

November 22, 2024

Sale of JEC Group by NSSK II

Nippon Sangyo Suishin Kiko (“NSSK”, Headquarters: Minato, Tokyo, <https://www.nssk-japan.com/>) is pleased to announce that investment partnerships managed or provided with services by NSSK affiliates (collectively, “NSSK II”) has entered into a share purchase agreement with Obara Group Inc. (“Obara”, Headquarters: Yamato, Kanagawa, <http://www.obara-g.com/>) concerning the sale of all its shares of NSSK-QQ Co., Ltd. (the holding company of Japan Energy Components Co., Ltd. (“JEC”, Headquarters: Ishioka, Ibaraki, <https://jecomponents.co.jp/>), its subsidiary Line Tech Japan Ltd. (Headquarters: Kikuchi, Kumamoto, <https://linetech-japan.com/>), as well as Helical Line Tech Taiwan Co., Ltd. (collectively, “JEC Group”).

JEC was founded nearly 70 years ago in 1949 and is headquartered in Ishioka City, Ibaraki Prefecture. JEC manufactures electric power transmission components and spiral products attached to overhead power transmission lines and underground cables for electric power companies and renewable energy operators in Japan. In addition, JEC manufactures connectors for quick charging cables for electric vehicles (“EVs”). The manufacturing bases of JEC Group are the Ishioka Factory (Ishioka, Ibaraki), the Kumamoto Factory (Ozumachi, Kumamoto) as well as the Taiwan Factory (Kaohsiung City, Taiwan).

Through its core business of transmission and distribution components, the company manufactures and sells these components to electric power companies, including the Tokyo Electric Power Company, maintaining a stable business based on a solid customer base founded on decades of operations. Additionally, in the EV quick charging connector business, the company manufactures and sells products for both European and domestic markets, and is positioned for growth as global demand for EV quick chargers continues to grow alongside the shift to EVs. JEC Group, as a Japanese energy infrastructure company operating these two business lines, is a highly valued niche leader supporting the realization of a carbon-neutral society.

Since making its investments in JEC Group in October 2021, NSSK has leveraged its proprietary management support package, “NVP[®]” (the NSSK Value Up Program), to support a wide range of initiatives. These include achieving standalone operations following the carve-out from the former parent company; strengthening sales strategies through the expansion of the customer base (particularly among electric power companies); broadening the product lineup to drive further revenue growth; introducing management control methods and systems; enhancing governance and compliance frameworks; crafting a new corporate mission and vision; advancing ESG initiatives; and executing significant capital investments and M&A. Specific measures include strengthening sales to major utility companies by leveraging the NSSK network and bolstering technical and sales teams for EV quick charging connectors. Additionally, NSSK completed JEC Group’s transition to a standalone entity through the establishment of ERP, finance, HR, and labor systems. It has also driven value creation through major capital investments aimed at future revenue growth and productivity improvements, including acquiring EV quick charging connector production lines.

Obara, established in December 1958 and headquartered in Yamato City, Kanagawa Prefecture, is a publicly traded, best-in-class, niche manufacturer with a global presence. It primarily operates in the welding equipment and surface polishing equipment sectors. Its welding equipment business is centered on resistance welding equipment, with the automotive industry as its main market, and it is actively engaged in the research and development of a wide range of technologies. The surface polishing equipment business targets the electronics industry, developing polishing equipment that creates reference planes required for precision processing on various material substrates, such as silicon wafers.

With respect to business strategy, Obara has aimed for global expansion, establishing a competitive edge in the automotive and electronics industries, and accelerating the growth of its businesses by leveraging its proprietary technologies. Furthermore, Obara has been exploring opportunities to expand into new business and product areas with growth potential, stability, and profitability.

NSSK believes that the JEC Group can achieve further growth and enhance its corporate value by leveraging Obara's global expansion capabilities to increase sales, sharing R&D expertise to improve existing products and to develop new products, and strengthening its ability to source talent by utilizing the credibility of being part of a publicly listed company.

The growth achieved by JEC Group to date is due to the outstanding contributions of the management team and all their employees. Deep appreciation is extended for their collaborative efforts during the partnership with NSSK. As this chapter closes and the companies transition away from being group members, NSSK sincerely hopes that the experience to date will serve as a lasting asset for all involved, and that enduring relationships will continue, whether as alumni of NSSK or through ongoing personal connections.

NSSK's mission is to build a leading alternative asset investment business in Japan by investing in attractive Japanese companies in partnership with management and contributing to the Environment, Society and Governance goals of Japan and beyond. NSSK's investment strategy is to generate superior outcomes by applying global investment discipline, operating expertise and human capital to Japanese companies originating from our proprietary and differentiated sourcing network.

For more information, please contact:

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Investor Name:	Nippon Sangyo Suishin Kiko (https://www.nssk-japan.com/)
Founded:	November 2014
Headquarters:	Atago Green Hills MORI Tower 17F 2-5-1, Atago, Minato-ku, Tokyo, Japan
Representative:	Jun Tsusaka
Overview:	NSSK is an independent Japanese alternative investment management company with a focus on Japan. NSSK pursues superior outcomes by applying global investment discipline, operating expertise and human capital to attractive Japanese companies and contributing to the Environment, Society and Governance goals of Japan and beyond.

Company name:	Japan Energy Components Co., Ltd. (https://jecomponents.co.jp/)
Founded:	December 1949
Headquarters:	4-2 Kashiwabara, Ishioka-shi, Ibaraki, Japan
Overview:	A niche, leading manufacturer that produces and supplies distribution products for overhead power lines and underground cables for electric power companies, renewable energy-related products, spiral products, and quick charger connectors for EVs.