



October 8, 2026

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(Securities code: 4088; Prime
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Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

AIR WATER INC. (the “Company”) hereby announces that it resolved, at a meeting of the Board of Directors held on October 8, 2026, to dispose of treasury shares as restricted stock compensation (hereinafter, the “Disposal of Treasury Shares”). The details are described below.

1. Overview of disposal

(1)	Deadline for payment	November 2, 2026
(2)	Class and number of shares to be disposed of	4,208 shares of common stock of the Company
(3)	Disposal price	2,851 yen per share
(4)	Total amount of disposal	11,997,008 yen
(5)	Scheduled allottees	2 Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), 3,419shares 1 Executive Officers of the Company, 789shares

2. Purposes and reason for disposal

At the 19th Annual General Meeting of Shareholders held on June 26, 2019, the Company obtained approval to introduce a restricted stock compensation plan (hereinafter the “Plan”) for Directors of the Company (excluding Outside Directors). The purpose of the Plan is for Directors of the Company to share with our shareholders the benefits and risks of fluctuations in the stock price and to further raise their motivation to contribute to the stock price appreciation and the enhancement of corporate value. It was also approved that the total amount of monetary compensation receivables to be granted under the Plan shall be set at an amount not to exceed 100 million yen per annum, the maximum number of restricted stocks allocated in each fiscal year shall be 125,000 stocks, and the transfer restriction period of the restricted stock shall be 30 years. Subsequently, at an Extraordinary General Meeting of Shareholders of the Company held on September 22, 2026, the Company obtained approval in connection with its transition to a company with an Audit and Supervisory Committee to reset the compensation limits for the Plan as a stock compensation plan for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors;

hereinafter “Eligible Directors”). It was also approved that the total amount of monetary compensation receivables to be granted for the allotment of restricted stock to Eligible Directors shall be set at an amount not to exceed 150 million yen per annum and the maximum number of restricted stocks allocated in each fiscal year shall be 125,000 stocks.

The Board of Directors of the Company resolved today to allot 4,208 shares of the Company’s common stock to 2Eligible Directors and 1Executive Officers, who are the scheduled allottees (collectively the “Eligible Allottees”), as restricted stock compensation for the period from the Extraordinary General Meeting of Shareholders of the Company held on September 22, 2026 to the 27th Annual General Meeting of Shareholders of the Company to be held in June 2027. The allotment involves the process where the Company pays a total of 11,997,008 yen in monetary compensation receivables to the Eligible Allottees and the Eligible Allottees provide such monetary compensation receivables to the Company in full through contribution in kind. This resolution was based on the above resolutions of general meetings of shareholders with respect to Eligible Directors and based on the prescribed decisions of the Company with respect to Executive Officers of the Company.

The amount of monetary compensation receivables for each of the Eligible Allottees is decided taking into consideration various factors including contributions of the Eligible Allottees within the Company. In addition, the scale of dilution as a result of the Disposal of Treasury Shares is calculated to be 0.002% (values rounded to the nearest third decimal place) of the total number of shares outstanding of 229,755,057 shares as of March 31, 2026. As it is insignificant, the Company believes that it is reasonable in light of the purposes of the Plan.

The monetary compensation receivables will be granted on the condition that each Eligible Allottee enters into a restricted stock allocation agreement (hereinafter the “Allocation Agreement”) with the Company, which will include the following contents as an outline.

3. Outline of the Allocation Agreement

(i) Transfer restriction period

From November 2, 2026 to November 1, 2056

During the transfer restriction period set forth above (hereinafter, the “Transfer Restriction Period”), Eligible Allottees may not transfer, pledge, assign as mortgage, provide as an inter vivos gift, bequeath, or otherwise dispose of (hereinafter “Transfer Restrictions”) the restricted stock allocated to the Eligible Allottees (hereinafter, the “Allocated Stocks”) to a third party.

(ii) Acquisition of restricted stock without compensation

If Eligible Allottees retire from all the positions they hold as Directors, Executive Officers or employees of the Company, or Directors, Audit & Supervisory Board Members, Executive Officers or employees of the Company’s subsidiaries (hereinafter “Eligible Positions”) during the Transfer Restriction Period from the start date of the Transfer Restriction Period until the day before the first Annual Shareholders Meeting of the Company to be held after such start date, the Company may automatically acquire the Allocated Stocks without compensation at the time of retirement, unless such acquisition is denied for reasons that the Board of Directors acknowledges to be justifiable.

In addition, if, at the point in time that the Transfer Restriction Period has expired (hereinafter “Time of Transfer Restriction Period Expiration”), there are any Allocated Stock for which the Transfer Restrictions have not been removed based on the reasons for removal of the Transfer Restrictions in (iii) below, the Company shall rightfully acquire those stock without compensation at the point in time immediately after the Time of Transfer Restriction Period

Expiration.

(iii) Removal of Transfer Restrictions

On the condition that the Eligible Allottees have served continuously in any of the positions of Eligible Positions on or after the date of commencement of the Transfer Restriction Period until the date of the first Annual General Meeting of Shareholders of the Company to be held after that date, the Company shall, at the Time of Transfer Restriction Period Expiration, remove the Transfer Restrictions for all of the Allocated Stock held by the Eligible Allottees at that point in time. However, in the event that an Eligible Allottee resigns or retires from any and all positions of Eligible Positions before the expiration of the Transfer Restriction Period due to expiration of term of office, mandatory retirement, death, or other reasons deemed legitimate by the Board of Directors of the Company, the Company shall, at the point in time immediately after such resignation or retirement, remove the Transfer Restrictions on a portion of the Allocated Stock. The number of Allocated Stock subject to the removal of Transfer Restrictions shall be calculated by multiplying the number calculated by dividing the number of months from September 2026 to the month in which the date of the resignation or retirement of the Eligible Allottee from any and all positions of Eligible Positions falls by 9 (however, in the case where the calculation results in a number greater than one, the number shall be one), by the number of the Allocated Stock held by the Eligible Allottee at the point in time of such resignation or retirement (however, in the case where the calculation results in a fraction of less than one stock, the fraction shall be rounded down).

(iv) Management of stock

The Eligible Allottees shall complete the opening of an account to state or record the Allocated Stock at SMBC Nikko Securities Inc. in a manner designated by the Company, and keep and maintain the Allocated Stock in such account until the Transfer Restrictions are removed.

(v) Treatment in the event of organizational restructuring, etc.

In the event that, during the Transfer Restriction Period, a merger agreement whereby the Company will cease to exist, a share exchange agreement or share transfer plan whereby the Company will become a wholly owned subsidiary of another party, or any other matters concerning organizational restructuring, etc. are approved at the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if such organizational restructuring, etc. does not require approval at the General Meeting of Shareholders of the Company) (only if the effective date of such organizational restructuring, etc. falls prior to the Time of Transfer Restriction Period Expiration; hereinafter “Time of Organizational Restructuring Approval”), and the Eligible Allottees are to resign or retire from any and all positions of Eligible Positions due to such organizational restructuring, etc., the Company shall, based on the resolution of the Board of Directors of the Company, remove the Transfer Restrictions, with the number of Allocated Stocks calculated by multiplying the number calculated by dividing the number of months from September 2026 to the month in which the date of approval of such organizational restructuring, etc. falls by 9 (however, in the case where the calculation results in a number greater than one, the number shall be one), by the number of the Allocated Stock held by the Eligible Allottees as of the date of approval of such organizational restructuring, etc. (however, in the case where the calculation results in a fraction of less than one stock, the fraction shall be rounded down), at the time immediately prior to the business day immediately preceding the effective date of such

organizational restructuring, etc.

In addition, at the Time of Organizational Restructuring Approval, the Company shall, on the business day preceding the effective date of that organizational restructuring, etc., rightfully acquire, without compensation, all of the Allocated Stock for which the Transfer Restrictions have not yet been removed as of that day.

4. Basis for calculation of amount of payment and details thereof

The disposal price per share in the Disposal of Treasury Shares shall be 2,851 yen, which is the closing price of common stock of the Company in the Tokyo Stock Exchange on the business day (October 7, 2026) immediately prior to the date of resolution by the Board of Directors of the Company, in order to make it the price eliminating any arbitrariness. The Company believes that the price is reasonable and does not constitute a particularly advantageous price, as the price is the market price of the day immediately prior to the date of resolution by the Board of Directors of the Company.