

Kaga Electronics Group's Growth Scenario Medium Term Management Plan 2021 Outline

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Kaga Electronics Co., Ltd.
President & Representative Director
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Medium to Long Term Vision of the Kaga Electronics Group

Through the establishment and taking hold of “profit-focused management”,

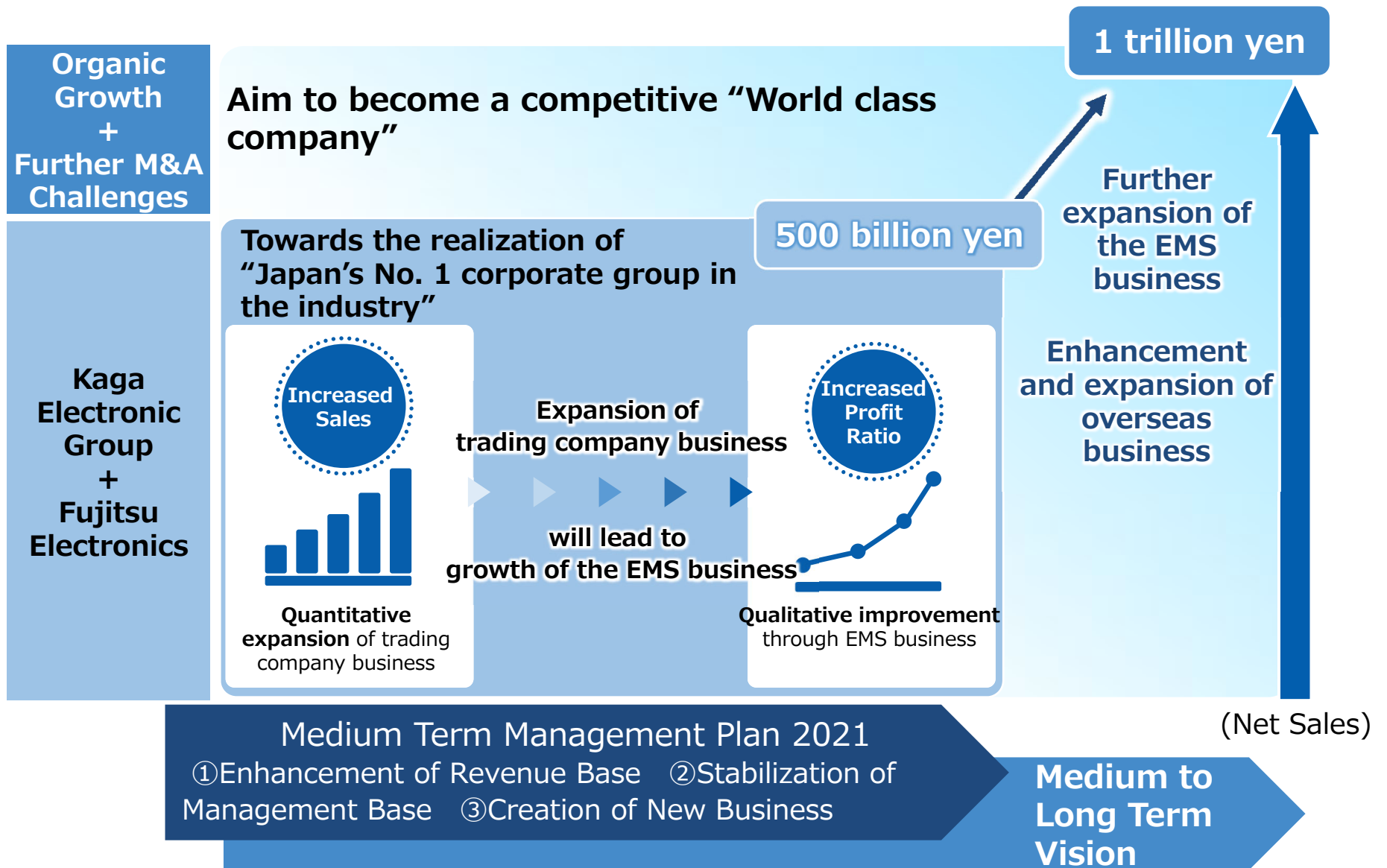


forming Japan' No.1 corporate group
in the industry,



and furthermore,
aiming to become a competitive
“World class company”.

Positioning of "Medium Term Management Plan 2021 (2019 - 2021)"



“Medium Term Management Plan 2021 (2019 - 2021)” Basic Policies

Key Issues

1 Enhancement of Revenue Base

Utilizing the Group’s DNA to see things ahead of time, we shall **focus on markets and customers forecast to have high growth potential and profitability**, and will aim to strengthen the revenue base

- Strengthening initiatives for growth sectors: In-vehicle, communications, environment, industrial equipment, medical and healthcare
- Enhancement and expansion of EMS business and overseas business

2 Stabilization of Management Base

Aiming to stabilize the management base towards **early improvement of efficiency and financial soundness** after conversion of Fujitsu Electronics to subsidiary

- Continuation of group-wide cost reduction measures
- Promotion of improve group management efficiency through the preparation of an organizational structure
- Enhancement of corporate governance, cultivating human resources to lead the next generation

3 Creation of New Business

In order to enhance resistance to changes in the external environment, we shall endeavor to create new business through the proactive use of our own resources and M&A

- Launching of social issues (childcare, welfare, nursing care, etc.) business and materials business
- Promotion of open innovation through venture investment
- Proactive use of M&A activities

“Medium Term Management Plan 2021” Management Targets

| | FY2018 Result | FY2019 Forecast | Management Targets FY2021 |
|------------------|--------------------------|------------------------|---------------------------|
| Net Sales | 292.8 billion yen | 430 billion yen | 500 billion yen |
| Operating Income | 7.6 billion yen | 7 billion yen | 13 billion yen |
| ROE | 10.9% | 6.4% | 8% or higher |

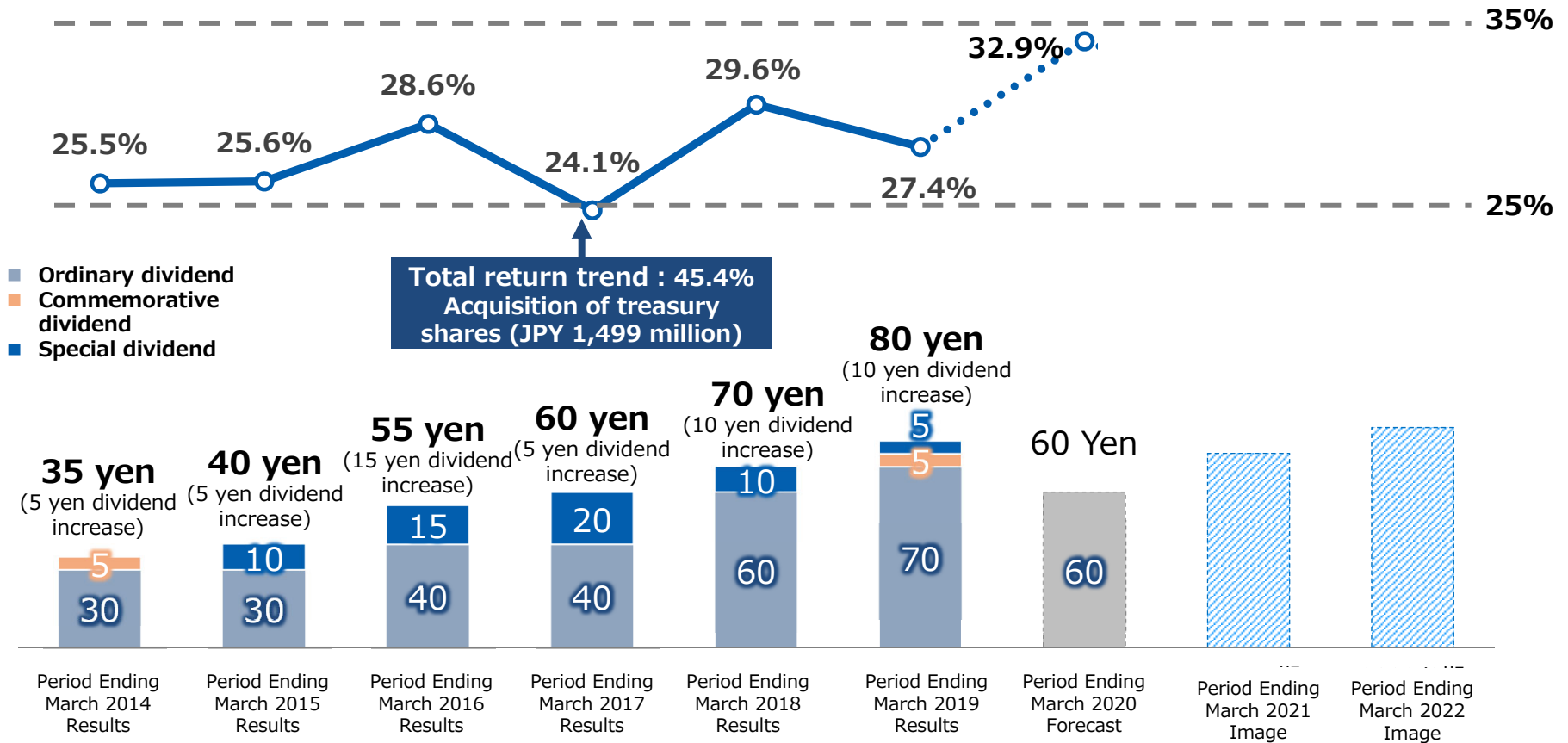
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• Plan forecast : US\$1.00 = ¥ 110

Shareholder Return Concept

Basic Policy on Dividends of Surplus

- We shall perform **stable dividends**, while securing a **consolidated dividend payout ratio of 25 to 35%**.
- We shall use **funds for business investments, capital investments, and M&A**, etc. in order to contribute to future growth.
- Decisions on the **acquisition of treasury shares** shall be made appropriately, in consideration of capital efficiency and share price, etc.



**“Everything we do is
for our customers**



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