

November 25, 2021

Name of Company	KAGA ELECTRONICS CO., LTD.
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Notice Regarding the Formulation of Next Medium-Term Management Plan

Kaga Electronics Co., Ltd. has formulated its Medium-Term Management Plan 2024 for the three-year period beginning with the fiscal year ending March 2023, with details as follows.

1. About the formulation of Medium-Term Management Plan 2024

In September 2018, the 50th anniversary of our founding, Kaga Electronics Co., Ltd. formulated its Medium-Term Management Plan 2021, covering the fiscal year ended March 2020 to the fiscal year ending March 2022. Viewing this three-year plan as a growth scenario aimed at the next 50 years, we have worked to carry out the plan's measures. In the plan's final fiscal year ending March 2022, we looked back on the midpoint and affirmed generally favorable progress, including a forecast for exceeding operating income and ROE management targets. To share the Group's path to growth over the next three years with our shareholders, investors, and other parties in our market, we have formulated Medium-Term Management Plan 2024.

2. Overview of Medium-Term Management Plan 2024

(1) Philosophy

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| ① Corporate Philosophy | "Everything we do is for our customers" |
| ② Vision | "Aim to be Japan's No.1 corporate group in the industry"
"Aim to become a competitive World Class Company" |
| ③ Action Guidelines | "F.Y.T." ("Flexibility," "Young," and "Try": "Agility to respond to change; Always take a fresh approach to creating new ideas or taking action; Never forget your commitment to take on daring challenges")
"3G" ("General," "Global," and "Group": "No matter what the product, we will look around the world, and leverage group strengths to give customers what they need")
"KAGA-ism" (Management mindset, sales mindset, readiness as members of society) |

(2) Basic policy

Our medium- to long-term vision is to be "Japan's No. 1 corporate group in the industry" and "Aim to become a competitive World Class Company" while thoroughly engaging in profit-focused management. To make this vision a reality, in our next Medium-Term Management Plan we will develop measures in line with the following basic policy.

① Further strengthening of profitability

We will predict the movements of the times and focus on markets with high potential for growth and profitability.

② Strengthening of our management foundation

Pursuing further efficiency and soundness, we will effect a shift to a Group management foundation appropriate to "Japan's No. 1 corporate group in the industry."

③ Creation of new businesses

We will make active use of venture investments and M&A to create new businesses and strengthen our resistance to changes in the external environment.

④ Promotion of SDGs management

We will engage in management that seeks to achieve solutions to social issues and sustainable growth as a company.

(3) Key management targets

Items	FY2022/3 Forecast	Management Targets FY2025/3	3-year growth rate
Net sales	470 billion yen	750 billion yen	59.6%
Operating income	15 billion yen	20 billion yen	33.3%
ROE	9.7%	8.5% or higher [*]	—

* To improve corporate value, we have set a management target of maintaining a stable ROE of 8.5% or higher, taking into account the cost of shareholders' equity (approximately 7–8%).

(4) Business portfolio plan (net sales)

Business segment	FY2022/3 Forecast	Management Targets FY2025/3	3-year growth rate
Electronic components	308 billion yen	380 billion yen	23.4%
EMS ^{*1}	110 billion yen	150 billion yen	36.4%
CSI ^{*2}	40 billion yen	54 billion yen	35.0%
Others	12 billion yen	16 billion yen	33.3%
New M&A, etc.	—	150 billion yen	—
Total	470 billion yen	750 billion yen	59.6%

*1. Electronics Manufacturing Service: Provision of product development and manufacturing services on an outsourcing basis.

2. Consumer & System Integrator

(5) Basic policy concerning shareholder returns

Our company views the return of profits to shareholders as a key measure in management. Comprehensively taking into consideration investments that contribute to future growth, the maintenance of a sound financial foundation over the medium to long term, and the progress of our consolidated business results, we have set a 25–35% guideline for the consolidated dividend payout ratio, and the stable and continuous enhancement of dividend per share, as our basic policy.

※Caution regarding forward-looking statements

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable.