



July 15, 2020

Japan Industrial Solutions Co., Ltd.

JIS TO INVEST IN CLASS-A AND CLASS-C SHARES  
ISSUED BY MITSUBA CORPORATION

Japan Industrial Solutions (“JIS”) announced today that JIS has entered into an agreement to invest in 15,000 Class-A shares (15 billion yen) and 5,000 Class-C shares (5 billion yen) issued through third-party allotment by Mitsuba Corporation (TSE 1<sup>st</sup> Section; 7280, “Mitsuba”), through Japan Industrial Solutions Fund II.

Mitsuba is a business group operating globally focusing primarily on auto electrical products and motorcycle electrical products business. Mitsuba develops top-of-the-line products by interconnecting control and mechanism technologies with their core strength in motor technology in face of the accelerating pace of technical innovations in the automobile and motorcycle markets and an increasingly diverse global market environment.

Mitsuba developed “Mitsuba Vision 2024” in 2013 and continued investing aiming at establishing flexible capabilities in responding to customers by expanding domestic and overseas sites and internalizing the development of equipment, jigs, and molds toward a goal of expanding the revenue base. However, in addition to a rapid deterioration of the external environment such as U.S.-China trade friction, a decline in profitability due to an excessive emphasis on sales, an increase in fixed costs with the expansion of a global network, outflows of funds due to violations of the Antimonopoly Law and the handling of recall, and other factors led to a decline in the finance and business performance. In the term ended March 2020, extraordinary losses including the impairment loss on fixed assets and structural reform expenses were posted. As a result, the current term net loss was posted for three consecutive terms, and the consolidated capital adequacy ratio worsened further. Under such circumstances, Mitsuba developed the 12<sup>th</sup> medium-term management plan including a fundamental structural reform toward the improvement of financial strength and business performance and considered a need for seeking external support for the area of governance and management PDCA, in addition to capital and funds, in order to resolve issues in finance and business swiftly and fundamentally.



JIS highly values that Mitsuba is a distinguished player that differentiates themselves from other motor manufactures, in that Mitsuba is able to collaborate closely with customers, such as offering customization of electric components and electronic control backed by their advanced motor technologies and in-depth understanding of vehicles and systems.

JIS has entered into an underwriting agreement with Mitsuba as a result of thorough in-depth discussions of their medium-term management plan. JIS supports their view on improving productivity of auto electrical products and increasing profitability by driving a fundamental structural reform while enhancing governance and business management capabilities including the establishment of an appropriate management PDCA cycle, and shifting business resources to motorcycle business that is expected grow in Asia and other regions going forward.

Investment in Class-A shares and Class-C shares is subject to approval of the issuance in the Mitsuba's Extraordinary General Shareholders Meeting as well as other conditions pertaining to the issuance of these shares.

JIS is committed to supporting the implementation of Mitsuba's strategy for its sustainable growth as an automotive components supplier that supports the global automobile and motorcycle industries through offering solutions that will lead to corporate value growth and their market advantage.