November 16, 2026

Consolidated Financial Results (Under IFRS)
For the Second Quarter of the March 31, 2027 Fiscal Year

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

1. Results for the Six Months Ended September 30, 2026

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2026	560,455	15.5	13,359	—	10,580	—	2,447	—	1,705	—	6,150	—
Six months ended September 30, 2025	485,057	(0.8)	(7,520)	—	(18,285)	—	(26,193)	—	(25,316)	—	(19,312)	—

	Basic earnings (loss) per share	Diluted earnings (loss) per share
	Yen	Yen
Six months ended September 30, 2026	7.44	7.44
Six months ended September 30, 2025	(110.47)	(110.47)

(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 September 30, 2026	1,198,825	416,329	394,785	32.9
As of March 31, 2026	1,216,222	420,739	399,797	32.9

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
The fiscal year ended March 31, 2026	—	37.50	—	37.50	75.00
The fiscal year ending March 31, 2027	—	30.00			
The fiscal year ending March 31, 2027 (Forecast)			—	45.00	75.00

(Note) Changes in the dividend forecast for the fiscal year ending March 31, 2027, from the latest disclosure: Yes

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2027

(Percentages indicate year-on-year changes)

	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	1,170,000	9.7	34,000	—	29,000	—	14,000	—	61.08

(Note) Revision to the most recently announced consolidated operating results forecasts: Yes

Notes

(1) Significant changes in the scope of consolidation during the current quarter: 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 September 30, 2026: 229,755,057 shares

As of March 31, 2026: 229,755,057 shares

b. Number of shares of treasury shares

As of September 30, 2026: 563,065 shares

As of March 31, 2026: 528,862 shares

c. Average number of shares during the term

First six months of the fiscal year ending March 31, 2027: 229,202,607 shares

First six months of the fiscal year ended March 31, 2026: 229,176,907 shares

* 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 referred to as 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 “8-(3) Explanation of future prediction information such as forecast of consolidated operating results”.

4. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation of Operating Results

1) Operating results for the current period

For the interim consolidated accounting period, revenue amounted to ¥560,455 million (115.5% of the corresponding period of the previous fiscal year), operating profit was ¥13,359 million (compared with an operating loss of ¥7,520 million in the corresponding period of the previous fiscal year), and interim profit attributable to owners of the parent was ¥1,705 million (compared with an interim loss attributable to owners of the parent of ¥25,316 million in the corresponding period of the previous fiscal year).

During the first half of the fiscal year ending March 31, 2027, in response to the inappropriate accounting practices and other issues identified in the previous fiscal year, the Company proceeded with the implementation of the recurrence prevention measures announced on April 3, 2026, while continuing voluntary reviews of its accounting practices. The Company also advanced initiatives aimed at the removal of its designation as a Security on Special Alert by the Tokyo Stock Exchange, which became effective on May 1, 2026. In connection with these initiatives, the Company recorded ¥16,438 million in expenses related to the engagement of external experts and other advisors.

In addition, as a result of calculating recoverable amounts in light of the business environment and interest rate trends, the Company recorded impairment losses of ¥13,422 million on goodwill and fixed assets, among others.

2) Consolidated results by segment for the fiscal year

With the aim of enhancing the sophistication of its head office functions, integrating support, control, and monitoring of Group companies, and thereby increasing the effectiveness of Group governance, the Company reorganized its operating units into three Business Divisions: the Industrial Business Division, the Medical Business Division, and the Agriculture & Food Business Division.

In this reorganization, the Industrial Business Division is primarily composed of the former “Digital & Industry Group” and the former “Energy Solutions Group,” the Medical Business Division of the former “Health & Safety Group,” and the Agriculture & Food Business Division of the former “Agriculture & Food Group,” respectively.

Accordingly, effective from the interim consolidated accounting period under review, the Company changed its reportable segments from “Digital & Industry,” “Energy Solutions,” “Health & Safety,” “Agriculture & Foods,” and “Other Businesses” to “Industrial,” “Energy,” “Medical,” “Agriculture & Food,” and “Other,” respectively.

Former segment name	New segment name
Digital & Industry	Industrial
Energy Solutions	Energy
Health & Safety	Medical
Agriculture & Foods	Agriculture & Food
Other Business	Other

In addition, the Company has reclassified the reportable segments of certain businesses. As the main changes, the Carbon Dioxide and Hydrogen Business, previously included in the Energy Solutions segment, and the Specialized Trading Company Business, previously included in the Other Businesses segment, have each been reclassified into the Industrial segment.

Segment information for the corresponding interim consolidated accounting period of the previous fiscal year is presented on a recast basis in accordance with the revised reportable segment classifications.

(Unit: Million yen)

	Revenue		Segment profit	
	FY 2026.2Q	YoY Growth	FY2026.2Q	YoY Growth
Industrial	210,958	108.6%	14,599	－%
Energy	32,994	108.2%	1,149	－%
Medical	169,408	165.4%	4,169	84.8%
Agriculture & Food	68,592	88.6%	3,869	237.3%
Other	78,500	97.6%	5,488	445.4%
（Adjustment）	－	－%	(15,916)	－%
Total	560,455	115.5%	13,359	－%

(Note) The adjustment to segment profit relates to the elimination of intersegment transactions and to the income and expenses of the Company’s headquarters division that are not allocated to any reportable segment

<**Industrial**>

Revenue in this segment was ¥210,958 million (108.6% of the amount for the corresponding period of the previous year), and operating profit was ¥14,599 million (operating loss of the corresponding period of the previous year was ¥14,856 million).

In the Industrial Gas Business, performance was affected by higher manufacturing costs resulting from a significant increase in electricity prices since the summer season. Nevertheless, overall performance remained solid, supported by the effects of price management for various industrial gases, as well as increased supply volumes of air separation gases and helium.

In the Electronics Business, performance remained strong overall. Against the backdrop of robust demand related to generative AI, supplies of gases and chemicals for advanced semiconductors expanded, and orders for gas purification equipment and construction work also advanced steadily. In addition, sales of heat control equipment and high-performance O-rings (rubber sealing materials) for semiconductor manufacturing equipment increased.

In the Overseas Business, external sales volumes of liquefied gases in the industrial gas business in India increased, supported by the strengthening of in-house supply capabilities implemented in the previous fiscal year and the expansion of on-site plants for steel manufacturers. However, overall performance remained largely unchanged from the previous year due in part to unplanned blast furnace shutdowns. In North American industrial gases, overall performance was weak due to helium procurement shortages, while the engineering business also faced sluggish new project acquisition. In the UPS business, DRUPS (Diesel Rotary Uninterruptible Power Supply) performed steadily, with orders expanding across major markets worldwide. However, emergency generators remained weak due to intensifying competition from Chinese manufacturers.

In addition, in North American industrial gases, impairment losses were recorded on a portion of the fixed assets already invested in the Company's own plant under construction, which is scheduled to commence operations in the next fiscal year, following a substantial increase in its construction costs.

As a result, both revenue and operating profit increased from the corresponding period of the previous fiscal year.

<**Energy**>

Revenue in this segment was ¥32,994 million (108.2% of the amount for the corresponding period of the previous year), and operating profit was ¥1,149 million (operating loss of the corresponding period of the previous year was ¥1,073 million).

In the Energy Business, although procurement costs for LP gas and kerosene increased significantly due to the situation in the Middle East, selling price revisions against the backdrop of higher market prices and other factors pushed up revenue. In addition, in LNG-related operations, sales of tank trucks and related equipment expanded, and overall performance remained solid.

As a result, both revenue and operating profit increased from the corresponding period of the previous fiscal year.

<**Medical**>

Revenue in this segment was ¥169,408 million (165.4% of the amount for the corresponding period of the previous year), and operating profit was ¥4,169 million (84.8%).

In the Gas & Medical Equipment Business, the impact of sluggish demand across the hospital and healthcare market continued. Under these circumstances, efforts were made to ensure a stable supply of various medical gases and medical equipment, while also promoting price optimization. Meanwhile, the Home Healthcare Business was somewhat sluggish overall, reflecting delays in the launch of new products for home oxygen therapy (HOT) and intensifying market competition.

In the Facilities Business, performance remained steady, supported by robust demand for gas fire extinguishing systems for power-related facilities and data centers. In addition, medical facilities for hospitals remained firm, driven mainly by demand for renovation projects.

In the Dental Business, results benefited from the consolidation effect of the mail-order business for dental materials and supplies, which was newly included in the scope of consolidation in the third quarter of the previous fiscal year.

In the Consumer Business, sales in the aerosol business expanded due in part to last-minute demand arising from the impact of the situation in the Middle East. However, overall performance was somewhat sluggish, as sales of hygiene products, including masks, struggled to grow.

In the Dental Business, with respect to the mail-order business for dental materials and supplies, the recoverable amount was calculated in light of rising market interest rates, resulting in the recognition of an additional impairment loss on a portion of goodwill. In the Facilities Business, with respect to the overseas medical facilities business, the recoverable amount was calculated in light of rising market interest rates, resulting in the recognition of impairment losses on the entire amount of goodwill as well as related assets.

As a result, revenue increased from the corresponding period of the previous fiscal year, while operating profit decreased.

<**Agriculture & Food**>

Revenue in this segment was ¥68,592 million (88.6% of the amount for the corresponding period of the previous year), and operating profit was ¥3,869 million (237.3%).

In the Agriculture Business, while Hokkaido agricultural products such as potatoes and carrots enjoyed strong harvests in the agricultural products distribution business, performance was affected by declining market prices due to increased supply and rising logistics costs. In domestic vegetable production, harvests at the Company's own farms remained weak due to unfavorable weather conditions and shortages in the supply of carbon dioxide for greenhouse cultivation. In addition, agricultural machinery sales were affected by sluggish demand against the backdrop of poor harvests in the previous year, among other factors. As a result, the business faced challenging conditions overall.

In the Food Business, earnings improved significantly due to efforts to strengthen sales of high-value-added ham and delicatessen products, as well as increased sales volume of broccoli sold to Japan and cost improvement initiatives in overseas frozen vegetables.

In the Beverage Business, performance remained sluggish due to continued weak consumer demand for its mainstay vegetable and fruit beverages, as well as a decline in contract manufacturing volumes for major customers resulting from unfavorable weather conditions during the summer and other factors.

As a result, revenue decreased from the corresponding period of the previous fiscal year, while operating profit increased.

<**Other**>

Revenue in this segment was ¥78,500 million (97.6% of the amount for the corresponding period of the previous year), and operating profit was ¥5,488 million (445.4%).

In the Seawater Business, price optimization for commercial-use salt progressed in the salt business, helping to offset the impact of lower sales and higher costs. In the magnesia business, sales of products for electrical steel sheets, the core product category, declined. However, overall performance remained solid, supported by expanding demand for fused magnesia and ceramic products for semiconductor-related applications.

In the Electricity Business, despite lower operating rates at the Onahama Biomass Power Plant due to increased output curtailment and unplanned shutdowns, as well as the continued depreciation of the yen, overall performance remained solid, supported by efforts to procure fuel at lower costs.

In the Logistics Business, performance remained solid due to expanded handling volumes in food logistics and medical/environmental logistics, as well as progress in optimizing contract prices with major customers.

As a result, revenue decreased from the corresponding period of the previous fiscal year, while operating profit increased.

(2) Explanation of financial position for the current period

Total assets at the end of the current interim consolidated accounting period stood at ¥1,198,825 million, a decrease of ¥17,396 million from the end of the previous consolidated fiscal year, due mainly to a decrease in property, plant and equipment. Liabilities stood at ¥782,496 million, a decrease of ¥12,986 million from the end of the previous consolidated fiscal year, due mainly to a decrease in trade and other payables. Equity stood at ¥416,329 million, a decrease of ¥4,409 million from the end of the previous consolidated fiscal year, due mainly to a decrease in other components of equity.

Equity attributable to owners of parent per share decreased from ¥1,744.12 at the end of the previous consolidated fiscal year to ¥1,722.51, and the ratio of equity attributable to owners of parent to total assets changed to 32.93% from 32.87% at the end of the previous consolidated fiscal year.

Cash flows from operating activities for the current interim consolidated accounting period, after deducting income taxes paid from depreciation and other items, were an inflow of ¥39,091 million, reflecting a decrease of ¥8,986 million from the same period of the previous fiscal year, after deducting income taxes paid from depreciation and others.

Cash flows from investing activities for the current interim consolidated accounting period were an outflow of ¥21,803 million, reflecting a decrease in the outflow of ¥9,545 million from the same period of the previous fiscal year, due mainly to a decrease in expenditures resulting from purchase of property, plant and equipment and to an increase in proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flows from financing activities for the current interim consolidated accounting period were an outflow of ¥15,148 million, reflecting a decrease in the outflow of ¥10,733 million from the same period of the previous fiscal year, due mainly to a decrease in expenditures resulting from repayments of long-term borrowings, and to no expenditure resulting from redemption of preferred shares.

As a result, cash and cash equivalents at the end of the current interim consolidated accounting period stood at ¥88,622 million, an increase of ¥24,868 million from the end of the previous interim consolidated accounting period.

(3) Explanation of future prediction information such as the forecast of consolidated operating results

Earnings from the Group's business activities have remained generally stable, due to growing demand in high-growth sectors such as generative AI and semiconductor-related fields, as well as ongoing initiatives to manage pricing and improve profitability across the respective business segments. However, following the discovery of inappropriate accounting treatments, in order to restore trust and prevent a recurrence, the Company is conducting voluntary accounting reviews and re-evaluating internal controls across the Company and its consolidated subsidiaries, strengthening approach to audits, and working toward the removal of the designation as a Security on Alert. In addition, in light of current progress on the business plans and shifts in the business environment and in interest rate trends, the Company has re-examined the recoverability of goodwill, fixed assets, and other assets.

After incorporating the impact that can reasonably be estimated at this time based on these factors, the Company now expects revenue to exceed the previous forecast and, conversely, operating profit, profit before tax, and profit attributable to owners of the parent to fall below the previous forecast. Consequently, the Company has revised the forecast of consolidated operating results for the fiscal year ending March 31, 2027, which was originally announced on July 31, 2026.

Revision to forecast of the fiscal year ending March 31, 2027 (April 1, 2026 – March 31, 2027)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
Original forecast (A) (Announced on July 31, 2026)	Million yen 1,140,000	Million yen 48,000	Million yen 44,000	Million yen 28,000	yen 122.15
Revised forecast (B)	1,170,000	34,000	29,000	14,000	61.08
Amount of change (B-A)	+30,000	-14,000	-15,000	-14,000	
Percentage change (%)	2.6	-29.2	-34.1	-50.0	
Results for the previous year (as corrected) (Fiscal year ended March 2026)	1,066,795	(36,942)	(51,232)	(54,020)	(235.69)

(Note) "Results for the previous year (as corrected) (Fiscal year ended March 2026)" reflect adjustments based on the corrected Securities Report for the fiscal year ended March 31, 2026, submitted today, as well as the announcement released today titled "(Correction/Correction of Numerical Data) Notice Regarding Partial Corrections to the 'Financial Results for the Fiscal Year Ended March 31, 2026 [IFRS] (Consolidated).'"

5. Condensed Interim Consolidated Financial Statements and Significant Notes

(1) Condensed Interim Consolidated Statement of Financial Position

(Unit: Million yen)

	End of the previous fiscal year (As of March 31, 2026)	End of the second quarter of the fiscal year (As of September 30,2026)
Assets		
Current assets		
Cash and cash equivalents	87,139	88,622
Trade and other receivables	206,928	193,318
Inventories	121,761	131,103
Other financial assets	7,228	8,933
Income taxes receivable	2,333	3,784
Other current assets	40,587	43,534
Subtotal	465,979	469,296
Assets held for sale	386	552
Total current assets	466,366	469,849
Non-current assets		
Property, plant and equipment	506,833	490,133
Goodwill	51,707	44,623
Intangible assets	30,808	29,021
Investments accounted for using equity method	32,684	33,863
Retirement benefit asset	5,366	13,332
Other financial assets	111,347	107,888
Deferred tax assets	8,353	7,352
Other non-current assets	2,754	2,761
Total non-current assets	749,856	728,976
Total assets	1,216,222	1,198,825

	End of the previous fiscal year (As of March 31, 2026)	End of the second quarter of the fiscal year (As of September 30, 2026)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	173,432	161,019
Bonds and borrowings	177,019	201,453
Other financial liabilities	11,233	11,559
Income taxes payable	8,300	8,886
Provisions	2,745	3,050
Other current liabilities	41,699	46,828
Subtotal	414,429	432,798
Liabilities directly associated with assets held for sale	264	—
Total current liabilities	414,693	432,798
Non-current liabilities		
Bonds and borrowings	291,436	262,071
Other financial liabilities	41,600	40,493
Retirement benefit liability	5,496	6,359
Provisions	22,821	21,855
Deferred tax liabilities	12,735	12,560
Other non-current liabilities	6,698	6,357
Total non-current liabilities	380,789	349,698
Total liabilities	795,483	782,496
Equity		
Share capital	55,855	55,855
Capital surplus	46,025	45,281
Treasury shares	(714)	(672)
Retained earnings	223,269	222,080
Other components of equity	75,360	72,240
Total equity attributable to owners of parent	399,797	394,785
Non-controlling interests	20,942	21,543
Total equity	420,739	416,329
Total liabilities and equity	1,216,222	1,198,825

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

Condensed Interim consolidated statement of profit or loss
Cumulative interim consolidated accounting period

(Unit: Million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Revenue	485,057	560,455
Cost of sales	(373,129)	(423,857)
Gross profit	111,928	136,597
Selling, general and administrative expenses	(92,129)	(115,693)
Other income	3,215	4,724
Other expenses	(32,926)	(13,346)
Share of profit of investments accounted for using equity method	2,392	1,077
Operating profit (loss)	(7,520)	13,359
Finance income	2,614	1,672
Finance costs	(13,379)	(4,451)
Profit (loss) before tax	(18,285)	10,580
Income tax expense	(7,908)	(8,133)
Profit (loss)	(26,193)	2,447
Profit (loss) attributable to		
Owners of parent	(25,316)	1,705
Non-controlling interests	(876)	741
Profit (loss)	(26,193)	2,447

(Unit: Yen)

Earnings per share		
Basic earnings (loss) per share	(110.47)	7.44
Diluted earnings (loss) per share	(110.47)	7.44

Condensed interim consolidated statement of comprehensive income
Cumulative interim consolidated accounting period

(Unit: Million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit (loss)	(26,193)	2,447
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	8,258	(439)
Remeasurements of defined benefit plans	—	5,490
Share of other comprehensive income of investments accounted for using equity method	20	229
Total of items that will not be reclassified to profit or loss	8,278	5,280
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,514)	(595)
Cash flow hedge	2,247	(1,171)
Share of other comprehensive income of investments accounted for using equity method	(131)	189
Total of items that may be reclassified to profit or loss	(1,398)	(1,577)
Total other comprehensive income	6,881	3,702
Comprehensive income	(19,312)	6,150
Comprehensive income attributable to		
Owners of parent	(18,791)	5,658
Non-controlling interests	(520)	491
Comprehensive income	(19,312)	6,150

(3) Condensed Interim Consolidated Statement of Changes in Equity

Six months ended September 30, 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, 2025	55,855	47,723	(808)	290,533	—	24,655
Profit	—	—	—	(25,316)	—	—
Other comprehensive income	—	—	—	—	—	(3,535)
Comprehensive income	—	—	—	(25,316)	—	(3,535)
Purchase of treasury shares	—	—	(1)	—	—	—
Disposal of treasury shares	—	51	83	—	—	—
Dividends	—	—	—	(9,853)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(1,295)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	(62)	—	51
Increase (decrease) due to deconsolidation	—	—	—	—	—	—
Effect of capital increase	—	—	—	—	—	—
Increase (decrease) by mergers	—	—	—	(235)	—	—
Transfer from other components of equity to retained earnings	—	—	—	1,505	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(1,243)	82	(8,646)	—	51
Balance as of September 30, 2025	55,855	46,479	(726)	256,570	—	21,171

	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	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	—	—	—	—	(25,316)	(876)	(26,193)
Other comprehensive income	8,240	1,819	—	6,524	6,524	356	6,881
Comprehensive income	8,240	1,819	—	6,524	(18,791)	(520)	(19,312)
Purchase of treasury shares	—	—	—	—	(1)	—	(1)
Disposal of treasury shares	—	—	—	—	135	—	135
Dividends	—	—	—	—	(9,853)	(400)	(10,253)
Share-based payment transactions	—	—	(2)	(2)	(2)	—	(2)
Increase (decrease) due to changes in equity	—	—	—	—	(1,295)	(4,074)	(5,370)
Increase (decrease) due to new consolidation	—	—	—	51	(11)	69	58
Increase (decrease) due to deconsolidation	—	—	—	—	—	(52)	(52)
Effect of capital increase	—	—	—	—	—	59	59
Increase (decrease) by mergers	—	—	—	—	(235)	—	(235)
Transfer from other components of equity to retained earnings	(1,505)	—	—	(1,505)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	—	—	—
Transfer to non-financial assets	—	(972)	—	(972)	(972)	(133)	(1,105)
Total transactions with owners	(1,505)	(972)	(2)	(2,428)	(12,236)	(4,531)	(16,768)
Balance as of September 30, 2025	21,581	10,124	130	53,008	411,187	10,955	422,143

Six months ended September 30, 2026

(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, 2026	55,855	46,025	(714)	223,269	—	27,849
Profit	—	—	—	1,705	—	—
Other comprehensive income	—	—	—	—	5,488	(361)
Comprehensive income	—	—	—	1,705	5,488	(361)
Purchase of treasury shares	—	—	(2)	—	—	—
Disposal of treasury shares	—	55	44	—	—	—
Dividends	—	—	—	(8,595)	—	—
Share-based payment transactions	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	(765)	—	—	—	—
Increase (decrease) due to new consolidation	—	—	—	—	—	—
Increase (decrease) due to deconsolidation	—	15	—	—	—	—
Effect of capital increase	—	—	—	—	—	—
Increase (decrease) by mergers	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	5,701	(5,488)	—
Put option provided to non-controlling shareholders	—	(50)	—	—	—	—
Transfer to non-financial assets	—	—	—	—	—	—
Total transactions with owners	—	(744)	42	(2,894)	(5,488)	—
Balance as of September 30, 2026	55,855	45,281	(672)	222,080	—	27,487

	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	Cash flow hedge	Share acquisition rights	Total			
Balance as of April 1, 2026	32,154	15,238	118	75,360	399,797	20,942	420,739
Profit	—	—	—	—	1,705	741	2,447
Other comprehensive income	(202)	(970)	—	3,953	3,953	(250)	3,702
Comprehensive income	(202)	(970)	—	3,953	5,658	491	6,150
Purchase of treasury shares	—	—	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	—	—	100	—	100
Dividends	—	—	—	—	(8,595)	(323)	(8,919)
Share-based payment transactions	—	—	—	—	—	—	—
Increase (decrease) due to changes in equity	—	—	—	—	(765)	(1,139)	(1,904)
Increase (decrease) due to new consolidation	—	—	—	—	—	—	—
Increase (decrease) due to deconsolidation	(89)	—	—	(89)	(73)	1,752	1,679
Effect of capital increase	—	—	—	—	—	—	—
Increase (decrease) by mergers	—	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	(212)	—	—	(5,701)	—	—	—
Put option provided to non-controlling shareholders	—	—	—	—	(50)	—	(50)
Transfer to non-financial assets	—	(1,283)	—	(1,283)	(1,283)	(179)	(1,462)
Total transactions with owners	(301)	(1,283)	—	(7,073)	(10,670)	110	(10,560)
Balance as of September 30, 2026	31,649	12,984	118	72,240	394,785	21,543	416,329

(4) Condensed Interim Consolidated Statement of Cash Flows

(Unit: Million yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before tax	(18,285)	10,580
Depreciation and amortization	26,196	27,427
Impairment loss	38,263	13,422
Interest and dividend income	(1,851)	(866)
Interest expenses	2,558	3,208
Share of loss (profit) of investments accounted for using equity method	(2,392)	(1,077)
Loss (gain) on sale and retirement of fixed assets	(76)	283
Other finance costs	11,960	—
Decrease (increase) in trade and other receivables	25,855	11,437
Decrease (increase) in inventories	(1,557)	(10,411)
Increase (decrease) in trade and other payables	(22,859)	(6,558)
Decrease (increase) in contract assets	(1,711)	(4,322)
Increase (decrease) in contract liabilities	7,414	8,950
Other	(2,808)	(1,331)
Subtotal	60,705	50,742
Interest received	357	254
Dividends received	1,549	1,275
Interest paid	(2,456)	(3,091)
Income taxes paid	(12,078)	(10,090)
Net cash provided by (used in) operating activities	48,078	39,091
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,414)	(23,051)
Proceeds from sale of property, plant and equipment	5,794	3,443
Purchase of intangible assets	(1,007)	(825)
Purchase of investment securities	(1,520)	(1,285)
Proceeds from sale of investment securities	3,161	277
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(103)	—
Proceeds (expenses) from sale of shares of subsidiaries resulting in change in scope of consolidation	(55)	2,358
Payments for loans receivable	(1,814)	(2,074)
Collection of loans receivable	64	91
Other	547	(737)
Net cash provided by (used in) investing activities	(31,349)	(21,803)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,401	14,469
Proceeds from long-term borrowings	17,073	4,703
Repayments of long-term borrowings	(23,057)	(10,292)
Redemption of bonds	(40)	(10,000)
Additional purchase of shares of subsidiaries	(5,714)	(1,906)
Proceeds from sale and leaseback transactions	491	—
Repayments of lease liabilities	(4,474)	(3,307)
Dividends paid	(9,773)	(8,588)
Dividends paid to non-controlling interests	(400)	(323)
Redemption of preferred shares	(6,522)	—
Other	133	97
Net cash provided by (used in) financing activities	(25,882)	(15,148)
Impact of exchange fluctuations on cash and cash equivalents	(320)	(657)
Net increase (decrease) in cash and cash equivalents	(9,472)	1,482
Cash and cash equivalents at beginning of period	73,227	87,139
Cash and cash equivalents at end of period	63,754	88,622

(5) Notes to Condensed Interim Consolidated Financial Statements

(Notes on the Going Concern Assumption)

Not applicable.

(Reporting Company)

Air Water Inc. (hereinafter referred as to 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 condensed interim consolidated financial statements of the Company and its subsidiaries (hereinafter referred as to the "Group") closes on September 30 and consists of equity interests of the Group and its affiliates and joint control agreement.

The Group operates manufacture and sale in the segments, Industrial, Energy, Medical, Agriculture & Food, and Other. See the section, “Segment Information” for the details of each business.

(Basis of Preparation)

(1) Basis of Measurement

The condensed interim consolidated financial statements of the Group are prepared based on acquisition costs except for retirement benefit liability (assets) and financial instruments, etc. measured at fair value.

(2) Functional Currency and Presentation Currency

The monetary amounts in the condensed interim consolidated financial statements 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.

(3) Important Accounting Estimates and Decisions Involving Estimates

In the preparation of the Group’s condensed interim consolidated financial statements, the management 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 interim consolidated financial statement are the same as those in the consolidated financial statement for the accounting year ended March 31, 2026.

(4) Changes in Presentation

(Related to the Condensed Interim Consolidated Statement of Cash Flows)

Due to an increase in materiality, “Proceeds (expenses) from sale of shares of subsidiaries resulting in change in scope of consolidation” and “Payments for loans receivable”, which had been included in “Other” under “Cash flows from investing activities” in the previous interim consolidated accounting period, are presented separately from the current interim consolidated accounting period. Accordingly, the amount of ¥(55) million and the amount of ¥(1,814) million are presented as “Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation” and “Payments for loans receivable,” respectively.

In addition, due to an increase in materiality, “Redemption of bonds”, which had been included in “Other” under “Cash flows from financing activities” in the previous interim consolidated accounting period, is presented separately from the current interim consolidated accounting period. Accordingly, the amount of ¥(40) million is presented as “Redemption of bonds”.

(Significant Accounting Policies)

The accounting principles that the Group applies to the condensed interim consolidated financial statements are the same as the accounting principles applied to the consolidated financial statements for the consolidated fiscal year ended March 31, 2026.

(Additional Information)

Impact of the Restatement Due to Correction of Prior-Period Errors

In connection with the corrections to the securities reports and other documents previously filed by the Company, the Company may be subject to investigations by the relevant authorities and an administrative monetary penalty payment order for potential violations of disclosure requirements under the Financial Instruments and Exchange Act. If any such investigation is conducted, the Company will respond appropriately, including by fully cooperating with the relevant authorities. At present, however, it is difficult to reasonably estimate the impact of this matter on the financial position and financial performance of the Group. Accordingly, no provision has been recognized in the consolidated financial statements.

Investigation-Related Expenses and Expenses Related to Corrections to Prior-Period Financial Results

The Group identified inappropriate accounting treatments in connection with its financial results for the second quarter (interim period) of the fiscal year ended March 31, 2026. As a result, the Group has incurred expenses related to the investigation conducted by the Special Investigating Committee, which was composed of independent external experts, including attorneys and certified public accountants, as well as expenses related to corrections to prior-period financial results. The Company received an additional investigation report from the Special Investigating Committee on June 19, 2026. The Group has also incurred expenses for support provided by external experts in considering recurrence prevention measures centered on the following four areas: “Reform of Corporate Culture”, “Governance Reform”, “Rebuilding of the Management Infrastructure and Internal Control”, and “Review of Group-wide Strategy (Business Portfolio)”, as well as in preparing the Improvement Plan and Status Report. The Group recognized ¥16,438 million of these expenses in selling, general and administrative expenses during the interim consolidated cumulative period of the fiscal year ending March 31, 2027. However, as improvement initiatives supported by external experts are ongoing, the final amount of expenses to be recognized is expected to increase.

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 ¥(32,113) million for the previous interim consolidated accounting period, of which ¥(31,711) million related to corrections to net presentation and ¥648 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 condensed interim consolidated financial statements were ¥10,453 million and ¥7,332 million, respectively, for the previous interim consolidated period.

(Segment Information)

(1) Overview of Reportable Segments

The Group's reportable segments are components of the Group 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 "Industrial," "Energy," "Medical," "Agriculture & Food," and "Other."

The Industrial segment primarily manufactures and sells industrial gases including oxygen, nitrogen and argon, manufactures and sells functional materials, and manufactures and sells carbon dioxide and hydrogen gases.

In addition, the segment operates overseas industrial gas businesses in North America, India and elsewhere, and a business supplying high-output uninterruptible power sources (UPS), a trading business specializing in electronics-related products, and other businesses.

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

The Medical 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 & Food 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 segment consists of the logistics business, which provides logistics services for general cargo, food, medical supplies and environmental products, the seawater business, which manufactures and sells commercial use salt and magnesia products, a woody biomass power generation business.

(2) Matters Regarding Changes in Reportable Segments

With the aim of enhancing the sophistication of its head office functions, integrating support, control, and monitoring of Group companies, and thereby increasing the effectiveness of Group governance, the Company reorganized its operating units into three Business Divisions: the Industrial Business Division, the Medical Business Division, and the Agriculture & Food Business Division.

In this reorganization, the Industrial Business Division is primarily composed of the former "Digital & Industry Group" and the former "Energy Solutions Group," the Medical Business Division of the former "Health & Safety Group," and the Agriculture & Food Business Division of the former "Agriculture & Food Group," respectively.

Accordingly, effective from the interim consolidated accounting period under review, the Company changed its reportable segments from "Digital & Industry," "Energy Solutions," "Health & Safety," "Agriculture & Foods," and "Other Businesses" to "Industrial," "Energy," "Medical," "Agriculture & Food," and "Other," respectively.

Former segment name	New segment name
Digital & Industry	Industrial
Energy Solutions	Energy
Health & Safety	Medical
Agriculture & Foods	Agriculture & Food
Other Business	Other

In addition, the Company has reclassified the reportable segments of certain businesses. As the main changes, the Carbon Dioxide and Hydrogen Business, previously included in the Energy Solutions segment, and the Specialized Trading Company Business, previously included in the Other Businesses segment, have each been reclassified into the Industrial segment.

Segment information for the corresponding interim consolidated accounting period of the previous fiscal year is presented on a recast basis in accordance with the revised reportable segment classifications.

(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 are presented based on prevailing market prices.

Six months ended September 30, 2025

(Unit: Million yen)

	Reportable Segment						Adjustment (Notes)	Interim consolidated statements of income
	Industrial	Energy	Medical	Agriculture & Food	Other	Total		
Revenue								
Revenue from outside customers	194,245	30,502	102,433	77,437	80,438	485,057	—	485,057
Intersegment revenue and transfer	5,972	2,613	362	437	4,997	14,383	(14,383)	—
Total	200,218	33,116	102,795	77,874	85,435	499,440	(14,383)	485,057
Segment profit	(14,856)	(1,073)	4,916	1,630	1,232	(8,150)	629	(7,520)
Finance income								2,614
Finance costs								(13,379)
Profit before tax								(18,285)

(Notes)1. The adjustment item of ¥(14,383) million of intersegment revenue and transfers is elimination of intersegment transactions.

2. The adjustment of ¥629 million to segment profit is related to the elimination of intersegment transactions and the profit or loss of the Company's head office that is not allocated to individual reportable segments.

Six months ended September 30, 2026

(Unit: Million yen)

	Reportable Segment						Adjustment (Notes)	Interim consolidated statements of income
	Industrial	Energy	Medical	Agriculture & Food	Other	Total		
Revenue								
Revenue from outside customers	210,958	32,994	169,408	68,592	78,500	560,455	—	560,455
Intersegment revenue and transfer	2,343	2,775	229	162	5,416	10,927	(10,927)	—
Total	213,302	35,770	169,637	68,755	83,916	571,382	(10,927)	560,455
Segment profit	14,599	1,149	4,169	3,869	5,488	29,276	(15,916)	13,359
Finance income								1,672
Finance costs								(4,451)
Profit before tax								10,580

(Notes)1. The adjustment item of ¥(10,927) million of intersegment revenue and transfers is elimination of intersegment transactions.

2. The adjustment of ¥(15,916) million to segment profit is related to the elimination of intersegment transactions and the profit or loss of the Company's head office that is not allocated to individual reportable segments.

(Significant Subsequent Events)

(Significant Borrowings)

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	Borrowing amount	Interest rate	Drawdown date	Borrowing period	Collateral
Sumitomo Mitsui Trust Bank, Limited	¥15,000 million	Base rate + spread	October 30, 2026	One month	None