

December 8, 2022

AIR WATER INC.

Integration and Reorganization of Group's Electronics Businesses

~Enhancement of business for semiconductor device manufacturers and conversion into mechatronics business~

The Air Water Group (the "Group") is pleased to announce that it will proceed with the integration and reorganization (hereinafter "this integration and reorganization") of the Group's overall electronics businesses as of April 1, 2023 with an aim of further expanding the electronics businesses by mobilizing the Group's businesses and technologies. It is doing so to respond quickly and effectively to changes in the demand structure and to various customer needs in an integrated way while keeping pace with the semiconductor market, which continues to expand as digitization advances in society.

1. The gist of this integration and reorganization

The Group's overall electronics businesses will be divided into two functions: the industrial gas and special chemical supply business targeted at semiconductor device manufacturers and the equipment/device business related to semiconductor manufacturing, etc. and two core business companies will be set up to undertake the roles of promoting the supervisory businesses in the corresponding business domains where the business functions of Air Water Inc. and those of the group companies will be consolidated and integrated correspondingly.

2. Purpose of this integration and reorganization

The Group's electronics businesses consist of the wide-ranging peripheral businesses related to semiconductor device manufacturing, including special chemical materials and their feeding devices, gas purification devices, slurry feeders, dry ice precision cleaning systems and other gas application equipment, centering around the core business to supply nitrogen and other industrial gases to semiconductor device manufacturers.

As industrial gases and special chemical materials are characterized as utilities, the stable supply of which is indispensable in manufacturing semiconductor devices, their supply is established on relationships of trust backed up by long-term, consistent business records with semiconductor device manufacturers. With this integration and reorganization, a business structure will be built to respond to expanding demands from semiconductor device manufacturers, which are continuously increasing their productive capacity in Japan as well as worldwide, and to their diverse needs by setting up core business companies specializing in semiconductor device manufacturers and by integrating the group's business functions.

In the equipment/device business, meanwhile, it is essential to develop technologies and propose solutions in order to enhance future competitiveness, because energy-saving and other environmental performance are considered important, in addition to miniaturization and increased functionality in the manufacturing process of semiconductor devices. This integration and reorganization will aim at converting the conventional sales system of equipment/device alone into the mechatronics business with increasingly sophisticated proposal capabilities by promoting the system integration of the equipment/device business while consolidating and integrating the resources, such as development, production and sales of equipment/device owned by the Group, into the core business companies, which will serve as a base.

3. Outline of this integration and reorganization

*For details of this integration and reorganization, please refer to 5. "Schematic diagram of integration and reorganization."

(1) Industrial gas and special chemical supply business

Air Water Electronics Inc. will be established as a new company specializing in semiconductor device manufacturers and the Company's electronics-related businesses, except for the large-scale bulk gas business and equipment/device domain, will be transferred to this new company as of April 1, 2023. At the same time, Air Water Daio Inc., a related business company, will be integrated into this new company through M&A.

(2) Equipment/device business

The trade name of Japan Pionics Co., Ltd. will be changed to Air Water Mechatronics Inc. as of January 3, 2023 and the equipment/device domain of the Company's electronics-related business will be transferred to this company as of April 1, 2023. At the same time, the equipment/device business of Air Water Bellpearl Inc. and the gas application equipment production business of Air Water Plant & Engineering Inc. will be transferred to this company through a demerger

Moreover, as of the same date, Air Water Mechatronics Inc. will acquire all shares of Nihon Dennetsu Co., Ltd. and of Mechatro Associates Co., Ltd. held by the Company and these two companies will become wholly owned subsidiaries of this company.

(3) Others

After this integration and reorganization, the Company's electronics-related businesses will be responsible for functions specializing in the development of strategies for the Group's overall electronic businesses, large-scale projects involving large investments and the overseas-related projects, etc.

Moreover, Air Water Bellpearl Inc., the equipment/device business of which will be transferred through a demerger in this integration and reorganization, would retain the phenol resin and other functional material business. This company, however, will be integrated through M&A into Air Water Performance Chemical Inc. on April 1, 2023, which is the core company of the functional material business.

4. Outline of the core business companies, which will serve as a base after this integration and reorganization

* As of April 1, 2023 (provisional)

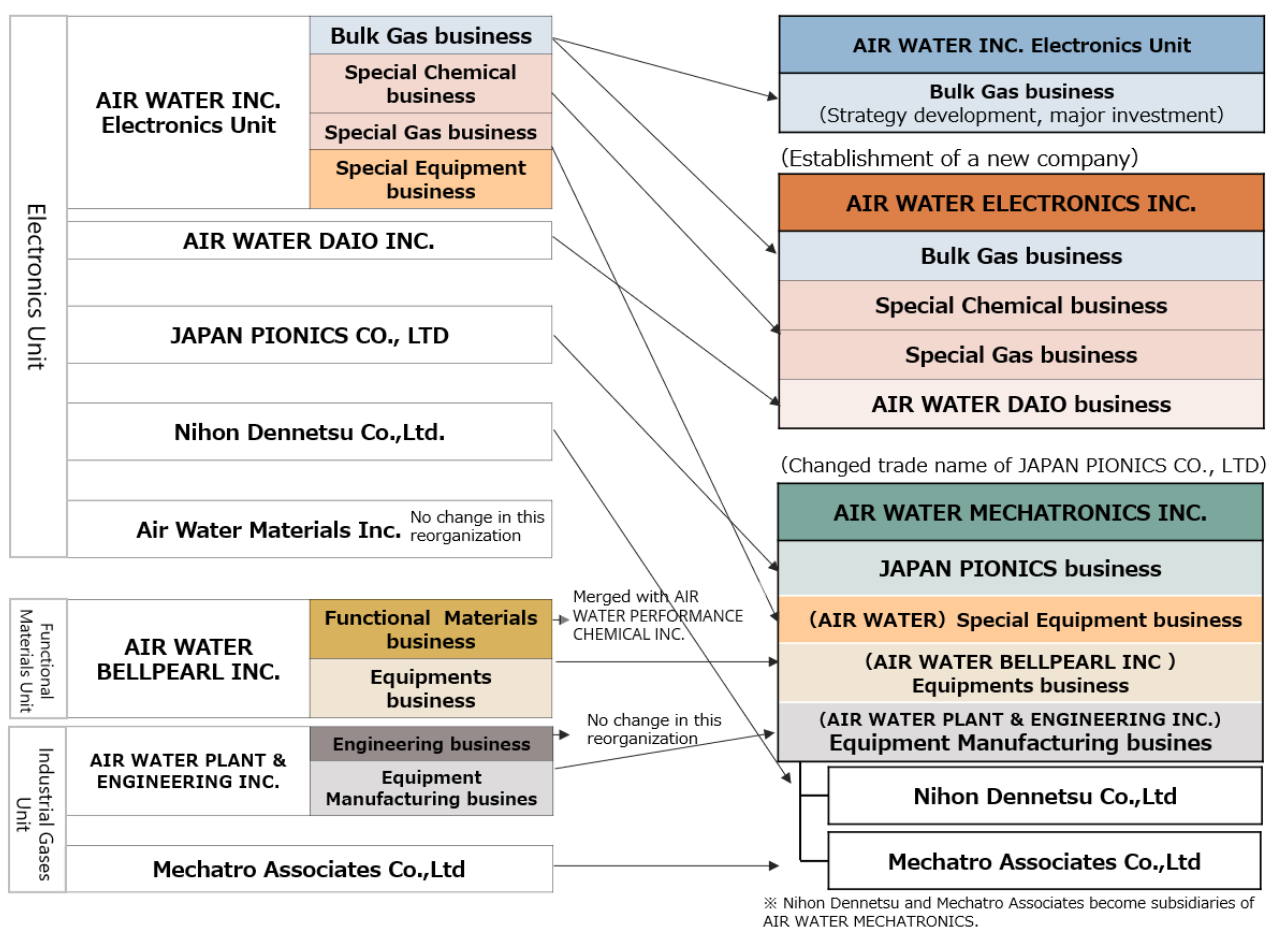
(1) Air Water Electronics Inc.

Name	Air Water Electronics Inc.
Head office location	Moriguchi City, Osaka
Business description	Sales of gas and special materials for semiconductor relations and various kinds of construction work
Capital	90 million yen
Established	January 26, 2023 (scheduled)
Shareholders	Air Water Inc. (100%)
Main locations	Moriguchi City, Osaka, Tsukuba City, Ibaraki, Uodu City/Tonami City, Toyama, etc.

(2) Air Water Mechatronics Inc.

Name	Air Water Mechatronics Inc. (Old trade name: Japan Pionics Co., Ltd.)
Head office location	Hiratsuka City, Kanagawa
Business description	Manufacturing and sales of equipment/devices for semiconductor relations
Capital	300 million yen
Established	July 6, 1962 (January 3, 2023: Trade name to be changed)
Shareholders	Air Water Inc. (100%)
Main locations	Hiratsuka City, Kanagawa, Osaka City, Osaka, etc.

5. Schematic diagram of integration and reorganization



<Annual sales and number of employees of the two core business companies after the integration>

- Air Water Electronics Inc. Sales size: Approx. 15 billion yen, Number of employees: Approx. 100
- Air Water Mechatronics Inc. * Sales size: Approx. 25 billion yen, Number of employees: Approx. 450
- * Including Nihon Dennetsu Co., Ltd. and Mechatro Associates Co., Ltd.

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