

June 10, 2025

To Whom It May Concern,

Company name:	AIR WATER INC.
Name of representative:	Kikuo Toyoda, Chairman and Representative Director (Securities code: 4088; Prime Market of Tokyo Stock Exchange /Sapporo Securities Exchange)
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Medium-Term Management Plan (FY2025-2027) "terrAWell30 2nd stage"

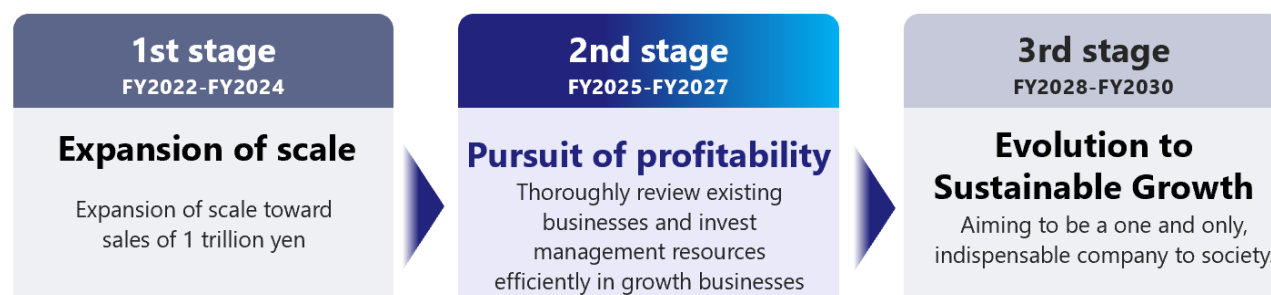
We are pleased to announce that we have formulated the "terrAWell30 2nd stage" medium-term management plan, which covers the three-year period from FY2025 to FY2027.

Note

1. Review of Previous Medium-Term Management Plan

We established "terrAWell30" as our vision for FY2030. In line with the "Global Environment" and "Wellness", which are two growth axes based on our diverse business domains and social issues such as climate change and super-aging society, we have contributed to resolving social issues through our business activities, and have worked to achieve sustainable growth and increase corporate value.

In the previous medium-term management plan, "terrAWell30 1st stage", we achieved revenue of ¥1 trillion in FY2022, which was a Group-wide initiative since FY2010, and moved to a new corporate stage. We created synergies by optimizing the Group's management resources. In addition to expanding our overseas and digital and semiconductor-related businesses, which are growth areas, we strengthened the profitability of our domestic businesses and promoted the creation of new businesses that contribute to solving social issues. As a result, CAGR annual growth rates of revenue and operating income in 1st stage grew steadily to 6.6% and 4.9%, respectively.



2. Positioning of "terrAWell30 2nd stage"

In "terrAWell30 2nd stage", we will transition from the phase of "expanding scale" with the aim of achieving ¥1 trillion in revenue through the "1st stage" to a phase focused on "pursuing profitability". We will thoroughly review our existing businesses and efficiently invest the management resources generated in growth businesses. At the same time, we will implement improvements and rationalization, mainly in low-growth and low-profit businesses, to reform our business portfolio. We aim to achieve a market capitalization of ¥1 trillion (double the current level) by FY2030, leading to the "Evolution toward Sustainable Growth" in 3rd stage (FY2028-2030).

3. Numerical targets

	FY2024	FY2027 targets	FY2030 target
Operating income margin	7.0%	8.5%	10% or more
ROE	9.8%	11%	12% or more
ROIC	5.5%	7%	8% or more

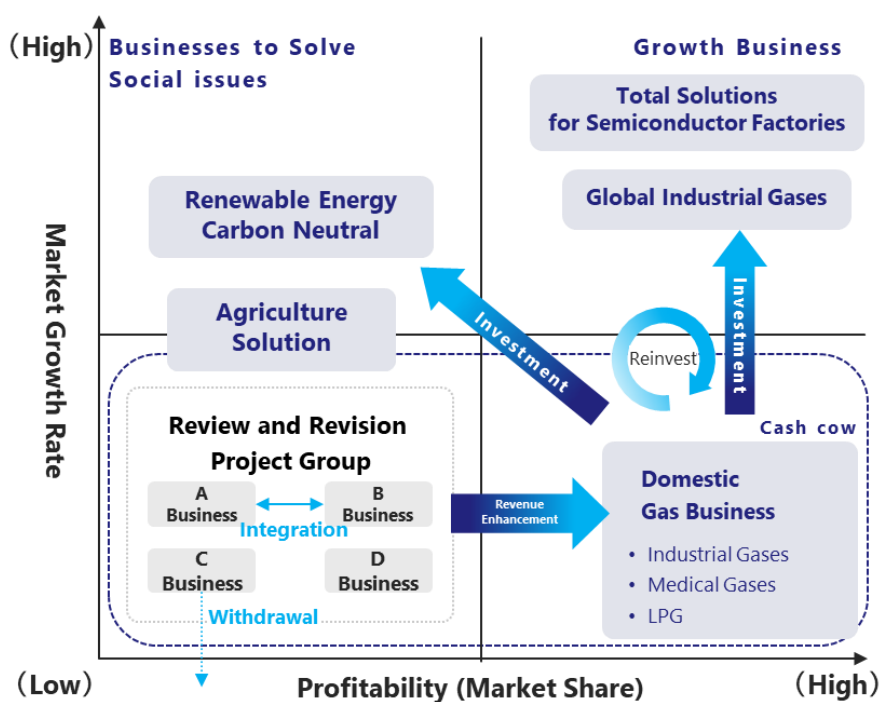
4. Management Policy

We aim to achieve further growth under the following five management policies.

1 Business Strategy	1. Growth and Profitability	2. Investment and Growth
2 Financial Strategy	1. Improvement of PBR	2. Cash generation
3 Human Capital Management	1. "Maximizing the potential of human resources" and "Utilizing people in management"	
4 Technology Strategy	1. Medium- to Short-term Technology Strategy	2. Long-term Technology Strategy
5 DX Strategy	1. Productivity improvement	2. Allocation of human resources to growth areas

● Business portfolio strategy

- Invest funds generated from "cash cow" businesses, including the domestic gas business, in high-growth businesses.
- Low-Growth and Low-Profit Businesses to the Determining Phase Including Withdrawals.



●Capital allocation

(Unit: Billion Yen)

		FY2022-FY2024	FY2025-FY2027 Plan
Growth investment	Capital investment	164	250
	M&A	66.3	
Capital investment (maintenance/renewal)		56.2	70
Total investments		286.4	320
Shareholder Returns		44.3	80

***Aggressively implement large-scale investments for dramatic growth by raising debt as needed.**

●Shareholder Return Policy

- Targeting a dividend payout ratio of 35% (30% until FY2023), which will be raised in stages.
- Introduce progressive dividends with the aim of achieving both sustainable growth and enhanced shareholder returns
- Consider flexible share buybacks, taking into account capital efficiency and stock price levels, based on the balance with growth investments

5. (Reference) ESG Initiatives (Non-Financial KPI)

- Responding to climate change (achieving carbon neutrality)
FY2030 GHG (greenhouse gases) emissions reduced by 30% (compared to FY2020) → FY2024 results reduced by 3.4% *Preliminary figures
- Reduction of substances with environmental impact (substantially zero waste emissions)
Waste recycling rate in FY2030: 80% (65% in FY2021) → 77% in FY2024
- Realization of resource recycling (conservation of water resources)
Reduce water consumption per unit of production by 10% in FY2030 (compared to FY2021) → 9.5% in FY2024
- Realizing Well-being of workers
(Promoting DE&I)
Ratio of Female Managers *AIR WATER INC. only
15% in FY2030 (10% in FY2027) → 5.7% in FY2024 (4.0% in FY2021)
(Eradication of Industrial Accidents)
Frequency rate of accidents resulting in absence from work *Number of accidents encountered per 1 million total working hours
FY2030 0.8 or less (FY2027 0.9 or less) → FY2024 Results 1.34 (FY2021 1.15)

End