

August 6, 2020

Name of Company: KAGA ELECTRONICS CO., LTD.
Stock Code: 8154 Tokyo Stock Exchange, First Section
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(Disclosure update)

Notice Regarding Recording of Extraordinary Income (Gain on Bargain Purchase)

In the “Notice Regarding Conclusion of Share Transfer Agreement with CITY INDEX ELEVENTH CO., Ltd for Acquisition of Shares in EXCEL CO., LTD., and Expected Recognition of Extraordinary Income (Gain on Bargain Purchase)” released on December 9, 2019, Kaga Electronics Co., Ltd. (“the Company”) announced that it anticipated recognition of extraordinary income in the amount of approximately 8.2 billion yen as “gain on bargain purchase” associated with the share acquisition. The Company reports the extraordinary income as follows.

1. Amount of gain on bargain purchase
8,007 million yen

2. Reason for the gain on bargain purchase

The Company made EXCEL CO., LTD. a subsidiary through share acquisition executed on April 1, 2020. In recording the share acquisition, accounting treatment based on Accounting Standard for Business Combinations is applied. As a result, gain on bargain purchase has occurred in the first quarter ended June 30, 2020.

Note that the amount of gain on bargain purchase is provisional since allocation of the acquisition cost had not been completed as of June 30, 2020.

3. Accounting treatment

The amount is recognized in full as extraordinary income (gain on bargain purchase) in the first quarter of the fiscal year ending March 31, 2021.

4. Impact on business performance

The gain on bargain purchase has already been factored into the consolidated earnings forecast presented in the “Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2020” and “ Notification of earnings and dividend forecasts” released on August 6, 2020.