



December 22, 2022

Company name: SATORI ELECTRIC CO., LTD.
Representative: Hiroyuki Satori,
Representative Director, President
Securities Code: 7420
(Tokyo Stock Exchange Prime Market)
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Notice regarding signing of an MOU between SM Electronic Technologies Pvt. Ltd, for acquisition of additional shares to make it a subsidiary

At the Board of Directors meeting held today, Satori Electric Co., Ltd. ("Satori" or "Company") resolved to enter into a Memorandum of Understanding ("MOU") with its affiliate company in India, SM Electronic Technologies Pvt. Ltd ("SM Electronic"). The MOU states Satori's intention to acquire additional shares in SM Electronic to make it Satori's consolidated subsidiary. A partial payment for the acquisition will be made through an in-kind contribution of shares of its consolidated subsidiary, Singapore Satori Pte., Ltd. ("SG Satori"). The details are explained below.

1. Reasons why Satori considered acquiring additional shares to make SM Electronic a subsidiary

As of April 13, 2022, Satori acquired 525,351 shares in SM Electronic, representing 25.1% of the total number of shares issued. Since then, SM Electronic has been Satori's affiliate company and equity method investee. Through SM Electronic, Satori has engaged in business activities regarding semiconductors and related products in India, including deploying its own development know-how and product lineup while targeting local companies. Today, the Board of Directors of Satori resolved the signing of the MOU to make SM Electronic a consolidated subsidiary. The Company believes that this investment would lead to its further growth in the promising Indian market and thus increasing its corporate value.

Satori is going to acquire additional 720,583 shares in SM Electronic, representing 25% of the total number of shares issued. The payment will be made through an in-kind contribution of SG Satori's shares for the third-party allotment of SM Electronic and through share purchasing of existing shares of SM Electronic.

After the transaction, SM Electronic will be a consolidated subsidiary of Satori with an ownership ratio of 50.1%, while SG Satori will be a wholly owned subsidiary of SM Electronic and a consolidated sub-subsidiary of Satori.

The Company intends to conclude the final and other related agreements by the end of January 2023.

2. Overview of SM Electronic

(1) Name	SM Electronic Technologies Pvt. Ltd
(2) Location	No 2, 8th Block, 2nd Stage, Nagarabhavi, Malagala Bengaluru 560072 Karnataka India
(3) Representative	M.S. Manjunath, Managing Director
(4) Business description	Wholesale of electronic components
(5) Paid in capital	INR 209 million
(6) Date of establishment	January 1990
(7) Major shareholders and ownership ratio	Satori: 25.1% Other shareholder (Management member of SM Electronic)
(8) Relationship with Satori	
Capital relationship	Satori's affiliated company
Personnel relationship	One employee of Satori concurrently serves as a director of SM Electronic.
Business relationship	Not applicable
Related party status	SM Electronic is an affiliate of Satori and falls under the category of a related party.
(9) Operating Results and Financial Position for the most recent year (unit: millions of INR)	
Fiscal year	March 2022
Net assets	571
Total assets	1,110
Net sales	2,316
Ordinary profit	137

*At the request of the other party, some financial information is not disclosed.

3. Overview of SG Satori, the company subject to change

(1) Name	SINGAPORE SATORI PTE., LTD.
(2) Location	230 VICTORIA STREET, #15-01/08, BUGIS JUNCTION, SINGAPORE 188024
(3) Representative	Vincent Goh, Managing Director
(4) Business description	Trading of electronic products and components
(5) Paid in capital	USD 1,250 thousand
(6) Date of establishment	March 1977
(7) Major shareholders and ownership ratio	Satori: 100%
(8) Relationship with Satori	
Capital relationship	Satori's wholly owned subsidiary
Personnel relationship	One employee of Satori concurrently serves as a director of SG Satori.
Business relationship	Satori conducts transactions, such as the sale and purchase of goods, with SG Satori.
Related party status	SG Satori is a consolidated subsidiary of Satori and falls under the category of a related party.

(9) Operating Results and Financial Position for the most recent year (unit: thousands of USD)	
Fiscal year	May 2022
Net assets	779
Total assets	6,274
Net sales	16,707
Ordinary profit	20

*At the request of the other party, some financial information is not disclosed.

4. Number of shares acquired, acquisition value, and shareholdings before and after the acquisition

(1) Number of shares owned by Satori before the acquisition	525,351 shares (Proportion of voting rights: 25.1%)
(2) Number of shares to be acquired by Satori	720,583 shares The payment for 393,862 newly issued shares out of the above will be made through an in-kind contribution of 100% shares of SG Satori.
(3) Acquisition value	The acquisition value is undisclosed in accordance with the confidentiality obligation under the MOU with the counterparty. Satori has taken sufficient procedures to verify the appropriateness of the value by getting third-party due diligence appropriately conducted.
(4) Number of shares to be owned by Satori after the acquisition	1,245,934 shares (Proportion of voting rights: 50.1%)

5. Timetable

(1) Board of Directors resolution date	December 22, 2022
(2) Date of conclusion of the MOU	December 22, 2022
(3) Date of conclusion of the final contract	By the end of January 2023 (Scheduled)
(4) Date of closing	By the end of January 2023 (Scheduled)

6. Future outlook

The impact of this transaction on its consolidated business results is still under review. The Company, however, believes that the acquisition will contribute to enhancing its corporate value in the medium to long term.

If any event that should be disclosed occurs going forward, the Company will promptly disclose such information.

7. Post-acquisition changes (planned)

SG Satori's trading name is planned to be changed after the in-kind contribution to SM Electronic is made.