

May 30th, 2025

To whom it may concern

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Notice Concerning Commencement of Tender Offer for the Common Share of Kyoei Sangyo Co.,Ltd. (Securities Code: 6973)

KAGA ELECTRONICS CO., LTD. (the “**Tender Offeror**”) at a meeting of the Board of Directors held on May 30th, 2025, resolved to acquire the common shares (the “**Target Company Shares**”) of Kyoei Sangyo Co.,Ltd. (Securities Code: 6973, Standard Market of the Tokyo Stock Exchange, Inc. (the “**TSE**”), hereinafter the “**Target Company**”) through a tender offer (the “**Tender Offer**”) pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “**Act**”).

1. Purpose of purchase, etc.

(1) Outline of the Tender Offer

At a meeting of its Board of Directors convened on May 30th, 2025, the Tender Offeror resolved to conduct the Tender Offer as part of a transaction to acquire all of the Target Company Shares listed on the Standard Market of the TSE (excluding Target Company Shares held by the Tender Offeror, treasury shares held by the Target Company and all of the Target Company shares held by Mitsubishi Electric Corporation(the “**Mitsubishi Electric**”)) and to make the Target Company a wholly-owned subsidiary of the Tender Offeror.

(2) Background and purpose of the Tender Offer and decision-making process leading to the implementation of the Tender Offer

The Tender Offeror expects that synergies can be achieved through collaboration between the Tender Offeror and the Target Company under unified decision-making, with the aim of expanding sales of each other's products and services, etc. On the other hand, if the Target Company's shares remain listed, it will be necessary to maintain an independent management structure from a governance perspective, and such capital relationship would prevent both companies from making flexible decisions. The tender offeror has concluded that, in order to create numerous synergies that will contribute to the further growth and enhancement of corporate value of both companies, it is necessary to establish a management structure that enables more rapid and flexible decision-making through the tender offeror's acquisition of the target company as a wholly owned subsidiary. Accordingly, the Tender Offeror has commenced a comprehensive review of the transaction to make the Target Company a wholly-owned subsidiary of the Tender Offeror (the “**Transaction**”). As a result of these considerations, the Tender Offeror has concluded that the following specific synergies can be expected from the Transaction.

- (i) Expansion of sales volume through complementary product lineups and sales channels
- (ii) Improvement of management efficiency through sharing of management resources

As a result of the above considerations, Tender Offeror resolved at its Board of Directors meeting held on May 30, 2025, to implement the Tender Offer as part of the Transaction.

(3) Policy for reorganization after the Tender Offer (matters concerning “two-step acquisition”)

Promptly after the completion of the settlement of the Tender Offer, the Tender Offeror plans to request the Target Company, to hold an extraordinary shareholders' meeting (the "**Extraordinary Shareholders' Meeting**"), at which the items for resolution shall include the implementation of consolidation of the shares of the Target Company Shares (the "**Share Consolidation**") pursuant to Article 180 of the Companies Act, and on condition that the Share Consolidation takes effect, partial amendment of the articles of incorporation to abolish the provision concerning share units. The Tender Offeror and Mitsubishi Electric plan to vote in favor of each of the above proposals at the Extraordinary Shareholders' Meeting.

If the proposal for the Share Consolidation is approved, then on the date on which the Share Consolidation takes effect, the Target Company's shareholders will hold the shares of the Target Company Shares in the number corresponding to the ratio of the Share Consolidation approved at the Extraordinary Shareholders' Meeting. If any fraction of a share less than one share is generated from the Share Consolidation, an amount of money obtained by selling to the Target Company or the Tender Offeror the shares of Target Company Shares equivalent to the total number of such fractional shares (any fractional shares less than one share created by aggregating those fractional shares shall be discarded; the same applies hereinafter) shall be delivered to the Target Company's shareholders for whom a fraction of less than one share is generated, in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations.

With respect to the sale price of the shares of the Target Company Shares equivalent to such total number of fractional shares, it is scheduled that this price shall be set in such a way so that, as a result of selling these shares, the amount of money to be delivered to the shareholders of the Target Company who did not tender in the Tender Offer shall be the same as the price that shall be obtained by multiplying the Tender Offer Price by the number of the shares of the Target Company Shares held by such shareholders. After the above process, the Tender Offeror intends to request the Target to file a petition to obtain permission for voluntary sale to the court. In addition, although the ratio of the Share Consolidation has not yet been determined as of today, the Tender Offeror plans to request to determine the number of the shares of the Target Company Shares held by the Target Company's shareholders who did not tender in the Tender Offer (excluding the Tender Offeror, Mitsubishi Electric and the Target Company) to be a fraction of less than one share, so that the Tender Offeror and Mitsubishi Electric will hold all of the issued shares of the Target Company Shares (excluding treasury shares held by the Target). The Target plans to promptly announce the specific procedures for the consolidation of shares after the decision has been made through discussions between the Tender Offeror and the Target Company. According to the Target Company's press release, in the event the Tender Offer is completed, the Target Company plans to accede to the requests made by the Tender Offeror. If the Extraordinary Shareholders' Meeting is to be held, it is expected to be held around late March 9, 2025. The specific procedures and timing of the Extraordinary Shareholders' Meeting will be announced by the Target Company promptly after it is determined upon consultation with the Target Company.

The provisions of the Companies Act that protect the rights of the minority shareholders in connection with the Share Consolidation stipulate that when fractional shares of less than one share are created as a result of the Share Consolidation, the Target's shareholders (excluding the Tender Offeror and the Target Company) may request the Target Company to purchase all fractional shares that they hold at a fair price and that they may file with the court a petition to determine the price of the shares of the Target Company Shares pursuant to Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations.

As described above, in the Share Consolidation, the number of shares of the Target Company Shares held by the Target Company's shareholders who did not tender their shares in the Tender Offer (excluding the Tender Offeror, and the Target Company) is expected to be fractions of less than one share, and therefore, the Target Company's

shareholders who oppose to the Share Consolidation may file the above petition. If such petition is filed, the purchase price of the shares of the Target Company Shares will ultimately be determined by the court.

With respect to the above procedures, the method and timing of implementation may change, depending on the situations such as amendments, effectuation, and interpretation by the authorities of relevant laws and regulations. Even in such case, the method of finally delivering money to the Target Company's shareholders who did not tender in the Tender Offer (excluding the Tender Offeror and the Target Company) will be adopted, and in such case, the amount of money to be delivered to each such shareholder will be calculated to be equal to the Tender Offer Price multiplied by the number of the shares of the Target Company Shares held by each such shareholder.

The Target Company will promptly announce the specific procedures and timing of implementation in the above cases as soon as they are determined upon discussion between the Tender Offeror and the Target Company.

The shareholders of the Target are requested to confirm with professionals, such as tax accountants, at their responsibility concerning tax treatment for tendering in the Tender Offer or in the procedures above

(4) Prospect and reason for delisting

As of the date today, the Target Company Shares are listed on the Standard Market of the TSE. Since the Tender Offeror has not set an upper limit of the number of shares to be purchased in the Tender Offer, the Target Company Shares may be delisted depending on the results of the Tender Offer following the designated procedures pursuant to the delisting standards of the TSE. Even if the delisting standards do not apply to the Target Company Shares at the time of completion of the Tender Offer, the Share Consolidation as described in “(2) Policy for reorganization after the Tender Offer (matters concerning ‘two-step acquisition’)” below will be implemented upon the successful completion of the Tender Offer; therefore, in that case, the Target Company Shares will be delisted following the designated procedures pursuant to the delisting standards of the TSE. The Target Company Shares cannot be traded on the Standard Market of the TSE after they are delisted.

2. Outline of Purchase

(1) Outline of the Target Company

(i) Name	Kyoei Sangyo Co.,Ltd.
(ii) Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development

(2) Schedule

(i) Schedule

Date of resolution by board of directors	May 30th, 2025 (Friday)
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(ii) Purchase period originally specified in the registration statement

From June 2, 2025 (Monday) to July 11, 2025 (Friday) (30 business days)

(3) Purchase Price

3,950 yen per share of common shares

(4) Number of shares, etc. intended to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
2,202,541 shares	1,187,442 shares	—

(Note 1) If the total number of share certificates, etc., tendered in the Tender Offer (the “Tendered Share Certificates, etc.”) is less than the minimum number of shares to be purchased (1,187,442 shares), the Tender Offeror will not conduct the purchase, etc., of all of the Tendered Share Certificates, etc. If the total number of Tendered Share Certificates, etc., is equal to or greater than the minimum number of shares to be purchased (1,187,442 shares), the Tender Offeror will conduct the purchase, etc., of all of the Tendered Share Certificates, etc.

(Note 2) Since the Tender Offer does not set the maximum number of shares to be purchased, the number of shares to be purchased is stated as 2,202,541 shares, which is the maximum number of share certificates, etc. of the Target Company to be acquired by the Tender Offeror through the Tender Offer. This is the number of shares obtained by subtracting the number of shares of the Target Company owned by the Tender Offeror as of today (283,600 shares) and the number of shares of the Target Company not tendered by Mitsubishi Electric (558,958 shares) from the Reference Share Number (3,045,099 shares).

(Note 3) There are no plans to acquire treasury shares owned by the Target Company through the Tender Offer.

(Note 4) Shares constituting less than one unit of shares are also subject to the Tender Offer. If shareholders exercise their right to demand the purchase of shares constituting less than one unit of shares in accordance with the Companies Act, the Target Company may purchase its own shares during the tender offer period, in accordance with the procedures set forth in laws and regulations.

3. Policies, etc. after the tender offer and future outlook

(1) Policy, etc. after the Tender Offer

For the policy, etc. after the Tender Offer and future outlook, please refer to “(2) Policy for reorganization after the Tender Offer (matters concerning “two-step acquisition”)” and “(3) Prospect and reason for delisting” in “1. Purpose of purchase, etc.” above.

End.

[Restrictions on Solicitation]

This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first be sure to read the Tender Offer Explanatory Statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to purchase, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of any such agreement.