July 31, 2026

FY 2025 Consolidated Financial Results (Under IFRS)

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

1. Results for FY2025 (The year ended March 31, 2026)

(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	%
FY2025	1,066,795	5.3	(37,157)	—	(51,447)	—	(66,282)	—	(63,949)	—	(29,932)	—
FY2024	1,013,070	4.8	62,538	6.0	60,869	6.8	38,959	4.5	39,929	9.0	38,282	(51.3)

	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	%	%	%
FY2025	(279.01)	(279.01)	(15.4)	(4.2)	(3.5)
FY2024	174.58	174.48	9.2	5.0	6.2

(Reference) Share of profit of investments accounted for using the equity method:
4,001 million yen for FY2025, 4,331 million yen for FY2024

(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
FY2025	1,216,287	410,970	390,229	32.1	1,702.38
FY2024	1,210,110	458,224	442,215	36.5	1,929.76

(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
FY2025	107,583	(88,611)	(5,708)	87,139
FY2024	92,737	(60,276)	(28,261)	73,227

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	%	%
FY2024	—	32.00	—	43.00	75.00	17,185	43.0	4.0
FY2025	—	37.50	—	37.50	75.00	17,191	—	4.1
FY2026 (Forecasts)	—	—	—	—	—		—	

*With respect to the dividend forecast for the fiscal year ending March 31, 2027, the Company is currently reviewing its shareholder return policy, including its new management policy, business strategy and business portfolio review. Accordingly, the dividend forecast has not been determined at this time. The Company will promptly disclose the forecast once a reasonable estimate becomes possible.

3. Forecast of consolidated operating results for FY2026 (The year ending March 31, 2027)

(% 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
FY2026	1,140,000	6.9	48,000	—	44,000	—	28,000	—	122.15

*The consolidated earnings forecast for the fiscal year ending March 31, 2027 has been prepared based on information currently available to the Company. The forecast does not incorporate the impact of the new management policy and business portfolio review currently under consideration. The Company will promptly disclose such impact, as necessary, once a reasonable estimate becomes possible.

Notes

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries with changes in the scope of consolidation): Yes
Newly included: 20 companies (C.I. MEDICAL CO., LTD. and its 19 subsidiaries)

(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, 2026: 229,755,057 shares
As of March 31, 2025: 229,755,057 shares
b. Number of shares of treasury shares
As of March 31, 2026: 528,862 shares
As of March 31, 2025: 599,422 shares
c. Average number of shares during the term
Year ended March 31, 2026: 229,197,531 shares
Year ended March 31, 2025: 228,712,697 shares

(Reference) Non-consolidated financial results

1. Results of non-consolidated operations for FY2025 (The year ended March 31, 2026)

(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	%
FY2025	143,401	(12.2)	12,720	(28.7)	14,579	(32.0)	(21,036)	−
FY2024	163,352	−	17,842	−	21,430	32.2	24,293	48.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY2025	(91.78)	−
FY2024	106.22	106.15

*Note: Due to a change in presentation made in the fiscal year ended March 31, 2026, the figures for the fiscal year ended March 31, 2025 are presented after reclassification to reflect the change in presentation. In addition, the year-on-year changes in net sales and operating profit for the fiscal year ended March 31, 2025 are not presented due to the change in presentation. This matter relates to transactions with consolidated subsidiaries and has no impact on the consolidated financial statements.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2025	614,902	161,390	26.2	703.55
FY2024	622,535	199,220	32.0	868.79

(Reference) Shareholder’s equity: 161,272 million yen for FY2025, 199,087 million yen for FY2024

* 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) Explanation of future prediction information such as forecast of consolidated operating results”.

4. Summary of operating results

(1) Explanation of Operating Results

1) Operating results for the current period

For the consolidated fiscal year, the Group's revenue was ¥1,066,795 million (up 5.3% from the previous fiscal year), operating loss was ¥37,157 million, and loss attributable to owners of parent was ¥63,949 million.

The Company is proceeding with the necessary measures based on the findings of the Special Investigating Committee and other relevant results with respect to inappropriate accounting treatments related to inventories and other items announced in our disclosure dated October 9, 2025, titled "Notice Regarding the Establishment of a Special Investigating Committee."

With respect to the impact of the inappropriate accounting, results reflect a one-time impact arising from the investigation results of the Special Investigating Committee and the results of voluntary inspection procedures (including a re-examination of financial figures and accounting treatments), which has been reflected in the results for the current fiscal year and prior fiscal years. In addition, the Company recorded investigation-related expenses of ¥13,036 million.

The Company also reviewed business plans for past investment projects in light of the business environment and future profitability and examined their recoverability. As a result, the Company recorded ¥107,981 million in impairment losses related mainly to goodwill and fixed assets in overseas businesses. In addition, the Company recognized a gain on step acquisition accompanying new consolidation of ¥12,325 million.

2) Consolidated results by segment for this period

During the fiscal year under review, the Group has revised its segment classifications for certain businesses. Beginning the second quarter of the fiscal year under review, the logistics business previously included in the Agriculture & Foods segment has been transferred to "Other Business." The segment information for the previous consolidated accounting period shown here was prepared based on the revised reporting segments.

Segment information for the previous fiscal year is disclosed based on the reporting segment classification after the change.

(Unit：Million yen)

	Revenue		Operating profit	
	FY2025	**YoY Growth**	**FY2025**	**YoY Growth**
Digital & Industry	329,938	95.8%	(40,888)	－%
Energy Solutions	98,502	106.3%	6,394	78.6%
Health & Safety	268,471	121.8%	10,395	87.0%
Agriculture & Foods	152,988	102.2%	3,664	73.5%
Other Businesses	216,894	105.4%	1,475	19.7%
（Adjustment）	－	－%	(18,197)	－%
Total	1,066,795	105.3%	(37,157)	－%

(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 ¥329,938 million (down 4.2% from the previous fiscal year), and operating loss was ¥40,888 million (operating profit of the corresponding period of the previous year was ¥30,113 million).

In the Industrial Gas Unit, management of the prices of various types of industrial gases such as air separate gases made a positive contribution to the results.

In the Gas Products Unit, the amount of gas supplied decreased due mainly to the suspension of some blast furnace operations at steel on-site facilities.

In the Digital Unit, gas supply for advanced semiconductors and the sale of products such as heat control devices for semiconductor manufacturing systems increased on the back of robust demand for semiconductor-related products for generative AI applications. In the Functional Materials field, performance proceeded steadily due to a recovery in sales of sealants and basic chemicals, as well as the effects of price management.

In the Global & Engineering Unit, the India business strengthened its gas supply structure through onsite plants for steel manufacturers and the startup of its own new liquefied gas plants. However, plant operations remained unstable throughout the fiscal year due partly to prolonged maintenance at customer blast furnaces. In the North America business, sales of industrial gas, especially regional sales, were solid. However, the Company reviewed part of its cryogenic equipment business in light of a decline in hydrogen-related demand affected by U.S. policies. In the high-output uninterruptible power source (UPS) business, DRUPS (Diesel Rotary Uninterruptible Power Supply) performed strongly, reflecting increased orders across a wide range of regions and industries. However, emergency generators performed sluggishly, partly due to intensifying competition with Chinese manufacturers.

In this segment, the Company has incorporated impairment losses for goodwill and fixed assets recognized in the Global & Engineering Unit. In addition, the one-time impact of expenses associated with the partial withdrawal from the overseas cryogenic equipment business has been included.

As a result, revenue fell below the level of the previous fiscal year, and the segment recorded an operating loss.

<Energy solutions>

Revenue in this segment was ¥98,502 million (up 6.3% from the previous fiscal year) , and operating profit was ¥6,394 million (down 21.4% from the previous fiscal year)

In the Energy Solutions Unit, the effects of revisions to selling prices and ancillary service fees for both LP gas and kerosene contributed to performance. In addition, sales volumes for household use, which is the core business, increased.

The Green Innovation Unit was impacted by a shortage of raw gas in the carbonic acid gas supply chain but sought to maintain a stable supply. The effect of price management and other initiatives also contributed to a strong performance. Sales volumes of hydrogen expanded, driven by sales to the electronics industry on the back of data center demand.

In this segment, the Company has incorporated the one-time impact of impairment losses for fixed assets in the Green Innovation Unit.

As a result, revenue exceeded the level of the previous fiscal year, while operating profit fell below the level of the previous fiscal year.

< Health & Safety>

Revenue of this segment was ¥268,471 million (up 21.8% from the previous fiscal year) , and operating profit was ¥10,395 million (down 13.0% from the previous fiscal year)

In the Medical Products Unit, efforts were made to strengthen sales, including winning new contracts for medical oxygen. However, overall supply decreased. The Medical Products Unit was also affected by weaker demand among hospitals and in the medical care market, including a decline in sales of medical equipment and consumables, and overall conditions remained challenging.

In the Safety Unit, gas fire extinguishing equipment for power-related facilities and data centers performed strongly. Additionally, efforts were made to increase orders for maintenance services as part of medical facility construction projects, and overall performance was solid.

In the Home Healthcare Unit, sales of consumer hygiene products remained strong, in addition to increased production and sales of injection needles.

In the Dental Care Unit, the use of dental materials and digital forming devices for oral healthcare grew due to the advanced digitalization of the dentistry industry. Furthermore, the mail-order business for dental materials and supplies has been newly included in the scope of consolidation from the third quarter of the current fiscal year.

In this segment, the Company has incorporated the one-time impact of impairment losses related mainly to goodwill in the Dental Care Unit.

As a result, revenue exceeded the level of the previous fiscal year, while operating profit fell below the level of the previous fiscal year.

<Agriculture & Foods>

Revenue of this segment was ¥152,988 million (up 2.2% from the previous fiscal year) , and operating profit was ¥3,664 million (down 26.5% from the previous fiscal year) .

In the Agriculture Unit, progress was made with streamlining store operations in the fresh produce retail business. However, in the fresh produce distribution business, sales of Hokkaido-grown potatoes turned sharply downward in the latter half of the fiscal year and remained generally unchanged for the fiscal year as a whole.

In the Foods Unit, progress was made in strengthening sales of ham and delicatessen products mainly to major mass retailers. In addition, performance remained steady as productivity improvements were achieved in sweets production for convenience stores.

The Beverage Unit maintained a solid performance, with growth in the production of soft drinks for major customers.

In this segment, the Company has incorporated the one-time impact of impairment losses related mainly to goodwill in the Foods Unit.

As a result, revenue exceeded the level of the previous fiscal year, while operating profit fell below the level of the previous fiscal year.

<Other business>

Revenue of this segment was ¥216,894 million (up 5.4% from the previous fiscal year) , and operating profit was ¥1,475 million (down 80.3% from the previous fiscal year) .

In the Seawater Business, the salt production business focused on absorbing higher costs through price management from the second half of the fiscal year. In addition, the water treatment facility construction business performed solidly, partly due to an increase in projects received.

In the Electricity Business, the procurement price of palm kernel shells (PKS), the primary fuel used at the Onaham Biomass Power Plant, remained low. In addition, stable operations with no unplanned shutdowns contributed to strong performance.

The Specialized Trading Company Business performed steadily, mainly due to increased orders for electronic components and products for advanced semiconductors.

In the Logistics Business, progress was made in optimizing contract prices for major customers in the food logistics business. In addition, performance remained steady due to new contracts for rice logistics.

Although overall performance in this segment remained firm, impairment losses were recorded at Air Water Onahama Biomass Electric Power Co., Ltd. and Nihonkaisui TTS Kanda Power Co., Ltd. due to the deterioration of the business environment, including the effects of inflation and the depreciation of the yen.

As a result, revenue exceeded the level of the previous fiscal year, while operating profit fell below the level of the previous fiscal year.

(2) Summary of financial position for the current period

Total assets at the end of the consolidated fiscal year stood at ¥1,216,287 million, an increase of ¥6,177 million from the end of the previous consolidated fiscal year due primarily to increases in inventories. Liabilities stood at ¥805,316 million, an increase of ¥53,430 million from the end of the previous consolidated fiscal year due mainly to increases in bonds and borrowings. Equity stood at ¥410,970 million, a decrease of ¥47,253 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 decrease from ¥1,929.76 at the end of the previous consolidated fiscal year to ¥1,702.38, and ratio of equity attributable to owners of parent to total assets changed to 32.1% from 36.5% at the end of the previous consolidated fiscal year.

(3) Summary of cash flows for the current period

Cash flows from operating activities were an inflow of ¥107,583 million, which was an increase of ¥14,845 million from the previous consolidated fiscal year, mainly reflecting the addition of non-cash expenses such as depreciation and impairment losses despite the recording of a loss before income taxes.

Cash flows from investing activities were an outflow of ¥88,611 million, which was an increase in expenditures of ¥28,335 million from the previous consolidated fiscal year, due mainly to an increase in expenditures resulting from the purchase of property, plant and equipment and the purchase of shares of subsidiaries with changes in scope of consolidation.

Cash flows from financing activities were an outflow of ¥5,708 million, which was a decrease of ¥22,553 million from the previous consolidated fiscal year, due mainly to a net increase in short-term borrowings, despite increased cash outflows for repayments of long-term borrowings.

As a result, cash and cash equivalents at the end of the consolidated fiscal year stood at ¥87,139 million, an increase of ¥13,912 million from the end of the previous consolidated fiscal year.

(4) Outlook for the next fiscal year

Regarding the forecast for the next fiscal year, based on information currently available and certain assumptions, we expect revenue of ¥1,140,000 million, operating profit of ¥48,000 million, profit before tax of ¥44,000 million, and profit attributable to owners of parent of ¥28,000 million.

Following the Annual General Meeting of Shareholders held in June 2026, the Company transitioned to a new management structure and is currently reviewing its new management policy, business strategy, and business portfolio.

The consolidated earnings forecast above does not incorporate the impact of these initiatives. Once the impact can be reasonably estimated, the Company intends to promptly disclose such impact, as necessary.

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

The Company positions the return of profits to shareholders as one of its most important management priorities. With respect to dividends from surplus, the Company's basic policy is to provide stable and continuous returns to shareholders while maintaining a balance between strategic investments for medium- to long-term growth and financial soundness.

For the fiscal year under review, although the Company recorded a loss for the period, it has determined an annual dividend of ¥75 per share after comprehensively considering its financial position, cash flows and the continuity of shareholder returns.

As the Company is currently reviewing its shareholder return policy, including its new management policy, business strategy and business portfolio, the dividend forecast for the next fiscal year has not been determined at this time. The Company will promptly disclose the forecast once a reasonable estimate becomes possible.

2.Basic policy regarding the selection of accounting standards

The Group has applied International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2020, with the aim of enhancing the international comparability of its financial information and improving the quality of management control in Group consolidation.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated Statement of Financial Position (As of March 31, 2025 and March 31, 2026)

(Unit：Million yen)

	FY2024 (March 31, 2025)	FY2025 (March 31, 2026)
Assets		
Current assets		
Cash and cash equivalents	73,227	87,139
Trade and other receivables	230,356	206,928
Inventories	101,005	121,761
Other financial assets	11,464	7,228
Income taxes receivable	1,777	2,594
Other current assets	24,703	40,587
Subtotal	442,535	466,240
Assets held for sale	—	386
Total current assets	442,535	466,627
Non-current assets		
Property, plant and equipment	506,227	505,617
Goodwill	78,224	51,587
Intangible assets	41,678	31,976
Investments accounted for using equity method	39,984	32,684
Retirement benefit asset	4,761	5,366
Other financial assets	86,319	111,347
Deferred tax assets	6,748	8,325
Other non-current assets	3,630	2,754
Total non-current assets	767,574	749,659
Total assets	1,210,110	1,216,287

	FY2024 (March 31, 2025)	FY2025 (March 31, 2026)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	177,877	173,432
Bonds and borrowings	111,226	177,019
Other financial liabilities	16,624	11,233
Income taxes payable	12,631	18,209
Provisions	2,614	2,745
Other current liabilities	30,090	41,699
Subtotal	351,063	424,338
Liabilities directly associated with assets held for sale	—	264
Total current liability	351,063	424,602
Non-current liabilities		
Bonds and borrowings	311,581	291,436
Other financial liabilities	39,506	41,600
Retirement benefit liability	6,332	5,496
Provisions	21,523	22,821
Deferred tax liabilities	13,534	12,660
Other non-current liabilities	8,343	6,698
Total non-current liabilities	400,821	380,714
Total liabilities	751,885	805,316
Equity		
Share capital	55,855	55,855
Capital surplus	47,723	46,025
Treasury shares	(808)	(714)
Retained earnings	290,533	213,479
Other components of equity	48,911	75,583
Total equity attributable to owners of parent	442,215	390,229
Non-controlling interests	16,008	20,740
Total equity	458,224	410,970
Total liabilities and equity	1,210,110	1,216,287

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

Consolidated Statement of Profit or Loss
(April 1 to March 31, 2025 and 2026)

(Unit：Million yen)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Continuing operations		
Revenue	1,013,070	1,066,795
Cost of sales	(789,309)	(826,497)
Gross profit	223,760	240,297
Selling, general and administrative expenses	(168,778)	(201,529)
Other income	12,638	20,063
Other expenses	(9,414)	(99,990)
Share of profit of investments accounted for using equity method	4,331	4,001
Operating profit	62,538	(37,157)
Finance income	4,109	4,200
Finance costs	(5,778)	(18,490)
Profit before tax	60,869	(51,447)
Income tax expense	(21,898)	(14,834)
Profit from continuing operations	38,971	(66,282)
Discontinued operations		
Profit (loss) from discontinued operations	(11)	―
Profit	38,959	(66,282)
Profit attributable to		
Owners of parent	39,929	(63,949)
Non-controlling interests	(969)	(2,332)
Profit	38,959	(66,282)

Earnings per share		
Basic earnings (loss) per share		
Continuing operations	174.64Yen	(279.01)Yen
Discontinued operations	(0.05)Yen	－Yen
Basic earnings per share	174.58Yen	(279.01)Yen
Diluted earnings (loss) per share		
Continuing operations	174.53Yen	(279.01)Yen
Discontinued operations	(0.05)Yen	－Yen
Diluted earnings per share	174.48Yen	(279.01)Yen

Consolidated Statement of Comprehensive Income
(April 1 to March 31, 2025 and 2026)

(Unit：Million yen)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Profit	38,959	(66,282)
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	(5,238)	21,034
Remeasurements of defined benefit plans	(556)	1,488
Share of other comprehensive income of investments accounted for using equity method	160	246
Total of items that will not be reclassified to profit or loss	(5,634)	22,769
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(859)	3,227
Effective portion of gains and losses on hedging instruments in a cash flow hedge	5,573	10,233
Share of other comprehensive income of investments accounted for using equity method	242	119
Total of items that may be reclassified to profit or loss	4,956	13,580
Total other comprehensive income	(677)	36,350
Comprehensive income	38,282	(29,932)
Comprehensive income attributable to		
Owners of parent	37,883	(29,720)
Non-controlling interests	399	(211)
Comprehensive income	38,282	(29,932)

(3) Consolidated Statement of Changes in Equity
FY2024 (April 1, 2024 to March 31, 2025)

(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, 2024	55,855	49,097	(2,217)	264,451	—	25,517
Profit	—	—	—	39,929	—	—
Other comprehensive income	—	—	—	—	(571)	(817)
Comprehensive income	—	—	—	39,929	(571)	(817)
Purchase of treasury shares	—	—	(3)	—	—	—
Disposal of treasury shares	—	39	1,412	—	—	—
Dividends	—	—	—	(15,119)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(1,414)	—	—	—	0
Increase (decrease) due to new consolidation	—	—	—	289	—	(44)
Increase (decrease) due to exclusion of subsidiaries from consolidation	—	—	—	—	—	—
Effect of capital increase	—	—	—	—	—	—
Increase (decrease) by mergers	—	—	—	(48)	—	—
Transfer from other components of equity to retained earnings	—	—	—	1,030	571	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(1,374)	1,409	(13,847)	571	(44)
Balance as of March 31, 2025	55,855	47,723	(808)	290,533	—	24,655

(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	21,511	7,100	193	54,322	421,510	18,399	439,910
Profit	－	－	－	－	39,929	(969)	38,959
Other comprehensive income	(5,063)	4,405	－	(2,046)	(2,046)	1,369	(677)
Comprehensive income	(5,063)	4,405	－	(2,046)	37,883	399	38,282
Purchase of treasury shares	－	－	－	－	(3)	－	(3)
Disposal of treasury shares	－	－	－	－	1,452	－	1,452
Dividends	－	－	－	－	(15,119)	(779)	(15,899)
Share-based payment transactions	－	－	(60)	(60)	(60)	－	(60)
Increase (decrease) due to changes in equity	－	－	－	0	(1,414)	(1,487)	(2,901)
Increase (decrease) due to new consolidation	－	－	－	(44)	244	189	434
Increase (decrease) due to exclusion of subsidiaries from consolidation	－	－	－	－	－	(451)	(451)
Effect of capital increase	－	－	－	－	－	52	52
Increase (decrease) by mergers	－	－	－	－	(48)	－	(48)
Transfer from other components of equity to retained earnings	(1,602)	－	－	(1,030)	－	－	－
Transfer to non-financial assets	－	(2,229)	－	(2,229)	(2,229)	(313)	(2,542)
Total transactions with owners	(1,602)	(2,229)	(60)	(3,364)	(17,178)	(2,790)	(19,968)
Balance as of March 31, 2025	14,846	9,277	133	48,911	442,215	16,008	458,224

FY2025 (April 1, 2025 to March 31, 2026)

(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, 2025	55,855	47,723	(808)	290,533	―	24,655
Profit	―	―	―	(63,949)	―	―
Other comprehensive income	―	―	―	―	1,485	3,365
Comprehensive income	―	―	―	(63,949)	1,485	3,365
Purchase of treasury shares	―	―	(3)	―	―	―
Disposal of treasury shares	―	50	97	―	―	―
Dividends	―	―	―	(18,449)	―	―
Share-based payment transactions	―	―	―	―	―	―
Increase (decrease) due to changes in equity	―	(1,748)	―	(52)	―	―
Increase (decrease) due to new consolidation	―	―	―	―	―	51
Increase (decrease) due to exclusion of subsidiaries from consolidation	―	―	―	―	―	―
Effect of capital increase	―	―	―	―	―	―
Increase (decrease) due to mergers	―	―	―	41	―	―
Transfer from other components of equity to retained earnings	―	―	―	5,355	(1,485)	―
Transfer to non-financial assets	―	―	―	―	―	―
Total transactions with owners	―	(1,697)	94	(13,104)	(1,485)	51
Balance as of March 31, 2026	55,855	46,025	(714)	213,479	―	28,072

(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, 2025	14,846	9,277	133	48,911	442,215	16,008	458,224
Profit	―	―	―	―	(63,949)	(2,332)	(66,282)
Other comprehensive income	21,177	8,200	―	34,228	34,228	2,121	36,350
Comprehensive income	21,177	8,200	―	34,228	(29,720)	(211)	(29,932)
Purchase of treasury shares	―	―	―	―	(3)	―	(3)
Disposal of treasury shares	―	―	―	―	148	―	148
Dividends	―	―	―	―	(18,449)	(658)	(19,107)
Share-based payment transactions	―	―	(14)	(14)	(14)	―	(14)
Increase (decrease) due to changes in equity	―	―	―	―	(1,800)	(4,370)	(6,170)
Increase (decrease) due to new consolidation	0	―	―	51	51	11,008	11,060
Increase (decrease) due to exclusion of subsidiaries from consolidation	―	―	―	―	―	(791)	(791)
Effect of capital increase	―	―	―	―	―	59	59
Increase (decrease) due to mergers	―	―	―	―	41	(4)	37
Transfer from other components of equity to retained earnings	(3,869)	―	―	(5,355)	―	―	―
Transfer to non-financial assets	―	(2,239)	―	(2,239)	(2,239)	(299)	(2,538)
Total transactions with owners	(3,868)	(2,239)	(14)	(7,557)	(22,265)	4,943	(17,321)
Balance as of March 31, 2026	32,154	15,238	118	75,583	390,229	20,740	410,970

(4) Consolidated Statement of Cash Flow

(Unit：Million yen)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before tax	60,869	(51,447)
Profit (loss) before tax from discontinued operations	(11)	－
Depreciation and amortization	48,210	57,056
Impairment loss	9,518	107,981
Interest and dividend income	(2,976)	(2,534)
Interest expenses	5,181	5,842
Share of loss (profit) of investments accounted for using equity method	(4,331)	(4,001)
Loss (gain) on sale and retirement of fixed assets	(4,867)	(167)
Gain on step acquisition	－	(12,325)
Other finance costs	178	12,528
Decrease (increase) in trade and other receivables	5,907	26,597
Decrease (increase) in inventories	(5,507)	(4,469)
Increase (decrease) in trade and other payables	(7,160)	(7,226)
Decrease (increase) in contract assets	1,581	(4,395)
Increase (decrease) in contract liabilities	(327)	6,419
Other	6,447	4,294
Subtotal	112,712	134,154
Interest received	789	2,006
Dividends received	2,311	2,048
Interest paid	(5,255)	(5,617)
Income taxes paid	(17,820)	(25,007)
Net cash provided by (used in) operating activities	92,737	107,583
Cash flows from investing activities		
Purchase of property, plant and equipment	(66,460)	(71,188)
Proceeds from sale of property, plant and equipment	6,656	7,734
Purchase of intangible assets	(3,489)	(2,097)
Purchase of investment securities	(2,169)	(1,582)
Proceeds from sale of investment securities	6,218	6,594
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,467)	(25,792)
Payments for loans	(561)	(1,502)
Collection of loans receivable	1,221	232
Other	775	(1,009)
Net cash provided by (used in) investing activities	(60,276)	(88,611)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(4,177)	62,256
Proceeds from long-term borrowings	44,119	28,210
Repayments of long-term borrowings	(38,730)	(53,725)
Additional purchase of shares of subsidiaries	(5,298)	(6,341)
Proceeds from sale and leaseback transactions	706	832
Repayments of lease liabilities	(9,909)	(11,401)
Dividends paid	(15,114)	(18,463)
Dividends paid to non-controlling interests	(779)	(658)
Redemption of preferred shares	－	(6,522)
Other	922	104
Net cash provided by (used in) financing activities	(28,261)	(5,708)
Impact of exchange fluctuations for cash and cash equivalents	1,587	744
Net increase (decrease) in cash and cash equivalents	5,787	14,008
Cash and cash equivalents at beginning of period	67,440	73,227
Net increase (decrease) in cash and cash equivalents included in assets held for sale	－	(96)
Cash and cash equivalents at end of period	73,227	87,139

(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 Kita-ku, Osaka-shi.
The consolidated financial statement of the Company and its subsidiaries (the "Group") closes on March 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, 2025.

(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, 2025.

(Additional Information)
Inappropriate Accounting Treatments
In July 2025, the Company discovered inappropriate accounting treatments related to inventories at Nippon Helium Inc., a consolidated subsidiary of the Company. Subsequently, in September 2025, as the Company continued its internal investigation, inappropriate accounting treatments related to inventories, stored goods and other items were also identified at Air Water Ecoroca Inc. and Air Water Mechatronics Inc., both consolidated subsidiaries of the Company, as well as at the Company's Plant Gas Division. In the course of audit procedures performed by the accounting auditor, the Company also received indications regarding these accounting treatments. In response to these circumstances, the Company had been conducting an internal investigation led by an outside Audit & Supervisory Board member, with

support from outside attorneys and certified public accountants. However, as the possibility of involvement by the Company's officers and employees in the above four cases emerged, and as it became necessary to conduct a further sufficient investigation into whether similar incidents had occurred at the Company or other Group companies, the Company established a Special Investigating Committee composed of external experts on October 9, 2025.

Thereafter, the Company received an investigation report from the Special Investigating Committee on February 12, 2026 (as of February 9, 2026), an investigation report on March 31, 2026, and an additional investigation report on June 19, 2026. As a result, it was found that, against the backdrop of excessive pressure from the Company's top management to achieve sales or profit targets, various inappropriate accounting treatments had been widely conducted at the Company and a significant number of its subsidiaries and associates for the purpose of inflating sales and profits. These treatments included overstatement of inventories, deferral of losses on valuation of assets, overstatement and premature recording of sales, inflation of sales by interposing unnecessary business partners, avoidance of recording provisions, and capitalization of expenditures that do not meet asset recognition criteria. In particular, at Air Water Safety Service Inc., in addition to inappropriate accounting treatments such as overstatement of work in process, manipulation of the timing of revenue recognition, and profit manipulation through transfers of costs, falsification of supporting documents was conducted to conceal these inappropriate accounting treatments. In addition, at NIHON KAISUI CO., LTD., inappropriate accounting treatments were conducted, including arbitrary capitalization of periodic repair costs for plant facilities and labor costs, gross presentation of sales for agent transactions that should have been presented on a net basis, and cost transfers between business divisions.

Based on the investigation results of the Special Investigating Committee, the Company conducted additional voluntary internal reviews regarding the appropriateness of accounting treatments in prior periods. As a result, additional matters were newly identified, including omissions in the recognition of impairment losses on property, plant and equipment arising from corrections of inappropriate accounting treatments, and omissions in the recognition of valuation losses on investments in and loans to affiliates. Accordingly, the Company determined that it was necessary to retrospectively correct misstatements arising from these inappropriate accounting treatments in the consolidated financial statements and other financial information included in the annual securities reports, semiannual reports and quarterly reports previously submitted, and has submitted amendment reports to the relevant annual securities reports and other reports.

Of these corrections, the amounts of corrections to misstatements related to revenue were ¥(64,714) million for the current consolidated fiscal year, of which ¥(57,789) million related to corrections to net presentation and ¥557 million related to corrections to period attribution, and ¥(62,859) million for the previous consolidated fiscal year, of which ¥(55,962) million related to corrections to net presentation and ¥(5,880) million related to corrections to period attribution. The transactions subject to correction were numerous. In addition, with respect to Air Water Safety Service Inc., where falsification of supporting documents was conducted to conceal inappropriate accounting treatments, revenue and cost of sales of the company included in the consolidated financial statements were ¥25,176 million and ¥16,722 million, respectively, for the current consolidated fiscal year, and ¥23,760 million and ¥16,918 million, respectively, for the previous consolidated fiscal year.

In connection with the amendments to the annual securities reports and other reports previously submitted, the Company may be subject to investigations by the authorities and orders to pay administrative monetary penalties on the grounds that such amendments constitute violations of disclosure regulations under the Financial Instruments and Exchange Act. If such investigations are conducted, the Company will respond appropriately, including cooperating with the investigations. Meanwhile, as it is difficult at this time to reasonably estimate the impact of this matter on the Group's financial position and operating results, such impact has not been reflected in the consolidated financial statements.

(Special Investigation Costs and Prior-period Financial Statement Restatement-related Costs)

The Group identified that inappropriate accounting treatments had been conducted in the financial results for the second quarter (interim period) of the fiscal year ended March 31, 2026.

Accordingly, the Group has incurred investigation costs of the Special Investigating Committee composed of external independent attorneys, certified public accountants and other external experts (the Company received an additional investigation report on June 19, 2026), as well as costs related to the restatement of prior-period financial statements. In addition, costs are expected to be incurred in connection with support from external experts for the consideration of measures to prevent recurrence, which are centered on the four pillars of “corporate culture reform,” “governance reform,” “reconstruction of the management control foundation and internal controls,” and “review of the company-wide strategy (review of the business portfolio),” as well as for the preparation of improvement plans and status reports. The Group plans to record these costs from the financial results for the first quarter of the fiscal year ending March 31, 2027 onward. The approximate amount already incurred as of the submission date of this report is approximately ¥11,226 million. However, as improvement activities supported by external experts are ongoing, the final amount to be recorded is expected to increase.

(Segment Information)

(1) Overview of Reportable Segments

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

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

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

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

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

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

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

(2) Matters regarding Changes in Reporting Segments

Effective from the current consolidated fiscal year, the overseas industrial gas businesses in India and North America, the power supply system (UPS) business and the domestic engineering business, which were previously classified under "Other Businesses," were moved to "Digital & Industry"; the carbon dioxide and hydrogen business, which was previously classified under "Digital & Industry," was moved to "Energy Solutions"; and the magnesia business and the electronics-related trading business, which were previously classified under "Digital & Industry," were moved to "Other Businesses."

(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.

FY2024 (April 1, 2024 to March 31, 2025)

（Unit：Million yen）

	Reportable Segment						Adjustments (Note)	Consolidated
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from external customers	344,462	92,677	220,468	149,716	205,746	1,013,070	―	1,013,070
Intersegment revenue or transfers	12,667	10,119	588	801	12,682	36,859	(36,859)	―
Total	357,129	102,796	221,056	150,518	218,428	1,049,929	(36,859)	1,013,070
Segment profit	30,113	8,131	11,942	4,987	7,469	62,644	(106)	62,538
Finance income								4,109
Finance costs								(5,778)
Profit before income tax								60,869
Segment assets	527,090	77,133	160,955	105,187	165,745	1,036,111	173,998	1,210,110
Other items								
Depreciation and amortization	23,582	5,308	4,730	5,616	8,968	48,205	5	48,210
Impairment loss	3,020	29	1,423	1,427	3,613	9,515	3	9,518
Gains on equity-method investments	913	10	590	3	1,050	2,568	1,762	4,331
Investments accounted for using equity method	3,727	16,679	15,308	37	4,231	39,984	―	39,984
Capital expenditures	41,043	6,597	7,330	10,461	16,803	82,235	3,085	85,320

(Note) 1: Adjustments of intersegment revenue or transfers of (36,859) million yen are elimination of intersegment transactions.

2: Adjustments of segment profit of (106) 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 173,998 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: The adjustment of 3 million for impairment losses relates to corporate assets that have not been allocated to any reportable segment.

5: The adjustment of 1,762 million for share of profit of investments accounted for using the equity method represents corporate profit not allocated to any reportable segment.

6: Adjustments of capital expenditures of 3,085 million yen are mainly corporate assets not attributable to reportable segments.

FY2025 (April 1, 2025 to March 31, 2026)

(Unit：Million yen)

	Reportable Segment						Adjustments (Note)	Consolidated
	Digital & Industry	Energy Solutions	Health & Safety	Agriculture & Foods	Other Business	Total		
Revenue								
Revenue from external customers	329,938	98,502	268,471	152,988	216,894	1,066,795	—	1,066,795
Intersegment revenue or transfers	9,398	9,211	1,181	637	11,511	31,939	(31,939)	—
Total	339,336	107,713	269,653	153,625	228,406	1,098,734	(31,939)	1,066,795
Segment profit	(40,888)	6,394	10,395	3,664	1,475	(18,959)	(18,197)	(37,157)
Finance income								4,200
Finance costs								(18,490)
Profit before income tax								(51,447)
Segment assets	437,979	80,285	235,762	108,670	158,939	1,021,637	194,649	1,216,287
Other items								
Depreciation and amortization	28,912	5,605	6,211	6,375	9,933	57,038	18	57,056
Impairment loss	70,645	4,036	17,896	3,484	11,414	107,476	504	107,981
Gains on equity-method investments	202	11	1,240	19	2,548	4,023	(21)	4,001
Investments accounted for using equity method	3,838	18,332	5,614	21	4,877	32,684	—	32,684
Capital expenditures	39,116	6,910	5,978	8,086	8,392	68,484	5,122	73,606

(Note) 1: Adjustments of intersegment revenue or transfers of (31,939) million yen are elimination of intersegment transactions.
2: Adjustments of segment profit/loss of (18,197) 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 194,649 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 504 million for impairment losses relate to corporate assets not allocated to any reportable segment.
5. Adjustments of 21 million for share of profit of investments accounted for using the equity method relate to corporate loss not allocated to any reportable segment.
6. Adjustments of 5,122 million for capital expenditures relate mainly to corporate assets not attributable to any reportable segment.

(Earning per share)

(1) Basic and diluted earnings per share

(Unit：Yen)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Basic earnings (loss) per share	174.58	(279.01)
Continuing operations	174.64	(279.01)
Discontinued operations	(0.05)	—
Diluted earnings (loss) per share	174.48	(279.01)
Continuing operations	174.53	(279.01)
Discontinued operations	(0.05)	—

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

1) Profit attributable to common shareholders

(Unit：Million yen)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Profit (loss) attributable to owners of parent	39,929	(63,949)
Continuing operations	39,941	(63,949)
Discontinued operations	(11)	—
Diluted profit (loss) attributable to common shareholders	39,929	(63,949)
Continuing operations	39,941	(63,949)
Discontinued operations	(11)	—

2) Average number of common shares during the year

(Unit：Thousands of shares)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2024 to March 31, 2025)
Average number of common shares during the year	228,712	229,197
Increases in common shares due to stock options	135	—
Average number of diluted common shares during the year	228,848	229,197

(Significant subsequent events)

Based on the resolution of the Board of Directors held on January 30, 2026, the Company entered into a syndicated commitment line agreement totaling ¥113,000 million on February 12, 2026, for the purpose of securing flexible and stable financing methods to ensure working capital and stabilize its financial base. The Company executed borrowings under this commitment line agreement as follows.

Lender	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Trust Bank, Limited
Borrowing amount	¥30,000 million	¥17,000 million
Interest rate	Base rate + spread	Base rate + spread
Drawdown date	June 29, 2026	July 29, 2026
Borrowing period	One month	One month
Collateral	None	None