

July 23, 2019

Air Water Inc.

(Securities Code 4088)

Listed on the First Section of TSE and SSE

Acquisition of Shares of Hitec Holding B.V.

~ Aiming to provide the world's best high power UPS system ~

We are pleased to announce that Air Water Inc. (Chairman of the Board, Chief Executive Officer. Kikuo Toyoda; hereinafter “the Company”) acquired 100% of the shares of Hitec Holding B.V. (Head Office: Almelo, the Netherlands; hereinafter “Hitec”), a manufacturer of Dynamic Rotary Uninterruptible Power Supply (hereinafter “DRUPS), on July 17, 2019 and made Hitec a subsidiary.

Note

1. Purpose of Stock Acquisition

DRUPS is an uninterruptible power supply suitable for a high power band over an output of 1,500kVA and mainly introduced at data centers and large semiconductor and pharmaceutical factories. This is an important device to prevent facilities and products from damage caused by voltage drop and blackout and maintain stable operations. Recently, in the environment surrounding the information communication, data traffic has grown rapidly due to the expansion of cloud computing services and IoT. The global market of high power UPS has, due to the increasing demand for establishing new data centers and semiconductor factories, grown to approximately 160 billion yen* in 2018, and the annual market growth rate is expected to see 6% or more* in the future. *From: Market report by US major consulting company

Under such circumstances, the Company acquired 60% of the shares of Power Partners Private Limited (hereinafter “PP”), that engages in the entire process of DRUPS from system design, construction to maintenance in Singapore, in last August and entered into the high power UPS system business as a new business in the engineering field. PP combines DRUPS with peripherals by using its unique know-hows and provides optimum uninterruptible power supply solutions to its customers, maintaining the largest share in this field in Singapore.

Hitec, our new subsidiary, is the world's first manufacturer that developed DRUPS in 1956. It is a leading company that has a track record of delivering over 1,500 DRUPS all over the world for more than 60 years and owns competitive, high technological capability.

Moreover, Hitec has been supplying DRUPS to PP since the establishment of PP. There is a strong relationship between the companies.

The Company aims to cut costs in products and operations, strengthen domestic and global business frameworks, establish a more competitive total solutions system and become the world's best in high power UPR system and the related fields by making Hitec a subsidiary and operating the business in full coordination with PP.

In the industrial gas business, the Company provides a stable supply of various gas that is essential for the manufacturing process of semiconductor factories. In addition, one of our group companies, Air Water Safety Service Inc., has a high domestic share (approximately 30%) in nitrogen extinguishers for data centers. By combining these businesses and the high power UPS system business, the Company will develop the "utility solution" business that is necessary for our customers' BCPs (Business Continuity Plans) by creating synergy between the businesses and proposing important utilities, from multiple aspects, that are indispensable for the stable operations of data centers and large factories.

2. Outline of the Stock Acquisition

- (1) Date of acquisition : July 17, 2019
- (2) Investment ratio : 100% of the issued shares

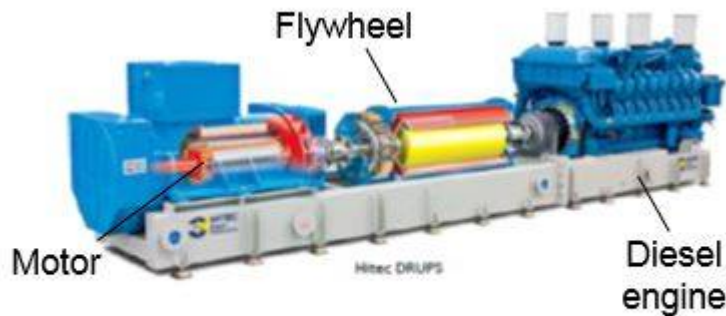
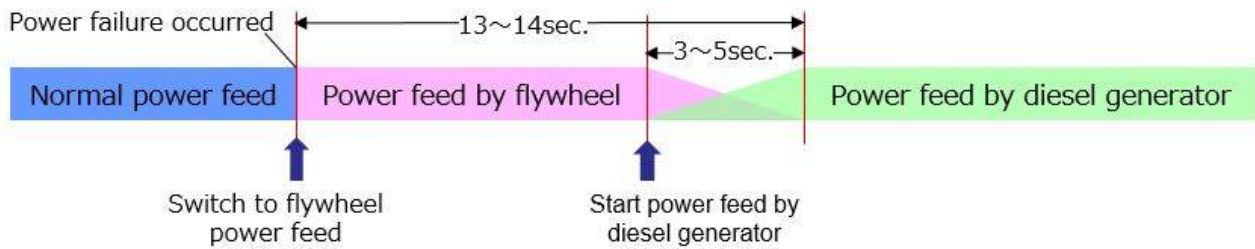
3. Outline of the Subject Company

- (1) Company name : Hitec Holding B.V.
- (2) Established in : June, 2012 *Founded in: 1894
- (3) Address : Bedrijvenpark Twente 40, 7602 KB Almelo, The Netherlands
- (4) Representative : Garrett Forde (CEO)
- (5) Business description : Development, design, manufacture, installment, maintenance and overhaul of DRUPS
- (6) Hubs : (Overhaul service) Houston (Texas, USA), Hsinchu (Taiwan)
(Sales service hubs) 9 hubs in North America, Europe, Asia, etc.
- (7) Number of employees : Approximately 250
- (8) Sales : Approximately 12.6 billion yen
(consolidated; result in December, 2018)

[Reference 1] Mechanism and characteristics of DRUPS

A built-in rotating body called flywheel is kept running by electrical energy during normal times, and when electric power abnormality such as blackout occurs, the flywheel keeps rotating by force of habit for about 10 seconds. During that time, electricity is generated and the diesel generator is turned on to maintain continuous power feed.

<Image of continuous power feed and product example>



DRUPS:Hitec

<Advantages of Hitec product (DRUPS) (Compared with a battery-powered product)>

- Low environmental burdens: DRUPS has a long life span of 25 years or more, whereas a battery-powered product requires periodic replacement (roughly every 5 years) and produces waste (mainly lead) at the time of replacement.
- Cost effective: Total life cost is approximately up to 20% less
- Space-saving: Footprint can be reduced approximately up to 40%

[Reference 2] Company outline of Power Partners Private Limited (PP)

- (1) Company name : Power Partners Private Limited
- (2) Established in : October, 2006
- (3) Address : 2 Tampines Industrial Drive, Power Partners Building, Singapore
- (4) Representative : Wong Chiang Suan Steven
- (5) Business description : Engineering and maintenance of uninterruptible power supply system, mainly DRUPS
- (6) Shareholders : Air Water Inc. 60%, Wong Chiang Suan Steven 20%, Pe Chee Kiang 20%
- (7) Number of employees : Approximately 110
- (8) Sales : Approximately 5.9 billion yen (consolidated; result in December, 2018)

End

— [Inquiry about this release] —

◇ Corporate Communications Department, Executive Office, Air Water Inc.

Address: 12-8, Minami Semba 2-chome,

Chuo-ku, Osaka, 542-0081, Japan

Telephone: 06-6252-3966

E-mail: info-h@awi.co.jp