

For Institutional Investors/Analysts



**KAGA ELECTRONICS
CO., LTD.**

Financial Results Briefing Material

for the Fiscal Year ended March 2022

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 26, 2022

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Consolidated Financial Results
for the Fiscal Year ended March 2022

Director,
Managing Executive Officer
Eiji Kawamura

Summary

Results for FY2022/3

- **Net sales:** Driven by the core electronic components business, robust demand continued as production activities recovered in manufacturing industries both in Japan and overseas. **Net sales grew significantly, achieving a record high for the first time in two years.**
- **Operating income:** Increased significantly as a result of increased gross profit due to higher sales and an improved profit margin, as well as continued efforts toward workstyle reforms and cost reductions amid the COVID-19 pandemic, **achieving a record high for the third consecutive fiscal year.**
- **Net income:** Despite the absence of the 7.96 billion yen “gain on bargain purchase” posted as extraordinary income in the previous fiscal year, **net income increased significantly thanks to expanded revenue in core businesses, achieving a record high for the second consecutive fiscal year.**

FY2023/3 earnings forecasts

- **Economic situation:** The business outlook remains cloudy both in Japan and overseas due to factors such as the renewed spread of COVID-19 due to variant strains, the future situation in Ukraine, and rising prices of crude oil and other resources.
- **Industry trends:** Although the supply of semiconductors and electronic parts remains tight for the foreseeable future, **demand for automobiles, communication equipment, and home appliances is expected to continue to grow.**
- **Company’s outlook:** Maintain the momentum of growth in net sales and operating income by focusing on expanding revenue in key areas such as the automotive, industrial equipment, and medical fields.

Shareholder Return

- **FY2022/3:** The year-end dividend was revised upward to 75 yen per share due to the addition of a 10-yen “extraordinary dividend” to the previous forecast of 65 yen (40 yen in ordinary dividends + 25-yen extraordinary dividend).
*The full-year dividend is 120 yen per share, a 40-yen increase from the previous fiscal year.
- **FY2023/3:** Ordinary dividends were increased by 20 yen to 140 yen per share (70 yen for both the interim and year-end dividends). In addition, a 10-yen “55th anniversary commemorative dividend” will be paid as a year-end dividend. Accordingly, the full-year dividend is planned to be 150 yen per share, an increase of 30 yen.



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My name is Kawamura with KAGA ELECTRONICS CO., LTD. Thank you very much for your continued patronage.

I would like to review the financial results for the full fiscal year ended March 31, 2022.

Here is a summary. First, net sales increased significantly, driven by the mainstay electronic components business, as a result of continued strong demand in line with the recovery of production activities in the manufacturing industry both in Japan and overseas. This is the first time in two fiscal years that we have reached a record high.

Operating profit increased significantly as a result of higher gross profit due to increased sales and improved profit margins, as well as continued efforts to reform work styles and curb expenses amid the pandemic. This is the third consecutive year of record profits.

Net profit increased significantly due to the expansion of earnings in the mainstay businesses, despite an extraordinary income on negative goodwill of JPY7.96 billion, which was posted in the previous fiscal year. This is the second consecutive year of record profits.

This is the forecast for the fiscal year ending March 2023. The economic outlook in Japan and overseas remains uncertain due to the reemergence of COVID infections caused by mutant strains, conflicts in Ukraine, and soaring prices of crude oil and other natural resources.

As for industry trends, the tight supply-demand balance for semiconductors and electronic components will continue for the time being, but demand is expected to continue to grow for automobiles, telecommunications equipment, and home appliances.

In this environment, the Company's outlook is to focus on expanding earnings in focused areas such as automotive, industrial machinery, and medical, and to maintain the momentum of increased net sales and operating profit.

Next, I will discuss shareholder returns. For the fiscal year ended March 2022, we have increased the year-end dividend to JPY75 per share, adding a special dividend of JPY10 to the previous forecast of JPY65, an ordinary dividend of JPY40 and a special dividend of JPY25. The annual dividend is JPY120 per share, an increase of JPY40 from the previous fiscal year.

This is the dividend forecast for the fiscal year ending March 2023. The ordinary dividend was increased by JPY20 to JPY140 per share, or JPY70 each for the interim and year-end dividends. In addition, we will pay a commemorative dividend of JPY10 per share for the 55th anniversary of our founding as the year-end dividend, resulting in an annual dividend of JPY150 per share, an increase of JPY30 per share.

Financial Highlights for FY2022/3

(million yen)

	FY2021/3 Results	FY2022/3 Results	YoY	FY2022/3 Previous Forecasts (announced on Feb. 3, 2022)	vs Forecasts
Net sales	422,365	495,827	17.4%	475,000	4.4%
Gross profit	47,936 11.3%	60,547 12.2%	26.3%	—	—
SG&A	36,469 8.6%	39,632 8.0%	8.7%	—	—
Operating income	11,467 2.7%	20,915 4.2%	82.4%	17,500 3.7%	19.5%
Ordinary income	11,241 2.7%	21,456 4.3%	90.9%	18,000 3.8%	19.2%
Profit attributable to owners of parent	11,399 2.7%	15,401 3.1%	35.1%	12,000 2.5%	28.4%
EPS (Yen)	415.07	576.46 —	—	449.13 —	—

Continued below are the financial highlights for the fiscal year ended March 2022. Net sales totaled JPY495.827 billion, up 17.4% from the previous year. The forecast announced on February 3, 2022, for the fiscal year ended March 2022 was JPY475 billion, which represents an increase of 4.4%.

Gross profit totaled JPY60.547 billion, up 26.3% from the previous year. The gross profit margin was 12.2%, a 0.9% improvement over the previous year.

SG&A expenses totaled JPY39.632 billion, up 8.7% from the previous year. As a result, operating profit totaled JPY20.915 billion, up 82.4% from the previous year. The forecast announced on February 3 was JPY17.5 billion, which is 19.5% over the previous forecast. Ordinary profit totaled JPY21.456 billion, up 90.9% from the previous year. Since the previous forecast was JPY18 billion, this figure was exceeded by 19.2%.

Net income attributable to shareholders of the parent company was JPY15.401 billion, up 35.1% from the previous year. Since the previously announced figure was JPY12 billion, this figure was exceeded by 28.4%. As a result, EPS was JPY576.46. ROE was 15.7%, an improvement of 2.2 percentage points from the previous year.

Financial Results by Business Segment for FY2022/3

(million yen)

		FY2021/3 Results		FY2022/3 Results		YoY	FY2022/3 Previous Forecasts (announced on Feb. 3, 2022)		vs Forecasts
Electronin Component	Net sales	353,454		433,852		22.7%	414,000		4.8%
	Segment income	8,151	2.3%	18,107	4.2%	122.1%	14,800	3.6%	22.4%
Information Equipment	Net sales	48,389		39,616		-18.1%	40,000		-1.0%
	Segment income	2,482	5.1%	2,085	5.3%	-16.0%	2,000	5.0%	4.3%
Software	Net sales	2,932		2,767		-5.6%	3,000		-7.8%
	Segment income	263	9.0%	-26	-1.0%	—	200	6.7%	—
Others	Net sales	17,589		19,590		11.4%	18,000		8.8%
	Segment income	474	2.7%	626	3.2%	32.0%	500	2.8%	25.2%
Total	Net sales	422,365		495,827		17.4%	475,000		4.4%
	Segment income	11,467	2.7%	20,915	4.2%	82.4%	17,500	3.7%	19.5%

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

The following are the results by segment. Net sales in the electronic components business amounted to JPY433.852 billion, up 22.7% from the previous year. Since the previous forecast was JPY414 billion, this figure is 4.8% higher than the forecast. Segment profit was JPY18.107 billion, up 122.1% from the previous year. Compared to the forecast, the increase is 22.4%.

Next is information equipment. Net sales totaled JPY39.616 billion, down 18.1% from the previous year. This is a 1% decrease compared to the previous forecast. Segment profit was JPY2.085 billion, down 16% from the previous year and up 4.3% from the previous forecast.

For software, net sales totaled JPY2.767 billion, down 5.6% from the previous year and down 7.8% from the forecast. Segment profit was a loss of JPY26 million.

Net sales for other businesses totaled JPY19.59 billion, up 11.4% from the previous year and 8.8% from the forecast. Segment profit was 626 million, up 32% from the previous year and 25.2% from the forecast.

Financial Results by Company for FY2022/3

(million yen)

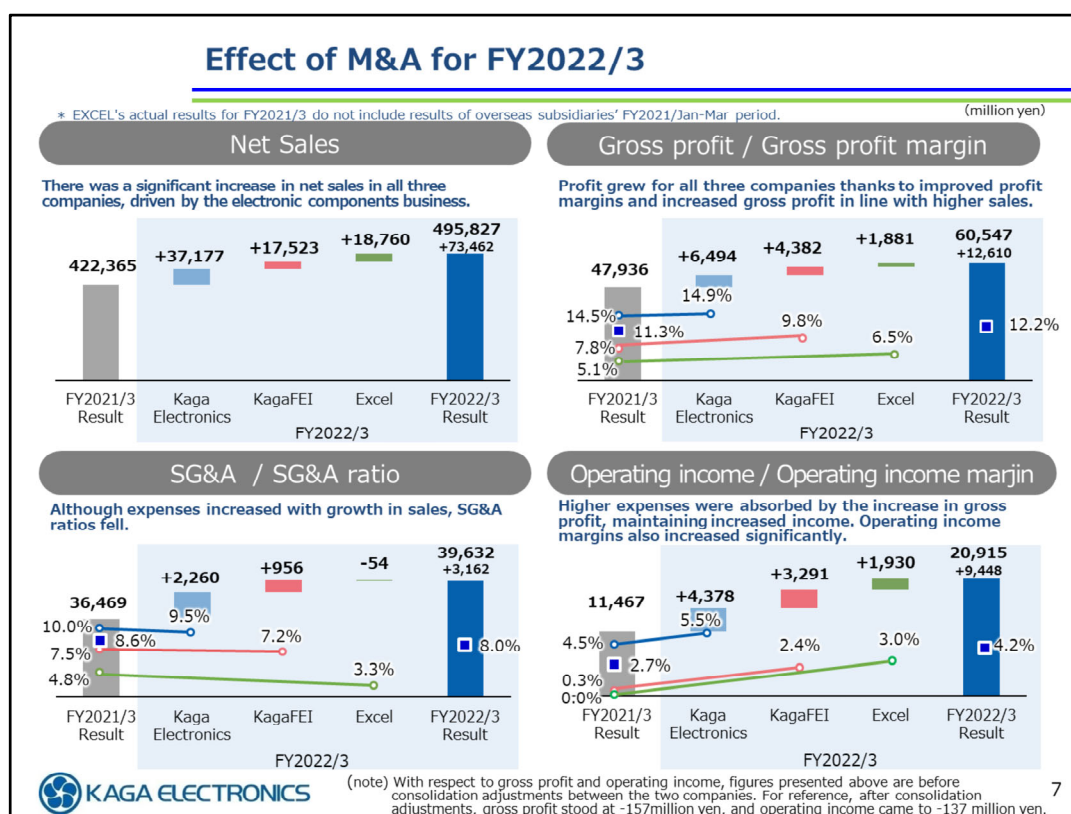
		FY2021/3 Results		FY2022/3 Results		YoY	FY2022/3 Previous Forecasts		vs Forecasts
							(announced on Feb. 3, 2022)		
Kaga Electronics	Net sales	243,897		281,075		15.2%	265,000		6.1%
	Gross Profit	35,273	14.5%	41,767	14.9%	18.4%	38,300	14.5%	9.1%
	Operating income	11,083	4.5%	15,461	5.5%	39.5%	13,000	4.9%	18.9%
Kaga FEI	Net sales	131,932		149,455		13.3%	145,000		3.1%
	Gross Profit	10,307	7.8%	14,690	9.8%	42.5%	13,500	9.3%	8.8%
	Operating income	362	0.3%	3,654	2.4%	907.2%	2,600	1.8%	40.5%
Excel	Net sales	46,535		65,296		40.3%	65,000		0.5%
	Gross Profit	2,365	5.1%	4,247	6.5%	79.5%	4,200	6.5%	1.1%
	Operating income	6	0.0%	1,937	3.0%	—	1,900	2.9%	2.0%
Total	Net sales	422,365		495,827		17.4%	475,000		4.4%
	Gross Profit	47,936	11.3%	60,547	12.2%	26.3%	56,000	11.8%	8.1%
	Operating income	11,467	2.7%	20,915	4.2%	82.4%	17,500	3.7%	19.5%

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

The following is a breakdown of our business performance by company. First, let us look at net sales for KAGA ELECTRONICS. The total amount was JPY281.075 billion, up 15.2% from the previous year and up 6.1% from the previously announced forecast. Gross profit totaled JPY41.767 billion, up 18.4% from the previous year and 9.1% from the forecast. The gross profit margin was 14.9%, an improvement of 0.4% from the previous year. Operating profit totaled JPY15.461 billion, up 39.5% from the previous year and 18.9% from the forecast.

KAGA FEI's net sales totaled JPY149.455 billion, up 13.3% from the previous year and 3.1% from the forecast. Gross profit totaled JPY14.69 billion, up 42.5% from the previous year and 8.8% from the forecast. Operating profit totaled JPY3.654 billion, up 907.2% from the previous year and 40.5% from the forecast. The gross profit margin was 9.8%, a 2% improvement.

EXCEL's net sales totaled JPY65.296 billion, up 40.3% from the previous year and 0.5% from the forecast. Gross profit totaled JPY4.247 billion, up 79.5% from the previous year and 1.1% from the forecast. The gross profit margin was 6.5%, an improvement of 1.4% from the previous year. Operating profit was JPY1.937 billion, a significant increase here. The forecasted increase is 2%.

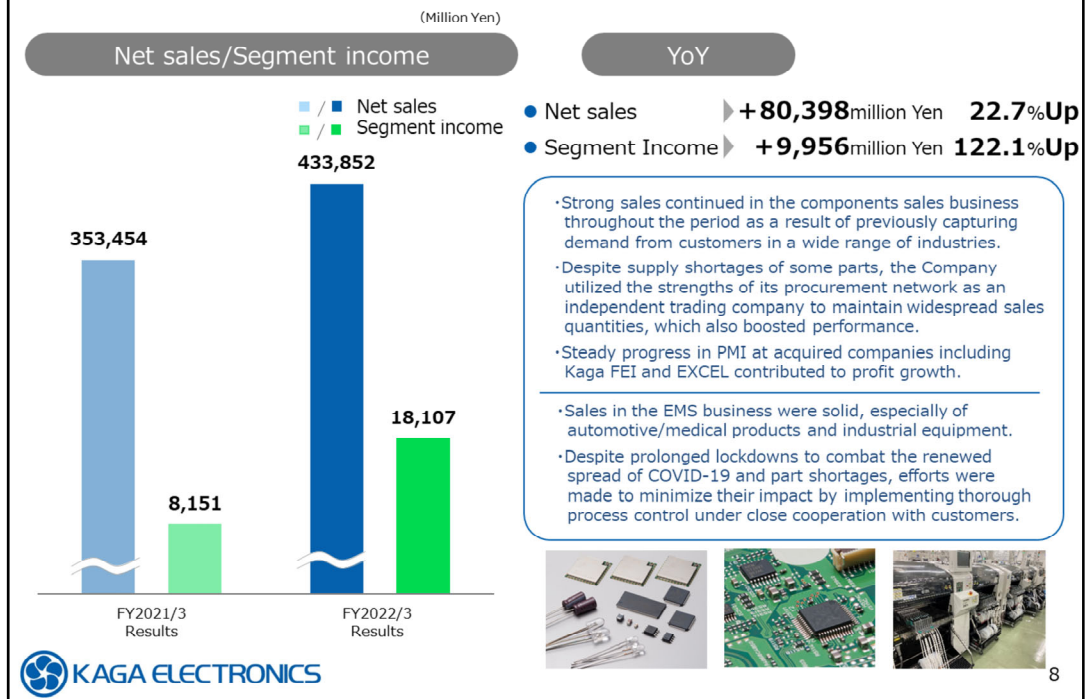


These graphs show the impact of M&A for the fiscal year ended March 2022. First is net sales. All three companies achieved a significant increase in sales, driven by the electronic components business. Gross profit increased for all three companies due to the increase in profits resulting from the sales increase and an improvement in profit margins. The bar graph shows gross profit, and the line graph shows gross margin. As you can see here, the gross profit margin is 12.2% compared to 11.3% for the Group as a whole. As I reviewed earlier, we can see that the gross profit margins of each company have improved significantly. The blue represents KAGA ELECTRONICS. 14.5% to 14.9%. The red represents KAGA FEI. 7.8% to 9.8%. The green represents EXCEL. 5.1% to 6.5%.

SG&A expenses increased in line with the increase in sales, but the SG&A-to-sales ratio decreased. As can be seen from the graph, KAGA ELECTRONICS reduced its share from 10% to 9.5%, FEI from 7.5% to 7.2%, and EXCEL from 4.8% to 3.3%. For the Group total, it reduced from 8.6% to 8%.

Next, operating profit. The increase in gross profit absorbed the increase in expenses and secured an increase in profit, and the profit margin also increased significantly. As can be seen from the line graph, KAGA ELECTRONICS improved from 4.5% to 5.5%, FEI from 0.3% to 2.4%, and EXCEL from almost zero to 3%. The operating profit margin increased significantly from 2.7% to 4.2% for the Group.

Financial Highlights: Electronic Component

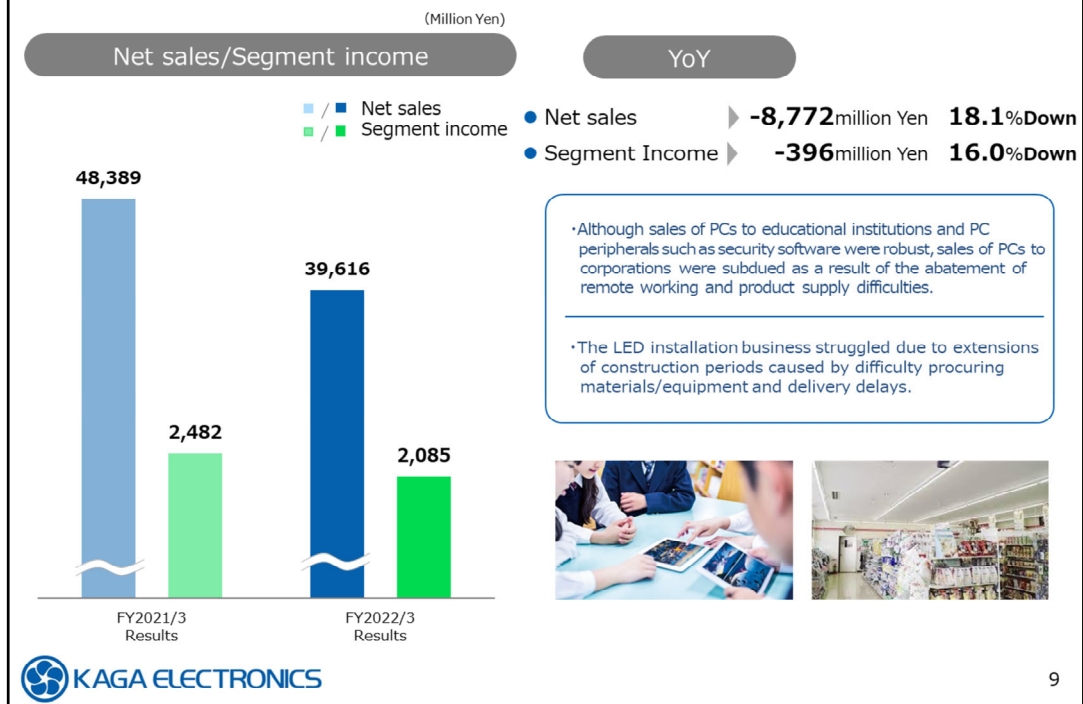


Next, I will review the details of the electronic components business. As reviewed earlier, net sales totaled JPY433.852 billion and segment profit was JPY18.107 billion.

This is because the parts sales business continued to enjoy brisk sales throughout the period, thanks to the wide range of customer requests from a wide range of industries. Amid shortages in the supply of some parts and materials, we were able to secure sales volume from various sources by leveraging our procurement network as an independent trading company, which also boosted our performance. Successful PMI by acquired companies, such as FEI and EXCEL, contributed to earnings growth.

In the EMS business, sales were strong, particularly in the automotive, medical, and industrial equipment sectors. Amid the prolonged lockdown and parts shortages caused by the spread of the novel coronavirus infectious disease, we worked to minimize the impact by strictly managing the process in close collaboration with our customers.

Financial Highlights: Information Equipment



Next is the information equipment business. Net sales totaled JPY39.616 billion and profit was JPY2.085 billion.

Sales of PCs, security software and other PC peripherals to educational institutions were strong, but sales to corporate customers were weak due to the feeling of one round of remote work demand and product supply difficulties. The LED equipment installation business remained sluggish, affected by difficulties in procuring materials and equipment and the extension of construction periods due to delays in deliveries.

Pages 8 through 14 are a presentation of the most recent three months' results, so I will omit them.

Reference

Financial Highlights (3 months)

(million yen)

	FY2021/3 4Q Results		FY2022/3 3Q Results		FY2022/3 4Q Results		YoY	QoQ
Net sales	128,099		129,675		143,143		11.7%	10.4%
Gross profit	14,289	11.2%	15,628	12.1%	17,786	12.4%	24.5%	13.8%
SG&A	10,339	8.1%	9,270	7.1%	11,529	8.1%	11.5%	24.4%
Operating income	3,950	3.1%	6,357	4.9%	6,257	4.4%	58.4%	-1.6%
Ordinary income	4,010	3.1%	6,434	5.0%	6,569	4.6%	63.8%	2.1%
Profit attributable to owners of parent	-1,329	-1.0%	4,790	3.7%	4,986	3.5%	—	4.1%
EPS	-48.38		182.57		189.99		—	—

Reference

Financial Results by Business Segment (3 months)

(million yen)

		FY2021/3 4Q Results		FY2022/3 3Q Results		FY2022/3 4Q Results		YoY	QoQ
Electronic Components	Net sales	106,750		117,005		122,440		14.7%	4.6%
	Segment income	2,732	2.6%	5,878	5.0%	5,105	4.2%	86.8%	-13.1%
Information Equipment	Net sales	14,451		7,587		13,315		-7.9%	75.5%
	Segment income	728	5.0%	305	4.0%	869	6.5%	19.2%	184.2%
Software	Net sales	927		603		926		-0.1%	53.5%
	Segment income	156	16.9%	-0	-0.1%	83	9.0%	-46.9%	—
Others	Net sales	5,969		4,478		6,460		8.2%	44.2%
	Segment income	325	5.5%	152	3.4%	152	2.4%	-53.0%	0.1%
Total	Net sales	128,099		129,675		143,143		11.7%	10.4%
	Segment income	3,950	3.1%	6,357	4.9%	6,257	4.4%	58.4%	-1.6%

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

Reference

Financial Results by Company (3 months)

(million yen)

		FY2021/3 4QResults		FY2022/3 3QResults		FY2022/3 4QResults		YoY	QoQ
Kaga Electronics	Net sales	72,423		73,748		82,054		+13.3%	+11.3%
	Gross Profit	10,488	14.5%	10,839	14.7%	12,077	14.7%	+15.3%	+11.4%
	Operating income	3,304	4.6%	4,698	6.4%	4,360	5.3%	+32.0%	-7.2%
Kaga FEI	Net sales	39,511		37,876		43,338		+9.7%	+14.4%
	Gross Profit	3,064	7.8%	3,945	10.4%	4,419	10.2%	+44.2%	+12.0%
	Operating income	506	1.3%	1,351	3.6%	1,235	2.9%	+143.8%	-8.6%
Excel	Net sales	16,163		18,050		17,750		+9.8%	-1.7%
	Gross Profit	733	4.5%	850	4.7%	1,293	7.3%	+76.3%	+52.1%
	Operating income	128	0.8%	308	1.7%	662	3.7%	+417.1%	114.6%
Total	Net sales	128,099		129,675		143,143		+11.7%	+10.4%
	Gross Profit	14,289	11.2%	15,628	12.1%	17,786	12.4%	+24.5%	+13.8%
	Operating income	3,950	3.1%	6,357	4.9%	6,257	4.4%	+58.4%	-1.6%

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

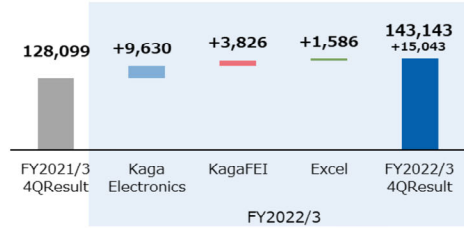
Reference

Effect of M&As (3months)

(million yen)

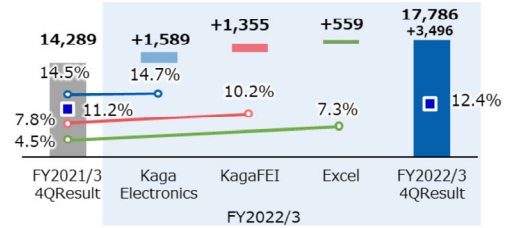
Net Sales

There was a significant increase in net sales in all three companies, driven by the electronic components business.



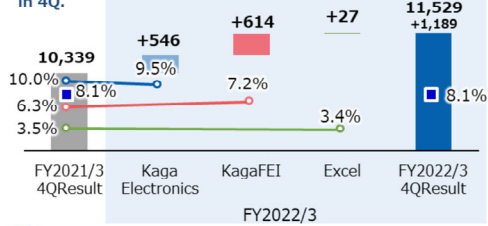
Gross profit / Gross profit margin

Profit grew for all three companies thanks to improved profit margins and increased gross profit in line with higher sales.



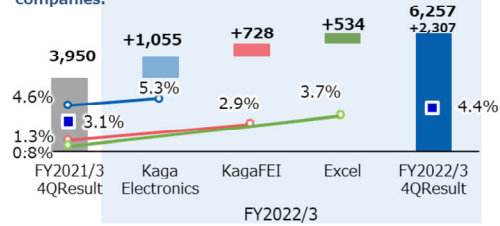
SG&A / SG&A ratio

Expenses increased with growth in sales, in addition to seasonal factors such as bonus reserves in 4Q.



Operating income / Operating income margin

Higher expenses were absorbed by the increase in gross profit. Income increased significantly for all three companies.



(note) With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at -5 million yen, and operating income came to -0 million yen.



(Million Yen)

Net sales/Segment income

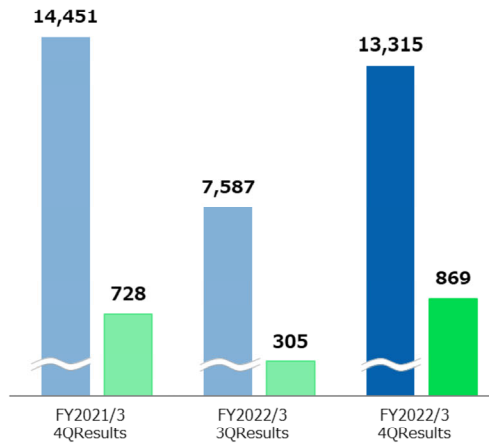
YoY

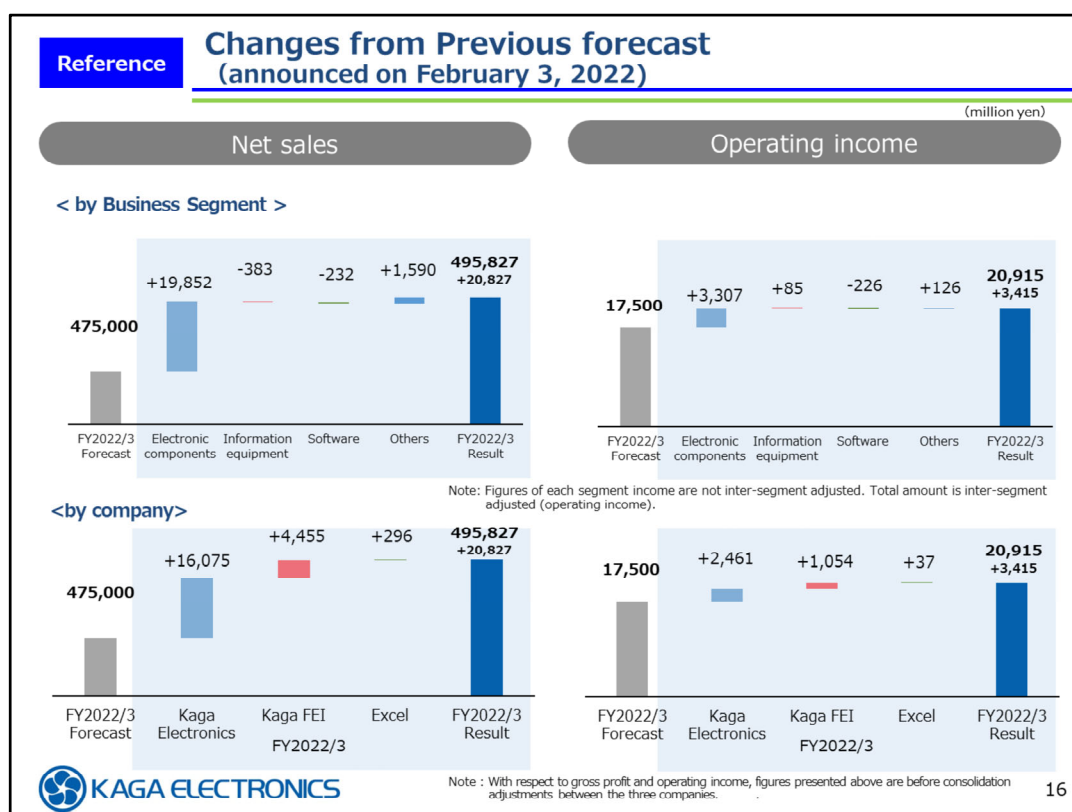
■ / ■ Net Sales
■ / ■ Segment Income

● Net sales ▶ -1,135million Yen 7.9%Down
● Segment Income ▶ +140million Yen 19.2%Up

QoQ

● Net sales ▶ +5,728million Yen 75.5%Up
● Segment Income ▶ +563million Yen 184.2%Up





Please go to page 15, and here I will review the difference between the actual results and the previous forecast for the fiscal year ended March 2022. First, net sales exceeded JPY20.827 billion by segment. The breakdown is JPY19.852 billion increase in electronic components, JPY383 billion decrease in information equipment, JPY232 billion decrease in software, and JPY1.59 billion increase in others.

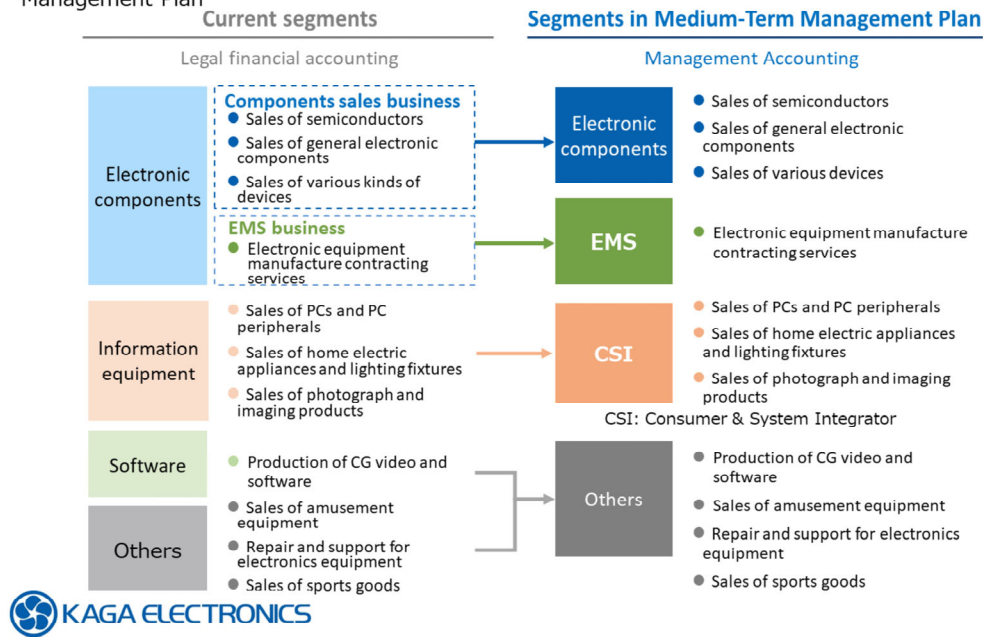
By company, KAGA ELECTRONICS increased by JPY16.075 billion, KAGA FEI by JPY4.455 billion, and EXCEL by JPY296 billion.


Operating profit increased by JPY3.415 billion. By segment, the electronic components business increased by JPY3.307 billion, information equipment increased by JPY85 million, software decreased by JPY226 million, and others increased by JPY126 million. By company, KAGA ELECTRONICS increased by JPY2.461 billion, KAGA FEI by JPY1.054 billion, and EXCEL by JPY37 million.

Reference

Segment disclosure associated with 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



Reference		Financial Highlights by Business Segment of the Medium-Term Management Plan					
		* announced on February 3, 2022				(million yen)	
		FY2021/3 Results		FY2022/3 Previous Forecasts(*)		FY2022/3 Results	
						YoY	vs Forecasts
Electronic Components	Net sales	262,318		313,000		325,830	+24.2%
	Segment income	2,961	1.1%	8,700	2.8%	11,094	+274.6%
EMS	Net sales	99,599		110,000		117,828	+18.3%
	Segment income	5,539	5.6%	6,400	5.8%	7,356	+32.8%
CSI	Net sales	48,389		40,000		39,616	-18.1%
	Segment income	2,482	5.1%	2,000	5.0%	2,085	-16.0%
Others	Net sales	12,057		12,000		12,552	+4.1%
	Segment income	387	3.2%	400	3.3%	255	-34.0%
Total	Net sales	422,365		475,000		495,827	+17.4%
	Segment income	11,467	2.7%	17,500	3.7%	20,915	+82.4%
Note : Figures of each segment income are not inter-segment adjusted. Total amount is inter-segment adjusted (operating income).							
							
		18					

Next, I will review our performance by segment based on our medium-term management plan segmentation for the fiscal year ended March 2022.

Net sales of electronic components business totaled JPY325.83 billion, up 24.2% from the previous year and 4.1% from the forecast. Segment profit totaled JPY11.094 billion, up 274.6% from the previous year and 27.5% from the forecast.

Next is the EMS business. Net sales totaled JPY117.828 billion, up 18.3% from the previous year and 7.1% from the forecast. Segment profit totaled JPY7.356 billion, up 32.8% from the previous year and 14.9% from the forecast.

Sales in the CSI business totaled JPY39.616 billion, down 18.1% from the previous year and down 1% from the forecast. Segment profit was JPY2.085 billion, down 16% from the previous year and up 4.3% from the forecast.

Other businesses posted sales of JPY12.552 billion, up 4.1% from the previous year and 4.6% from the forecast. Segment profit was JPY255 million, down 34% from the previous year and 36% from the forecast.

Reference

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

(million yen)

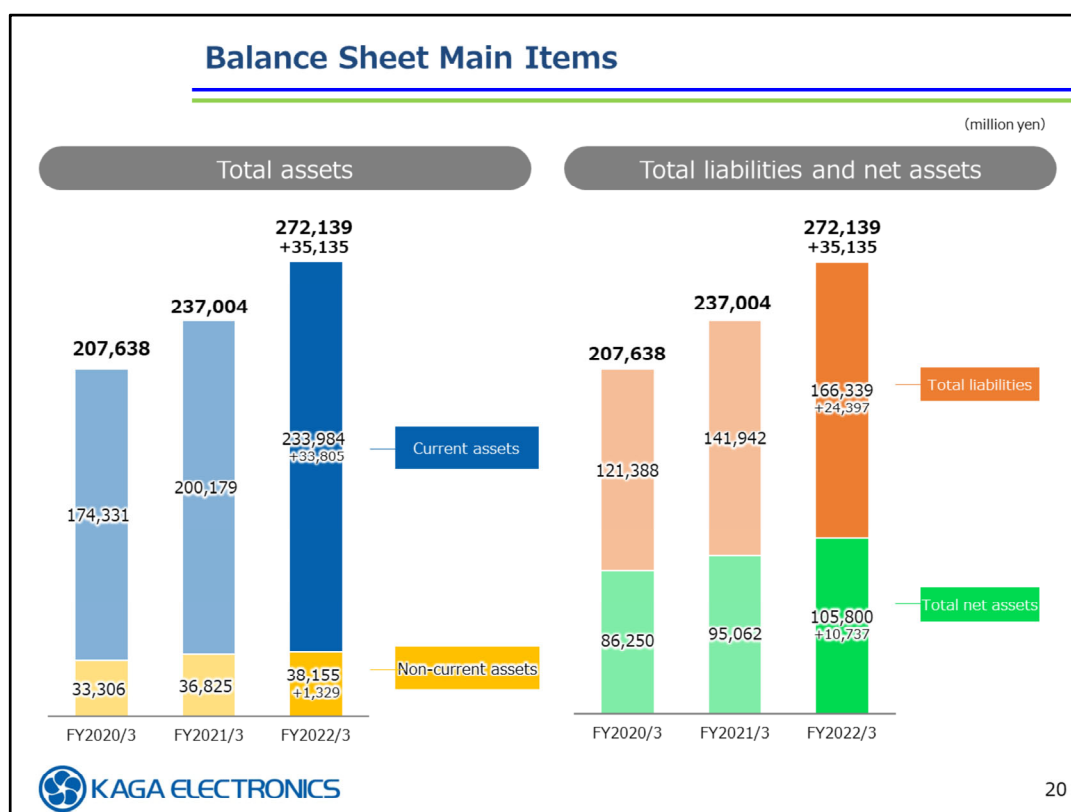
		FY2021/3 4QResults		FY2022/3 3QResults		FY2022/3 4QResults		YoY	vs Forecasts
Electronic Components	Net sales	80,405		88,079		92,960		+15.6%	+5.5%
	Segment income	1,304	1.6%	3,824	4.3%	3,321	3.6%	+154.6%	-13.1%
EMS	Net sales	29,383		31,142		33,232		+13.1%	+6.7%
	Segment income	1,649	5.6%	2,140	6.9%	1,893	5.7%	+14.8%	-11.6%
CSI	Net sales	14,451		7,587		13,315		-7.9%	+75.5%
	Segment income	728	5.0%	305	4.0%	869	6.5%	+19.2%	+184.2%
Others	Net sales	3,858		2,865		3,634		-5.8%	+26.8%
	Segment income	261	6.8%	64	2.3%	126	3.5%	-51.5%	+95.1%
Total	Net sales	128,099		129,675		143,143		+11.7%	+10.4%
	Segment income	3,950	3.1%	6,357	4.9%	6,257	4.4%	+58.4%	-1.6%

Note : Figures of each segment income are not inter-segment adjusted.

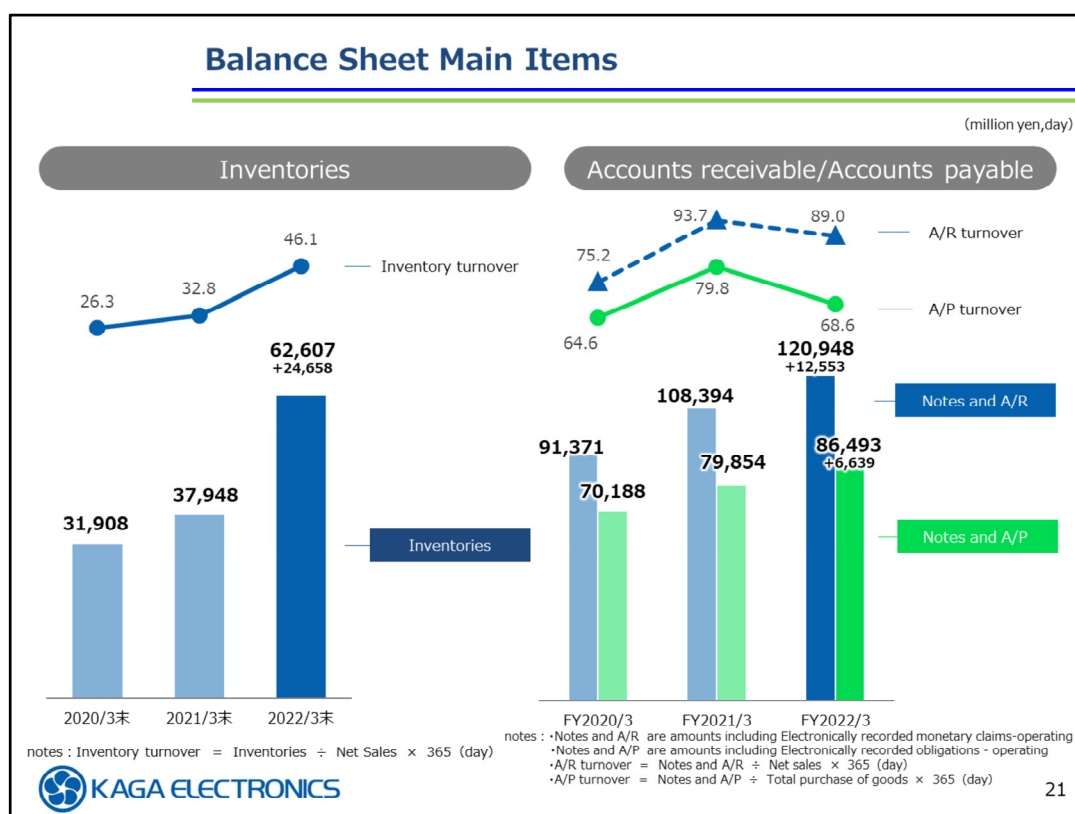
Total amount is inter-segment adjusted (operating income).

KAGA ELECTRONICS

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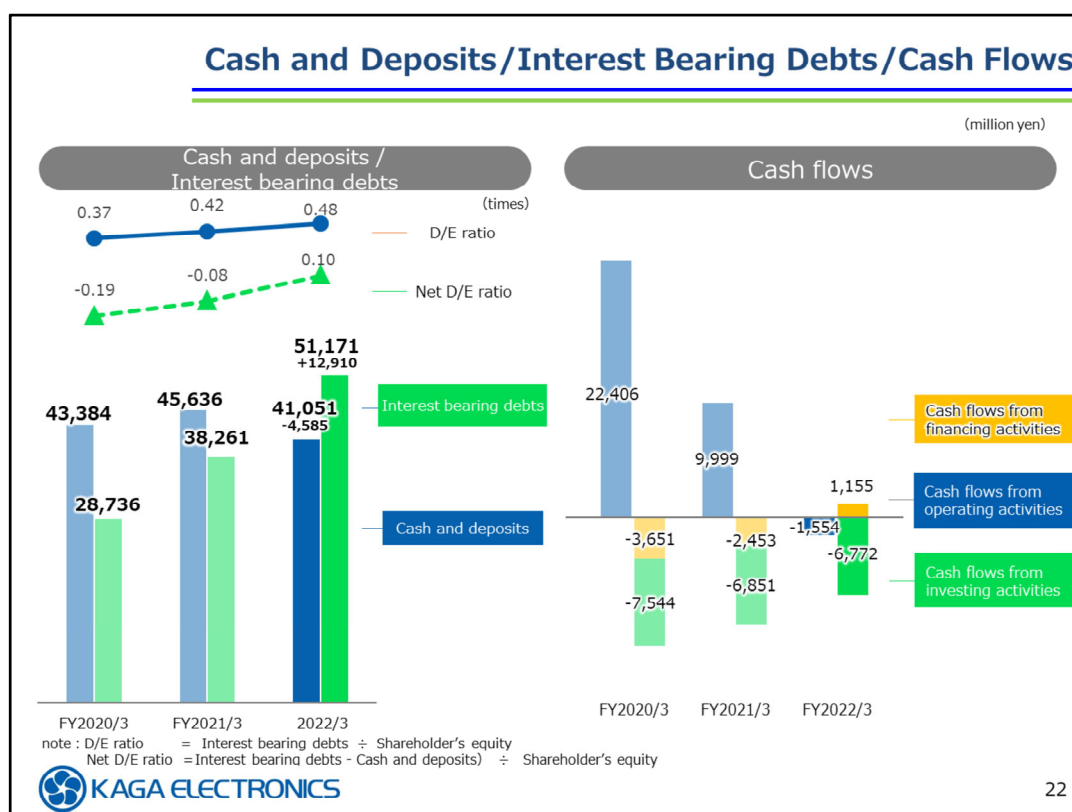


I would like to continue with an analysis of key items on the balance sheet. Total assets amounted to JPY272.139 billion, up JPY35.135 billion from the previous year. Current assets totaled JPY233.984 billion, up JPY33.805 billion from the previous year. Fixed assets totaled JPY38.155 billion, up JPY1.329 billion from the previous year. Regarding liabilities and net assets, total liabilities amounted to JPY166.339 billion, up JPY24.397 billion. Net assets totaled JPY105.8 billion, an increase of JPY10.737 billion.

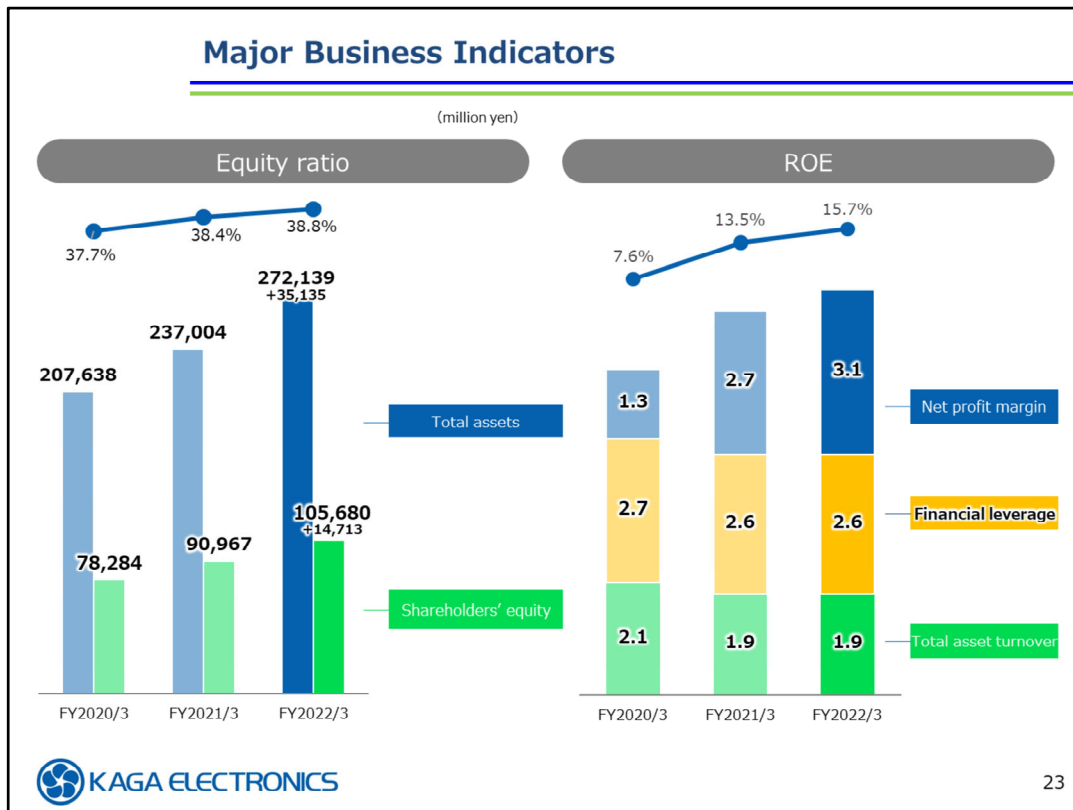


The next item on the balance sheet is inventories. Inventories totaled JPY62.607 billion, up JPY24.658 billion from the previous year. Inventory turnover days increased to 46.1 days.

These are trade receivables and trade payables. Trade receivables amounted to JPY120.948 billion, up JPY12.553 billion from the previous year. Trade payables totaled JPY86.493 billion, an increase of JPY6.639 billion. The trade receivables turnover was 89 days, and the trade payables turnover was 68.6 days.



I will now review cash and cash equivalents and interest-bearing debt and cash flow. Cash and deposits totaled JPY41.051 billion, a decrease of JPY4.585 billion. Interest bearing debt totaled JPY51.171 billion, an increase of JPY12.91 billion. The D/E ratio is 0.48, which brings the net D/E ratio to 0.1 points. As for cash flow, net cash flow from operating activities was JPY1.554 billion, net cash flow from investing activities was JPY6.772 billion, and financing cash flow provided JPY1.155 billion.



Next, I would like to explain management KPIs. Total assets amounted to JPY272.139 billion, an increase of JPY35.135 billion. Shareholders' equity totaled JPY105.68 billion, up from JPY14.713 billion in the previous year. As a result, the equity ratio is 38.8%. Next is ROE. ROE came in at 15.7%. This breakdown shows a total asset turnover of 1.9, financial leverage of 2.6, and net profit margin of 3.1.

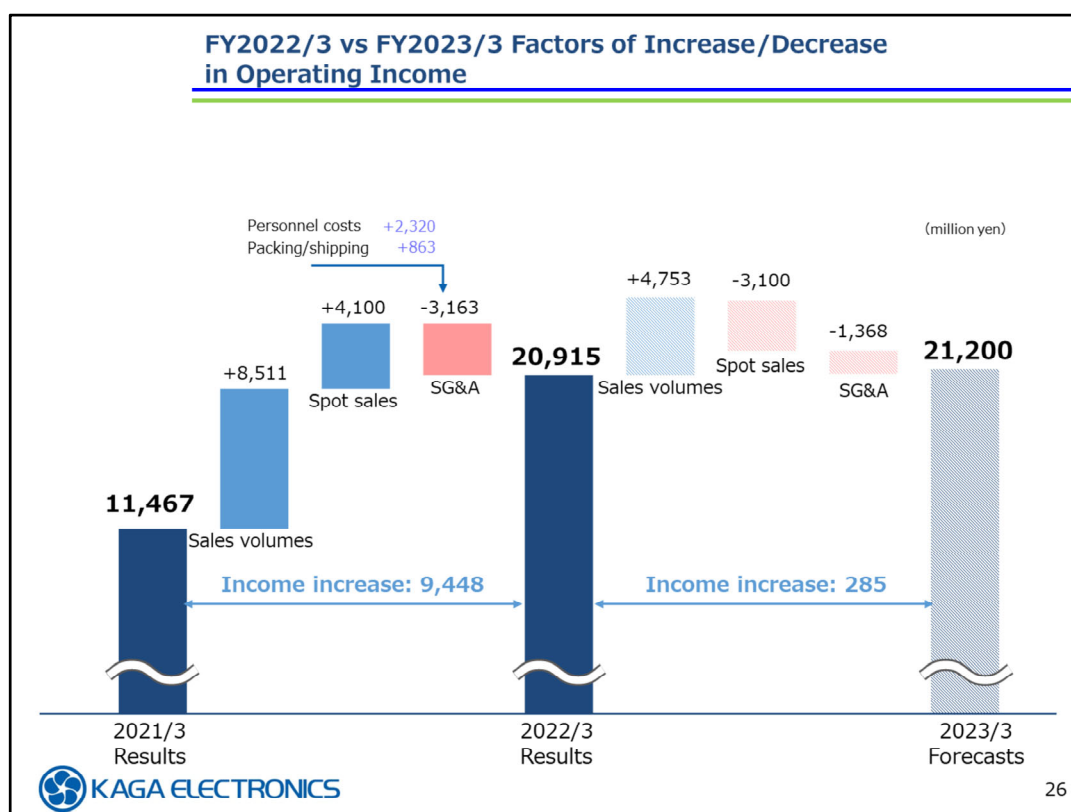
Forecasts for FY2023/3

Forecasts for FY2023/3

(million yen)

	FY2022/3 Results		FY2023/3 Forecasts		YoY
Net sales	495,827		510,000		2.9%
Operating income	20,915	4.2%	21,200	4.2%	1.4%
Ordinary income	21,456	4.3%	21,200	4.2%	-1.2%
Profit attributable to owners of parent	15,401	3.1%	14,500	2.8%	-5.9%
EPS (Yen)	576.45		552.42		-
ROE	15.7%		13.0%		

I would like to continue with our earnings forecast for the fiscal year ending March 2023. Net sales are projected at JPY510 billion. This represents a 2.9% increase over the previous year. Operating profit is projected at JPY21.2 billion, an increase of 1.4%. We also forecast an ordinary profit of JPY21.2 billion, the same amount as operating profit. This is a 1.2% decrease from the previous year. Net income attributable to shareholders of the parent company is projected at JPY14.5 billion, a decrease of 5.9%. As a result, EPS is projected to be JPY552.42 and ROE is 13%.



I would like to review the factors behind the increase or decrease in operating profit for the fiscal year ended March 2022 and the fiscal year ending March 2023. The bar in the middle of the chart shows the actual results for the fiscal year ended March 2022, with an operating profit of JPY20.915 billion, an increase of JPY9.448 billion over the previous year. The increase was due to an increase of JPY8.511 billion in sales volume, an increase of JPY4.1 billion in spot sales, and a decrease of JPY3.163 billion in SG&A expenses. On the right is the forecast for the fiscal year ending March 2023, with an operating profit of JPY21.2 billion, an increase of JPY285 million over the previous year. The breakdown is as follows: an increase of JPY4.753 billion due to an increase in sales volume, a decrease of JPY3.1 billion due to a decrease in spot sales, and a decrease of JPY1.368 billion due to an increase in SG&A expenses.

Forecasts for FY2023/3 by Segment

(million yen)

		FY2022/3 Results		FY2023/3 Forecasts		YoY
Electronic components	Net sales	433,852		447,000	3.0%	
	Segment income	18,107	4.2%	18,500	4.1%	2.2%
Information equipment	Net sales	39,616		39,000	-1.6%	
	Segment income	2,085	5.3%	2,000	5.1%	-4.1%
Software	Net sales	2,767		4,000	44.5%	
	Segment income	-26	0.1%	100	2.5%	—
Others	Net sales	19,590		20,000	2.1%	
	Segment income	626	3.2%	600	3.0%	-4.2%
Total	Net sales	495,827		510,000	2.9%	
	Segment income	20,915	4.2%	21,200	4.2%	1.4%

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

Business performance by segment. The electronic components business is projected to post sales of JPY447 billion, up 3% from the previous year, and segment profit of JPY18.5 billion, up 2.2%.

In information equipment, we forecast net sales of JPY39 billion, down 1.6%, and segment profit of JPY2 billion, down 4.1%.

For software, we forecast net sales of JPY4 billion, an increase of 44.5%, and a segment profit of JPY100 billion.

In the other segment, we forecast net sales of JPY20 billion, up 2.1%, and segment profit of JPY600 million, down 4.2%.

This concludes my review of financial results for the fiscal year ended March 2022 and our forecast for the fiscal year ending March 2023.

Thank you very much for your kind attention.

Management Topics

Representative Director,
President & COO
Ryoichi Kado

Hello, I'm Kado, the President of KAGA ELECTRONICS CO., LTD. Thank you for your continued support and cooperation in our IR activities.

I would now like to report on key management topics of our company for FY2021.

The main contents of the report are our latest response to the novel coronavirus infectious disease, a review of the previous medium-term management plan, and the new medium-term management plan and sustainability medium-term management plan.

Response to the Spread of Novel Coronavirus Infection : Sales bases in Japan

Office attendance rate and number of infections

	FY2022/3 H1	FY2022/3 H2	FY2022/3 H1 plan	Number of COVID-19 cases (FY2022/3)
Kaga Electronics	41.5%	45.8%	40%	47
Group companies	47.3%	51.6%	(Different for each company)	104
Group overall	44.4%	48.7%	—	151

Infection prevention measures



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First, I would like to report on our preventive measures against the novel coronavirus. For domestic sales offices, we continue to conduct sales activities with a remote working structure and staggered commuting, putting safety first. The table shows the office attendance rate, which was 41% for KAGA ELECTRONICS and 47% for the Group companies during the first half of the year. In the second half of the year, they were 46% and 52%, respectively.

The Company intends to continue supporting remote work throughout the first half of the current fiscal year. We set the maximum workplace occupancy rate at 40% for KAGA ELECTRONICS. Each Group company sets its own targets, taking into account its respective business categories.

The four photos at the bottom of this slide show some of our measures to prevent coronavirus infection. Thermal cameras were installed at the entrance to the office. All visitors and employees are required to take their temperatures and sanitize their hands upon entering the building. Partitions were placed in the office buildings. Antiviral and antibacterial coatings were applied. In addition, Caltech sterilization and deodorization machines were installed.

Despite these thorough measures to prevent infection, a total of 151 infection cases were reported across the domestic Group companies. In the previous term, the number was 14. It means that the infection case count increased more than tenfold. I have an impression that the overwhelming number of infections were caused by the employees' family members. Fortunately, none of the patients became seriously ill, and everyone is back at work in good health.

Response to the Spread of Novel Coronavirus Infection : Overseas Production Bases

Status of factory operation and number of infections

Operation suspension period	FY2022/3 H1	FY2022/3 H2	FY2022/3 H1	Number of COVID-19 cases (FY2022/3)	
China			3/14~20:Shenzhen	China	0
Thai				Asia	113
Indonesia				Europe	2
Malaysia	7/15~26			America	18
Vietnam		7/22~9/27			
India					
Czech					
Turkey					
Mexico					

Infection prevention measures

Do not bring the virus to work or spread it

Temperature taken when arriving at work

Goggles and masks worn

Social distancing was strictly enforced

Production lines

Partitions in the factory cafeteria

KAGA ELECTRONICS

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Next, I would like to report on the status of our overseas production sites. This section summarizes the operational status of each location.

In Vietnam, the Kyokuto Electric Plant was shut down for a fairly long period from July to September last year due to the lockdown in Ho Chi Minh City. During this period, production was transferred to Japan and continued but normalized, and production in Vietnam was resumed after October.

There was a lockdown in Malaysia in July and in Shenzhen in March of this year, and the line was shut down for about a week each. In the rest of the world, production activities were able to continue without interruption.

Even at our overseas EMS factories, we ensure all employees take their temperature when entering the factory, wear masks and goggles inside the factory, and keep social distance on the production line and on the employee buses that employees ride to work. In addition to hand washing, gargling, and alcohol disinfection measures, we also apply disinfecting spray inside the plant. Partitions in the cafeteria are used to protect employees from being exposed to contact or spreading infection.

A total of 133 cases of infection were reported in Asia, Europe, and the Americas. No one was seriously affected, and there was not a single case of mass infection at the plants.

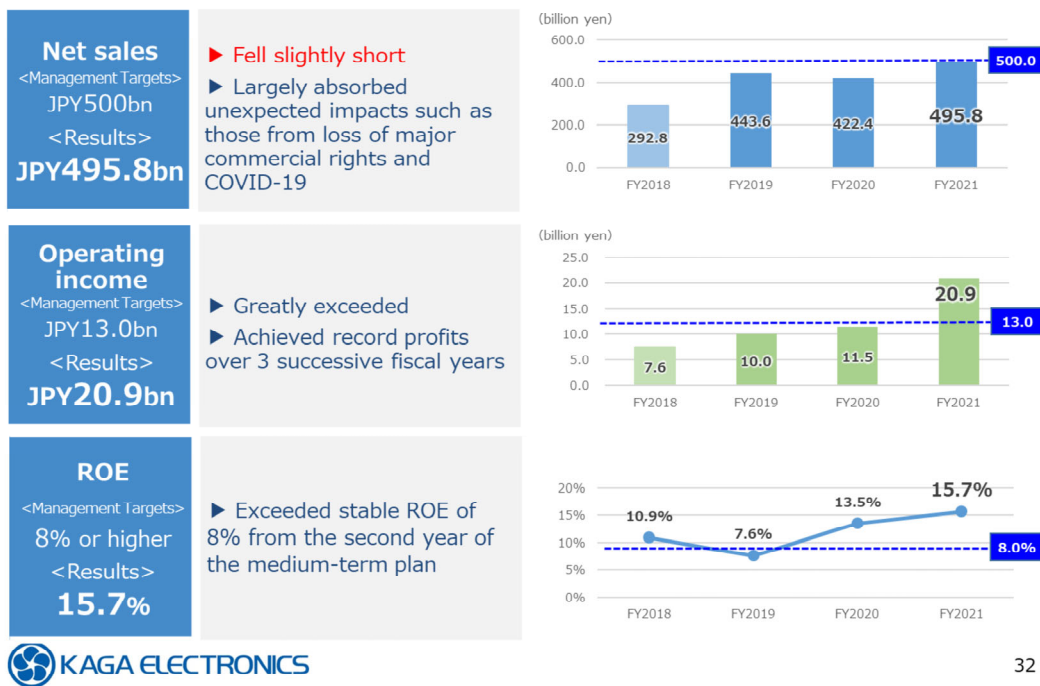
Review of the Previous Medium-term Management Plan: Results of management policiess		
Basic policy	Priority themes	Main results
Enhancement of Revenue Base	▶ Focus on markets and areas in which high growth and profitability are expected	<ul style="list-style-type: none"> ○ Revenue increase effect through acquisition of companies : about ¥215 bn ○ Growth of EMS business : about ¥28 bn
Stabilization of Management Base	▶ Swift recovery of the Group's management efficiency and financial soundness after weakness caused by acquisition of companies	<ul style="list-style-type: none"> ○ KAGA FEI: Gross profit margin 6.3% (FY18 results) → 9.8% (FY21 results) ○ Kaga Electronics: Consolidated SG&A ratio 9.5% (FY18 results) → 8.0% (FY21 results) ○ Kaga Electronics: Equity ratio 35.8% (end/Mar 2019 results) → 38.8% (end/Mar 2022 results)
Creation of New Businesses	▶ Enhancement of resiliency to changes in the external environment, actively leveraging in-house resources, and M&A	<ul style="list-style-type: none"> ○ Venture investments : 19 projects executed (investments in 42 companies) △ Social issues solutions-oriented business : Entry into disaster-readiness helicopter and EV bus mobility business, preparation for entry into medical device business

Next, I would like to review the completion of the medium-term management plan 2021. I have summarized the results in two slides regarding our business plans and the results. Regarding the first measure, strengthening our earnings base. We have been actively involved in corporate acquisitions over the past three years, including KAGA FEI and EXCEL. As a result, we gained approximately JPY215 billion in new net sales and customers. In terms of profitability, we were able to increase our high value-added EMS business by approximately JPY28 billion.

Regarding the second point, stabilization of the management base, KAGA FEI's gross profit margin, which was low at the time of acquisition, has improved by more than 3 percentage points over the past three years. In addition, SG&A to sales ratio for KAGA ELECTRONICS has dropped a little more than 1 percentage point over the past three years, and its equity ratio has returned to nearly 40%. As such, we assess that the efficiency and financial soundness of the Company are steadily improving.

Our third focus is the creation of new businesses. We are working on projects with the theme of solving social issues, such as disaster prevention helicopters and EV buses, and honestly, we evaluate what we have done and what we have not done here as both. Those that were completed are marked with a blue circle, and those that were inadequate are marked with a red triangle.

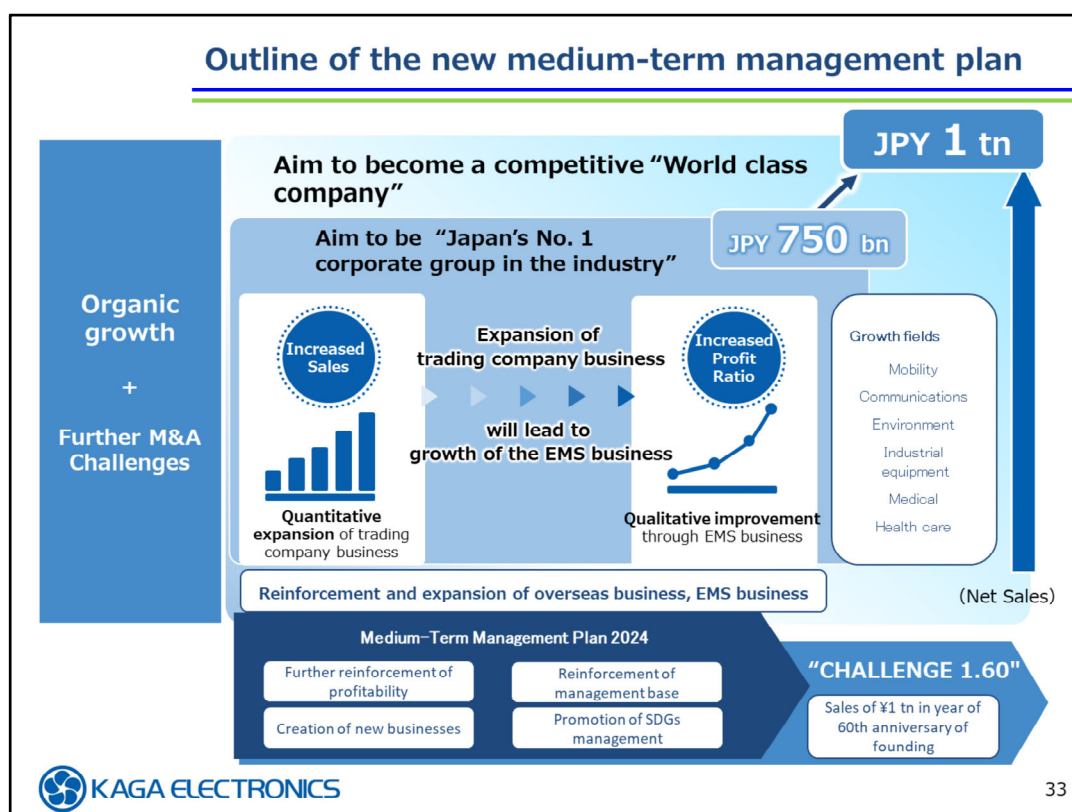
Review of the Previous Medium-term Management Plan: Results of management figures



Next, I would like to review the business performance.

The actual sales for FY2021 were JPY495.8 billion, compared to the management target of JPY500 billion in sales. I think the results were slightly less than satisfactory. However, during the period there were some unexpected events, such as the loss of major commercial rights at KAGA FEI, the novel coronavirus, and semiconductor shortages. In the end, however, we were able to absorb these adversary effects.

Operating profit was JPY20.9 billion versus a management target of JPY13 billion, so the tight supply-demand balance in the market also served as a tailwind to achieve satisfactory results. The Company posted its highest profits for the third consecutive year. Since profit margins have improved, ROE has remained in the 10% range for two consecutive years, exceeding the management target of 8%.



Next, I would like to refer our new medium-term management plan 2024, which was announced last November.

This will be duplicated for those who attended the last meeting, so we would like to focus on the main points and reconfirm them. This slide provides a summary of the new medium-term management plan. The basic design is inherited from the previous medium-term management plan.

The sources of our growth potential are organic growth plus new M&As, overseas business, and EMS business as growth opportunities, and focused growth areas are mobility, telecommunications, environment, and industrial equipment.

In these fields, we aim to become a top-class company in the industry in Japan, with JPY750 billion in net sales, by capturing the trading business of electronic components and the EMS business of board mounting as growth drivers. We aim to achieve annual sales of JPY1 trillion to grow ourselves into an enterprise that can survive global competition.

Management Policies of the new medium-term management plan		
Basic policy	Priority themes	Major initiatives
Further Reinforcement of Profitability	▶ Focus on markets with potential for high growth and profitability	<ul style="list-style-type: none"> • Selection and concentration in growth fields: Mobility, Communications, Environment, Industrial equipment, Medical/Health care • Reinforcement and expansion of EMS business and overseas business
Reinforcement of Management Base	▶ Transformation to a Group management foundation worthy of "Japan's No. 1 corporate group in the industry"	<ul style="list-style-type: none"> • Reinforcement of corporate governance • Efficient Group management • Investments in human capital
Creation of New Businesses	▶ Active use of venture investments and M&As	<ul style="list-style-type: none"> • Initiatives in new fields • Promotion of open innovation through venture investments • M&A efforts aimed at discontinuous growth
Promotion of SDGs Management	▶ achieve solutions to social issues and sustainable growth as a company	<ul style="list-style-type: none"> • Promotion of group-wide sustainability management <p>(See "Medium- to long-Term Sustainability Management Plan" for details)</p>

In this slide, I will review the four basic policies as management measures of the new medium-term management plan.

To further strengthen profitability, it is important to focus on markets with high growth and profitability potential. The areas we are working on are as I mentioned earlier.

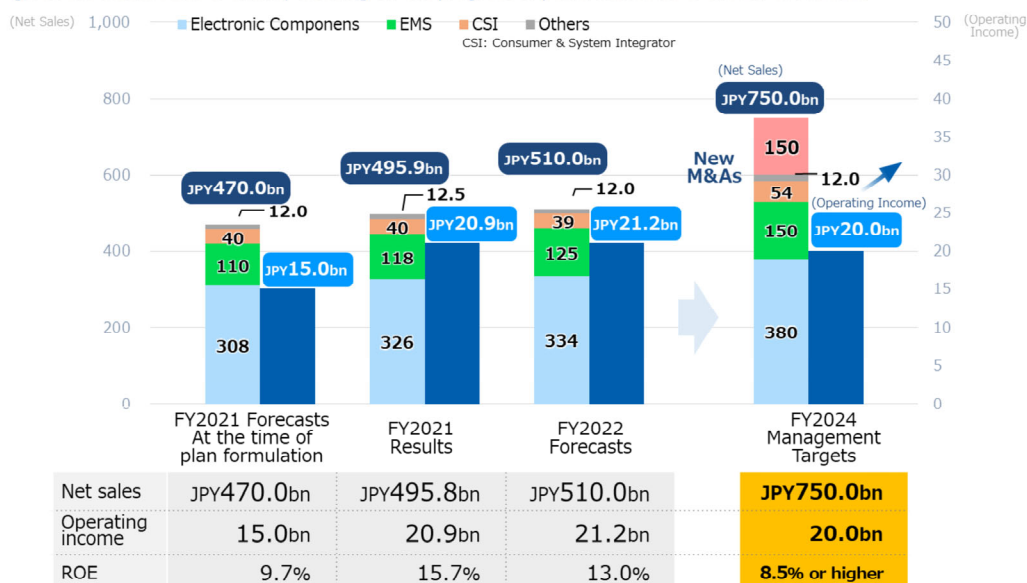
To strengthen our management foundation, we recognize that it is an important issue to transform our management structure to be appropriate for the number one company in the Japanese industry, and we will work on strengthening corporate governance, efficient group management, and investment in human capital.

As for the creation of new businesses, we will continue to promote open innovation through venture investment, and we will also aggressively pursue M&A opportunities to achieve discontinuous growth.

Regarding the promotion of SDGs management, we will promote sustainability management across the Group with the aim of both solving social issues and achieving sustainable growth as a company. I will review it again later in the sustainability medium-term management plan.

Management Targets of the new medium-term management plan

There was pressure from special factors that were not predicted when formulating the plan, leading to profit levels that exceeds the medium-term management target of 20 billion yen. We will conduct a revision as appropriate given the actual state of affairs, focusing on the progress of performance as of the 1H of FY2022.



Next, I will review the management targets of the new medium-term management plan. For fiscal 2024, the final year of the new medium-term management plan, we have set a target of JPY600 billion in net sales through organic growth and JPY750 billion including new M&As. In aiming to become a JPY1 trillion company in the future, our scenario is to create JPY750 billion in the next three years, even if we have to buy from outside sources what we lack in organic growth.

We have set a target of JPY20 billion for operating income. The idea is to create this through organic growth without relying on M&As. When the plan was announced last November and at the time of the second quarter financial results, the operating profit forecast for FY2021, the launch pad, was JPY15 billion, but due in part to the boost from special factors that were not factored in when the plan was formulated, actual results for FY2021 were JPY20.9 billion.

The forecast for FY2022 is also JPY21.2 billion, which means that the current profit level exceeds the target of the medium-term management plan. The Company intends to revise the forecast in a manner consistent with the actual results after determining the degree of progress of business performance in the first half of FY2022.

ROE is set at a stable 8.5%, or higher, to consistently exceed the cost of shareholders' equity, which we consider to be around 7% to 8%.

Sustainability Policy

Under our corporate philosophy of "Everything we do is for our customers," the Kaga Electronics Group seeks to achieve both a sustainable society and sustainable growth of the Group. Toward this purpose, we will respect dialogue with customers, business partners, shareholders, investors, employees, local communities, and all other stakeholders, based on our Basic CSR Policy, Environmental Policy, and Action Guidelines. We will work to increase our corporate value as we play an active role in achieving a sustainable society.

① We will tackle environmental issues through our business activities

Through our business activities, we will take action to cut CO₂ emissions, reduce waste, and promote reuse. At the same time, by providing environmentally considerate products and services, we will contribute to bringing about a society that values the global environment.

② We will respect human rights and develop human resources

We will respect the human rights of all stakeholders, regardless of gender, age, nationality, social status, disabilities, or other personal attributes. We will develop work environments in which diverse employees can work in safety and health, both physically and mentally, and will develop personnel systems and education and training systems that allow these employees to maximize their individual abilities. We will further work to develop human resources who will take on the challenge of innovation.

③ We will work to build mutual trust with society

We will work to be a company that earns the trust of society by observing laws and regulations, by strengthening our governance structure, and by sincerely engaging in fair competition, the provision of high-quality products and services, timely and appropriate information disclosure, and other corporate activities.



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The first few slides from here show the sustainability medium- to long-term management plan that we announced last November together with the new medium-term plan. This is also repetitive, so let me pick up just the main points.

We have established a Sustainability Policy that illustrates the KAGA ELECTRONICS approach to SDGs. As stated in this preamble, our corporate slogan is "Everything we do is for our customers." Accordingly, we set two targets: fulfillment of a sustainable society and sustainable group growth.

The following three items are outlined in our Sustainability Policy.











The first is to address environmental issues through our business activities. We contribute to the realization of a society that cares for the global environment by reducing CO₂ and waste and providing environmentally friendly products and services.

The second is to respect human rights and develop human resources. We respect the human rights of all stakeholders regardless of gender, age, or nationality. We will also work to develop human resources by creating a workplace environment in which employees can work safely and healthily, both mentally and physically, and by developing personnel and training systems that enable employees to maximize their individual abilities.

Third, we aim to establish mutual trust with society. It is to conduct corporate activities with integrity, including compliance with laws and regulations, fair competition, provision of high-quality products and services, and timely and appropriate information disclosure, as well as to strengthen our governance system. We aim to be a company trusted by society.

Materiality

The Kaga Electronics Group is committed to seriously addressing a variety of issues relevant not only to itself but also communities around the world and thereby living up to the expectations of society. In line with this commitment, the Group has employed four perspectives— Environmental (E), Social (S), Governance (G) and Business (B)—to identify priority issues that are deemed to exert significant impact on its business operations, as listed below. Through its efforts to tackle the materiality of these issues, the Group will practice corporate activities aimed at contributing to the realization of a sustainable society, with the aim of further improving its corporate value.

	Materiality	Related SDGs	Changes in the socio-economic environment	Our initiatives
E	Create a clean global environment	 	<ul style="list-style-type: none"> Growing seriousness of global warming and other environmental problems Urgent call for carbon neutrality 	<ul style="list-style-type: none"> Provide products and services designed to help resolve environmental and energy issues Continue initiatives to reduce the environmental burden
S	Create an inclusive company as well as an affluent society	  	<ul style="list-style-type: none"> Changes in social structure as we move toward the popularization of the new normal Human resource shortages attributable to a low birthrate and an aging population 	<ul style="list-style-type: none"> Promote workforce diversity and innovative work styles to better adapt to the new normal Develop human resources by passing down and updating KAGA-ism
G	Create a sustainable management base	 	<ul style="list-style-type: none"> Public calls for more robust corporate governance Growing need for business resilience against changes in the operating environment 	<ul style="list-style-type: none"> Further strengthen corporate governance and compliance Thoroughly practice a profit-focused management approach
B	Realize sustainable business growth	  	<ul style="list-style-type: none"> Progress in digital transformation Coming of a "super-smart" society due to the popularization of ICT, such as IoT and AI Intensification of global competition 	<ul style="list-style-type: none"> Provide products and services that contribute to the transition to a digital-driven society Create new businesses aimed at helping

This slide is a key issue that we have discussed and identified.

We have identified key issues that will have a significant impact on our management from the four perspectives of the environment, society, governance, and our business. Through efforts to address these important issues, we will implement corporate activities that contribute to the realization of a sustainable society and promote further enhancement of corporate value.

Specifically, our key tasks are to create a clean global environment in terms of environment, to create a company that is easy to work for and prosperous society in terms of society, to create a sustainable management foundation in terms of governance, and to achieve sustainable business growth in terms of business.

Medium- to long-term sustainability targets and major KPIs				
	Key themes	Issues to address and issues to examine	Medium-term targets	Long-term targets
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> Adoption of renewable energy at domestic sales offices Adoption of renewable energy at domestic manufacturing sites Adoption of renewable energy at overseas manufacturing sites 	2024: 40% (1%) By 2024: Information gathering/analysis and determination of policy In-house power generation/external procurement Solar panel/biomass power generation/renewable energy businesses	2030: 100% 2030: 50% 2050: 100% 2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV) 	2024: 85% (78.5%)	2030: 100%
S	Diversity and human resource management	<ul style="list-style-type: none"> Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) Initiatives to employ elderly workers and persons with disabilities 	Percentage of female new graduates in general positions 2023: 30% (5.8%) Percentage of women in management positions 2024: 15% (13.3%)	Percentage of female new graduates in general positions 2028: 40% Percentage of women in management positions 2029: 17%
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> Enhancement of programs such as childcare/family-care and telework Acquisition of certification as a Health and Productivity Management Organization 	2022: Implementation of review 2023: Certification	2025: Certification by outside party 2024 onward: Continuation of certification
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of TSE	<ul style="list-style-type: none"> Independent Outside Directors: at least 1/3 Establishment of Nomination and Compensation Committee 	Performed in June 2021	Setting of targets in line with next CG Code revision
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> Diversification of the Board of Directors Full compliance with Corporate Governance Code for Prime Market Adoption of delegation-based executive officer structure Transition to structure of company with committees 	By June 2022: Determination of policy Performed in November 2021 April 2022: Enactment By March 2023: Determination of policy	



KAGA ELECTRONICS

*Numbers in parentheses represent current values

For each of these details, we have compiled a list of themes, goals, and KPIs to be addressed.

In terms of the environment, we are working to achieve 100% renewable energy consumption in our business activities. Currently, only 1% of our sales offices in Japan use renewable energy, but we aim to increase this to 40% by 2024, and 100% by 2030. Meanwhile, we have set long-term targets for the energy used by our EMS business at our factories in Japan and overseas, ranging from 30% to 50% by 2030, and 100% by 2050. To implement this policy, we will collect and analyze information over the next three years and decide on the choice between in-house power generation and external procurement, as well as on the methods to be used in the case of in-house power generation. Through these efforts, we would also like to consider declaring RE100.

In society, we are committed to diversity and human resources management, as well as work-life management and productivity improvement. In particular, to ensure diversity in core human resources, we will increase the ratio of women in management positions, currently around 13%, to 15% by 2024.

Lastly, corporate governance. We will work to rebuild our governance structure in response to the CG Code revision and TSE reorganization and to further strengthen management oversight and execution functions. In April last year, we established the SDGs Committee, under which working groups on the environment, society, and corporate governance were formed to discuss ESG issues and compile the sustainability medium-term management plan.

Medium- to long-term sustainability targets: Main activities and progress			
	Key themes	Issues to address and issues to examine	Main activities and progress in FY2021
E	Achievement of shift to 100% renewable energy	<ul style="list-style-type: none"> Adoption of renewable energy at domestic sales offices Adoption of renewable energy at domestic manufacturing sites 	<ul style="list-style-type: none"> Measured the electricity usage (approx. 4.42 million KWh). Started study of when to purchase renewable energy. Measured the electricity usage (approx. 6.72 million KWh). Solar panels, onsite/offsite PPA, etc., are under consideration.
	Shift to electricity for company-owned vehicles	<ul style="list-style-type: none"> Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV) 	<ul style="list-style-type: none"> 80.8% complete (as of March 31, 2022).
S	Diversity and human resource management	<ul style="list-style-type: none"> Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) Initiatives to employ elderly workers and persons with disabilities 	<ul style="list-style-type: none"> Formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Started hiring activities in accordance with the plan. Informed group companies to improve percentage of women in management positions. Started setting targets for number of women in management positions at each group company. Employment of persons with disabilities is 100% of the legally mandated rate (as of March 31, 2022).
	Work-life management and enhancement of productivity	<ul style="list-style-type: none"> Enhancement of programs such as childcare/family-care and telework Acquisition of certification as a Health and Productivity Management Organization 	<ul style="list-style-type: none"> Regulations and rules are being revised to make telework a permanent system. Prepared information to be disclosed on the website with an eye to acquisition of certification.
G	Restructuring the governance structure in response to the revision of the CG Code and the reorganization of TSE	<ul style="list-style-type: none"> Independent Outside Directors: at least 1/3 Establishment of Nomination and Compensation Committee 	<ul style="list-style-type: none"> Implemented from June 2021.
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> Diversification of the Board of Directors Full compliance with Corporate Governance Code for Prime Market Adoption of delegation-based executive officer structure Transition to structure of company with committees 	<ul style="list-style-type: none"> Activities underway to elect female directors in June 2023. TCFD-compliant information to be disclosed from June 2022. Implemented from April 2022. Policy to be determined in FY2022.

KAGA ELECTRONICS

*Numbers in parentheses represent current values

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In the first year of the sustainability medium- to long-term management plan, less than six months from last November to this March, we have summarized our progress during that period and would like to report on it.

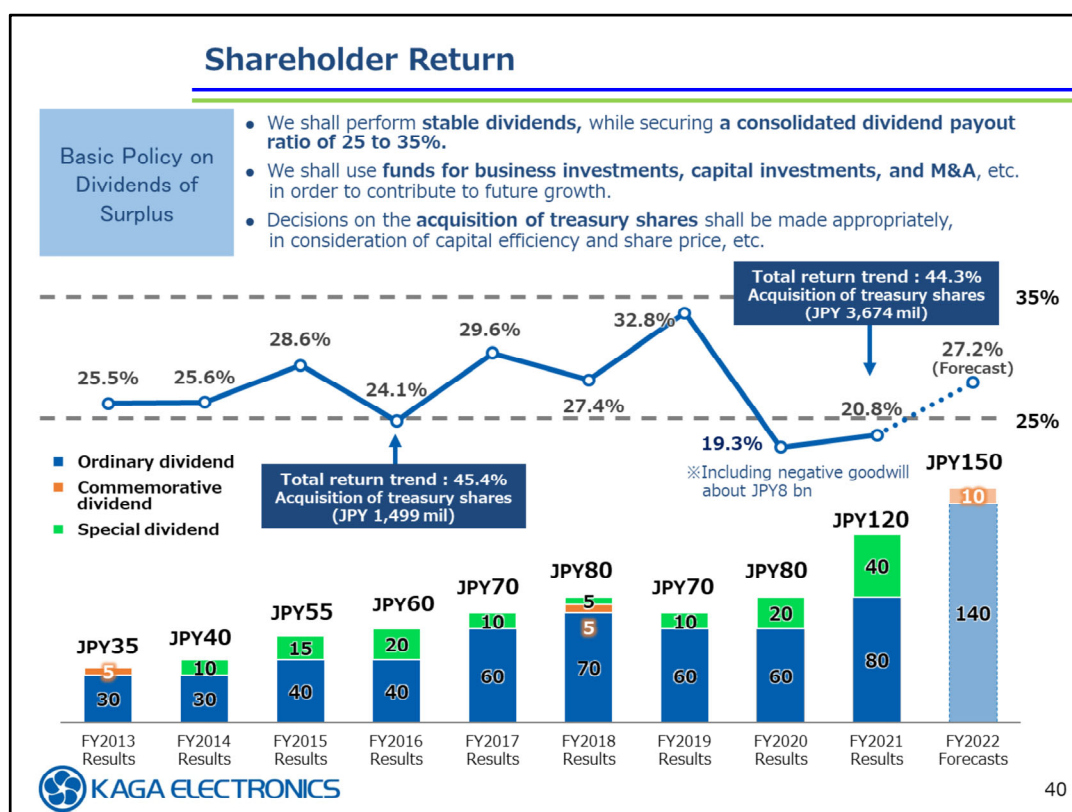
First, with regard to the shift to 100% renewable energy for the environment, we have conducted a survey of electricity consumption at our sales and manufacturing sites in Japan and have begun considering when to purchase renewable energy for our sales offices. In addition, we have begun to consider the installation of solar panels and on-site and off-site PPAs at our manufacturing facilities.

In the area of social diversity and human resources management, we have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace in order to raise the ratio of female new graduates in career-track positions. Recruitment activities in line with this plan have begun this fiscal year. As of the end of March this year, KAGA ELECTRONICS has achieved 100% of the legally mandated employment rate for persons with disabilities.

With regard to work-life management and productivity improvement, we are currently reviewing our regulations to make remote working a permanent system. In addition, we have completed the necessary disclosure information on our website in preparation for obtaining certification in Health and Productivity Management.

Lastly, about governance, as part of the restructuring of the governance system in response to the revision of the CG Code and the reorganization of the TSE, we implemented the establishment of at least one third of independent outside directors and the Nomination and Compensation Committee last June. In terms of diversifying the Board of Directors, we are working toward the appointment of a female board member by June 2023.

To further strengthen the supervisory and executive functions of management, we introduced a delegated executive officer system in April of this year. We would like to finalize our policy on companies with committees by March 2023.



Now, the last slide is about shareholder returns. Shareholder return is one of the most important management issues for the Company, and we strive to actualize stable dividends in accordance with the basic policy written herein.

The Company pays two types of dividends: ordinary dividends and special dividends. It is customary to pay a special dividend if the profit plan made at the beginning of the fiscal year is revised upward during the fiscal year, or if the final results exceed the previous forecast, depending on the extent of the upward revision.

For the fiscal year ending March 2022, the initial dividend forecast was JPY40 for both the interim and year-end dividends, for an annual dividend of JPY80 per share, but this was subsequently revised upward three times, to a final dividend of JPY120 per share. This is an increase of JPY40 per share over the previous fiscal year.

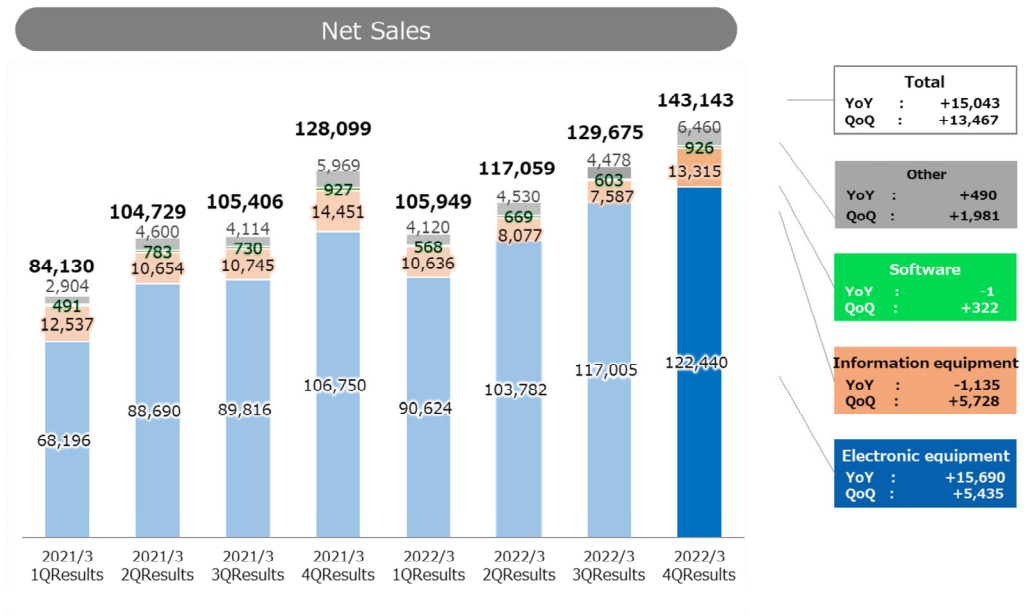
For the fiscal year ending March 2023, we will pay an ordinary dividend of JPY140 per share, plus a commemorative dividend of JPY10 per share to celebrate our 55th anniversary, bringing the total dividend to JPY150 per share, an increase of JPY30 from the previous year.

This graph shows the change in dividends over 10 years. The green bar is the special dividend, which has been paid for eight consecutive years since the fiscal year ended in March 2015. To ensure that this trend continues in the fiscal year ending March 2023 and beyond, we are firmly committed to group management in line with the new medium-term management plan and the sustainability medium-term management plan that I reviewed today.

Reference

Financial Highlights by Business Segment <Net Sales>

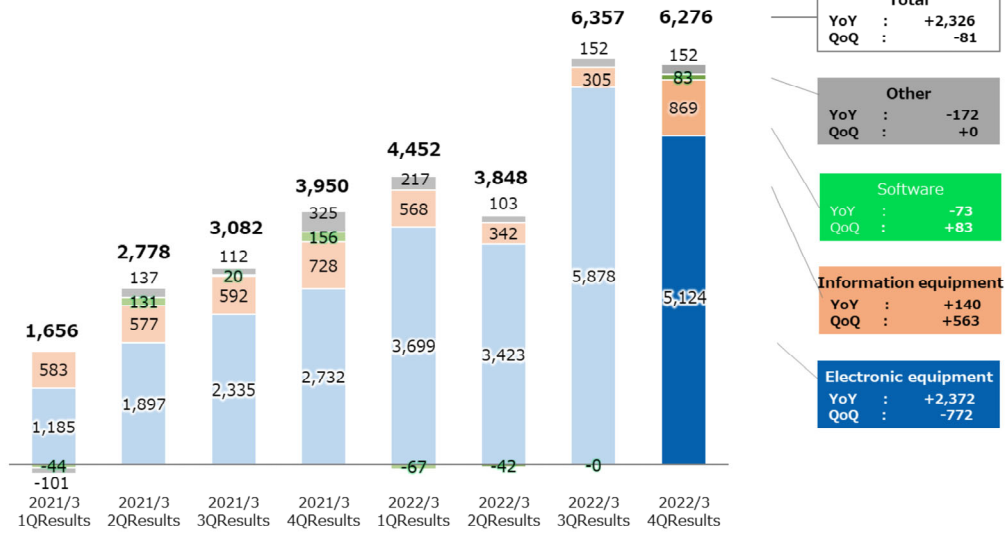
(million yen)



Financial Highlights by Business Segment < Segment Income >

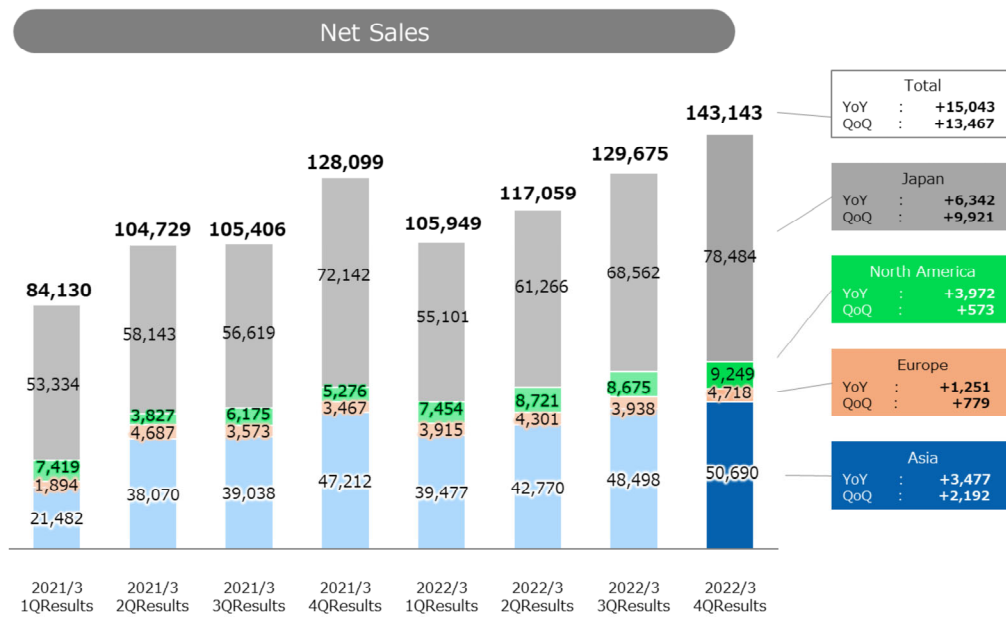
(million yen)

Segment Income



Net Sales by Region

(million yen)



Exchange Rate/FOREX Sensitivity

	FY2021/3 Results (Yen)	FY2022/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2023/3(yen)
			Net sales	Operating income	
USD	106.06	112.38	1,573	46	116.00
RMB	15.48	17.03	242	9	18.00
THB	3.42	3.44	251	14	3.50
HKD	13.68	14.44	208	6	14.50
EUR	123.70	130.50	10	0	130.00

“Everything we do is for our customers



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This concludes today's presentation. Thank you.

- 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.