

August 6, 2020

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Notification of earnings and dividend forecasts

KAGA ELECTRONIC CO., LTD. (hereafter, the "Company") hereby announces its consolidated earnings forecast and dividend forecast for the fiscal year ending March 2021 (April 1, 2020 to March 31, 2021), which were reported as undecided in the "Summary of Consolidated Financial Results for the Year Ended March 2020 (Japan GAAP)" announced on May 21, 2020. Details are as follows.

Details

1. Earnings forecast

Consolidated earnings forecasts for the fiscal year ended March 31, 2020 (from April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecast (A) (Announced on May 21, 2020)	Million yen —	Million yen —	Million yen —	Million yen —	(yen) —
Revised forecast (B)	400,000	5,000	4,500	10,000	364.18
Difference (B-A)	—	—	—	—	—
Percent change (%)	—	—	—	—	—
(Reference) Results for the fiscal year ended March 31, 2020	443,615	10,014	10,137	5,852	213.21

[Reasons for consolidated earnings forecasts]

With respect to consolidated earnings forecast for the fiscal year ending March 31, 2021, the Company reported it as undecided as of May 21, 2020, when the "Summary of Consolidated Financial Results for the Year Ended March 2020 (Japan GAAP)" was announced, as it was difficult to logically estimate the effects of COVID-19 on the Group's business operations. Calculations have now been made based on information that is currently available, estimates and any other pertinent data as of the date of reporting.

Looking ahead at the fiscal year ending March 31, 2021, it is expected that the COVID-19 pandemic will continue unabated and will impact the Group's business activities in a variety of ways. In the information equipment business, demand for IT-related products such as PCs and tablets is expected to grow as remote working and online learning continue to expand. However, in the Group's core electronic components business, a decline in demand is inevitable, notably in the automotive and industrial equipment markets. Given also the impact of the dissolution of large commercial rights at Fujitsu Electronics, a subsidiary of the Group, net sales are expected to fall below those of the previous fiscal year. Although Group-wide efforts will be made to enhance operational efficiency and curb selling, general and administrative expenses, a decrease in net sales is expected, accompanied by year on year decreases in operating income and ordinary income. Meanwhile, a year on year increase in profit attributable to owners of the parent is projected because the "gain on bargain purchases" associated with the acquisition of EXCEL in April 2020 will be recognized as extraordinary income.

2. Dividend forecast

	Annual dividends		
	Second quarter end	Year-end	Total
Previous forecast (Announced February 6, 2020)	—	—	—
Revised forecast	30 yen	30 yen	60 yen
Dividends for the current fiscal year	—	—	—
Dividends for the previous fiscal year (Fiscal year ended March 31, 2020)	30 yen (Ordinary dividend 30 yen)	40 yen (Ordinary dividend 30 yen) (Special dividend 10 yen)	70 yen (Ordinary dividend 60 yen) (Special dividend 10 yen)

[Reasons for revisions]

The Company has positioned the return of profits to shareholders as one of the 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 in conjunction with the consolidated results.

In the "Summary of Consolidated Financial Results for the Year Ended March 2020 (Japan GAAP)" announced on May 21, 2020, dividend forecast for the fiscal year ending March 31, 2021, was reported as undecided, but in consideration of the Company's dividend policy and consolidated earnings forecast for the fiscal year ending March 31, 2021, as described above, it has been decided to schedule the payment of regular dividend at the same level as in the previous fiscal year, with an annual dividend of 60 yen per share, consisting of an interim dividend of 30 yen per share and a year-end dividend of 30 yen per share.

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

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