

May 11, 2023

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Notice Regarding Updates of the Medium-Term Management Plan

In light of our recent earnings performance and the future management environment, Kaga Electronics Co., Ltd. (hereinafter "the Company") has updated its Medium-Term Management Plan 2024 (announced on November 25, 2021) for the three-year period from the fiscal year ended March 2023 to the fiscal year ending March 2025, reflecting the latest outlook of management target figures for the final year of the plan, with details as follows.

1. Management Targets of Medium-Term Management Plan 2024

KPI	Previous announcement (Announced on November 25, 2021)	Latest outlook (Announced on May 11, 2023)
Net sales	750 billion yen Organic growth: 600 billion yen Including new M&A: 150 billion yen	[No change]
Operating income	20 billion yen	30 billion yen or higher
ROE	stable 8.5% or higher	stable 10% or higher

2. Reasons for revisions

The Group has been working to achieve its goals in line with the growth strategies defined in the Medium-Term Management Plan 2024 announced on November 25, 2021.

As stated in the "Summary of Consolidated Financial Results for the Year Ended March 2023" disclosed today, in the fiscal year ended March 2023, the first year of the plan, the Company achieved all KPI targets for net sales, operating income, and ROE two years ahead of schedule for the final year of the plan, excluding new M&A targets, as a result of demonstrating the Group's procurement advantages to the fullest extent amid the continuing global shortage of semiconductors and electronic components.

Looking at the future prospects, the Company is expecting a scenario of a pick-up and return to a growth phase in the fiscal year ending March 2025, while incorporating the effects such as recession risk and temporary inventory adjustments by customers in the fiscal year ending March 2024.

As such, the Company has updated its earnings forecast for the final year of the plan, taking into account the rapid changes in the electronics industry to which the Group belongs and the accompanying changes in current earnings, which were unforeseen at the time the plan was formulated.

The Company will continue to develop various measures under its medium-term management plan with no changes to its basic policies, growth strategies, or other elements of the plan.