



January 15, 2018

Press Release

Company: Kanematsu Corporation
Representative: Kaoru Tanigawa, President
(Securities Code: 8020
First Section of the Tokyo Stock Exchange)
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Notice of Corporate Divestiture (Simplified Absorption-Type Company Split)

Kanematsu Corporation (the “Company”) hereby announces, as detailed below, that its Board of Directors passed a resolution at the meeting held January 15, 2018 to split the electronic component and semiconductor business and the system equipment business operated by the Company’s Electronics & Devices Division from the Company and transfer these businesses to Kanematsu Futuretech Solutions Corporation, a company that is to be established (the “Company Split”) with April 1, 2018 as the effective date.

Some information subject to disclosure and other details are omitted in this announcement because the Company Split is a simplified absorption-type company split, in which certain businesses of the Company will be transferred to a newly-founded, wholly-owned subsidiary of the Company,

1. Purpose of the Company Split

Using the expertise it has developed based on its extensive experience, the Electronics & Devices Division aims to build high value-added businesses by offering value chains that meet customers’ demands from the development stage to mass production supply.

The electronic component and semiconductor business and the system equipment business operated by the Electronics & Devices Division offer a wide array of products, including semiconductors, electronic components, camera modules, and displays primarily for automotive and consumer use, and EMS and IoT-related services.

Due to structural changes in the industry, these businesses now require structural development that includes organizations and human resources with more technical and specialized skills, technologies, and infrastructure.

The Company plans to use the above products and services organically by transferring and unifying these businesses under the successor company that will be established, which, as an electronics trading company, will offer its customers optimal solutions from the stages of planning, development, and design based on the latest market information and technologies. In addition, the Company will accelerate its decision making and increase its management efficiency to respond flexibly to customer needs.

2. Outline of the Company Split

(1) Schedule for the Company Split

Date of resolution of the Board of Directors (the Company)	January 15, 2018
Contract date	January 26, 2018 (plan)
Date of resolution at the General Meeting of Shareholders (successor company)	March 1, 2018 (plan)
Effective date	April 1, 2018 (plan)

Note: The Company Split corresponds to the absorption-type company split specified in Paragraph (3) of Article 784 of the Companies Act, and will therefore be conducted without seeking the approval of the General Meeting of Shareholders for the absorption-type company split agreement of the Company.

(2) Method of the Company Split

The Company Split is an absorption-type company split that involves the Company as the split company and Kanematsu Futuretech Solutions Corporation as the successor company.

(3) Details of allotments related to the Company Split

The successor company will issue 4,800 shares of common stock for the Company Split, all of which will be allotted to the Company.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Company Split

Not applicable.

(5) Capitalization changes accompanying the Company Split

There will be no changes in the amount of capital of the Company as a result of the Company Split.

(6) Succession of rights and obligations

The successor company will succeed to the assets, liabilities, contractual statuses, and other rights and obligations deemed necessary for the operation of the transferred businesses based on the absorption-type company split agreement signed with the Company, the split company, on the effective date. The Company will be jointly responsible for the liabilities taken over by the successor company.

(7) Outlook on performance of obligations

The Company expects that all debt obligations to be assumed by the Company and the successor company after the effective date of the Company Split will be fulfilled as planned.

3. Summary of the parties to the Company Split

	Split Company (as of September 30, 2017)	Successor Company (plan at the time of establishment)
(1) Name	Kanematsu Corporation	Kanematsu Futuretech Solutions Corporation
(2) Location	119 Ito-machi, Chuo-ku, Kobe	1-2-1 Shibaura, Minato-ku, Tokyo
(3) Title and name of representative	Kaoru Tanigawa, President	Hiroshi Yamashina, President
(4) Business description	General trading company providing products and services in industries such as electronics and devices, food, steel, materials and plants, and vehicles and aircraft.	Import and export, storage, selling and buying, and processing of semiconductors, electronic components, and module products and planning, design, sale, etc. of EMS and IoT-related products

(5) Capital	¥27,781 million	¥10 million
(6) Date of establishment	March 18, 1918	January 18, 2018 (plan)
(7) Number of outstanding shares	422,501,010 shares * 84,500,202 shares after the reverse stock split of 5 shares to 1 share dated October 1, 2017	100 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. (account in trust) 8.75% Master Trust Bank of Japan, Ltd. (account in trust) 5.10% Mitsui Sumitomo Insurance Company, Limited 2.74% Tokio Marine & Nichido Fire Insurance Co., Ltd. 2.74% Government of Norway 2.45%	Kanematsu Corporation 100%
(10) Financial position and operating results	Fiscal year ended March 31, 2017 (consolidated) [IFRS]	(Note)
Equity attributable to owners of the parent	¥100,357 million	—
Total assets	¥479,717 million	—
Equity attributable to owners of the parent per share	¥238.44	—
Revenue	¥675,579 million	—
Operating profit	¥22,633 million	—
Profit before tax	¥17,875 million	—
Profit for the year attributable to owners of the Parent	¥8,049 million	—
Earnings per share (attributable to owners of the parent)	¥19.13	—

Note: No information on the finalized financial position and operating results of the successor company for the latest business year is available because the company is yet to be established.

4. Overview of the division to be split

(1) Business description of the division to be split

Import and export, storage, selling and buying, and processing of semiconductors, electronic components and module products, and planning, design, sale, etc. of EMS and IoT-related products

(2) Operating results of the division to be split (fiscal year ended March 31, 2017)

Net sales ¥24,479 million

(3) Items and amounts of assets and liabilities to be split (as of November 30, 2017)

Assets		Liabilities	
Items	Carrying amount	Items	Carrying amount
Current assets	¥1,518 million	Current liabilities	¥– million
Non-current assets	¥67 million	Non-current liabilities	¥54 million
Total	¥1,585 million	Total	¥54 million

Note: The amounts of assets and liabilities to be split will be finalized after applying any increase or decrease arising before and on the day prior to the effective date of the Company Split to the above amounts.

5. Status after the Company Split

	Split Company	Successor Company
(1) Name	Kanematsu Corporation	Kanematsu Futuretech Solutions Corporation
(2) Location	119 Ito-machi, Chuo-ku, Kobe	1-10 Hatchobori, Chuo-ku, Tokyo (scheduled to be relocated to this address around May 2018)
(3) Title and name of representative	Kaoru Tanigawa, President	Hiroshi Yamashina, President
(4) Business description	General trading company providing products and services in industries such as electronics and devices, food, steel, materials and plants, and vehicles and aircraft	Import and export, storage, selling and buying, and processing of semiconductors, electronic components and module products, and planning, design, sale, etc. of EMS and IoT-related products
(5) Share capital	¥27,781 million	¥490 million
(6) Fiscal year end	March 31	March 31

6. Future outlook

The Company Split will not affect the consolidated financial results of the Company because the successor company will be a wholly-owned subsidiary of the Company.

Reference: Forecasts for consolidated financial results of the fiscal year ending March 31, 2018, (as announced on May 10, 2017) and the consolidated results of the previous fiscal year [IFRS]

(Million yen)

	Revenue	Operating profit	Profit before tax	Profit for the year attributable to owners of the Parent
Forecasts for consolidated financial results of FY ending March 31, 2018	700,000	25,000	23,500	12,000
Consolidated results of the previous FY ended March 31, 2017	675,579	22,633	17,875	8,049