

November 4, 2021

Name of Company KAGA ELECTRONICS CO., LTD.
Representative Ryoichi Kado, President & COO
 (Stock Code: 8154 Tokyo Stock Exchange, First Section)
Contact Eiji Kawamura, Managing Director
 Head of Administration Headquarters
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(Change in Matters Disclosed) Notice Regarding the Conclusion of a Share Exchange Agreement for the Acquisition of a Consolidated Subsidiary as a Wholly owned Subsidiary through a Simplified Share Exchange

Kaga Electronics Co., Ltd. (“the Company”) has determined to partially change the scheme of acquisition described in the “Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. [currently KAGA FEI Co., Ltd.] (and Making It a Subsidiary)” published on September 10, 2018. The Company and KAGA FEI Co., Ltd. (“KAGA FEI”) resolved, at meetings of their respective boards of directors held on November 4, 2021, to implement a share exchange (“the Share Exchange”) with the Company as the wholly owning parent company and KAGA FEI as a wholly owned subsidiary. The Company and KAGA FEI concluded a share exchange agreement effective the same day.

The Company plans to implement the Share Exchange effective January 1, 2022, without obtaining the approval of the general meeting of shareholders, in accordance with the procedures for a simplified share exchange based on the provisions of Article 796, Paragraph 2 of the Companies Act.

Because the Share Exchange is a simplified share exchange, representing the acquisition of a consolidated subsidiary as a wholly owned subsidiary, the disclosure of some matters and details have been omitted.

1. Purpose of Making KAGA FEI a Wholly owned Subsidiary through the Share Exchange

As stated in the “Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. [currently KAGA FEI Co., Ltd.] (and Making It a Subsidiary)” announced on September 10, 2018, the Company has determined to progressively acquire the shares of KAGA FEI in three stages for a cash consideration. The first stage (January 1, 2019: 70% acquired) and the second stage (December 28, 2020: 85% acquired) of this acquisition have already been completed. The Company has now decided to change the method used to acquire the remaining 15% of shares to the exchange of shares, in order to simplify and expedite administrative and other procedures, and to make KAGA FEI a wholly owned subsidiary of the Company.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Date of resolution of the board of directors (the Company)	November 4, 2021
Date of resolution of the board of directors (KAGA FEI)	November 4, 2021
Date of conclusion of the share exchange agreement	November 4, 2021
Date of resolution of the extraordinary general meeting of shareholders (KAGA FEI)	November 4, 2021 (scheduled)
Date of cash payment pertaining to the Share Exchange	December 28, 2021 (scheduled)
Planned date of implementation of the Share Exchange (effective date)	January 1, 2022 (scheduled)

- Notes: 1. The Company plans to implement the Share Exchange without obtaining the approval of the general meeting of shareholders, in accordance with the procedure for a simplified share exchange based on the provisions of Article 796, Paragraph 2 of the Companies Act.
2. The planned date of implementation (effective date) of the Share Exchange and the date of cash payment pertaining to the Share Exchange may be altered by agreement between the Company and KAGA FEI.

(2) Method of the Share Exchange

The Share Exchange is an exchange of shares with the Company as the wholly owning parent company and KAGA FEI as a wholly owned subsidiary.

The Company plans to implement the Share Exchange effective January 1, 2022, without obtaining the approval of the general meeting of shareholders, in accordance with the procedure for a simplified share exchange based on the provisions of Article 796, Paragraph 2 of the Companies Act.

(3) Details of Allotment Pertaining to the Share Exchange

The Company will allot and pay a cash consideration to shareholders who hold common shares of KAGA FEI, in the amount of 914.0442 yen per common share of KAGA FEI held. No allotment pertaining to the Share Exchange will be made for shares of KAGA FEI held by the Company (22,636,972 shares). The Company therefore plans to pay a total cash consideration of 3,651 million yen pertaining to the Share Exchange.

(4) Treatment of Share Acquisition Rights and Bonds with Share Acquisition Rights Pertaining to the Share Exchange

Not applicable.

3. Basis, etc. for the Details of Allotment Pertaining to the Share Exchange

The value of the shares of KAGA FEI has been calculated, after various adjustments, based on the value of consolidated net assets on the consolidated balance sheets, in view of the fact that the shares of KAGA FEI are not listed on a public exchange, and that it is a consolidated subsidiary of the Company. The details of the allotment shown above have been decided based on this result, after consultation between the parties concerned.

4. Overview of the Companies Involved in the Share Exchange

	Wholly owning Parent Company after the Share Exchange	Wholly owned Subsidiary after the Share Exchange
(1) Company Name	Kaga Electronics Co., Ltd.	KAGA FEI Co., Ltd.
(2) Address	20 Kandamatsunagacho, Chiyoda-ku Tokyo 101-8629 Japan	Headquarters: 2-100-45, Shin-Yokohama, Kohoku-Ku, Yokohama-shi, Kanagawa, 222-8508 Japan
(3) Representative's title and name	President & COO Ryoichi Kado	President & Representative Director Junji Ogihara
(4) Business	Sales of electronics parts and semiconductors, EMS (Electronics Design Manufacturing Service), Sales of PCs and peripherals and more.	Design, development, and sale of electronic devices
(5) Capital	12,133 million yen	4,877 million yen
(6) Date of establishment	September 12, 1968	May 2, 1952

(7)	Number of shares outstanding	28,702,118 shares	26,631,972 shares
(8)	Fiscal year end	March 31	March 31
(9)	Major shareholders and their ownership ratios	Sankyo Co., Ltd. 9.88% The Master Trust Bank of Japan, Ltd. 9.51% OKOZE CO., LTD. 7.01% Custody Bank of Japan, Ltd. 5.98% The Bank of Mitsubishi UFJ, Ltd. 4.62%	Kaga Electronics Co., Ltd. 85% Fujitsu Semiconductor Limited 15%
(10)	Financial position and business performance in the most recent fiscal year		
Fiscal period	The company (Consolidated)		KAGA FEI (stand-alone)
	FYE March 2021		FYE March 2021
Net assets	95,062 million yen	14,696 million yen	
Total assets	237,004 million yen	42,229 million yen	
Net assets per share	3,311.24 yen	551.83 yen	
Net sales	422,365 million yen	89,888 million yen	
Operating income	11,467 million yen	-1,061 million yen	
Ordinary income	11,241 million yen	-738 million yen	
Profit attributable to owners of parent	11,399 million yen	-480 million yen	
Net income per share	415.07 yen	-18.03 yen	

5. Status After the Share Exchange

There will be no change in the Company's name, address, its representative's title or name, its business, capital, or its fiscal year end pursuant to the Share Exchange.

6. Future Outlook

KAGA FEI is already a consolidated subsidiary of the Company, and, with the exception of the acquisition scheme, there is no significant change from the details published on September 10, 2018, in the "Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. [currently KAGA FEI Co., Ltd.] (and Making It a Subsidiary)." The effect of the Share Exchange on the Company's business performance is therefore expected to be immaterial.

(Reference) Consolidated Results Forecast for the Fiscal Year Ending March 31, 2022 (announced on November 4, 2021), and Consolidated Results for the Previous Fiscal Year

	Net Sales	Operating Income	Ordinary Income	Profit attributable to owners of parent
Forecast FYE March 2022	470,000 million yen	15,000 million yen	14,500 million yen	9,000 million yen
Results FYE March 2021	422,365 million yen	11,467 million yen	11,241 million yen	11,399 million yen