



January 13, 2023

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 acquisition of shares in SM Electronic Technologies Pvt. Ltd. to make it a subsidiary and of part of the business of GS Technology Pte. Ltd., and changing company name of Singapore Satori Pte. Ltd.

Today, Satori Electric Co., Ltd. ("Satori" or "Company") entered into agreements that allow the Company to go into the transaction stated in the notice released as of December 22, 2022. The notice stated that the Company had decided to sign a Memorandum of Understanding ("MOU") on the Company's acquisition of additional shares in SM Electronic Technologies Pvt. Ltd. ("SM Electronic") to make it a subsidiary and that the payment for the acquisition would be partially made through an in-kind contribution of shares of Satori's consolidated subsidiary, Singapore Satori Pte. Ltd. ("SG Satori").

In addition, at the Board of Directors meeting held today, the Company decided that SG Satori acquires part of the business of GS Technology Pte. Ltd. ("GST") and the business transfer agreement has been executed. The Company also resolved to change the company name of SG Satori, as it becomes a wholly owned subsidiary of SM Electronic (consolidated sub-subsidiary of the Company).

The details of the above are explained below.

1. Purposes of Satori's acquisition of additional shares in SM Electronic and SG Satori's acquisition of part of the business of GST

As of April 13, 2022, Satori acquired 525,351 shares of 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 targeting local companies, while deploying its own development know-how and product lineup.

In order to further grow the business in the promising Indian market and thus increase Satori's corporate value, Satori entered into the agreement to acquire additional shares in SM Electronic and make it Satori's consolidated subsidiary and to transfer shares in SG Satori to SM Electronic.

In addition, the Company resolved that SG Satori acquires part of the business of GST, SM Electronic's partner company headquartered in Singapore and entered into the agreement. The aim is to maximize synergies from the acquisition of SM Electronic by adding a forwarder function to SG Satori.

Satori is determined to work in concert with SM Electronic and SG Satori to further promote sales in the Indian market, pursuing higher corporate value.

2. Description on acquisition of additional shares in SM Electronic and of part of GST's business
- 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 partially through an in-kind contribution of SG Satori's shares for the third-party allotment of SM Electronic and partially through 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.

SG Satori is going to acquire the Indian business of GST. Although SG Satori is to acquire some systems and other assets related to the business, there will be no transfer of any assets and liabilities recorded on the balance sheet.

The acquisition value of the GST business is undisclosed based on its confidential agreement, but the payment is planned to be fully made with cash on hand.

3. 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 (approx. 350 million JPY)
(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 affiliate 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) Last fiscal year's operating results and financial conditions (Unit: INR million)	
Fiscal year-end	March 31, 2022
Net Assets	571
Total assets	1,110
Sales	2,316
Ordinary income	137

Note: At the request of the counter party, some details are omitted from the disclosure.

4. Overview of the counter party of the share acquisition

The share acquisition is being made by an individual, and due to confidential agreement, we will refrain from disclosing details. There are no capital, personal, or business relationships to be noted between the shareholder and the Company. The shareholder is not a related party of the Company.

5. 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) Last fiscal year's operating results and financial status (Unit: USD thousand)	
Fiscal year-end	May 31, 2022
Net Assets	779
Total assets	6,274
Sales	16,707
Ordinary income	20

6. Number of shares acquired, acquisition value, and shareholdings in SM Electronic 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 confidential agreement 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%)

7. Overview of GST

(1) Name	GS Technology Pte. Ltd.
(2) Location	Blk 5012 Ang Mo Kio Ave 5, #05-05, Techplace II Singapore 569876
(3) Representative	Francis Lee, Managing Director
(4) Business description	Wholesale of electronic components
(5) Date of establishment	1989
(6) Major shareholders and ownership ratio	Management members hold majority
(7) Relationship with Satori	
Capital relationship	Not applicable
Personnel relationship	Not applicable
Business relationship	Not applicable
Related party status	Not applicable

Note: At the request of the counter party, some details are omitted from the disclosure.

8. Timetable

Acquisition and transfer of shares

(1) Board of Directors resolution date	January 13, 2023
(2) Date of conclusion of the agreement	January 13, 2023
(3) Date of share acquisition and transfer	January 31, 2023 (Scheduled)

Acquisition of part of GST's business

(1) Board of Directors resolution date	January 13, 2023
(2) Date of conclusion of the agreement	January 13, 2023
(3) Date of acquisition of the business	March 31, 2023 (Scheduled)

9. Future outlook

SM Electronic becomes a consolidated subsidiary of the Company from the third quarter of the financial year ending 31 May 2023. The impact of this transaction on the consolidated results for the financial year will be negligible. If any event that should be disclosed occurs going forward, the Company will promptly disclose such information.

10. Change of the company name

In order for SM Electronic and SG Satori to work together to expand sales in the Indian market and increase corporate value, SG Satori will become a subsidiary of SM Electronic and change its company name as follows as of February 1, 2023 (planned).

(1) Name (before change)	SINGAPORE SATORI PTE. LTD.
(2) Name (after change)	SMET SINGAPORE PTE. LTD.