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October 16, 2018

Company Name: Tabuchi Electric Co., Ltd.
Representative: President Toshihiro Kaihoshi
(Securities code: 6624 TSE First Section)
Contact: Masao Sasano
Corporate Director and CFO
Management Control Division
(TEL: +81-6-4807-3500)

Notice Concerning Execution of Agreement Relating to Sponsor Support Regarding Third Party Allocation of Shares and Shelf Registration Pertaining to Issuance of Shares by Third Party Allocation of Shares

As indicated in our company's "Notice Concerning Formal Application and Acceptance for the Business Turnaround ADR Procedures" of June 25, 2018, in accordance with Specified Certified Dispute Resolution Procedures under the Industrial Competitiveness Enhancement Act (hereinafter referred as the "Business Turnaround ADR Procedures"), under the consent of all parties involved, we are currently dealing with the business turnaround.

Further, as indicated in our company's "Notice of execution of Memorandum of Understanding Concerning Support by Sponsor" of September 25, 2018, we signed the Memorandum of Understanding Concerning Support by Sponsor with Diamond Electric MFG. Co., Ltd. This was a result of continuing discussions with prospective sponsor companies to support our company group for planning our credit enhancement and strengthening of our financial base in the course of the formulation of our proposed business turnaround plan. Also, today we executed a sponsor support agreement with Diamond Electric MFG. Co., Ltd. (hereinafter referred as the "Allottee") for third party allocation of our common stock (hereinafter referred as the "Third Party Allocation of Shares") (hereinafter the agreement is referred as the "Sponsor Agreement"). We are providing notice that, at the board of directors meeting that was held today regarding the Third Party Allocation of Shares, the shelf registration pertaining to issuance of shares was decided by resolution as detailed below.

In the Sponsor Agreement and at today's board of director's meeting, the Allottee and the planned issue amount were agreed upon and a resolution was made. The details for the number of third party shares to be allocated and the amount to be paid per share will be separately agreed by our company and the Allottee and will be resolved at our board of directors meeting. Good faith discussions are continuing for early decision of the details for the number of third party shares to be allocated and the amount to be paid per share. We will confirm the specific details for the contents of the support. Notification of these matters will be sent out in the future once a decision is made.

To all shareholders, all financial institutions involved, and any other people concerned, we once again sincerely apologize for causing a tremendous burden and inconvenience. We are determined to deal with the drastic business turnaround going forward and we greatly appreciate your continued support and cooperation.

1. Summary of the Sponsor Agreement

As indicated in our company's "Notice Concerning Formal Application and Acceptance for the Business Turnaround ADR Procedures" of June 25, 2018, under the consent of all parties involved, we are currently dealing with the business turnaround under the Business Turnaround ADR Procedures.

Furthermore, pursuant to the "Notice of execution of Memorandum of Understanding Concerning Support by Sponsor" of September 25, 2018, we signed an agreement with Diamond Electric MFG. Co., Ltd. for sponsorship support. This was a result of continuing discussions with prospective sponsor companies to support our company group for planning our credit enhancement and strengthening of our financial base in the course of the formulation of our proposed business turnaround plan. Also, today we executed the Sponsor Agreement with Diamond Electric MFG. Co., Ltd. for the Third Party Allocation of Shares as detailed in the section below.

(The Summary of the Sponsor Agreement)

Today, our company and the Allottee agreed to the terms below in the Sponsor Agreement. With regards to details of the number of third party shares to be allocated and the amount to be paid per share in the Third Party Allocation of Shares, our company and the Allottee plan to have a separate agreement. Furthermore, the Allottee has the intention to make our company into its subsidiary by performing this Third Party Allocation of Shares.

(1) Type of shares for public offering	Common Shares
(2) Total Sum of Payment	3,000,000,000 JPY

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- (3) Allottee and allocation of shares By third party allocation of shares, all shares to be allocated to the Allottee
- (4) Payment period From the day after the extraordinary general shareholders meeting below until January 25, 2019
- (5) Other
- This is subject to a condition precedent that proposed resolution regarding issuance of commons shares under the Third Party Allocation of Shares and any other related matters is approved at the extraordinary general shareholders meeting planned to be held in December 2018.
 - This is also subject to a condition precedent that all authorizations that are necessary to be obtained for the Third Party Allocation of Shares are obtained. (including but not limited to completion of the procedures based on the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (hereinafter referred as “Japanese Antitrust Law”) and foreign competition laws, as well as becoming effective of a notification based on the Financial Instruments and Exchange Act (including but not limited to becoming effective of shelf registration statement and submission of shelf registration supplements).)

Also, in the Sponsor Agreement, our company and the Allottee agreed to the following contents as a precondition for acceptance and payment by the Allottee.

- Our company’s proposed business turnaround plan which shall include the support from the Subject Creditors (defined below) (hereinafter referred as the “Proposed Business Turnaround Plan”) shall be established by the agreement of all creditors subject to the Business Turnaround ADR procedures (hereinafter “Subject Creditors”). In addition, the contents of the Proposed Business Turnaround Plan are not to be in contradiction with the Third Party Allocation of Shares and the Allottee agrees with the contents.
- The Subject Creditors shall have performed all matters that must be performed by the payment date in accordance with the Proposed Business Turnaround Plan.
- All of the common shares (which are limited to shares free of lien) that our company’s officers (This “officers” means directors and auditors. Hereinafter the same.) and Mr. Teruhisa Tabuchi, our company’s chairman and director, possesses shall be acquired by our company free of charge by the payment date.
- By the payment date, in the contents agreed to by the Allottee, our company shall enter into a contract with our company’s major shareholder TDK Co. Ltd. (hereinafter “TDK”) for the transfer of TDK’s common shares to our company to take place free of charge on the major condition that the payment by the Allottee is made.

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- It can be expected that, in accordance with the Allottee's reasonable judgment, the revision of working conditions of the officer and collective labor agreements will be implemented under socially accepted conventions (hereinafter referred as "Revision").

Also, our company promises to the Allottee that it shall comply with the following terms:

- Regardless of whether before or after the payment date, our company shall undertake to utilize maximum effort to execute the structural reform policy incorporated in the Proposed Business Turnaround Plan
- Immediately after the Sponsor Agreement is executed, our company shall start the Revision and, in accordance with the Sponsor Agreement, shall periodically report to the Allottee with regards to the status of the Revision.
- By the payment date, our company shall undertake the procedures to call a shareholders meeting, shall submit the proposed directors and auditors named by the Allottee, and shall hold a shareholders meeting. Our company shall perform the necessary procedures so that the directors and auditors appointed in the above shareholders meeting may take office immediately following the payment date.
- Our company shall have the officers at the end of the above mentioned shareholders meeting submit the forms for resignation which are subject to the condition precedent that newly appointed directors and auditors take office, and shall have such officers resign at the time of completion of such condition precedent.

In addition, the Allottee promises to our company to comply with the following term:

- Separate from the Sponsor Agreement, the Allottee shall make an effort to execute a DIP financing agreement (loan agreement) as a bridge loan with our company until the time of the Third Party Allocation of Shares is executed, with the Allottee as a lender and our company as a borrower, , provided that Allottee and our company shall consider and discuss the necessity and reasonableness of such financing. (Furthermore, in the event that such DIP financing agreement is executed, the specific terms and conditions will be discussed and agreed upon separately).

II. The Shelf Registration

1. Summary of the Shelf Registration

(1) Type of Securities for Public Offering	Common Shares
(2) Planned Issuance Time Period	The planned effective date for shelf registration is from (November 1, 2018) until the day 1 year has passed (October 31, 2019).
(3) Planned Issuance Amount	3,000,000,000 JPY

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(4) Method of Public Offering	All shares are planned to be allocated to the Allottee using the method of third party allocation
(5) Use of Funds to be Raised	The net proceeds of the Third Party Allocation of Shares are planned to be allocated to (1) Structural Reform Funds (2) Capital Investment Funds (3) Working Capital
(6) Issuance Conditions	<p>Pending</p> <p>(annotation) Regarding the Third Party Allocation of Shares, allottee and planned monetary issuance amount was decided by resolution at our company's Board of Director's meeting held on October 16, 2018. The details of the Third Party Allocation of Shares including but not limited to the amount of shares to be issued and the price per 1 share will be decided separately by agreement between our company and Allottee and will be resolved by our company's Board of Directors meeting. Also, the Third Party Allocation of Shares will be subject to the following; (a) the Proposed Business Turnaround Plan is established by agreement of the Subject Creditors at the 3rd creditors meeting for the Business Turnaround ADR Procedures planned to be held in December 2018; (b) proposed plan for the Third Party Allocation of Shares is admitted by the extraordinary shareholders meeting planned to be held in December 2018; and (c) all necessary authorizations (including but not limited to completion of procedures based on Japanese Antitrust law and foreign competition laws) are obtained.</p>

2. Purpose and Reason for the Shelf Registration

The Shelf Registration aims to publicly announce starting procedures related to the issuance of new shares based on the Sponsor Agreement with the Allottee. After agreeing and passing the resolution on the details of the amount of shares to be issued and the price per 1 share regarding issued new shares based on the Sponsor Agreement, our company plans to submit the Amended Shelf Registration Statement and the Shelf Registration Supplementary Documents.

The purpose of the Third Party Allocation of Shares is as detailed below at “4. Way of Thinking Relating to the Reasonableness of the Use of Funds”

3. Amount of Funds to be Raised, Use and Planned Expenditure Period

(1) Amount of Funds to be Raised

Total Amount to be Paid (JPY)	Approximate Cost of Various Issuance Expenses (JPY)	Approximate Amount of Net Proceeds (JPY)
3,000,000,000	10,500,000	2,989,500,000

(Annotation)

1. The approximate cost of various issuance expenses is a current estimate and does not include consumption tax.
2. The approximate cost of various issuance expenses is a current estimate and the breakdown is the amount of the Registration and License Tax.

(2) Use of Funds Raised

Use of Funds	Amount (Million JPY)	Planned Expenditure Period
(1) Structural Reform Funds	1,300	January 2019 – March 2020
(2) Capital Investment Funds	850	January 2019 – March 2021
(3) Working Capital	839.5	January 2019 – March 2019

(Annotation)

1. Until the actual expenditure of the procured funds, they shall be managed at our company's bank account.
2. The above “Use of Funds” and “Amount” is a current estimate. Also, the “Planned Expenditure Period” is subject to the precondition that the payment under the Third Party Allocation of Shares is implemented in January 2019.

① Structural Reform Funds

Our company recognized the rapidly increasing demand for solar power generation spurred by enactment of the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (the “Act”) in 2011 (hereinafter referred as “Act on Special Measures for Renewable Energy”) and we achieved rapid business expansion by 2014. However, thereafter, we were subject to large fluctuations in the business environment thereafter such as large scale reductions in the domestic market due to the policy changes under the Act to lower purchase prices and tighten regulations. Amidst such business environment, our business has been slumping, and we have declared substantial losses for two consecutive financial terms.

In order to eliminate this type of situation, reform our profit structure and recover our performance, we are trying to reform and improve our profit structure. Also, in order to secure cash flow for mid to long term growth within Japan, we are currently considering various methods for our structural reform.

For executing such methods for the structural reform,, approximately 1,300,000,000 JPY in expenditures are estimated out of the estimated net proceeds of the Third Party Share Allocation of Shares.

② Capital Investment Funds

We are bringing in capital investment for the purpose of Tabuchi Electric Co Ltd.’s factory automation, which will improve the efficiency of production, business affairs and our profitability, and our company’s installment of the ERP (enterprise resource planning) system (enterprise system) in addition to the investment for renewing factory equipment.

As this capital investment money, approximately 850,000,000 JPY in expenditures are estimated out of the estimated net proceeds of the Third Party Allocation of Shares.

③ Working Capital

Other than the above ① Structural Reform Funds and ② Capital Investment Funds, as immediate working capital, approximately 839,500,000 JPY in expenditures is estimated out of the net proceeds of the Third Party Allocation of Shares.

4. Way of Thinking Relating to the Reasonableness of the Use of Funds

Regarding our company group’s performance in the previous consolidated fiscal year (March 2018), our consolidated operating losses are 4,361,000,000 JPY, our consolidated ordinary losses are 4,432,000,000 JPY, term net losses attributed to the parent company’s

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shareholders are 8,830,000,000 JPY, and our consolidated balance sheet's section of net assets is 1,277,000,000 JPY. In this first quarter of the consolidated accounting period, also, our consolidated operating losses are 815,000,000 JPY, our consolidated ordinary losses are 697,000,000 JPY, quarterly term net losses attributed to the parent company's shareholders are 743,000,000 JPY, and our consolidated balance sheet's section of net assets is 439,000,000 JPY.

Also, as for our company's basic profit and loss situation in the same period, our operating losses are 742,000,000 JPY, our ordinary losses are 456,000,000 JPY, and the current term's net losses are recorded as 672,000,000 JPY, net assets is 1,510,000,000 JPY in the negative. (The end of the previous fiscal year was 822,000,000 JPY in the negative).

This result is in violation of the covenants clause in several loan agreements executed with financial institutions (The loan balance as of June 30, 2018 is 3,996,000,000 JPY).

These situations fall under the substantial operating losses, ordinary losses, quarterly losses attributed to the parent company's shareholder, and are in violation of covenants in the loan agreements. Therefore, the situation has caused serious doubts on the going concern assumption of our company.

Under this type of situation, by allocating the funds raised by the Third Party Allocation of Shares to structural reform funds, capital investment funds and working capital and using it for credit enhancement and financial base, our company undergoing Business Turnaround ADR Procedures will be instrumental in restoring our financial base in the early stages; in addition, it will increase the value of our company's shares, and will contribute to the profit of general investors including existing shareholders.

5. Reasonableness of Issuance Conditions etc.

The details of the amount of shares to be issued and the price per 1 share are not yet decided so this is yet to be determined. However, our company will disclose the details once our company and the Allottee come to an agreement on these conditions.

6. Reason for Selection of the Allottee

(1) Summary of the Allottee

(1)	Name	Diamond Electric MFG. Co., Ltd.
(2)	Address	1-15-27, Tsukamoto, Yodogawa-ku, Osaka
(3)	Representative's Position / Name	Managing Director/President CEO Yuri Ono
(4)	Primary Business Contents	Manufacture and Sale of automobile electronic components and home Electronic components
(5)	Capital	2,190,000,000 JPY

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(6)	Date Established	June 17, 1940																		
(7)	Number of Shares Issued	3,659,760 Shares																		
(8)	End of Fiscal Year	March 31																		
(9)	Number of Employees	2,203 (Consolidated)																		
(10)	Major Customers	LIXIL Group, SUBARU, Chrysler, Glory, Corona, Suzuki Motor, General Motors, Daikin Industries, Daihatsu Motor, Daimler, Toshiba Carrier, Toyota Motor, Toyotomi, Noritz, Ford Motor, MAX, Mazda Motor, Mitsubishi Motors, Mitsubishi Heavy Industries																		
(11)	Major Banks for Transactions	Mitsui Sumitomo Bank, Resona Bank, Tottori Bank, MUFG Bank, Development Bank of Japan																		
(12)	Major Shareholder and Share Percentage	100% Diamond Electric Holdings Co., Ltd.																		
(13) Relationship with Our Company																				
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Applicable Situation to Related Parties	There are no such matters.																			
(14) Management Results and Financial Condition in the last 3 years (Consolidated)																				
	Fiscal Year	March 2016 Term	March 2017 Term	March 2018 Term																
	Net Assets	7,238,000,000 JPY	7,868,000,000 JPY	7,390,000,000 JPY																
	Total Assets	31,500,000,000 JPY	34,591,000,000 JPY	34,783,000,000 JPY																
	Net Asset Price per Share	1,558.13 JPY	1,730.99 JPY	2,016.34 JPY																
	Sales Proceeds	59,208,000,000 JPY	58,151,000,000 JPY	57,996,000,000 JPY																
	Operating Profit	2,357,000,000 JPY	2,291,000,000 JPY	2,439,000,000 JPY																
	Ordinary Profit	2,219,000,000 JPY	2,212,000,000 JPY	2,313,000,000 JPY																
	Current Term Net Profit or Loss (△)	△1,381,000,000 JPY	731,000,000 JPY	1,019,000,000 JPY																
	Current Term Net	△398.30 JPY	203.22 JPY	282.58 JPY																

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Profit or Loss (△) Per Share			
Dividend Per Share (Common Shares)	5.00 JPY		25.00 JPY

(Annotation)

1. Capital and the Number of Employees is as of March 31, 2018. Also, Major Shareholder and Share Percentage is as of October 1, 2018.
2. On October 1, 2017, Diamond Electric MFG. Co., Ltd. merged common stock at 1 share per 5 shares. On April 1, 2018, Diamond Electric MFG. Co., Ltd. split shares in proportion at 2 shares per 1 share. The number of issued shares is as of April 1, 2018. The net asset price per share and net profit per share is calculated supposing that corresponding merging and splitting of shares took place at the beginning of the March 2016 term.
3. The Allottee was listed in the second section of the Tokyo Stock Exchange until September 26, 2018, but due to Allottee's individual stock transfer, on October 1, 2018, the Allottee became a wholly owned subsidiary of Diamond Electric Holdings Co., Ltd. Our company decided that the Allottee and its officers and shareholders do not have any connection at all criminal groups or individuals after confirming Allottee's documents that were submitted to the stock exchange on July 6, 2018, including the corporate governance report, and the basic policy for excluding criminal groups or individuals and such implementation described in the corporate governance report submitted on October 1, 2018 by Diamond Electric Holdings Co., Ltd. who had become a full parent company, on the website of the stock exchange. Also, our company plans to receive documents from the Allottee to the effect that it, its officers, and its primary shareholders (primary investors) do not have any relationship with criminal groups and individuals.

(2) Reason for Choosing Allottee

In the first quarter of the March 2019 term, our company's debt became 1,510,000,000 JPY (The debt at the end of the previous fiscal year was 822,000,000 JPY), and as a result is in violation of the covenants clause in several loan agreements executed with financial institutions (The loan balance as of June 30, 2018 is 3,996,000,000 JPY). Thus, this has caused serious doubts on going concern assumption of our company.

In this situation, our company has considered drastic business restructuring for planning to strengthen our profit structure and restructuring of our financial structure. For this purpose, as disclosed in the "Notice Concerning Formal Application and Acceptance for the Business Turnaround ADR Procedures" on June 25, 2018, on the same day, our company as well as our two subsidiaries Tabuchi Electronic Industry Co., Ltd. and Tecno Electric Industry Co., Ltd. made a formal application for Business Turnaround ADR Procedures to the Japanese

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Association of Turnaround Professionals (hereinafter referred as “JATP”), which is a managing entity of the Specified Certified Dispute Resolution Procedures under the Industrial Competitiveness Enhancement Act (“Business Turnaround ADR Procedures”). Our application was accepted on the same day, and our company sent a “Notice of Temporary Suspension” to all financial institutions.

Afterwards, on July 4th, with the attendance of all related financial institutions who are creditors subject to the Business Turnaround ADR Procedures, a creditors meeting was held to explain and summarize the process proposed business turnaround plan based on the Procedures (hereinafter referred as “First Creditor’s Meeting”). At that meeting our company received consent (ratification) from all of the involved financial institutions for the “Notice of Temporary Suspension” and at the same time received affirmation for an extension of the temporary suspension period until the end of creditors meetings for the purpose of reaching a resolution of the business turnaround plan. (In the event that meetings are postponed / continue, the postponement / continuation is included). In addition, with regards to the raising of funds from the major involved financial institutions (DIP Finance), our company also received approval from all of the financial institutions for the loan, and priority creditor rights related to the loan.

In addition, the Second Creditors Meeting was held on August 6, 2018 and continuation was held on September 7th. In those meetings, our company reported that the formulation of the business turnaround plan is expected to take some time and the discussions of the business turnaround plan continued.

In such a situation, discussions continued with prospective sponsor companies that can support our company group in order to plan our credit enhancement and strengthening of our financial base for formulation of the proposed business turnaround plan. On September 25, our company executed the Memorandum of Understanding Concerning Support by Sponsor with Diamond Electric MFG. Co., Ltd. Also, we executed the Sponsor Agreement with Diamond Electric MFG. Co., Ltd. for the Third Party Allocation of Shares.

Furthermore, with regards to the Third Party Allocation of Shares, although the Allottee and planned issuance amount were decided by resolution at our company’s board of directors meeting that was held today, the details of the Third Party Allocation of Shares including but not limited to the number of shares to be issued and the price per 1 share will be decided separately by agreement between our company and Allottee and by resolution at our company’s Board of Directors meeting. Also, the Third Party Allocation of Shares shall be subject to the condition that, at the 3rd Creditors Meeting for Business Turnaround ADR Procedures that will be held on December 7, 2018, the business turnaround plan is established by agreements of the subject creditors, and, at the extraordinary shareholders meeting that is to be held in December, 2018, the proposed Third Party Allocation of Shares is admitted.

With regards to the means of financing, as described above, since planning the restructuring of our company's financial contents is an urgent task and our company is under the Business Turnaround ADR Procedures, our company decided that we must undertake fund raising to increase our company's capital. Also, we decided that after comparison of ordinary public offering and allocation to shareholders, the most appropriate method of fund raising for our company is third party allocation of shares, which is quickest and most certain method.

With regards to selecting a sponsor allottee, our company inquired and negotiated with several different potential sponsors, however, we reached an agreement with Diamond Electric MFG. Co., Ltd. whose main business is manufacture and sale of automotive electronic components and home electronic components. Their company's technical basis is based on electromagnetic engineering and power electronic engineering similar to our company. With regards to those types of products, coil products and power conditioners is a common area for our company. Also, their company has a long history of experience and achievements in the in-vehicle industry which our company only recently started genuinely working in.

For this reason, the creation of a partnership support relationship with their company will contribute to raising our company's competitive edge and company value which includes consideration of business cooperation in future. Also, we can be thought of as that most suitable partner as the Allottee of the Third Party Allocation of Shares.

In accordance with the Third Party Allocation of Shares, there is a possibility for our shares to be diluted. However, as described above, the Third Party Allocation of Shares will greatly contribute to development of our company's business by enabling our company to implement quick measures against the difficult business environment which our company is confronting and to promote the reform of our cost structure. Therefore we believe that it will greatly contribute to raising the value of our shares.

(3) Allottee's Holding Policy

The number of shares to be issued and the price of individual shares is not yet decided so this is yet to be determined. However, our company will disclose the details once our company and the Allottee come to an agreement on this matter. Furthermore, the Allottee has the intention to make our company into its subsidiary by performing this Third Party Allocation of Shares.

(4) Confirmation of the Allottee's Assets Required for Payment

The number of shares to be issued and the price of each individual shares is not yet decided so this cannot be confirmed at this time. However, our company will disclose the details once our company and the Allottee come to an agreement on this matter.

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7. Major Shareholder and Shareholders Percentages after the Public Offering

Before the Public Offering (March 3, 2018)		After the Public Offering
TDK Co., Ltd.	19.79%	Undetermined
Midori Co., Ltd.	6.99%	
Mizuho Bank, Ltd.	4.66%	
Teruhisa Tabuchi	2.99%	
Senkougumi Co., Ltd.	2.23%	
Miyoshi Electronics Corporation	1.57%	
Marubeni-Itochu Steel Inc.	1.55%	
Sumitomo Mitsui Banking Corporation	1.48%	
Nippon Life Insurance Company	1.46%	
JFE Steel Corporation	1.42%	

(Annotation)

1. The major shareholders and share percentages before the public offering are based on the register of shareholders as of March 31, 2018. Furthermore, on that day, our company owned 85,000 treasury shares.
2. The major shareholders and share percentages before the public offering are rounded off to the third decimal place.

8. The Outlook Going Forward

The funds raised by the Third Party Allocation of Shares will be allocated to our company's Restructuring Funds, Capital Investment Funds, and Working Capital; however, the exact results that this will have on our business performance is currently being investigated. Going forward, when details of the influence on our performance are evident, we will immediately release such information.

The Third Party Allocation of Shares' Allottee and planned issuance amount were decided by resolution at the company's Board of Director's meeting held on October 16, 2018. The details of the Third Party Allocation of Shares including but not limited to the number of shares to be issued and the price per 1 share will be decided separately by agreement between the company and Allottee and by resolution at our company's Board of Directors meeting. Also, the Third Party Allocation of Shares shall be subject to the condition that, at the 3rd Creditors Meeting for Business Turnaround ADR Procedures that will be held on December 7, 2018, the business turnaround plan is established by agreements of the subject creditors, and, at the extraordinary shareholders meeting that is to be held in December, 2018, the proposed Third Party Allocation of Shares is admitted.

9. Matters Relating to Procedures of the Corporate Code of Conduct

The funds raised by the Third Party Allocation of Shares will be allocated to our company's Restructuring Funds, Capital Investment Funds, and Working Capital for the purpose of restructuring profit structure and recovering our performance. For our company who is currently dealing with the Business Turnaround ADR Procedures, the funds raised by the Third Party Allocation of Shares are indispensable in order to restore our financial base as early as possible. In addition, it will increase the value of our company's shares, and will contribute to general investor profit including existing shareholders.

On the other hand, as a premise for the payment of the full amount for the Third Party Allocation of Shares, there is high possibility that the Third Party Allocation of shares will cause more than 25% of dilution rate. Also, the Allottee has the intention to make our company into its subsidiary by performing this Third Party Allocation of Shares. In such case, since there is high possibility that the Third Party Allocation of shares falls under the large scale third party allocation of shares defined in the Cabinet Office Ordinance on the Disclosure of Corporate Affairs, etc. Additionally, according to Article 432 of the Securities Regulations of Tokyo Stock Exchange, either obtaining the independent third party's opinion or the procedure to confirm the shareholders intention is required. Then, in order to ensure the fund raising by the Third Party allocation of Shares which is essential to restore our financial base in the early stages, we will confirm our shareholders' opinion at the extraordinary shareholders meeting that is to be held in December 2018.

In addition, the Third Party Allocation of Shares shall be subject to the condition that, at the 3rd Creditors Meeting for Business Turnaround ADR Procedures that will be held on December 7, 2018, the business turnaround plan is established by agreements of the subject creditors.

10. Equity Finance Situation in the Past 3 Years

(1) Performance in the last 3 years (Consolidated)

	March 206 Term	March 2017 Term	March 2018 Term
Sales Amount	39,103,000,000 JPY	26,156,000,000 JPY	26,417,000,000 JPY
Operating Profit or Loss (Δ)	4,916,000,000 JPY	Δ3,333,000,000 JPY	Δ4,361,000,000 JPY
Ordinary Profit or Loss (Δ)	4,704,000,000 JPY	Δ3,415,000,000 JPY	Δ4,432,000,000 JPY
Net Profit or Net Loss (Δ) Attributed to	3,181,000,000 JPY	Δ5,782,000,000 JPY	Δ8,830,000,000 JPY

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Parent Company Shareholder in the Current Term			
Net Profit or Net Loss (Δ) Per 1 Share	78.72 JPY	Δ143.07 JPY	Δ218.48 JPY
Dividend Per 1 Share	16.00 JPY	8.00 JPY	- JPY
Net Worth Per Share	404.86 JPY	245.08 JPY	31.61 JPY

(2) Number of Shares Issued Currently and Number of Potentially Dilutive Shares (as of March 31, 2018)

	Number of Shares	Percentage For Number of Issues Shares
Number of Issued Shares	40,502,649 Shares	100%
Number of Potential Dilutive Shares at Current Exercise Price	-	-
Number of Potential Dilutive Shares at Lower Limit Conversion Value (Exercise Price)	-	-
Number of Potential Dilutive Shares at Upper Limit Conversion Value (Exercise Price)	-	-

(3) Situation of Recent Stock Prices

① Situation in the last 3 years

	March 2016 Term	March 2017 Term	March 2018 Term
Opening Price	1,372 JPY	524 JPY	339 JPY
High Price	1,414 JPY	535 JPY	414 JPY
Low Price	397 JPY	302 JPY	255 JPY
Closing Price	527 JPY	337 JPY	275 JPY

② Situation in the last 6 months

	April 2018	May	June	July	August	September
Opening Price	275 JPY	285 JPY	241 JPY	112 JPY	158 JPY	158 JPY

Note: The original disclosure in Japanese was released on October 16, 2018 at 16:00 (GMT+9)

High Price	302 JPY	305 JPY	314 JPY	175 JPY	175 JPY	318 JPY
Low Price	270 JPY	257 JPY	110 JPY	112 JPY	129 JPY	133 JPY
Closing Price	283 JPY	257 JPY	113 JPY	156 JPY	158 JPY	238 JPY

③ Share Price the Business Day Before Submission of Shelf Registration

	October 15, 2018
Opening Price	182 JPY
High Price	188 JPY
Low Price	178 JPY
Closing Price	183 JPY

④ The Equity Finance Situation in the Last 3 years

There is no such matter