a delay in the progress of water treatment-related construction and the rising price of fuel gas in the electric power business.

The electric power business continued stable operation at the Onahama Biomass Power Plant. A decline in the market of palm kernel shells (PKS) used as the power generation fuel and the effect of cost-cutting efforts contributed to a year-on-year improvement in performance.

In the global & engineering business, in the Indian market, new sales growth of industrial gasses in expectation of in-house plant operation remained steady. Additionally, both the on-site gas supply for steelmakers and lorry cylinder supply remained strong. In the North American market, the Group is working to expand the equipment engineering business, which uses low-temperature technology and industrial gas business. The Group sought to acquire new customers for the operation of the in-house plant currently under construction. Two industrial gas-related companies newly consolidated in the previous fiscal year contributed to the revenue. The high-output uninterruptible power source (UPS) business maintained a strong performance thanks to an increase in the capital expenditure of data centers and semiconductor manufacturers.

As a result, both revenue and operating profit in other segment 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 third quarter consolidated fiscal year stood at ¥1,261,177 million, an increase of ¥38,481 million from the end of the previous consolidated fiscal year due mainly to an increase in inventories and property, plant and equipment. Liabilities stood at ¥727,618 million, an increase of ¥13,407 million from the end of the previous

consolidated fiscal year due mainly to an increase in bonds and borrowings. Equity stood at ¥533,559 million, an increase of ¥25,073 million from the end of the previous consolidated fiscal year, due mainly to an increase in other components of equity.

Equity attributable to owners of parent per share grew from ¥2,140.68 at the end of the previous consolidated fiscal year to ¥2,246.36, and ratio of equity attributable to owners of parent to total assets changed to 40.8% from 40.0% at the end of the previous consolidated fiscal year.

Cash flows from operating activities for the third quarter of the current fiscal year was an inflow of ¥59,576 million, reflecting an increase of ¥10,202 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 third quarter of the current fiscal year was an outflow of ¥52,499 million, reflecting a decrease of outflow by ¥29,710 million from the same period of the previous fiscal year, due mainly to a decrease of expenditures resulting from purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities for the third quarter of the current fiscal year was an outflow of ¥8,691 million, reflecting an increase of ¥37,034 million from the same period of the previous fiscal year, due mainly to a decrease of proceeds from issuance of bonds and long-term borrowings.

As a result, cash and cash equivalents at the end of the third quarter of the current fiscal year stood at ¥65,012 million, an increase of ¥2,100 million from the end of the third 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 third quarter of fiscal year (As of December 31, 2024)
Assets		
Current assets		
Cash and cash equivalents	64,975	65,012
Trade and other receivables	240,584	237,822
Inventories	92,643	108,055
Other financial assets	11,750	11,830
Income taxes receivable	2,465	742
Other current assets	36,953	40,364
Total current assets	449,372	463,828
Non-current assets		
Property, plant and equipment	497,708	511,767
Goodwill	81,859	82,730
Intangible assets	46,240	44,718
Investments accounted for using equity method	34,507	36,865
Retirement benefit asset	5,640	5,562
Other financial assets	100,621	109,194
Deferred tax assets	2,705	2,602
Other non-current assets	4,038	3,907
Total non-current assets	773,323	797,348
Total assets	1,222,696	1,261,177

(Unit : Million yen)

	End of the previous fiscal year (As of March 31, 2024)	End of the third quarter of fiscal year (As of December 31, 2024)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	167,685	168,799
Bonds and borrowings	85,933	105,359
Other financial liabilities	13,865	11,865
Income taxes payable	11,418	8,575
Provisions	1,049	695
Other current liabilities	37,528	40,379
Total current liabilities	317,481	335,674
Non-current liabilities		
Bonds and borrowings	332,786	329,730
Other financial liabilities	22,951	21,497
Retirement benefit liability	6,478	6,546
Provisions	3,559	3,549
Deferred tax liabilities	23,845	24,429
Other non-current liabilities	7,107	6,190
Total non-current liabilities	396,729	391,943
Total liabilities	714,210	727,618
Equity		
Share capital	55,855	55,855
Capital surplus	49,097	47,726
Treasury shares	(2,217)	(1,050)
Retained earnings	335,113	355,137
Other components of equity	50,707	56,733
Total equity attributable to owners of parent	488,557	514,403
Non-controlling interests	19,927	19,155
Total equity	508,485	533,559
Total liabilities and equity	1,222,696	1,261,177

(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 third quarter of the consolidated fiscal year

(Unit : Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Continuing operations		
Revenue	744,668	784,867
Cost of sales	(583,795)	(615,050)
Gross profit	160,872	169,817
Selling, general and administrative expenses	(115,350)	(122,956)
Other income	4,636	4,974
Other expenses	(2,255)	(2,125)
Share of profit of investments accounted for using equity method	1,929	3,494
Operating profit	49,832	53,204
Finance income	2,646	3,516
Finance costs	(3,188)	(3,588)
Profit before tax	49,290	53,132
Income tax expense	(16,887)	(17,106)
Profit from continuing operations	32,403	36,025
Discontinued operations		
Profit (loss) from discontinued operations	13	(11)
Profit	32,416	36,013
Profit attributable to		
Owners of parent	31,046	35,016
Non-controlling interests	1,370	996
Profit	32,416	36,013

(Unit : Yen)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	136.26	153.24
Discontinued operations	0.06	(0.05)
Basic earnings per share	136.32	153.19
Diluted earnings (loss) per share		
Continuing operations	136.15	153.15
Discontinued operations	0.06	(0.05)
Diluted earnings per share	136.21	153.10

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

(Unit : Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	32,416	36,013
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	5,285	(1,912)
Share of other comprehensive income of investments accounted for using equity method	102	102
Total of items that will not be reclassified to profit or loss	5,387	(1,809)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6,454	5,002
Effective portion of gains and losses on hedging instruments in a cash flow hedge	8,053	6,111
Share of other comprehensive income of investments accounted for using equity method	228	60
Total of items that may be reclassified to profit or loss	14,736	11,174
Total other comprehensive income	20,123	9,364
Comprehensive income	52,539	45,377
Comprehensive income attributable to		
Owners of parent	49,453	43,206
Non-controlling interests	3,086	2,171
Comprehensive income	52,539	45,377

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
 Nine months ended December 31, 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	—	—	—	31,046	—	—
Other comprehensive income	—	—	—	—	—	6,560
Comprehensive income	—	—	—	31,046	—	6,560
Purchase of treasury shares	—	—	(3)	—	—	—
Disposal of treasury shares	—	6	1,133	—	—	—
Dividends	—	—	—	(14,197)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(637)	—	—	—	—
Increase (decrease) due to new consolidation	—	(4)	—	(891)	—	—
Increase (decrease) due to exclusion of subsidiaries from consolidation	—	—	—	—	—	—
Decrease due to mergers	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	264	—	—
Put option provided to non-controlling shareholders	—	(314)	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(950)	1,130	(14,824)	—	—
Balance as of December 31, 2023	55,855	49,011	(2,401)	319,902	—	17,988

(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	—	—	—	—	31,046	1,370	32,416
Other comprehensive income	5,341	6,505	—	18,407	18,407	1,715	20,123
Comprehensive income	5,341	6,505	—	18,407	49,453	3,086	52,539
Purchase of treasury shares	—	—	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	—	—	1,140	—	1,140
Dividends	—	—	—	—	(14,197)	(569)	(14,767)
Share-based payment transactions	—	—	(79)	(79)	(79)	—	(79)
Increase (decrease) due to changes in equity	—	—	—	—	(637)	(196)	(834)
Increase (decrease) due to new consolidation	—	(3,281)	—	(3,281)	(4,177)	324	(3,853)
Increase (decrease) due to exclusion of subsidiaries from consolidation	—	—	—	—	—	—	—
Decrease due to mergers	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	(264)	—	—	(264)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	(314)	—	(314)
Transfer to non-financial assets	—	(1,211)	—	(1,211)	(1,211)	(111)	(1,322)
Total transactions with owners	(264)	(4,492)	(79)	(4,837)	(19,481)	(552)	(20,034)
Balance as of December 31, 2023	15,785	3,858	204	37,837	460,204	18,782	478,987

Nine months ended December 31, 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	—	—	—	35,016	—	—
Other comprehensive income	—	—	—	—	—	4,941
Comprehensive income	—	—	—	35,016	—	4,941
Purchase of treasury shares	—	—	(3)	—	—	—
Disposal of treasury shares	—	43	1,169	—	—	—
Dividends	—	—	—	(15,119)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(1,414)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	—	—	—
Increase (decrease) due to exclusion of subsidiaries from consolidation	—	—	—	—	—	—
Decrease due to mergers	—	—	—	(126)	—	—
Transfer from other components of equity to retained earnings	—	—	—	253	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(1,371)	1,166	(14,992)	—	—
Balance as of December 31, 2024	55,855	47,726	(1,050)	355,137	—	30,101

(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	—	—	—	—	35,016	996	36,013
Other comprehensive income	(1,792)	5,039	—	8,189	8,189	1,174	9,364
Comprehensive income	(1,792)	5,039	—	8,189	43,206	2,171	45,377
Purchase of treasury shares	—	—	—	—	(3)	—	(3)
Disposal of treasury shares	—	—	—	—	1,213	—	1,213
Dividends	—	—	—	—	(15,119)	(779)	(15,899)
Share-based payment transactions	—	—	(33)	(33)	(33)	—	(33)
Increase (decrease) due to changes in equity	—	—	—	—	(1,414)	(1,477)	(2,892)
Increase (decrease) due to new consolidation	—	—	—	—	—	—	—
Increase (decrease) due to exclusion of subsidiaries from consolidation	—	—	—	—	—	(451)	(451)
Decrease due to mergers	—	—	—	—	(126)	—	(126)
Transfer from other components of equity to retained earnings	(253)	—	—	(253)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—	—
Transfer to non-financial assets	—	(1,876)	—	(1,876)	(1,876)	(234)	(2,110)
Total transactions with owners	(253)	(1,876)	(33)	(2,163)	(17,360)	(2,943)	(20,303)
Balance as of December 31, 2024	16,208	10,263	160	56,733	514,403	19,155	533,559

(4) Condensed quarterly Consolidated Statement of Cash Flows

(Unit : Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before tax	49,290	53,132
Profit (loss) before tax from discontinued operations	13	(11)
Depreciation and amortization	34,299	36,615
Interest and dividend income	(1,902)	(2,498)
Interest expenses	2,525	3,279
Share of loss (profit) of investments accounted for using equity method	(1,929)	(3,494)
Loss (gain) on sale and retirement of fixed assets	(6)	(1,321)
Decrease (increase) in trade and other receivables	7,159	5,546
Decrease (increase) in inventories	(10,812)	(14,898)
Increase (decrease) in trade and other payables	(11,195)	2,018
Decrease (increase) in contract assets	(2,702)	(1,638)
Increase (decrease) in contract liabilities	7,778	4,445
Other	(6,359)	(3,286)
Subtotal	66,159	77,889
Interest received	536	553
Dividends received	1,417	1,955
Interest paid	(2,344)	(3,171)
Income taxes paid	(16,394)	(17,649)
Net cash provided by (used in) operating activities	49,373	59,576
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,337)	(48,396)
Proceeds from sale of property, plant and equipment	872	548
Purchase of intangible assets	(1,652)	(1,685)
Purchase of investment securities	(10,982)	(5,273)
Proceeds from sale of investment securities	676	1,540
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,322)	—
Collection of loans receivable	1,515	1,169
Payment for acquisition of businesses	(8)	—
Other	(16,971)	(401)
Net cash provided by (used in) investing activities	(82,209)	(52,499)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,142	2,273
Proceeds from long-term borrowings	37,870	28,515
Repayments of long-term borrowings	(29,533)	(15,247)
Proceeds from issuance of bonds	30,000	—
Additional purchase of shares of subsidiaries	(834)	(4,855)
Proceeds from sale and leaseback transactions	802	494
Repayments of lease liabilities	(3,828)	(4,758)
Dividends paid	(13,789)	(15,098)
Dividends paid to non-controlling interests	(569)	(779)
Other	1,082	763
Net cash provided by (used in) financing activities	28,342	(8,691)
Impact of exchange fluctuations for cash and cash equivalents	(525)	1,652
Net increase (decrease) in cash and cash equivalents	(5,018)	37
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	62,912	65,012

(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 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) Applicable Financial Reporting Framework

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

(2) Basis of Measurement

The condensed quarterly consolidated financial statement of the Group is prepared based on acquisition costs except retirement benefit liability (Assets) and financial instruments, etc. measured at fair value.

(3) Functional Currency and Presentation Currency

The monetary amounts in the condensed quarterly consolidated financial statement are presented in units of yen, the functional currency of the Company. All financial data presented in Japanese yen are rounded down to the nearest million yen.

(4) Important Accounting Estimates and Decisions involving Estimates

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

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

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

(Significant accounting policies)

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

(Segment Information)

(1) Overview of Reportable Segments

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

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

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

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

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

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

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

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

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

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

Nine months ended December 31, 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	252,873	42,869	165,731	125,020	158,174	744,668	—	744,668
Inter-segment revenue	7,488	3,167	419	598	14,232	25,904	(25,904)	—
Total	260,361	46,036	166,150	125,618	172,406	770,573	(25,904)	744,668
Revenue by segment	22,732	1,567	8,967	6,668	8,202	48,138	1,693	49,832
Finance income								2,646
Finance costs								(3,188)
Operating profit								49,290

(Note) 1. The reconciling item of -25,904 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 1,693million 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.

Nine months ended December 31, 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	253,354	45,938	176,531	136,514	172,527	784,867	—	784,867
Inter-segment revenue	7,806	4,048	452	603	14,480	27,390	(27,390)	—
Total	261,161	49,986	176,984	137,118	187,008	812,258	(27,390)	784,867
Revenue by segment	24,710	1,886	9,106	6,831	9,501	52,036	1,168	53,204
Finance income								3,516
Finance costs								(3,588)
Operating profit								53,132

(Note) 1. The reconciling item of -27,390 million yen of intersegment revenue and transfers is elimination of intersegment transactions.

2. The reconciling item of 1,168 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)

The company resolved at the meeting of its Board of Directors held on February 7, 2025 that it will acquire the common stock of KAWAMOTO CORPORATION (hereafter "the Target") by means of a tender offer in accordance with the Financial Instruments and Exchange Act for the purpose of making the Target its wholly-owned subsidiary. For more details, please refer to the press release titled "Notification with respect to Commencement of Tender Offer for shares of KAWAMOTO CORPORATION (Securities code: 3604)" issued on the same date.