



July 18, 2019
Japan Industrial Solutions Co., Ltd.

JIS TO ACQUIRE CLASS-A SHARES ISSUED BY AKEBONO BRAKE INDUSTRY CO., LTD.

Japan Industrial Solutions (“JIS”) announces today that we have entered into an agreement to acquire Class-A shares through third-party allotment issued by Akebono Brake Industry, Co., Ltd. (TSE First Section: 7238, “Akebono Brake”), through its investment vehicle, Japan Industrial Solutions Fund II.

Akebono Brake is a global manufacturer specializing in brake products contributing directly to the safety of people. In May 2016, they announced the new medium-term management plan “akebono New Frontier 30 - 2016” (hereinafter referred to as the “aNF30-2016”) to be concluded in fiscal 2018, and, in line of the aNF30-2016, they have worked to realize goals of (1) rebuilding North American operations, (2) establishing global networks based on product-based business units, and (3) expanding high performance brake business and recreating European operations. In particular, they implemented the following four measures for the business in North America where production issues occurred: (1) fundamental organizational reforms, (2) productivity improvement, (3) manufacturing capacity increase, and (4) optimization of sales and purchase prices. However, the Company’s business environment and financial condition remain challenging in the face of new issues with the business in North America that arose from certain North American manufacturer’s withdrawal from sedan models productions and failure to win orders for new generation models of brake system due to production issues.

In light of these severe circumstances, they have resolved to seek a business turnaround in accordance with the specified certified dispute resolution proceedings (i.e., the Turnaround ADR proceedings) under the Industrial Competitiveness Enhancement Act of Japan in order to achieve establishing robust profitability and improving their financial condition fundamentally for future business regrowth, with the consent of the financial institutions. Akebono Brake and JIS have been considered together about management support with capital injection of 20 billion yen by JIS, and an agreement has been reached as of today.

JIS entered into an investment agreement with Akebono Brake to underwrite the 20,000 Class-A shares (20 billion yen) issued through third-party allotment, which was resolved by the Board of Directors of Akebono Brake today. The payment is scheduled on September 30, 2019, subject to the conditions that each proposal pertaining to the issuance of the Class-A shares is approved at

the Extraordinary General Meeting of Shareholders of Akebono Brake, and that their business turnaround plan under Turnaround ADR proceedings is resolved.

JIS has a mission to contribute Japanese economy by supporting business reorganization and turnaround through our solutions enhancing corporate value and global competitiveness of Japanese companies. JIS's acquisition of Class-A shares will support Akebono Brake to establish a robust profitability and improve their financial condition thoroughly. At the same time, the acquisition will contribute to the revitalizing and strengthening Japanese industry through the support of Akebono Brake in implementing their business turnaround plan.