

Jun 3, 2022

AIR WATER INC.

Notice Regarding First Issuance of Sustainability Bonds

— To Raise Funds for Businesses That Contribute to Solving Environmental and Social Issues —

Air Water Inc. (the "Company") will issue its first Sustainability Bonds (the "Bonds") as a means of raising funds for businesses that contribute to solving environmental and social issues.

1. Objective of and background behind the issuance

The Air Water Group (the "Group") engages in initiatives to improve corporate value based on the concept described in its purpose (raison d'être), "meet society's needs with nature's blessings," by leveraging its diverse management resources, and, particularly in terms of sustainability, the Group aims to achieve a recycling-oriented society through coexistence with society and the earth by advocating its Sustainability Vision for the year 2050.

In addition, as our vision for 2030, we have set two growth axes as the vectors for the business domains that each of our businesses will develop from the perspective of the social value that the Group should provide amid the drastically changing social environment going forward: "Global environment" to address climate change and the smart society, and "Wellness (healthy living)" to adapt to the era of the 100-year lifespan and the increasing global population. In line with these growth axes, the entire Group's wide range of businesses have been divided into four domains, Digital & Industry, Energy Solutions, Healthcare & Safety, and Agriculture & Foods, to optimize the Group's management resources, i.e., its diverse businesses, technologies, and human resources, and to create new businesses through synergy within the Group.

In these circumstances, the Company has decided to issue the Bonds as a means of raising funds for projects concerning Energy Solutions, Healthcare & Safety, and Agriculture & Foods.

2. Overview of the Bonds

Name	Air Water Inc. 9th Unsecured Corporate Bond (with a pari passu clause limited to the bonds) (Sustainability Bond)
Total amount issued	10.0 billion yen
Interest rate	0.300% (year)
Term	5 years
Period of issuance	Thursday, June 9, 2022
Maturity date (year)	Wednesday, June 9, 2027 (5 years)
Use of funds	To be used for new expenditures and the refinancing of existing expenditures regarding the following projects: <ul style="list-style-type: none"> • Acquisition of shares in Plus Co., Ltd. • Land acquisition and facility investment for construction of facilities to promote open innovation in the KENTO Innovation Park • Facility investment for the Nature's Blessings Farm
External evaluation	Received a second opinion from R&I that the "Sustainability Finance Framework" is consistent with the principles of the Sustainability Bond Guidelines and other guidelines.
Structuring agent*	Daiwa Securities Co. Ltd.
Lead managing underwriter	Daiwa Securities Co. Ltd.
Fiscal Agent, Issuing Agent and Paying agents	Sumitomo Mitsui Trust Bank, Limited)

*A structuring agent is a person who supports the issuance of sustainability bonds through the formulation of frameworks for sustainability finance and through advice on the acquisition of external evaluations including second opinions.

3. Detailed use of funds

The plan is to use the funds to be raised via the Bonds for new expenditures and for refinancing existing expenditures for the following projects:

Eligible projects	Overview
<p>M&A activities to promote local production for local consumption, reduce food loss and waste, and improve local agriculture (Acquisition of shares in Plus Co., Ltd.)</p> 	<p><u>Acquisition of shares in Plus Co., Ltd.</u></p> <ul style="list-style-type: none"> Plus Co., Ltd. has operated the Yottette in Wakayama Prefecture, Osaka Prefecture, and Nara Prefecture supporting sales by farmers, providing quality agricultural products at low prices, creating local employment, and contributing to local production for local consumption by establishing a business model that is good for four parties: producers, consumers, employees and local communities. As part of the project to tackle food loss and waste from production to distribution in the food supply chain, the Company acquired Plus Co., Ltd. to make it a Group company. We aim to reduce food mileage through the business of direct delivery from farms, contribute to boosting the local agriculture by supporting cultivation by farmers and by expanding sales channels, and reduce waste and loss of non-standard agricultural products by improving the entire Group's processing technologies and functions.
<p>Construction of open innovation promotion facilities for cutting-edge medical care and medical technologies in cooperation with local governments and other organizations. (Kento Innovation Park)</p> 	<p><u>Land acquisition and facility investment for the construction of open innovation promotion facilities in the Kento Innovation Park</u></p> <ul style="list-style-type: none"> The Company concluded a cooperation agreement with Suita-shi, Osaka Prefecture and the National Cerebral and Cardiovascular Center Hospital to begin operating open innovation promotion facilities in the Kento Innovation Park. The main initiatives the facilities will undertake will be the formation of medical clusters, the contribution to extending the healthy life expectancy, and the contribution to the local economy. As a base for the creation of new lifestyles for people, the facilities will launch a wide range of businesses for healthy living with innovative wisdom and ideas, developing connections with local communities and business operators by merging the medical care, welfare, nursing care, agriculture and food sectors.
<p>Facility investment for decarbonization energy businesses (Nature's Blessings Farm)</p> 	<p><u>Facility investment for methane fermentation and biomass gasification power generation at Nature's Blessings Farm</u></p> <ul style="list-style-type: none"> Nature's Blessings Farm, which the Company has planned to construct in Matsumoto-shi, Nagano Prefecture, will be used for land-based aquaculture and agriculture within facilities by using waste heat and CO₂ as well as for a power generation business using local biomass resources (gasification, methane fermentation). Nature's Blessings Farm will also verify the synergy that will improve efficiency. The Company aims to reduce food loss by mainly using food waste as the raw materials for methane fermentation to be used in the generation of renewable energy.

[Contact for inquiries]

Office of Corporate Communications, Air Water Inc. E-mail : info-h@awi.co.jp