

February 3, 2022

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

In light of recent earnings trends, Kaga Electronics Co., Ltd. (hereinafter, “the Company”) has revised its forecasts announced on November 4, 2021, with respect to consolidated full-year earnings and dividends for the fiscal year ending March 31, 2022. Details are as follows.

1. Revision of earnings forecast

Revision to consolidated earnings forecast for the fiscal year ending 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 November 4, 2021)	470,000	15,000	14,500	9,000	336.84
Revised forecast (B)	475,000	17,500	18,000	12,000	449.13
Difference (B) – (A)	5,000	2,500	3,500	3,000	
Percent change (%)	1.1	16.7	24.1	33.3	
(Reference) Results for the fiscal year ended March 31, 2021	422,365	11,467	11,241	11,399	415.07

< Reasons for revision >

In the third quarter of the consolidated fiscal year ending March 31, 2022, the electronic components business, which was the driver of the Group’s earnings in the first half, continued to enjoy strong performance led notably by automotive, medical, and industrial equipment.

While constraints on supplies such as electronic parts were identified as a downside risk and a cause for concern when the previous forecasts were announced, there has to date been no tangible impact on net sales, which are projected to exceed the previous forecasts based foremost on prioritizing the securing of volume by leveraging the Company’s procurement capabilities as an independent trading company. Further, operating income, ordinary income, and profit attributable to owners of parent are also expected to exceed the

previous forecasts as a result of continued efforts regarding the promotion of teleworking and other measures for work style reform amid the COVID-19 pandemic, as well reduction and control of expenses, combined with increases in net sales and gross profit.

Note that of the inventories that the Company protects in relation to the rotary-wing aircraft business for use in disaster prevention by government agencies, as announced in the “Notice Regarding the Possibility of Claims against EuroTec Japan, Inc. Becoming Uncollectible” dated September 1, 2021, the sales agreement between the Ishikawa Prefectural Government and the said company was canceled, effective January 19, 2022, following which a re-evaluation of the relevant inventory and in-process equipment was conducted to ensure that the foregoing will have no future impact on the Company’s earnings. The amounts are reflected reasonably and conservatively on earnings of the third quarter of the consolidated fiscal year under review and forecasts for the fourth quarter.

Taking into consideration the aforementioned circumstances, full-year earnings forecasts have been revised upward as presented above.

2. Revision of dividend forecast

	Annual dividends		
	End of 1st half	Year-end	Total
Previous forecast (Announced on November 4, 2021)	/	45 yen (Ordinary dividend 40 yen) (Extraordinary dividend 5 yen)	90 yen (Ordinary dividend 80 yen) (Extraordinary dividend 10 yen)
Revised forecast	/	65 yen (Ordinary dividend 40 yen) (Extraordinary dividend 25 yen)	110 yen (Ordinary dividend 80 yen) (Extraordinary dividend 30 yen)
Dividends for the current fiscal year	45 yen (Ordinary dividend 40 yen) (Extraordinary dividend 5 yen)	/	/
(Reference) Dividends for the previous fiscal year (Fiscal year ended March 31, 2021)	30 yen (Ordinary dividend 30 yen)	50 yen (Ordinary dividend 30 yen) (Extraordinary dividend 20 yen)	80 yen (Ordinary dividend 60 yen) (Extraordinary dividend 20 yen)

<Reasons for revision>

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.

In line with the upward revision of the consolidated full-year earnings forecast for the fiscal year ending March 31, 2022, as described above, the Company has revised upward its year-end dividend forecast for the fiscal year under review, from the previous forecast of 45 yen per share (40 yen of ordinary dividend and 5 yen of extraordinary dividend), by adding a further 20 yen of extraordinary dividend, to 65 yen per share.

As a result, the annual dividend will be 110 yen per share, an increase of 30 yen from the dividend paid in the previous 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.