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November 16, 2026

To All Concerned Parties

Company Name	Air Water Inc.	
Representative	Representative Director President and Executive Officer （Code Number 4088 Tokyo Stock Exchange Prime Market, Sapporo Stock Exchange Market）	Yoshihiro Senzai
Contact	General Manager of Corporate Communications Department （TEL 06-6252-3966）	Keisuke Fukushima

Notice Regarding Qualified Conclusion in Interim Review Report on Interim Consolidated Financial Statements

We hereby announce that, on November 16, 2026, we received an interim review report containing a qualified conclusion from our accounting auditor with respect to the interim consolidated financial statements for the interim consolidated accounting period of the fiscal year ending March 31, 2027, as described below.

We sincerely apologize to our shareholders, investors, and all other concerned parties for the significant inconvenience and concern this matter may have caused.

1. Name of the Accounting Auditor Conducting the Review
   KPMG AZSA LLC

2. Contents of the Interim Review Report on the Condensed Interim Consolidated Financial Statements

The contents stated in the interim review report on the condensed interim consolidated financial statements for the fiscal year ending March 31, 2027, are as follows:

Basis for Qualified Conclusion

As described in Note 4, “Additional Information (Regarding Inappropriate Accounting Practices),” to the condensed interim consolidated financial statements, Air Water Inc. (the “Company”) received, during the previous consolidated fiscal year, an investigation report from the Special Investigating Committee stating that various inappropriate accounting practices had been identified at the Company and a significant number of its subsidiaries and affiliates. These practices included overstatement of inventory, deferral of asset impairment losses, overstatement and premature recognition of sales, inflation of sales through the involvement of unnecessary business partners, avoidance of the recognition of provisions, and capitalization of expenditures that did not qualify as assets, among other methods. Based on the findings of the Special Investigating Committee, the Company conducted voluntary inspections. As a result, omissions in the recognition of impairment losses on fixed assets arising from the correction of inappropriate accounting practices, as well as omissions in the recognition of valuation losses on investments in and loans to affiliated companies, among other matters, were identified. The Company determined that it was necessary to retrospectively correct the inappropriate accounting practices and therefore corrected previously filed consolidated financial statements and other documents.

In response to the identification of the inappropriate accounting practices described above, the audit firm, in conducting the interim review of the condensed interim consolidated financial statements for the previous interim consolidated accounting period, evaluated the results of the investigation and voluntary inspections as additional procedures, in addition to inquiries and analytical procedures, with the assistance of experts in fraud investigations and IT experts. The audit firm also performed procedures such as reconciliation of revenue and cost of sales to supporting documentation. However, the audit firm was unable to perform significant interim review procedures to ascertain the matters described in 1 and 2 below.

1. Appropriateness of the Period Attribution of Revenue and Cost of Sales of Air Water Safety Service Inc. for the Previous Interim Consolidated Accounting Period

As described in Note 4, “Additional Information (Regarding Inappropriate Accounting Practices),” to the condensed interim consolidated financial statements, revenue of ¥10,453 million and cost of sales of ¥7,332 million of Air Water Safety Service Inc. (“AW Safety Service”), a consolidated subsidiary of Air Water Inc., are included in the condensed interim consolidated statement of profit or loss for the previous interim consolidated accounting period. However, AW Safety Service had engaged in inappropriate accounting practices with respect to revenue and cost of sales, including overstatement of work in progress, manipulation of the period attribution of sales, and manipulation of profits through the reallocation of costs.

Accordingly, in conducting the interim review procedures for the previous interim consolidated accounting period, the audit firm made inquiries of the persons responsible for sales and accounting at AW Safety Service regarding the details and terms and conditions of transactions, and performed additional procedures, including reconciliation to supporting documents such as construction contracts, certificates of completion and handover of construction work, goods receipt notes, and purchase orders.

However, supporting documents relating to the dates of completion of construction work and delivery of goods for construction revenue transactions had been forged, and records necessary to clarify the actual circumstances of cost reallocation, including labor costs and subcontracting costs, had not been retained. As a result, the audit firm was unable to perform sufficient procedures to verify the appropriateness of the period attribution of revenue and cost of sales of AW Safety Service for the previous interim consolidated accounting period.

Accordingly, the audit firm was unable to determine whether adjustments to the amounts of revenue and cost of sales were necessary.

The audit firm has expressed a qualified conclusion on the condensed interim consolidated financial statements for the previous interim consolidated accounting period for the reasons described above. Since this matter may affect the comparability of the figures for the current interim consolidated accounting period with the corresponding figures, the audit firm has expressed a qualified conclusion on the condensed interim consolidated financial statements for the current interim consolidated accounting period.

These effects are limited to the period attribution of revenue and cost of sales of AW Safety Service, a consolidated subsidiary, for the previous interim consolidated accounting period. Accordingly, the possible effects on the condensed interim consolidated financial statements are material but not pervasive.

2. Appropriateness of the Period Attribution of Revenue for the Previous Interim Consolidated Accounting Period

As described in Note 4, “Additional Information (Regarding Inappropriate Accounting Practices),” to the condensed interim consolidated financial statements, during the previous consolidated fiscal year, inappropriate accounting practices, including overstatement and premature recognition of sales and inflation of sales through the involvement of unnecessary business partners, had been conducted at the Company and a significant number of its subsidiaries. Accordingly, the Company corrected previously filed consolidated financial statements and other documents with respect to numerous misstatements identified as a result of the investigation by the Special Investigating Committee and voluntary inspections (hereinafter referred to as the “Investigation and Voluntary Inspections”). Numerous misstatements were identified, and the amounts of adjustments relating to the period attribution of revenue for the previous interim consolidated accounting period are as follows.

	Previous Interim Consolidated Accounting Period
Amount of Revenue Recorded in the Condensed Interim Consolidated Statement of Profit or Loss	485,057 million yen
Amount of Adjustments Relating to the Period Attribution of Revenue	648 million yen

In response to the above, in its interim review procedures for the previous interim consolidated accounting period, the audit firm performed additional procedures, including a re-examination of transaction flows and reconciliation of revenue and cost of sales to supporting documentation. However, inappropriate accounting practices relating to the period attribution of revenue were identified at multiple consolidated subsidiaries. In addition, supporting documentation necessary to verify the period attribution of revenue for the previous interim consolidated accounting period had not been properly retained at certain consolidated subsidiaries. Consequently, the audit firm was unable to determine whether adjustments were required to revenue for the previous interim consolidated accounting period, including the related cost of sales, and therefore expressed a qualified conclusion on the condensed interim consolidated financial statements for that period. As this matter may affect the comparability between the figures for the current interim consolidated accounting period and the corresponding figures, the audit firm has expressed a qualified conclusion on the condensed interim consolidated financial statements for the current interim consolidated accounting period.

Considering the impact of correcting misstatements relating to the period attribution of revenue identified through the investigations and voluntary inspections conducted in the previous fiscal year and the audit procedures performed by the audit firm, the estimated effects of undetected misstatements at consolidated subsidiaries, while not individually material, could be material in the aggregate. However, even if there were any undetected misstatements, their effects would be limited to the period attribution of revenue for the previous interim consolidated accounting period, including the related cost of sales. Accordingly, the possible effects on the condensed interim consolidated financial statements could be material but not pervasive.

In addition, the effects of the matters described in “1. Appropriateness of the Period Attribution of Revenue and Cost of Sales of Air Water Safety Service Inc. for the Previous Interim Consolidated Accounting Period” and “2. Appropriateness of the Period Attribution of Revenue for the Previous Interim Consolidated Accounting Period,” whether considered individually or in the aggregate, are limited relative to the revenue and cost of sales recognized in the condensed interim consolidated statement of profit or loss for the previous interim consolidated accounting period. Except for the possible effects of these matters on the comparative information, nothing has come to the audit firm’s attention that causes it to believe that the condensed interim consolidated financial statements do not present fairly, in all material respects, the financial position as of September 30, 2026, and the financial performance and cash flows for the interim consolidated accounting period then ended. Accordingly, the possible effects of these matters on the condensed interim consolidated financial statements could be material but not pervasive.

The audit firm conducted the interim review in accordance with the interim review standards generally accepted in Japan. The audit firm’s responsibilities under the interim review standards are described in “Auditor’s Responsibilities in the Interim Review of the Condensed Interim Consolidated Financial Statements.” The audit firm is independent of Air Water Inc. and its consolidated subsidiaries in accordance with the ethical requirements in Japan, including those applicable to audits of financial statements of entities with high public interest, and the audit firm has fulfilled its other ethical responsibilities as auditor. The audit firm believes that it has obtained sufficient appropriate evidence to provide a basis for its qualified conclusion.

3. Date of Receipt of the Interim Review Report
   November 16, 2026

4. Future Actions

We take this matter that resulted in the issuance of a qualified conclusion very seriously and will take appropriate measures to address it.

We sincerely apologize to our shareholders, investors, and all other concerned parties for the significant inconvenience and concern this matter may have caused.

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