

November 4, 2021

Name of Company KAGA ELECTRONICS CO., LTD.
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Notice regarding revision to full-year earnings and dividend forecasts, and distribution of dividends from surplus

In light of recent earnings trends, Kaga Electronics Co., Ltd. (hereinafter, "the Company") has revised its forecasts announced on May 13, 2021, with respect to consolidated full-year earnings and dividends for the fiscal year ending March 31, 2022. The Company further resolved, at a meeting of its Board of Directors held on November 4, 2021, to distribute dividends from surplus, with a record date of September 30, 2021. Details are as follows.

1. Revision of earnings forecast

Revision to consolidated earnings forecast for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

	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 May 13, 2021)	470,000	13,000	12,000	8,000	291.20
Revised forecast (B)	470,000	15,000	14,500	9,000	336.84
Difference (B) – (A)	–	2,000	2,500	1,000	–
Percent change (%)	–	15.4	20.8	12.5	–
(Reference) Results for the fiscal year ended March 31, 2021	422,365	11,467	11,241	11,399	415.07

<Reasons for the earnings revision>

In the first half of the fiscal year ending March 31, 2022, sales recovered notably in the Electronic Components business, led by automotive equipment, medical products, and industrial equipment. Meanwhile, income exceeded the initial plan as a result of an increase in gross profit that reflected higher sales and improved gross profit margin, combined with efforts to curb and reduce expenses through facilitation of remote working, online conferencing, and other tools.

Regarding the full-year earnings forecast, the previous forecast for net sales is maintained, in light of the tight supply/demand balance of semiconductors and electronic components. On the other hand, the operating income forecast has been revised upward to 15 billion yen, up 2 billion yen from the previous forecast, which factors in the upside given the

steady earnings progress in the first half and taking into account a certain degree of downside risk. In line with this revision, forecasts for ordinary income and profit attributable to owners of the parent have also been revised upward, to 14.5 billion yen and 9 billion yen, respectively.

(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.

2. Dividends

(1) Revision of dividend forecast

	Annual dividends		
	End of 1st half	Year-end	Total
Previous forecast (Announced on May 13, 2021)	40.00	40.00	80.00
Revised forecast	/	45.00 yen (Ordinary dividend 40 yen) (Extraordinary dividend 5 yen)	90.00 yen (Ordinary dividend 80 yen) (Extraordinary dividend 10 yen)
Dividends for the current fiscal year	45.00 yen (Ordinary dividend 40 yen) (Extraordinary dividend 5 yen)	/	/
(Reference) Dividends for the previous fiscal year (Fiscal year ended March 31, 2021)	30.00 yen (Ordinary dividend 30 yen)	50.00 yen (Ordinary dividend 30 yen) (Extraordinary dividend 20 yen)	80.00 yen (Ordinary dividend 60 yen) (Extraordinary dividend 20 yen)

(2) Distribution of dividends from surplus (interim dividend)

	Finalized amount	Most recent dividend forecast (Announced on May 13, 2021)	Dividends paid in previous fiscal year ended March 2021
Record date	September 30, 2021	Same as left	September 30, 2020
Dividend per share	45.00 yen (Ordinary dividend 40 yen) (Extraordinary dividend 5 yen)	40.00 yen	30.00 yen (Ordinary dividend 30 yen)
Total dividends	1,180 million yen	–	823 million yen
Effective date	December 3, 2021	–	December 4, 2020
Source of dividends	Retained earnings	–	Retained earnings

<Reasons for revision of dividend forecast and distribution of dividends from surplus>

The Company positions 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 a basic policy of maintaining

stable and ongoing dividends to all shareholders commensurate with the consolidated results.

As described above, in the income projection for consolidated full-year earnings in the fiscal year ending March 31, 2022, income is anticipated to exceed the previous forecast.

Accordingly, the Company has revised upward its interim dividend, from the previous forecast of 40 yen to 45 yen per share by paying an extraordinary dividend of 5 yen. Likewise, the forecast for year-end dividend has been revised upward to 45 yen per share, which includes an extraordinary dividend of 5 yen.

As a result, the annual dividend will be 90 yen per share, an increase of 10 yen from the dividend paid in the previous year.