

October 10, 2019

Name of Company	KAGA ELECTRONICS CO., LTD.
Stock Code	8154 Tokyo Stock Exchange, First Section
Head office	20-Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, Japan
Representative	Ryoichi Kado, President and COO
Contact	Eiji Kawamura, Managing Director, Head of Administration Headquarters Tel: +81-(0)3-5657-0111

### **Notice Regarding Termination of Agreement and Trading between a Consolidated Subsidiary of the Company and its Major Supplier**

Kaga Electronics Co., Ltd. (“the Company”) is informing you of the following matters regarding the distribution agreement executed between our consolidated subsidiary Fujitsu Electronics Inc. (hereinafter “Fujitsu Electronics”) and its major supplier, the United States company Cypress Semiconductor Corporation (“Cypress”) (the “Agreement”) because the Company anticipates the termination of the Agreement and cessation of trading thereunder as of October 10, 2019. The impact of the termination of the Agreement on the Kaga Group’s consolidated business performance for the fiscal year ending March 2020 has already been factored into the Company’s forecast for the current fiscal year announced on August 7 of this year.

#### **1. Background to the Cessation of Trading**

Fujitsu Electronics is engaged in the distribution of a wide variety of semiconductor products as a Cypress distributor. While Fujitsu Electronics has maintained good relations with Cypress since it began selling Cypress Semiconductor products to its customers, Fujitsu Electronics has been notified by Cypress that it intends to terminate the Agreement as of October 10, 2019.

Upon receiving this notification, the Company and Fujitsu Electronics have pursued talks with Cypress in order to continue business transactions. However, the parties have been unable to come to an understanding. The Company and Fujitsu Electronics plan to further pursue such talks in the future.

#### **2. Overview of Fujitsu Electronics Inc.**

Name	Fujitsu Electronics Inc.
Representative	President and Representative Director Junji Ogihara
Address of head office	Shin-Yokohama Chuo Building, 2-100-45, Shin-Yokohama, Kohoku-ku, Yokohama, Kanagawa Prefecture, Japan
Business	Design, development and sale of electronic devices

### 3. Overview of Cypress Semiconductor Corporation

Name	Cypress Semiconductor Corporation	
Representative	Hassane El-Khoury, President and CEO	
Address of head office	198 Champion Court San Jose, CA 95134, USA	
Business	Design, development, manufacture and sale of semiconductor devices	
Relationships with Kaga Electronics Co., Ltd.	Capital relationships	None
	Personnel relationships	None
	Business relationships	No direct business relationship exists between the Company and Cypress. However, Cypress has a business relationship with the Company's consolidated subsidiary.
	Related Party states	None

### 4. Details of Fujitsu Electronics' business with Cypress Semiconductor

Name of transaction counterparty	Cypress Semiconductor Corporation	
Type of transactions	Stocking and sale of Cypress manufactured (semi-conductor) products	
Sales (actual) for fiscal year ending March 2019	Fujitsu Electronics' sales of Cypress products (April 1, 2018 to March 31, 2019)	JPY50,766 million
	Percentage of the Company's consolidated sales (April 1, 2018 to March 31, 2019)	17.3%
(Ref) Impact on the Company's consolidated sales	Sales by Fujitsu Electronics* of Cypress products during the Company's preceding Q4 (January 1, 2019 to March 31, 2019) *in the preceding Q4 after Fujitsu Electronics became a Group company of Kaga Electronics(January 1, 2019)	JPY11,086 million
	Percentage of the Company's consolidated sales (April 1, 2018 to March 31, 2019)	3.8%

### 5. Impact on the Company's Business Performance

The impact of the termination of the Agreement on the Kaga Electronics Group's consolidated business performance for the fiscal year ending March 2020 has already been factored into the Company's forecast for the current fiscal year announced on August 7 of this year.

End.