

February 10, 2021

Air Water Inc.

**Air Water Integrates the Group's Chemical Business Units to Make Performance
Chemicals a Mainstay of Its Growth Toward the Smart Society**
**Establishing a new company in charge of Chemical Business and integrating
consolidated subsidiaries to the new company**

Air Water Inc. (hereafter, the "Company") is pleased to announce that a meeting of its Board of Directors held today resolved to establish a new company to strengthen the Company's performance chemical business with a focus on the field of electronic materials. The meeting also resolved to transfer the Electronic Material Development Division of its Chemical Company to the new company, and integrate its consolidated subsidiaries, Kawasaki Kasei Chemicals Ltd. and Daito Chemical Co., Ltd., into the new company.

1. Purpose of the integration

In its Chemical Business, the Company integrated Kawasaki Kasei Chemicals Ltd., a comprehensive operator of quinone business, as a new Group company in 2015. Subsequently, in 2019, the Company integrated Daito Chemical Co., Ltd., a leading manufacturer of sodium acetate, into the Air Water Group. The Company manufactures high value-added performance chemicals, including electronic materials and pharmaceutical and agricultural chemical intermediates.

In recent years, the field of electronic materials has seen growing demand for electronic equipment materials with tiny dimensions, multiple layers, high-frequency compatibility, high heat resistance, and other features due to the spread of remote work, practical application of 5G, and the rapid progress in digitalization toward the Smart Society. In response, the Company has been expanding its Chemical Business by focusing its efforts on the field of electronic materials.

The Company has decided to establish the new company for the purpose of further strengthening its performance chemical business with a focus on the field of electronic materials, transfer the Electronic Material Development Division of its Chemical Company to the new company, and integrate Kawasaki Kasei Chemicals and Daito Chemical into the new company. The Company will accelerate the development of new electronic materials by harnessing the technical resources related to electronic materials that are held by each company, such as low-dielectric polyimide resin raw materials and quinone derivatives for photosensitizers, as well as their customer bases. Thus, performance chemicals will be fostered as the mainstay of the Company's future business growth.

Further, in fields other than electronic materials, the Company will seek further business expansion by reinforcing the development system and taking advantage of the effects of the integration of production and distribution systems, so as to be the first to benefit from the expansion and changes in the demand structure toward the upcoming Super Smart Society. The Company will take these initiatives in the overall Chemical Business, including the fields of basic chemicals, food chemistry, and pharmaceutical and agricultural chemical intermediates.

2. Overview of the integration (plan)

(1) Overview of the new company

Trade name	Air Water Performance Chemicals Inc. (tentative name)
Head office location	TBD
Representative	Yasushi Hori, Representative Director and President (current Representative Director and President of Daito Chemical Co., Ltd.)
Business description	Development, manufacturing, and sales of performance chemicals
Capital	100,000,000 yen
Established	October 1, 2021 (plan)
Shareholders	Air Water Inc. (100%)
Business locations	Kawasaki-shi and Hiratsuka-shi, Kanagawa, and Omaezaki-shi, Shizuoka

(2) Method of integration

A new company will be established, and the Company's Electronic Material Development Division, Chemical Company, will be transferred to the new company. At the same time, Kawasaki Kasei Chemicals Ltd. and Daito Chemical Co., Ltd. will be merged with the new company.

3. Overview of companies to be integrated

Trade name	Kawasaki Kasei Chemicals Ltd.	Daito Chemical Co., Ltd.
Head office location	1310 Omiya-cho, Saiwai-ku, Kawasaki-shi,	2700 Suka, Hiratsuka-shi, Kanagawa, Japan
Representative	Nobuhiko Kobayashi, President and Representative Director	Yasushi Hori, President and Representative Director
Business description	Manufacturing and sales of organic acid products, organic acid derivatives, and quinone products	Manufacturing and sales of inorganic and organic industrial chemicals, preparation of chemicals as an outsourcing service provider
Capital	6,282,000,000 yen *To be reduced to 100,000,000 yen as of March 10, 2021	247,000,000 yen
Established	December 4, 1948	December 25, 1950
Shareholders	Air Water Inc. (100%)	Air Water Inc. (100%)
Number of employees (As of March 31, 2020)	272	261
Revenue (Fiscal year ended March 2020)	14,657,000,000 yen	7,772,000,000 yen

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