

Consolidated Financial Results for the Third Quarter of the Fiscal Year ending March 2025

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

February 6, 2025

KAGA ELECTRONICS CO., LTD.

Summary of Financial Results for FY2025/3 3Q

FY2025/3 3Q results

- Net Sales: decreased by 10.2 billion yen or 2.5% YoY to 396.2 billion yen.
While the software business and others business remained robust, the electronic components business experienced a decline in sales due largely to the impact of inventory adjustments and the conclusion of transactions with a certain major customer of an overseas subsidiary.
- Operating income: decreased by 2.4 billion yen or 11.9% YoY to 18.0 billion yen.
Decreased mainly due to wage increases and rising logistics costs, while gross profit was on a par with the previous fiscal year.
- Ordinary income: decreased by 1.9 billion yen or 9.5% YoY to 18.3 billion yen.
The decline in income narrowed partly due to an increase in interest income, reflecting the rise in foreign currency deposit balances.
- Net profit: decreased by 3.2 billion yen or 20.5% YoY to 12.7 billion yen.
The decrease reflected absence of in gain on sale of investment securities and in gain on bargain purchase associated with a corporate acquisition recorded a year ago.
- In the current third quarter: Continued path to recovery.
Inventory adjustments at some of our major customers are being resolved, resulting in a turnaround in net sales growth and a recovery of operating income to the same level as the previous fiscal year.
- April–December results comparison with internal plan: net sales +1.0 billion yen, operating income +1.5 billion yen.

FY2025/3 earnings forecast

- Maintaining full-year earnings forecasts announced on May 9, 2024.
While the prolongation of inventory adjustments is a concern in some industries, easing is progressing gradually overall, and the recovery scenario remains unchanged.

Financial Highlights for FY2025/3 3Q

(million yen)

	FY2024/3 3Q Results	FY2025/3 3Q Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	Progress rate
Net sales	406,458	396,243	-2.5%	555,000	71.4%
Gross Profit	52,252 <i>12.9%</i>	52,190 <i>13.2%</i>	-0.1%	— —	—
SG&A	31,760 <i>7.8%</i>	34,134 <i>8.6%</i>	7.5%	— —	—
Operating income	20,491 <i>5.0%</i>	18,056 <i>4.6%</i>	-11.9%	26,000 <i>4.7%</i>	69.4%
Ordinary income	20,311 <i>5.0%</i>	18,379 <i>4.6%</i>	-9.5%	26,000 <i>4.7%</i>	70.7%
Profit attributable to owners of parent	15,992 <i>3.9%</i>	12,714 <i>3.2%</i>	-20.5%	18,000 <i>3.2%</i>	70.6%
EPS (yen) *2	304.44 —	241.97 —	—	342.53 —	—
Exchange Rate yen / USD	143.29 —	152.57 —	—	145.00 —	—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 16,928 million yen on net sales and 488 million yen on operating income.

2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.

3. "x. x%" represents the ratio to net sales.

Results by Business Segment for FY2025/3 3Q

(million yen)

		FY2024/3 3Q Results	FY2025/3 3Q Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	Progress rate
Electronic Component	Net sales	357,794	346,212	-3.2%	482,500	71.8%
	Segment income	17,148 <i>4.8%</i>	13,568 <i>3.9%</i>	-20.9%	20,900 <i>4.3%</i>	64.9%
Information Equipment	Net sales	30,266	26,953	-10.9%	45,000	59.9%
	Segment income	1,921 <i>6.3%</i>	1,953 <i>7.2%</i>	1.6%	3,000 <i>6.7%</i>	65.1%
Software	Net sales	1,816	2,070	14.0%	3,000	69.0%
	Segment income	262 <i>14.5%</i>	308 <i>14.9%</i>	17.5%	400 <i>13.3%</i>	77.2%
Others	Net sales	16,581	21,006	26.7%	24,500	85.7%
	Segment income	1,059 <i>6.4%</i>	2,097 <i>10.0%</i>	97.9%	1,700 <i>6.9%</i>	123.4%
Total	Net sales	406,458	396,243	-2.5%	555,000	71.4%
	Segment income	20,491 <i>5.0%</i>	18,056 <i>4.6%</i>	-11.9%	26,000 <i>4.7%</i>	69.4%

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 FY2025/3 3Q

(million yen)

		FY2024/3 3Q Results	FY2025/3 3Q Results	YoY
Kaga Electronics	Net sales	234,925	228,980	-2.5%
	Gross Profit	35,208 <i>15.0%</i>	36,362 <i>15.9%</i>	3.3%
	Operating income	15,658 <i>6.7%</i>	15,295 <i>6.7%</i>	-2.3%
Kaga FEI	Net sales	143,127	145,563	1.7%
	Gross Profit	14,143 <i>9.9%</i>	13,118 <i>9.0%</i>	-7.2%
	Operating income	3,432 <i>2.4%</i>	1,473 <i>1.0%</i>	-57.1%
Excel	Net sales	28,405	21,699	-23.6%
	Gross Profit	2,918 <i>10.3%</i>	2,677 <i>12.3%</i>	-8.3%
	Operating income	1,320 <i>4.6%</i>	1,120 <i>5.2%</i>	-15.1%
Total	Net sales	406,458	396,243	-2.5%
	Gross Profit	52,252 <i>12.9%</i>	52,190 <i>13.2%</i>	-0.1%
	Operating income	20,491 <i>5.0%</i>	18,056 <i>4.6%</i>	-11.9%

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

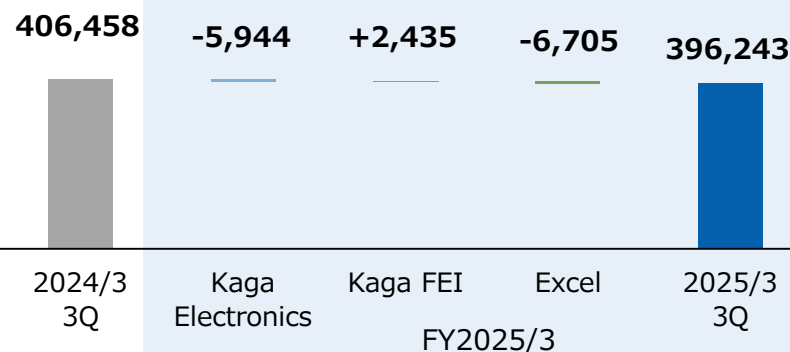
2. "x. x%" represents the profit margin.

Analysis of Changes in Net Sales through Operating Income by Corporate Group for FY2025/3 3Q

(million yen)

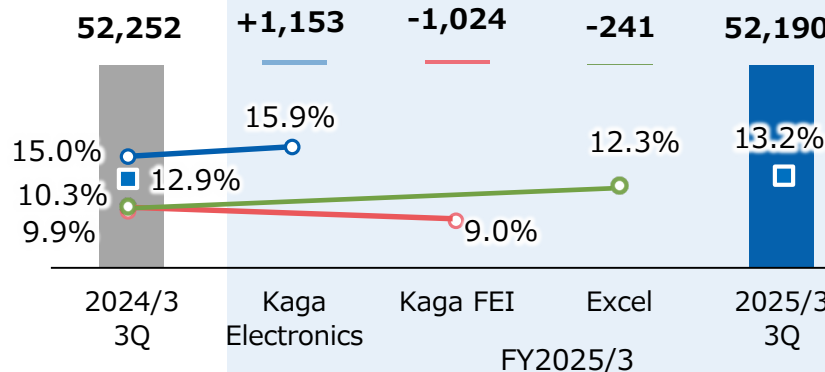
Net Sales

Kaga Electronics posted sales decrease due partly to impact of inventory adjustments. At Kaga FEI, sales of SoC products slowed but remained robust in general. Excel saw a decrease in sales to a major customer.



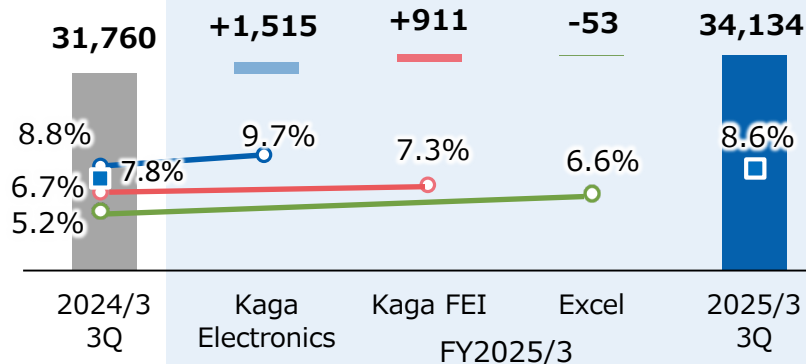
Gross profit / Gross profit margin

Kaga Electronics' gross profit increased thanks to a better sales mix. Kaga FEI's gross profit decreased due to a worsening sales mix. Despite decreased gross profit, Excel improved its profit margin thanks to a better sales mix.



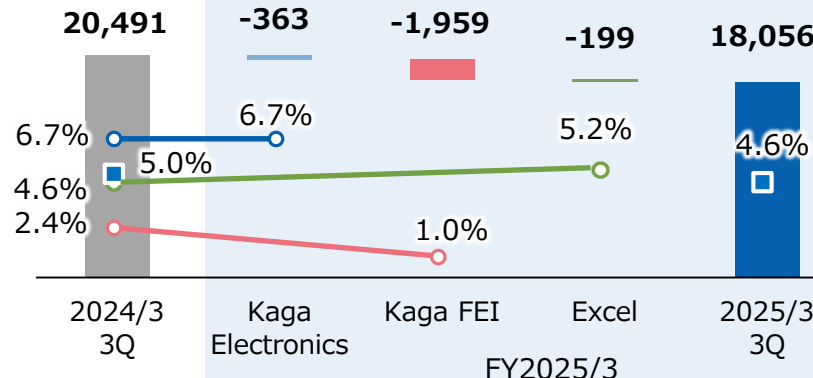
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to the impact of wage increases. Despite the impact of wage increases, Excel's SG&A expenses decreased only slightly due to lower sales.



Operating income / Operating income margin

Kaga Electronics's operating income decreased due to SG&A expense increase. Kaga FEI's and Excel posted operating income decrease due to decrease in gross profit and increase in SG&A expenses.



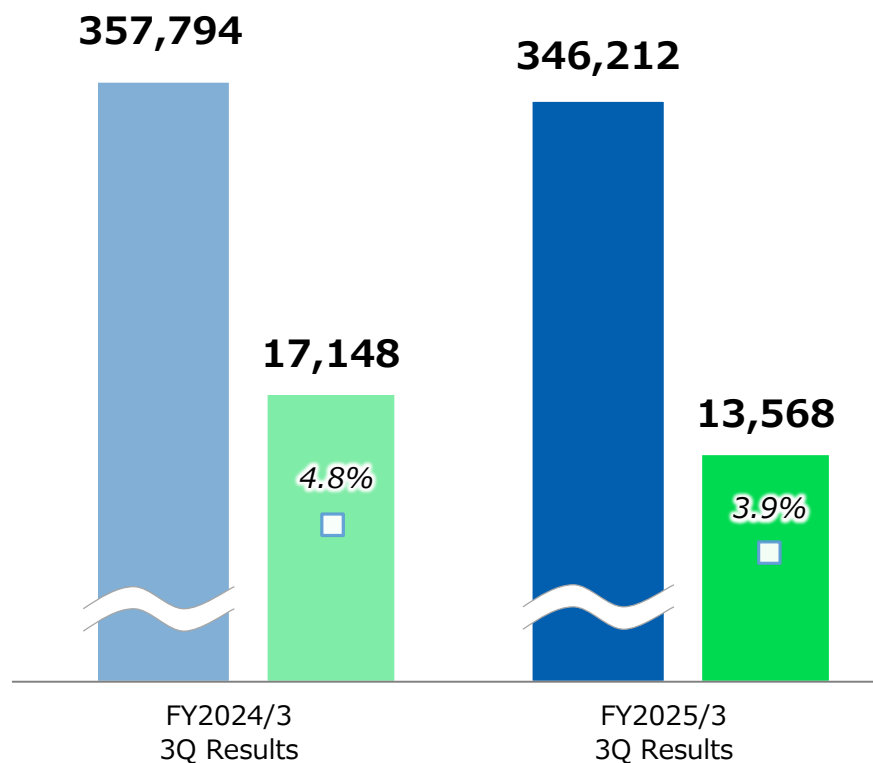
Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

■/■ Net Sales

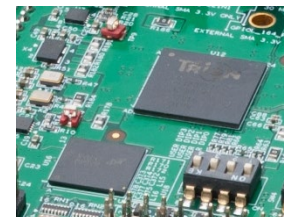
■/■ Segment income



YoY

- Net Sales ► **-11,581**million yen **3.2% Down**
- Segment income ► **-3,580**million yen **20.9% Down**

- The components sales business recorded decreases in both net sales and income due largely to the impact of inventory adjustments at key customers, including a slowdown in sales of Kaga FEI's SoC (System on Chip) products that had been robust, and the conclusion of transactions with a certain major customer of Excel.
- In the current third quarter, inventory adjustments at some of our major customers began to be resolved, indicating a continued path to recovery.
- EMS business increased sales and profit, due to strong sales in automotive sector and recovery in industrial equipment sector. Even sales to air conditioning equipment sector starts to show positive sign of recovery since the second quarter while being affected by inventory adjustments at major customers.

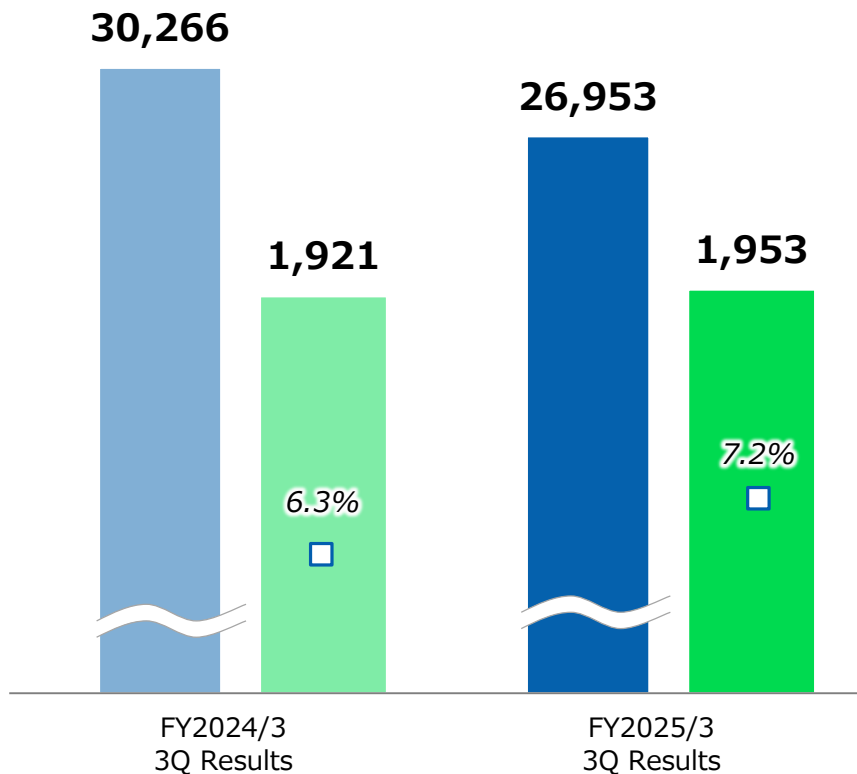


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■ Net Sales
■ Segment income



YoY

- Net Sales ▶ **-3,313**million yen **10.9%Down**
- Segment income ▶ **+31**million yen **1.6%Up**

- Sales of PCs for educational institutions remained strong, in contrast to sluggish sales of PCs for mass retailers due to a reduction in product lines by a major PC supplier.
- Segment income increased due notably to robust sales of security software.
- The LED installation business enjoyed contribution from sales of large-scale projects that the Group has been pushing forward on a full scale since the previous fiscal year.



Financial Highlights for FY2025/3 3Q (3 months)

Reference

(million yen)

	FY2024/3 3Q Results	FY2025/3 2Q Results	FY2025/3 3Q Results	YoY	QoQ
Net sales	131,413	130,426	137,178	4.4%	5.2%
Gross Profit	17,091 <i>13.0%</i>	17,152 <i>13.2%</i>	18,056 <i>13.2%</i>	5.7%	5.3%
SG&A	10,475 <i>8.0%</i>	11,200 <i>8.6%</i>	11,502 <i>8.4%</i>	9.8%	2.7%
Operating income	6,615 <i>5.0%</i>	5,951 <i>4.6%</i>	6,554 <i>4.8%</i>	-0.9%	10.1%
Ordinary income	6,365 <i>4.8%</i>	5,232 <i>4.0%</i>	7,101 <i>5.2%</i>	11.6%	35.7%
Profit attributable to owners of parent	4,587 <i>3.5%</i>	3,814 <i>2.9%</i>	4,773 <i>3.5%</i>	4.0%	25.1%
EPS (yen) *2	87.33 —	72.59 —	90.82 —	—	—

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 4,071 million yen on net sales and 162 million yen on operating income.
2. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.
3. "x. x%" represents the ratio to net sales.

Results by Business Segment for FY2025/3 3Q (3 months) Reference

(million yen)

		FY2024/3 3Q Results	FY2025/3 2Q Results	FY2025/3 3Q Results	YoY	QoQ
Electronic Component	Net sales	115,229	114,545	120,345	4.4%	5.1%
	Segment income	5,363 <i>4.7%</i>	4,348 <i>3.8%</i>	4,888 <i>4.1%</i>	-8.8%	12.4%
Information Equipment	Net sales	9,551	8,026	8,320	-12.9%	3.7%
	Segment income	641 <i>6.7%</i>	753 <i>9.4%</i>	561 <i>6.7%</i>	-12.5%	-25.5%
Software	Net sales	591	840	599	1.3%	-28.7%
	Segment income	149 <i>25.3%</i>	221 <i>26.3%</i>	52 <i>8.7%</i>	-65.2%	-76.5%
Others	Net sales	6,041	7,013	7,913	31.0%	12.8%
	Segment income	436 <i>7.2%</i>	633 <i>9.0%</i>	1,002 <i>12.7%</i>	129.7%	58.4%
Total	Net sales	131,413	130,426	137,178	4.4%	5.2%
	Segment income	6,615 <i>5.0%</i>	5,951 <i>4.6%</i>	6,554 <i>4.8%</i>	-0.9%	10.1%

- 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 FY2025/3 3Q (3 months)

Reference

(million yen)

		FY2024/3 3Q Results	FY2025/3 2Q Results	FY2025/3 3Q Results	YoY	QoQ
Kaga Electronics	Net sales	78,517	74,532	80,826	2.9%	8.4%
	Gross Profit	11,556 <i>14.7%</i>	12,089 <i>16.2%</i>	12,676 <i>15.7%</i>	9.7%	4.9%
	Operating income	5,089 <i>6.5%</i>	5,266 <i>7.1%</i>	5,605 <i>6.9%</i>	10.1%	6.4%
Kaga FEI	Net sales	44,360	48,119	48,779	10.0%	1.4%
	Gross Profit	4,510 <i>10.2%</i>	4,062 <i>8.4%</i>	4,439 <i>9.1%</i>	-1.6%	9.3%
	Operating income	1,009 <i>2.3%</i>	160 <i>0.3%</i>	481 <i>1.0%</i>	-52.3%	200.9%
Excel	Net sales	8,535	7,774	7,572	-11.3%	-2.6%
	Gross Profit	993 <i>11.6%</i>	949 <i>12.2%</i>	941 <i>12.4%</i>	-5.2%	-0.8%
	Operating income	455 <i>5.3%</i>	424 <i>5.5%</i>	427 <i>5.6%</i>	-6.2%	0.5%
Total	Net sales	131,413	130,426	137,178	4.4%	5.2%
	Gross Profit	17,091 <i>13.0%</i>	17,152 <i>13.2%</i>	18,056 <i>13.2%</i>	5.7%	5.3%
	Operating income	6,615 <i>5.0%</i>	5,951 <i>4.6%</i>	6,554 <i>4.8%</i>	-0.9%	10.1%

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.

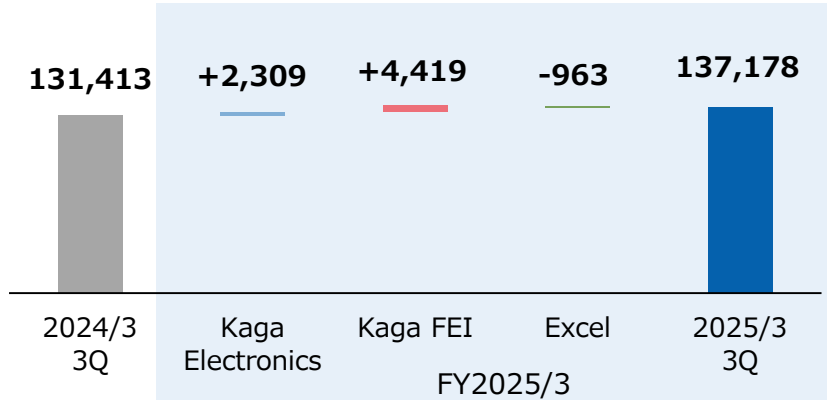
Analysis of Changes in Net Sales through Operating Income by Corporate Group for FY2025/3 3Q (3 months)

Reference

(million yen)

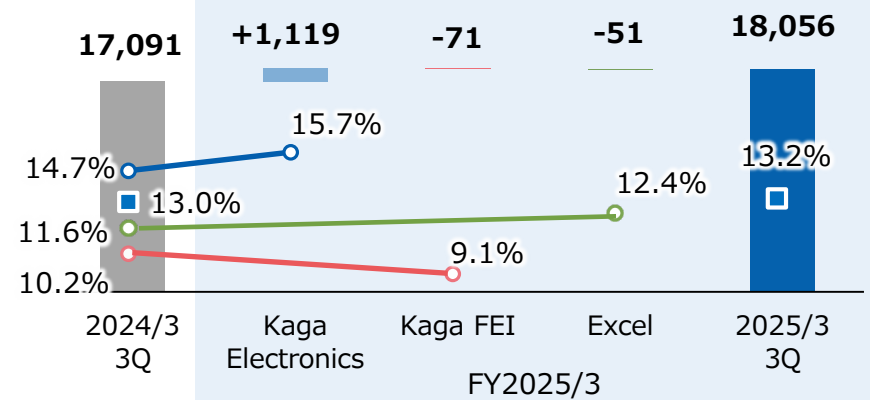
Net Sales

Kaga Electronics and Kaga FEI recorded an increase in net sales as inventory adjustments are being resolved in the electronic components business. Excel saw a decrease in sales to a major customer.



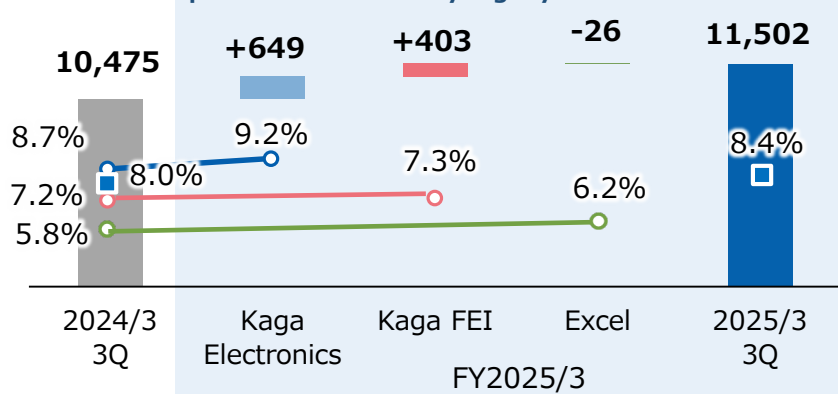
Gross profit / Gross profit margin

At Kaga Electronics, increased sales and a better sales mix contributed to an increase in gross profit. Kaga FEI and Excel maintained roughly last year's levels.



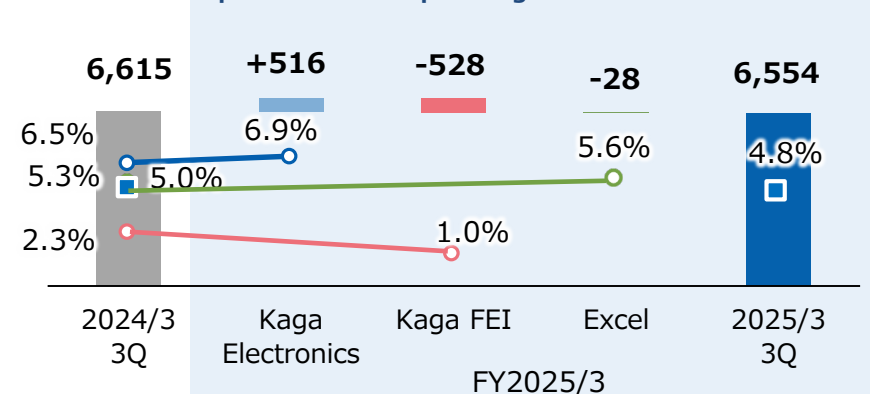
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to the impact of wage increases. Despite the impact of wage increases, Excel's SG&A expenses decreased only slightly due to lower sales.



Operating income / Operating income margin

Kaga Electronics secured increase in operating income. Kaga FEI's operating income decrease was due primarily to increase in SG&A expenses. Excel's operating income remained flat.



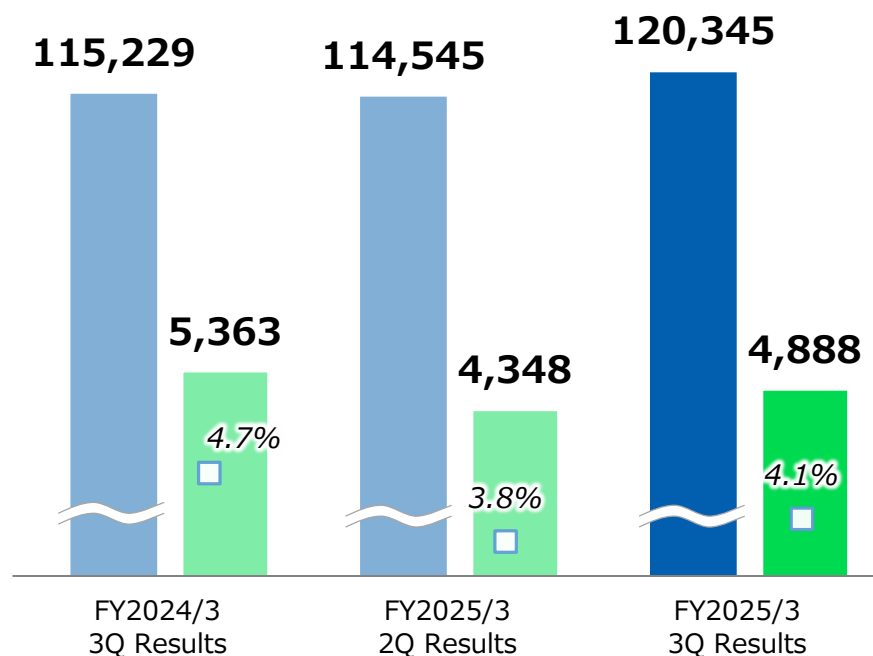
Financial Highlights: Electronic Component Segment (3 months)

Reference

Net sales/Segment income

(million yen)

■ / ■ Net Sales
■ / ■ Segment income



YoY

● Net Sales ▶ **+5,116**million yen **4.4%UP**
● Segment income ▶ **-474**million yen **8.8%Down**

QoQ

● Net Sales ▶ **+5,799**million yen **5.1%Up**
● Segment income ▶ **+540**million yen **12.4%Up**

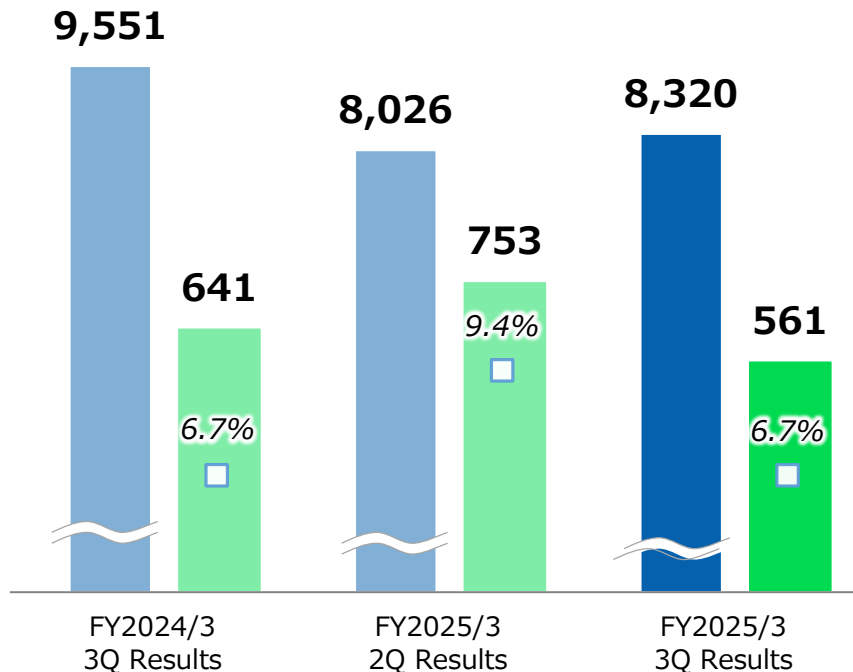
Financial Highlights: Information Equipment Segment (3months)

Reference

Net sales/Segment income

(million yen)

■ / ■ Net Sales
■ / ■ Segment income



YoY

● Net Sales ▶ **-1,231**million yen **12.9%Down**
● Segment income ▶ **-80**million yen **12.5%Down**

QoQ

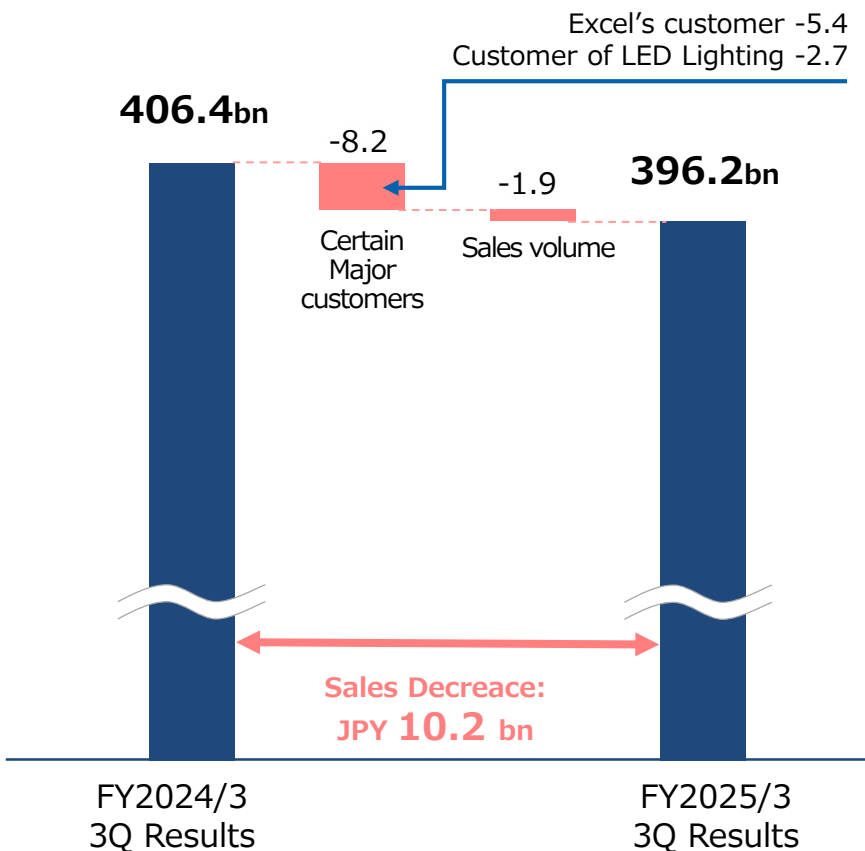
● Net Sales ▶ **+293**million yen **3.7%Up**
● Segment income ▶ **-191**million yen **25.5%Down**

Analysis of Changes in Net Sales and Operating Income for FY2025/3 3Q

Reference

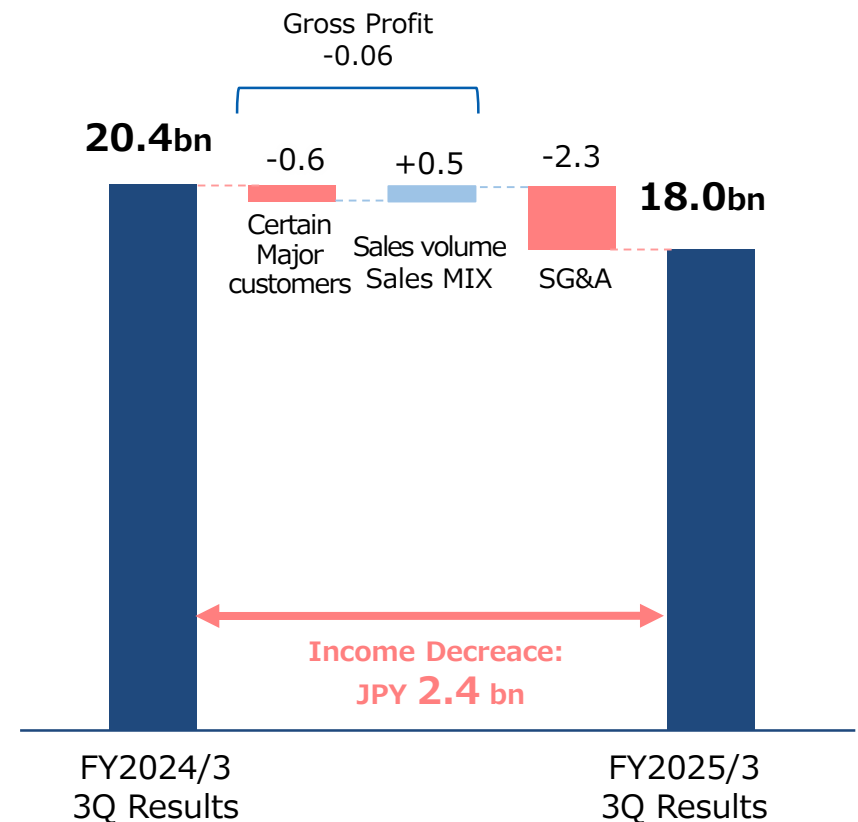
Net Sales

(billion yen)



Operating Income

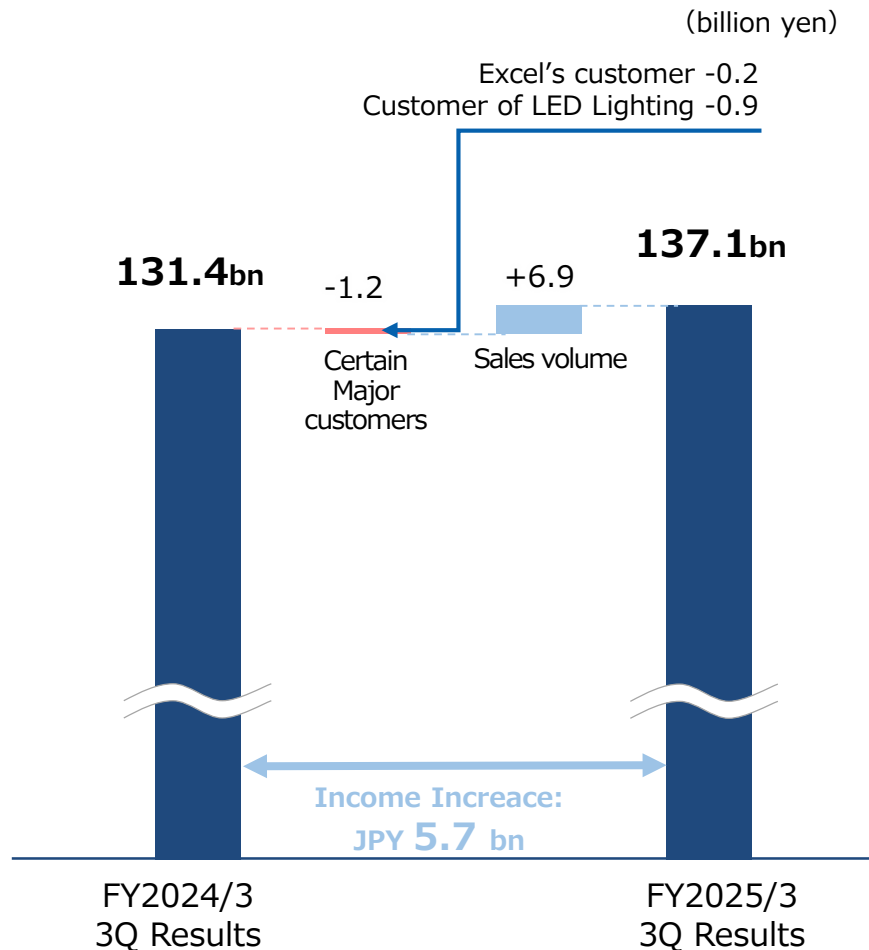
(billion yen)



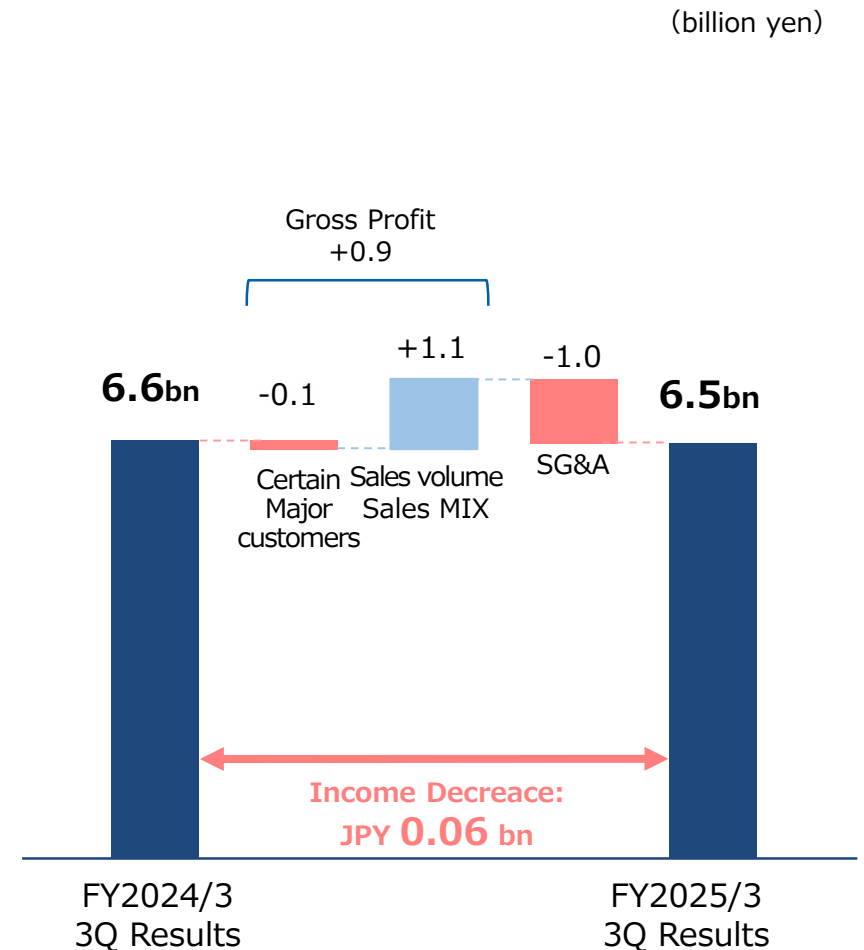
Analysis of Changes in Net Sales and Operating Income for FY2025/3 3Q(3months)

Reference

Net Sales



Operating Income



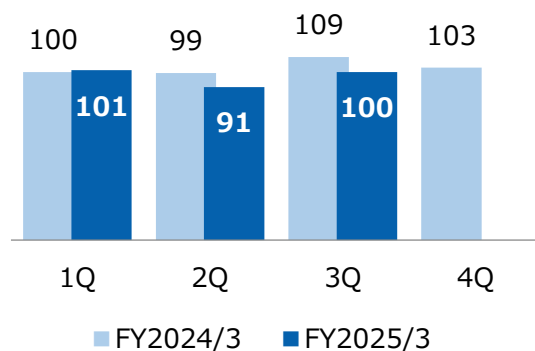
Trends in Sales to Key Customers

Reference

■ Company A in automotive sector

YoY: -8.1%

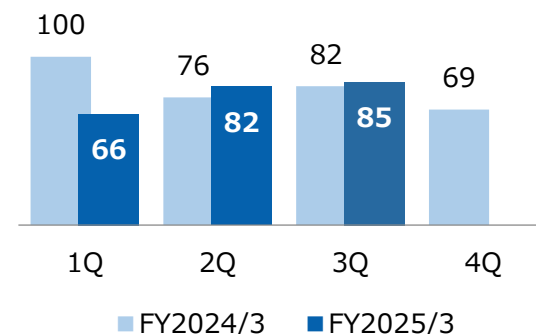
QoQ: +10.0%



■ Company B in air-conditioner sector

YoY: +3.3%

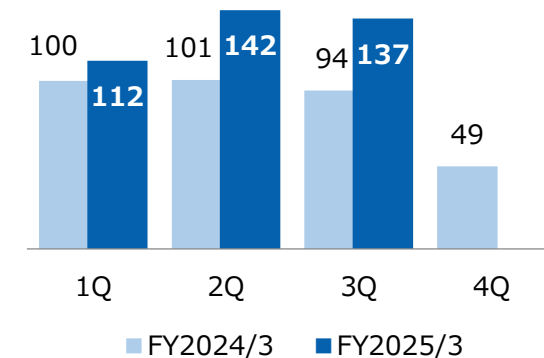
QoQ: +3.6%



■ Company C in office-equipment sector

YoY: +45.1%

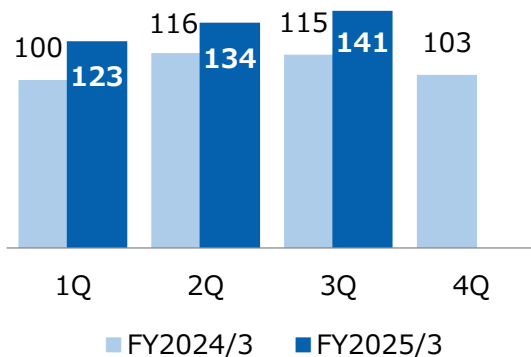
QoQ: -3.6%



■ Company D in automotive sector

YoY: +23.0%

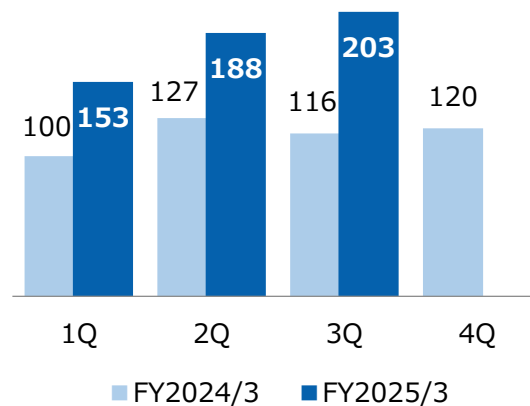
QoQ: +5.4%



■ Company E in industrial-equipment sector

YoY: +76.4%

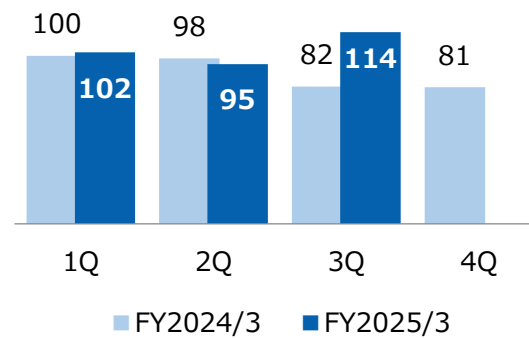
QoQ: +8.2%



■ Company F in medical-equipment sector

YoY: +46.1%

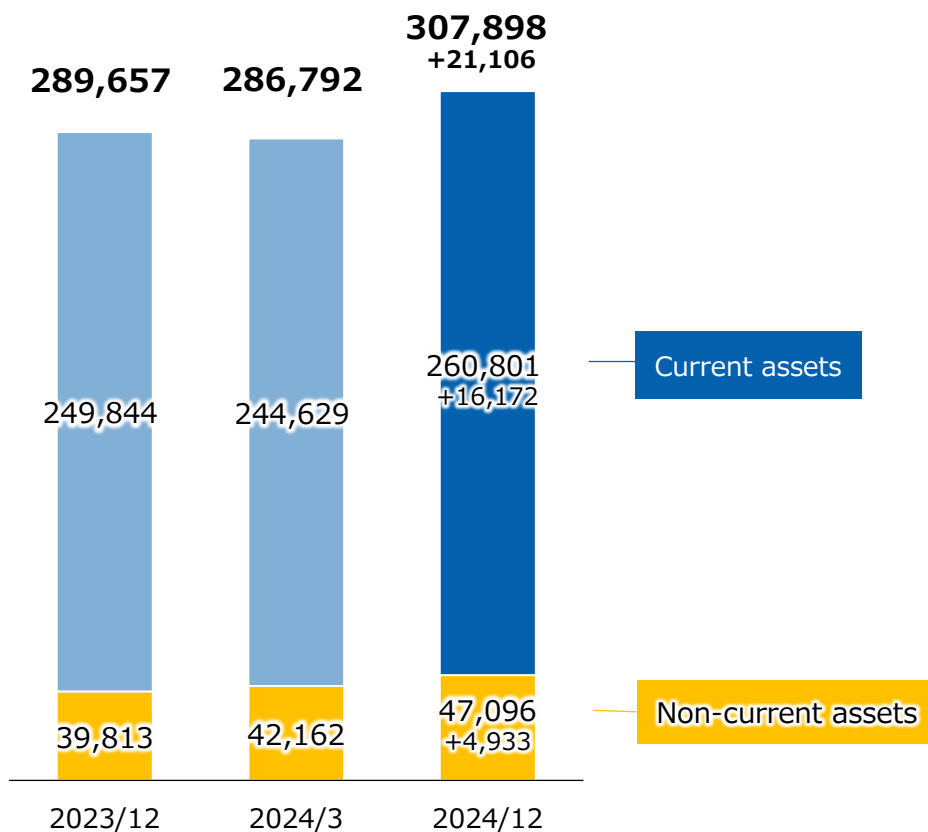
QoQ: +25.5%



Balance Sheet Main Items

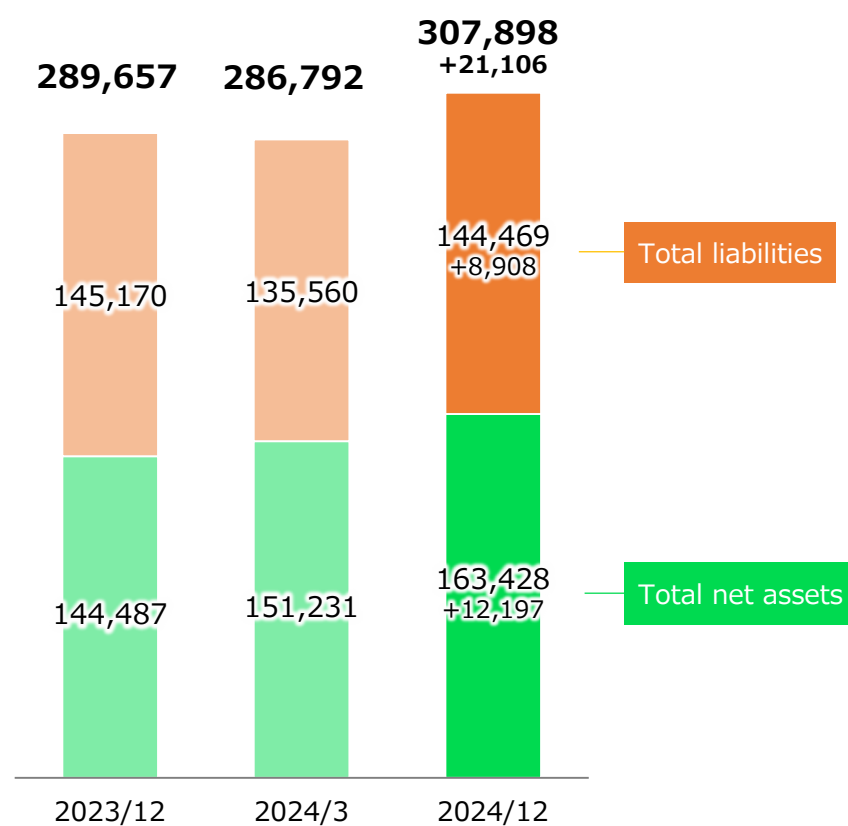
Total assets

(million yen)



Total liabilities and net assets

(million yen)

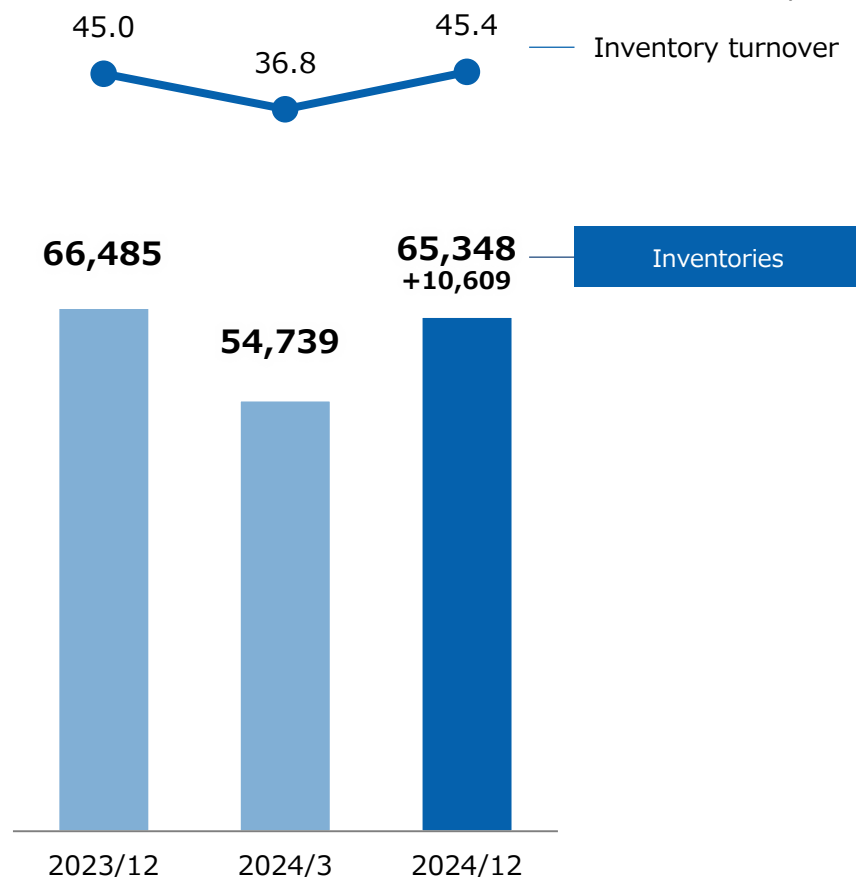


Balance Sheet Main Items

Inventories

(million Yen, day)

— Inventory turnover



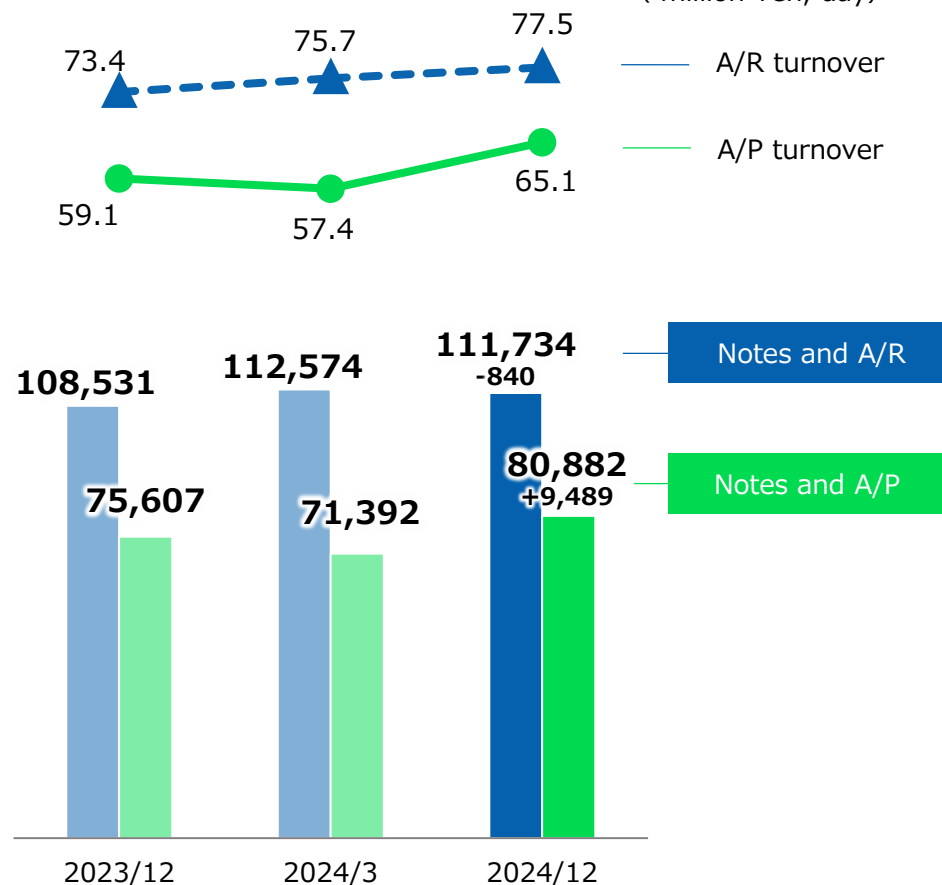
Note : Inventory turnover = Inventories ÷ Net Sales × 275 (day)

Accounts receivable/Accounts payable

(million Yen, day)

— A/R turnover

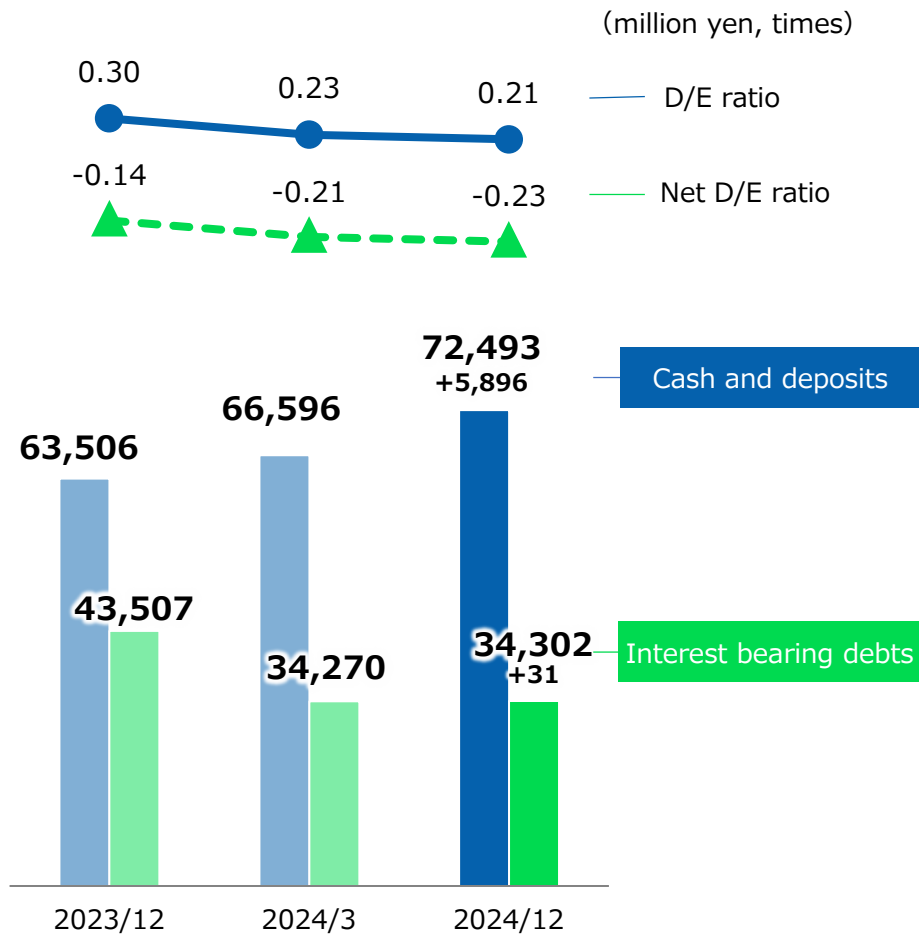
— A/P turnover



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 × 275 (day)
 4. •A/P turnover = Notes and A/P ÷ Total purchase of goods × 275 (day)

Balance Sheet Main Items

Cash and Deposits/Interest Bearing Debt



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

Forecasts for FY2025/3

		(million yen)		
		FY2024/3 Results	FY2025/3 Forecasts	YoY
Net sales		542,697	555,000	2.3%
Operating income		25,845 4.8%	26,000 4.7%	0.6%
Ordinary income		25,976 4.8%	26,000 4.7%	0.1%
Profit attributable to owners of parent		20,345 3.7%	18,000 3.2%	-11.5%
EPS (yen) *1		387.30 —	342.53 —	—
ROE		14.5% —	11.5% —	-3.0pt
Annual Dividends (yen)*2	Interim	110.00	110.00	—
	Full year	110.00	55.00	—

- Note: 1. The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. EPS is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 2024.
2. The amount of the year-end dividend per share presented above for the fiscal year ending March 2025 (forecast) takes into account the effect of the stock split. If the stock split is not taken into account, the year-end dividend per share for the fiscal year ending March 2025 (forecast) would be 110.00 yen.
3. "x. x%" represents the profit margin.

Forecasts by Business Segment for FY2025/3

(million yen)

		FY2024/3 Results	FY2025/3 Forecasts	YoY
Electronic Component	Net sales	472,583	482,500	2.1%
	Segment income	20,887 <i>4.4%</i>	20,900 <i>4.3%</i>	0.1%
Information Equipment	Net sales	44,305	45,000	1.6%
	Segment income	2,924 <i>6.6%</i>	3,000 <i>6.7%</i>	2.6%
Software	Net sales	2,567	3,000	16.8%
	Segment income	370 <i>14.4%</i>	400 <i>13.3%</i>	8.1%
Others	Net sales	23,241	24,500	5.4%
	Segment income	1,555 <i>6.7%</i>	1,700 <i>6.9%</i>	9.3%
Total	Net sales	542,697	555,000	2.3%
	Segment income	25,845 <i>4.8%</i>	26,000 <i>4.7%</i>	0.6%

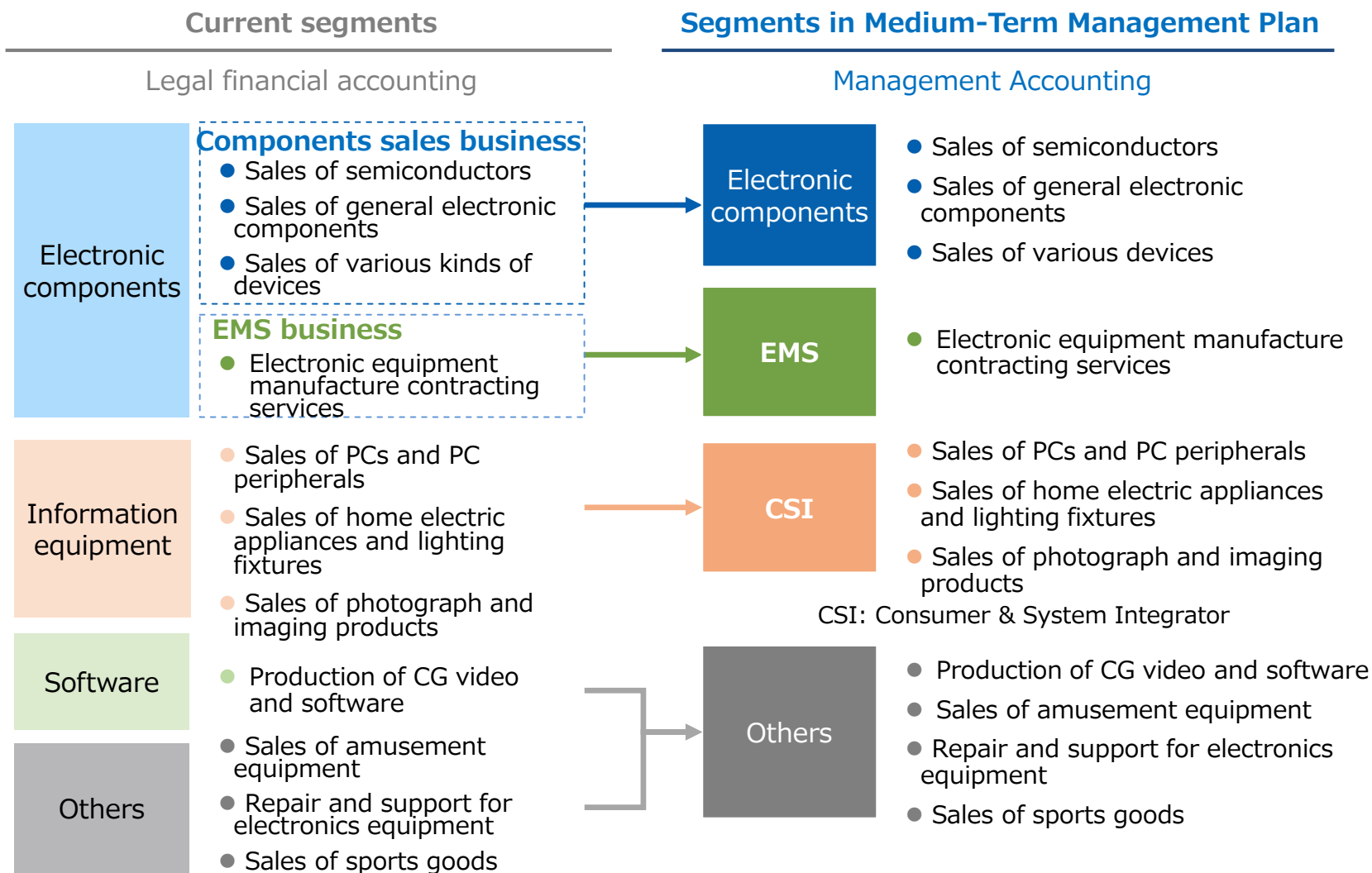
Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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

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 Medium-Term Management Plan



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

(million yen)

		FY2024/3 3Q Results	FY2025/3 3Q Results	YoY
Electronic Component	Net sales	271,037	253,988	-6.3%
	Segment income	11,756 <i>4.3%</i>	8,058 <i>3.2%</i>	-31.5%
EMS	Net sales	93,122	99,578	6.9%
	Segment income	5,941 <i>6.4%</i>	6,096 <i>6.1%</i>	2.6%
CSI	Net sales	30,266	26,953	-10.9%
	Segment income	1,921 <i>6.3%</i>	1,953 <i>7.2%</i>	1.6%
Others	Net sales	12,031	15,722	30.7%
	Segment income	772 <i>6.4%</i>	1,819 <i>11.6%</i>	135.5%
Total	Net sales	406,458	396,243	-2.5%
	Segment income	20,491 <i>5.0%</i>	18,056 <i>4.6%</i>	-11.9%

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)

(million yen)

		FY2024/3 3Q Results	FY2025/3 2Q Results	FY2025/3 3Q Results	YoY	QoQ
Electronic Component	Net sales	86,668	85,489	87,802	1.3%	2.7%
	Segment income	3,753 <i>4.3%</i>	2,521 <i>2.9%</i>	3,039 <i>3.5%</i>	-19.0%	20.5%
EMS	Net sales	31,000	32,050	34,597	11.6%	7.9%
	Segment income	1,798 <i>5.8%</i>	2,094 <i>6.5%</i>	1,931 <i>5.6%</i>	7.4%	-7.8%
CSI	Net sales	9,551	8,026	8,320	-12.9%	3.7%
	Segment income	641 <i>6.7%</i>	753 <i>9.4%</i>	561 <i>6.7%</i>	-12.5%	-25.5%
Others	Net sales	4,193	4,860	6,457	54.0%	32.9%
	Segment income	396 <i>9.5%</i>	586 <i>12.1%</i>	972 <i>15.1%</i>	144.9%	65.7%
Total	Net sales	131,413	130,426	137,178	4.4%	5.2%
	Segment income	6,615 <i>5.0%</i>	5,951 <i>4.6%</i>	6,554 <i>4.8%</i>	-0.9%	10.1%

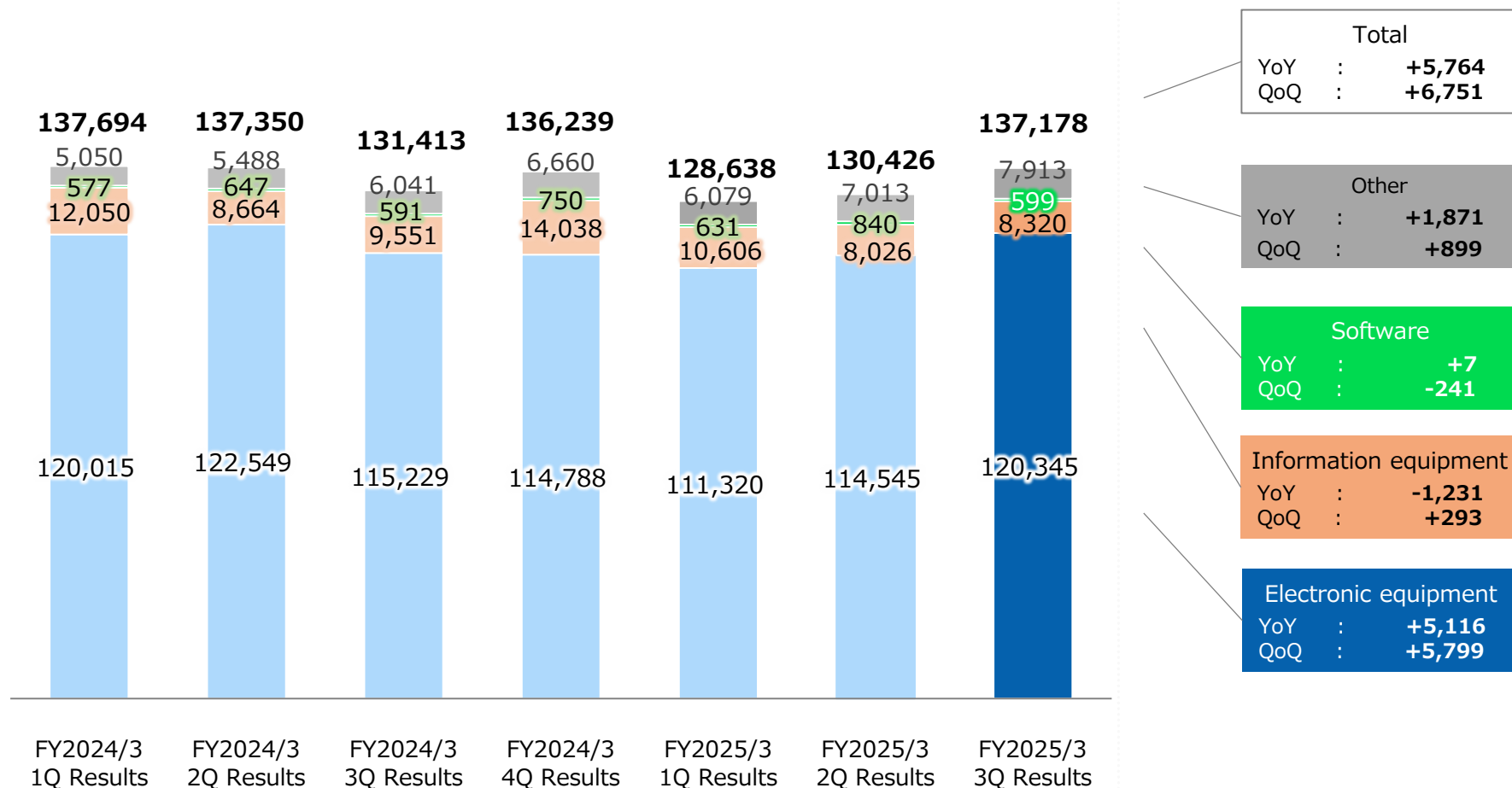
Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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

Quarterly Net Sales Trends (3months)

Net Sales

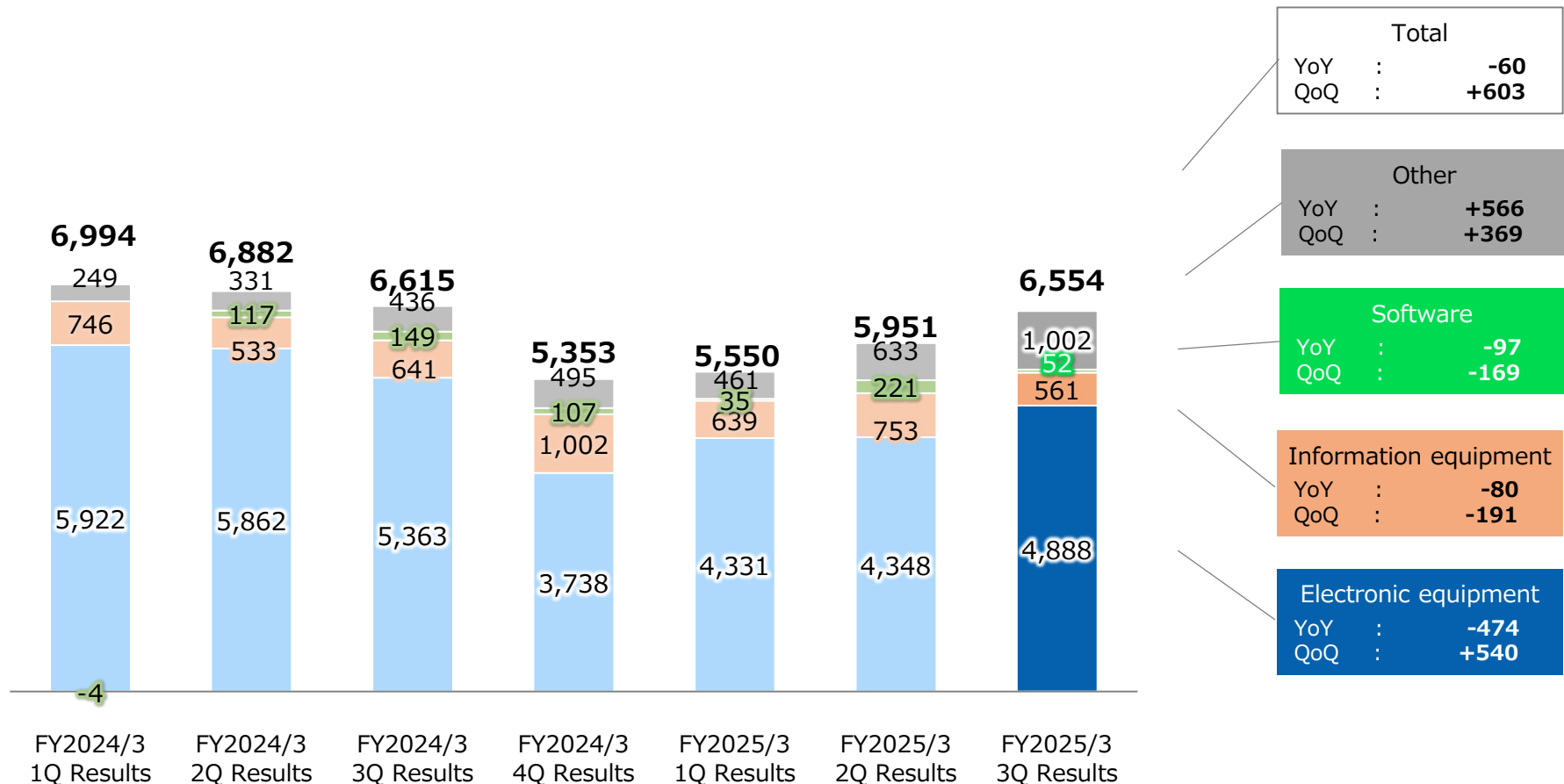
(million yen)



Quarterly Segment Income Trends (3months)

Segment Income

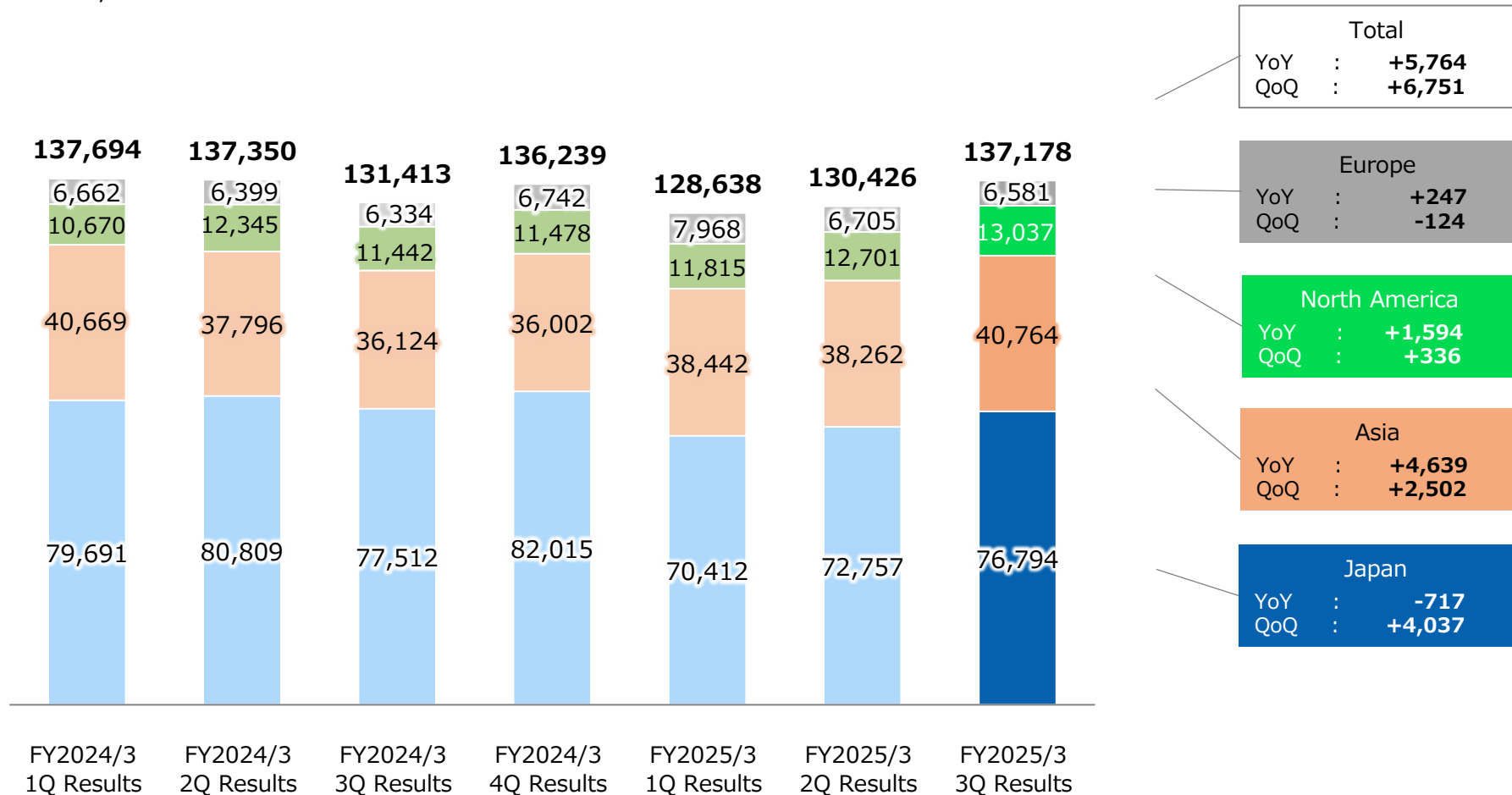
(million yen)



Net Sales by Region (3months)

Net Sales

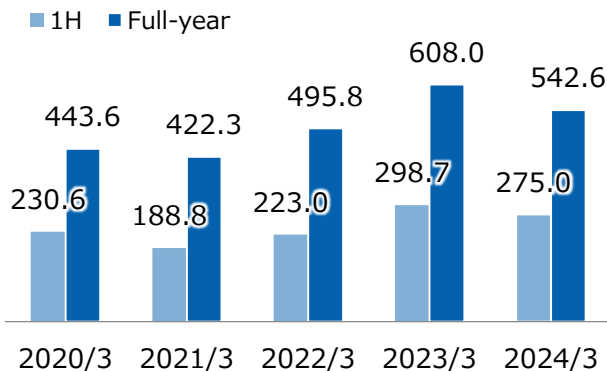
(million yen)



Latest 5 years Financial Trends

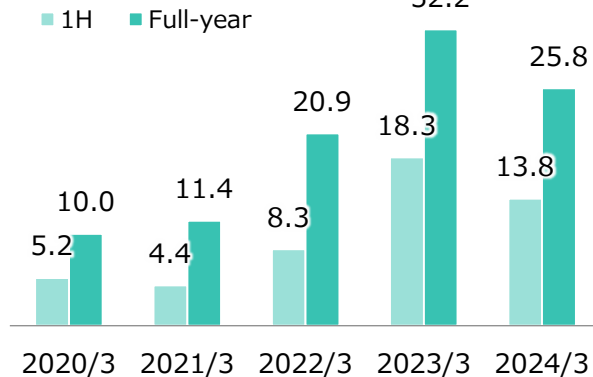
Net Sales

(billion yen)



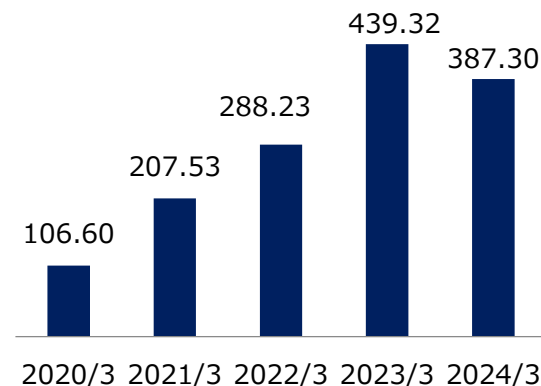
Operating Income

(billion yen)



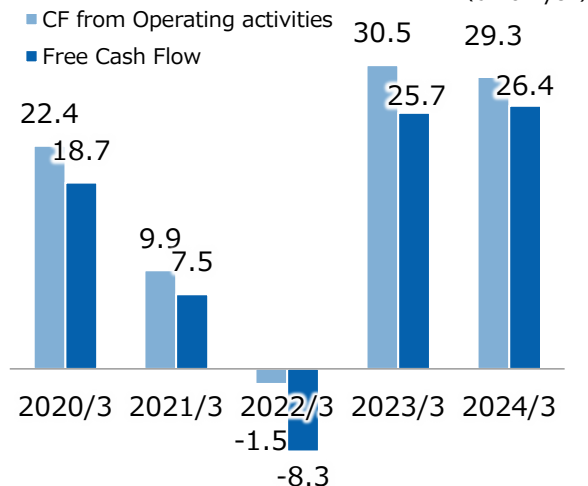
EPS

(yen)



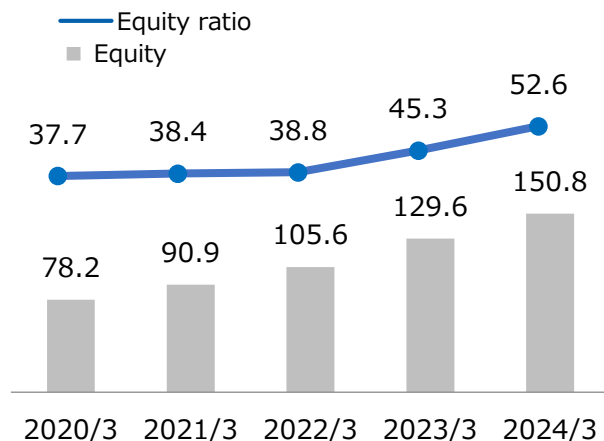
Cash Flow

(billion yen)



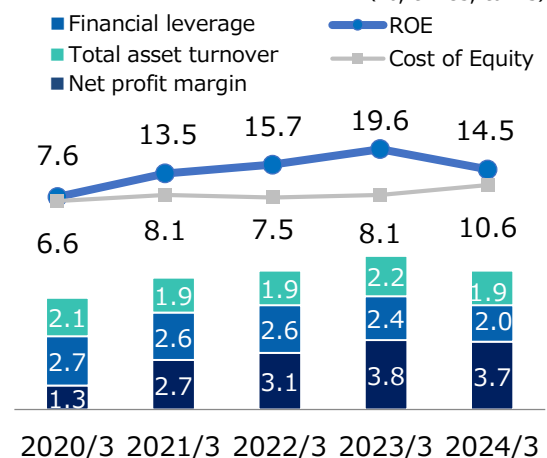
Equity ratio

(%, billion yen)



ROE

(%, times, turns)



Exchange Rate/FOREX Sensitivity

	FY2024/3 3Q Results (yen)	FY2025/3 3Q Results (yen)	(Reference) Effect of 1% change (Million yen)		Forex Assumption for 2025/3 (yen)
			Net sales	Operating income	
USD	143.29	152.57	1,489	28	145.00
RMB	19.61	20.97	187	9	19.50
THB	4.09	4.34	218	12	4.00
HKD	18.31	19.57	154	4	18.50
EUR	155.29	164.83	6	0	155.00

“Everything we do is for our customers



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