

Financial Results Briefing Material
for the First Half of the
Fiscal Year ending March 2021

KAGA ELECTRONICS CO., LTD.

November 26, 2020

TSE 1st section 8154

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Consolidated Financial Results

for the First Half of the Fiscal Year ending March 2021

Managing Director
KAGA ELECTRONICS CO., LTD.

Eiji Kawamura

Summary of Financial Results for the First Half Ended September 30, 2020

FY2021/ 2Q Results

- Although PC sales grew due to the growing utilization of remote work during the coronavirus outbreak, **net sales fell as a result of a significant impact from changes in commercial rights and commercial distribution with major business partners.**
- **Both operating income and ordinary income declined**, despite efforts to reduce SG&A expenses in line with lower sales.
- **Net income increased due to a gain on bargain purchase** following a M&A.

Overview of the main segments

Electronic Components

- **Net sales were down** in the components sales business because, although **Excel was consolidated** in April 2020, **the termination of Fujitsu Electronics' sales agency agreement with Cypress Semiconductor pushed sales down sharply.**
- The EMS business **maintained a steady performance in the medical equipment area**, but **sales fell** for automotive and air conditioning devices **due to the impact of the partial suspension of operations at overseas plants during the lock downs.**

Information Equipment

- **Sales rose in the PC sales business** due to an increase in remote work and online classes.
- The house-related home electric appliances business continued to post lower sales.

Revised Forecast for FY2021/3

- **There are signs of a gradual recovery from the pandemic** in some manufacturing industries, moreover, 2Q earnings results **surpassed internal plans.** Given these factors, **we have raised our forecasts for net sales, operating income and ordinary income upward** from the previous forecasts (released on August 6). No change in final profit due to uncertainty in the second half.

Shareholder Return

- Interim dividend was decided to be 30 yen per share as initially announced..
- Year-end dividend will remain unchanged at the initial forecast of 30 yen per share.

Financial Highlights

(million yen)

	FY2020/3 2Q Results		FY2021/3 2Q Results		YoY	FY2021/3 Forecast		Progress rate
Net Sales	230,630		188,859		-18.1%	40,000		47.2%
Gross Profit	23,771	10.3%	21,641	11.5%	-9.0%	—	—	—
SG&A	18,531	8.0%	17,206	9.1%	-7.1%	—	—	—
Operating income	5,239	2.3%	4,434	2.3%	-15.4%	5,000	1.3%	88.7%
Ordinary income	5,546	2.4%	4,338	2.3%	-21.8%	4,500	1.1%	96.4%
Profit attributable to owners of parent	3,502	1.5%	10,772	5.7%	207.3%	10,000	2.5%	107.7%
EPS (yen)	127.62	—	392.30	—	—	364.18	—	—
Exchange Rate	USD	108.63	—	106.92	—	-1.71	—	—

Financial Results by Business Segment for FY2021/3 2Q

(million yen)

		FY2020/3 2Q Results		FY2021/3 2Q Results		YoY
Electronic Component	Net sales	199,818		156,887		-21.5%
	Segment income	4,238	2.1%	3,083	2.0%	-27.3%
Information Equipment	Net sales	19,968		23,192		16.1%
	Segment income	618	3.1%	1,160	5.0%	87.8%
Software	Net sales	1,332		1,274		-4.3%
	Segment income	46	3.5%	86	6.8%	84.0%
Others	Net sales	9,510		7,505		-21.1%
	Segment income	259	2.7%	36	0.5%	-86.1%
Total	Net sales	230,630		188,859		-18.1%
	Segment income	5,239	2.3%	4,434	2.3%	-15.4%

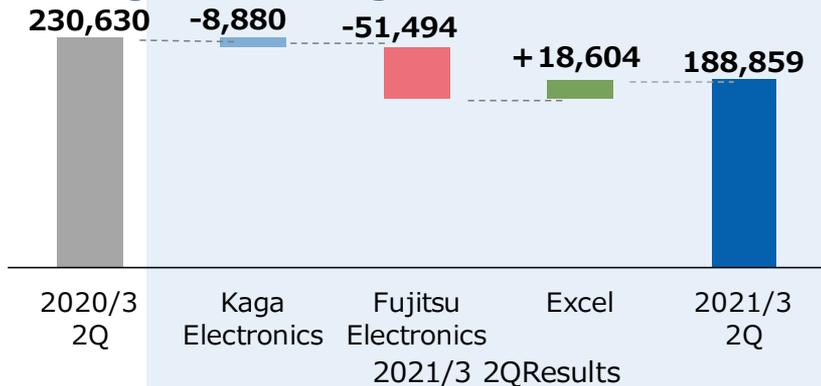
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Effect of M&A (FY2021/3 2Q Results)

(million yen)

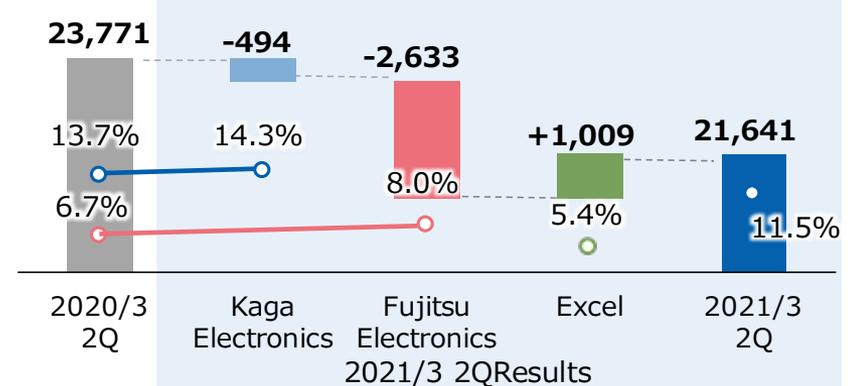
Net Sales

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



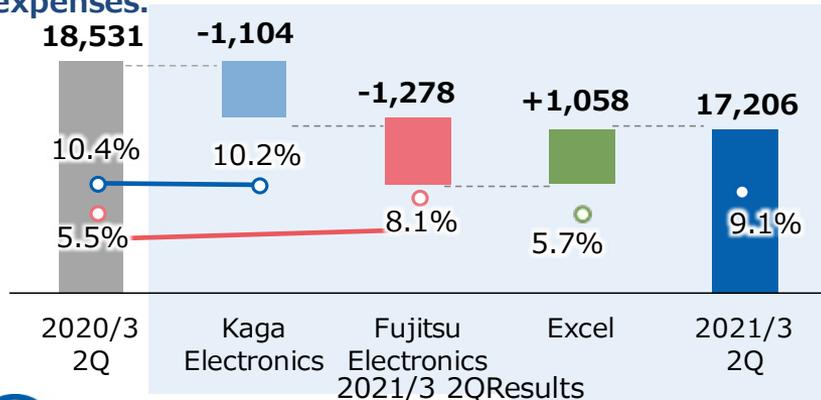
Gross profit / Gross profit margin

Although income was down for both Kaga Electronics and Fujitsu Electronics, the gross profit margin improved due to better sales mix.



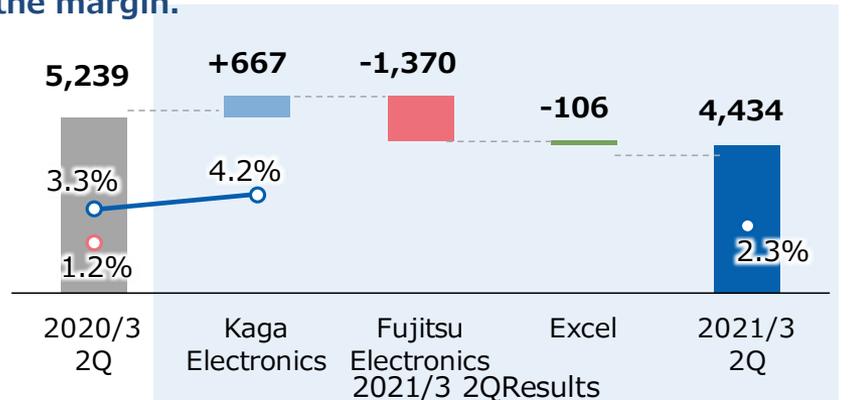
SG&A / SG&A ratio

At Fujitsu Electronics, impact of sales decline so significant that SG&A ratio rises despite efforts to curb expenses.



Operating income / Operating income margin

Despite of sales declining during the pandemic, Kaga Electronics increased both operating income and the margin.



FY2021/3 2Q results by company

(million yen)

		2020/3 2Q Results		2021/3 2Q Results		YoY
Kaga Electronics	Net sales	119,415		110,535		-7.4%
	Gross Profit	16,347	13.7%	15,853	14.3%	-3.0%
	operating income	3,952	3.3%	4,619	4.2%	16.9%
Fujitsu Electronics	Net sales	111,214		59,720		-46.3%
	Gross Profit	7,418	6.7%	4,784	8.0%	-35.5%
	operating income	1,286	1.2%	-84	-0.1%	-
Excel	Net sales	-	-	18,604		-
	Gross Profit	-	-	1,009	5.4%	-
	operating income	-	-	-106	-0.6%	-
Total	Net sales	230,630		188,859		-18.1%
	Gross Profit	23,771		21,641	11.5%	-9.0%
	operating income	5,239		4,434	2.3%	-15.4%

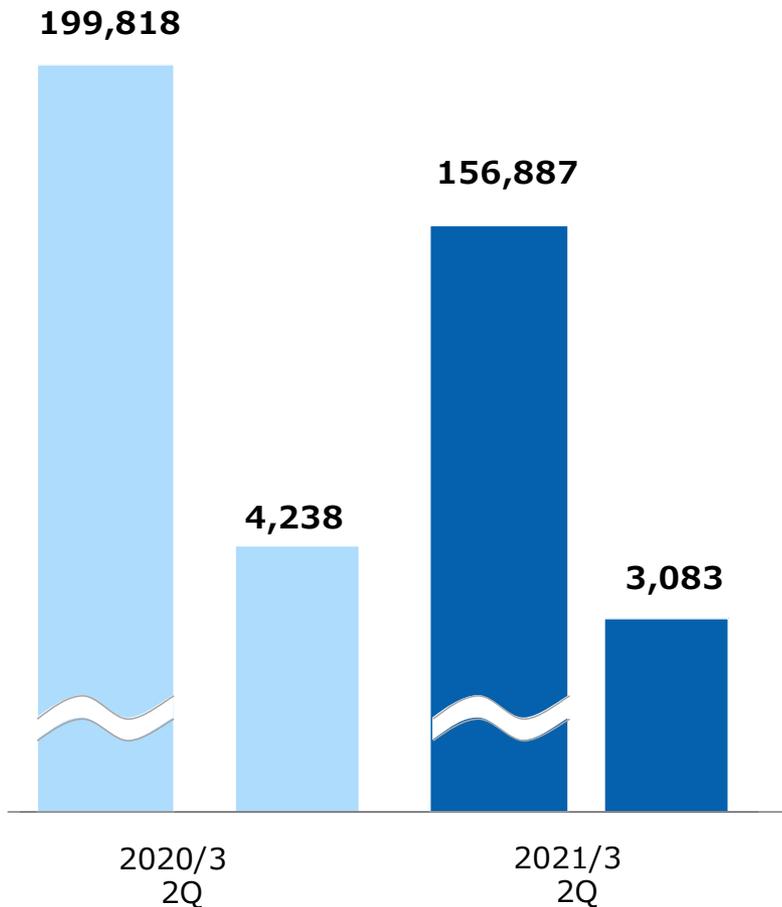
(note) With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

Financial Highlights: Electronic Component Segment

(Million Yen)

Net sales/Segment income

YoY



- Net Sales - **42,931**million yen **21.5%Down**
- Segment income - **1,155**million yen **27.3%Down**

- The components sales business benefited from the effect of Excel's consolidation, but sales fell due to the termination of Fujitsu Electronics' sales agency agreement with Cypress Semiconductor and other factors.
- The EMS business continued to perform well in the medical equipment area, but was sluggish in the areas of automotive and air conditioning devices.
- The company was affected by partial suspension of operations and production adjustments at overseas plants due to the pandemic.

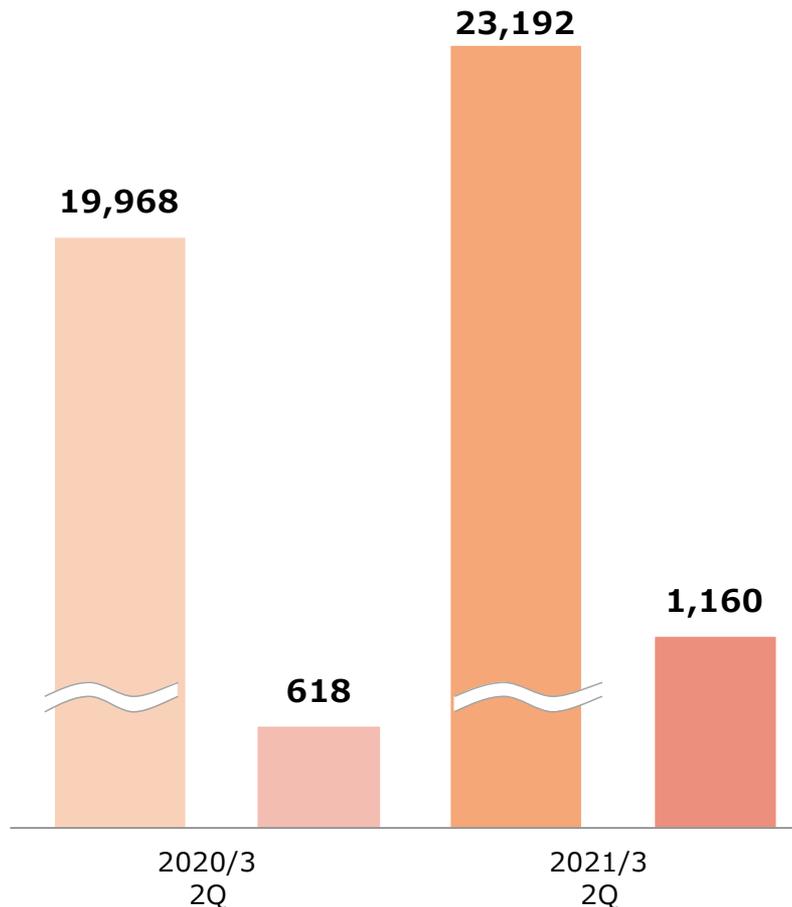


Financial Highlights: Information Equipment Segment

(Million Yen)

Net sales/Segment income

YoY



- Net Sales **+3,223**million yen **16.1%Up**
- Segment income **+542**million yen **87.8%Up**

- Sales of PCs and PC peripherals to home appliance stores, schools and educational facilities were strong during the coronavirus outbreak due to the increase in remote work and online classes.
- The house-related home electric appliances business remained sluggish.



Financial Highlights (3months)

(million yen)

	FY2020/3 2QResults		FY2021/3 1QResults		FY2021/3 2QResults		YoY	QoQ
Net Sales	121,066		84,130		104,729		-13.5%	24.5%
Gross Profit	12,708	10.5%	9,997	11.9%	11,643	11.1%	-8.4%	16.5%
SG&A	9,319	7.7%	8,341	9.9%	8,864	8.5%	-4.9%	6.3%
Operating income	3,389	2.8%	1,656	2.0%	2,778	2.7%	-18.0%	67.8%
Ordinary income	3,500	2.9%	1,533	1.8%	2,804	2.7%	-19.9%	82.9%
Profit attributable to owners of parent	2,152	1.8%	8,643	10.3%	2,128	2.0%	-1.1%	-75.4%
EPS (yen)	78.42	—	314.77	—	77.53	—	—	—

Financial Results by Business Segment for FY2021/3 2Q(3months)

(million yen)

		FY2020/3 2QResults		FY2021/3 1QResults		FY2021/3 2QResults		YoY	QoQ
Electronic Component	Net sales	105,230		68,196		88,690		-15.7%	30.1%
	Segment income	2,617	2.5%	1,185	1.7%	1,897	2.1%	-27.5%	60.0%
Information Equipment	Net sales	9,842		12,537		10,654		8.2%	-15.0%
	Segment income	429	4.4%	583	4.7%	577	5.4%	34.6%	-0.9%
Software	Net sales	895		491		783		-12.5%	59.2%
	Segment income	108	12.2%	-44	-9.1%	131	16.8%	20.5%	—
Others	Net sales	5,097		2,904		4,600		-9.8%	58.4%
	Segment income	186	3.7%	-101	-3.5%	137	3.0%	-26.2%	—
Total	Net sales	121,066		84,130		104,729		-13.5%	24.5%
	Segment income	3,389	2.8%	1,656	2.0%	2,778	2.7%	-18.0%	67.8%

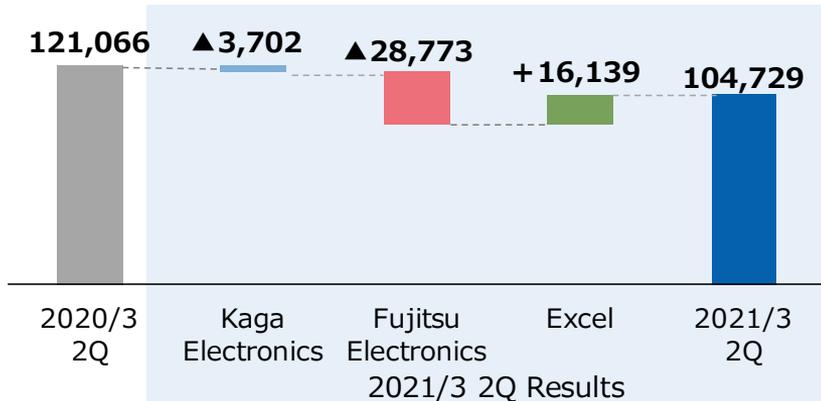
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Effect of M&A (FY2021/3 2Q Results, 3months)

(million yen)

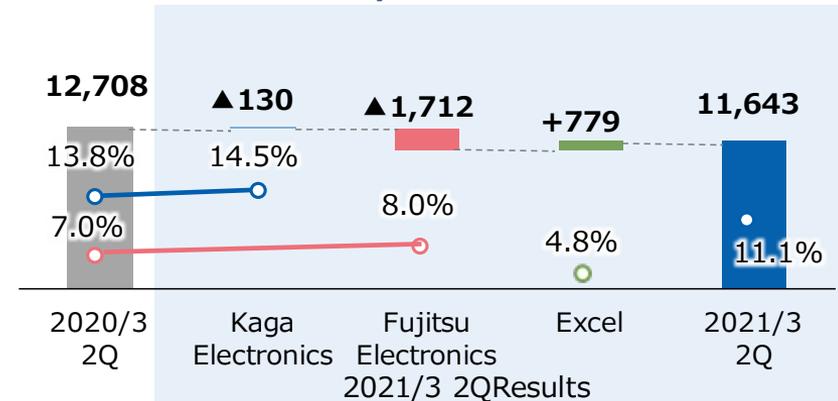
Net Sales

Fujitsu Electronics continued to heavy drop in sales due to loss of large commercial rights.



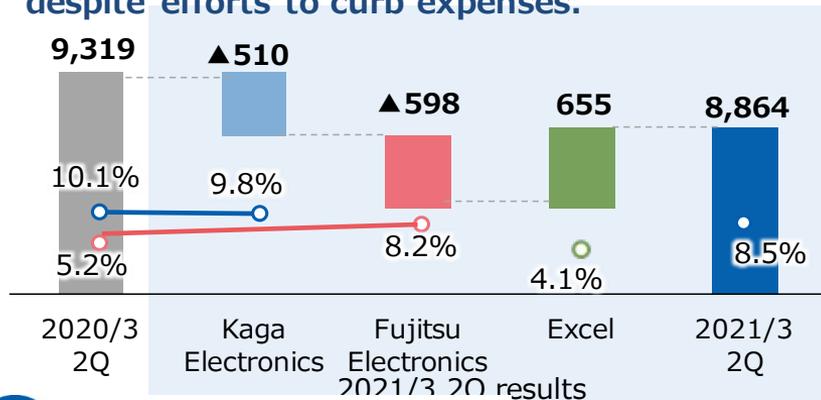
Gross profit / Gross profit margin

Kaga Electronics improved sales mix and gross profit declined limitedly.



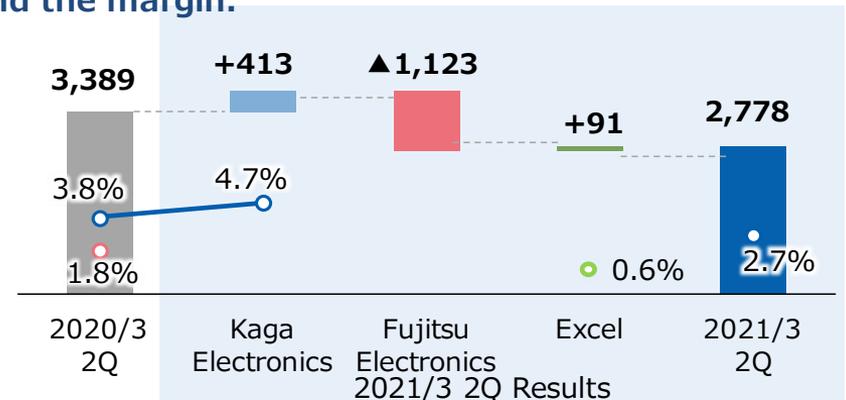
SG&A / SG&A ratio

At Fujitsu Electronics, impact of sales decline so significant that SG&A ratio remained high despite efforts to curb expenses.



Operating income / Operating income margin

Despite of sales declining during the pandemic, Kaga Electronics increased both operating income and the margin.



FY2021/3 2Q results by company (3 months)

		(million yen)							
		FY2020/3 2QResults		FY2021/3 1QResults		FY2021/3 2QResults		YoY	QoQ
Kaga Electronics	Net sales	61,744		52,493		58,041		-6%	10.6%
	Gross Profit	8,540	13.8%	7,442	14.2%	8,410	14.5%	-1.5%	13.0%
	operating inc	2,335	3.8%	1,870	3.6%	2,749	4.7%	17.7%	47.0%
Fujitsu Electronics	Net sales	59,322		29,172		30,548		-48.5%	4.7%
	Gross Profit	4,168	7.0%	2,328	8.0%	2,455	8.0%	-41.1%	5.5%
	operating inc	1,057	1.8%	-18	-0.1%	-65	-0.2%	-	-
Excel	Net sales	-	-	2,464		16,139		-	554.9%
	Gross Profit	-	-	230	9.3%	779	4.8%	-	238.6%
	operating inc	-	-	-198	-8.0%	91	0.6%	-	-
Total	Net sales	121,066		84,130		104,729		-13.5%	24.5%
	Gross Profit	12,708	10.5%	9,997	11.9%	11,643	11.1%	-8.4%	16.5%
	operating inc	3,389	2.8%	1,656	2.0%	2,778	2.7%	-18.0%	67.8%

(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(3months)

(million Yen)

Net sales/Segment income

YoY

■ / ■ Net Sales
 ■ / ■ Segment income

- Net Sales - **16,539**million yen **15.7%Down**
- Segment income - **720**million yen **27.5%Down**

105,230

68,196

88,690

2,617

1,185

1,897

2020/3
2Q

2021/3
1Q

2021/3
2Q

QoQ

- Net Sales +**20,494**million yen **30.1%Up**
- Segment income +**711**million Yen **60.0%Up**

Financial Highlights: Information Equipment Segment (3months)

(million yen)

Net sales/Segment income

YoY

■ / ■ Net Sales

● Net Sales **+811**million yen **8.2%Up**

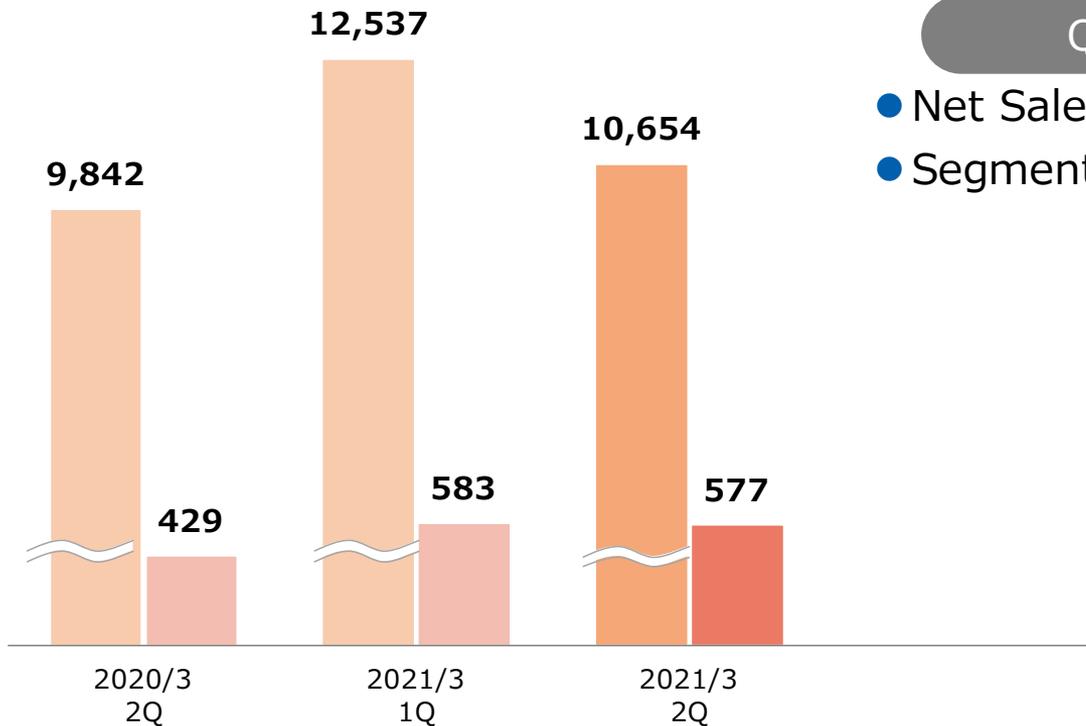
■ / ■ Segment Income

● Segment income **+148**million yen **34.6%Up**

QoQ

● Net Sales **-1,882**million yen **15.0%Down**

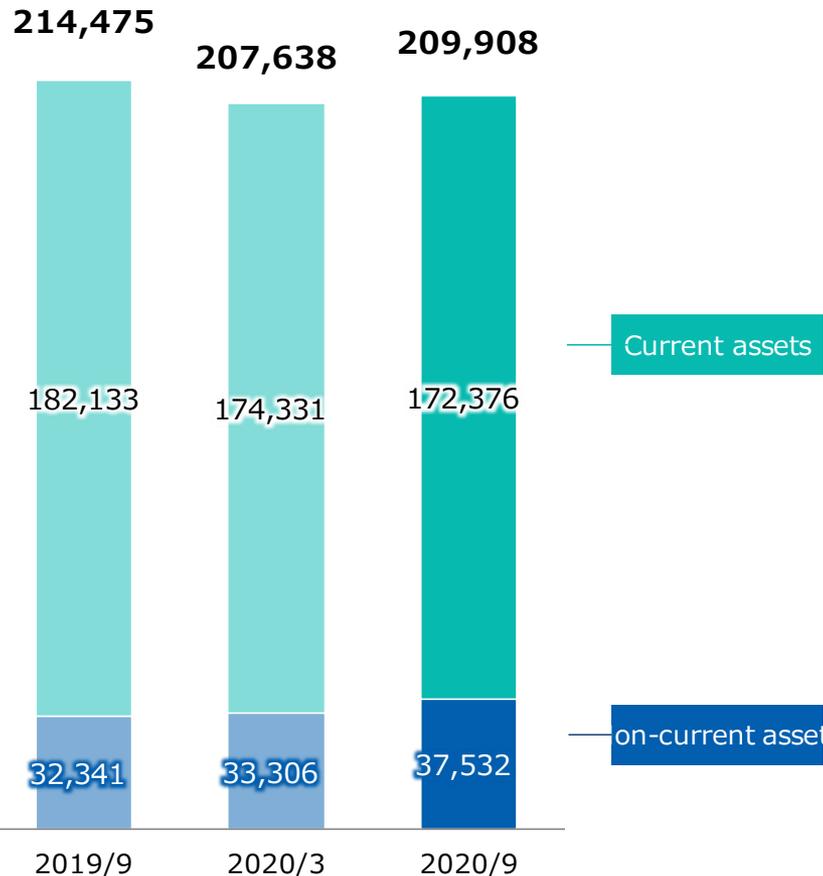
● Segment income **-5**million yen **0.9%Down**



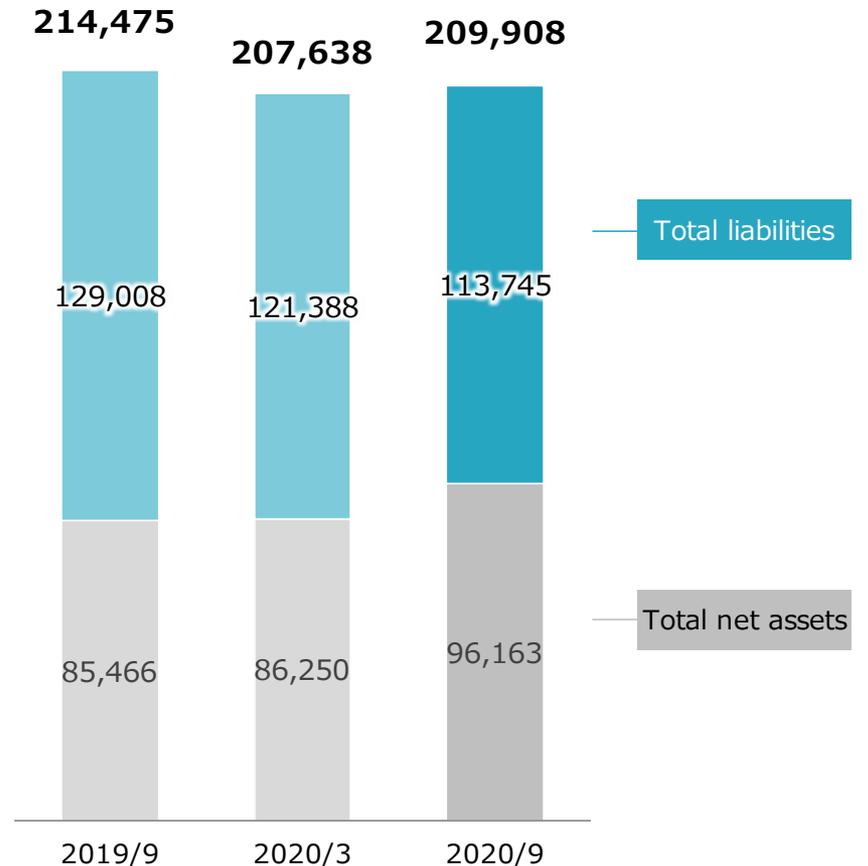
Balance Sheet Main Items

(million Yen)

Total assets



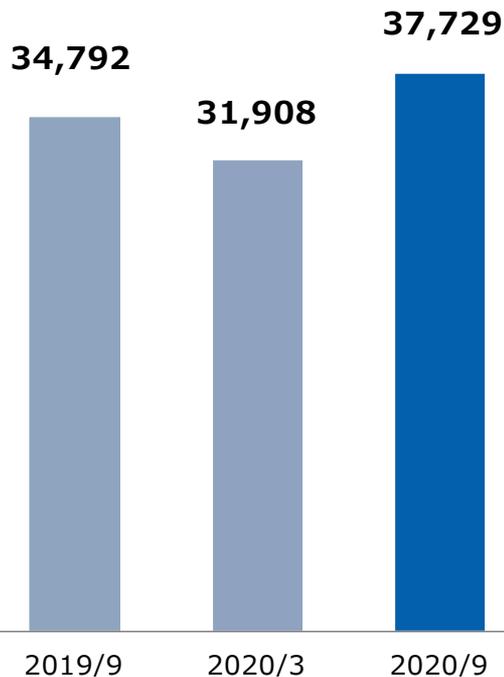
Total liabilities and net assets



Balance Sheet Main Items

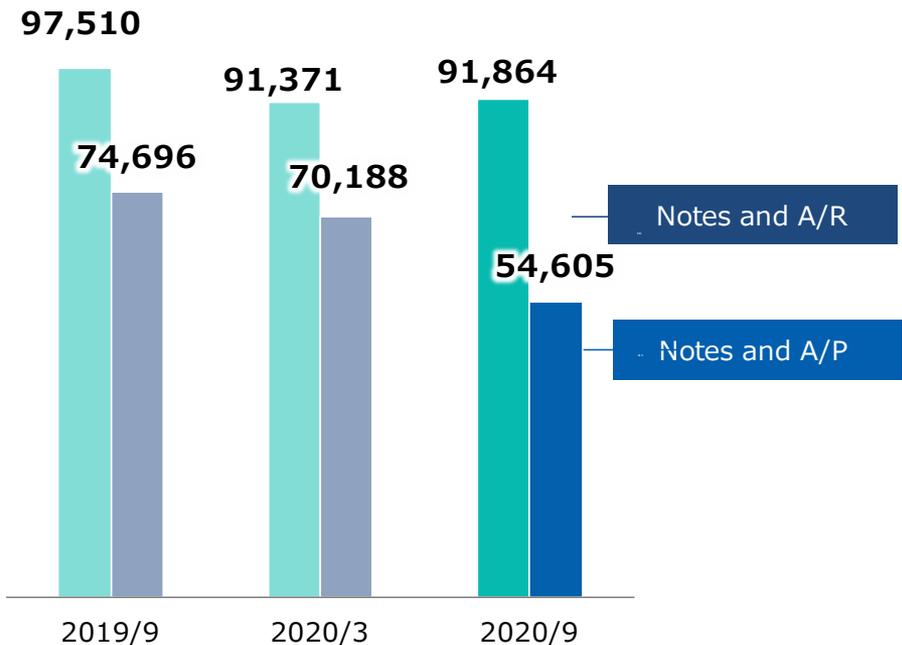
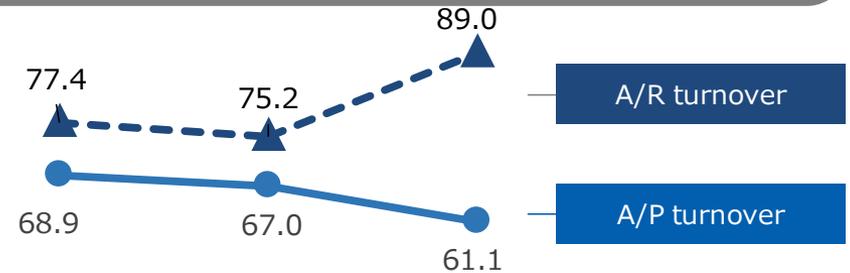
(million yen, day)

Inventories



note : Inventory turnover = Inventories ÷ Net Sales × 365(2020/9:183) (day)

Accounts receivable/Accounts payable

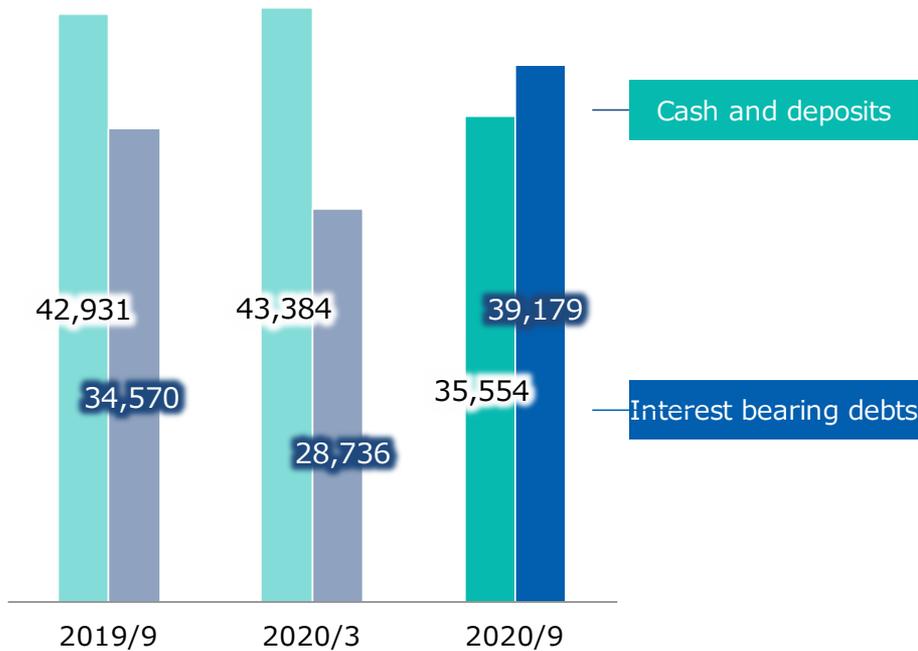
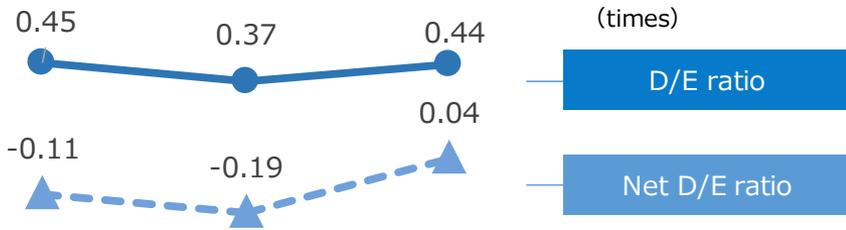


notes : •Notes and A/R are amounts including Electronically recorded monetary claims-operating
 •A/R turnover = Notes and A/R ÷ Net sales × 365(2020/9:183) (day)
 •A/P turnover = Notes and A/P ÷ Total purchase of goods × 365(2020/9:183) (day)

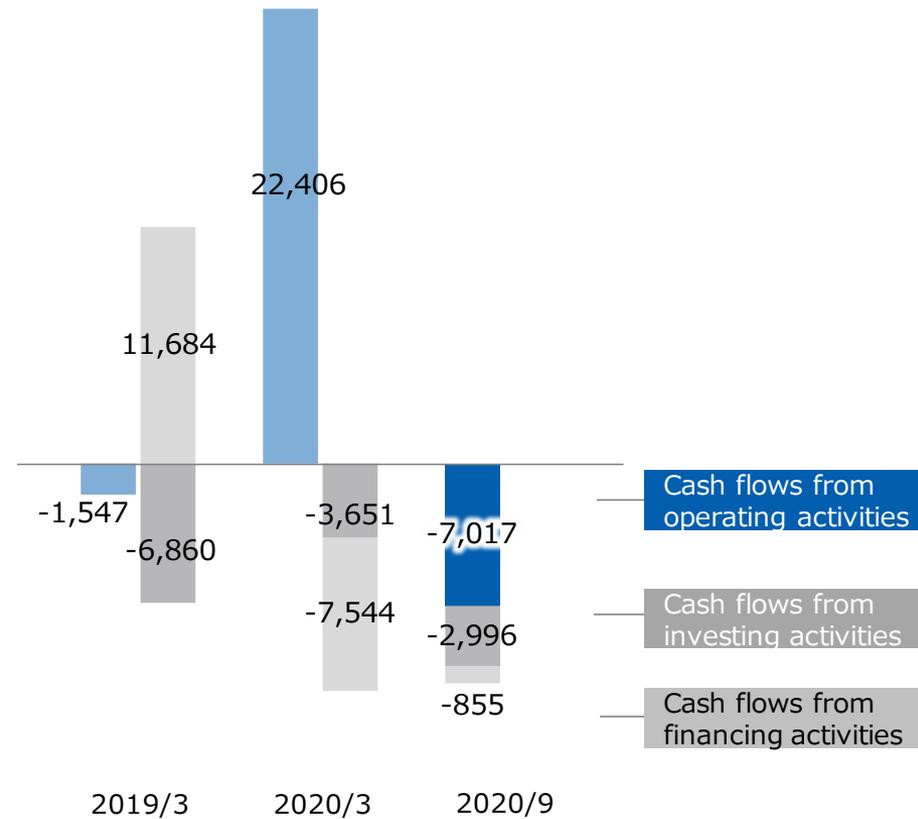
Cash and Deposits/Interest Bearing Debt/Cash FlowsBalance

(Million Yen)

Cash and Deposits/Interest Bearing Debt



Cash flows



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

Supplementary information on cash flow

Cash flow from operating activities recorded a temporary increase in outflow in FY2020/9 due to the acquisition of Excel, loss of large commercial rights and the impact of COVID-19, but is expected to reverse within FY2021/3.

Cash flows from operating activities

Main variation items	FY2019/9	FY2020/9	
● Profit before income taxes	5,302	12,126	
● Gain on negative goodwill	–	-7,963	…①
● Decrease (increase) in notes and accounts receivable - trade	2,979	10,547	…②
● Decrease (increase) in inventories	4,784	1,835	…③
● Increase (decrease) in notes and accounts payable - trade	-2,095	-21,540	…④
● Decrease (increase) in accounts receivable - other	-497	1,607	
Net cash provided by (used in) operating activities	12,913	-5,242	

Main factors

- ① Gain on negative goodwill → Due to the acquisition of Excel
- ② Decrease in notes and accounts receivable -trade → Fujitsu Electronics decreased 9,375 due to sales decline related to loss of large commercial rights
- ③ Increase in inventories → Excel reduced inventories related to China operation
- ④ Decrease in notes and accounts receivable -trade → Fujitsu Electronics decreased 13,851 due to loss of large commercial rights and COVID-19

Forecast for the Fiscal Year ending March, 2021

(Million Yen)

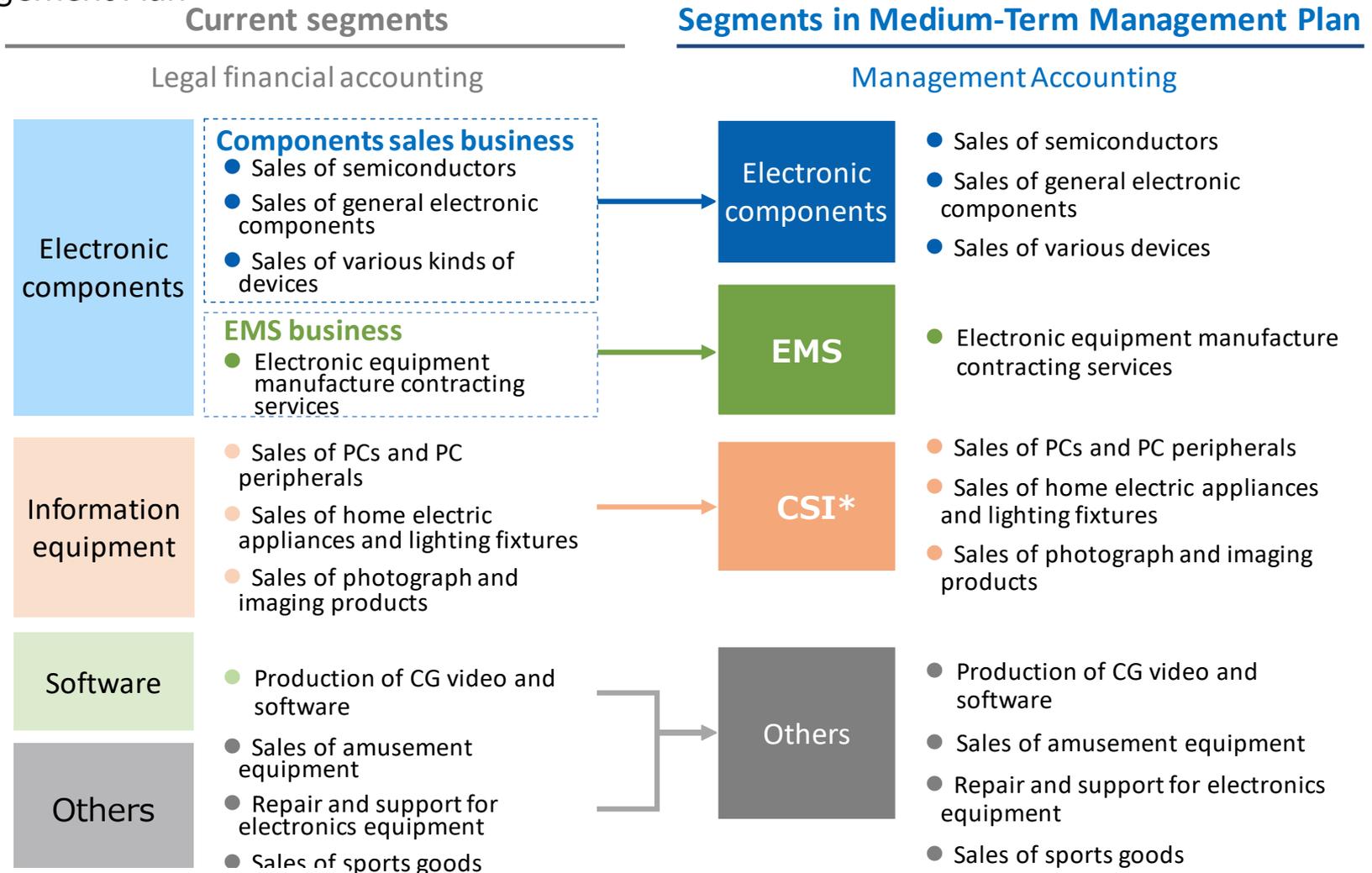
	FY2020/3 Results		FY2021/3 Initial forecast		FY2021/3 Current forecast		Changes	YoY
			(announced on August 6, 2020)					
Net sales	443,615		400,000		410,000		2.5%	-7.6%
Operating income	10,014	2.3%	5,000	1.3%	7,500	1.8%	50.0%	-25.1%
Ordinary income	10,137	2.3%	4,500	1.1%	7,500	1.8%	66.7%	-26.0%
Profit attributable to owners of parent	5,852	1.3%	10,000	2.5%	10,000	2.4%	—	70.9%
EPS (Yen)	213.21		364.18		364.18		—	70.8%
ROE	7.6		11.8		11.8		—	+4.2pt

Breakdown of revised forecasts for FY2021/3

		(million yen)	Previous forecast		Revised forecast
Net Sales	● Kaga Electronics	Before COVID-19 Pandemic	240,000	-5,000	235,000
	● Fujitsu Electronics		160,000	-35,000	125,000
	● Excel		50,000		50,000
	● Risks due to COVID-19		-50,000	(-40,000)	
	Total		400,000	Change : +10,000	410,000
Operating Income	● Kaga Electronics	Before COVID-19 Pandemic	7,500		8,000
	● Fujitsu Electronics		1,000		-500
	● Excel		0		0
	● Risks due to COVID-19		-3,500	-1,000	
	* Lost gross profit due to lower sales:		-5,000	-4,000	
	* Profit recovery:		+1,500	+3,000	
Total		5,000	Change : +2,500	7,500	
Profit attributable to owners of parent	● Gains on negative goodwill		8,000		7,963
	● Restructuring cost, others		-1,500		-3,000
	● Income Taxes		-1,500		-2,500
	Total		10,000		10,000

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.			●	
FUJITSU ELECTRONICS INC.	●			
KAGA EMS TOWADA CO., LTD.		●		
EXCEL 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.	●	●		

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

(Million Yen)

		FY2020/3 2Q Results		FY2021/3 2Q Results		YoY
Electronic Components	Net sales	156,803		117,287		-25.2%
	Segment income	2,127	1.4%	851	0.7%	-60.0%
EMS	Net sales	46,945		42,940		-8.5%
	Segment income	2,100	4.5%	2,265	5.3%	7.9%
CSI	Net sales	19,968		23,192		16.1%
	Segment income	618	3.1%	1,160	5.0%	87.8%
Others	Net sales	6,912		5,438		-21.3%
	Segment income	316	4.6%	88	1.6%	-72.2%
Total	Net sales	230,630		188,859		-18.1%
	Segment income	5,239	2.3%	4,434	2.3%	-15.4%

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

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

(Million Yen)

		FY2020/3 2Q Results		FY2021/3 2Q Results		YoY
Electronic Components	Net sales	84,698		67,547		-20.2%
	Segment income	1,651	2.0%	807	1.2%	-51.1%
EMS	Net sales	22,425		23,120		3.1%
	Segment income	830	3.7%	1,181	5.1%	42.3%
CSI	Net sales	9,842		10,654		8.2%
	Segment income	429	4.4%	577	5.4%	34.6%
Others	Net sales	4,099		3,406		-16.9%
	Segment income	430	10.5%	177	5.2%	-58.9%
Total	Net sales	121,066		104,729		-13.5%
	Segment income	3,389	2.8%	2,778	2.7%	-18.0%

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 Forecasts		YoY
Electronic Components	Net sales	292,905		264,000		-9.9%
	Segment income	3,553	1.2%	2,000	0.8%	-43.7%
EMS	Net sales	93,340		85,000		-8.9%
	Segment income	4,015	4.3%	3,000	3.5%	-25.3%
CSI	Net sales	43,466		50,000		15.0%
	Segment income	1,707	3.9%	2,300	4.6%	34.7%
Others	Net sales	13,902		11,000		-20.9%
	Segment income	623	4.5%	200	1.8%	-67.9%
Total	Net sales	443,615		410,000		-7.6%
	Segment income	10,014	2.3%	7,500	1.8%	-25.1%

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

Management Topics

President & Representative Director
KAGA ELECTRONICS CO., LTD.

Ryoichi Kado

Response to the Spread of Novel Coronavirus Infection

Sales bases

• We continued with marketing activities while implementing safety measures in Japan and overseas, such as telework and staggered work times, in line with guidance from the central and local governments.

		Apr.	May	June	July	Aug.	Sept.	Number of COVID-19 cases
Office attendance rate	Kaga Electronics	29.4%	27.0%	42.4%	46.8%	37.3%	48.6%	1
	Group companies	35.4%	30.3%	51.4%	55.8%	46.9%	54.1%	1

Production bases

• We are continuing to operate with a minimum number of people while implementing safety measures in accordance with the guidance of the central government and regional governments. Overseas, some sites suspended operations during lockdowns.

Status of suspended operations following increase in COVID-19 cases									Number of COVID-19 cases
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	
Thai·Indonesia·Turkey	No suspension of operations								
Hubei, China	Feb.1~Mar.15								0
Suzhou, China	Feb.1~Feb.9								0
Shenzhen, China	Feb.1~Feb.13								0
Malaysia		Mar.18~Apr.20							0
Vietnam		Apr.1~Apr.15							0
India		Mar.25~May31							0
Czech		Apr.7~Apr.9							1
Mexico		Apr.1~May30							2

Acquisition of Kyokuto Electric

Outline of Kyokuto Electric Co., Ltd.	Name	<ul style="list-style-type: none"> • Kyokuto Electric Co., Ltd.
	Representative	<ul style="list-style-type: none"> • Representative Director and Chairman : Motonori Toshinari (Director, Division Manager of EMS Business Division of KAGA ELECTRONICS) • Representative Director and President : Yasuhiro Sawada (present position)
	Address	<ul style="list-style-type: none"> • 6-2-1 Shinmori, Asahi-ku, Osaka-shi, Osaka
	Business description	<ul style="list-style-type: none"> • Manufacture of safety breakers, power leakage circuit breakers, and DC switching device • Electronic equipment EMS Business
Acquisition scheme	<ul style="list-style-type: none"> ● April 28, 2020: Kyokuto Electric petitioned the Osaka District Court for the application of the Civil Rehabilitation Act ● August 31, 2020: Kaga Electronics concludes agreement to sponsor the civil rehabilitation of Kyokuto Electric ● November 2, 2020: Kyokuto Electric is divided, Kaga Electronics acquires 100% of the shares of the newly established Kyokuto Electric and the new company becomes a consolidated subsidiary on the same day. 	
Purpose of acquisition	<ul style="list-style-type: none"> ● Continue to supply Kaga Electronics' automotive product EMS customers ● Build an EMS site in western Japan to enhance domestic production capability ● Contribute to Group revenue by strengthening competitiveness of Kyokuto Electric's unique products* <p>*Products for which Kyokuto Electric has a 75-100% market share, such as earth leakage plugs, earth leakage relays, power leakage circuit breakers, and DC switching devices.</p>	
Effect on earnings	<ul style="list-style-type: none"> ● The effect on earnings in the fiscal year ending in March 2021 is expected to be minimal. 	

Progress of PMI at Fujitsu Electronics

<p>EMS initiatives</p>	<ul style="list-style-type: none"> Obtained orders for development, experimental production and mass production from five companies, including automotive equipment manufacturers and electronics manufacturers 84 companies/new visits → 40 companies/currently in sales talks <p><Focus point> Results from activities in first half of fiscal year were in line with results in the previous year; first order for overseas mass production was Obtained</p>
<p>Cross-selling initiatives</p>	<ul style="list-style-type: none"> Strengthened sales of Kaga Electronics' influential products to large and important clients <p><Focus point> Large-scale sales talks are underway in several fields, including information equipment, infrastructure equipment and home electronics</p>
<p>New product initiatives</p>	<ul style="list-style-type: none"> Expanded products and services in a wide range of fields, such as semiconductors, electronic parts and unit modules <p><Focus point> New products handled: 79 companies; estimated sales in current fiscal year: 14.7 billion yen (10.4 billion yen in previous fiscal year)</p>
<p>Consolidation of sales bases</p>	<p>Japan</p> <ul style="list-style-type: none"> Relocation of FEI Osaka Office to KG Kansai Sales Office [December/2020] *Nagoya, Hiroshima and Niigata have already completed integration
	<p>Overseas</p> <ul style="list-style-type: none"> KG US sales company to integrate with FEI US sales company (spring 2021) Sales companies in Korea of both company are also under consideration [Spring/2021]
<p>Others</p>	<ul style="list-style-type: none"> Company name will be changed to Kaga FEI Co., Ltd. effective December 28, 2022

*Abbreviations: Kaga Electronics → KG, Fujitsu Electronics → FEI

Progress of PMI at Kaga EMS Towada(Former Towada Pioneer)

Bring in new customers ①Collaboration with Kaga Electronics	Automotive	<ul style="list-style-type: none"> • Start of mass production of electronic boards for Japanese tier-1 companies (from July 2020) • Mass production orders of electronic boards for Japanese tier-1 companies (from November 2021)
	Office equipment	<ul style="list-style-type: none"> • Mass production orders of electronic boards for major Japanese office equipment manufacturer (from 2021)
	Electronics	<ul style="list-style-type: none"> • Acquired “certified factory” accreditation from major Japanese electronics manufacturer
Bring in new customers ②Own efforts	Medical equipment	<ul style="list-style-type: none"> • Contract manufacturing of sensors for Japanese medical equipment manufacturer (from December 2020) • Contract manufacturing of units for Japanese medical equipment manufacturer (from May 2022)
Initiatives as EMS mother factory	<ul style="list-style-type: none"> ● Expansion of tools that incorporate IT into production (management software, facilities) developed by Kaga EMS Towada to manufacturing bases within Group ● Sharing standardization expertise on manufacturing ● Support for overseas manufacturing bases, deployment of human resources stationed overseas ● Accelerate training of human resources in quality management and manufacturing technology ● Promotion of IT from a manufacturing perspective (quality management, materials, factory operations, accounting) 	

Progress of PMI at EXCEL

<p>New business Initiatives</p>	<ul style="list-style-type: none"> Expanded sales of photocatalytic sanitizer/deodorizer* manufactured by Kaltech Co., Ltd. Expanded sales of EV buses manufactured by China's Alfabus Co., Ltd. <p><Focus point> Utilization and full-scale deployment of networks owned by Kaga Electronics and EXL is currently underway</p> <p>*Orders for two EV buses were confirmed in H1</p>				
<p>Cross-selling initiatives</p>	<ul style="list-style-type: none"> Strengthen sale of products held by Kaga Electronics to major customers <p><Focus point> A Group Synergy Promotion Office has been set up within EXL to strengthen the collaboration. Moreover, a Special Sales Marketing Division has been set up, and it is currently expanding the handling of products other than electronic parts.</p>				
<p>Consolidation of sales bases</p>	<table border="1"> <tr> <td data-bbox="409 763 647 1049"> <p>Japan</p> </td> <td data-bbox="647 763 1895 1049"> <ul style="list-style-type: none"> EXL merged with ADS (on October 1, 2020) EXL's headquarters will be moved to Kaga Electronics' headquarters (Akihabara) [around spring 2021] EXL's Nagoya branch will be moved to KG's Nagoya sales office [around spring 2021] Changes for other sites in Japan are currently being considered </td> </tr> <tr> <td data-bbox="409 1049 647 1280"> <p>Overseas</p> </td> <td data-bbox="647 1049 1895 1280"> <ul style="list-style-type: none"> EXL Singapore will be liquidated and business moved to Kaga Singapore [around winter 2020] ADS Hong Kong will be liquidated and business moved to EXL Hong Kong [around winter 2020] Changes for other overseas sites are being considered </td> </tr> </table>	<p>Japan</p>	<ul style="list-style-type: none"> EXL merged with ADS (on October 1, 2020) EXL's headquarters will be moved to Kaga Electronics' headquarters (Akihabara) [around spring 2021] EXL's Nagoya branch will be moved to KG's Nagoya sales office [around spring 2021] Changes for other sites in Japan are currently being considered 	<p>Overseas</p>	<ul style="list-style-type: none"> EXL Singapore will be liquidated and business moved to Kaga Singapore [around winter 2020] ADS Hong Kong will be liquidated and business moved to EXL Hong Kong [around winter 2020] Changes for other overseas sites are being considered
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*Abbreviations: EXCEL→EXL Advanced Display Solutions (EXL's subsidiary) →ADS

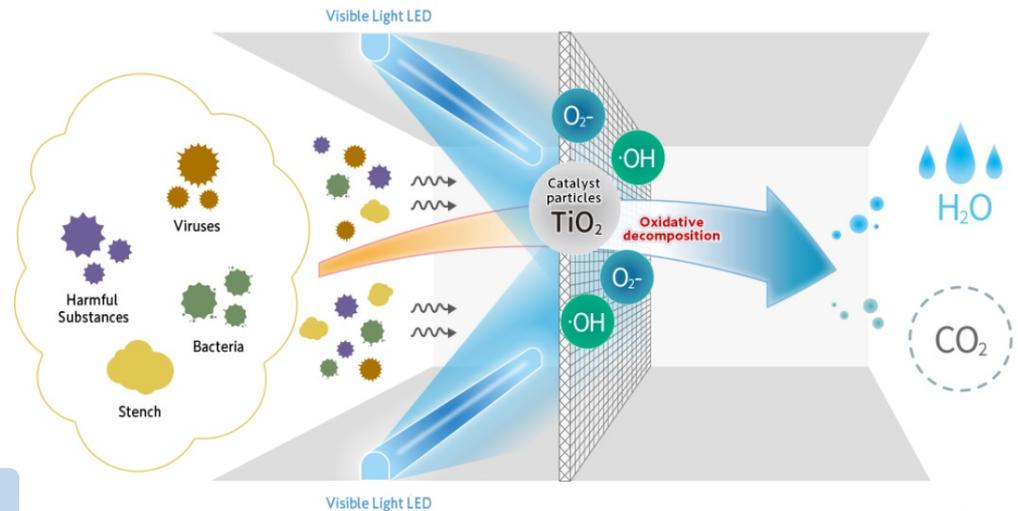
Kaltech's photocatalytic sanitizer/deodorizer



Wall Mounted type



Portable air purifier (hanging type)



※From Kaltech's website

About Kaltech Co., Ltd.

- Kaltech is a venture company set up by a former Sharp engineers in 2018.
- The company works on sanitizer/deodorizer equipped with photocatalytic technology developed by Kaltech.
- EXL has invested in this company and expanded its relationship, signing a basic agreement to collaborate on sales and parts procurement in the Group overall. EMS development is being considered for the future.

Kaltech's photocatalytic technology

- By radiating visible LED at a photocatalytic filter coated with titanium oxide using Kaltech's proprietary technology, viruses and harmful substances that attach to the filter are broken down into water and carbon dioxide.
- An evaluation of the functions carried out jointly by Riken and Nihon University School of Medicine found that the machine deactivated 99.9% of covid-19 in 20 minutes.

Sustainability initiatives

New businesses

Helicopter business

- Disaster prevention applications for public agencies



Medical equipment business

- CT scanners/CT



Outside collaborations

Venture investment

- Resolution of social issues



Collaboration between business and academia

- Development of energy-saving devices



Working for a sustainable society

Conventional businesses

Parts business

- Devising and encouraging applications related to SDGs



EMS business

- Devising and encouraging applications related to SDGs



Completed products business

- Sales of PCs to educational institutions



Renewable business

- PC reuse and recycling



New Initiatives: Sustainability

Medical equipment × QOL



Mobile CT scanner



Breast cancer CT scanner

3 GOOD HEALTH AND WELL-BEING



Wearable Device and Support of People with Disabilities



ONTENNA



4 QUALITY EDUCATION



11 SUSTAINABLE CITIES AND COMMUNITIES



7 AFFORDABLE AND CLEAN ENERGY



Care Support System

“Watch-Over” System in an Aging Society



Green Capacitor

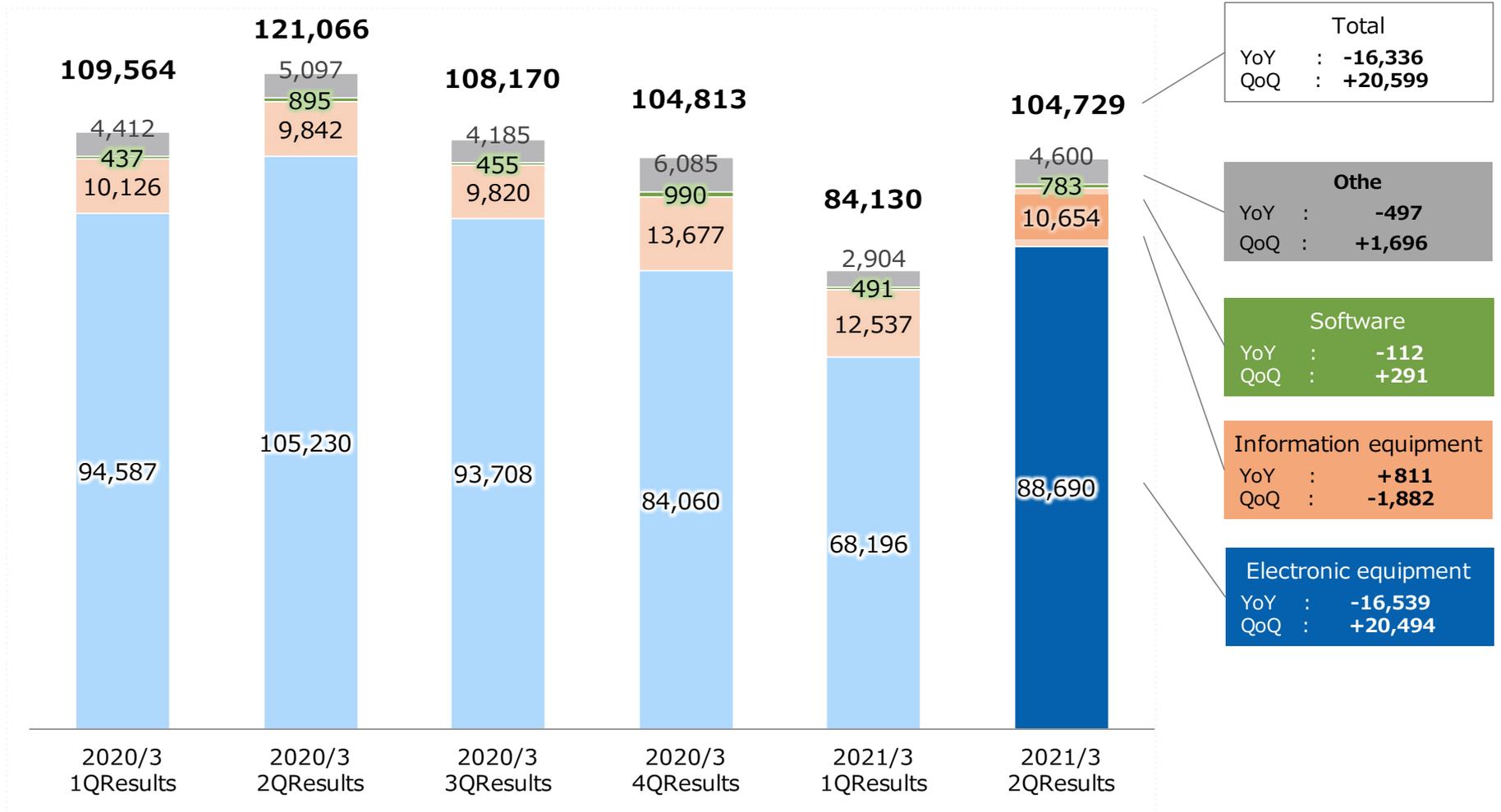
Breakthrough × Next-generation battery storage devices

Refelence

Financial Highlights by Business Segment① (Net Sales)

(million yen)

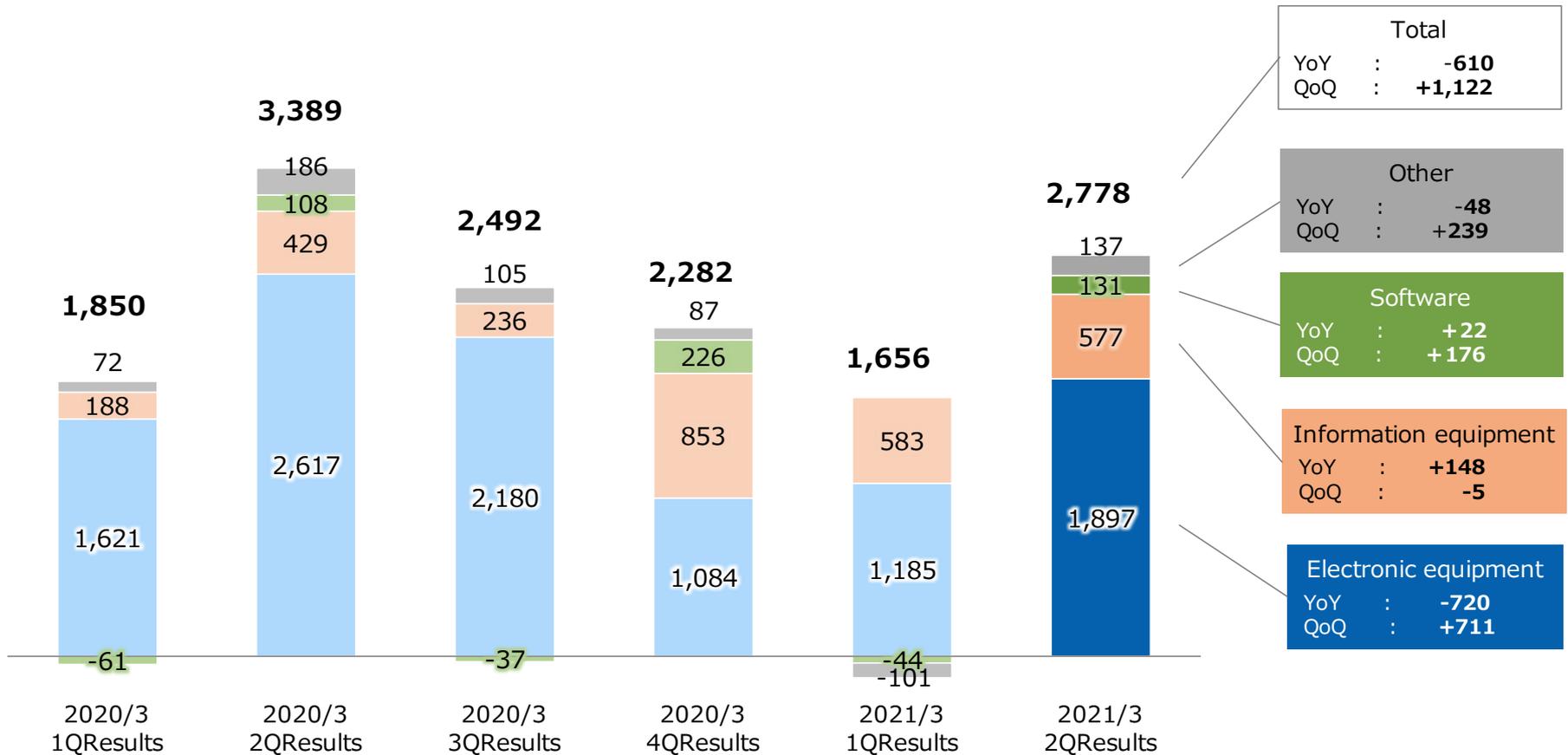
Net Sales



Financial Highlights by Business Segment② (Segment Income)

(million yen)

Segment Income



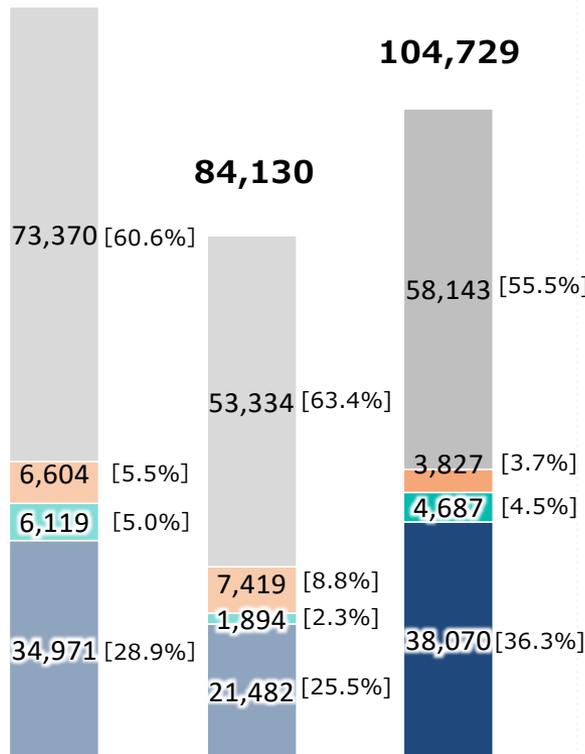
Note: Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

Net Sales by Region

(million yen)

Net Sales

121,066



YoY

- Japan - **15,227** million yen **20.8% Down**
- North America - **2,777** million yen **42.1% Down**
- Europe - **1,431** million yen **23.4% Down**
- Asia + **3,099** million yen **8.9% Up**

QoQ

- Japan + **4,809** million yen **9.0% Up**
- North America - **3,591** million yen **48.4% Down**
- Europe + **2,793** million yen **147.5% Up**
- Asia + **16,587** million yen **77.2% Up**

Exchange Rate/FOREX Sensitivity

	FY2020/3 2Q Results (yen)	FY2021/3 2Q Results (yen)	(Reference) Effect of 1% change (million yen)		Forex assumption for FY2021/3 (yen)
			Net Sales	Ordinary income	
USD	108.63	106.92	649	19	105.50
THB	3.49	3.38	90	2	3.50
RMB	16.20	15.39	524	3	15.00
HKD	13.86	13.80	482	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.