



March 18, 2019

Dear Sirs:

Company Name: Mitsui Matsushima Holdings Co., Ltd.
Representative: Tsuneo Amano, Representative
Director and President
(Stock Code 1518, First Section of the Tokyo Stock
Exchange and Fukuoka Stock Exchange)
Contact: Taishi Yoshioka, Managing Executive Officer,
General Manager of Business Planning Dept.
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Notice of Stock Acquisition (Subsidiary Acquisition) of Meiko Shokai Co., Ltd.

On March 18, 2019, the board of directors of Mitsui Matsushima Holdings Co., Ltd. (the Company) passed a resolution to execute the acquisition of 99.79% of shares (excluding treasury stock) of Meiko Shokai Co., Ltd. (Meiko Shokai) to make the company a wholly-owned subsidiary. The details are as follows.

1. Reason for Stock Acquisition

Over time, the Mitsui Matsushima Group (the Group) has been operating its energy business centered on the coal production and sales business (mainly outside of Japan, namely the coal production business in Australia), and revenue has been largely volatile, depending on coal demand, coal prices, and exchange rate fluctuations. To overcome this characteristic, the Group has prioritized entering business areas that are inelastic to coal prices and exchange rate fluctuations and has invested in new M&As of four companies since 2012.

In a bid to accelerate this task, and in order to be prepared for the coming decarbonized society, the Group developed and disclosed in November 2018 its five-year medium-term business plan. The plan comprises a roadmap and concrete measures for a further reshuffling of its business portfolio and solidified the revenue foundation.

Meiko Shokai, joining the Group as the first project of this medium-term business plan, is a leading company boasting an overwhelming market share as one of the largest shredder companies in Japan. The company has established an unchallenged status as a pioneer in the industry, leveraging its three competitive advantages: (1) strong customer foundation, (2) a direct sales system and maintenance networks covering all of Japan, and (3) superior product development capability. The positive cycle being generated by its branding, sales, and technological skills enables stable business performance, and the demand for shredders highly capable of disposing confidential documents is expected to remain strong, supported by an increasing awareness of personal information protection and information security.

The businesses of Meiko Shokai satisfy the Company's investment criteria for M&As: niche, stable, and easy to understand. The Company believes that it will make a significant contribution to the improvement of the Group's corporate value as one of the important pillar companies of the Group's business portfolio.

After signing the share transfer agreement, Meiko Shokai will implement a 2,000 to 1 reverse split of stock,

and, at the time of share transfer, assignment and acceptance of the consolidated stock (percentage of voting rights: 100%) will take place.

2. Outline of New Subsidiary

(1) Name	Meiko Shokai Co., Ltd.		
(2) Location	4-6-1 Hatchobori, Chuo-ku, Tokyo, Japan		
(3) Representative name and title	Seita Aoki, Chief Executive Officer		
(4) Business Operations	Manufacturing, sales, and maintenance of office equipment centered on shredders		
(5) Capital	100 million yen		
(6) Date of establishment	September 7, 2004		
(7) Major shareholders and stock ownership ratio	99.79% by Japan Industrial Solutions Fund I (excluding treasury stock)		
(8) Relationship between listed company and new subsidiary	Capital relationships	No capital relationships requiring reporting exist between the listed company and the new subsidiary.	
	Personal relationships	No personal relationships requiring reporting exist between the listed company and the new subsidiary.	
	Transactional relationships	No transactional relationships requiring reporting exist between the listed company and the new subsidiary.	
(9) Operating performance and financial status of the new subsidiary for the past three years			
Financial accounting period	Year ended May 2016	Year ended May 2017	Year ended April 2018
Net assets	1,588 million yen	2,611 million yen	3,132 million yen
Total assets	8,412 million yen	8,467 million yen	7,110 million yen
Net assets per share	1,359.43 yen	2,234.54 yen	2,680.63 yen
Net sales	9,402 million yen	9,133 million yen	8,318 million yen
Operating profit	551 million yen	982 million yen	636 million yen
Ordinary profit	417 million yen	887 million yen	677 million yen
Net profit	409 million yen	1,159 million yen	521 million yen
Net profit per share	350.14 yen	992.26 yen	446.05 yen
Dividend per share	-	-	-

3. Outline of Seller

(1) Name	Japan Industrial Solutions Fund I		
(2) Location	2-2-2 Marunouchi, Chiyoda-ku, Tokyo, Japan		
(3) Reason for formation	Investment limited partnership incorporated under the Limited Partnership Act for Investment.		
(4) Purpose of formation	Acquisition of securities		
(5) Partnership formation date	November 2010		
(6) Total Fund Amount	100 billion yen		
(7) Investors, investment ratios, and outline of investors	We will refrain from disclosing this information in light of confidentiality obligations.		
(8) Outline of General Partner	Name	Japan Industrial Solutions Co., Ltd.	
	Location	2-2-2 Marunouchi, Chiyoda-ku, Tokyo, Japan	
	Representative name and title	Shinichi Saito, Chairman & Representative Director Yuichi Hiromoto, President & CEO	
	Business Operations	Investment	
	Capital	100 million yen	
(9) Relationship between listed company and the fund	Relationship between listed company and the fund	Capital relationships	Not applicable
		Personal relationships	Not applicable

		Transactional relationships	Not applicable
	Relationship between listed company and General Partner	Capital relationships	Not applicable
		Personal relationships	Not applicable
		Transactional relationships	Not applicable

4. Number of acquired shares and status of retained stock before and after acquisition

(1) Retained shares prior to acquisition	0 shares (No. of voting rights: 0) (Percentage of voting rights: 0%)
(2) Number of acquired shares	Before share consolidation: 1,166,000 shares; after share consolidation: 583 shares (tentative) (No. of voting rights before share consolidation: 1,166; after share consolidation: 583 (tentative))
(3) Acquisition price	Common stock of Meiko Shokai Co., Ltd. 6,486 million yen Due diligence cost (estimate) 21 million yen Total (estimate) 6,507 million yen
(4) Retained shares after acquisition	Before share consolidation: 1,166,000 shares; after share consolidation: 583 shares (tentative) (No. of voting rights before share consolidation: 1,166; after share consolidation: 583 (tentative)) (Percentage of voting rights before share consolidation: 99.91%; after share consolidation: 100% (tentative))

5. Schedule

(1) Resolution of board of directors	March 18, 2019
(2) Contract date	March 18, 2019
(3) Planned stock transfer date	April 26, 2019

6. Acquisition funds

The Company will raise the total amount through borrowing from a bank(s).

7. Future projections

The share transfer will not change the consolidated financial results for the fiscal year ending March 2019. The consolidated financial forecast for the fiscal year ending March 2020 will be released in the summary of consolidated financial results for the fiscal year ending March 2019 (to be released on May 15, 2019).