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April 25, 2024

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President: Yukio Shibata, Director and Co-President  
Stock code: TSE Prime: 6750  
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**Notice Regarding conclusion of non-binding Memorandum of Understanding on Acquisition of Full Ownership of Nippon Antenna Co., Ltd. through a Share Exchange, and Management Integration with the Elecom Group**

Elecom Co., Ltd. ("Elecom") hereby announces that its Board of Directors held today adopted a resolution that Elecom and Nippon Antenna Co., Ltd. (President & Representative Director: Koichi Takizawa; hereinafter, "Nippon Antenna") enter into non-binding Memorandum of Understanding ("MoU") aimed at acquiring full control of Nippon Antenna through a share exchange (the "Share Exchange") and integrating its functions into the Elecom Group and its management into DX Antenna Co., Ltd. ("Competiton Law"), a wholly-owned subsidiary of Elecom (the "Management Integration").

The MoU is non-binding and conditional on successful acquisition of necessary clearances, permits, approvals, and the like required under the competition law in Japan ("Competiton Law"), and other laws and regulations. Going forward, we will work to satisfy of the Competiton Law and conduct due diligence, followed by discussions and reviews for the conclusion of a legally binding share exchange agreement. If we adopt a resolution to enter into a share exchange agreement, we will disclose its details separately.

1. Objective and significance of the Management Integration

(1) Management Integration Goal

The goal is to make the broadcasting antenna business more solid, and to keep and grow the communication antenna business especially in a public sector that serves government needs with the help of the Elecom Group's management resources.

## (2) Background

We have a strong business foundation mainly for products like digital equipments, which we sell to individual customers. We also aim to grow our business by expanding other businesses in our focus areas, and by taking advantage of opportunities to merge with or acquire other companies.

In 2017, we acquired shares of DX ANTENNA, which offers a total lineup of products such as broadcasting antennas and other receiving devices, turning it into a subsidiary of Elecom. After becoming a member of the Elecom Group, DX ANTENNA is operating its business efficiently by leveraging the business base of the Elecom Group. In addition, DX ANTENNA has expanded its business domains to include non-broadcasting businesses, making inroads into the security business in earnest to achieve further growth.

Nippon Antenna serves a variety of customers in the broadcasting and communications sectors, with reliable antennas and installation technologies that it has developed steadily in those areas since its inception. It also has advanced testing facilities. Moreover, the company has a solid business foundation for meeting the public sector's demand for communication antennas, which we regard as a business with high public value.

On the other hand, the two companies are facing a harsh operating environment. The market size of broadcasting equipment has decreased to 40 billion yen from its peak of 100 billion yen reached at the debut of digital terrestrial broadcasting. We expect its market size to remain on a declining trend on the back of the diversification of content and demand substitution on the internet. In addition, surging material costs, the yen's depreciation, semiconductor shortages, among other factors, are also weighing on their operations.

Under these tough business environment, Nippon Antenna anticipates an operating deficit for three consecutive fiscal years and, it cannot expect a major recovery without implementing radical changes that involve looking into capital strategy alternatives. Therefore, we initiated talks, with the help of the lead managing securities firm, on its Management Integration with the Elecom Group, which has been recording steady earnings at DX ANTENNA.

Subsequently, the Elecom Group conducted a comprehensive investigation of the potential integration, such as by performing business due diligence of Nippon Antenna. It has been determined that collaborating with Nippon Antenna will enable us to strengthen the broadcasting antennas business foundation, expand the communications antenna business, and preserve the business of high-public relevance serving the public sector's demand. For this reason, we have consented to sign the Basic Agreement following consultations and evaluations between both companies.

## (1) Basic policy on the Management Integration

We plan to conduct a share exchange for the integration between Elecom and Nippon Antenna, as part of the Management Integration. We have concluded that this is a desirable method for stakeholders of both companies for the following reasons:

- it will enable Elecom to limit cash-out amounts by effectively using its treasury stocks while allowing it to allocate money as required for the Management Integration.
- By getting Elecom's common stock for the Share Exchange, Nippon Antenna's shareholders can benefit from Elecom's growing business and profits, and its higher share prices after the Share Exchange;
- the shareholders of Nippon Antenna can also sell highly liquid Elecom shares in the market for cash where necessary.

Following the Share Exchange, we will aim to achieve further growth and higher corporate values for both companies. Elecom will lead the efforts toward the Management Integration by actively leveraging the Elecom Group's business base relating to procurement, development, production, sales, and other functions and putting its resources into Nippon Antenna. We will also deepen Nippon Antenna's collaboration with the Elecom Group's existing businesses by leveraging each other's knowledge.

In particular, for the first step, we will advance structural reforms at Nippon Antenna, which are necessary for its functional integration into the Elecom Group, considering the tough business environment that Nippon Antenna faces. Nippon Antenna is likely to incur one-off expenses, which will be proportionate to its scale, in the fiscal year ending March 2025 due to the structural reforms, but at the same time, Nippon Antenna is also expected to implement various measures to enhance its corporate value.

The two companies will continue to discuss and review further details.

## 2. Outline of the Management Integration

### (1) Future schedule

Board resolution for concluding the Basic Agreement (at Elecom and Nippon Antenna)	April 25, 2024
Conclusion of the Basic Agreement (between Elecom and Nippon Antenna)	April 25, 2024
Conclusion and announcement of the share exchange agreement and the management integration agreement	July-August 2024 (tentative)
Holding of an extraordinary shareholders' meeting at Nippon Antenna for approval of the share exchange agreement (Note 1)	September-October 2024 (tentative)
Execution of the Share Exchange (Assumed to be after obtainment of clearances, permits, approvals, and the like required under the Competition Law)	October-November 2024 (tentative)

(Note 1) The Share Exchange will be carried out through a simplified procedure pursuant to Article 796, paragraph 2, of the Companies Act without obtaining the approval of a general meeting of Elecom's shareholders for the agreement on the Share Exchange.

(Note 2) The schedule above is a plan as of now and subject to change in light of, among other factors, the status of obtaining clearances, permits, approvals, and the like under the Competition Law.

## (2) Method of the Management Integration

For the Management Integration, we intend to first implement the Share Exchange that will turn Elecom into the sole parent company and Nippon Antenna into the wholly-owned subsidiary, provided that we successfully obtain all the necessary clearances, permits, approvals, and so on under the Competition Law. The Share Exchange will be done through a simplified procedure based on Article 796, paragraph 2, of the Companies Act without getting the approval of a general meeting of Elecom's shareholders. Also, the method of the Management Integration may change depending on various factors, such as ongoing discussions and reviews between both companies and the outcomes of due diligence.

After the Share Exchange takes effect, we will swiftly review operational matters for the management integration of DX ANTENNA and Nippon Antenna.

## (3) Details of allotment through the Share Exchange

Elecom will give its common stock to Nippon Antenna's shareholders in the Share Exchange. The ratio of the Share Exchange will be determined by the time of concluding the share exchange agreement, after consultation between both companies. The decision will be based on whether the competition authority will request resolution of any issues and the details of any such requests, the result of due diligence, and the valuation result to be submitted by a third-party valuation institution.

## 3. Overview of the companies to the management Integration

	Wholly-owning parent company through the Share Exchange (As of December 31, 2023)	Wholly-owned subsidiary through the Share Exchange (As of December 31, 2023)
(1) Company name	Elecom Co., Ltd.	Nippon Antenna Co., Ltd.
(2) Location of head office	Meiji Yasuda Life Insurance Osaka Midosuji building. 9F., 4-1-1, Fushimi-machi. Chuo-ku, Osaka, Japan	7-49-8 Nishi Ogu, Arakawa-ku, Tokyo, Japan
(3) Title and name of representative	Junji Hada, Chairman and Representative Director	Koichi Takizawa, President and Representative Director
(4) Business lines	Development, production, and sales of personal computers and digital equipment	Development, production, and sales of antennas, etc. for communications and broadcasting

(5)	Capital	12,577 million yen	4,673 million yen																																								
(6)	Date of establishment	May 28, 1986	November 20, 1953																																								
(7)	Number of outstanding shares	92,221,420 shares	14,300,000 shares																																								
(8)	Fiscal closing date	March 31	March 31																																								
(9)	Number of employees	(Consolidated) 1,533 (As of March 31, 2023)	(Consolidated) 585 (As of March 31, 2023)																																								
(10)	Main financing banks	MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Resona Bank, Limited	Resona Bank, Limited, Mizuho Bank, Ltd.																																								
(11)	Major shareholders and percentage of ownership (Note 1)	<table border="1"> <tr> <td>Junji Hada</td> <td>21.78%</td> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>7.20%</td> </tr> <tr> <td>Sanzu Y.K.</td> <td>15.13%</td> <td>Hikari Tsushin, Inc.</td> <td>7.17%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>8.51%</td> <td>Yutaka Takizawa</td> <td>7.14%</td> </tr> <tr> <td>Jasutein K.K.</td> <td>6.43%</td> <td>Koichi Takizawa</td> <td>6.92%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>2.86%</td> <td>Resona Bank, Limited</td> <td>4.78%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>2.25%</td> <td>UH Partners 3, Inc.</td> <td>4.70%</td> </tr> <tr> <td>Taiyo Fund, L.P.</td> <td>2.17%</td> <td>Kenji Takizawa</td> <td>4.62%</td> </tr> <tr> <td>Elecom Employee Shareholding Association</td> <td>1.97%</td> <td>UH Partners 2, Inc.</td> <td>4.38%</td> </tr> <tr> <td>State Street Bank And Trust Company 505227</td> <td>1.43%</td> <td>Kiyoko Nishikawa</td> <td>4.36%</td> </tr> <tr> <td>Taiyo Hanei Fund, L.P.</td> <td>1.32%</td> <td>Eiko Ono</td> <td>3.85%</td> </tr> </table>	Junji Hada	21.78%	Custody Bank of Japan, Ltd. (Trust Account)	7.20%	Sanzu Y.K.	15.13%	Hikari Tsushin, Inc.	7.17%	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.51%	Yutaka Takizawa	7.14%	Jasutein K.K.	6.43%	Koichi Takizawa	6.92%	Custody Bank of Japan, Ltd. (Trust Account)	2.86%	Resona Bank, Limited	4.78%	MUFG Bank, Ltd.	2.25%	UH Partners 3, Inc.	4.70%	Taiyo Fund, L.P.	2.17%	Kenji Takizawa	4.62%	Elecom Employee Shareholding Association	1.97%	UH Partners 2, Inc.	4.38%	State Street Bank And Trust Company 505227	1.43%	Kiyoko Nishikawa	4.36%	Taiyo Hanei Fund, L.P.	1.32%	Eiko Ono	3.85%	
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	relationship with related companies					
(13) Operating results and financial position for the last three years						
Fiscal period	Elecom Co., Ltd. (consolidated)			Nippon Antenna Co., Ltd. (consolidated)		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Net assets	76,813	81,401	81,204	18,882	16,967	14,758
Total assets	106,009	110,621	106,846	23,207	21,685	19,361
Net assets per share (yen)	840.72	923.89	957.74	1,818.74	1,633.03	1,414.49
Net sales	107,220	107,358	103,727	15,297	12,606	12,070
Operating profit	15,140	13,945	11,305	284	(1,299)	(1,932)
Ordinary profit	15,207	14,398	11,376	230	(1,225)	(1,933)
Profit attributable to owners of parent	10,752	10,398	8,129	(79)	(1,766)	(1,861)
Profit per share (yen)	119.55	114.91	95.32	(7.38)	(170.10)	(178.58)
Dividend per share (yen)	69.00 (Note 2)	37.00	40.00	26.00	21.00	21.00

(In millions of yen, except otherwise specifically noted)

(Note 1) Data for major shareholders and percentage of ownership of both companies is as of September 30, 2023.

(Note 2) Elecom conducted a two-for-one split of its common stock on April 1, 2021, and the value is at its pre-split level.

#### 4. Future outlook

The impact of the conclusion of the MoU on the business performance of Elecom for this fiscal year is unknown at this time. If any matter that should be released, we will promptly notify.