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PRESS RELEASE

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**Announcement Regarding Commencement of Tender Offer of Shares
in KI HOLDINGS CO., LTD. (Stock Code: 6747)**

KOITO MANUFACTURING CO., LTD. (the “Tender Offeror”) announces that at the meeting of the Board of Directors held today, it resolved to acquire the Common Shares (“Target Shares”) in KI HOLDINGS CO., LTD. (which is listed on the Second Section of the Tokyo Stock Exchange, Inc., the “Tokyo Stock Exchange”, Stock Code: 6747; “Target Company”) through a tender offer in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Act”) (the “Tender Offer”), as described below.

1. Overview, including Purpose of Acquisition

As of today, the Tender Offeror Group is comprised of 29 consolidated companies and 1 company accounted for by the equity-method, including the Tender Offeror and companies in the Target Company Group. The main business of the Tender Offeror Group is the manufacture and sale of automotive lighting equipment, airplane components, trains and railways, a wide variety of electrical devices, and measuring equipment, as well as related distribution operations. The business of the Tender Offeror began when its founder, Mr. Genrokuro Koito, founded Koito Genrokuro Shoten in April 1915. The Tender Offeror incorporated as KOITO MANUFACTURING CO., LTD. in April 1936, was listed on the Tokyo Stock Exchange and the Osaka Securities Exchange in May 1949, and as of today, is listed on the First Section of the Tokyo Stock Exchange.

Under its corporate message, “Lighting for Your Safety,” the Tender Offeror, as an automotive lighting and electrical equipment manufacturer, is committed to creating new value sought by customers. Moreover, the Tender Offeror intends to contribute to the development of the automotive industry and society by providing safe, reliable, and trustworthy products and services.

Additionally, the Tender Offeror has formulated the following strategy for the further development and progress of the Tender Offeror Group.

- (i) To address the automobile industry’s expansion of globally optimal production systems, the KOITO Group will work to enhance its system to respond to the five major regions of the world (Japan, North America, Europe, China and Asia). To this end, the Group will further reinforce the product development, manufacturing, and sales functions of its overseas bases.
- (ii) The KOITO Group will respond to the significant changes in the means of transportation, which include autonomous driving as well as motorized cars such as hybrid and electric vehicles, becoming widespread. The Group will also develop cutting-edge technologies that stay ahead of customer and market needs, and commercialize products at the earliest opportunity. Moreover, the Group will bring attractive products to market in a timely manner.
- (iii) The KOITO Group aims to pursue the highest quality and safety standards, while advancing the protection of the environment and strengthening compliance.
- (iv) The KOITO Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

The Tender Offeror enforces specific measures related to the above, and strives to increase the satisfaction of its shareholders, customers, employees, and business partners, as well as preserve the environment, and enhance internal control.

The Tender Offeror recognizes that the current business climate surrounding the Tender Offeror Group and the Target Company Group is challenging. As a recent example, events such as intensifying trade tensions between U.S. and China, as well as Brexit issues in U.K., have caused instability in the world economy and uncertainty. These circumstances may bring an economic downturn and accompanying contraction of demand in the Tender Offeror Group's main markets, including Japan and elsewhere in North America, Asia, and Europe, and may also adversely affect the Tender Offeror Group's and the Target Company Group's sales.

Further, autonomous driving and motorized cars, such as hybrid and electric vehicles, which the Tender Offeror focuses on, are becoming widespread, and the business climate surrounding the Tender Offeror has been undergoing significant changes in recent years. In particular, autonomous driving technology is gaining attention. In the near future, it is expected that, with the development of autonomous driving technology, fully autonomous cars that will enable autonomous driving to the user's destination will become widely used. This will not only drastically change society by enabling people and goods to be transported without any driver being present or the like, but will also bring more convenience and safety to society as such technology will reduce traffic accidents and solve traffic jams.

Because of this, a huge new market in the automotive industry has been developing. This is especially true in the autonomous driving industry, where new technologies, previously unused in automobiles are required. An example is the technology to drive while recognizing surroundings with a sensor, camera, or similar device that is equipped on the automobile, or to adjust the system equipped on the automobile to correspond with the infrastructure of the road, including traffic lights. Accordingly, companies from different types of business are entering this industry, and it is believed that the competition among companies in the automotive industry will continue to grow more intense.

With these drastic changes in the business climate, the Tender Offeror realized that in order to achieve sustainable growth, and improvement of profitability of the Tender Offeror Group and the Target Company Group, it is essential to establish a strong system for joint research and development in next-generation business fields centered on autonomous driving, as well as the areas with common basic technology required for the development of core products, such as optical technology and sensor technology, as soon as possible, and to jointly between the Tender Offeror Group and the Target Company Group invest in the autonomous driving field on a scale that is difficult for the Target Company Group alone by promoting dynamic management through further integrated operation by both groups and utilizing the Tender Offeror Group's funding ability. The Tender Offeror is working together with the Target Company Group in research and development to harmonize and coordinate lamps or other devices with traffic lights, street lights, or the like as autonomous driving measures in the automotive lighting equipment segment. The Tender Offeror need to invest management resources in the autonomous driving field in a dynamic and focused manner in order to take the lead to establish a superior position in the current circumstances where competitors have been accelerating their efforts in this field. However, this field is an unprecedented new area for all companies, and has a relatively high level of risk compared to existing businesses. This is because it has many uncertain factors including how quickly the market will develop going forward as well as what technology is required; therefore, the Target Company's market share price is expected to be adversely affected depending on short-term performance fluctuations or evaluations by the share market. Because of this, the Tender Offeror should prevent general shareholders from being exposed to such short-term risk by proactively conducting management measures that are considered necessary to improve the medium- and long-term corporate value of the Target Company (including substantial investment in the autonomous driving field and establishment of a joint research and

development system). Further, the Tender Offeror considered that it would contribute to the interests of the minority shareholders of the Target Company by giving reasonable opportunities to the general shareholders of the Target Company to sell their shares without imposing the risk of share price decline associated with the realization of management measures going forward.

In consideration of above circumstances, the Tender Offeror came to the conclusion in early October, 2018, that the best option for the Target Company Group and the Tender Offeror Group was to acquire all of the Target Shares (excluding the Target Shares owned by the Tender Offeror and treasury shares owned by the Target Company), and make the Target Company a wholly-owned subsidiary of the Tender Offeror. The Tender Offeror proposed to the Target Company on January 23, 2019 that the Tender Offeror make the Target Company its wholly-owned subsidiary (the “Proposal”), and there has been discussion with the Target Company regarding the terms and conditions of this transaction including the Tender Offer.

As a result, in late April 2019, the Tender Offeror and the Target Company reached a consensus that in order to respond to the changing business climate surrounding the Tender Offeror Group and the Target Company Group and to contribute to the improvement of corporate value of the entire Tender Offeror Group, including the Target Company Group, the best measure was to make the Target Company a wholly-owned subsidiary of the Tender Offeror. Therefore, the Tender Offeror resolved to conduct the Tender Offer as part of this transaction at the Board of Directors meeting on April 23, 2019.

The specific synergies that are expected to be delivered by this transaction to the Tender Offeror Group, including the Target Company Group, are stated below:

- (i) business expansion in the autonomous driving field and enhanced cooperation in other fields
- (ii) realization of integrated operation of the Tender Offeror Group and the Target Company Group
- (iii) acceleration of reduction in cost among others things and decision-making by making the Target Company become a wholly-owned subsidiary of the Tender Offeror

2. Schedule

(i) Schedule

Resolution of the Board of Directors	April 23, 2019 (Tuesday)
Date of Public Notice of Commencement of Tender Offer	April 24, 2019 (Wednesday)
Newspaper Listing Public Notice	Public notice will be made electronically and a notice thereof will be published in the Nihon Keizai Shimbun. (URL of electronic disclosure: http://disclosure.edinet-fsa.go.jp/)
Filing Date of Tender Offer Registration Statement	April 24, 2019 (Wednesday)

- (ii) Tender Offer Period as of Filing Date
From Wednesday, April 24, 2019, through Wednesday June 12, 2019 (thirty (30) business days)
- (iii) Tender Offer Price
JPY 455 per share of common share

3. Anticipated Number of Shares to be Purchased

Anticipated Shares Purchased	Minimum Tender Condition	Maximum Tender Condition
20,635,466 (shares)	6,825,600 (shares)	None

4. Other

The Tender Offer is not being made, directly or indirectly, in or to the U.S. and is not being conducted through the United States Postal Service, or other means or instrumentality of interstate or international commerce (including but not limited to, telephone, telex, facsimile, e-mail, or internet communication), or through security exchange facilities in the U.S. No application to the Tender Offer will be accepted by said means, instrumentality, through said facilities, or from the U.S.

The Tender Offer registration statement or related purchase documentations in connection with the Tender Offer will not and may not be delivered or sent by the postal service or any other means in, to, or from the United States. The Tender Offeror will not accept any applications to the Tender Offer that are in violation of, directly or indirectly, the above restrictions.

Each person who applies for the Tender Offer (in the case of foreign shareholders, their standing proxy) will be requested to represent and warrant regarding the following:

- (i) The applicant is not located in the U.S. at either the time of application or when sending tender offer application forms.
- (ii) The applicant has not received or sent any information regarding the Tender Offer or purchase in, to, or from the U.S.
- (iii) The applicant has not, directly or indirectly, used the United States Postal Service, or other means or instrumentality of interstate or international commerce (including but not limited to, telephone, telex, facsimile, e-mail, or internet communication), and has not used security exchange facilities in the U.S. to sign and deliver purchase or tender offer application forms.
- (iv) The applicant is not a person acting as an agent without discretionary power or as an trustee or entrustor of another person (excluding cases where such other person provides all purchase instructions from outside the U.S.).

For further details, please refer to the press release in Japanese announced today.