

August 30, 2017
ADVICS CO., LTD.
HOSEI BRAKE INDUSTRY CO., LTD.
Aisin Seiki Co., Ltd.

Further Strengthening of Competitiveness of Brake System Business

ADVICS CO., LTD. (Satoshi Ogiso, President), HOSEI BRAKE INDUSTRY CO., LTD. (Shizuo Shimanuki, President, hereafter HOSEI BRAKE), and Aisin Seiki Co., Ltd. (Yasumori Ihara, President) have reached an agreement that ADVICS will make a new capital investment in HOSEI BRAKE and make it a subsidiary of ADVICS, with the aim of further strengthening the competitiveness of the brake system business.

ADVICS has been pursuing the consolidation of its control brake production to further strengthen the competitiveness of its brake business. Under this agreement, to enhance the competitiveness of the service brake system^{*1} business, ADVICS will acquire a third-party allocation of new shares from HOSEI BRAKE, a fellow member of the Aisin Group with which ADVICS has been cooperating for a long time.

HOSEI BRAKE has also agreed to take over the drum brake business (Japan and Thailand) of Nisshinbo Brake Inc. (Yasuji Ishii, President). Please note that this is subject to approval by the Fair Trade Commission in Japan.

The Aisin Group will unite to further enhance the competitiveness of the brake system business by strengthening their partnership in the development of an optimal production structure and new product development in service brake systems.

*1: Brakes used in ordinary driving, such as drum brakes and disc brakes.

1. ADVICS Investment in HOSEI BRAKE

While the market for drum brakes, HOSEI BRAKE's core product, is expected to grow moderately in emerging economies such as China and Thailand, in advanced markets such as Japan, where electrification is moving ahead, it is anticipated that electric parking brakes will become more prevalent. Under these circumstances, in an effort to strengthen the competitiveness of the service brake business, including the drum brake business, ADVICS will strengthen its partnership with HOSEI BRAKE. ADVICS will accept the third-party allocation of shares in HOSEI BRAKE and make HOSEI BRAKE its subsidiary. This will enable ADVICS to pursue a flexible production structure between its own plant, its production subsidiary, AS Brake Systems, Inc., and HOSEI BRAKE.

The partnership between ADVICS and HOSEI BRAKE in the area of development will also be strengthened and we will strive to strengthen the development structure of the service brake system business, including responding to the electrification trend.

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The changes in capital stock and shareholdings ratio in HOSEI BRAKE are as follows.

• Capital

Current capital stock	JPY 1,200 million
Capital stock after capital increase	JPY 6,436 million

* Unit: million yen, rounded down to closest million

• Changes in stockholding ratio

Investor	Current	After change
Aisin Seiki Co., Ltd.	53.1%	26.5%
Toyota Motor Corporation	46.9%	23.4%
ADVICS CO., LTD.	-	50.1%

2. Acquisition of Nisshinbo Brake's Drum Brake Business

With the aim of further strengthening the competitiveness of the service brake system business, HOSEI BRAKE, whose major business is drum brakes, will take over the drum brake business of Nisshinbo Brake and develop the optimal production structure for the global market, while working to improve productivity.

3. Schedule

[1] HOSEI BRAKE third-party share allocation and stockholding ratio: The end of February 2018 (tentative)

[2] Acquisition of Nisshinbo Brake's drum brake business: The end of February 2018 (tentative) ^{*2}

*2: Subject to approval by the Fair Trade Commission

4. Overview of companies concerned

	ADVICS CO., LTD.	HOSEI BRAKE INDUSTRY CO., LTD.
Headquarters	2-1 Showa-cho, Kariya, Aichi, JAPAN	10 Michigami, Kazue-cho Toyota, Aichi, JAPAN
Representative	Satoshi Ogiso, President	Shizuo Shimanuki, President
Capital Stock	JPY 12,209 million (as of March 31, 2017)	JPY 1,200 million (as of March 31, 2017)
Establishment	July 2001	May 1968

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