

**KAGA ELECTRONICS
CO., LTD.**

Consolidated Financial Results

for the Third Quarter of the
Fiscal Year ending March 2021

KAGA ELECTRONICS CO., LTD.

February 4, 2021

TSE 1st section 8154

Summary of Financial Results for the Third Quarter Ended December 31, 2020

FY2021/ 3Q Results	<ul style="list-style-type: none"> Despite robust sale of PCs and PC peripherals that satisfied the needs in teleworking, net sales decreased as a result of the impact from changes in commercial rights and commercial distribution with major business partners in the Electronic Components business. Through efforts to curb SG&A expenses, both operating income and ordinary income recovered their year-earlier levels. Net income for the quarter increased significantly due to a "gain on bargain purchase" associated with corporate acquisition. Group's performance in the most recent 3 months recovered by and large the pre-COVID-19 earnings levels. 	
Overview of the main segments	Electronic Components	<ul style="list-style-type: none"> The components sales business recorded decreases in both net sales and operating income, given the termination of Kaga FEI's (note) sales agency agreement with the U.S. firm, Cypress Semiconductor, causing sales decline that could not be fully offset by new consolidations. The EMS business recovered from the impact of COVID-19 and returned by and large to pre-COVID-19 earnings levels.
	Information Equipment	<ul style="list-style-type: none"> Sale of PCs, PC peripherals and security software increased amid the COVID-19 pandemic, driven by expansion of teleworking and on-line learning.
Revised Forecast for FY2021/3	<ul style="list-style-type: none"> Performance continued to exceed internal forecasts. For the second time in the current fiscal year, forecasts have been revised upward from the previous forecasts (announced on November 5, 2020), to incorporate the 3Q outperformance. 	
Shareholder Return	<ul style="list-style-type: none"> In line of upward revision of full-year earnings forecasts, year-end dividend forecast has been increased to 40 yen per share from the initial forecast of 30 yen per share with an addition of 10 yen as special dividend. Together with interim dividend of 30 yen, full-year dividend will be 70 yen per share, unchanged from the previous fiscal year. 	

Financial Highlights

(million yen)

	FY2020/3 3Q Results	FY2021/3 3Q Results	YoY	FY2021/3 Forecast	Progress rate
				(announced on November 5, 2020)	
Net Sales	338,801	294,266	-13.1%	410,000	71.8%
Gross Profit	35,245 10.4%	33,646 11.4%	-4.5%	— —	—
SG&A	27,513 8.1%	26,129 8.9%	-5.0%	— —	—
Operating income	7,732 2.3%	7,517 2.6%	-2.8%	7,500 1.8%	100.2%
Ordinary income	7,975 2.4%	7,230 2.5%	-9.3%	7,500 1.8%	96.4%
Profit attributable to owners of parent	4,924 1.5%	12,728 4.3%	158.5%	10,000 2.4%	127.3%
EPS (yen)	179.43	463.49		364.18	
Exchange Rate USD	108.67	106.11		—	

FY2021/3 3Q results by Business Segment

(million yen)

		FY2020/3 3Q Results		FY2021/3 3Q Results		YoY
Electronic Component	Net sales	293,527		246,704		-16.0%
	Segment income	6,418	2.2%	5,418	2.2%	-15.6%
Information Equipment	Net sales	29,789		33,937		13.9%
	Segment income	854	2.9%	1,753	5.2%	105.2%
Software	Net sales	1,788		2,004		12.1%
	Segment income	9	0.5%	106	5.3%	999.3%
Others	Net sales	13,696		11,619		-15.2%
	Segment income	364	2.7%	149	1.3%	-59.1%
Total	Net sales	338,801		294,266		-13.1%
	Segment income	7,732	2.3%	7,517	2.6%	-2.8%

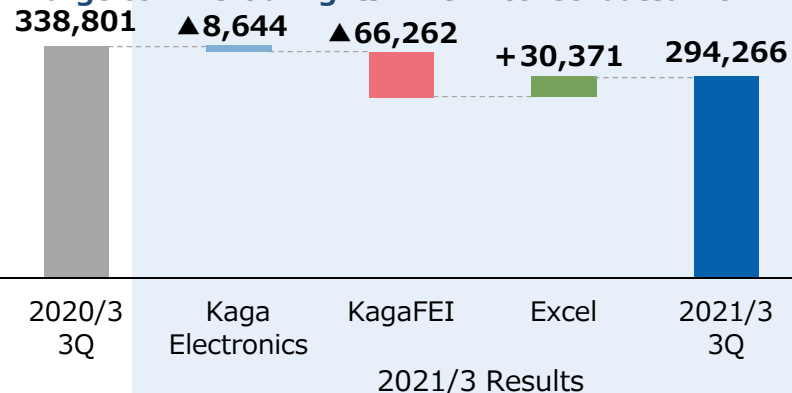
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Effect of M&As (FY2021/3 3Q Results)

(million yen)

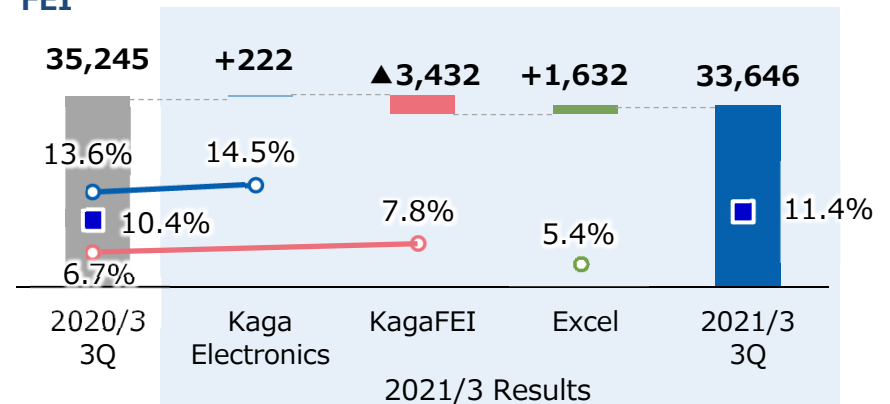
Net Sales

Sales decline at Kaga Electronics due to COVID-19. Kaga FEI records heavy drop in sales due to loss of large commercial rights. EXCEL consolidated from 1Q.



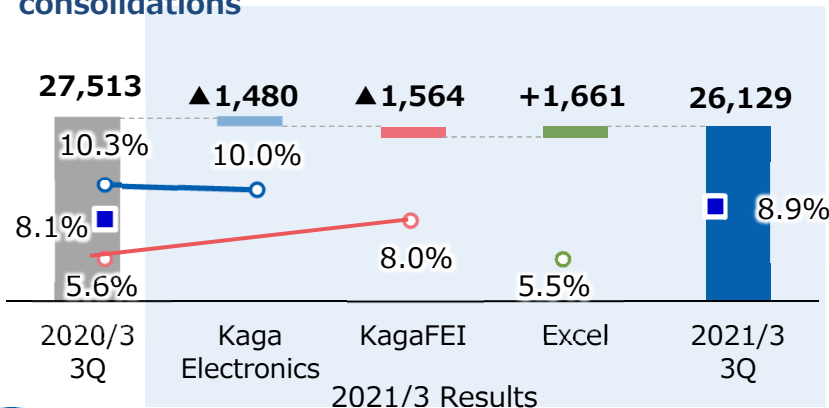
Gross profit / Gross profit margin

Income decreased at Kaga FEI, but gross profit margin improved at both Kaga Electronics and Kaga FEI



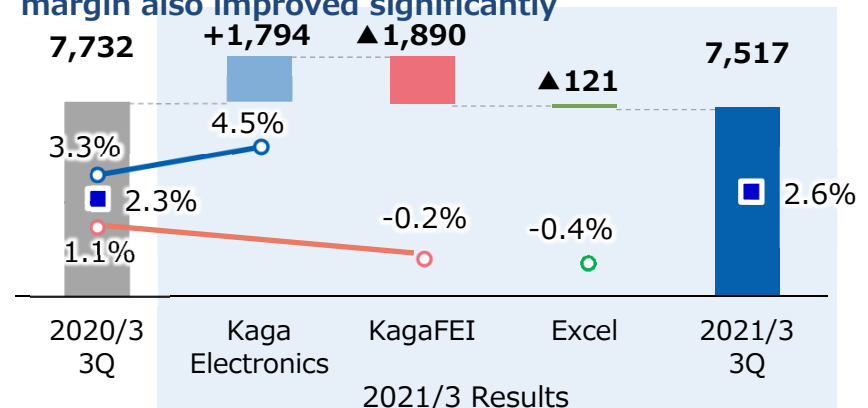
SG&A / SG&A ratio

Both Kaga Electronics and Kaga FEI endeavored to reduce expenses, absorbing the impact of new consolidations



Operating income / Operating income margin

Despite of sales declining during the pandemic, Kaga Electronics increased operating income, income margin also improved significantly



FY2021/3 3Q results by company

		(million yen)				
		2020/3 3Q Results		2021/3 3Q Results		YoY
Kaga Electronics	Net sales	180,118		171,474		-4.8%
	Gross Profit	24,562	13.6%	24,784	14.5%	0.9%
	operating income	5,984	3.3%	7,778	4.5%	30.0%
Kaga FEI	Net sales	158,682		92,420		-41.8%
	Gross Profit	10,675	6.7%	7,243	7.8%	-32.1%
	operating income	1,747	1.1%	-143	-0.2%	—
Excel	Net sales	—		30,371		—
	Gross Profit	—	—	1,632	5.4%	—
	operating income	—	—	-121	-0.4%	—
Total	Net sales	338,801		294,266		-13.1%
	Gross Profit	35,245	10.4%	33,646	11.4%	-4.5%
	operating income	7,732	2.3%	7,517	2.6%	-2.8%

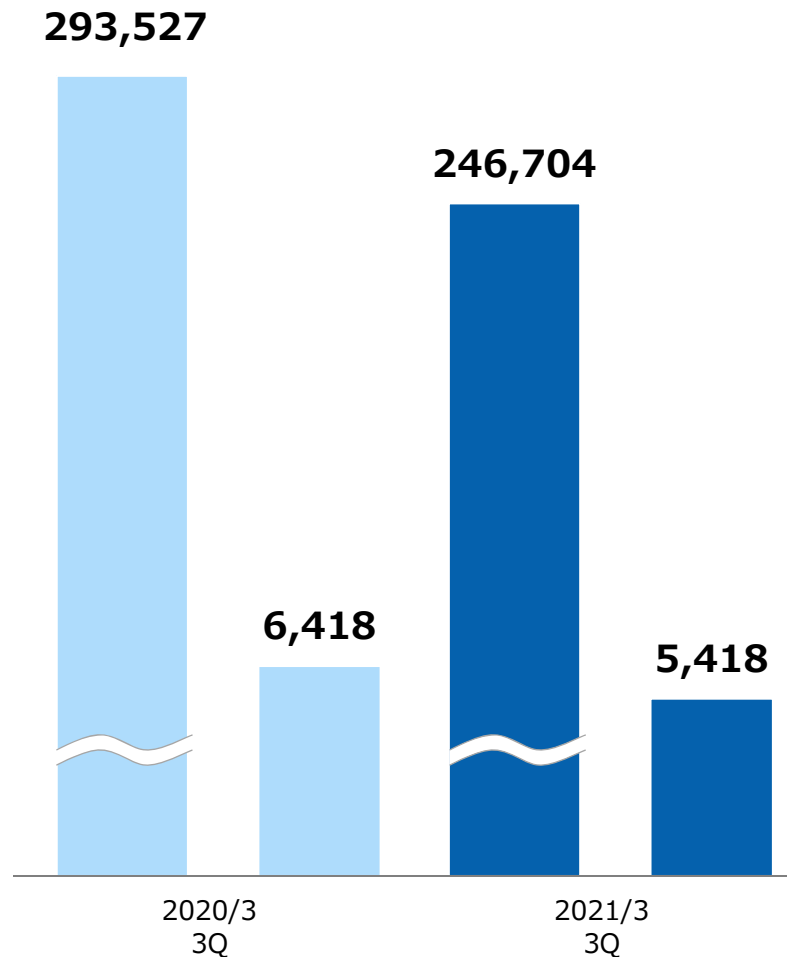
(note) With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

Financial Highlights: Electronic Component Segment

(Million Yen)

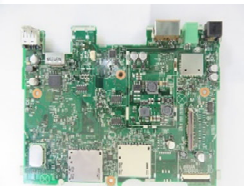
Net sales/Segment income

YoY



- Net Sales - **46,823** million yen **16.0% Down**
- Segment income - **1,000** million yen **15.6% Down**

- The components sales business benefited from the effect of Excel's consolidation, but net sales fell due to cancellation of the sales agency agreement with Kaga FEI by Cypress Semiconductor.
- The EMS business, which had been affected by the COVID-19 pandemic causing partial suspension of operations and production adjustments at overseas plants, bottomed out in 1Q and picked up against the backdrop of resumption in economic activities.
- The pre-COVID-19 levels were recovered, led by automotive and industrial equipment areas.



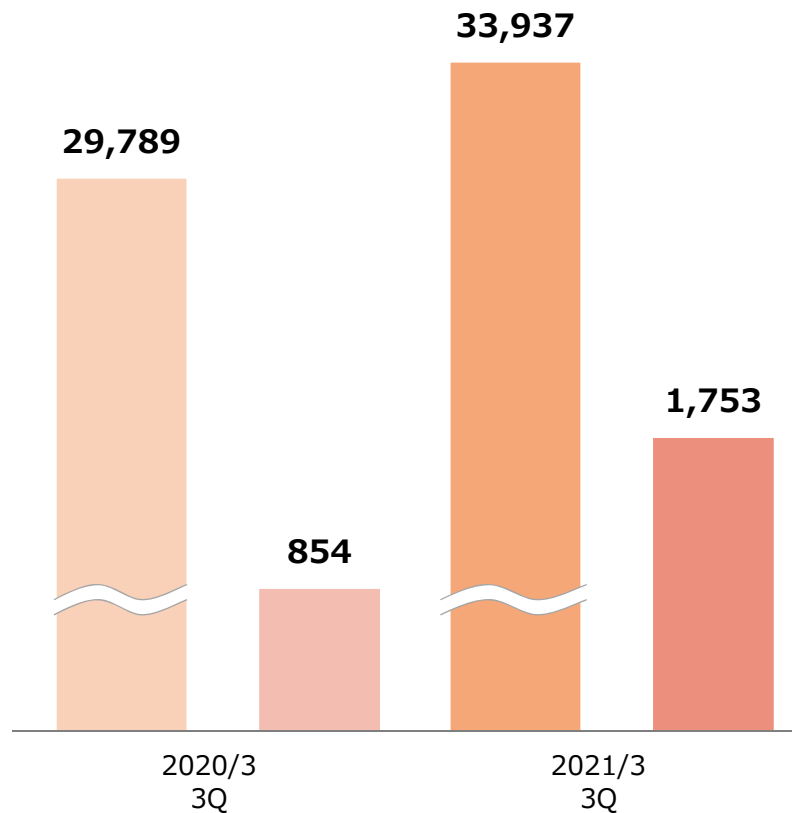
Financial Highlights: Information Equipment Segment

(Million Yen)

Net sales/Segment income

YoY

- Net Sales **+4,148**million yen **13.9%Up**
- Segment income **+898**million yen **105.2%Up**



• Expansion of teleworking and online learning boosted sale of PCs, PC peripherals and security software to home appliance stores, schools and educational facilities.

• The house-related home electric appliances business remained sluggish, while the commercial facilities-related LED installation business showed steady performance.



Financial Highlights (3months)

(million yen)

	FY2020/3 3QResults		FY2021/3 2QResults		FY2021/3 3QResults		YoY	QoQ
Net Sales	108,170		104,729		105,406		-2.6%	0.6%
Gross Profit	11,474	10.6%	11,643	11.1%	12,005	11.4%	4.6%	3.1%
SG&A	8,982	8.3%	8,864	8.5%	8,923	8.5%	-0.7%	0.7%
Operating income	2,492	2.3%	2,778	2.7%	3,082	2.9%	23.7%	10.9%
Ordinary income	2,428	2.2%	2,804	2.7%	2,892	2.7%	19.1%	3.1%
Profit attributable to owners of parent	1,422	1.3%	2,128	2.0%	1,956	1.9%	37.6%	-8.1%
EPS (yen)	51.82	—	77.53	—	71.23	—	—	—

FY2021/3 3Q results by Business Segment (3months)

(million yen)

		FY2020/3 3QResults	FY2021/3 2QResults		FY2021/3 3QResults		YoY	QoQ
Electronic Component	Net sales	93,708	88,690		89,816		-4.2%	1.3%
	Segment income	2,180	2.3%	1,897	2.1%	2,335	2.6%	7.1%
Information Equipment	Net sales	9,820	10,654		10,745		9.4%	0.9%
	Segment income	236	2.4%	577	5.4%	592	5.5%	150.9%
Software	Net sales	455	783		730		60.2%	-6.8%
	Segment income	-37	-8.2%	131	16.8%	20	2.8%	-
Others	Net sales	4,185	4,600		4,114		-1.7%	-10.6%
	Segment income	105	2.5%	137	3.0%	112	2.7%	7.4%
Total	Net sales	108,170	104,729		105,406		-2.6%	0.6%
	Segment income	2,492	2.3%	2,778	2.7%	3,082	2.9%	23.7%

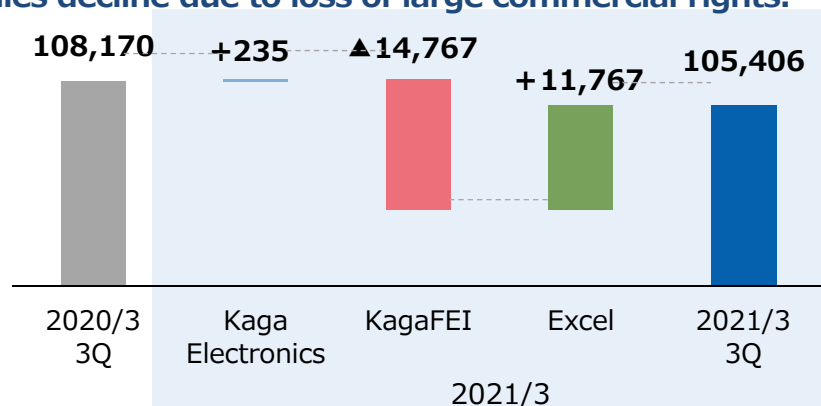
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Effect of M&As (FY2021/3 3Q Results) (3months)

(million yen)

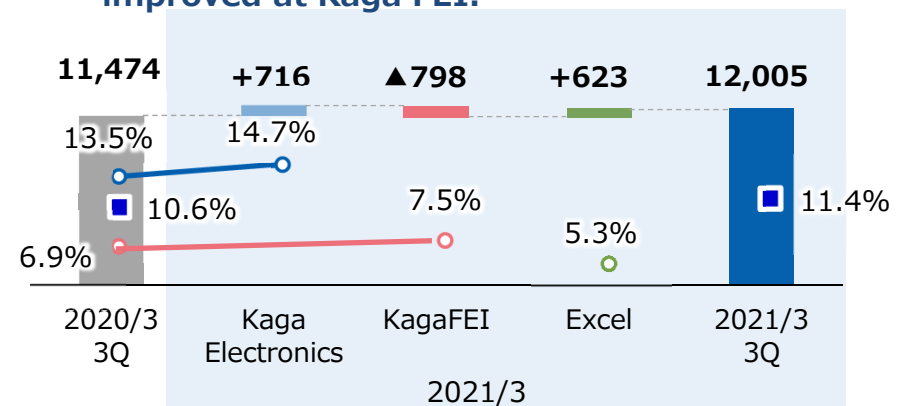
Net Sales

Net sales at Kaga Electronics picked up and recovered year-earlier level. Kaga FEI continued to record strong sales decline due to loss of large commercial rights.



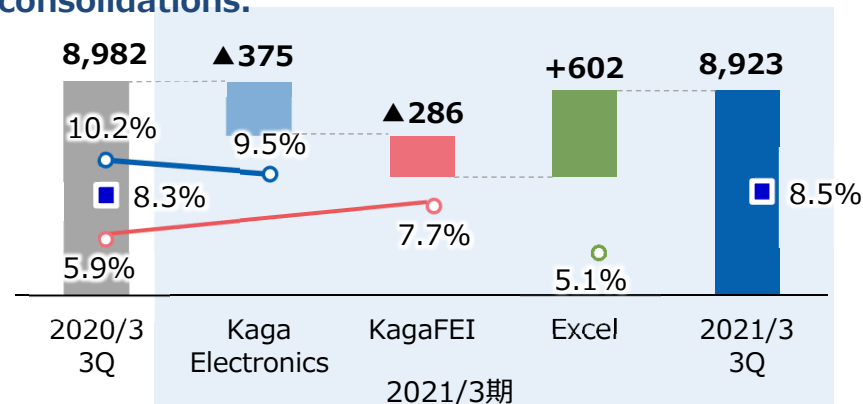
Gross profit / Gross profit margin

Kaga Electronics returned to profit with improvement in profit margin, which also improved at Kaga FEI.



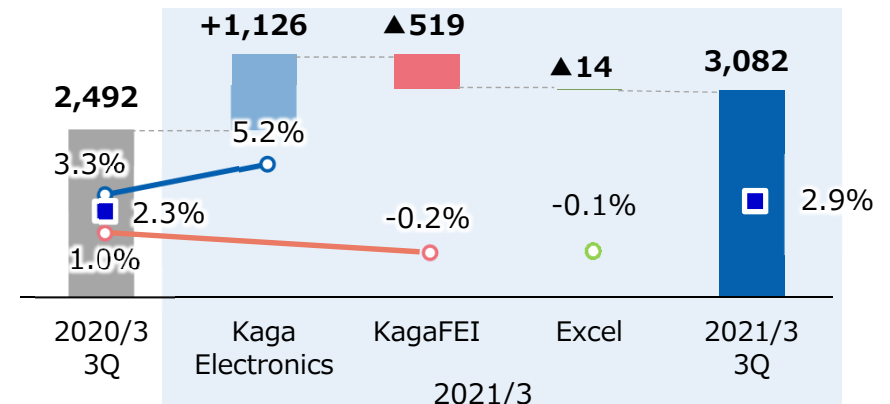
SG&A / SG&A ratio

Both Kaga Electronics and Kaga FEI endeavored to reduce expenses, offsetting the impact of new consolidations.



Operating income / Operating income margin

Kaga Electronics secured income growth despite the pandemic, achieving an over-5% income margin.



FY2021/3 3Q results by company (3 months)

(million yen)

		FY2020/3 3QResults	FY2021/3 2QResults		FY2021/3 3QResults		YoY	QoQ
Kaga Electronics	Net sales	60,702	58,041		60,938		0.4%	5.0%
	Gross Profit	8,214 13.5%	8,410 14.5%	8,931 14.7%			8.7%	6.2%
	operating inc	2,032 3.3%	2,749 4.7%	3,158 5.2%			55.4%	14.9%
Kaga FEI	Net sales	47,468	30,548		32,700		-31.1%	7.0%
	Gross Profit	3,257 6.9%	2,455 8.0%	2,458 7.5%			-24.5%	0.1%
	operating inc	460 1.0%	-65 -0.2%	-59 -0.2%			-	-
Excel	Net sales	-	16,139		11,767		-	-27.1%
	Gross Profit	- -	779 4.8%	623 5.3%			-	-20.0%
	operating inc	- -	91 0.6%	-14 -0.1%			-	-
Total	Net sales	108,170	104,729		105,406		-2.6%	0.6%
	Gross Profit	11,474 10.6%	11,643 11.1%	12,005 11.4%			4.6%	3.1%
	operating inc	2,492 2.3%	2,778 2.7%	3,082 2.9%			23.7%	10.9%

(note) With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

Financial Highlights: Electronic Component Segment (3months)

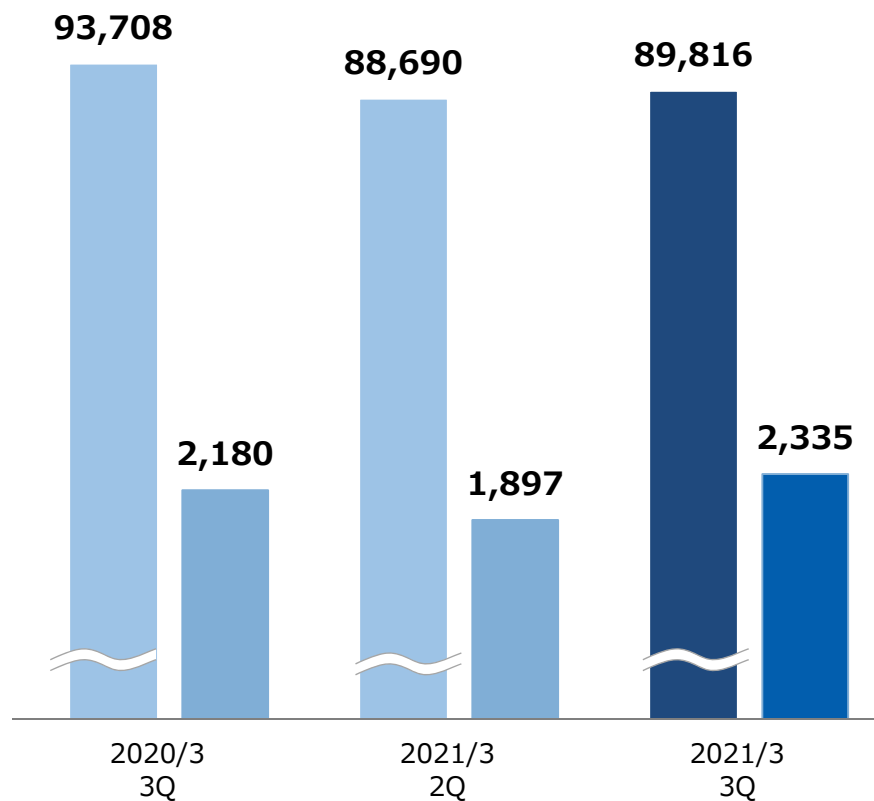
(million Yen)

Net sales/Segment income

YoY

■ / ■ Net Sales
■ / ■ Segment income

- Net Sales - **3,891**million yen **4.2%Down**
- Segment income **+154**million yen **7.1%Up**



QoQ

- Net Sales **+1,125**million yen **1.3%Up**
- Segment income **+438**million Yen **23.1%Up**

Financial Highlights: Information Equipment Segment (3months)

(million yen)

Net sales/Segment income

YoY

■ / ■ Net Sales

● Net Sales **+924**million yen **9.4%Up**

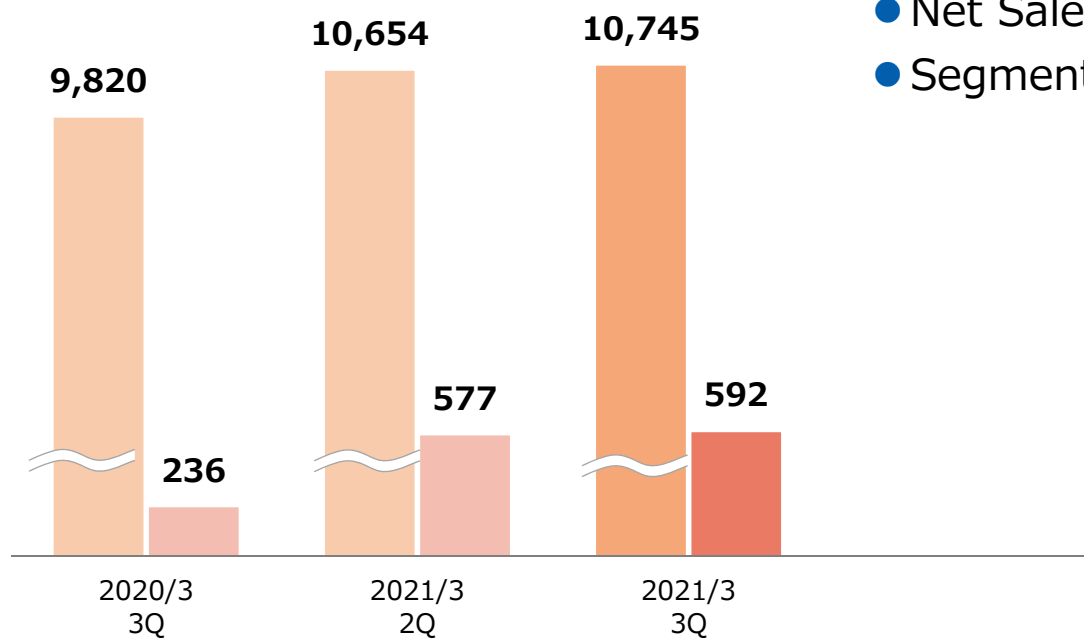
■ / ■ Segment Income

● Segment income **+356**million yen **150.9%Up**

QoQ

● Net Sales **+90**million yen **0.9%Up**

● Segment income **+14**million yen **2.5%Up**

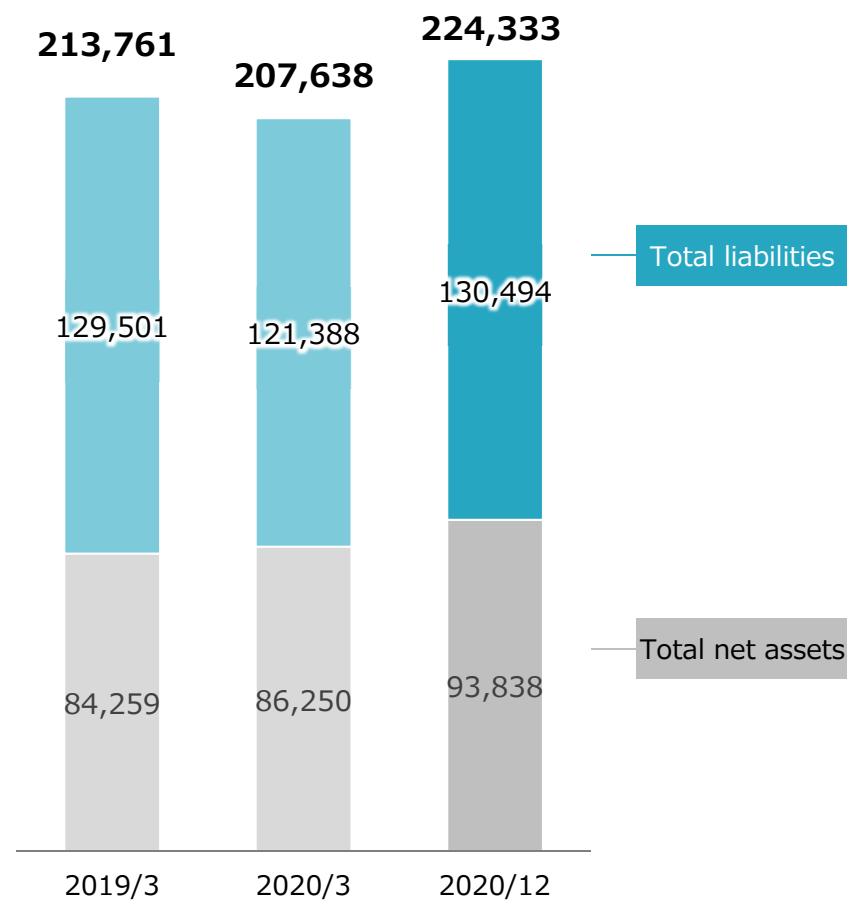
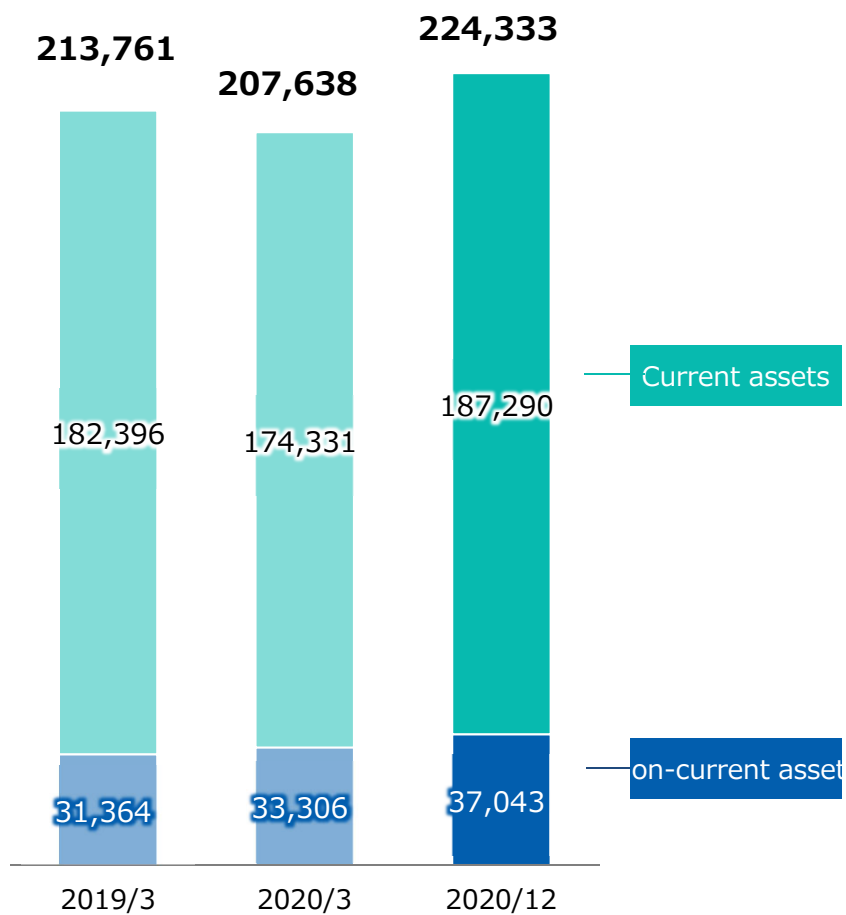


Balance Sheet Main Items

(million Yen)

Total assets

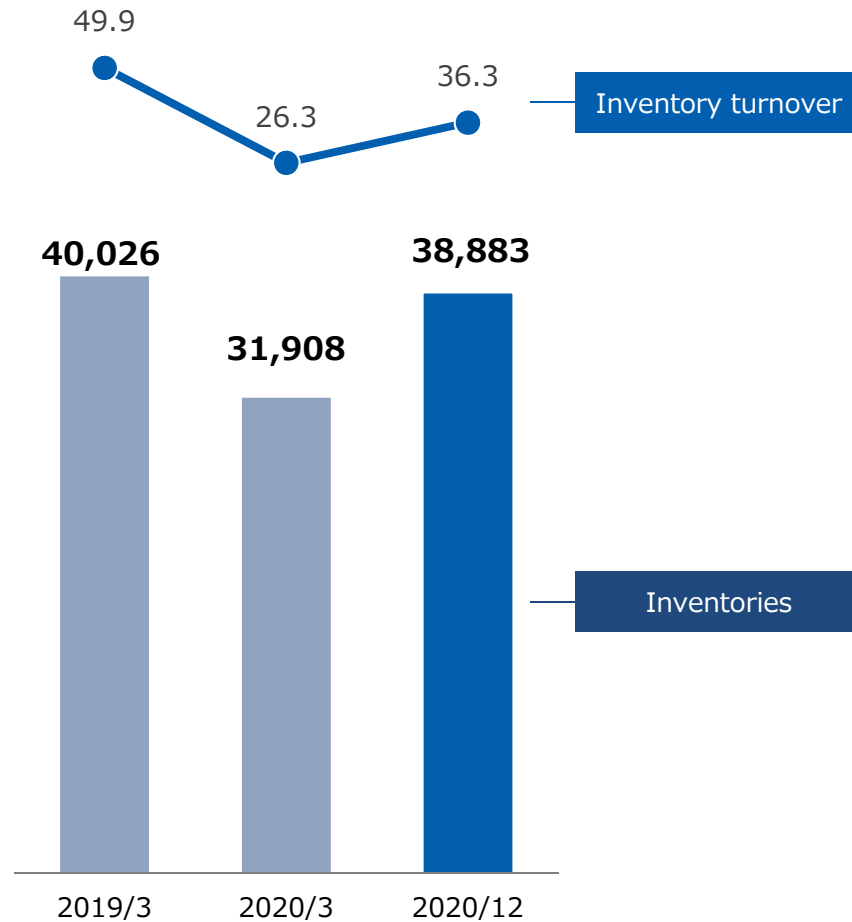
Total liabilities and net assets



Balance Sheet Main Items

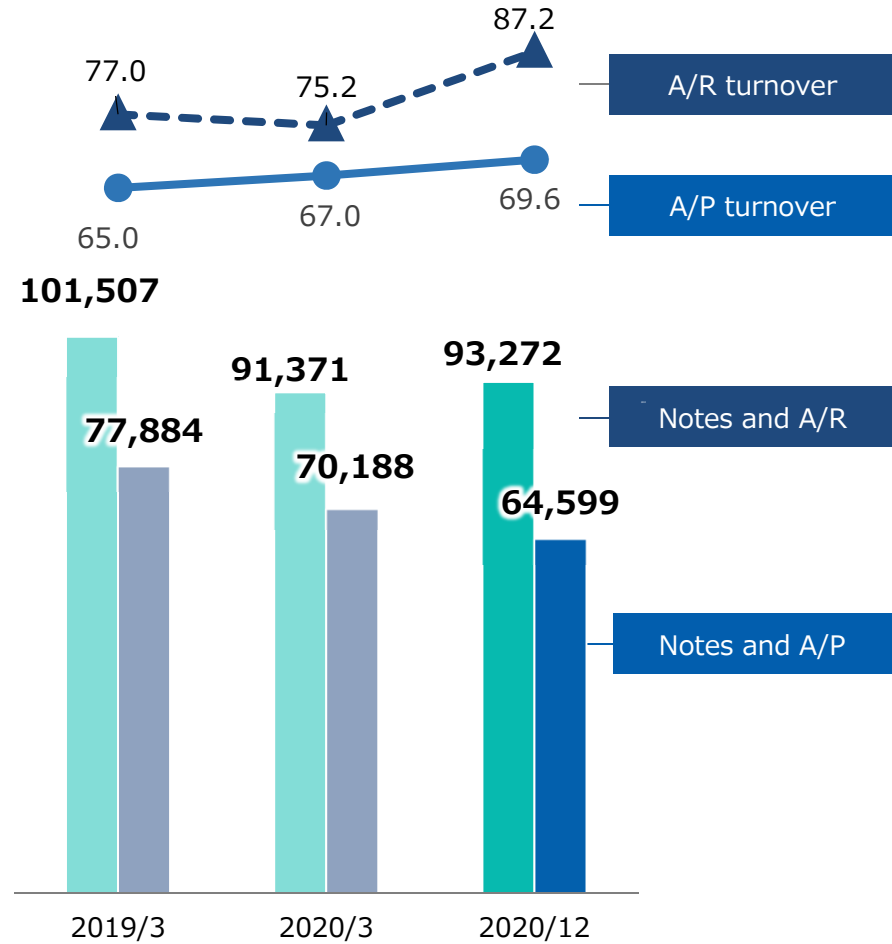
(million yen, day)

Inventories



note : Inventory turnover = Inventories ÷ Net Sales × 365(2020/12:275) (day)

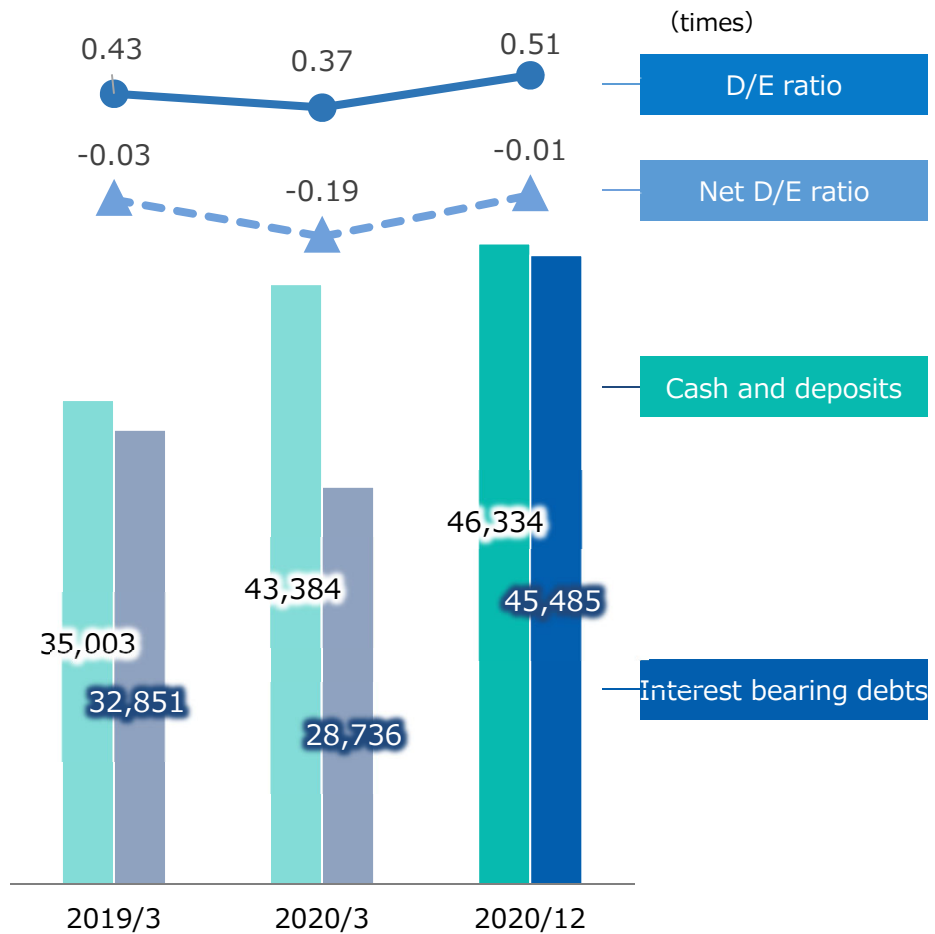
Accounts receivable/Accounts payable



notes : •Notes and A/R are amounts including Electronically recorded monetary claims-operating
 •Notes and A/P are amounts including Electronically recorded obligations - operating
 •A/R turnover = Notes and A/R ÷ Net sales × 365(2020/12:275) (day)
 •A/P turnover = Notes and A/P ÷ Total purchase of goods × 365(2020/12:275) (day)

Balance Sheet Main Items

Cash and Deposits/Interest Bearing Debt



note : D/E ratio = Interest bearing debts ÷ Shareholder's equity
 Net D/E ratio = (Interest bearing debts - Cash and deposits) ÷ Shareholder's equity

Forecast for the Fiscal Year ending March, 2021

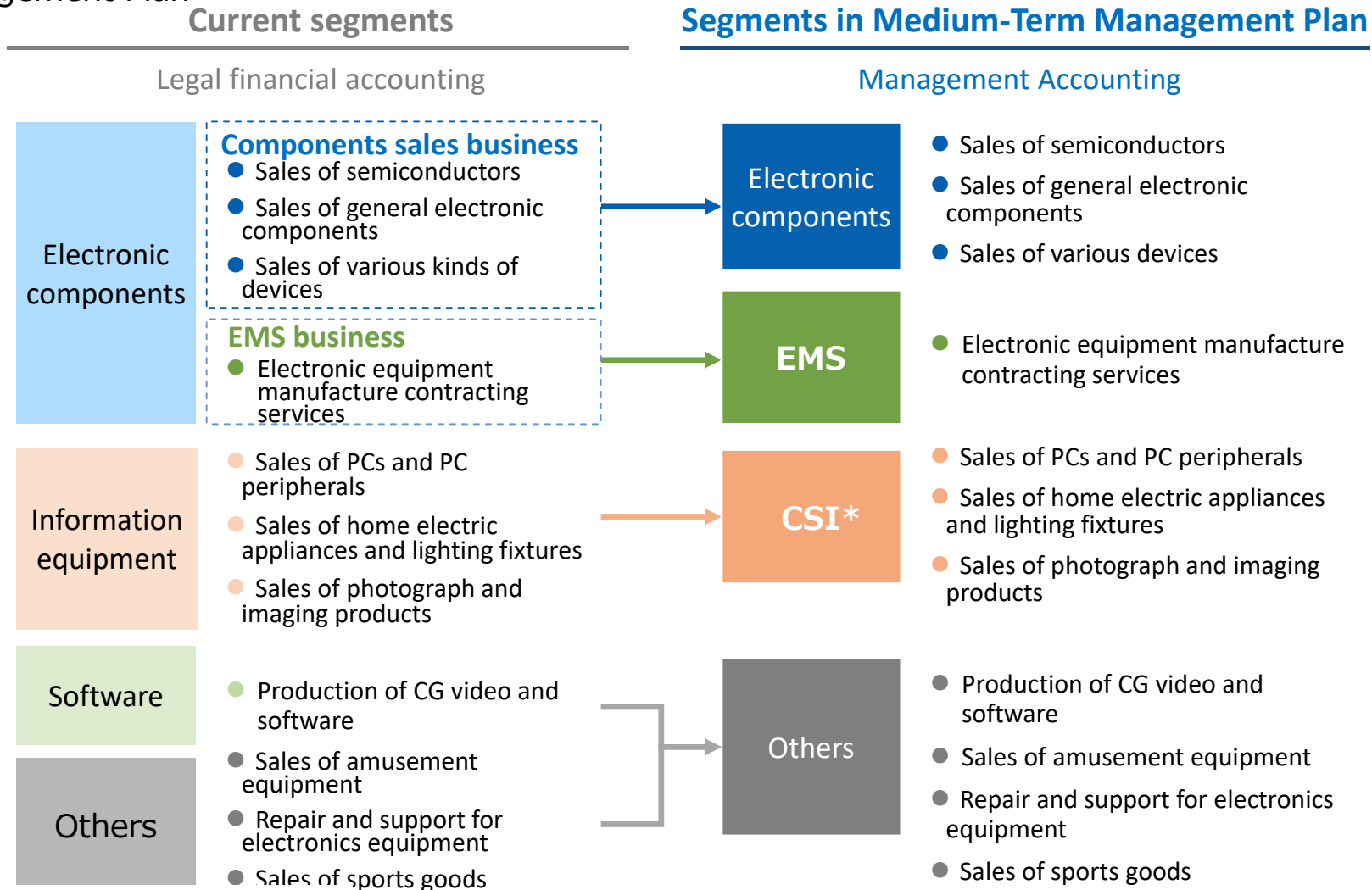
(Million Yen)

	FY2020/3 Results		FY2021/3 Initial Forecast <small>(announced on November 5, 2020)</small>		FY2021/3 Current forecast		Changes	YoY
Net sales	443,615		410,000		415,000		1.2%	-6.5%
Operating income	10,014	2.3%	7,500	1.8%	9,000	2.2%	20.0%	-10.1%
Ordinary income	10,137	2.3%	7,500	1.8%	8,500	2.0%	13.3%	-16.1%
Profit attributable to owners of parent	5,852	1.3%	10,000	2.4%	10,500	2.5%	5.0%	79.4%
EPS (Yen)	213.21		364.18		382.30		—	—
ROE	7.6		11.8		12.7		—	—

Reference

Segment disclosure associated of the Medium-Term Management Plan

Continuous disclosure based on current segmentation according to legal financial accounting, along with voluntary disclosure based on segmentation in line with the new Medium-Term Management Plan



*CSI: Consumer & System Integrator

Business segments of Parent company and Group companies

	Electronic Components	EMS	CSI	Others
KAGA ELECTRONICS CO., LTD.				
Electronics Business Division	●	●	(●)	●
EMS Business Division		●		
Communication Network Sales Division	●	●	●	(●)
Specific Industry Business Division	●	●	(●)	●
Sales Promotion Division	●			
Major Affiliates in Japan				
KAGA TECH CO., LTD.	●	(●)	(●)	(●)
KAGA DEVICES CO., LTD.	●	●	●	●
KAGA SOLUTION NETWORK CO., LTD.			●	
AD DEVICE CO., LTD.	●			
KAGA MICRO SOLUTIONCO., LTD.		●	(●)	●
DIGITAL MEDIA LAB., INC.				●
KAGA SPORTS CO., LTD.				●
KAGA AMUSEMENT CO., LTD.				●
KAGA TECHNOSERVICE CO., LTD.			●	
KAGA FEI Co.,Ltd. (Former:FUJITSU ELECTRONICS INC.)	●			
KAGA EMS TOWADA CO., LTD.		●		
EXCEL CO., LTD.	●			
Kyokuto Electric Co.,Ltd.		●		
Major Affiliates Overseas				
KAGA TAXAN (SUZHOU) ELECTRONICS CO., LTD.		●		
KAGA (SHANGHAI) ELECTRONICS CO., LTD.	(●)	●		
KAGA (SHENZHEN) ELECTRONICS CO., LTD.		●		
KAGA (H.K.) ELECTRONICS LIMITED		●		
KAGA DEVICES (H.K.) LIMITED	●			
KAGA (TAIWAN) ELECTRONICS CO., LTD	●	(●)		
KAGA ELECTRONICS (THAILAND) COMPANY LIMITED	(●)	●		
KAGA COMPONENTS (MALAYSIA) SDN.BHD.		●		
KAGA ELECTRONICS INDONESIA, PT	●	●		
KAGA ELECTRONICS (VIETNAM) CO., LTD.		●		
KAGA (SINGAPORE) ELECTRONICS PTE LTD	●	(●)		(●)
KAGA ELECTRONICS (USA) INC.	●	●		
TAXAN MEXICO S.A. de C.V.		●		
KD TEC s.r.o.	●	●		

Reference

Financial Highlights by Business Segment of the Medium-Term Management Plan

(Million Yen)

		FY2020/3 3Q Results		FY2021/3 3Q Results		YoY
Electronic Components	Net sales	228,684		181,913		-20.5%
	Segment income	2,938	1.3%	1,657	0.9%	-43.6%
EMS	Net sales	70,721		70,216		-0.7%
	Segment income	3,455	4.9%	3,890	5.5%	12.6%
CSI	Net sales	29,789		33,937		13.9%
	Segment income	854	2.9%	1,753	5.2%	105.2%
Others	Net sales	9,605		8,199		-14.6%
	Segment income	398	4.1%	126	1.5%	-68.2%
Total	Net sales	338,801		294,266		-13.1%
	Segment income	7,732	2.3%	7,517	2.6%	-2.8%

Note : Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Reference

Financial Highlights by Business Segment of the Medium-Term Management Plan(3months)

(Million Yen)

		FY2020/3 3Q Results		FY2021/3 2Q Results		FY2021/3 3Q Results		YoY	QoQ
Electronic Components	Net sales	71,880		67,547		64,625		-10.1%	-4.3%
	Segment income	811	1.1%	807	1.2%	805	1.2%	-0.8%	-0.3%
EMS	Net sales	23,775		23,120		27,275		14.7%	18.0%
	Segment income	1,355	5.7%	1,181	5.1%	1,625	6.0%	19.9%	37.5%
CSI	Net sales	9,820		10,654		10,745		9.4%	0.9%
	Segment income	236	2.4%	577	5.4%	592	5.5%	150.9%	2.5%
Others	Net sales	2,693		3,406		2,760		2.5%	-19.0%
	Segment income	81	3.0%	177	5.2%	38	1.4%	-52.6%	-78.2%
Total	Net sales	108,170		104,729		105,406		-2.6%	0.6%
	Segment income	2,492	2.3%	2,778	2.7%	3,082	2.9%	23.7%	10.9%

Note : Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Forecasts by Business Segment of the Medium-Term Management Plan

(Million Yen)

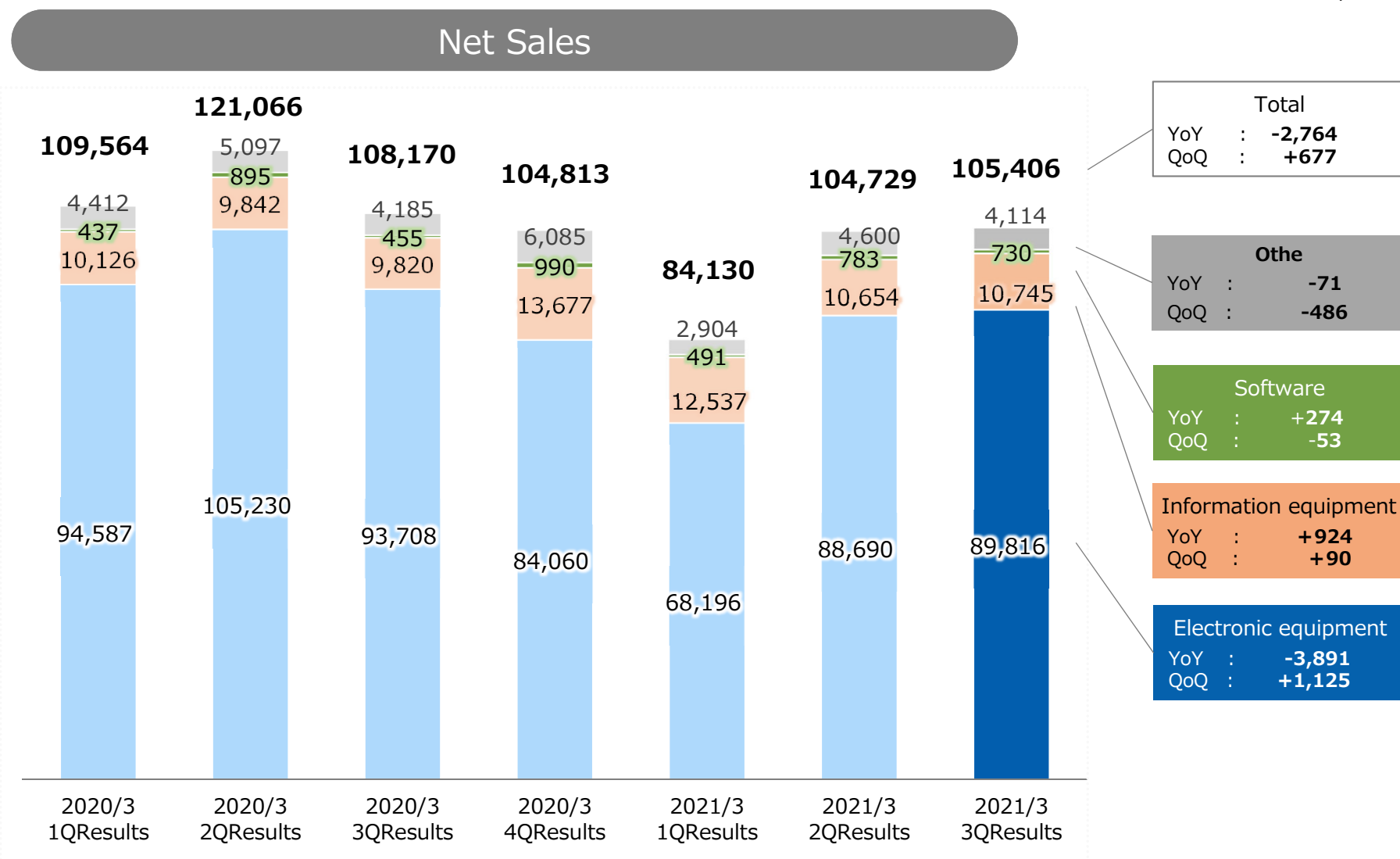
		FY2020/3 Results		FY2021/3 Initial Forecast <small>(announced on November 5, 2020)</small>		FY2021/3 Current Forecast		Changes	YoY
Electronic Components	Net sales	292,905		264,000		267,000		1.1%	-8.8%
	Segment income	3,553	1.2%	2,000	0.8%	2,500	0.9%	25.0%	-29.6%
EMS	Net sales	93,340		85,000		87,000		2.4%	-6.8%
	Segment income	4,015	4.3%	3,000	3.5%	4,000	4.6%	33.3%	-0.4%
CSI	Net sales	43,466		50,000		50,000		–	15.0%
	Segment income	1,707	3.9%	2,300	4.6%	2,300	4.6%	–	34.7%
Others	Net sales	13,902		11,000		11,000		–	-20.9%
	Segment income	623	4.5%	200	1.8%	200	1.8%	–	-67.9%
Total	Net sales	443,615		410,000		415,000		1.2%	-6.5%
	Segment income	10,014	2.3%	7,500	1.8%	9,000	2.2%	20.0%	-10.1%

Note : Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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Quarterly Trends by Business Segment① (Net Sales)

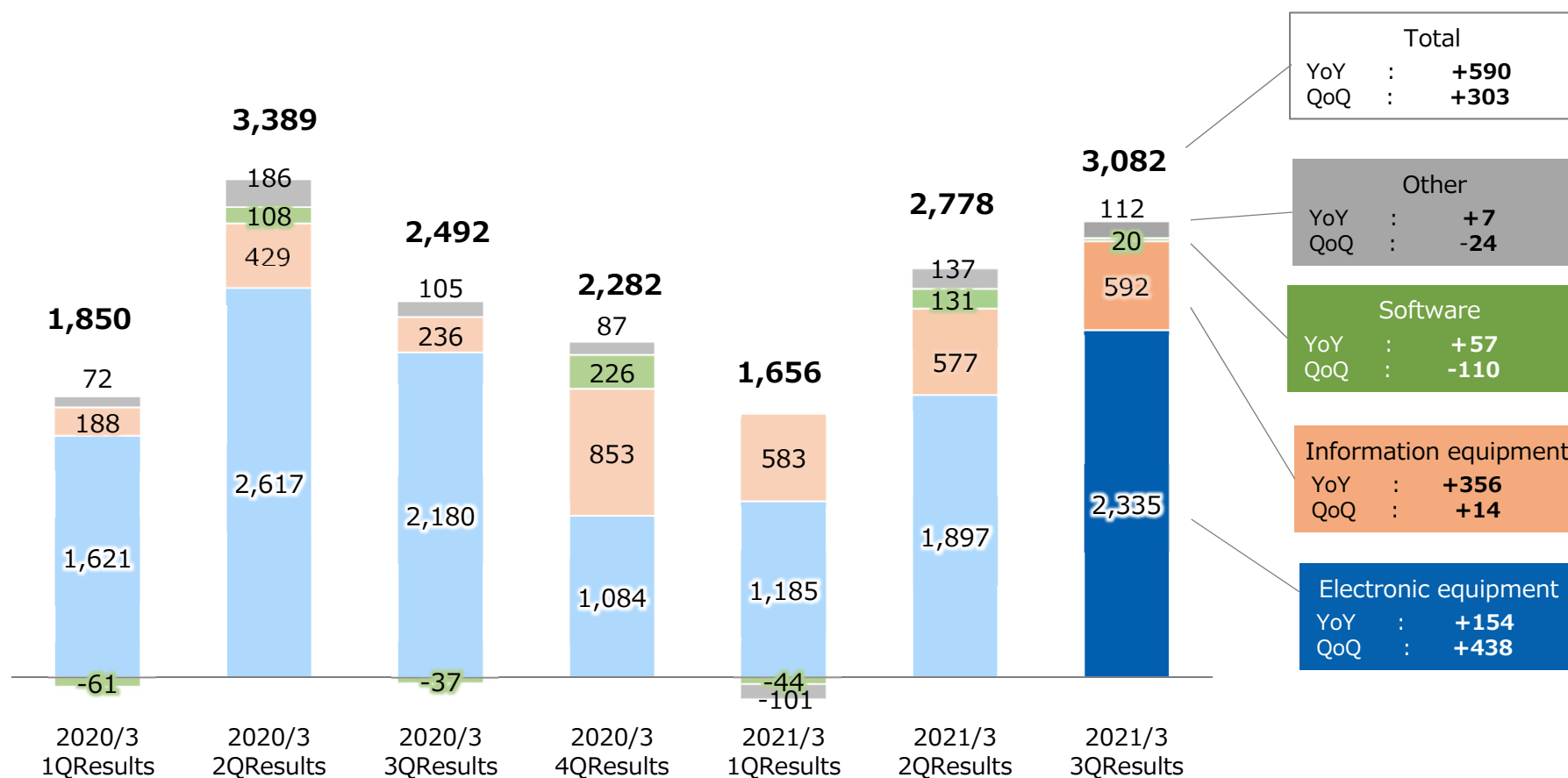
(million yen)



Quarterly Trends by Business Segment② (Segment Income)

(million yen)

Segment Income



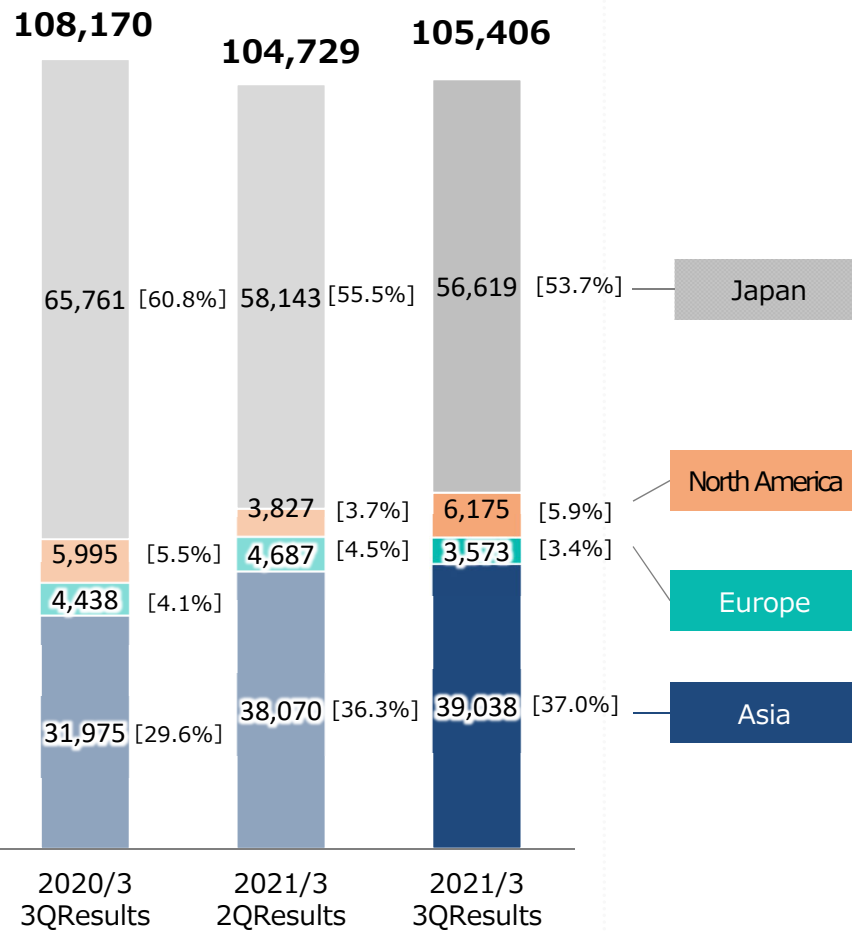
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Net Sales by Region

(million yen)

Net Sales

YoY



- Japan - **9,141** million yen **13.9% Down**
- North America + **179** million yen **3.0% Up**
- Europe - **864** million yen **19.5% Down**
- Asia + **7,062** million yen **22.1% Up**

QoQ

- Japan - **1,523** million yen **2.6% Down**
- North America + **2,347** million yen **61.3% Up**
- Europe - **1,114** million yen **23.8% Down**
- Asia + **968** million yen **2.5% Up**

Exchange Rate/FOREX Sensitivity

	FY2020/3 3Q Results (yen)	FY2021/3 3Q Results (yen)	(Reference) Effect of 1% change (million yen)		Forex assumption for FY2021/3 (yen)
			Net Sales	Ordinary income	
USD	108.67	106.11	1,048	29	105.50
THB	3.52	3.39	149	5	3.50
RMB	15.90	15.37	129	5	15.00
HKD	13.87	13.69	101	2	13.50

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**“Everything we do is
for our customers**



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- 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. Actual results may differ significantly from these statements for a number of reasons.
- Display method in this material
 - Number : Truncated less than the display unit.
 - Ratio : After calculation in yen units, Round down one digit of Display unit.