

April 28, 2021

Name of Company KAGA ELECTRONICS CO., LTD.
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(Stock Code: 8154 Tokyo Stock Exchange, First Section)
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Notice Regarding Upward Revision to Earnings Forecast,
Upward Revision to Year-End Dividend Forecast, and Recording of Extraordinary Loss

In light of recent earnings trends, Kaga Electronics Co., Ltd. (hereinafter, "the Company") has revised its consolidated earnings forecast for the fiscal year ended March 31, 2021, released on February 4, 2021, as shown below.

1. Revision of earnings forecast

Revision to consolidated earnings forecast for the fiscal year ended March 31, 2021
(from April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous forecast (A) (Announced on February 4, 2021)	415,000	9,000	8,500	10,500	382.30
Revised forecast (B)	422,000	11,400	11,200	11,400	415.07
Difference (B) – (A)	7,000	2,400	2,700	900	
Percent change (%)	1.7	26.7	31.8	8.6	
(Reference) Results for the fiscal year ended March 31, 2020)	443,615	10,014	10,137	5,852	213.21

<Reasons for the revision>

The Electronics Components business has maintained the trend of the previous quarter to outperform the internal forecast, driven by a sharp, faster than anticipated recovery in demand from domestic and overseas customers in the manufacturing sector. The Information Equipment business has enjoyed strong sales of PC products by firmly capturing the needs in teleworking at many companies as well as enrollment and advancement needs in universities and vocational schools. Along with an increase in

gross profit resulting from higher than anticipated growth of sales as explained above, company-wide cost-cutting efforts have been made, helping to bring down selling, general and administrative expenses to below the internal forecast. In view of the foregoing, operating income and ordinary income are both expected to exceed the previous forecast. Given the increases in incomes from its main businesses, the Company expects that profit attributable to owners of the parent will likewise exceed the previous forecast after factoring in recognition of the approximately 500 million yen of loss as announced in the notice dated March 19, 2021 “Regarding Loss of Funds from U.S. Subsidiary,” as well as impairment losses associated with certain overseas plants where operations were temporarily suspended due to the COVID-19 pandemic.

2. Regarding the Recording of Extraordinary Loss

The following constitute the main items pertaining to the extraordinary loss expected to be recorded in the fiscal year ended March 2021.

	Consolidated business results	Non-consolidated business results	Details
(1) Provision of allowance for doubtful accounts	approx. ¥1.7 bn	approx. ¥1.7 bn	Insolvency of major creditor
	–	approx. ¥2.2 bn	Insolvency of 3 consolidated subsidiaries
(2) Loss on valuation of stocks of affiliated companies	–	approx. ¥1.9 bn	Investing company, 2 consolidated subsidiaries
(3) Impairment loss on fixed assets	approx. ¥1.9 bn	–	Facilities of 5 consolidated subsidiaries, etc.

3. Revision of dividend forecast

	Annual dividends		
	End of 1st half	Year-end	Total
Previous forecast (Announced on February 4, 2021)	–	40 yen (Ordinary dividend 30 yen) (Special dividend 10 yen)	70 yen (Ordinary dividend 60 yen) (Special dividend 10 yen)
Revised forecast	–	50 yen (Ordinary dividend 30 yen) (Special dividend 20 yen)	80 yen (Ordinary dividend 60 yen) (Special dividend 20 yen)
Dividends for the current fiscal year	30 yen		
Dividends for the previous fiscal year (Fiscal year ended March 31, 2020)	30 yen	40 yen (Ordinary dividend 30 yen) (Special dividend 10 yen)	70 yen (Ordinary dividend 60 yen) (Special dividend 10 yen)

<Reasons for the revision>

The Company has positioned the return of profits to shareholders as one of its most important management policies, and in addition to endeavoring to strengthen its financial position and management foundation with a long-term perspective, has the basic policy of maintaining stable and ongoing dividends to all shareholders, taking into consideration the consolidated results.

In light of the upward revision to the full-year earnings forecast as described above, we have increased the year-end dividend for the fiscal year ended March 31, 2021 to 50 yen per share, by adding a further 10 yen per share of special dividend to the previous forecast of 40 yen per share (30 yen of ordinary dividend + 10 yen of special dividend). Thus, together with the interim dividend of 30 yen, the full-year dividend will total 80 yen per share, a 10-yen increase from the 70 yen per share paid out in the previous fiscal year.

This matter will be referred to the 53rd Ordinary General Meeting of Shareholders scheduled to be held on June 29, 2021.

(Note) The above forecasts are based on the information currently available to the Company on the date of the release and certain assumptions deemed reasonable. Actual results may vary from the forecast for a variety of reasons.

End

(Reference) Annual dividend of the past 5 years

	FY2016/3 Results	FY2017/3 Results	FY2018/3 Results	FY2019/3 Results	FY2020/3 Results	FY2021/3 Forecasts
Ordinary dividend	40 yen	40 yen	60 yen	70 yen	60 yen	60 yen
Special dividend	15 yen	20 yen	10 yen	5 yen	10 yen	20 yen
Commemorative dividend	–	–	–	5 yen	–	–
Total	55 yen	60 yen	70 yen	80 yen	70 yen	80 yen