

Financial Results Briefing Material

for the Fiscal Year ended March 2023

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 25, 2023

KAGA ELECTRONICS CO., LTD.

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Consolidated Financial Results for the Fiscal Year ended March 2023

Director,
Managing Executive Officer
Eiji Kawamura

Summary of Financial Results for FY2023/3

Results for FY2023/3

- **Net sales increased by 112.2 billion yen or 22.6%, year on year to 608.0 billion yen. The electronic components business achieved significant growth both in the component sales business and the EMS business.** Supply shortages and extended lead times were generally resolved, and sales to a wide range of industries were high.
- **Operating income increased by 11.3 billion yen or 54.2%, year on year to 32.2 billion yen. Operating income increased significantly** due to improved gross profit margin resulting from higher sales and improved sales mix.
- All metrics, **from net sales to net income for the fiscal year, achieved record highs.**

FY2024/3 earnings forecast

- **Forecast assumptions:** <Economic situation> Although a gradual recovery is expected, the outlook is uncertain partly due to rising commodity prices and financial system instability. <Industry trends> While supply shortages and extended lead times were generally resolved, **demand is expected to temporarily decline due to a backlash from increased demand amid the COVID-19 pandemic and inventory adjustments by customers.**
- **The electronic components business is expected to post decreases in net sales and profit,** considering the business environment and market conditions carefully.
- **Net sales of 545.0 billion yen (down 10.3%) and operating income of 25.0 billion yen (down 22.3%) are expected.**

Shareholder Return

- **FY2023/3: The year-end dividend will be 120 yen per share** (70 yen ordinary dividend + 10 yen commemorative dividend + 40 yen extraordinary dividend) **as previously announced. The annual dividend** including the interim dividend **amounts to 220 yen per share** (140 yen ordinary dividend + 10 yen commemorative dividend + 50 yen extraordinary dividend), **an increase of 100 yen from the previous fiscal year.**
- **FY2024/3: Although a temporary decrease in profit is expected, the dividend forecast for the next fiscal year will remain unchanged from the previous year, with priority on stable dividend payouts** (220 yen per share, consisting of 110 yen for both interim and year-end).

Financial Highlights for FY2023/3

(million yen)

	FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts (Revised on February 7, 2023)	vs Forecasts
Net sales	495,827	608,064	22.6%	585,000	3.9%
Gross Profit	60,547 12.2%	78,514 12.9%	29.7%	— —	—
SG&A	39,632 8.0%	46,265 7.6%	16.7%	— —	—
Operating income	20,915 4.2%	32,249 5.3%	54.2%	29,500 5.0%	9.3%
Ordinary income	21,456 4.3%	32,739 5.4%	52.6%	30,000 5.1%	9.1%
Profit attributable to owners of parent	15,401 3.1%	23,070 3.8%	49.8%	21,000 3.6%	9.9%
EPS (yen)	576.46 —	878.65 —	—	799.78 —	—
ROE	15.7% —	19.6% —	3.9pt	18.0% —	1.6%

Note: 1. The effect of exchange rates on the conversion into yen is approximately 38,483 million yen on net sales and 1,782 million yen on operating income.
 2. "x. x%" represents the profit margin.

Results by Business Segment for FY2023/3

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts (Revised on February 7, 2023)	vs Forecasts
Electronic Component	Net sales	433,852	539,342	24.3%	523,000	3.1%
	Segment income	18,107 <i>4.2%</i>	28,314 <i>5.2%</i>	56.4%	25,800 <i>4.9%</i>	9.7%
Information Equipment	Net sales	39,616	43,680	10.3%	39,000	12.0%
	Segment income	2,085 <i>5.3%</i>	2,449 <i>5.6%</i>	17.4%	2,000 <i>5.1%</i>	22.5%
Software	Net sales	2,767	2,998	8.3%	3,000	-0.1%
	Segment income	-26 <i>-1.0%</i>	286 <i>9.6%</i>	—	200 <i>6.7%</i>	43.4%
Others	Net sales	19,590	22,044	12.5%	20,000	10.2%
	Segment income	626 <i>3.2%</i>	1,101 <i>5.0%</i>	76.0%	1,500 <i>7.5%</i>	-26.5%
Total	Net sales	495,827	608,064	22.6%	585,000	3.9%
	Segment income	20,915 <i>4.2%</i>	32,249 <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).
2. "x. x%" represents the profit margin.

Results by Company for FY2023/3

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts (Revised on February 7, 2023)	vs Forecasts
Kaga Electronics	Net sales	281,075	348,034	23.8%	330,000	5.5%
	Gross Profit	41,767 <i>14.9%</i>	53,123 <i>15.3%</i>	27.2%	51,000 <i>15.5%</i>	4.2%
	Operating income	15,461 <i>5.5%</i>	21,899 <i>6.3%</i>	41.6%	19,500 <i>5.9%</i>	12.3%
Kaga FEI	Net sales	149,455	199,548	33.5%	195,000	2.3%
	Gross Profit	14,690 <i>9.8%</i>	20,913 <i>10.5%</i>	42.4%	20,500 <i>10.5%</i>	2.0%
	Operating income	3,654 <i>2.4%</i>	8,103 <i>4.1%</i>	121.8%	8,000 <i>4.1%</i>	1.3%
Excel	Net sales	65,296	60,481	-7.4%	60,000	0.8%
	Gross Profit	4,247 <i>6.5%</i>	4,443 <i>7.3%</i>	4.6%	4,500 <i>7.5%</i>	-1.3%
	Operating income	1,937 <i>3.0%</i>	2,072 <i>3.4%</i>	7.0%	2,000 <i>3.3%</i>	3.6%
Total	Net sales	495,827	608,064	22.6%	585,000	3.9%
	Gross Profit	60,547 <i>12.2%</i>	78,514 <i>12.9%</i>	29.7%	76,000 <i>13.0%</i>	3.3%
	Operating income	20,915 <i>4.2%</i>	32,249 <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

Note: 1. With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

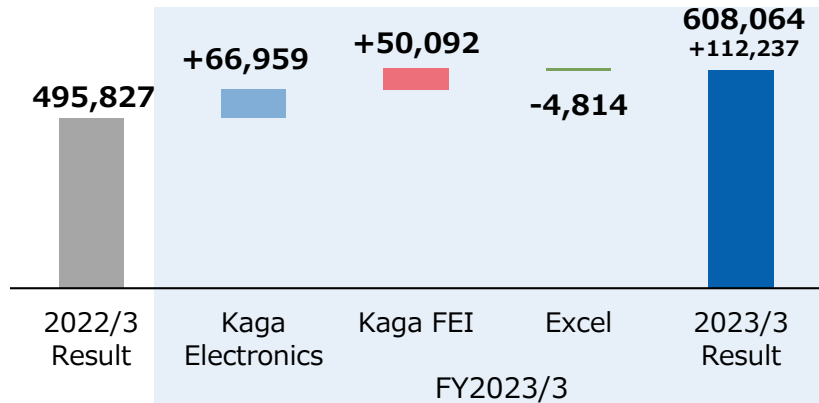
2. "x. x%" represents the profit margin.

Effect of M&A for FY2023/3

(million yen)

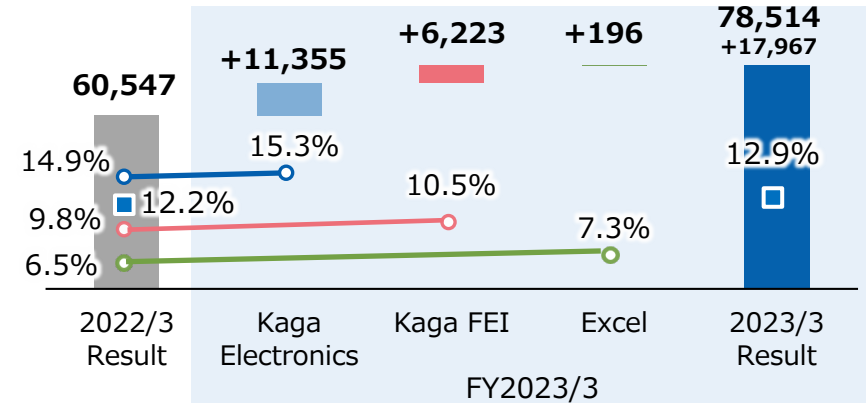
Net Sales

Kaga Electronics and Kaga FEI achieved significant increases in net sales, driven by the electronic components business.



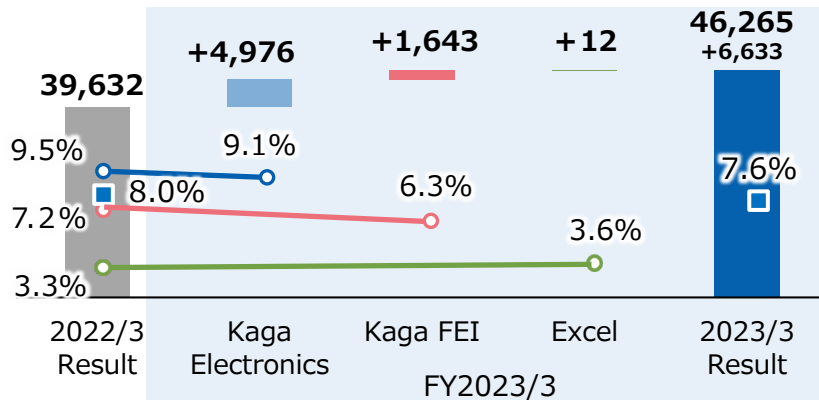
Gross profit / Gross profit margin

Gross profit increased both in profit amounts and profit margins.



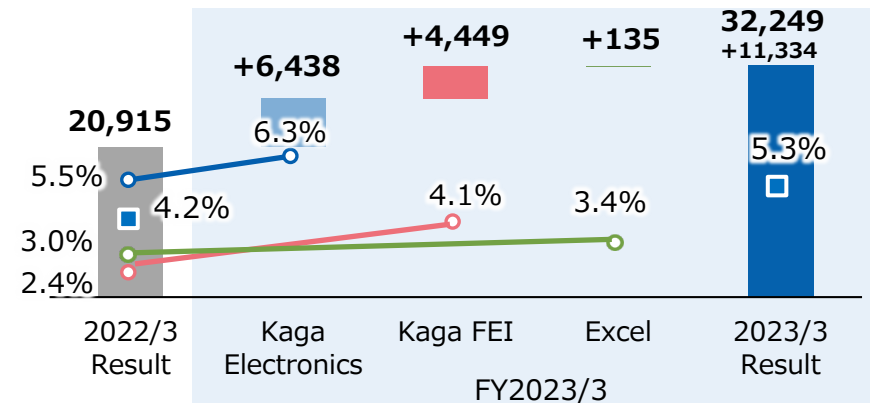
SG&A / SG&A ratio

The SG&A ratio fell, although SG&A expenses rose due to higher sales.



Operating income / Operating income margin

Higher gross profit absorbed an increase in operating expenses and resulted in an increase in operating income. Operating income margins also improved.



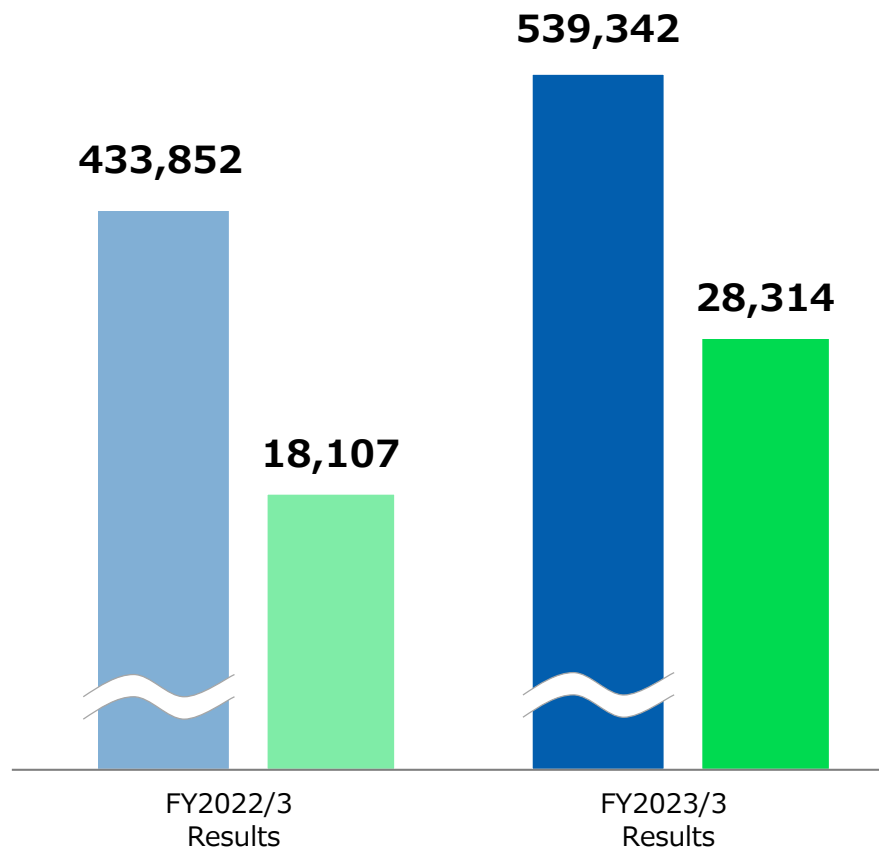
Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

■/■ Net Sales

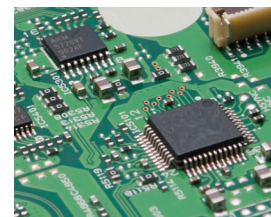
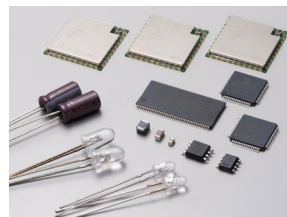
■/■ Segment income



YoY

- Net Sales ▶ **+105,489**million yen **24.3%Up**
- Segment income ▶ **+10,206**million yen **56.4%Up**

- In the component sales business, supply/demand conditions improved from the second half of the fiscal year and demand was high from a broad range of industries, resulting in significant sales growth.
- Although supply shortages continued in automotive equipment-related applications, the Company used its strength in procurement capabilities as an independent trading company to secure sales volume. In parallel with spot sales, the Company proposed alternative products across the Group.
- In the EMS business, sales grew significantly in automotive equipment-related applications. Sales in applications related to medical and office equipment also remained solid.

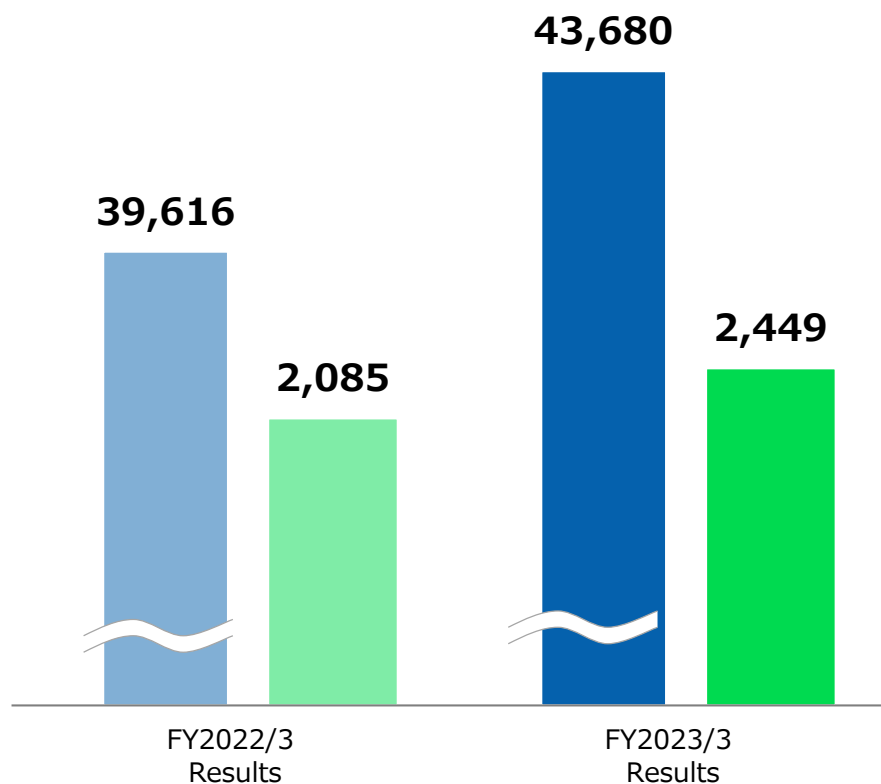


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■/ ■ Net Sales
■/ ■ Segment income



YoY

- Net Sales ▶ **+4,063**million yen **10.3%Up**
- Segment income ▶ **+363**million yen **17.4%Up**

- Sales of PCs to corporations and educational institutions were solid, particularly high-end products.
 - Sales of PC peripherals such as security software also remained solid.
-
- In the LED installation business, the installation of large-scale nationwide projects that had been delayed due to material shortages progressed steadily, contributing significantly to business earnings.



Financial Highlights for FY2023/3 (3months)

Reference

(million yen)

	FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Net sales	143,143	153,460	155,843	8.9%	1.6%
Gross Profit	17,786 <i>12.4%</i>	19,882 <i>13.0%</i>	18,630 <i>12.0%</i>	4.7%	-6.3%
SG&A	11,529 <i>8.1%</i>	12,237 <i>8.0%</i>	12,387 <i>7.9%</i>	7.4%	1.2%
Operating income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	6,242 <i>4.0%</i>	-0.2%	-18.3%
Ordinary income	6,569 <i>4.6%</i>	7,685 <i>5.0%</i>	6,121 <i>3.9%</i>	-6.8%	-20.4%
Profit attributable to owners of parent	4,986 <i>3.5%</i>	5,640 <i>3.7%</i>	4,017 <i>2.6%</i>	-19.4%	-28.8%
EPS (yen)	189.99 —	214.80 —	152.99 —	—	—

Note: "x. x%" represents the profit margin.

Results by Business Segment for FY2023/3 (3 months)

Reference

(million yen)

		FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	122,440	137,144	133,733	9.2%	-2.5%
	Segment income	5,105 <small>4.2%</small>	6,724 <small>4.9%</small>	4,972 <small>3.7%</small>	-2.6%	-26.1%
Information Equipment	Net sales	13,315	9,542	14,540	9.2%	52.4%
	Segment income	869 <small>6.5%</small>	534 <small>5.6%</small>	949 <small>6.5%</small>	9.2%	77.5%
Software	Net sales	926	768	922	-0.5%	20.0%
	Segment income	83 <small>9.0%</small>	39 <small>5.2%</small>	151 <small>16.4%</small>	82.1%	281.1%
Others	Net sales	6,460	6,004	6,647	2.9%	10.7%
	Segment income	152 <small>2.4%</small>	313 <small>5.2%</small>	129 <small>2.0%</small>	-15.0%	-58.6%
Total	Net sales	143,143	153,460	155,843	8.9%	1.6%
	Segment income	6,257 <small>4.4%</small>	7,645 <small>5.0%</small>	6,242 <small>4.0%</small>	-0.2%	-18.3%

Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

2. "x. x%" represents the profit margin.

Results by Company for FY2023/3 (3 months)

Reference

(million yen)

		FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Kaga Electronics	Net sales	82,054	86,074	93,560	14.0%	8.7%
	Gross Profit	12,077 <i>14.7%</i>	13,486 <i>15.7%</i>	12,901 <i>13.8%</i>	6.8%	-4.3%
	Operating income	4,360 <i>5.3%</i>	5,342 <i>6.2%</i>	4,320 <i>4.6%</i>	-0.9%	-19.1%
Kaga FEI	Net sales	43,338	54,535	46,255	6.7%	-15.2%
	Gross Profit	4,419 <i>10.2%</i>	5,310 <i>9.7%</i>	4,300 <i>9.3%</i>	-2.7%	-19.0%
	Operating income	1,235 <i>2.9%</i>	1,796 <i>3.3%</i>	1,093 <i>2.4%</i>	-11.5%	-39.2%
Excel	Net sales	17,750	12,851	16,027	-9.7%	24.7%
	Gross Profit	1,293 <i>7.3%</i>	1,124 <i>8.7%</i>	1,328 <i>8.3%</i>	2.7%	18.2%
	Operating income	662 <i>3.7%</i>	511 <i>4.0%</i>	695 <i>4.3%</i>	4.9%	35.9%
Total	Net sales	143,143	153,460	155,843	8.9%	1.6%
	Gross Profit	17,786 <i>12.4%</i>	19,882 <i>13.0%</i>	18,630 <i>12.0%</i>	4.7%	-6.3%
	Operating income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	6,242 <i>4.0%</i>	-0.2%	-18.3%

Note: 1. With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the three companies.

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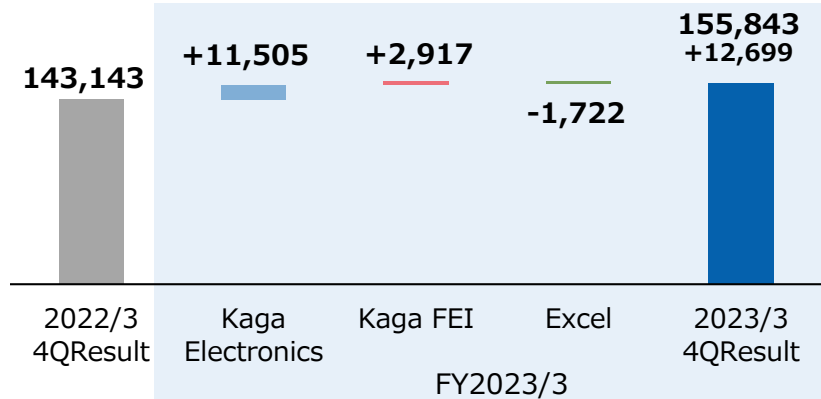
Effect of M&A for FY2023/3 (3 months)

Reference

(million yen)

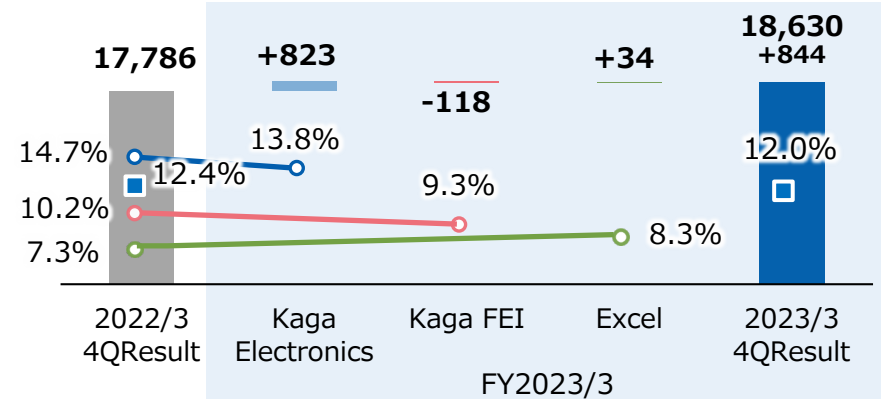
Net Sales

Kaga Electronics and Kaga FEI achieved significant increases in net sales, driven by the electronic components business.



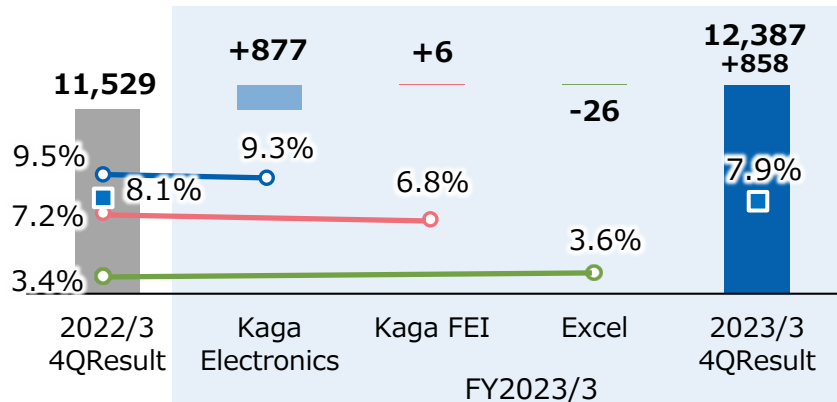
Gross profit / Gross profit margin

Profit margins declined except for Excel and profit increases slowed down slightly.



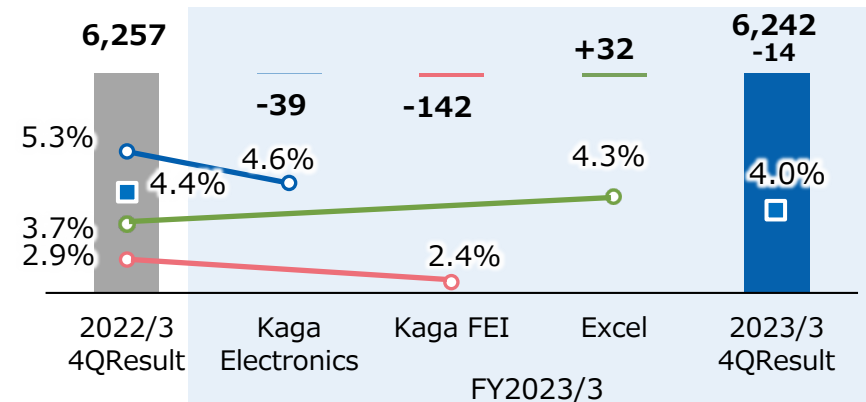
SG&A / SG&A ratio

Selling expenses increased with growth in sales. Expenses rose with year-end bonus reserves and other factors.



Operating income / Operating income margin

All three companies secured profit amounts at about the same level as the previous year.



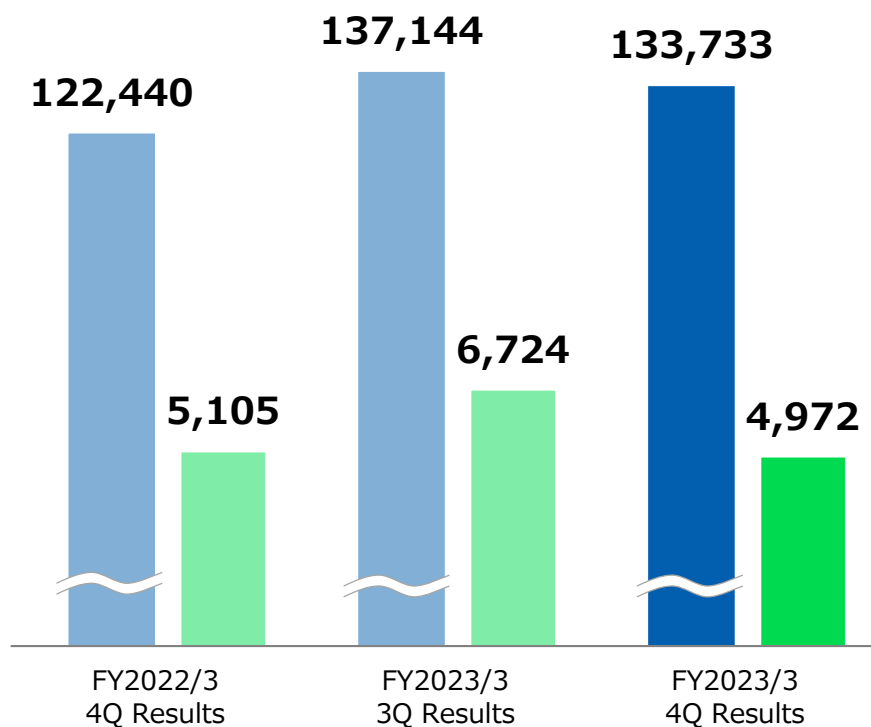
Financial Highlights: Electronic Component Segment (3 months)

Reference

Net sales/Segment income

(million yen)

■ / ■ Net Sales
■ / ■ Segment income



YoY

● Net Sales ▶ **+11,292**million yen **9.2%Up**
● Segment income ▶ **-133**million yen **2.6%Down**

QoQ

● Net Sales ▶ **-3,411**million yen **2.5%Down**
● Segment income ▶ **-1,751**million yen **26.1%Down**

Financial Highlights: Information Equipment Segment (3 months)

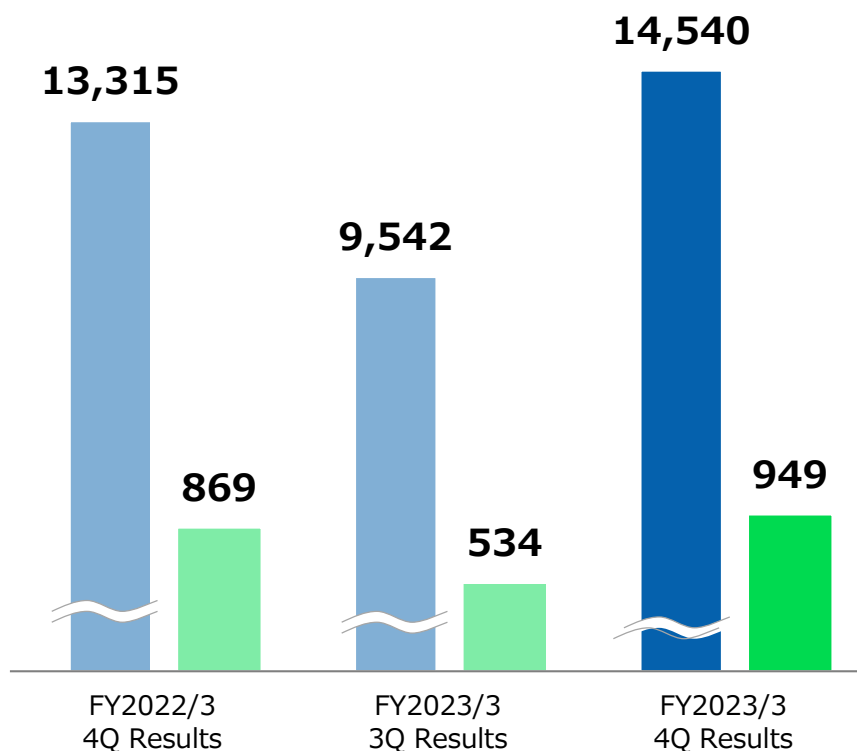
Reference

Net sales/Segment income

(million yen)

■ / ■ Net Sales

■ / ■ Segment income



YoY

- Net Sales ▶ **+1,224**million yen **9.2%Up**
- Segment income ▶ **+80**million yen **9.2%Up**

QoQ

- Net Sales ▶ **+4,997**million yen **52.4%Up**
- Segment income ▶ **+414**million yen **77.5%Up**

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

Reference

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2022/3 Previous Forecasts <small>announced on February 7, 2023</small>	vs Forecasts
Electronic Component	Net sales	325,830	398,783	22.4%	391,000	2.0%
	Segment income	11,094 <i>3.4%</i>	19,475 <i>4.9%</i>	75.5%	17,200 <i>4.4%</i>	13.2%
EMS	Net sales	117,828	149,862	27.2%	140,000	7.0%
	Segment income	7,356 <i>6.2%</i>	9,563 <i>6.4%</i>	30.0%	9,500 <i>6.8%</i>	0.7%
CSI	Net sales	39,616	43,680	10.3%	39,000	12.0%
	Segment income	2,085 <i>5.3%</i>	2,449 <i>5.6%</i>	17.4%	2,000 <i>5.1%</i>	22.5%
Others	Net sales	12,552	15,739	25.4%	15,000	4.9%
	Segment income	255 <i>2.0%</i>	663 <i>4.2%</i>	159.4%	800 <i>5.3%</i>	-17.1%
Total	Net sales	495,827	608,064	22.6%	585,000	3.9%
	Segment income	20,915 <i>4.2%</i>	32,249 <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

2. "x. x%" represents the profit margin.

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

Reference

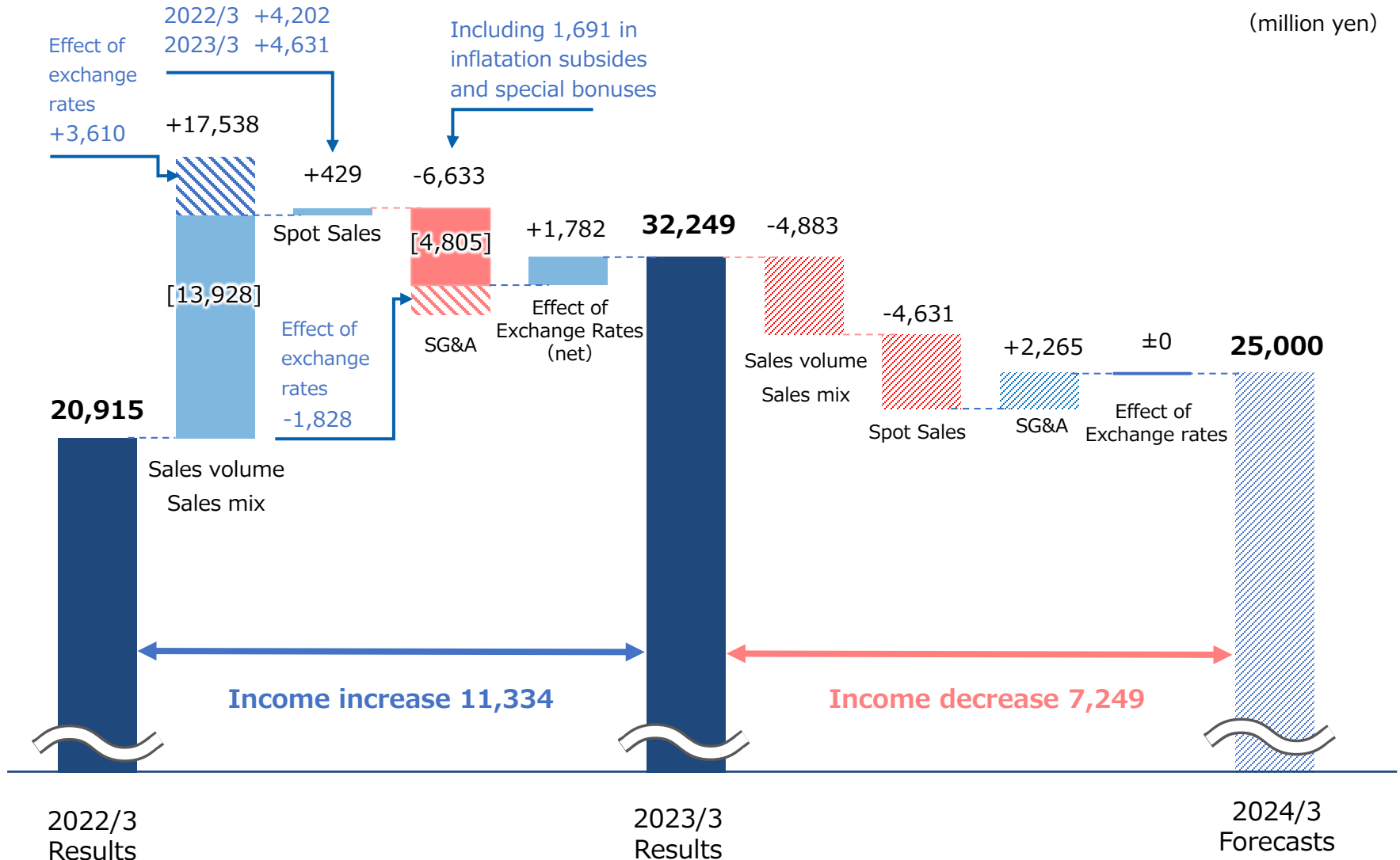
(million yen)

		FY2021/3 4Q Results	FY2022/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	92,960	100,346	95,569	2.8%	-4.8%
	Segment income	3,321 <i>3.6%</i>	4,211 <i>4.2%</i>	3,573 <i>3.7%</i>	7.6%	-15.1%
EMS	Net sales	33,232	39,123	41,251	24.1%	5.4%
	Segment income	1,893 <i>5.7%</i>	2,614 <i>6.7%</i>	1,637 <i>4.0%</i>	-13.5%	-37.4%
CSI	Net sales	13,315	9,542	14,540	9.2%	52.4%
	Segment income	869 <i>6.5%</i>	534 <i>5.6%</i>	949 <i>6.5%</i>	9.2%	77.5%
Others	Net sales	3,634	4,448	4,480	23.3%	0.7%
	Segment income	126 <i>3.5%</i>	251 <i>5.7%</i>	42 <i>1.0%</i>	-66.3%	-83.1%
Total	Net sales	143,143	153,460	155,843	8.9%	1.6%
	Segment income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	6,242 <i>4.0%</i>	-0.2%	-18.3%

Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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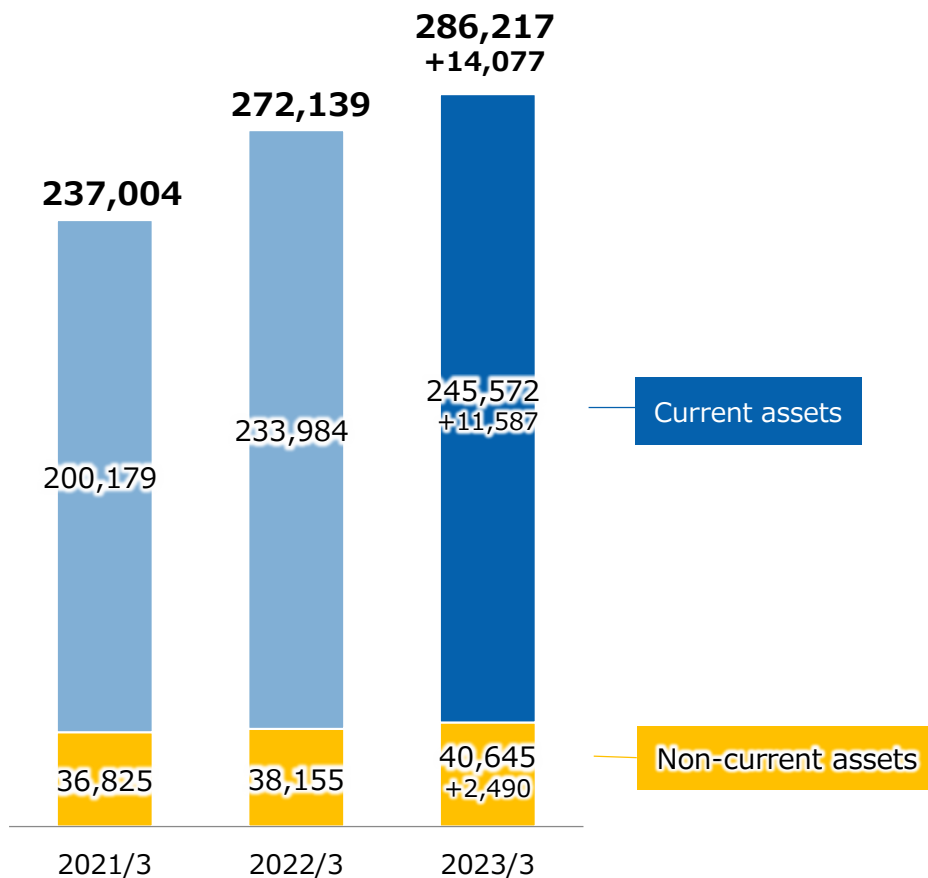
FY2023/3 vs FY2024/3 Factors behind Changes in Operating Income



Balance Sheet Main Items

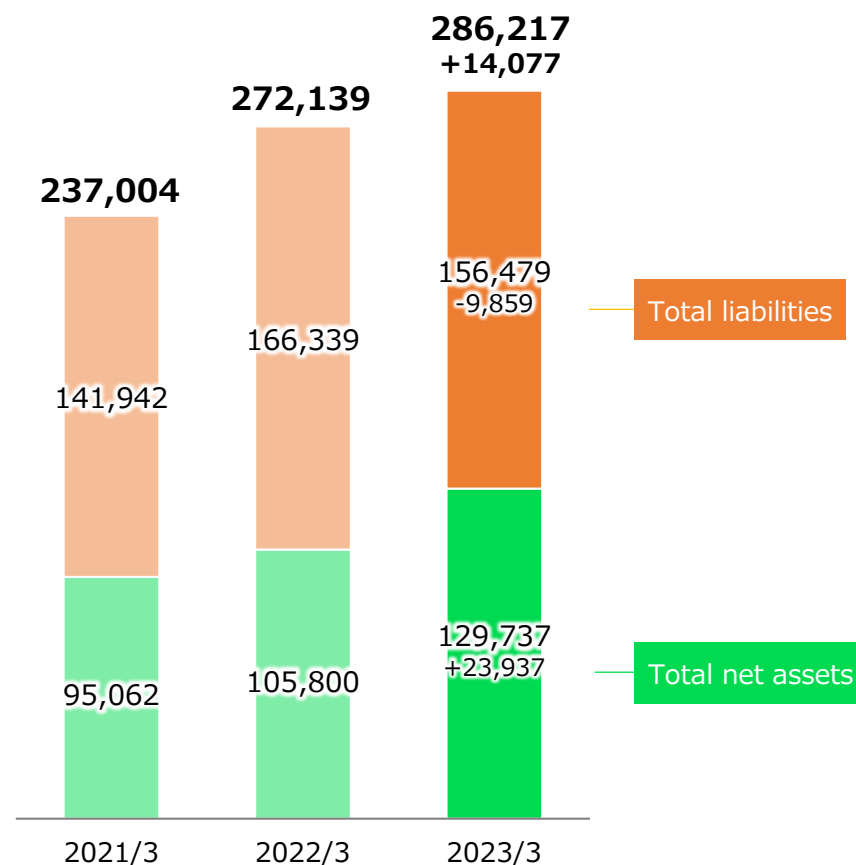
Total assets

(million yen)



Total liabilities and net assets

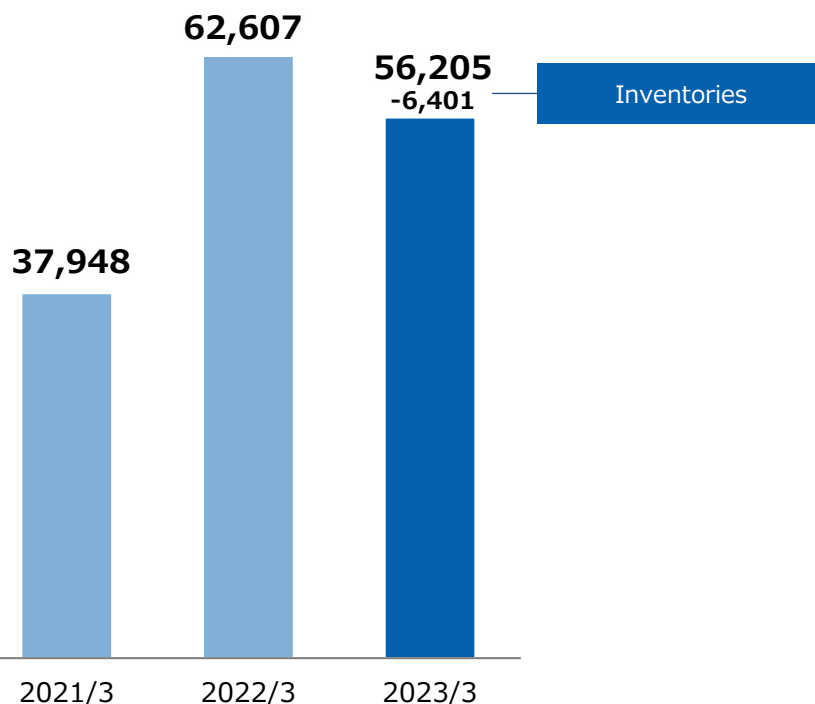
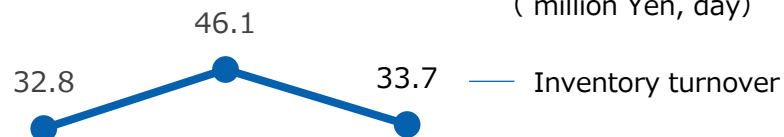
(million yen)



Balance Sheet Main Items

Inventories

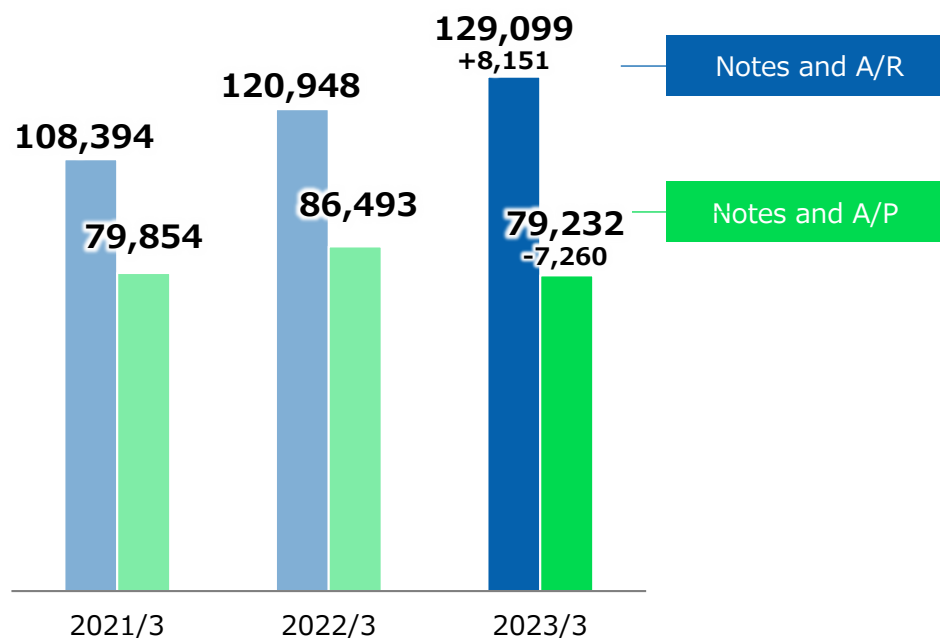
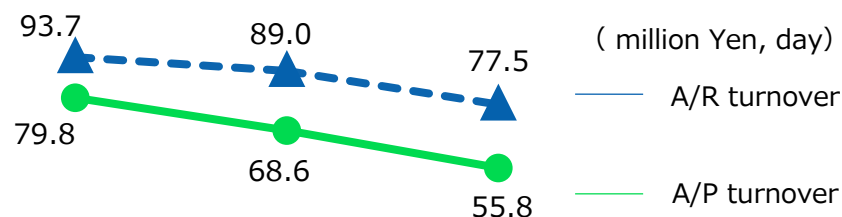
(million Yen, day)



Note : Inventory turnover = Inventories ÷ Net Sales × 365 (day)

Accounts receivable/Accounts payable

(million Yen, day)

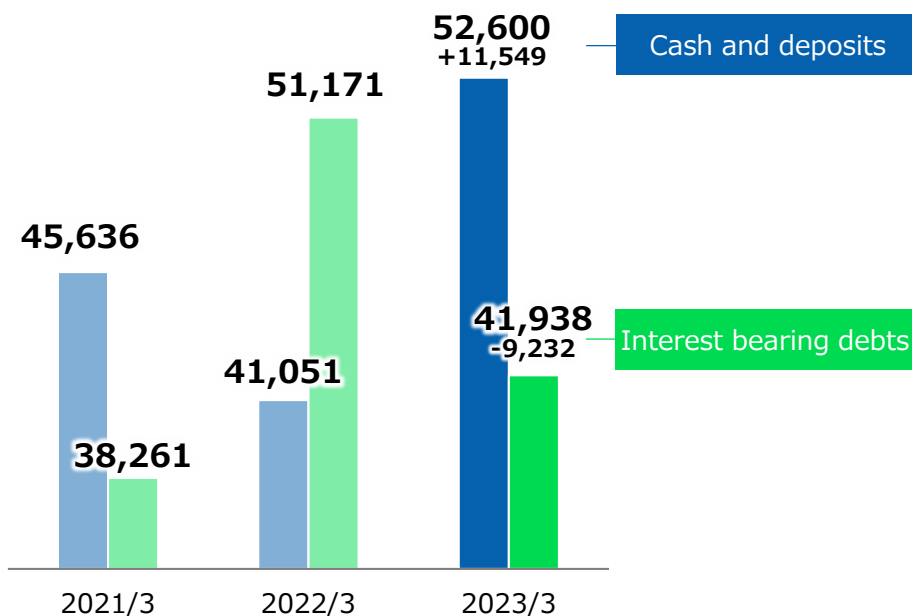
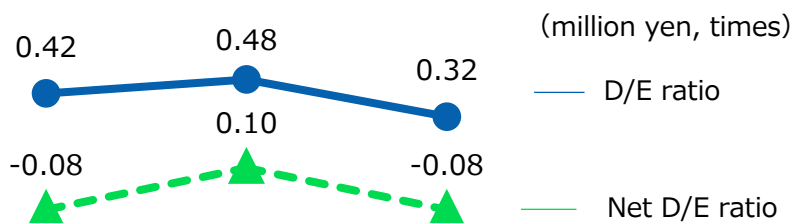


Notes : 1. •Notes and A/R are amounts including Electronically recorded monetary claims-operating
 2. •Notes and A/P are amounts including Electronically recorded obligations - operating
 3. •A/R turnover = Notes and A/R ÷ Net sales × 365 (day)
 4. •A/P turnover = Notes and A/P ÷ Total purchase of goods × 365 (day)

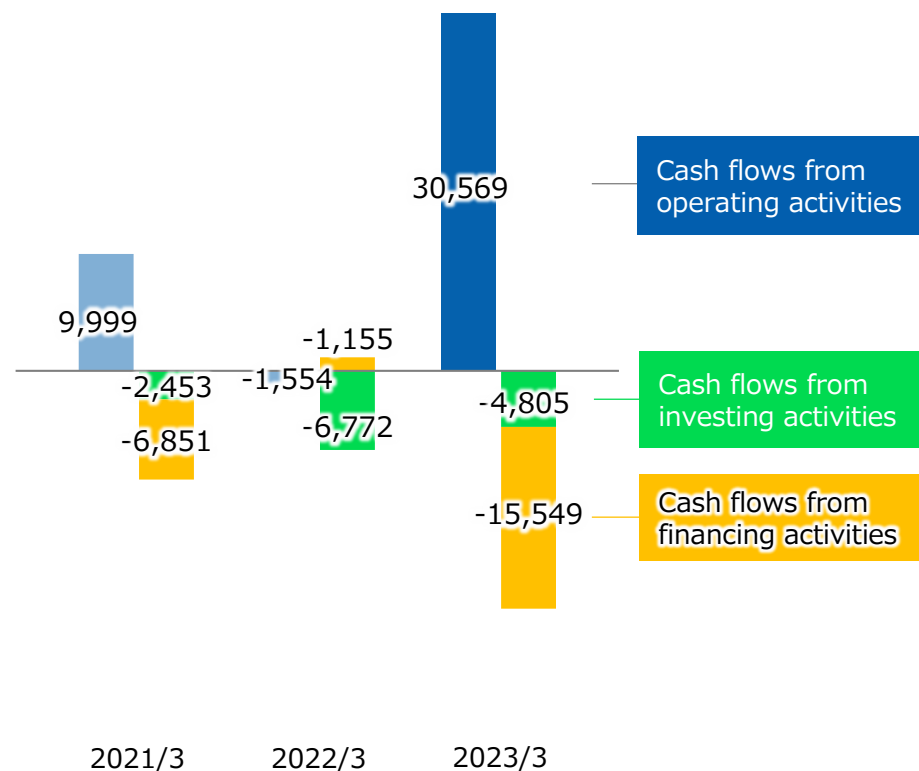
Balance Sheet Main Items

(million yen)

Cash and Deposits/Interest Bearing Debt



Cash flows



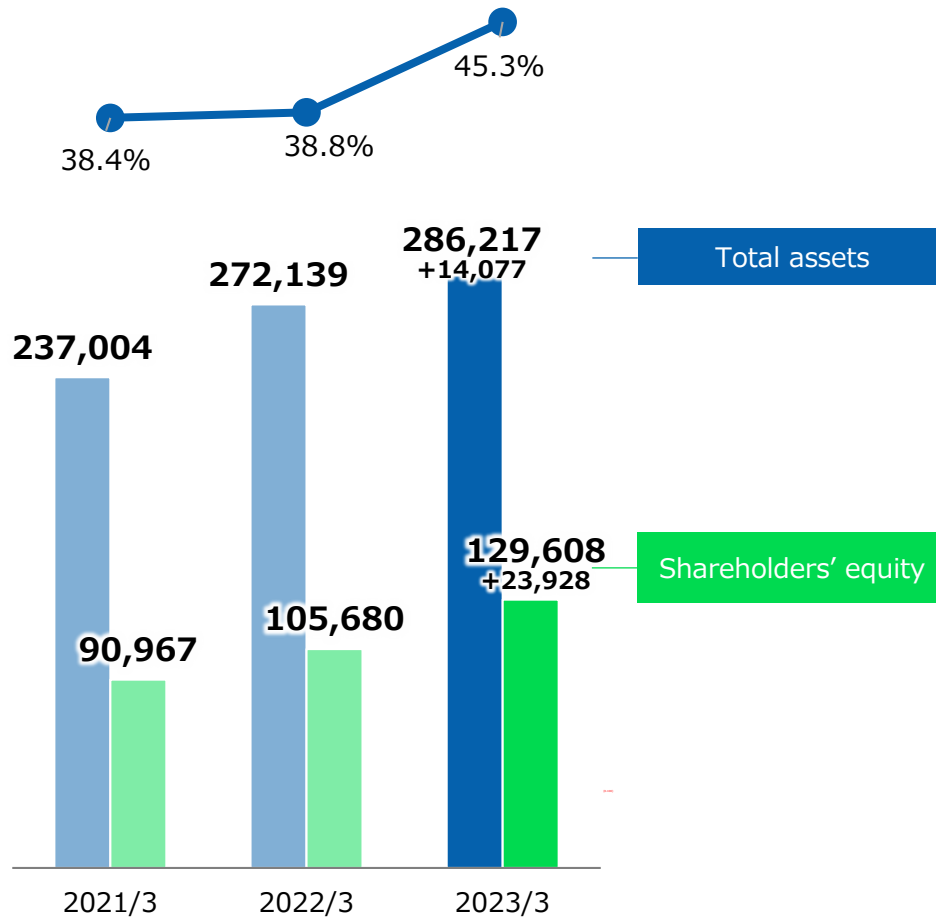
Note : 1. D/E ratio = Interest bearing debts ÷ Shareholder's equity

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

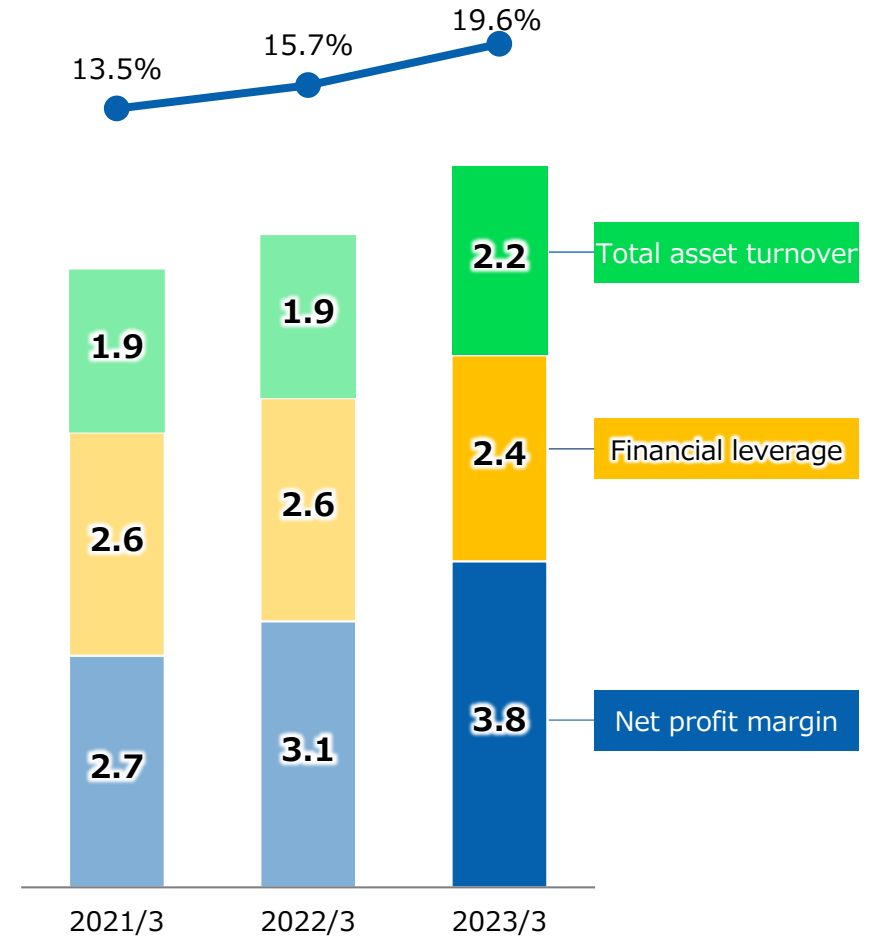
Major Business Indicators

(million yen)

Equity ratio



ROE



Forecasts for FY2024/3

Forecasts for FY2024/3

(million yen)

	FY2023/3 Results		FY2024/3 Forecasts		YoY
Net sales	608,064		550,000		-9.5%
Operating income	32,249	5.3%	25,000	4.5%	-22.5%
Ordinary income	32,739	5.4%	25,000	4.5%	-23.6%
Profit attributable to owners of parent	23,070	3.8%	18,000	3.3%	-22.0%
EPS (yen)	878.65	—	685.42	—	—
ROE	19.6%	—	13.3%	—	-6.3pt

Note: "x. x%" represents the profit margin.

Forecasts by Business Segment for FY2024/3

(million yen)

		FY2023/3 Results	FY2024/3 Forecasts	YoY
Electronic Component	Net sales	539,342	471,500	-12.6%
	Segment income	28,314 <i>5.2%</i>	20,700 <i>4.4%</i>	-26.9%
Information Equipment	Net sales	43,680	45,000	3.0%
	Segment income	2,449 <i>5.6%</i>	2,500 <i>5.6%</i>	2.1%
Software	Net sales	2,998	4,500	50.1%
	Segment income	286 <i>9.6%</i>	300 <i>6.7%</i>	4.6%
Others	Net sales	22,044	29,000	31.6%
	Segment income	1,101 <i>5.0%</i>	1,500 <i>5.2%</i>	36.1%
Total	Net sales	608,064	550,000	-9.5%
	Segment income	32,249 <i>5.3%</i>	25,000 <i>4.5%</i>	-22.5%

Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

2. "x. x%" represents the profit margin.

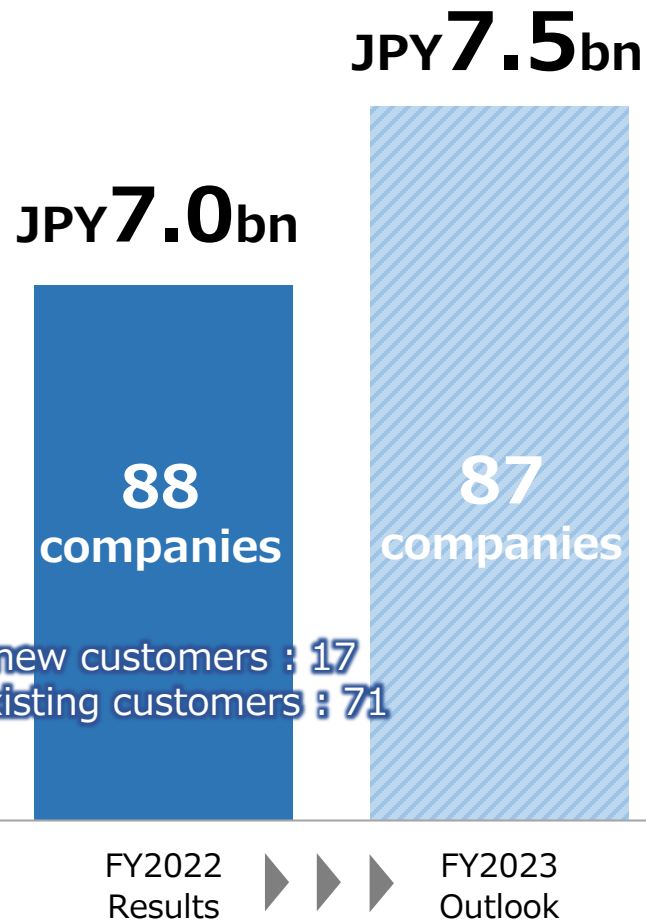
Management Topics

Representative Director,
President & COO

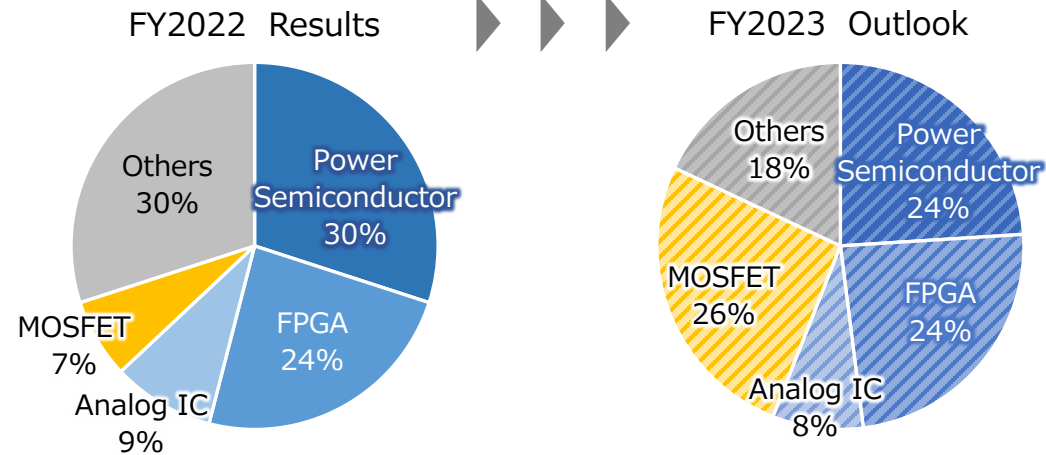
Ryoichi Kado

Alternative Proposal / Alternative Sales

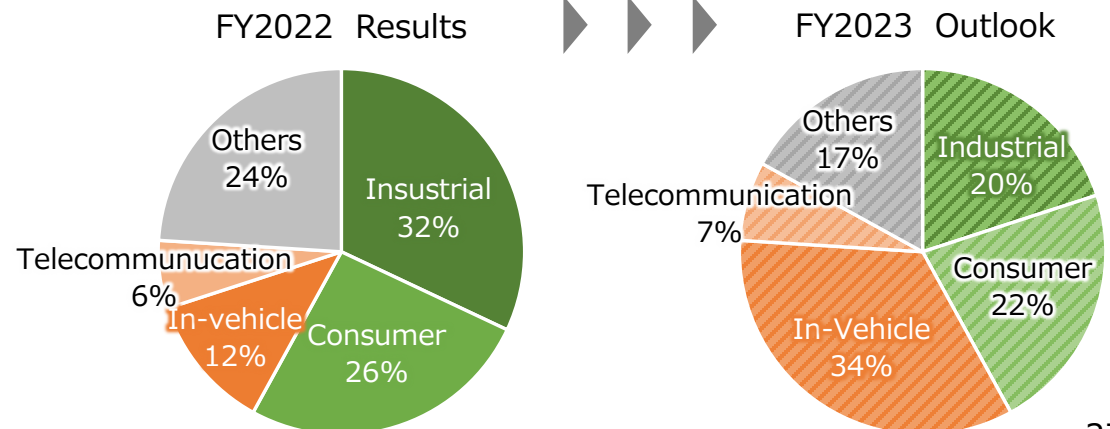
Revenue of alternative sales



Composition by Product

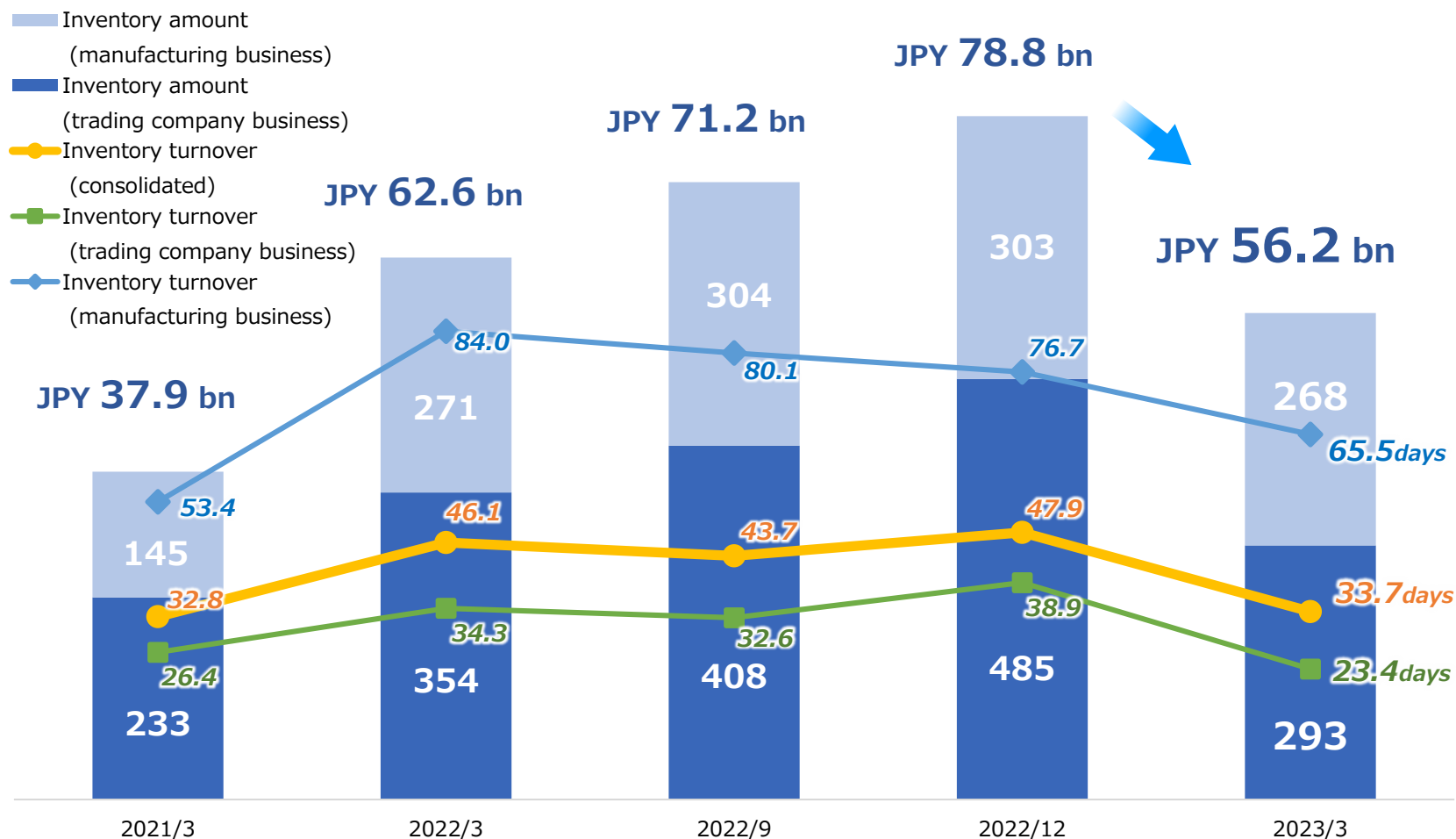


Composition by Industry



Inventory Reduction

Changes in Inventory Amount and Inventory Turnover



Medium-Term Management Plan 2024: Targets

Initial plan

(Announced on November 25, 2021)



Latest outlook

(Announced on May 11, 2023)

FY2022~FY2024

Planned year

[No change]

JPY 750 bn

Organic growth : JPY 600 bn

Including new M&As: JPY 150 bn

Net Sales

[No change]

JPY 20 bn

Operating
Income

JPY **30** bn or higher

























stable **8.5%** or higher

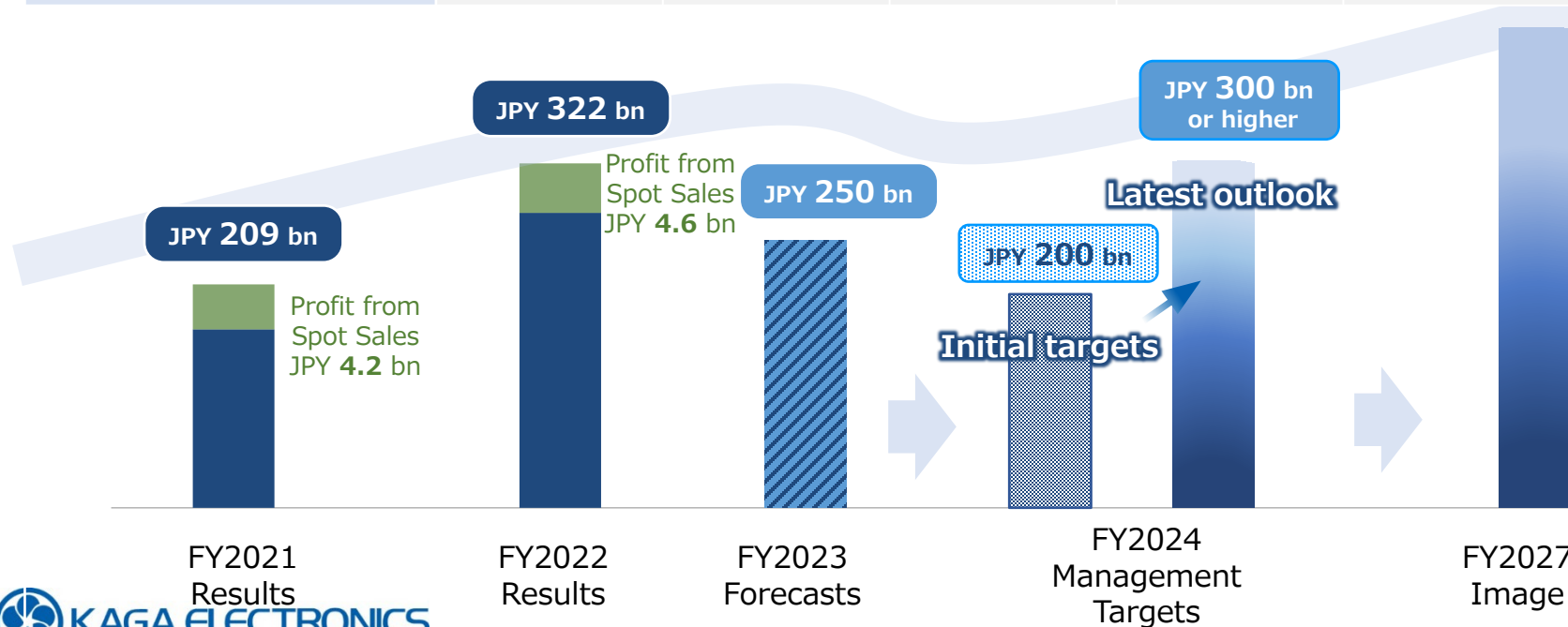
ROE

stable **10%** or higher

Direction of Increase/Decrease Factors on Operating Income

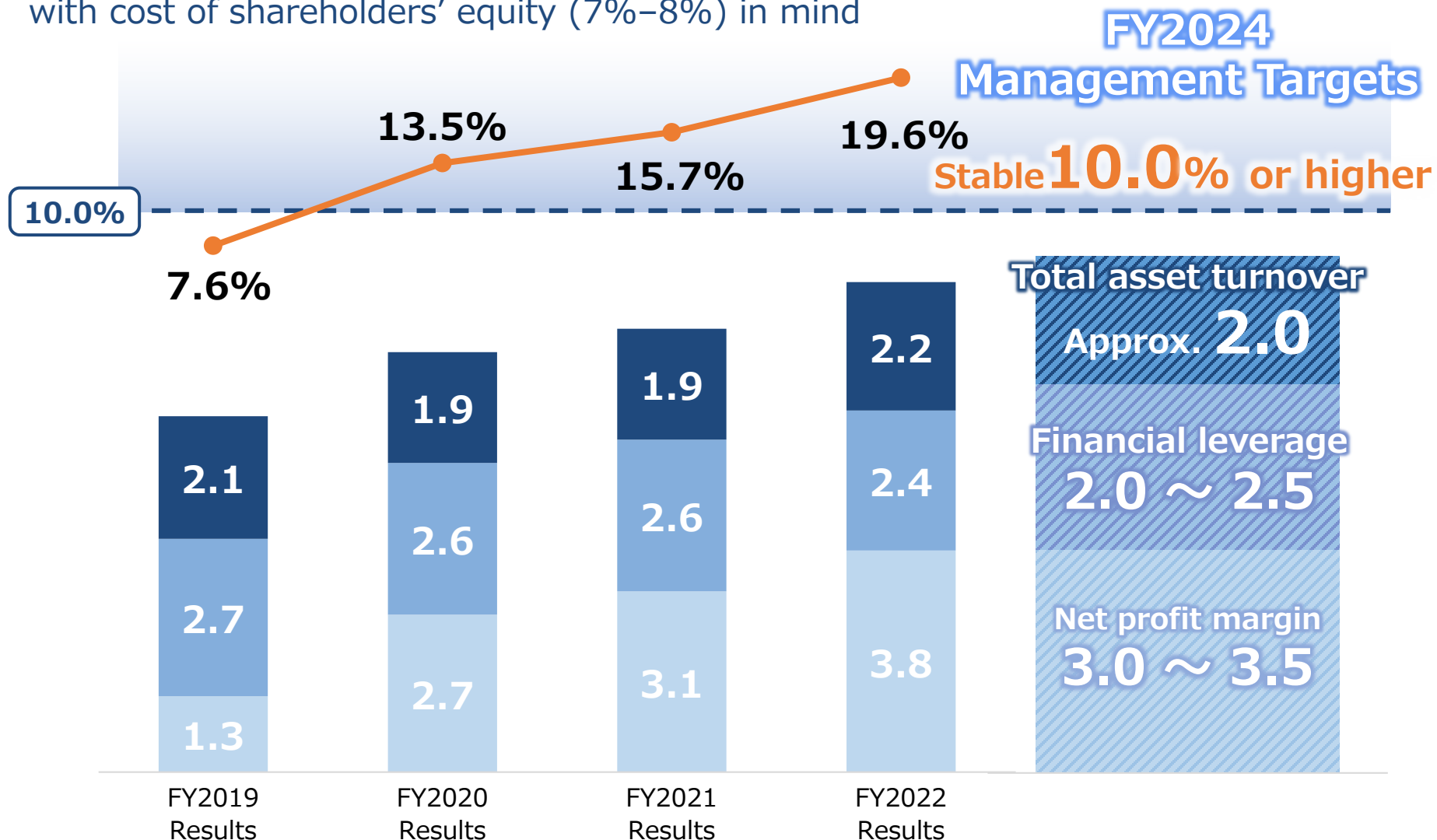
In FY2023, there are risks of income decrease due to a decline attributable to such factors as the absence of spot demand and customers' BCP inventory adjustment

	Increase factors 	Decrease factors 	FY2021	FY2022	FY2023	FY2024	FY2025~2027
Sales Volume / inventory adjustment							
Spot Sales					—	—	—
Expansion of EMS business							
Improved profitability of acquired companies							
Human capital investment (salaries, bonuses, etc.)							













Concept of ROE

Maintain a stable ROE of 10% or higher
with cost of shareholders' equity (7%–8%) in mind



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

Medium- to long-term sustainability targets

	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 	2024: 40% (1%)	2030: 100%
		Adoption of renewable energy at overseas manufacturing sites	By 2024: Information gathering/analysis and determination of policy •In-house power generation/external procurement •Solar panel/biomass power generation/renewable energy businesses	2030: 50% 2050: 100% 2030: 30% 2050: 100%
	Shift to electricity for company-owned vehicles	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 Corporate Governance Code and the reorganization of Tokyo Stock Exchange	<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 Corporate Governance 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	

Progress of medium- to long-term sustainability targets : Environmental

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022
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 	<ul style="list-style-type: none"> ■ Introduced 1.2% of total electricity from renewable energy sources. Continue study to achieve 40% in FY2024. ■ Calculated power generation to install solar panels at sites in Aomori, Fukushima, and Tottori. Started the detailed design. ■ Started to introduce renewable energy-derived electricity using solar panels at sites in China (Hubei) and Vietnam. Expected to cover 30%-50% of annual electricity usage at each site.
	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"> ■ The ratio of electric vehicles increased by 1.2% year on year to 82.0% (as of March 31, 2023).

Solar panels installed on the roof of Head Office

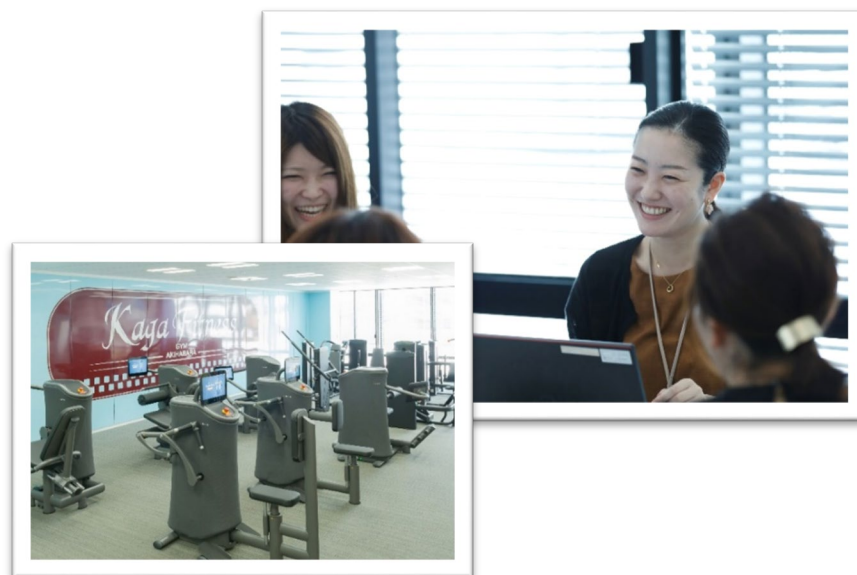


Solar panels installed at Vietnam factory



Progress of medium- to long-term sustainability targets : Social

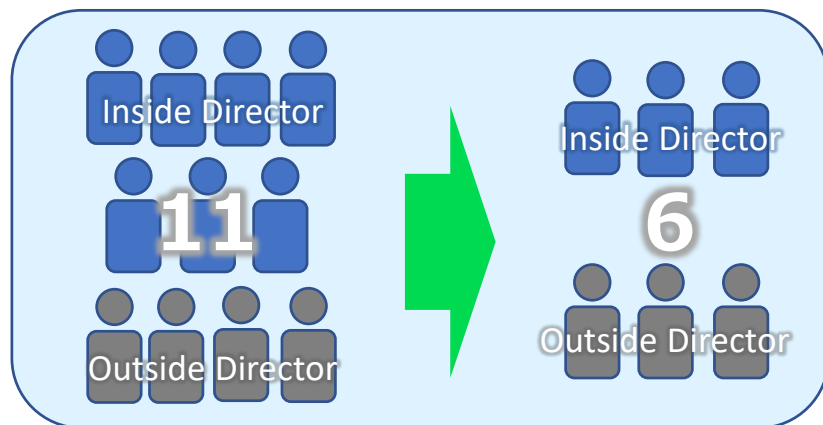
	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022
S	Diversity and human resource management	<ul style="list-style-type: none"> Ensuring diversity in core human resources (Women, foreign nationals, mid-career hires) Initiatives to employ elderly workers and persons with disabilities 	<ul style="list-style-type: none"> Percentage of female new graduates in general positions increased by 12.3pt year on year to 18.1% as a result of hiring activities based on the Action Plan. Discussions held within the group to improve percentage of women in management positions and set targets for the number of women in management positions at each group company. As of April 2023, the percentage of women in management positions has increased by 3.2pt year on year to 16.5%. Employment of persons with disabilities is 100% of the legally mandated rate (as of March 31, 2023)
	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"> Revised regulations and rules to make telework a permanent system Certified in March 2023



Progress of medium- to long-term sustainability targets : Governance

	Key themes	Issues to address and issues to examine	Main activities and progress in FY2022
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	<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"> Effective June 2023, 6 directors (including three outside directors), with a majority of directors being outside directors. Established the Nomination and Compensation Committee.
		<ul style="list-style-type: none"> Diversification of the Board of Directors 	<ul style="list-style-type: none"> Decided to nominate a female candidate as a new outside auditor. Continued to work to appoint a female director.
		<ul style="list-style-type: none"> Full compliance with Corporate Governance Code for Prime Market 	<ul style="list-style-type: none"> TCFD-compliant information to be disclosed from June 2022.
	Further strengthening the supervisory and oversight functions of top management over business execution	<ul style="list-style-type: none"> Adoption of delegation-based executive officer structure Transition to structure of company with committees 	<ul style="list-style-type: none"> Implemented from April 2022. Continue the company-with-auditors system, but shorten the term of directors from the current 2 years to 1 year (planned in June 2023).

Enhancement of the Board of Directors' functions



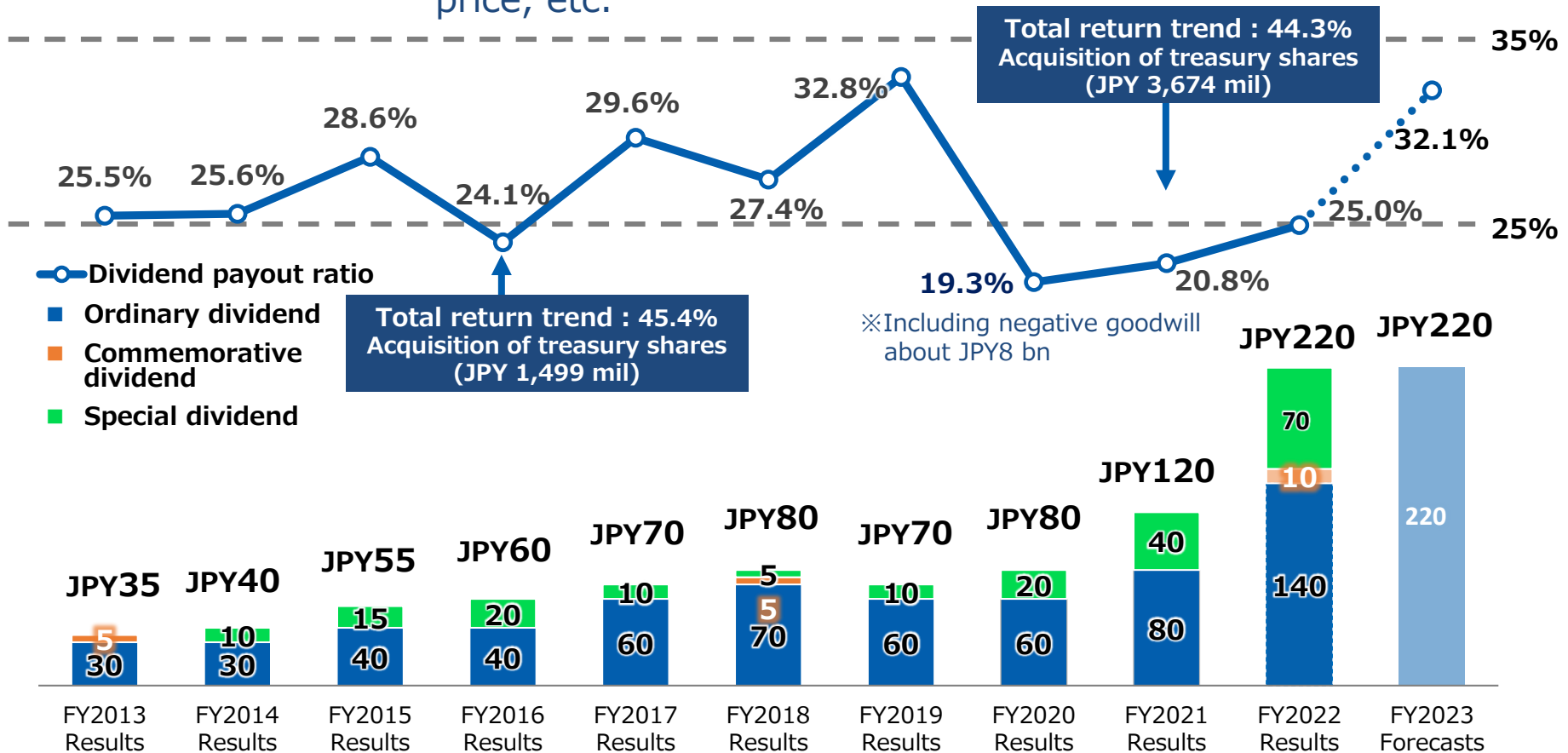
Adoption of Delegation-based Executive Officer Structure

Outline: Management (conventionally, directors) with roles (e.g., Founder & CEO, President & COO, senior managing executive officer, managing executive officer, and senior executive officer)
 Inside directors concurrently serve as delegated executive officers.
 Term of office: 1 year
 Nomination: Deliberated by the Nomination Committee and resolved at the Board of Directors meeting.

Shareholder Return (Dividend Policy)

Concept of shareholder return

- Dividends shall be a combination of “ordinary dividend + special dividend” linked to business performance.
- We shall maintain stable dividends with a target consolidated dividend payout ratio of 25% to 35%.
- Decisions on the acquisition of treasury shares shall be made flexibly, in consideration of capital efficiency and share price, etc.

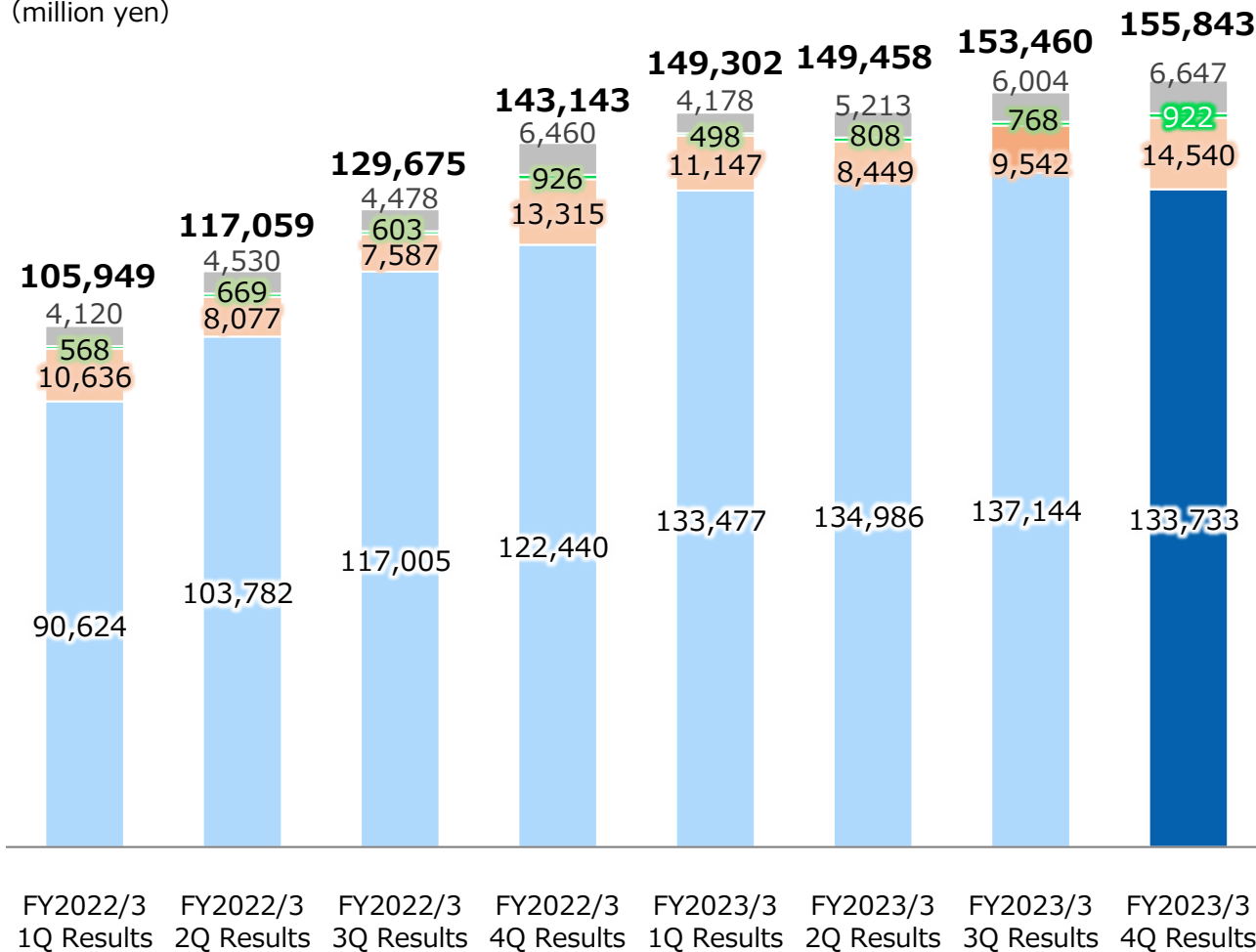


Reference

Quarterly Net Sales Trends

Net Sales

(million yen)



Total
YoY : +12,699
QoQ : +2,382

Other
YoY : +186
QoQ : +642

Software
YoY : -4
QoQ : +153

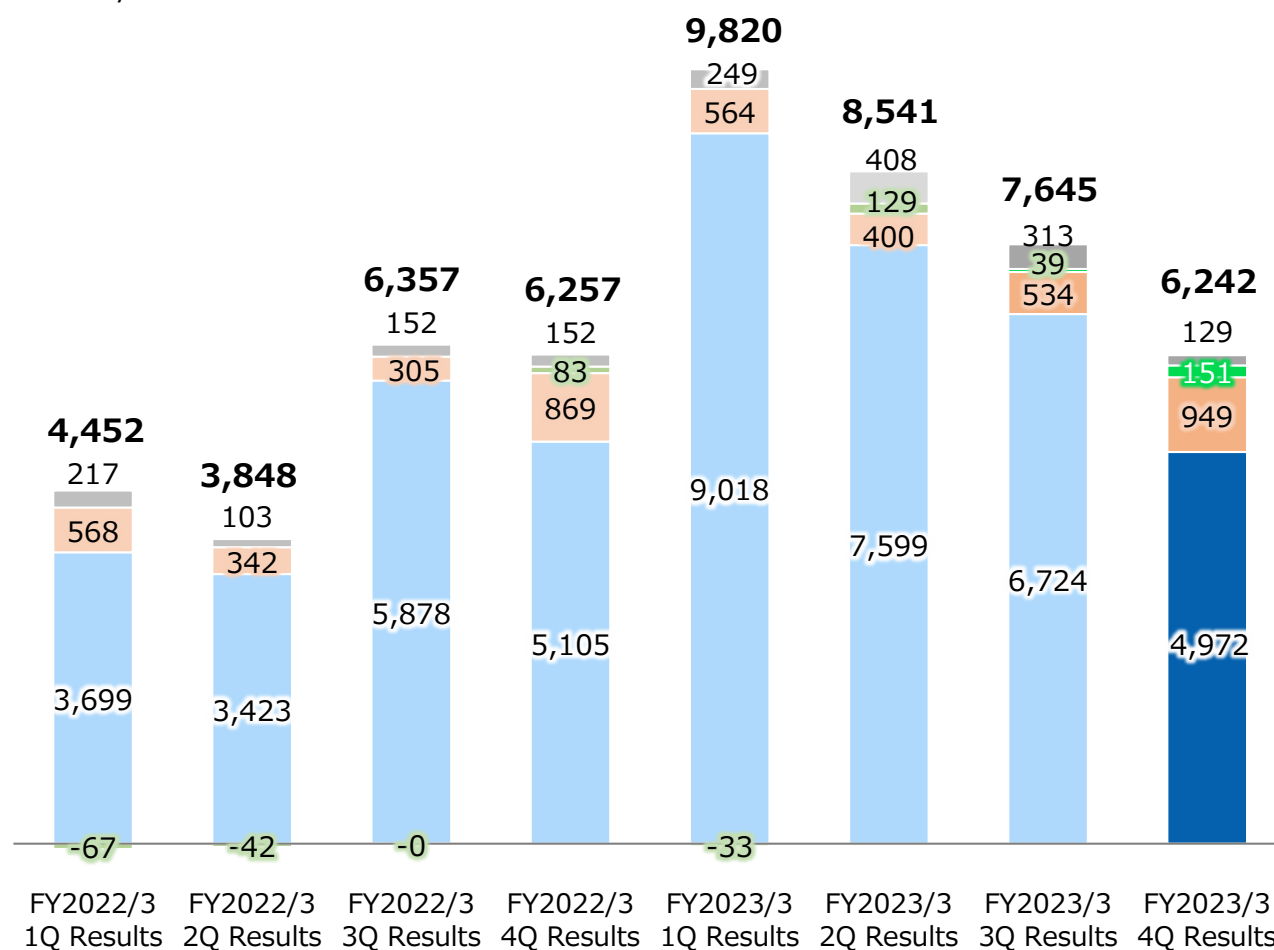
Information equipment
YoY : +1,224
QoQ : +4,997

Electronic equipment
YoY : +11,292
QoQ : -3,411

Quarterly Segment Income Trends

Segment Income

(million yen)



Total
YoY : -14
QoQ : -1,402

Other
YoY : -22
QoQ : -184

Software
YoY : +68
QoQ : +111

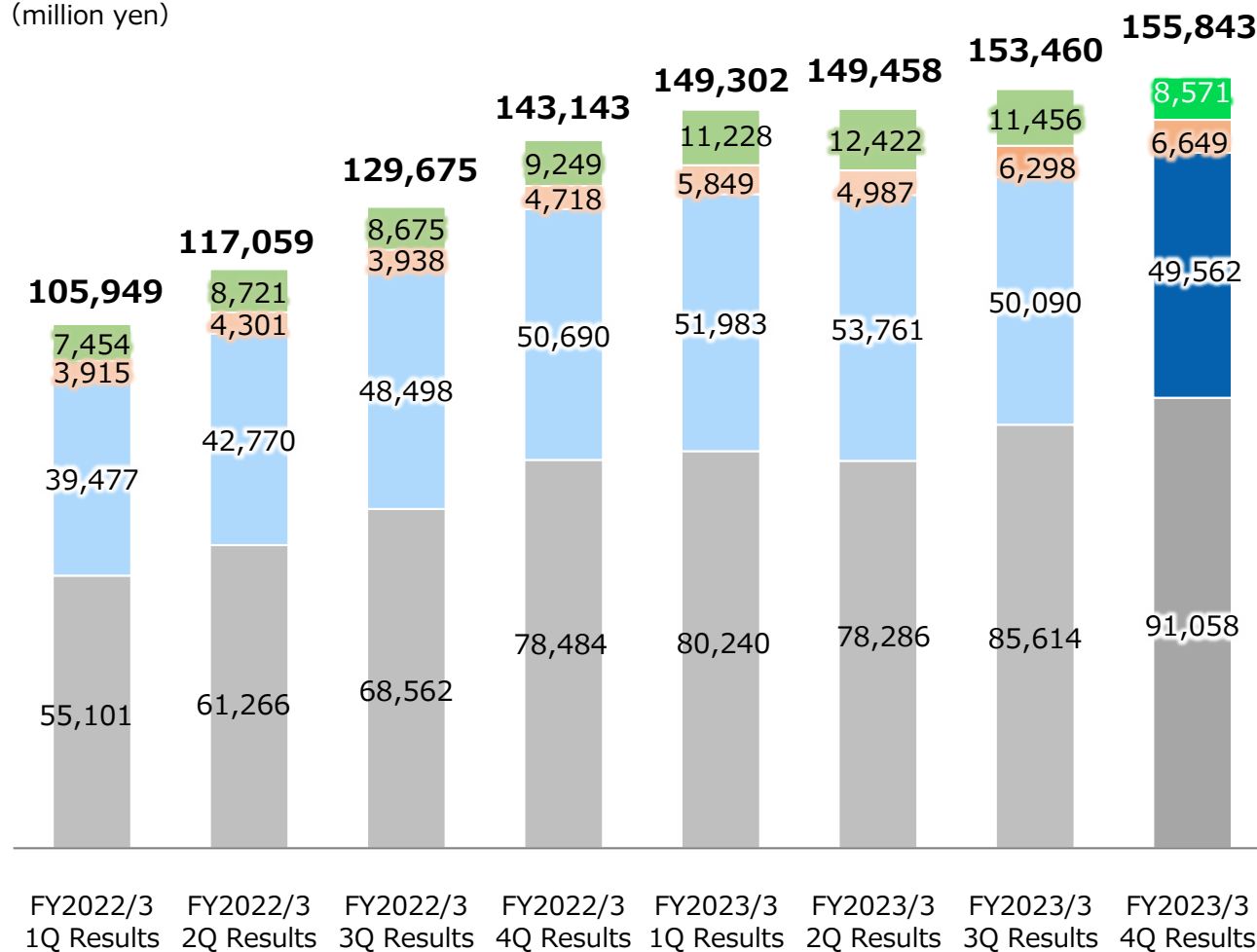
Information equipment
YoY : +80
QoQ : +414

Electronic equipment
YoY : -133
QoQ : -1,751

Net Sales by Region

Net Sales

(million yen)



Total
YoY : +12,699
QoQ : +2,382

North America
YoY : -677
QoQ : -2,884

Europe
YoY : +1,931
QoQ : +350

Asia
YoY : -1,127
QoQ : -527

Japan
YoY : +12,573
QoQ : +5,443

Exchange Rate/FOREX Sensitivity

	FY2022/3 Results (Yen)	FY2023/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2024/3(yen)
			Net sales	Operating income	
USD	112.38	135.47	1,218	50	135.00
RMB	17.03	19.48	278	11	19.50
THB	3.44	3.84	319	21	3.80
HKD	14.44	17.28	187	6	17.00
EUR	130.56	140.97	10	0	140.00

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“Everything we do is for our customers



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 - Number : Truncated less than the display unit.
 - Ratio : After calculation in yen units, Round down one digit of Display unit.