

November 6, 2018

Name of Company: KAGA ELECTRONICS CO., LTD.  
Stock Code: 8154 Tokyo Stock Exchange, First Section  
Head Office: 20 Kandamatsunagacho, Chiyoda-ku, Tokyo  
Representative: Ryoichi Kado, President & COO  
Contact: Eiji Kawamura, Managing Director,  
Head of Administrative Headquarters  
Phone: +81-(0)3-5657-0111

## KAGA ELECTRONICS Announces Revision of Consolidated Performance Forecast and Interim Dividend Payout from Retained Earnings

KAGA ELECTRONICS CO., LTD (TSE: 8154; hereafter, the “Company”) announced today revision of its consolidated performance forecast released on August 7, 2018 to reflect the recent performance, the details of which are as follows.

Further, the Company announced that at the meeting of the Board of Directors held on November 6, 2018, it was resolved to distribute retained earnings (date of record: September 30, 2018) in the form of an interim dividend as outlined below:

- Revision of Consolidated Performance Forecast

Revised consolidated performance forecast for the full fiscal year ending March 31, 2019  
(From April 1, 2018 to March 31, 2019)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous Forecast (A)	-	-	-	-	-
Revised Forecast (B)	290,000	7,700	8,000	7,300	266.04
Difference (B)-(A)	-	-	-	-	-
Difference (%)	-	-	-	-	-
(Reference) Results for the fiscal year ended March 31, 2018	235,921	8,119	8,740	6,490	236.58

### Reason for the Revision

In the electronics industry, the principal sector of operations of the KAGA ELECTRONICS Group (“the Group”), demand for electronic parts continues to grow, notably with expansion of the market for automotive devices where digital and cyber trends are making headway, as well as increase in the demand for storage in response to the needs of the era of big data against the backdrop of the IoT . On the other hand, the supply side’s efforts to increase production tend to fall behind and, since the latter half of the previous consolidated fiscal year, a tight supply-demand situation has become tangible in certain components and materials.

Given significant uncertainties for the future as described above, the Company refrained from presenting, at the beginning of the fiscal year, the full year performance forecast for the fiscal year ending March 31, 2019. However, at this time, the consolidated performance forecast for the full fiscal year ending March 31, 2019 has

been calculated as presented above, based on consolidated financial results for the six month period ended September 31, 2018, as well as the recent market trends. The forecast also incorporates the September 10, 2018 announcement “Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. (and Making It a Subsidiary)” and its effects on net sales and profits.

(On the Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. [and Making It a Subsidiary])

Changes are taking place with increasing speed in the business environment surrounding the Group. Further, in the electronics trading industry where there still are many players competing with each other, we expect that competition will become more and more intense. Amidst these circumstances, the Company released the “Notice Regarding Acquisition of Shares in Fujitsu Electronics Inc. (and Making It a Subsidiary)”, as part of its growth strategies for the future.

By making Fujitsu Electronics Inc. a subsidiary, the Company evolves into a corporate group with total net sales of about 500 billion yen and can solidify its management foundation towards the goal of becoming the “industry leader in Japan” as set out in its Medium-term Management Plan. Also, by leveraging this solid management foundation and through continued efforts to expand the group’s scale and improve its management quality, the Company seeks to achieve sustainable growth as a world-class company which can stand up to overseas competitors with their sales crossing the trillion yen mark.

Incorporating this deal, the Company announced today the “Medium-term Management Plan 2021,” which outlines the growth scenario it envisages over the medium to long-term.

• Details of Interim Dividend

	Determined amount	Previous interim dividend forecast (Announced on August 7, 2018)	Interim dividend for the first half ended September 30, 2017
Record date	September 30, 2018	September 30, 2018	September 30, 2017
Dividend per share	35.00 yen (Ordinary dividend: 30.00 yen) (Commemorative dividend: 5.00 yen)	30.00 yen	30.00 yen (Ordinary dividend: 25.00 yen) (Extraordinary dividend: 5.00 yen)
Total dividend amount	960 million yen	-	823 million yen
Effective date	December 7, 2018	-	December 1, 2017
Dividend resource	Retained earnings	-	Retained earnings

Reasons

Guided by its corporate philosophy of “Everything we do is for our customers” and leveraging its strength as an independent general trading company with a specialization in electronics, the Company has been, since its foundation in 1968, providing a wide variety of services, both in Japan and abroad, ranging from the distribution of electronic parts and EMS business, to providing customers with support in the planning and development of their products, creation of software and video images, and systems support centering on network solutions.

By responding to a variety of customer needs as described above, the Group has been expanding the scope of its operations and has celebrated its 50th anniversary on September 12, 2018. We are deeply grateful to our shareholders and stakeholders for their support over the years, without which this could not have been accomplished.

To express our appreciation to shareholders for their continued support, the Company will pay a “50th anniversary commemorative dividend” of 5 yen, in addition to an ordinary dividend of 30.00 yen, for a total of 35.00 yen per share as interim dividend for the fiscal year ending March 31, 2019.

(Reference) Breakdown of annual dividend

	Dividend per share		
Record date	Interim	Fiscal year-end	Total
Dividend forecast		40.00 yen	75.00 yen (Ordinary dividend: 70.00 yen) (Commemorative dividend: 5.00 yen)
Fiscal year ending March 31, 2019	35.00 yen (Ordinary dividend: 30.00 yen) (Commemorative dividend: 5.00 yen)		
Fiscal year ended March 2018	30.00 yen (Ordinary dividend: 25.00 yen) (Extraordinary dividend: 5.00 yen)	40.00 yen (Ordinary dividend: 35.00 yen) (Extraordinary dividend: 5.00 yen)	70.00 yen (Ordinary dividend: 60.00 yen) (Extraordinary dividend: 10.00 yen)

(Note) Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.