

August 7, 2025

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Notice Regarding Upward Revision to Forecasts for Full-Year Earnings and Divisions (Dividend Increase) and Recording of Extraordinary Income (Gain on Bargain Purchase)

KAGA ELECTRONICS CO., LTD. (the "Company") hereby announces that, at today's Board of Directors meeting, it has resolved to upwardly revise the consolidated earnings forecasts announced on May 14, 2025, for the full year ending March 31, 2026, including an extraordinary income as gain on bargain purchase. The Company also has resolved to increase the interim and year-end dividend forecasts. Details are described as below.

**1. Revisions to consolidated earnings forecasts**

Revisions to consolidated earnings forecasts for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

	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)	530,000	23,000	23,000	16,500	313.95
<b>Revised forecast (B) <sup>*1</sup></b>	<b>574,000</b>	<b>24,000</b>	<b>23,800</b>	<b>24,200</b>	<b>488.45</b>
Difference (B-A)	44,000	1,000	800	7,700	174.50
Percent change (%)	8.3	4.3	3.5	46.7	55.6
(Reference) Results for the fiscal year ended March 31, 2025 <sup>*2</sup>	547,779	23,601	22,593	17,083	325.08

Notes: 1. On August 7, 2025, the Company announced the acquisition and cancellation of up to 4.92 million treasury shares (9.4% of the total number of shares issued) or 15 billion yen. The revised forecast of earnings per share is calculated based on the assumption that the share acquisition and cancellation will take place as planned.

2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Earnings per share for the previous fiscal year is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

<Reasons for revision>

As announced in the "Notice Concerning the Results of Tender Offer for the Common Share of Kyoei Sangyo Co., Ltd. and Change in Subsidiary (Change in Specified Subsidiary)" dated July 12, 2025, the Company concluded the tender offer for the common shares of Kyoei Sangyo Co., Ltd., (which commenced on June 2, 2025, Kyoei) on July 11, and incorporated Kyoei as a consolidated subsidiary of the Company from July 18 (the settlement commencement date of this tender offer).

Based on the above, the consolidated earnings forecasts for the fiscal year ending March 31, 2026, now include the outlook for the second quarter onward (net sales of 44.0 billion yen, operating income of 1.0 billion yen, ordinary income of 0.8 billion yen, and profit attributable to owners of parent of 0.5 billion yen) based on the forecast announced on May 13, 2025, on top of the full-year forecast previously announced on May 14, 2025. We also have incorporated a gain on bargain purchase of 7.2 billion yen as a result of this acquisition into these earnings forecasts.

## 2. Revision of dividend forecast

Revision of the dividend forecast for the fiscal year ending March 31, 2026  
(April 1, 2025 to May 31, 2026)

	Dividend per share		
	Q2	Year-end	Full year
	yen	yen	yen
Previous forecast	55.00	55.00	110.00
Revised forecast	60.00 (Ordinary dividend 55.00) (Extraordinary dividend 5.00)	60.00 (Ordinary dividend 55.00) (Extraordinary dividend 5.00)	120.00 (Ordinary dividend 110.00) (Extraordinary dividend 10.00)
Dividends for the previous fiscal year (Fiscal year ended March 31, 2025) <sup>*3</sup>	55.00	55.00	110.00

Notes: 3. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Although the interim dividend per share for the previous fiscal year was 110 yen, the above table is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

<Reasons for revision>

The Medium-Term Management Plan 2027 for fiscal years 2025-2027, set forth in November 2024, outlines the concept of actively allocating cash we generated to growth investments and shareholder returns while maintaining financial discipline. The plan also establishes a basic shareholder return policy, setting a consolidated dividend payout ratio of 30%-40% and a DOE of 4.0% as targets for proactively and sustainably paying dividends, and flexibly acquiring treasury shares according to profit levels and capital efficiency.

In line with the above policy, the revised dividend forecasts now include the revisions we have made in terms of profits on a real basis in the earnings forecasts accompanying the recent consolidation of Kyoei through a tender offer for its common shares, exclude the 7.2 billion yen gain on bargain purchase that does not involve a cash-in. Additionally, we also have upwardly revised the interim and year-end dividends to 60 yen per share by adding a special dividend of 5 yen to the revised forecast's ordinary dividend of 55 yen. As a result, the annual dividend will be 120 yen per share, an increase of 10 yen from the dividends for the fiscal year ended March 31, 2025, and the DOE is expected to be 4.2%.

Regarding the acquisition of treasury shares, as stated in the “Notice Concerning Acquisition of Treasury Shares, Repurchase of Treasury Shares through Off-Auction Treasury Share Repurchase Trading (ToSTNeT-3), and Cancellation of the Treasury Shares ” announced today, we will conduct an acquisition and cancellation of our treasury shares, up to 4.92 million shares (9.4% of the total number of issued shares) or 15 billion yen. As a result, the total return ratio, combining the dividends after the upward revision and the acquisition of treasury shares, is expected to be 83.3%.

**【Reference: Revision of other related indicators】**

	Capital efficiency	Shareholder Returns		
	ROE	Consolidated dividend payout ratio	Total return ratio	DOE
Previous forecast	10.0%	35.0%	—	3.9%
Revised forecast	14.6%	24.6%	83.3%	4.2%
(Reference) Results for the fiscal year ended March 31, 2025	10.8%	33.8%	—	4.2%
Medium-Term Management Plan 2027 Targets (Announced on November 6, 2024)	12.0% or higher	30%~40%	—	4.0%

### 3. Recording of extraordinary income (gain on bargain purchase)

Effective July 11, 2025 (deemed acquisition date July 1 of the same year), the Company acquired the shares of Kyoei and made it a consolidated subsidiary pursuant to the “Notice Concerning the Results of Tender Offer for the Common Share of Kyoei Sangyo Co., Ltd. (Securities Code: 6973) and Change in Subsidiary (Change in Specified Subsidiary” dated July 12, 2025. Accordingly, the Company expects to record a gain of 7.2 billion yen on the bargain purchase as extraordinary income at the end of the second and third quarters of the consolidated fiscal year ending March 31, 2026.

Furthermore, said amount of the gain on the bargain purchase is a provisionally calculated amount at the end of this first quarter of the consolidated fiscal year.

(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.