

May 14, 2019

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KAGA ELECTRONICS Announces Difference between Full-year Consolidated Performance Forecast and Actual Performance and Dividend Payout from Retained Earnings

KAGA ELECTRONICS CO., LTD. (hereafter, the “Company”), hereby announces the differences between the consolidated performance forecasts for the fiscal year ended March 2019, released on February 6, 2019, and the actual results released today.

Moreover, at the Board of Directors meeting held today, the Company decided to revise the distribution of retained earnings (date of record: March 31, 2019) in the form of a dividend, as outlined below.

1. Differences between the consolidated performance forecasts for the fiscal year ended March 2019 (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) (Released on February 6, 2019)	290,000	7,700	8,000	7,300	266.04
Actual results (B)	292,779	7,570	7,859	8,014	292.07
Change (A-B)	2,779	(129)	(140)	714	—
Rate of change (%)	1.0	(1.7)	(1.8)	9.8	—
(Reference) Results for the previous fiscal year ended March 31, 2018	235,921	8,119	8,740	6,490	236.58

< Reasons >

In the Group’s consolidated fiscal year under review, the mainstay EMS business (provision of product development and manufacturing services for electronic equipment on a contracting basis) was solid and sales were robust in the semiconductor and electronic components. In addition, earnings for Fujitsu Electronics, which became a consolidated company from January 2019 with the acquisition of shares, made steady progress. As a result, the Company’s performance from net sales to ordinary income was generally in line with prior forecasts. Net income exceeded the prior forecast because of the posting of extraordinary gains for negative goodwill following the aforementioned share acquisition, as well as a slight decrease in income taxes resulting from the consolidated tax payment system.

Net income totaled 8,014 million yen, exceeding the previous high of 7,272 million yen recorded in the fiscal year ended March 2006, and reaching a record high for the first time in 13 years.

2. Distribution of retained earnings

	Finalized amount	Most recent dividend forecast (Announced on February 6, 2019)	Dividends paid in previous fiscal year ended March 2018
Record date	March 31, 2019	Same as left	March 31, 2018
Dividend per share	45.00 yen (Ordinary dividend: 40.00 yen) (Extraordinary dividend: 5.00 yen)	40.00 yen	40.00 yen (Ordinary dividend: 35.00 yen) (Extraordinary dividend: 5.00 yen)
Total dividends	1,235 million yen	—	1,097 million yen
Effective date	June 28, 2019	—	June 29, 2018
Source of dividends	Retained earnings	—	Retained earnings

< Reasons >

The Company views returning profits to shareholders as one of its most important measures for management. Its basic policy is to strive to strengthen its financial system and management foundations from a long-term perspective while also maintain stable and ongoing dividends to shareholders while monitoring consolidated earnings.

Based on this basic policy, the Medium-term Management Plan 2021 lays out the Company's goal of stably providing dividends while securing a consolidated dividend ratio of 25 to 35%.

In light of consolidated performance results this year, the Company has decided to add a special dividend of 5 yen to the 40 yen dividend per share forecasted at the start of the fiscal year, thus increasing dividends for the end of the fiscal year to 45 yen per share. Together with the 35 yen per share in interim dividends, this will increase annual dividends by 10 yen over the previous fiscal year to 80 yen per share.

This issue will be introduced at the 51st regular meeting of shareholders to be held on June 27, 2019.

Reference: Breakdown of annual dividends

Record date	Dividend per share		
	Interim	Fiscal year-end	Total
Actual dividend paid (Fiscal year ended March 2019)	35.00 yen (Ordinary dividend: 30.00 yen) (Commemorative dividend: 5.00 yen)	45.00 yen (Ordinary dividend: 40.00 yen) (Special dividend: 5.00 yen)	80.00 yen (Ordinary dividend: 70.00 yen) (Commemorative dividend: 5.00 yen) (Special dividend: 5.00 yen)
Dividends in previous fiscal year (Fiscal year ended March 2018)	30.00 yen (Ordinary dividend: 25.00 yen) (Special dividend: 5.00 yen)	40.00 yen (Ordinary dividend: 35.00 yen) (Special dividend: 5.00 yen)	70.00 yen (Ordinary dividend: 60.00 yen) (Special dividend: 10.00 yen)