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Notice Regarding Upward Revision to Forecasts for Full-Year Earnings and Dividends (Dividend Increase) and Recording of Extraordinary Income (Gain on Bargain Purchase)

KAGA ELECTRONICS CO., LTD. (the "Company") hereby announces that it has revised upward its consolidated earnings forecasts for the full year ending March 31, 2027, disclosed on August 13, 2026, and its forecasts for interim and year-end dividends. The Company also expects to record a gain on bargain purchase as extraordinary income. Details are as follows.

1. Revisions to consolidated earnings forecasts

Revisions to consolidated earnings forecasts for the fiscal year ended March 31,2027 (from April 1, 2026 to March 31, 2027)

	Net Sales	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	Million yen	Million yen	Million yen	Million yen	yen
Previous forecast (A) (Announced on August 13, 2026)	660,000	30,000	30,000	22,000	461.61
Revised forecast (B)	760,000	32,000	32,000	29,000	608.35
Difference (B-A)	100,000	2,000	2,000	7,000	146.73
Percent change (%)	15.2%	6.7%	6.7%	31.8%	31.8%
(Reference) Results for the fiscal year ended March 31,2026 *1	658,941	27,824	29,930	31,099	627.71

Notes: 1. Extraordinary income and loss for the fiscal year ended March 31, 2026, included a gain on bargain purchase of 7,797 million yen and related gains and losses arising from step acquisitions totaling 385 million yen, both recognized in connection with Kyoei Sangyo Co., Ltd., becoming a consolidated subsidiary of the Company through a tender offer for its common shares conducted by the Company in July 2025.

<Reasons for revision>

As announced in the “Notice Regarding Results of Tender Offer for Common Shares of Shinko Shoji Co., Ltd. (Securities Code: 8141) and Change in Subsidiary (Change in Specified Subsidiary) " dated August 4, 2026, the Company concluded the tender offer for the common shares of Shinko Shoji Co., Ltd., (which commenced on May 18, 2026, Shinko) on August 3, and incorporated Shinko as a consolidated subsidiary of the Company from August 10 (the settlement commencement date of this tender offer).

However, in the “Notice Regarding Upward Revision to Forecasts for Full-Year Earnings” dated August 13, 2026, the Company was unable to incorporate into its earnings forecasts the earnings impact of including Shinko as a consolidated subsidiary or the estimated amount of the gain on bargain purchase. This was because the tender offer took longer than initially anticipated, and the review of Shinko’s earnings outlook and the accounting treatment for the acquisition had not been completed. The Company therefore stated in that disclosure that it would make a prompt announcement once the relevant matters had been thoroughly reviewed. The review has since progressed, enabling the Company to reasonably estimate both the impact on its consolidated financial results and the amount of the gain on bargain purchase. The Company has accordingly revised its earnings forecasts.

In this revision, the Company has updated the earnings forecasts announced on August 13, 2026, to incorporate Shinko’s earnings outlook from the second quarter onward (net sales of 100.0 billion yen, operating income of 2.0 billion yen, ordinary income of 2.0 billion yen, and profit attributable to owners of parent of 1.0 billion yen) and a gain on bargain purchase of 6.0 billion yen arising from the acquisition, which it expects to record as extraordinary income.

2. Revision of dividend forecast

	Dividend per share		
	Q2	Year-end	Full year
Previous forecast (Announced on May 14, 2026)	yen 70.00	yen 70.00	yen 140.00
Revised forecast	80.00 (Ordinary dividend 70.00) (Extraordinary dividend 10.00)	80.00 (Ordinary dividend 70.00) (Extraordinary dividend 10.00)	160.00 (Ordinary dividend 140.00) (Extraordinary dividend 20.00)
(Reference) Dividends for the previous fiscal year (Fiscal year ended March 31, 2026)	60.00	80.00	140.00

<Reasons for revision>

The Medium-Term Management Plan 2027 for fiscal years 2025–2027, formulated in November 2024, sets out a cash allocation approach under which the Company will actively allocate cash generated during the plan period to growth investments and shareholder returns while maintaining financial discipline. Consistent with this approach, the plan establishes a basic shareholder return policy under which the Company will proactively and consistently pay dividends, targeting a consolidated dividend payout ratio of 30%–40% and a DOE of 4.0%, and flexibly repurchase its own shares in line with profit levels and capital efficiency.

In line with this policy, the Company’s dividend forecasts reflect the change in profit under the current earnings forecast revision resulting from Shinko Shoji Co., Ltd., becoming a consolidated subsidiary, on an adjusted basis that excludes the non-cash gain on bargain purchase of 6.0 billion yen. Accordingly, the Company has revised both its interim and year-end dividend forecasts upward to 80 yen per share by adding a special dividend of 10 yen to the previously forecast ordinary dividend of 70 yen. As a result, the annual dividend will be 160 yen per share, an increase of 20 yen from both the dividend paid for the previous fiscal year and the previous forecast. The consolidated dividend payout ratio on an adjusted basis excluding the gain on bargain purchase is expected to be 33.2%, while DOE is expected to be 4.7%.

【Reference: Revision of other related indicators】

	Capital efficiency	Shareholder Returns		
	ROE	Consolidated dividend payout ratio	Total return ratio*2	DOE
Previous forecast (Announced on August 13, 2026)	11.4%	30.3%	–	4.1%
Revised forecast (After adjustment for the gain on bargain purchase and other items)	14.7%	26.3% (33.2%)	–	4.6% (4.7%)
(Reference) Results for the fiscal year ended March 31,2026 (After adjustment for the gain on bargain purchase and other items)	17.8%	22.3% (30.3%)	67.9% (92.2%)	4.5% (4.6%)
Medium-Term Management Plan 2027 Targets (Announced on November 6, 2024)	12.0% or higher	30%~40%	–	4.0%

Notes: 2. On August 8, 2025, the Company repurchased 4,917,400 of its own shares (representing 9.4% of the total number of issued shares excluding treasury shares) for a total of 14,447 million yen and canceled all of the repurchased shares on August 18, 2025.

3. Recording of extraordinary income (gain on bargain purchase)

Effective August 10, 2026 (deemed acquisition date June 30 of the same year), the Company acquired the shares of Shinko and made it a consolidated subsidiary pursuant to the “Notice Regarding Results of Tender Offer for Common Shares of Shinko Shoji Co., Ltd. (Securities Code: 8141) and Change in Subsidiary (Change in Specified Subsidiary) ” dated August 4, 2026. Accordingly, the Company expects to record a gain of 6.0 billion yen on the bargain purchase as extraordinary income at the end of the second and third quarters of the consolidated fiscal year ending March 31, 2027.

Furthermore, said amount of the gain on the bargain purchase is a provisionally calculated amount at the end of this first quarter of the consolidated 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.