



DISCLAIMER: This English document is translated using a machine translation. You may use this for reference purposes only, fully understanding that it may include inaccurate translations. It is your sole responsibility if you rely not on the Japanese original but on this translation.

July 24, 2025

To whom it may concern,

Company name: SUN-WA TECHNOS CORPORATION
Name of President and Director Akihiro Matsuo
representative:
Inquiries: Director and Executive Takamichi Matoba
Officer, Director-General of
Administration Headquarters
(Code No. 8137; TSE Prime)
(TEL. +81-3-5202-4011)

**Notice Concerning Making MTEC Co., Ltd. a Subsidiary through Stock Delivery
(Simplified Stock Delivery)**

SUN-WA TECHNOS CORPORATION (Hereinafter referred to as the "Company") hereby announces that, at a meeting of its Board of Directors held today, it resolved to conduct a stock delivery (Hereinafter referred to as the "Stock Delivery") with the Company as the stock delivery parent company and MTEC Co., Ltd. (Hereinafter referred to as "MTEC") as the stock delivery subsidiary, and a stock delivery plan was prepared today. Since the Stock Delivery will be conducted using treasury shares, it does not involve the issuance of new stocks.

1. Reason for making MTEC a subsidiary through the Stock Delivery

Aiming to realize its mission of "connecting technologies around the world to create new values and support the creation of an affluent society," our group has continued to contribute to the manufacturing field, particularly in the industrial electronics and mechatronics industry, by providing "the latest information," "solutions that meet needs," and "safe and secure services."

Currently, the Company is promoting the 'SUN-WA Growth Plan 2027 (SGP2027),' its 12th medium-term management plan, under the 'SUN-WA Vision 2030,' its long-term vision looking ahead to 2030, and is accelerating strategic investments and business structural reforms. In particular, our 'Growth Strategy' focuses on the selection and concentration of priority strategic areas covering products, customers, and business areas, as well as the expansion of businesses for internal and external growth.

The Stock Delivery will be implemented as part of the growth strategy under the medium-term management plan, and is a concrete initiative based on "business-cooperative investment." Through the Stock Delivery, the Company aims to achieve sustainable growth by organically linking both internal growth (deepening of existing businesses) and external growth (business expansion through M&A, etc.).

In the technology field of control, inspection and transport solutions for industrial machinery and equipment, which our group is focusing on, MTEC has a high level of expertise in such areas as the design and manufacture of FA control units and the construction of inspection and transport systems, as well as the ability to respond flexibly to flexible field needs. As a partner that highly complements our group's solution development, MTEC entered into a business alliance agreement on technology solutions in the industrial

machinery field on October 30, 2023 and has been collaborating with us. The acquisition is expected to generate the following synergies.

- Strengthening the solution development structure by promptly incorporating the technology development capabilities and alliances possessed by MTEC
- Expanding product strategy and innovation capabilities by leveraging MTEC's manufacturer-like functions
- Accelerating development of three strategic axes (products, customer segments, and areas) based on customer and manufacturer needs
- Building a new business model that integrates the human resources, technologies, and customer bases of both companies

Based on the above, the Company has judged that the Stock Delivery will materialize the strategic investment policy set forth in the medium-term management plan "SGP2027" and will contribute to enhancing the corporate value of both companies over the medium to long term, and has therefore decided to make MTEC a subsidiary. Regarding the Stock Delivery, it has been agreed between the Company and the shareholders of the stock delivery subsidiary that the Company will acquire all of the remaining stocks (99 shares of common stock of the stock delivery subsidiary [ownership ratio of voting rights: 49.5%]) for the cash consideration through a stock transfer and make the stock delivery subsidiary a wholly-owned subsidiary at the end of three years after the Stock Delivery becomes effective (October 1, 2028).

2. Outline of the Stock Delivery

(1) Schedule of the Stock Delivery

- Board of Directors meeting to determine the Stock Delivery: Thursday, July 24, 2025
- Date of application for transfer of stocks of the stock delivery subsidiary: Thursday, August 12, 2025 (planned)
- Planned date of Stock Delivery (effective date): Tuesday, September 30, 2025 (planned)

(Note)

1. Pursuant to the provisions of Article 816, 4, Paragraph 1 of the Companies Act, the Stock Delivery is planned to be conducted by a simplified stock delivery method that does not require approval at the general meeting of shareholders of the Company.
2. The schedule may be changed due to the necessity of proceeding or for other reasons.
3. The Stock Delivery is conditional on the securities registration statement under the Financial Instruments and Exchange Act taking effect.

(2) Method of the Stock Delivery

This is a stock delivery in which the Company is the stock delivery parent company and MTEC is the stock delivery subsidiary. Pursuant to the provisions of Article 816, 4, Paragraph 1 of the Companies Act, the Company plans to issue stocks through a simplified stock delivery that does not require an approval of the general meeting of shareholders of the Company.

(3) Details of allotment pertaining to the Stock Delivery (stock delivery ratio)

The Company will issue 3,266 shares of the Company's common stock for 1 share of MTEC's common stock. As for the Company's stocks to be issued by the Company, 329,866 treasury shares are planned to be used, and no new stocks will be issued. The minimum number of stocks of MTEC to be transferred to the Company shall be 101. Any fractional stocks will be paid in accordance with Article 234 of the Companies

Act.

(4) Treatment of share acquisition rights and bonds with share acquisition rights

MTEC has not issued any share acquisition rights or bonds with share acquisition rights, and there are no share acquisition rights to be acquired through the Stock Delivery.

(5) Number of stocks acquired and number of stocks held

- Number of stocks held before change: 0 shares of common stock (Percentage of voting rights held: 0%)
- Number of stocks acquired: 101 common shares
- Number of stocks held after the change: 101 common shares (Percentage of voting rights held: 50.5%)

(Note) As a result of the Stock Delivery, the Company will own a majority (50.5%) of the voting rights of MTEC on its own account and the MTEC will fall under the category of a subsidiary of the Company.

3. Basis, etc. for Details of the Allotment Related to the Stock Delivery

(1) Basis and reason for details of the allotment

Upon examining the stock delivery ratio to be used for the Stock Delivery, SUN-WA TECHNOS CORPORATION selected ASTRA FINANCIAL ADVISORS Co., Ltd. (hereinafter referred to as "AFA") as SUN-WA TECHNOS CORPORATION's financial advisor and third-party evaluator to ensure the fairness and appropriateness of the Stock Delivery to judge the appropriateness of the stock delivery ratio.

(2) Matters concerning calculation

Since common shares of SUN-WA TECHNOS CORPORATION are listed on the Prime Market of the Tokyo Stock Exchange, the market share price exists and its liquidity in the trading market is high, the AFA determined that the average market share price method could provide sufficiently appropriate results when evaluating the share value as consideration for the Stock Delivery, and therefore, made the calculation by adopting the average market price method (closing price on the calculation reference date, and simple averages of closing prices of each of the one-month, three-month, and six-month periods preceding the calculation reference date, with the calculation reference date being May 30, 2025).

Adoption method	Calculation results (per common share)
Average market price method	2,144 yen to 2,309 yen

Regarding the MTEC, the discounted cash flow method (hereinafter referred to as the "DCF Method") was applied to reflect the situation of future business activities in the evaluation, taking into consideration the following factors in a comprehensive manner: the fact that there is no market share price for MTEC as it is an unlisted stock; the fact that the amount of net assets as of the valuation reference date is not considered to represent the value of the stock taking into account the future cash flow; and the fact that it is difficult to objectively and rationally determine which business year's profit level should be adopted for the profit and multiple, which are the calculation elements of the comparable listed company comparison method, because the profit level will fluctuate significantly depending on the situation of progress and likelihood of implementation of business measures to be implemented by MTEC in the future.

Adoption method	Calculation results (per common share)
DCF Method	6,526,744 yen to 7,657,310 yen

Calculation result of the stock delivery ratio to one share of MTEC's common shares, assuming the value of one share of SUN-WA TECHNOS CORPORATION's common shares is 1 are as follows.

Calculation result of the stock delivery ratio
2,827 to 3,572

As has been mentioned above, value of SUN-WA TECHNOS CORPORATION shares was analyzed with the average market price method based on the closing price of the Prime Market of the Tokyo Stock Exchange of SUN-WA TECHNOS CORPORATION on the calculation base date, and simple averages of the closing prices of the last one-month, three-month, and six-month periods preceding the calculation reference date, with May 30, 2025 being the calculation base date.

With the DCF method, the corporate value was calculated by discounting the free cash flow that MTEC is expected to generate in the future based on the business plan from the fiscal year ending March 2026 to the fiscal year ending March 2030 provided by MTEC to its present value at a certain discount rate. The perpetual growth rate method was used to calculate the continuing value beyond the plan period with the perpetual growth rate of 1%, through conservatively assuming the level of business growth beyond the plan period that can be assumed at the time of the assessment, and taking into account the outlook for inflation, etc. The discount rate in the calculation was set from 11.0% to 13.0% with 11.88% as the base.

Based on these results, range of the stock delivery ratio based on the comparison with the valuation result of SUN-WA TECHNOS CORPORATION using the average market price method was calculated as 2,827 to 3,572 to 1 share of common shares.

In calculating the stock delivery ratio, AFA has, in principle, used the information provided by SUN-WA TECHNOS CORPORATION and MTEC and the information made available to the public as it is, and has not independently verified the accuracy and completeness of the materials and information used, assuming that they are all accurate and complete, and that all facts are disclosed to AFA that may have a material impact on the calculation of the stock delivery ratio.

Also, no independent valuation, appraisal, or assessment of assets and liabilities, including contingent liabilities, of SUN-WA TECHNOS CORPORATION and MTEC including analysis and valuation of each of the individual assets and liabilities has been conducted. However, real estate owned by MTEC has been appraised by a real estate appraiser (for other assets and liabilities, even third-party appraisals or assessments have not been requested). In addition, it is assumed that the information on MTEC's business plan referred to in the calculation was reasonably prepared by MTEC's management based on the best forecast and judgment currently available. The results of AFA's analysis reflect information and economic conditions as of May 30, 2025.

In addition, the calculation results of the stock delivery ratio by AFA do not express an opinion on the fairness of the stock delivery ratio for the Stock Delivery, and SUN-WA TECHNOS CORPORATION has not obtained an opinion (fairness opinion) to the effect that the stock delivery ratio for the Stock Delivery is fair to the common shareholders of SUN-WA TECHNOS CORPORATION from a financial point of view.

4. Outline of the Companies Involved in the Stock Delivery

Stock Delivery Parent Company

(1)	Name	SUN-WA TECHNOS CORPORATION		
(2)	Location	3-1-1 Kyobashi, Chuo-ku, Tokyo		
(3)	Job title and name of representative	Akihiro Matsuo, President and Representative Director		
(4)	Description of business	Sales of industrial electronics and mechatronics-related equipment, devices, and components		
(5)	Share capital	3,727 million yen		
(6)	Date of establishment	November 4, 1949		
(7)	Number of issued shares	16,044,000 shares		
(8)	Major shareholders and ownership ratios	HIKARI TSUSHIN, INC., 7.69% The Master Trust Bank of Japan, Ltd. (Trust Account), 7.05% YASKAWA Electric Corporation, 5.25% The Dai-ichi Life Insurance Company, Limited, 4.80% Origin Co., Ltd., 3.28% KAGA ELECTRONICS CO.,LTD., 2.93% Masujiro Yamada, 2.61% MUFG Bank, Ltd., 2.60% Employee Shareholding Association, SUN-WA TECHNOS CORPORATION, 2.06% Custody Bank of Japan, Ltd. (Trust Account), 1.61%		
(9)	Fiscal year end	March 31		
(10)	Operating results and financial positions of the said Company for the last three years			
Fiscal year end		Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025
Net assets		32,649 million yen	34,053 million yen	32,815 million yen
Total assets		82,844 million yen	76,318 million yen	68,293 million yen
Net assets per share		2,108.89 yen	2,253.49 yen	2,161.77 yen
Net sales		133,712 million yen	114,562 million yen	101,703 million yen
Operating profit		5,351 million yen	3,647 million yen	2,171 million yen
Ordinary profit		6,307 million yen	4,710 million yen	2,710 million yen
Profit		4,577 million yen	3,749 million yen	1,725 million yen
Profit per share		295.86 yen	247.00 yen	113.77 yen

Stock Delivery Subsidiary

(1)	Name	MTEC Co., Ltd.		
(2)	Location	942-113 Asakawa, Yahata Nishi-ku, City of Kitakyushu, Fukuoka		
(3)	Job title and name of representative	Shingo Maeda, Representative Director		
(4)	Description of business	Development of robot systems Design and manufacturing of automation equipment Development and manufacturing of coating technologies		
(5)	Share capital	10 million yen		
(6)	Date of establishment	April 12, 2001		
(7)	Number of issued shares	200 shares		
(8)	Major shareholders and ownership ratios	Shingo Maeda 30% Kumi Maeda 20% Yuji Maeda 20% Yuki Haraguchi 15% Risa Miki 15%		
(9)	Relationship between the Company and said company	Capital relationship		Not applicable
		Personnel relationship		Not applicable
		Business relationship		Trade of products related to robot systems and automation equipment
		Related party relationship		Not applicable

(10)	Fiscal year end	March 31	
(11) Operating results and financial positions of the said Company for the last three years			
Fiscal year end	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025
Net assets	1,161,867 thousand yen	1,048,086 thousand yen	925,206 thousand yen
Total assets	1,193,370 thousand yen	1,083,497 thousand yen	951,418 thousand yen
Net assets per share	5,809 thousand yen	5,240 thousand yen	4,626 thousand yen
Net sales	218,055 thousand yen	282,457 thousand yen	217,334 thousand yen
Operating loss	161,859 thousand yen	121,520 thousand yen	127,806 thousand yen
Ordinary loss	143,447 thousand yen	112,658 thousand yen	118,619 thousand yen
Net loss	184,191 thousand yen	113,781 thousand yen	122,781 thousand yen
Net loss per share	920 thousand yen	568 thousand yen	613 thousand yen

(Note) As consolidated financial indicators are not available, the figures presented are simple sums of the financial data of the stock delivery subsidiary and its subsidiary.

Concurrently with SUN-WA TECHNOS CORPORATION's share delivery, MTEC is conducting a company split (incorporation-type company split) in which it serves as the splitting company.

The figures in the above table are the figures before the incorporation-type company split.

Incidentally, the figures after the incorporation-type company split are as follows.

Net assets, 462 million yen

5. Status, etc. after the Stock Delivery

- (1) There will be no change in SUN-WA TECHNOS CORPORATION's trade name, location, title and name of representative, business details, share capital, and fiscal year end due to the Stock Delivery.
- (2) There will be no change in MTEC's trade name, location, title and name of representative, business details, share capital, and fiscal year end due to the Stock Delivery.
- (3) Regarding the Stock Delivery, it has been agreed between the Company and the shareholders of the stock delivery subsidiary that the Company will acquire all of the remaining stocks (99 shares of common stock of the stock delivery subsidiary [ownership ratio of voting rights: 49.5%]) for the cash consideration through a stock transfer and make the stock delivery subsidiary a wholly-owned subsidiary at the end of three years after the Stock Delivery becomes effective (October 1, 2028).

6. Overview of accounting treatments

This matter falls under the category of "acquisition" under the Accounting Standard for Business Combinations, and the goodwill (or negative goodwill) that will arise has not been determined.

7. Future outlook

The impact of this matter on SUN-WA TECHNOS CORPORATION's consolidated financial results for the fiscal year ending March 2026 is under scrutiny and will be disclosed promptly as necessary.