

May 30, 2025

News Release

KAGA ELECTRONICS CO., LTD.
TSE PRIME 8154**(Summary) Notice Concerning Commencement of Tender Offer for the Common Share of Kyoei Sangyo Co., Ltd. (Securities Code: 6973)**

KAGA ELECTRONICS CO., LTD. (the “Company” or the “Tender Offeror”) at a meeting of the Board of Directors held on today, 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 (the “TSE”), “Kyoei Sangyo” or 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;).

1. Purpose of purchase, etc.

(1) Outline of the Tender Offer

The Company, at a meeting of its Board of Directors convened on May 30, 2025, resolved to conduct the Tender Offer as part of a transaction to acquire all of the common shares of Kyoei Sangyo listed on the Standard Market of the TSE (excluding Target Company Shares held by the Company, 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 Company.

(2) Reasons Behind the Tender Offer

The Company has been expanding the scope of its operations by responding to a variety of customer needs under its corporate philosophy of “Everything we do is for our customers.” since its foundation. As an independent general trading company with a specialization in electronics, The Company is engaged in a wide variety of business activities and offers a variety of services to customer both in Japan and abroad, ranging from the Electronic Parts and Semiconductor business where it distributes electronic parts and semiconductors by leveraging its expertise in the segment, the EMS business (contracted manufacturing of electrical substrates) where it has a competitive advantage in high-mix low-volume production, to the Information Equipment business and New Business where it supports to customers in planning, development and design of their products, creation of software/ video images, provision of network solutions and other system support services.

However, the business environment surrounding the electronic parts and semiconductor trading companies, where many players are competing each other, has been changing more dramatically in recent years on the back of accelerated consolidation and integration of suppliers including semiconductor/device manufacturers. We believe that the competition within the industry will intensify further in the future as their policy changes concerning distribution agents, a growing trend that customers shift their assembly of

finished products overseas, changes in demand and supply and in prices in both domestic and overseas markets, and shortening product lifecycles due to ongoing technological innovations.

Under these circumstances, the Company has formulated Medium-Term Management Plan 2027 (announced in November 2024), which positions increasing sales of electronic devices to major customers, a core business; the expansion of the EMS business focusing on overseas markets; and the generation of new business revenue through M&As as drivers of growth, under a basic policy of “enhancing corporate value through management focused on profitability and capital efficiency.” The Tender Offer for shares of Kyoei Sangyo is to be made as part of the growth strategy described in the medium-term management plan.

(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.

(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 “(3) 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) Address of Head Office	4-12-6 Higashi Shinagawa, Shinagawa-ku, Tokyo, Japan
(iii) Representative’s title and name	President JUN HIRASAWA
(iv) Description of business	Sales of semiconductor and device products, metal materials, industrial equipment, printed circuit boards, etc., and software development

(v)	Capital	3,161 million yen (as of March 31, 2024)		
(vi)	Date of establishment	October 6, 1947		
(vii)	Major shareholders and their ownership ratios (as of September 30, 2024)	Mitsubishi Electric Corporation	18.36%	
		Kaga Electronics Co., Ltd.	9.31%	
		Kyoei Sangyo Employee Shareowners Association	4.22%	
		MUFG Bank, Ltd.	3.53%	
		Resona Bank, Limited	1.89%	
(viii)	Relationships with Kaga Electronics Co., Ltd.			
	Capital relationships	The Tender Offeror owns 283,600 shares (ownership ratio: 9.31%) of the Target Company share (as of May 30, 2025).		
	Personal relationships	None		
	Business relationships	None		
	Relevant statuses of the related parties	None		
(ix)	Consolidated business performance and financial position over the last three years			
	Fiscal period	FYE March 2023	FYE March 2024	FYE March 2025
	Consolidated net assets	15,275 mil. yen	17,794 mil. yen	18,995 mil. yen
	Consolidated total assets	37,409 mil. yen	42,271 mil. yen	37,864 mil. yen
	Consolidated net assets per share	5,081.81 yen	5,920.93 yen	6,313.40 yen
	Consolidated net sales	60,545 mil. yen	61,679 mil. yen	57,709 mil. yen
	Consolidated operating income	1,471 mil. yen	1,652 mil. yen	974 mil. yen
	Consolidated ordinary income	1,560 mil. yen	1,737 mil. yen	1,165 mil. yen
	Ordinary income attributable to owners of parent	432 mil. yen	1,337 mil. yen	1,719 mil. yen
	Consolidated net income per share	143.95 yen	445.05 yen	571.54 yen
	Dividends per share	70 yen	95 yen	110 yen

(Note) "Major shareholders and shareholding ratios (as of September 30, 2024)" is based on "Status of major shareholders" in the 91st semi-annual report submitted by the Target Company on November 11, 2024.

(2) Schedule

(i) Schedule

Date of resolution by board of directors	May 30, 2025 (Friday)
Date of public notice of the Tender Offer commencement	June 2, 2025 (Monday) Following an electronic public notice, an announcement will be posted in the Nikkei newspaper. (Electronic public notice address: https://disclosure2.edinet-fsa.go.jp/)
Date of submission of the Tender Offer statement	June 2, 2025 (Monday)

(ii) Purchase period originally specified in the registration statement

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

(iii) Purchase Price

3,950 yen per share of common shares

(iv) 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. Financing

The Company intends to finance the Tender Offer with borrowing from financial institutions.

4. Future Prospects

The effects that the Tender Offer will have on the business performance of the Company are currently under review. After the completion of the Tender Offer, if any matters to be disclosed arise in the future, the Company will promptly disclose them.