

Financial Results Briefing Material for the Fiscal Year ended March 2025

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 22, 2025

KAGA ELECTRONICS CO., LTD.

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Consolidated Financial Results

for the Fiscal Year ended March 2025

Senior Executive Officer
Head of Administration Headquarters
Yasuhiro Ishihara

Summary of Financial Results for FY2025/3

Results for FY2025/3

- Net sales: increased by 5.0 billion yen or 0.9% YoY to 547.7 billion yen
While the components sales business saw a decline in net sales due to prolonged inventory adjustment and termination of transactions with a certain major customer, the EMS business and the amusement equipment business remained robust.
- Operating income: decreased by 2.2 billion yen or 8.7% YoY to 23.6 billion yen
Despite a small increase in gross profit, SG&A expenses, including personnel expenses and logistics costs, increased substantially.
- Net income: decreased by 3.2 billion yen or 16.0% YoY to 17.0 billion yen.
Due to absence of such items as gain on sale of investment securities (1.4 billion yen) and gain on bargain purchase (0.4 billion yen) that were posted in the previous fiscal year.

FY2026/3 earnings forecast

- Business environment: while in the medium to long term, demand is expected to expand driven by automotive applications such as for vehicle electrification and autonomous driving, in the short term, amid prolonged inventory adjustment, a full-fledged demand recovery is not expected until the latter half of FY2026/3.
- Exchange rate assumption: exchange rate is assumed at 140 yen per U.S. dollar, a little over 12 yen stronger than the previous fiscal year. Factoring in the impact of foreign currency translation, net sales are projected at 17.0 billion yen and operating income at 0.5 billion yen.
- Earnings forecast : Net sales of 530.0 billion yen, operating income of 23.0 billion yen, and net income of 16.5 billion yen are projected, largely in line with the previous fiscal year.

Shareholder Return

- FY2025/3: as previously announced (May 9, 2024), a year-end dividend of 55 yen per share will be paid. Combined with interim dividend, annual dividend will be 110 yen per share, unchanged from the previous fiscal year.
*A two-for-one stock split was executed in October 2024. Annual dividend of 110 yen is after adjustment for the stock split.
- FY2026/3: Notwithstanding the projected decrease in profit, previous fiscal year's dividend payment of 110 yen per share will be maintained.

Financial Highlights for FY2025/3

(million yen)

	FY2024/3 Results	FY2025/3 Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	VS Forecasts
Net sales	542,697	547,779	0.9%	555,000	-1.3%
Gross Profit	70,452 13.0%	71,665 13.1%	1.7%	— —	—
SG&A	44,607 8.2%	48,064 8.8%	7.8%	— —	—
Operating income	25,845 4.8%	23,601 4.3%	-8.7%	26,000 4.7%	-9.2%
Ordinary income	25,976 4.8%	22,593 4.1%	-13.0%	26,000 4.7%	-13.1%
Profit attributable to owners of parent	20,345 3.7%	17,083 3.1%	-16.0%	18,000 3.2%	-5.1%
EPS (yen) *2	387.30 —	325.08 —	—	342.53 —	—
ROE	14.5% —	10.8% —	-3.7pt	11.5% —	-0.7pt
Exchange Rate yen / USD	144.62 —	152.58 —	—	145.00 —	—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 11,045 million yen on net sales and 577 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

(million yen)

		FY2024/3 Results	FY2025/3 Results	YoY	FY2025/3 Forecasts (Announced on May 9, 2024)	VS Forecasts
Electronic Component	Net sales	472,583	472,910	0.1%	482,500	-2.0%
	Segment income	20,887 4.4%	16,927 3.6%	-19.0%	20,900 4.3%	-19.0%
Information Equipment	Net sales	44,305	42,652	-3.7%	45,000	-5.2%
	Segment income	2,924 6.6%	3,307 7.8%	13.1%	3,000 6.7%	10.2%
Software	Net sales	2,567	3,387	31.9%	3,000	12.9%
	Segment income	370 14.4%	509 15.1%	37.8%	400 13.3%	27.5%
Others	Net sales	23,241	28,829	24.0%	24,500	17.7%
	Segment income	1,555 6.7%	2,707 9.4%	74.0%	1,700 6.9%	59.3%
Total	Net sales	542,697	547,779	0.9%	555,000	-1.3%
	Segment income	25,845 4.8%	23,601 4.3%	-8.7%	26,000 4.7%	-9.2%

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

(million yen)

		FY2024/3 Results	FY2025/3 Results	YoY
Kaga Electronics	Net sales	315,404	319,527	1.3%
	Gross Profit	47,373 15.0%	49,919 15.6%	5.4%
	Operating income	19,580 6.2%	19,855 6.2%	1.4%
Kaga FEI	Net sales	190,684	197,868	3.8%
	Gross Profit	19,218 10.1%	17,901 9.0%	-6.8%
	Operating income	4,413 2.3%	1,860 0.9%	-57.9%
Excel	Net sales	36,608	30,383	-17.0%
	Gross Profit	3,834 10.5%	3,782 12.4%	-1.4%
	Operating income	1,653 4.5%	1,645 5.4%	-0.5%
Total	Net sales	542,697	547,779	0.9%
	Gross Profit	70,452 13.0%	71,665 13.1%	1.7%
	Operating income	25,845 4.8%	23,601 4.3%	-8.7%

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

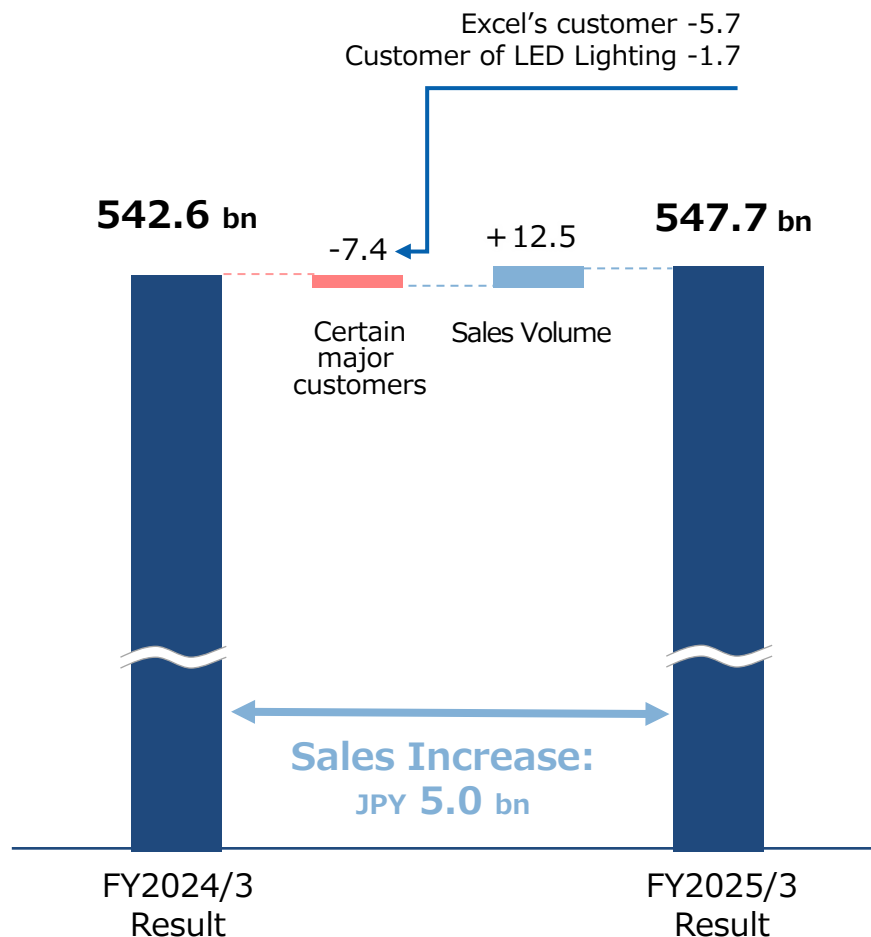
2. "x. x%" represents the profit margin.

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

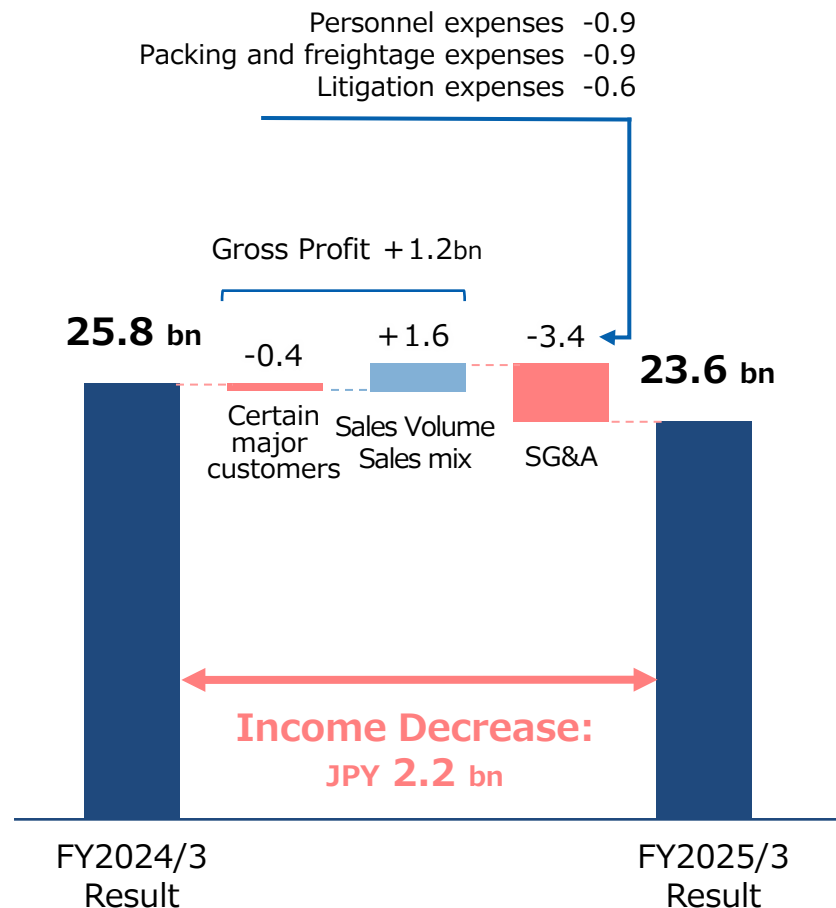
Reference

(billion yen)

Net Sales



Operating Income



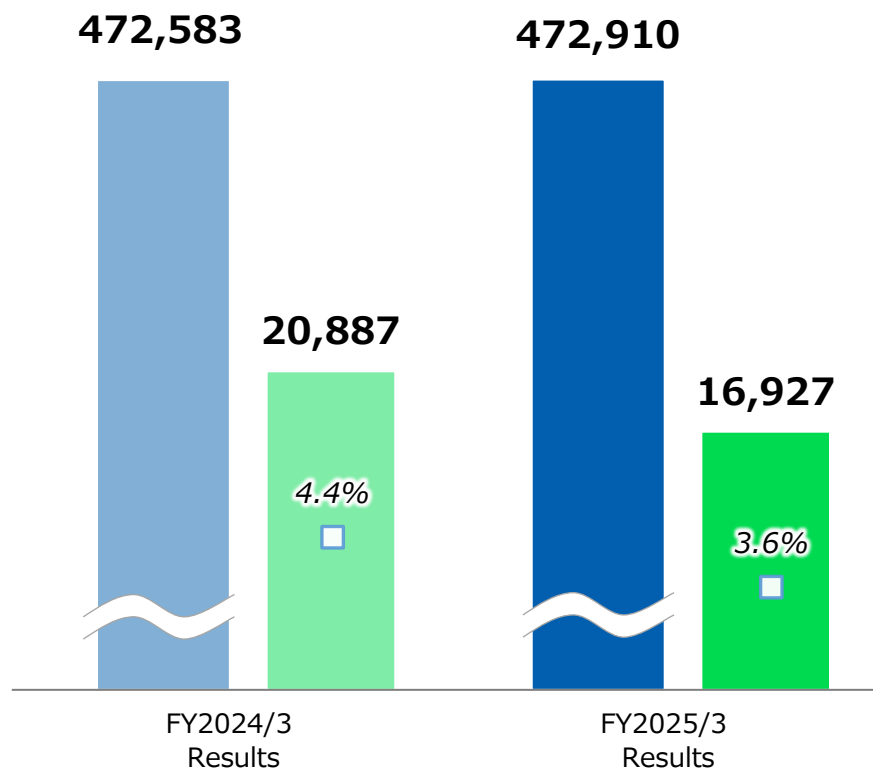
Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

■/■ Net Sales

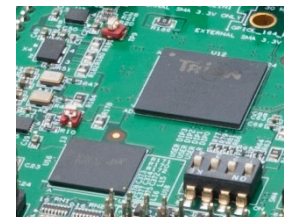
■/■ Segment income



YoY

- Net Sales ▶ **327**million yen **0.1%Up**
- Segment income ▶ **-3,959**million yen **19.0%Down**

- The components sales business recorded a year-on-year decrease in net sales.
- Inventory adjustment in some customers continued longer than initially anticipated, Kaga FEI faced sluggish sales of SoC (System-on-Chip) products, and Excel saw termination of transactions with a certain major customer of an overseas subsidiary.
- The EMS business recorded a year-on-year increase in net sales.
- Sales in automotive and medical sectors remained robust. Sales to industrial equipment sector recovered, and a recovery trend continued in sales to air-conditioning equipment sector, which had been in an adjustment phase.

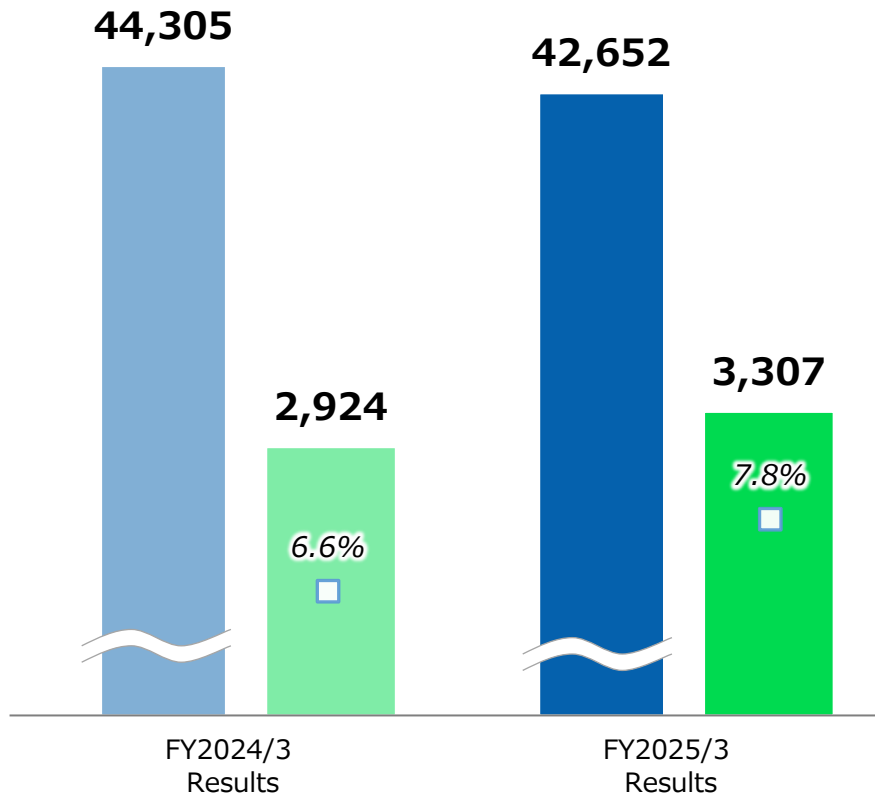


Financial Highlights: Information Equipment Segment

Net sales/Segment income

(million yen)

■/ ■ Net Sales
■/ ■ Segment income



YoY

- Net Sales ▶ **-1,652**million yen **3.7%Down**
- Segment income ▶ **+383**million yen **13.1%Up**

- PC sales business recorded a year-on-year decrease in net sales.
- 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, however, increased with contribution from sales of highly profitable security software.
- The LED installation business recorded a decrease in net sales due to completion of the large-scale project that the Group had been pushing forward on a full scale since FY2023/3.



Financial Highlights for FY2025/3 (3months)

Reference

(million yen)

	FY2024/3 4Q Results	FY2025/3 3Q Results	FY2025/3 4Q Results	YoY	QoQ
Net sales	136,239	137,178	151,536	11.2%	10.5%
Gross Profit	18,200 <i>13.4%</i>	18,056 <i>13.2%</i>	19,475 <i>12.9%</i>	7.0%	7.9%
SG&A	12,846 <i>9.4%</i>	11,502 <i>8.4%</i>	13,930 <i>9.2%</i>	8.4%	21.1%
Operating income	5,353 <i>3.9%</i>	6,554 <i>4.8%</i>	5,545 <i>3.7%</i>	3.6%	-15.4%
Ordinary income	5,664 <i>4.2%</i>	7,101 <i>5.2%</i>	4,214 <i>2.8%</i>	-25.6%	-40.7%
Profit attributable to owners of parent	4,353 <i>3.2%</i>	4,773 <i>3.5%</i>	4,368 <i>2.9%</i>	0.3%	-8.5%
EPS (yen) *2	165.73 —	90.82 —	83.11 —	—	—

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 3,998 million yen on net sales and 372 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 (3 months)

Reference

(million yen)

		FY2024/3 4Q Results	FY2025/3 3Q Results	FY2025/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	114,788	120,345	126,697	10.4%	5.3%
	Segment income	3,738 <i>3.3%</i>	4,888 <i>4.1%</i>	3,358 <i>2.7%</i>	-10.2%	-31.3%
Information Equipment	Net sales	14,038	8,320	15,699	11.8%	88.7%
	Segment income	1,002 <i>7.1%</i>	561 <i>6.7%</i>	1,353 <i>8.6%</i>	35.1%	141.2%
Software	Net sales	750	599	1,316	75.3%	119.7%
	Segment income	107 <i>14.3%</i>	52 <i>8.7%</i>	201 <i>15.3%</i>	87.3%	286.5%
Others	Net sales	6,660	7,913	7,822	17.5%	-1.1%
	Segment income	495 <i>7.4%</i>	1,002 <i>12.7%</i>	610 <i>7.8%</i>	23.1%	-39.1%
Total	Net sales	136,239	137,178	151,536	11.2%	10.5%
	Segment income	5,353 <i>3.9%</i>	6,554 <i>4.8%</i>	5,545 <i>3.7%</i>	3.6%	-15.4%

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 (3 months)

Reference

(million yen)

		FY2024/3 4Q Results	FY2025/3 3Q Results	FY2025/3 4Q Results	YoY	QoQ
Kaga Electronics	Net sales	80,478	80,826	90,546	12.5%	12.0%
	Gross Profit	12,165 <i>15.1%</i>	12,676 <i>15.7%</i>	13,557 <i>15.0%</i>	11.4%	6.9%
	Operating income	3,922 <i>4.9%</i>	5,605 <i>6.9%</i>	4,560 <i>5.0%</i>	16.3%	-18.6%
Kaga FEI	Net sales	47,556	48,779	52,305	10.0%	7.2%
	Gross Profit	5,075 <i>10.7%</i>	4,439 <i>9.1%</i>	4,783 <i>9.1%</i>	-5.7%	7.8%
	Operating income	980 <i>2.1%</i>	481 <i>1.0%</i>	386 <i>0.7%</i>	-60.6%	-19.7%
Excel	Net sales	8,203	7,572	8,683	5.9%	14.7%
	Gross Profit	915 <i>11.2%</i>	941 <i>12.4%</i>	1,105 <i>12.7%</i>	20.7%	17.4%
	Operating income	332 <i>4.1%</i>	427 <i>5.6%</i>	525 <i>6.0%</i>	57.7%	22.9%
Total	Net sales	136,239	137,178	151,536	11.2%	10.5%
	Gross Profit	18,200 <i>13.4%</i>	18,056 <i>13.2%</i>	19,475 <i>12.9%</i>	7.0%	7.9%
	Operating income	5,353 <i>3.9%</i>	6,554 <i>4.8%</i>	5,545 <i>3.7%</i>	3.6%	-15.4%

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

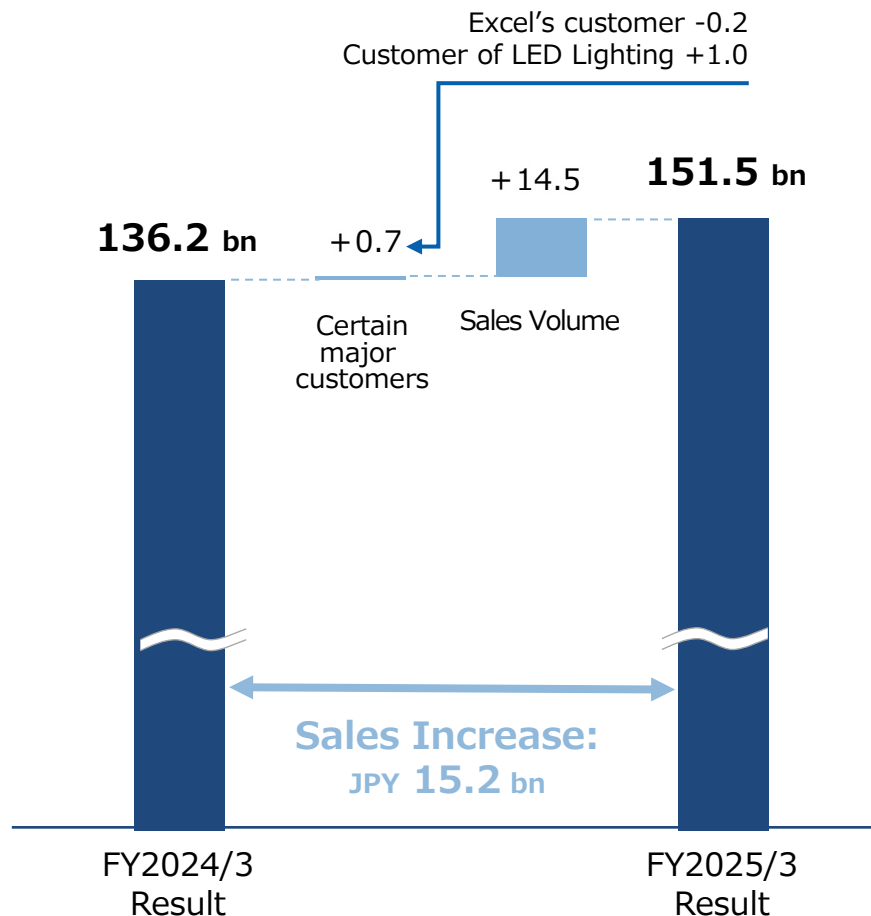
2. "x. x%" represents the profit margin.

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

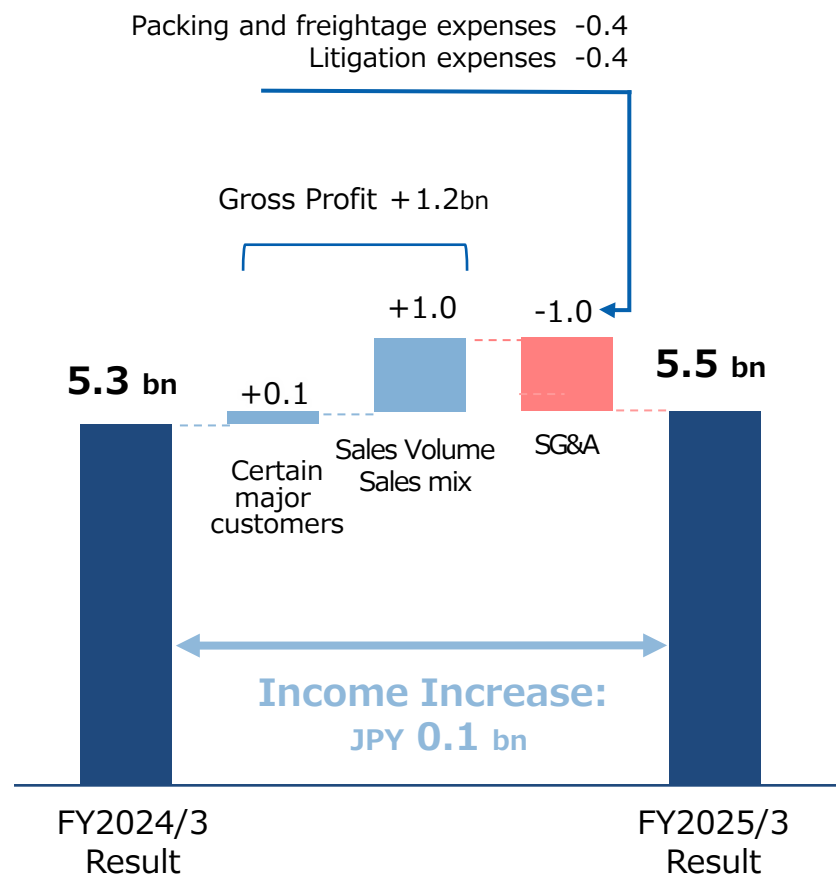
Reference

(billion yen)

Net Sales



Operating Income



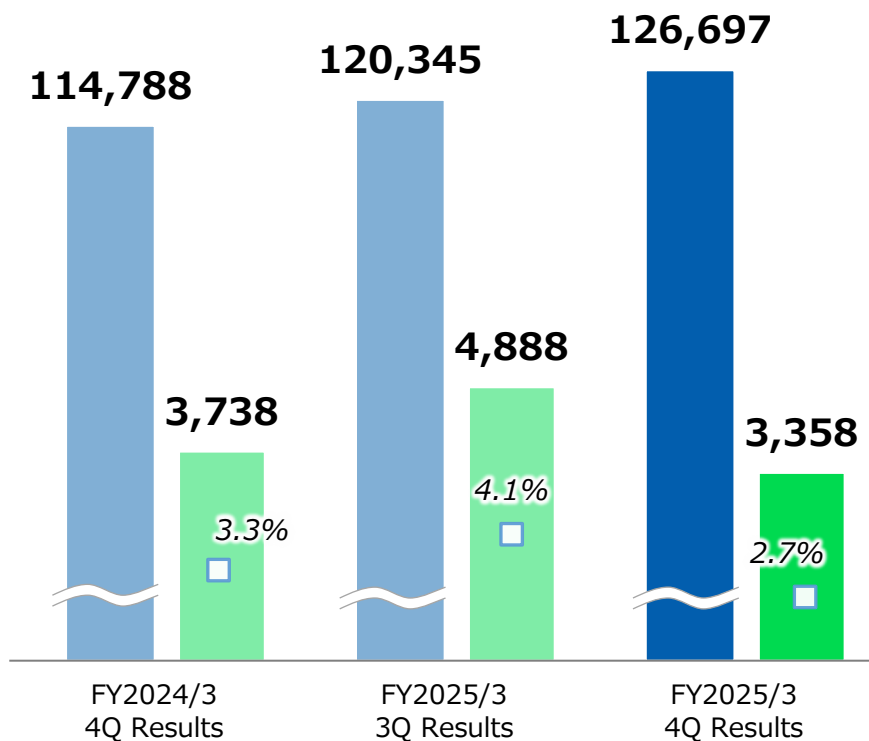
Financial Highlights: Electronic Component Segment (3 months)

Reference

Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



YoY

- Net Sales ▶ **+ 11,908**million yen **10.4%Up**
- Segment income ▶ **-379**million yen **10.2%Down**

QoQ

- Net Sales ▶ **+ 6,351**million yen **5.3%Up**
- Segment income ▶ **-1,529**million yen **31.3%Down**

Financial Highlights: Information Equipment Segment (3 months)

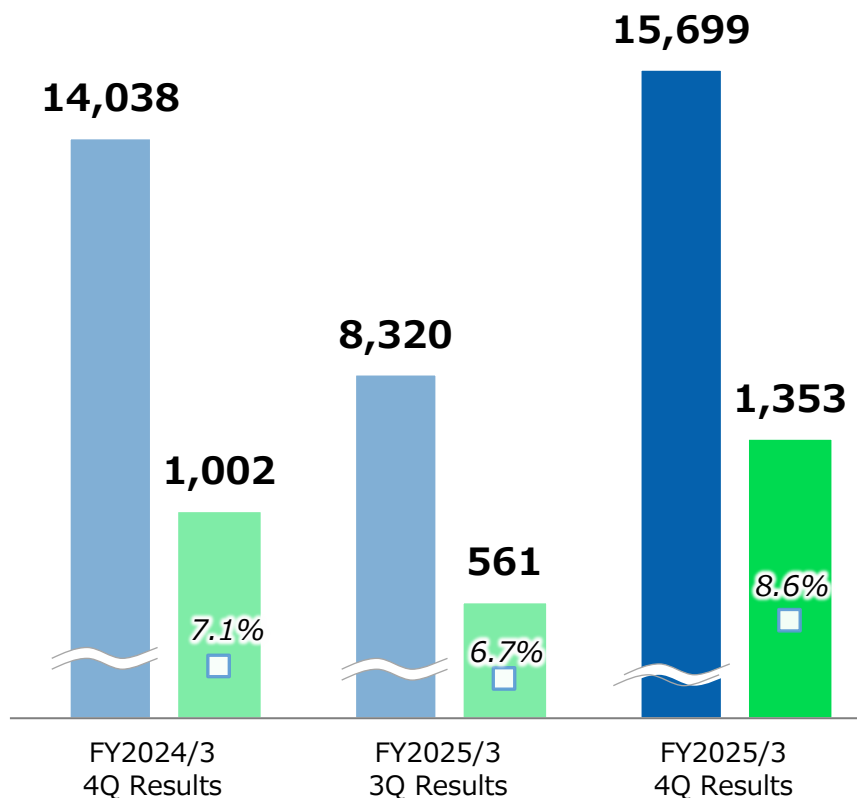
Reference

Net sales/Segment income

(million yen)

■ / ■ Net Sales

■ / ■ Segment income



YoY

- Net Sales ▶ **+1,660**million yen **11.8%Up**
- Segment income ▶ **+351**million yen **35.1%Up**

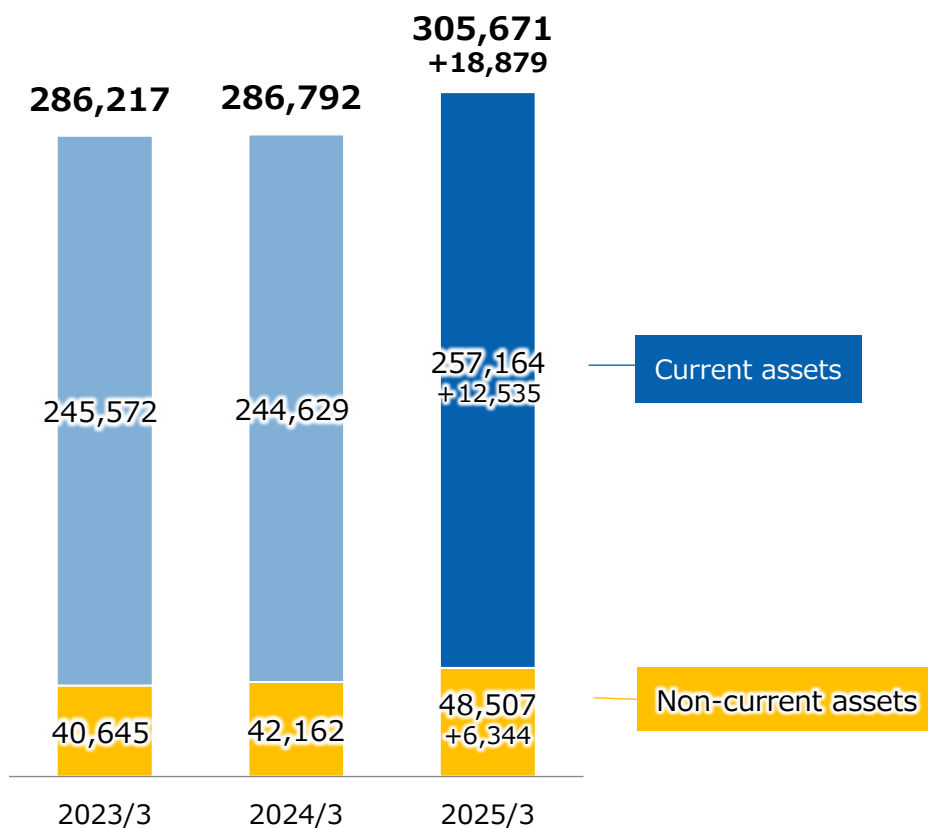
QoQ

- Net Sales ▶ **+7,379**million yen **88.7%Up**
- Segment income ▶ **+792**million yen **141.2%Up**

Balance Sheet Main Items

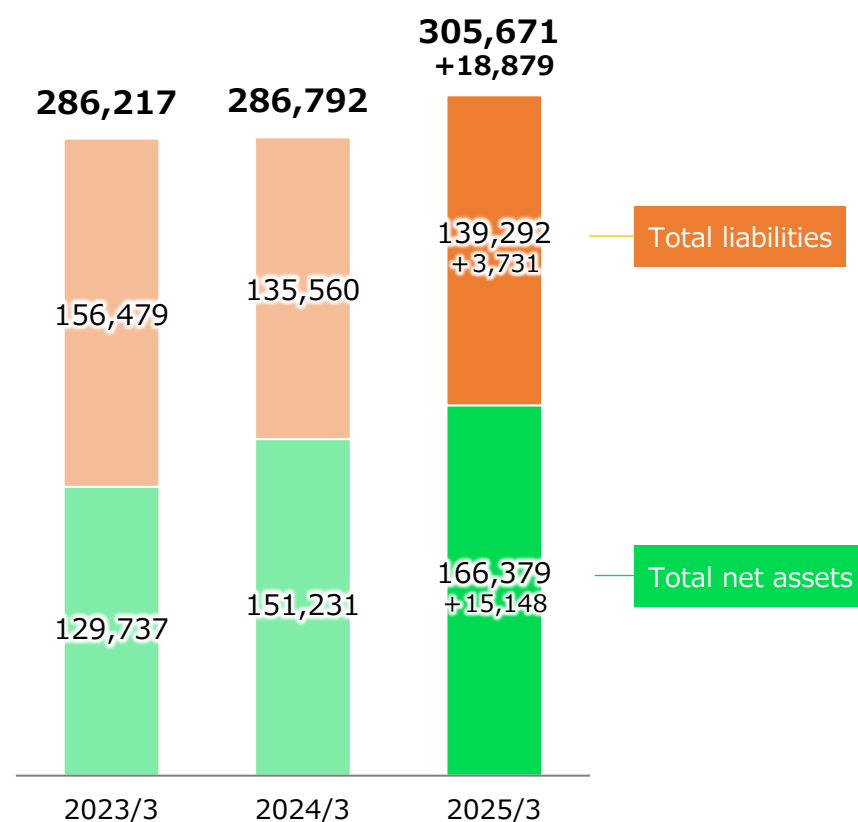
Total assets

(million yen)



Total liabilities and net assets

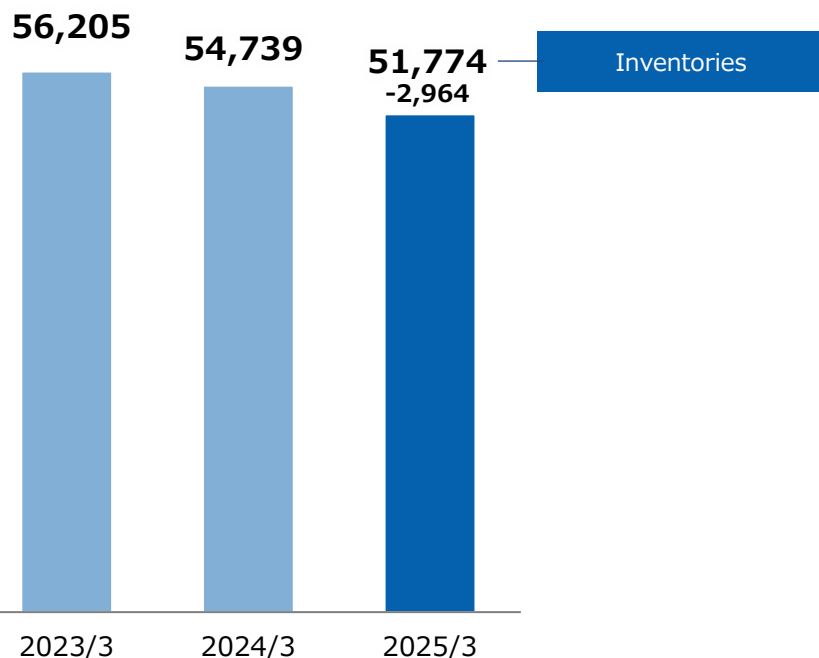
(million yen)



Balance Sheet Main Items

Inventories

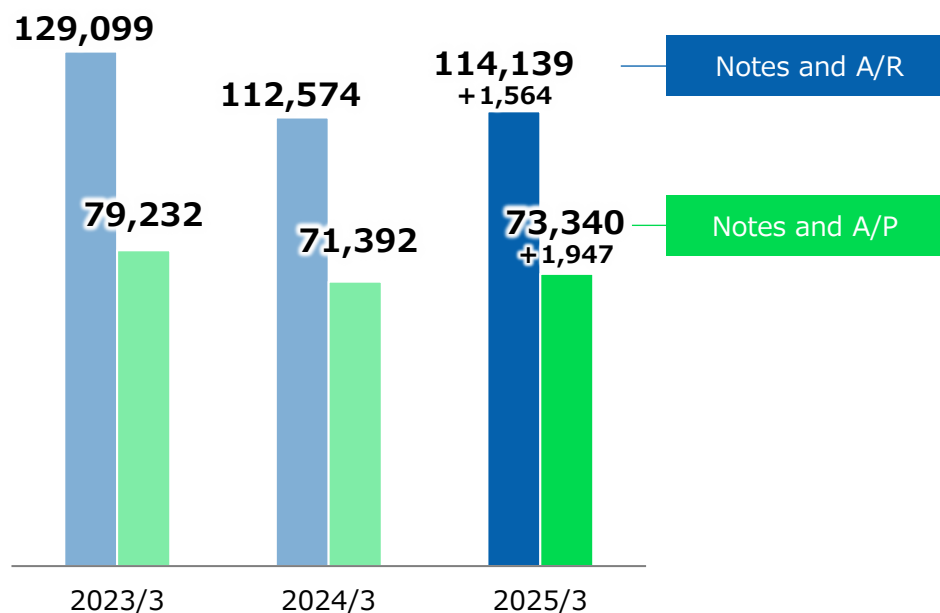
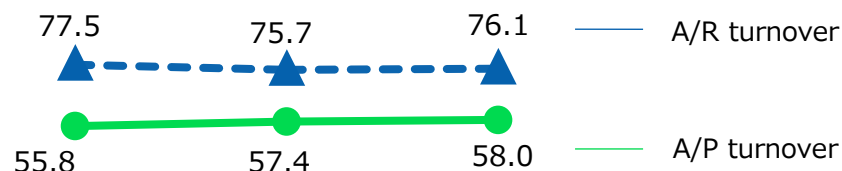
(million Yen, day)



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

Accounts receivable/Accounts payable

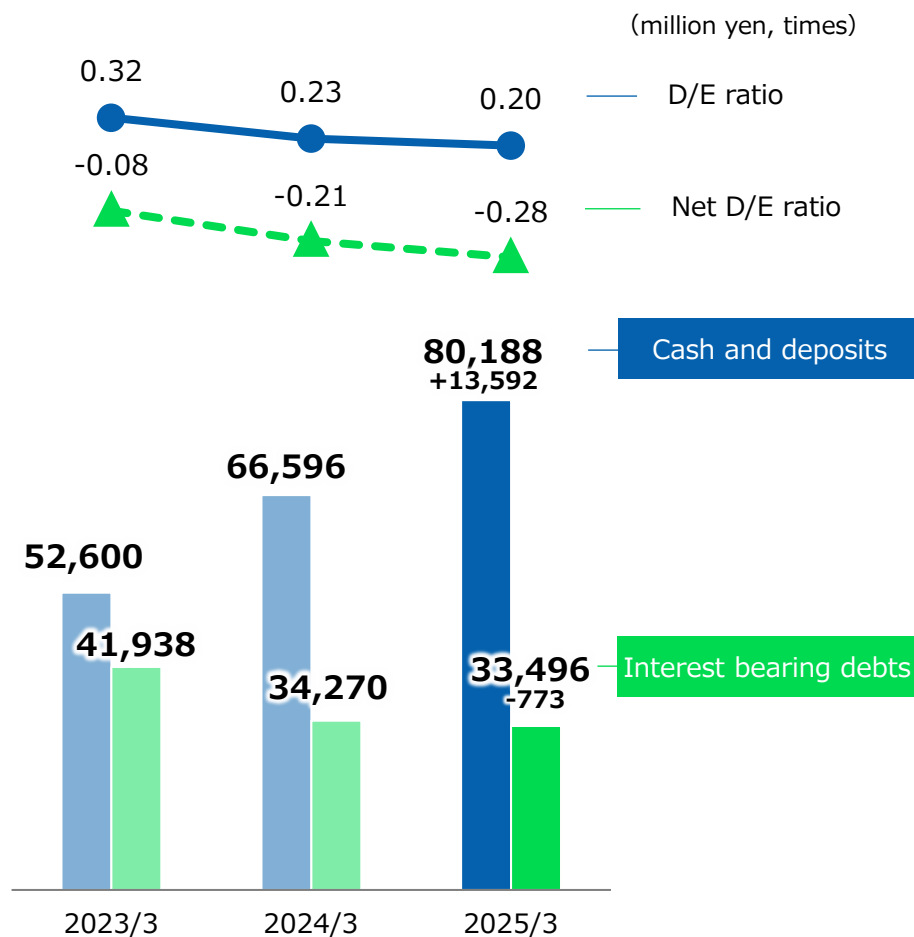
(million Yen, day)



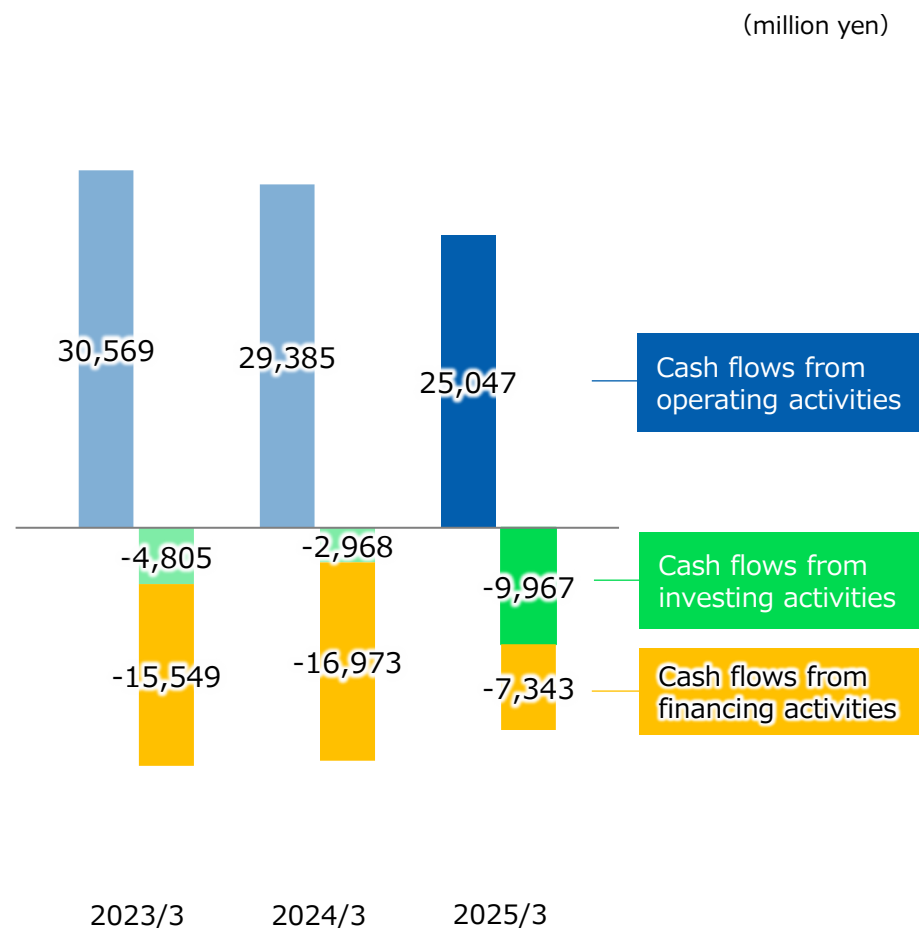
Notes : 1. •Notes and A/R are amounts including Electronically recorded monetary claims-operating
 2. •Notes and A/P are amounts including Electronically recorded obligations - operating
 3. •A/R turnover = Notes and A/R ÷ Net sales × 365 (day)
 4. •A/P turnover = Notes and A/P ÷ Total purchase of goods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

Balance Sheet Main Items

Cash and Deposits/Interest Bearing Debt



Cash flows

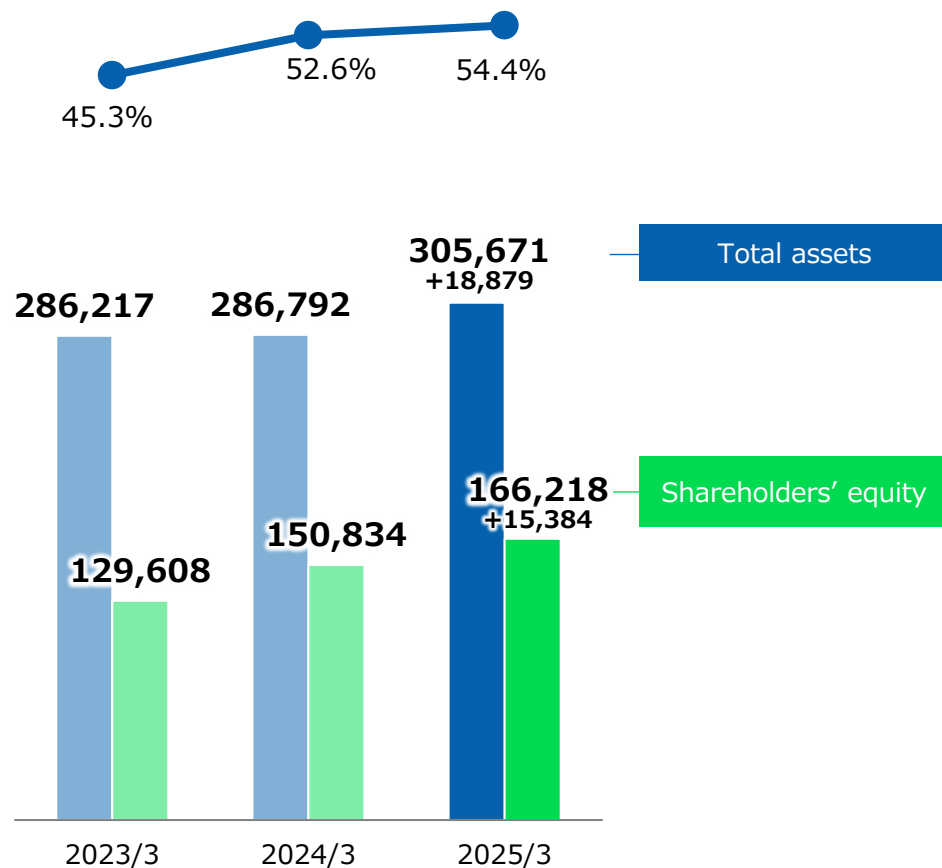


Note : 1. D/E ratio = Interest bearing debts ÷ Shareholder's equity
 2. Net D/E ratio = (Interest bearing debts - Cash and deposits) ÷ Shareholder's equity

Major Business Indicators

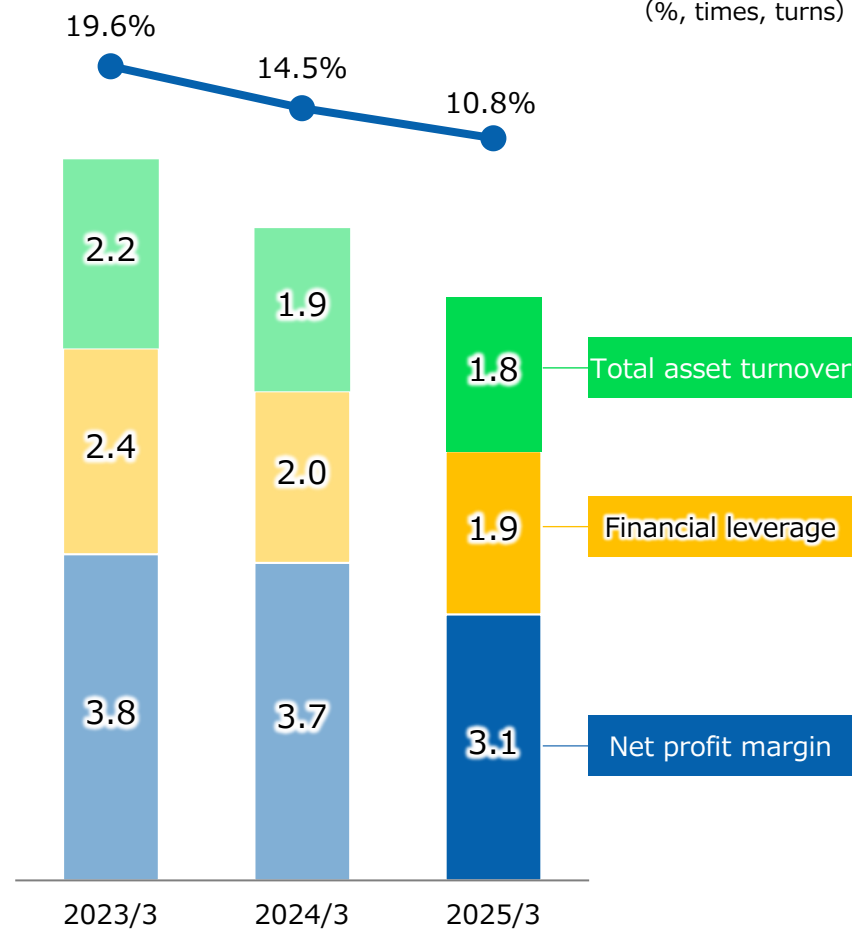
Equity ratio

(million yen)



ROE

(%, times, turns)



Forecasts for FY2026/3

Forecasts for FY2026/3

(million yen)

		FY2025/3 Results	FY2026/3 Forecasts	YoY
Net sales		547,779	530,000	-3.2%
Operating income		23,601 4.3%	23,000 4.3%	-2.5%
Ordinary income		22,593 4.1%	23,000 4.3%	1.8%
Profit attributable to owners of parent		17,083 3.1%	16,500 3.1%	-3.4%
EPS (yen) *1		325.08 —	313.95 —	—
ROE		10.8% —	10.0% —	0.8pt
Full year Dividends (yen)*2	Interim	110.00	55.00	—
	Year-end	55.00	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 ended March 2025 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 ended March 2025 would be 110.00 yen, the interim dividend per share and the year-end dividend per share for the fiscal year ending March 2026 (Forecast) would be 110.00 yen, respectively.

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

Forecasts by Business Segment for FY2026/3

(million yen)

		FY2025/3 Results	FY2026/3 Forecasts	YoY
Electronic Component	Net sales	472,910	457,000	-3.4%
	Segment income	16,927 <i>3.6%</i>	16,500 <i>3.6%</i>	-2.5%
Information Equipment	Net sales	42,652	45,000	5.5%
	Segment income	3,307 <i>7.8%</i>	3,500 <i>7.8%</i>	5.8%
Software	Net sales	3,387	3,000	-11.4%
	Segment income	509 <i>15.1%</i>	500 <i>16.7%</i>	-1.9%
Others	Net sales	28,829	25,000	-13.3%
	Segment income	2,707 <i>9.4%</i>	2,500 <i>10.0%</i>	-7.7%
Total	Net sales	547,779	530,000	-3.2%
	Segment income	23,601 <i>4.3%</i>	23,000 <i>4.3%</i>	-2.5%

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.

Assumptions for FY2026/3 Earnings Forecast

Reference

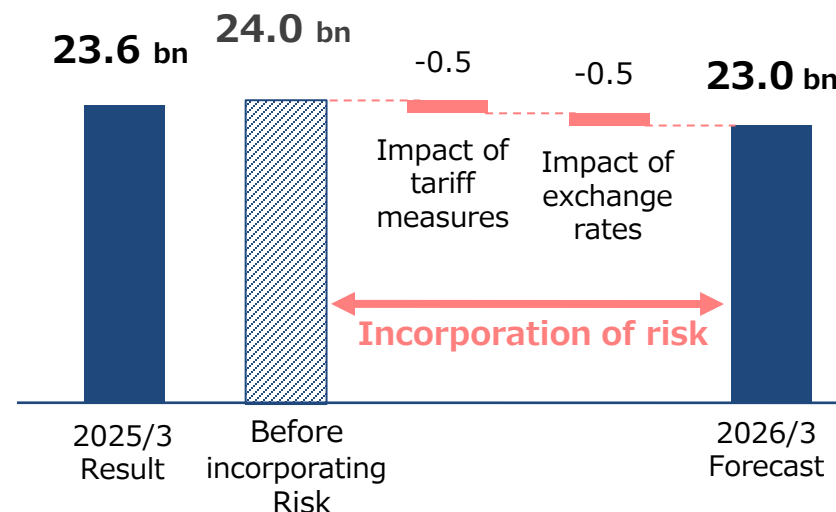
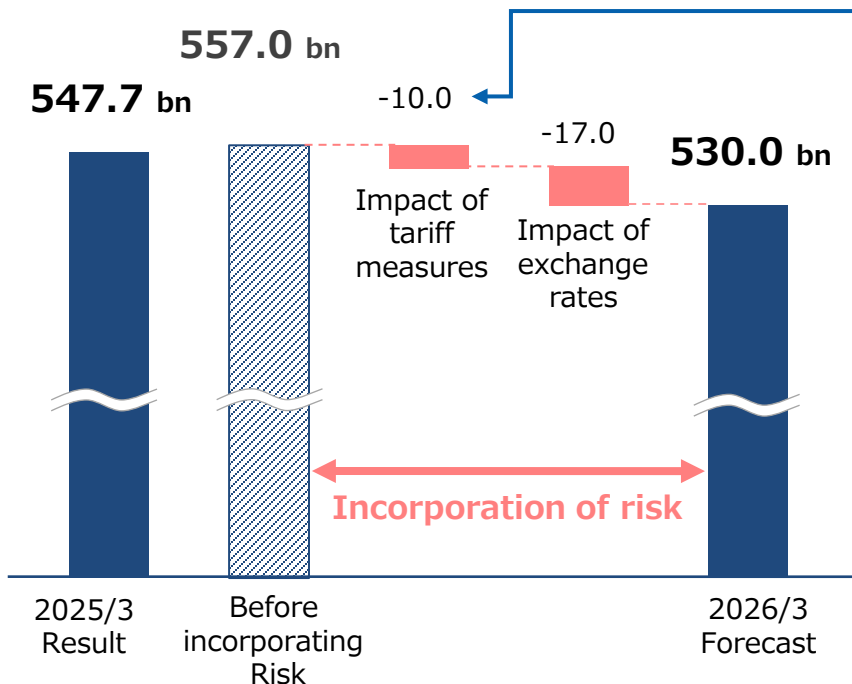
(billion yen)

Net Sales

Operating Income

Assumptions

- Direct net sales to customers in the US: 50.0 billion yen
(Electronic components: 30.0 billion yen, EMS: 20.0 billion yen)
- The decrease in demand if customers shift the higher costs of tariffs onto final prices was assumed to be -20%.
- * Indirect impacts of decreased exports from other customers with the US as the final point of consumption cannot be reasonably assessed.



Management Topics

Representative Director,
President & COO

Ryoichi Kado

Review of the Medium-Term Management Plan (FY2022–2024): Quantitative Targets

- With the exception of new M&As, the management targets for the final year of the plan (FY2024), announced in November 2021, were achieved in FY2022, the first year of the plan, two years ahead of schedule for net sales, operating income, and ROE.
- Based on the results of this first fiscal year, the Company updated its outlook for the final year and announced it in May 2023.
- In FY2023 and FY2024, due partly to the impact of unexpectedly prolonged inventory adjustment and salary increases, net sales and operating income fell short of the “Latest Outlook,” while ROE remained at 10% or higher throughout the plan period.

	Management Plan <small>Announced on Nov. 25, 2021</small>	First-year results 2023/3 <small>Announced on May 11, 2023</small>	Latest Outlook <small>Same as on the left</small>	Second-year results 2024/3 <small>Announced on May. 9, 2024</small>	Final-year results 2025/3 <small>Announced on May. 14, 2025</small>
Net Sales	JPY 750.0 bn Organic Growth: JPY 600.0 bn Including new M&As: JPY 150.0 bn	JPY 608.0 bn	[No change]	JPY 542.6 bn	JPY 547.7 bn
Operating Income	JPY 20.0 bn	JPY 32.2 bn	JPY 30.0 bn or higher	JPY 25.8 bn	JPY 23.6 bn
ROE	Stable 8.5% or higher	19.6%	stable 10% or higher	14.5%	10.8%

Review of the Medium-Term Management Plan (FY2022–2024): Qualitative Targets

- In the EMS business, the Company aggressively worked to increase production capacity in Asia, Europe, and the Americas to strengthen profitability in anticipation of customers' shift away from China.
- The Company promoted DX by replacing the core system and introducing SFA tools to reinforce the management base.

	key issues	Major outcome
Further Reinforcement of Profitability	<ul style="list-style-type: none"> • Selection and concentration in growth fields • Reinforcement and expansion of EMS business and overseas business 	<ul style="list-style-type: none"> ■ Relocated and expanded the Malaysia plant (Oct. 2022) ■ Relocated and expanded the Turkey plant (Jun. 2023) ■ Relocated and expanded the Mexico plant (Apr. 2024)
Reinforcement of Management Base	<ul style="list-style-type: none"> • Reinforcement of corporate governance • Efficient Group management • Investments in human capital 	<ul style="list-style-type: none"> ■ DX investments: SFA (Aug. 2022), SAP (Apr. 2023) ■ Inflation allowance (Mar. 2023), wage increase implemented (Apr. 2024) ■ Established a special leave system for male employees (Apr. 2024)
Creation of New Businesses	<ul style="list-style-type: none"> • Initiatives in new fields • Promotion of open innovation through venture investments • M&A efforts aimed at discontinuous growth 	<ul style="list-style-type: none"> ■ M&As: Four deals, including Taiyo Yuden small wireless module business ■ Investment in venture companies: JPY800mn/11 companies
Promotion of SDGs Management	<ul style="list-style-type: none"> • Addressing ESG management issues 	<ul style="list-style-type: none"> ■ Environmental: Solar power generation facilities installed at six plants in Japan and overseas ■ Social: Recognized as a Health and Productivity Management Organization ■ Governance: Streamlining of the Board of Directors, appointment of female auditor (Jun. 2023)

Medium-Term Management Plan 2027 (FY2025–2027): Conceptual Diagram

『Medium-Term Management Plan 2027』 (FY2025–2027)

Enhancing corporate value through management
focused on profitability and capital efficiency

Further increase
in profitability

Advanced
management base

Promotion of
SDGs Management

60th anniversary of
Company's founding
(FY2029)

“World class company”

“Japan's No. 1 corporate group in the industry”

Net sales
JPY **1** tn

Grow earnings through M&As and creating/
acquiring new businesses

Net Sales
JPY **800** bn or higher

Expand earnings in core businesses

Net Sales
JPY **700** bn or higher

Expansion of trading company business
will lead to growth of the EMS business



Quantitative expansion of
trading company business



Qualitative improvement
through EMS business

Basic Policy and Priority Measures

Basic policy

Enhance corporate value through management focused on profitability and capital efficiency

Priority measures		Main action plan
Further Reinforcement of Profitability	Expansion of core businesses	<ul style="list-style-type: none"> ■ Put business portfolio management into practice
	M&A challenges	<ul style="list-style-type: none"> ■ Generate more than JPY100bn in new business revenue during the next medium-term management plan period in order to achieve the JPY1trn target in FY2028
	Creation of new businesses	<ul style="list-style-type: none"> ■ Set up a new Sales Strategy Office and explore new businesses with energy, infrastructure, transportation, and the environment as the priority themes
Advanced management base	Implementation of capital strategies	<ul style="list-style-type: none"> ■ Strategic cash allocation and proactive shareholder returns
	Investment in human capital	<ul style="list-style-type: none"> ■ Reform HR system (overseas Human Resource Development, promote diversification of human resources, etc.)
Promotion of SDGs Management	Accelerated response to ESG management issues	<ul style="list-style-type: none"> ■ Environmental: Promote 100% renewable energy to become carbon neutral ■ Social: Promotion of women's full participation in the workplace, work-style reform, employee engagement ■ Governance: Early achievement of goals of appointing female directors and becoming a company with an audit and supervisory committee structure

Management Targets

		Final year of current medium-term plan (FY2024)	Final year of next medium-term plan (FY2027)	CAGR
Management targets aiming for JPY 1 tn in final year	Net Sales		JPY 800 bn or higher	
	Operating Income		JPY 36 bn or higher	
Increase in revenue through organic growth	Net Sales	JPY 547.7 bn	JPY 700 bn or higher	8.5%
	Operating Income (Profit Margin)	JPY 23.6 bn (4.3%)	JPY 35 bn or higher (5.0%)	14.0%
Index in capital efficiency	ROE [Equity Cost]	10.8% [around 10%]	12.0% or higher [around 10%]	

<Reference> Breakdown by Business Segment

















		Final year of current medium-term plan (FY2024)	Final year of next medium-term plan (FY2027)	CAGR
Electronic Component	Net Sales	JPY 344.7 bn	JPY 400.0 bn	4.8%
	Segment income	JPY 10.2 bn	JPY 16.5 bn	17.4%
EMS	Net Sales	JPY 134.5 bn	JPY 230.0 bn	19.6%
	Segment income	JPY 7.3 bn	JPY 13.5.0 bn	22.7%
CSI (Information Equipment)	Net Sales	JPY 42.6 bn	JPY 55.0 bn	8.9%
	Segment income	JPY 3.3 bn	JPY 4.0 bn	6.6%
Others	Net Sales	JPY 22.8 bn	JPY 15.0 bn	-
	Segment income	JPY 2.5 bn	JPY 1.0 bn	-
Total	Net Sales	JPY 544.7 bn	JPY 700 bn	8.5%
	Segment income	JPY 23.6 bn	JPY 35 bn	14.0%

Growth Strategy Matrix by Business and Company

Supplemental materials

Basic approach

As an independent electronics general trading firm, we not only procure parts, but also maximize the strengths of our one-stop service that include the manufacture of semi-finished and finished products on a contract basis and cover every step from sales to after-service.

	Kaga Electronics	Kaga FEI	Excel	(billion yen) Net sales
Electronic Component	Based on our strengths in customer relations and procurement, which are one of the best in the industry, commit to Kaga Electronics-style marketing	Accelerate our sales strategy centered on large accounts by expanding our line card with SoC products at its core.	Transform into an electronics general trading firm through cross-selling of Kaga Electronics products	2025/3  344.7 2028/3  400.0
EMS	Develop a customer-focused "local production for local consumption" EMS business based on a global five-region production system	Accelerate E2MS, involving from the design stage, and expand small-sized wireless module business, integrating development, production, and sales.	Cultivate B2B customers in the transportation infrastructure sector by leveraging the strengths of display device distributor	2025/3  134.5 2028/3  230.0
CSI (Information Equipment)	Utilize the strengths of sales channels such as mass retailers and schools and educational institutions			2025/3  42.6 2028/3  55.0
Others	Total commitment to profit-oriented management and concentration on profitable businesses rather than simply expanding in size			2025/3  22.8 2028/3  15.0
Net sales	2025/3  319.5 2028/3  400.0	2025/3  197.8 2028/3  260.0	2025/3  30.3 2028/3  40.0	2025/3  547.7 2028/3  700.0

Basic approach

With a global production system based in Japan that covers five regions of the world, we will develop an EMS business focused on local production and local consumption that is rooted in the market, while supporting our customers' manufacturing.

In the 1970s, we began the processing business (today's EMS business) in Japan and China, using partner factories to meet customer needs.

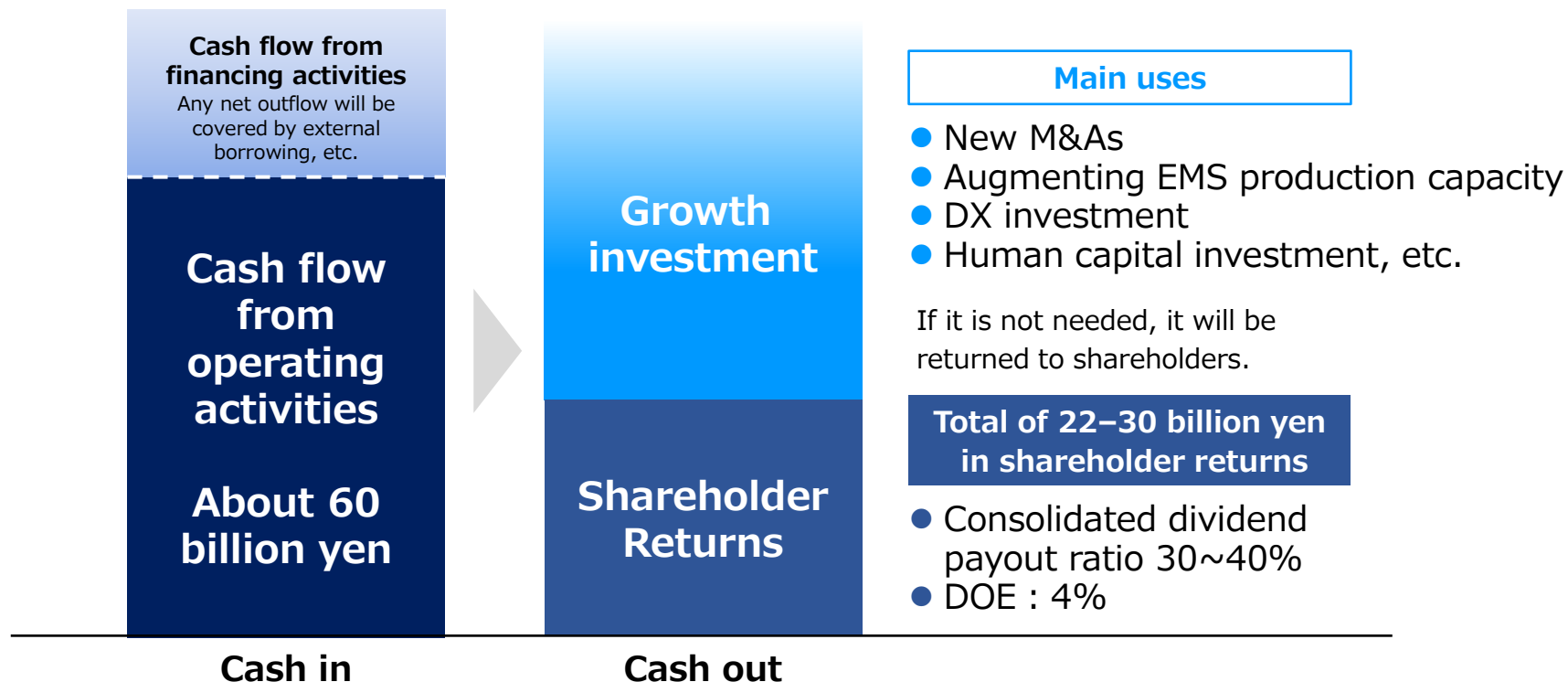
Since the 1990s, we have responded quickly to the overseas production shift of Japanese customers by establishing 21 bases in 10 countries around the world, starting with Shenzhen and gradually expanding our own factories.

						(billion yen)	
1990s	2000s	2010s	After 2020	Priority measures	Priority areas	Net Sales	
Japan	Acquisition of Heiman Electronics (Yamagata) ('02)	Acquisition of Towada Pioneer, Construction of factory in Fukushima ('19)	Kyokuto Electric (Tottori) becomes a subsidiary ('20)	<ul style="list-style-type: none"> Capturing demand from customers returning to domestic production Standardization and advancement as a mother factory 	In-vehicle·Air-conditioner·Medical, etc.	2025/3	35.0
						2028/3	80.0
China	Shenzhen ('99)	Suzhou (2 factories) ('09)	Xiaogan (Hubei)('15)	<ul style="list-style-type: none"> Cultivating local Chinese customers and supporting production at optimal locations within the Group Developing and strengthening sales of automated equipment 	In-vehicle·Industrial	2025/3	47.0
						2028/3	55.0
Asia	Thailand('02) Malaysia('00)	Vietnam('17) India('18) Indonesia('14)	Second plant in Thailand('19) new factory in Malaysia('22)	<ul style="list-style-type: none"> Investment in own factory in anticipation of demand in India and for exports 	In-vehicle·Air-conditioner·Information, etc.	2025/3	38.0
						2028/3	50.0
Europe	Czech Republic('19)	Turkey('18)	New factory in Turkey('23)	<ul style="list-style-type: none"> Capture Japanese customers' demand for local production for local consumption Developing local customers in Europe 	Air-conditioner·Industrial·Telecommunication, etc.	2025/3	7.0
						2028/3	10.0
America		Mexico('16)	New Factory in Mexico('24)	<ul style="list-style-type: none"> Investment in second phase of factory in Mexico in anticipation of stronger demand from South America 	Air-conditioner·In-vehicle·Medical, etc.	2025/3	7.5
						2028/3	35.0

Basic approach

We will actively allocate the cash we generate to growth investments and shareholder returns in order to improve corporate value while maintaining financial discipline.

FY2025–FY2027



Policy on Shareholder Returns

- With the aim of more actively paying dividends to shareholders, we will increase the consolidated dividend payout ratio to 30–40% and strive for dividend growth through medium- to long-term profit growth.
- For the ordinary dividend, “DOE of 4.0%” will be used as the new target for stable and continuous ordinary dividend payments.
- Additional measures aligned with profit levels and capital efficiency will be flexibly implemented through special dividends and acquisition of treasury shares.

Medium- to long-term dividend growth guideline

Consolidated dividend payout ratio

30 ~ 40 %

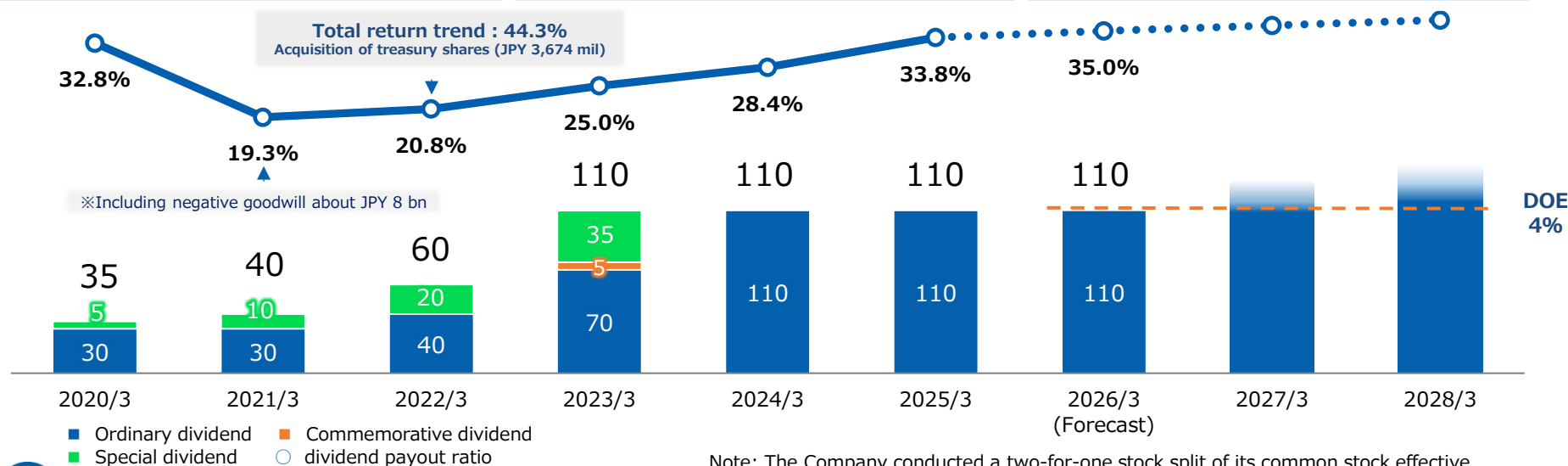
Target for stable dividends

DOE
(consolidated dividend on equity ratio)

4.0 %

Flexible return policies

Special dividends,
acquisition of treasury shares



Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. The amounts indicated above related to dividend paid for the periods prior to October 1, 2024, are adjusted for the said stock split.

SDGs Management (Sustainability) Initiatives

While aiming to achieve the quantitative targets established in the Medium- to Long-Term Sustainability Management Plan, we will play an active role in realizing a sustainable society and work to achieve sustainable growth in corporate value.

	Main themes	Typical KPI
Environmental Create a clean global environment	Achievement of shift to 100% renewable energy	■ Domestic sales offices: 2030 Domestic manufacturing sites: 2050
	Shift to electricity for company-owned vehicles	■ Domestic sales vehicles – 2030: 100%
	Reduction of CO2 emissions	■ FY2030 [Scope 1+2:-42%, Scope 3:-25%]
Social Create an inclusive company as well as an affluent society	Diversity and human resource management	■ Percentage of women in management positions 2029: 17%
	Work-life management and enhancement of productivity	■ Continuation of certification as a Health and Productivity Management Organization
Governance Create a sustainable management base	Governance systems complying with TSE reforms	■ Early achievement of appointment of female outside directors
	Further strengthening the supervisory and oversight functions of top management over business execution	■ Early transition to a company with an audit and supervisory committee structure

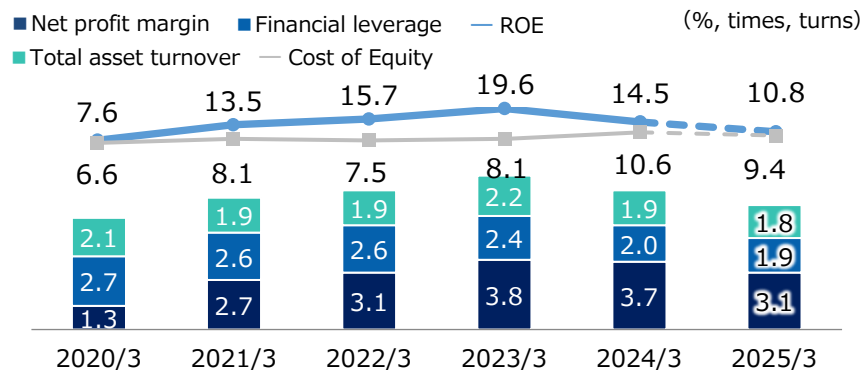
Medium- to long-term sustainability targets and major KPIs

	Key themes	Issues to address and issues to examine	Medium-term targets	FY2024 Results
E	Achievement of shift to 100% renewable energy	• Adoption of renewable energy at domestic sales offices	2024: 40% (1%)	Achieved target of 40% adoption of renewable energy through purchase of non-fossil certificates
		• Adoption of renewable energy at domestic manufacturing sites	By 2024: Information gathering/analysis and determination of policy • In-house power generation/external procurement	Installation of additional solar power generation system in Towada factory under consideration
		• Adoption of renewable energy at overseas manufacturing sites	• Solar panel/biomass power generation/renewable energy businesses	Started operation of solar power generation system in the new Mexico factory
	Shift to electricity for company-owned vehicles	• Switch to electric vehicles for domestic sales vehicles (EV, HV, PHV, FCV)	2024: 85% (78.5%)	Ratio of electric vehicles: 90.2%
S	Diversity and human resource management	• 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> 22.7% <Percentage of women in management positions> 17.3%
	Work-life management and enhancement of productivity	• Acquisition of certification as a Health and Productivity Management Organization	2022: Implementation of review 2023: Certification	Continued acquisition of certification as a Health and Productivity Management Organization
G	Restructuring the governance structure in response to the revision of the Corporate Governance Code and the reorganization of Tokyo Stock Exchange	• Diversification of the Board of Directors	By June 2022: Determination of policy	Appointment of a female outside director subject to approval at the general shareholders' meeting in June 2025
		• Full compliance with Corporate Governance Code for Prime Market	Performed in November 2021	No revision of the CG Code
	Further strengthening the supervisory and oversight functions of top management over business execution	• Adoption of delegation-based executive officer structure	April 2022: Enactment	Decision made on expanding membership of important meetings to delegation-based executive officers
		• Transition to structure of company with committees	By March 2023: Determination of policy	Transition to a Company with an Audit & Supervisory Committee structure subject to approval at the general shareholders' meeting in June 2025

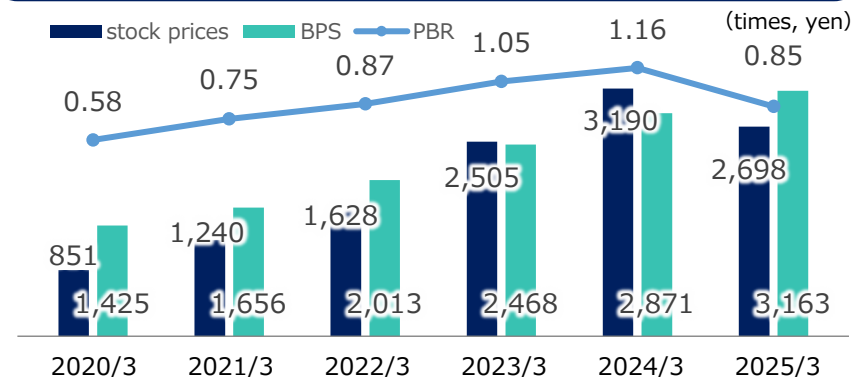
Management that is Conscious of Cost of Capital and Stock Price

Supplemental materials

Trends in ROE



Trends in PBR



Current assessment

- ROE has remained in the double-digit percentage level, exceeding the cost of capital, but has been on a gradual downward trend for the past two years.
- PBR has been improving noticeably since the previous medium-term management plan period, and has remained above 1x since February 2023. However, it has been slow to recover from the sharp drop in the TSE in August 2024, and has recently fallen below 1x.

Future initiatives

1. Steady implementation of the medium-term management plan

- Aim to achieve management targets by working on business growth and profitability improvements in line with the medium-term management plan.

2. Improvements to shareholder satisfaction

- Raise the consolidated dividend payout ratio to 30–40% and set DOE at 4.0% as a guideline for stable and sustainable dividends.

3. Promotion of SDGs Management

- Establish and announce GHG emission reduction targets in Scope 1–3, and improve evaluations by external organizations such as CDP and TCFD.

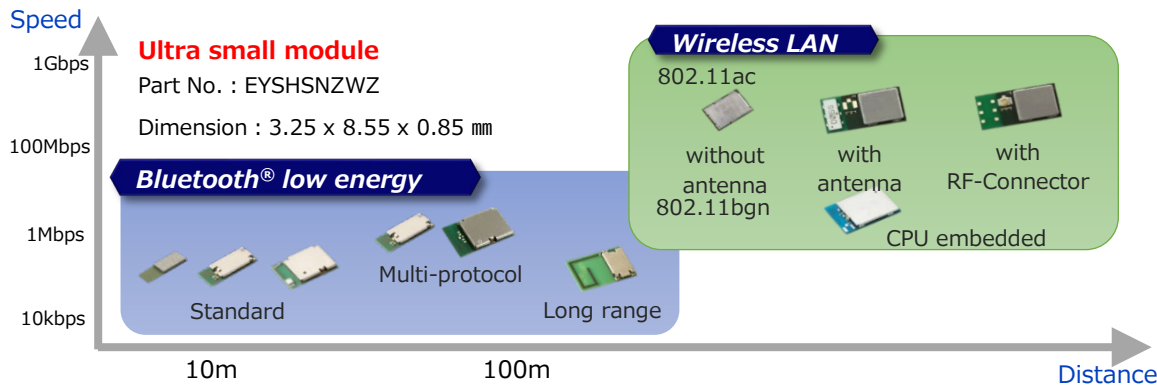
4. Maintenance and reinforcement of proactive IR activities

- Further increase confidence in the Company's management and reduce the cost of capital through broader disclosure to capital markets and active dialogue.

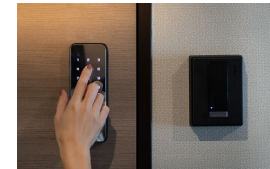
Module: IoT Solution "CONTINECT"

We have launched our own brand "CONTINECT" to provide IoT solutions and solve issues of customers who are developing IoT products. We offer a wide range of over 20 types of modules, including the world's smallest ultra-compact BLE model and long-distance communication model.

Product Lineups



Solution using "CONTINECT"



Electronic lock



Wireless controller for Lighting

Development Base



KAGA FEI
Takasaki
Development Center

Production Bases



KAGA EMS TOWADA



KAGA ELECTRONICS
(THAILAND)

Sales



- KAGA FEI
- KAGA Electronics Group

Amusement Equipment Business: Expansion of Overseas Markets

■ Growth strategies for overseas markets

Actively develop overseas markets by leveraging the strengths as a Japan-based trading company in commercial amusement equipment, in the face of intensifying competition and growth slowdown expected in the domestic market

- Asia: with Malaysia as the base in the region, develop markets in neighboring countries such as Vietnam and Indonesia
- U.S.: form strategic partnership with leading Japanese amusement facility operators who are pushing ahead with full-scale development of their business in the U.S.

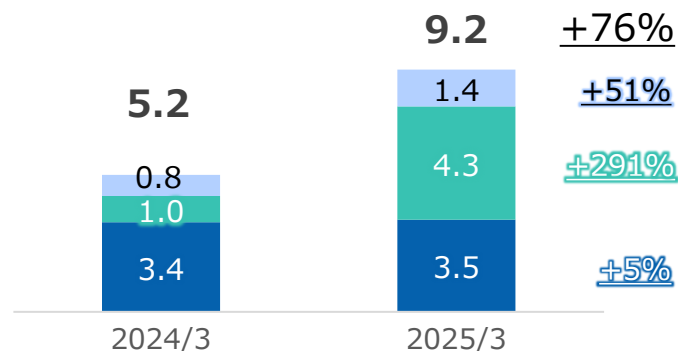


<Mini claw machines for amusement facilities>

Changes in Net Sales

(billion yen)

■ JAPAN ■ U.S.A ■ Malaysia



Note: Sales growth rates in Malaysia and the U.S. are based on local currency.

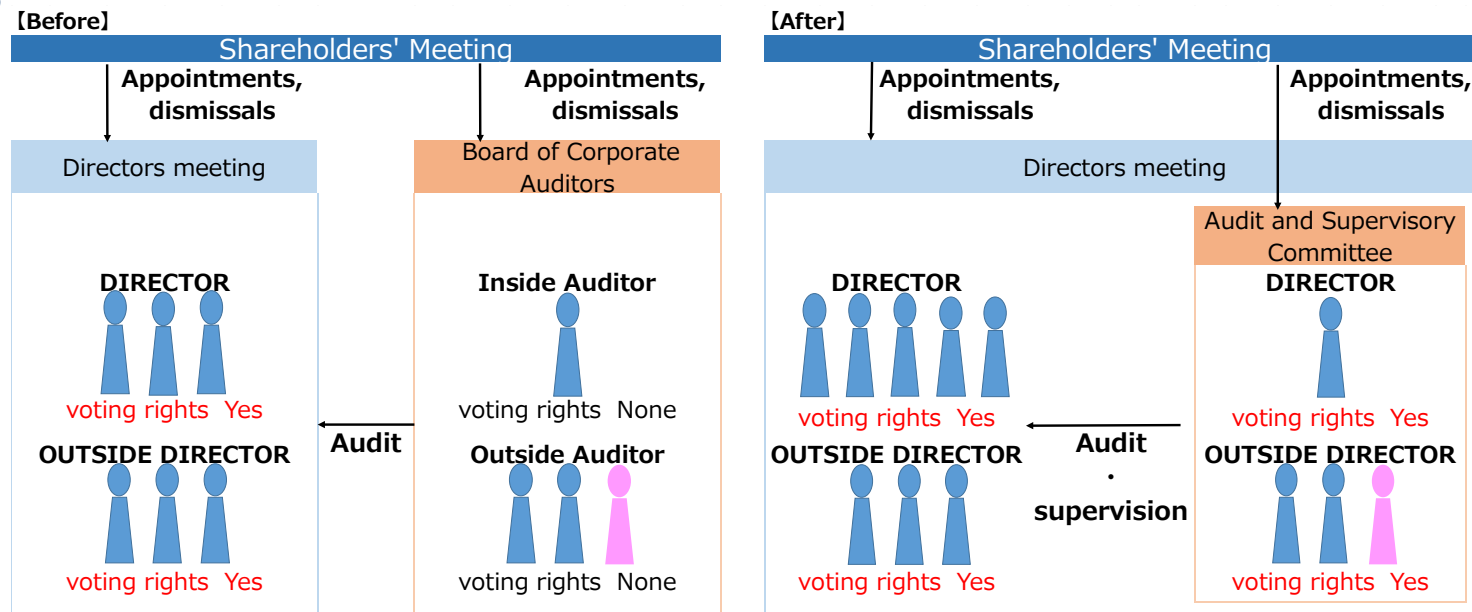
Transition to a Company with an Audit & Supervisory Committee Structure

Purposes

- To enhance the Board of Directors functions and business execution functions by further expediting decision-making through delegation of authority, promoting separation of the functions of “management decision making and supervision” and “business execution,” and clarifying respective roles
- To further strengthen the corporate governance structure in an effort to increase the Group’s corporate value amid accelerating change in the operating environment

Transition Schedule

- After approval of the requisite amendments to the Articles of Incorporation and other relevant matters is obtained at the 57th Ordinary General Meeting of Shareholders to be held in June 2025



Note

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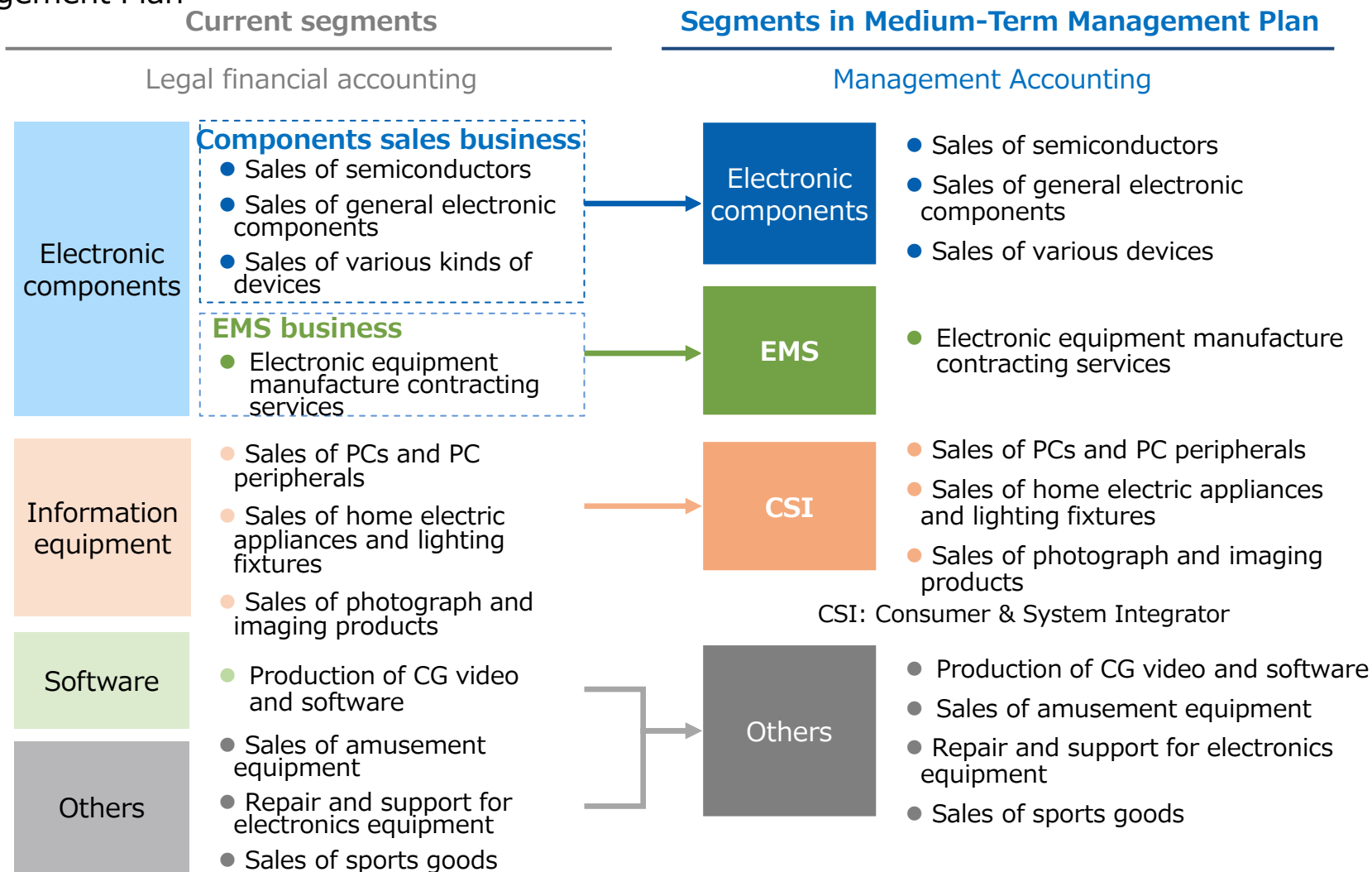
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Reference

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



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

(million yen)

		FY2024/3 Results	FY2025/3 Results	YoY
Electronic Component	Net sales	360,743	347,740	-3.6%
	Segment income	14,228 <i>3.9%</i>	10,234 <i>2.9%</i>	-28.1%
EMS	Net sales	120,478	134,544	11.7%
	Segment income	7,375 <i>6.1%</i>	7,372 <i>5.5%</i>	-0.0%
CSI	Net sales	44,305	42,652	-3.7%
	Segment income	2,924 <i>6.6%</i>	3,307 <i>7.8%</i>	13.1%
Others	Net sales	17,170	22,841	33.0%
	Segment income	1,208 <i>7.0%</i>	2,537 <i>11.1%</i>	110.0%
Total	Net sales	542,697	547,779	0.9%
	Segment income	25,845 <i>4.8%</i>	23,601 <i>4.3%</i>	-8.7%

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 4Q Results	FY2025/3 3Q Results	FY2025/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	89,705	87,802	93,751	4.5%	6.8%
	Segment income	2,472 <i>2.8%</i>	3,039 <i>3.5%</i>	2,175 <i>2.3%</i>	-12.0%	-28.4%
EMS	Net sales	27,355	34,597	34,965	27.8%	1.1%
	Segment income	1,433 <i>5.2%</i>	1,931 <i>5.6%</i>	1,276 <i>3.6%</i>	-11.0%	-33.9%
CSI	Net sales	14,038	8,320	15,699	11.8%	88.7%
	Segment income	1,002 <i>7.1%</i>	561 <i>6.7%</i>	1,353 <i>8.6%</i>	35.1%	141.2%
Others	Net sales	5,138	6,457	7,119	38.5%	10.2%
	Segment income	436 <i>8.5%</i>	972 <i>15.1%</i>	718 <i>10.1%</i>	64.8%	-26.1%
Total	Net sales	136,239	137,178	151,536	11.2%	10.5%
	Segment income	5,353 <i>3.9%</i>	6,554 <i>4.8%</i>	5,545 <i>3.7%</i>	3.6%	-15.4%

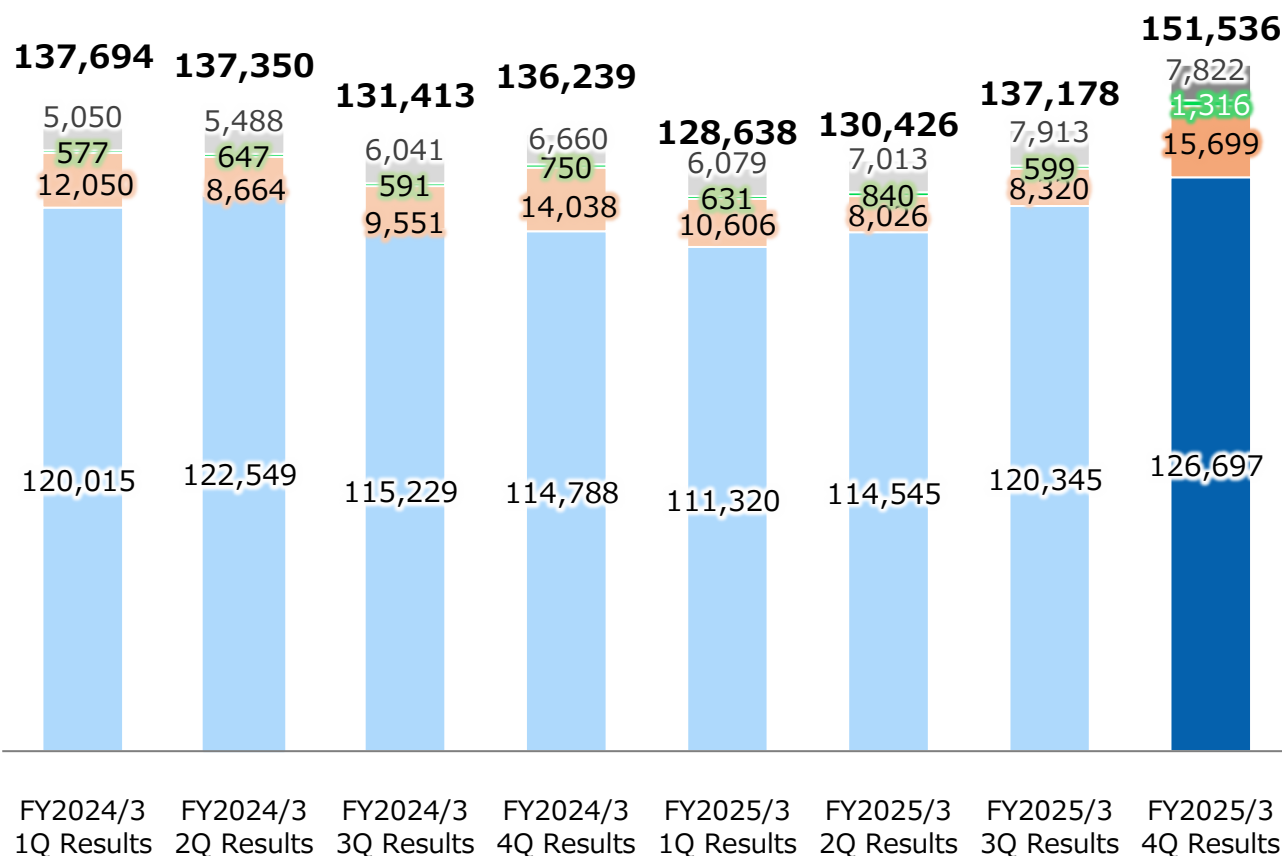
Note: 1. Figures of each segment income are not inter-segment adjusted.
Total amount is inter-segment adjusted (operating income).

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

Quarterly Net Sales Trends (3months)

Net Sales

(million yen)



Total	
YoY	: +15,297
QoQ	: +14,358

Other	
YoY	: +1,162
QoQ	: -90

Software	
YoY	: +565
QoQ	: +717

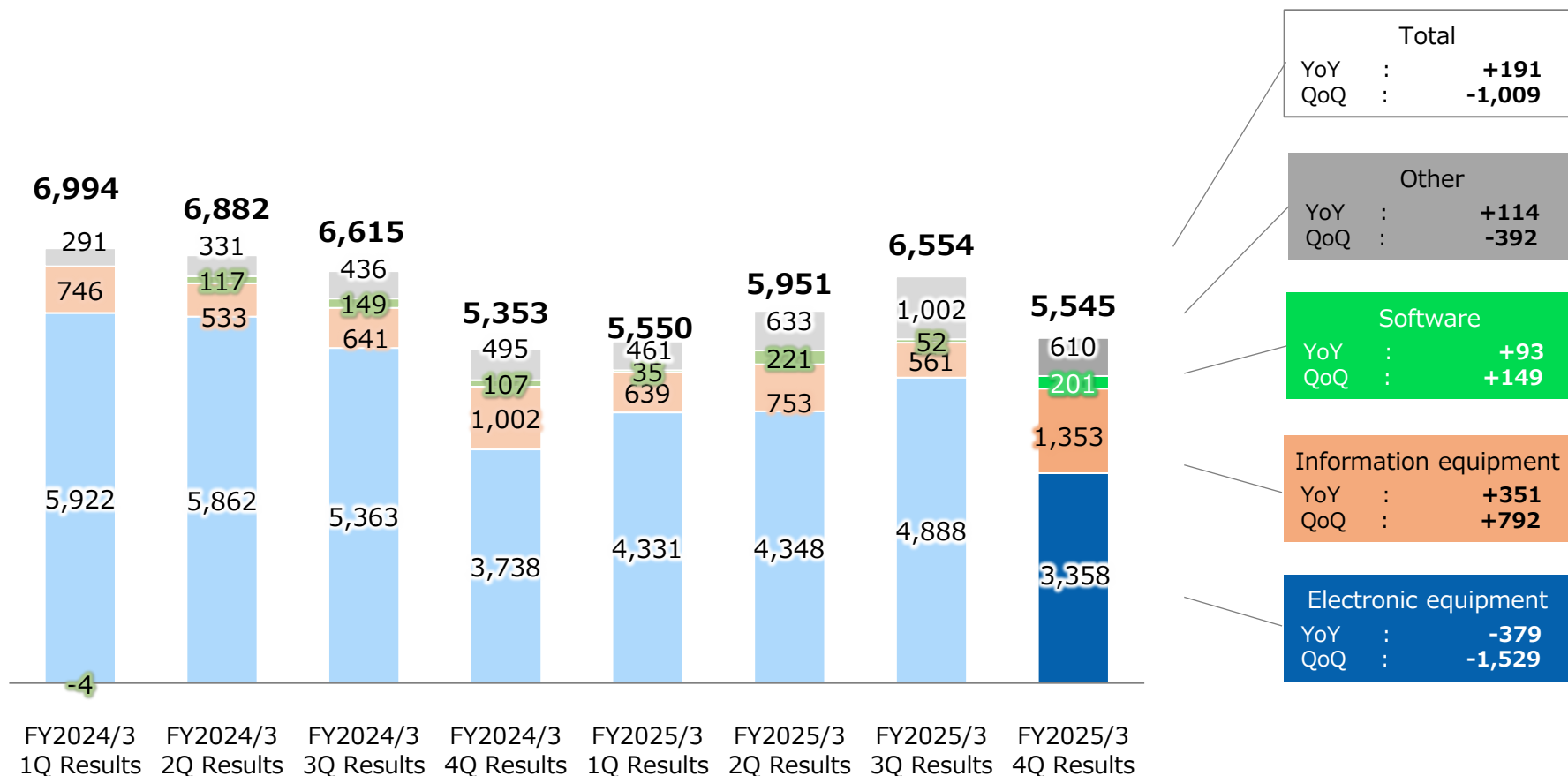
Information equipment	
YoY	: +1,660
QoQ	: +7,379

Electronic equipment	
YoY	: +11,908
QoQ	: +6,351

Quarterly Segment Income Trends (3months)

Segment Income

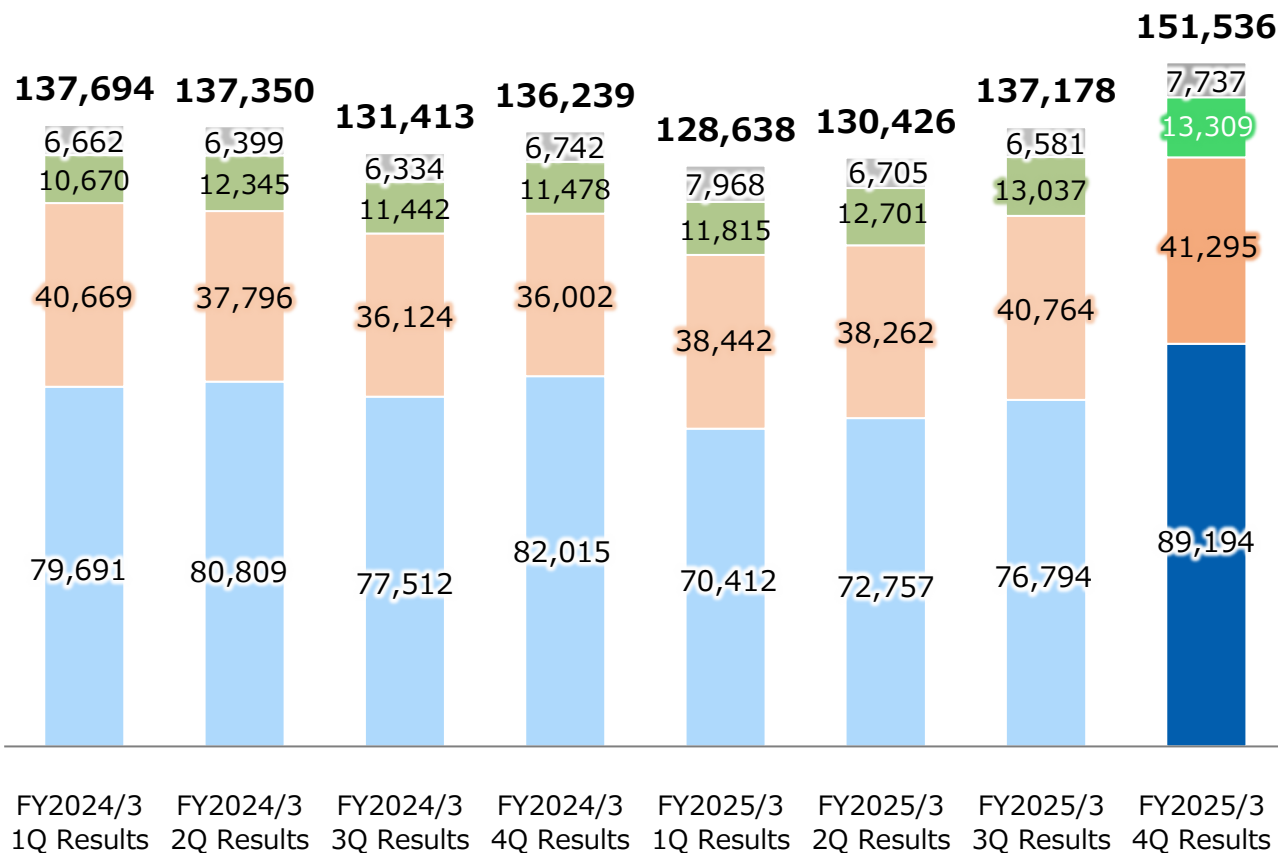
(million yen)



Net Sales by Region (3months)

Net Sales

(million yen)



Total
YoY : **+15,297**
QoQ : **+14,358**

Europe
YoY : **+994**
QoQ : **+1,155**

North America
YoY : **+1,831**
QoQ : **+272**

Asia
YoY : **+5,292**
QoQ : **+530**

Japan
YoY : **+7,178**
QoQ : **+12,399**

Exchange Rate/FOREX Sensitivity

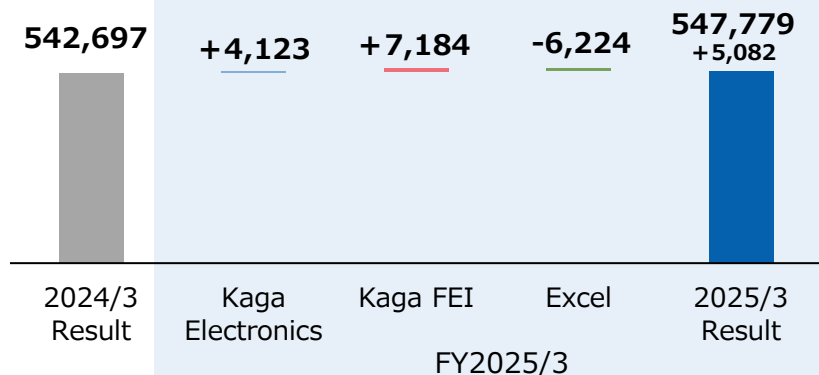
	FY2024/3 Results (Yen)	FY2025/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2026/3 (Yen)
			Net sales	Operating income	
USD	144.62	152.58	2,157	37	140.00
RMB	19.82	21.02	257	13	20.00
THB	4.11	4.38	311	18	4.50
HKD	18.48	19.58	207	5	19.00
EUR	156.80	163.75	6	0	160.00

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

(million yen)

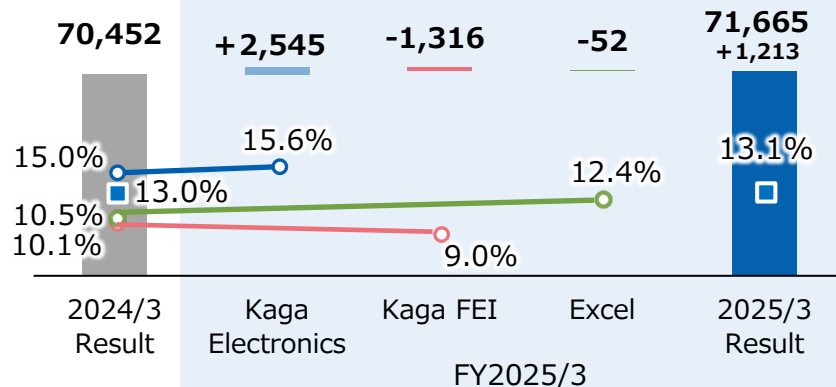
Net Sales

Both Kaga Electronics and Kaga FEI maintained solid sales despite impact of inventory adjustment. Excel saw a net sales decrease due to termination of transactions with a major customer.



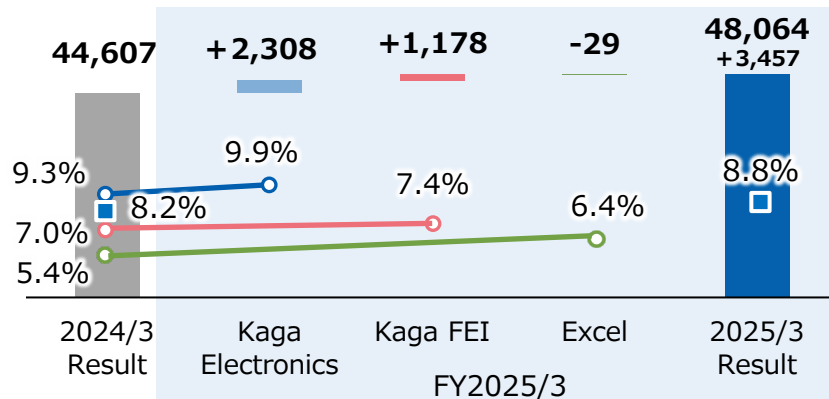
Gross profit / Gross profit margin

Kaga Electronics' gross profit increased due to sales growth and better sales mix, resulting in an increased profit margin. Kaga FEI's gross profit decreased due to worsening sales mix that resulted in profit margin decline.



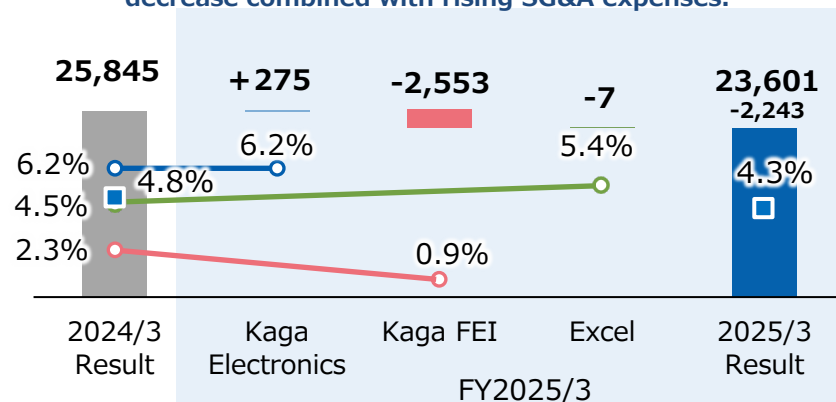
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to wage increases and rising logistics costs.



Operating income / Operating income margin

Kaga Electronics secured an increase in operating income while Kaga FEI posted a substantial decrease due to a gross profit decrease combined with rising SG&A expenses.

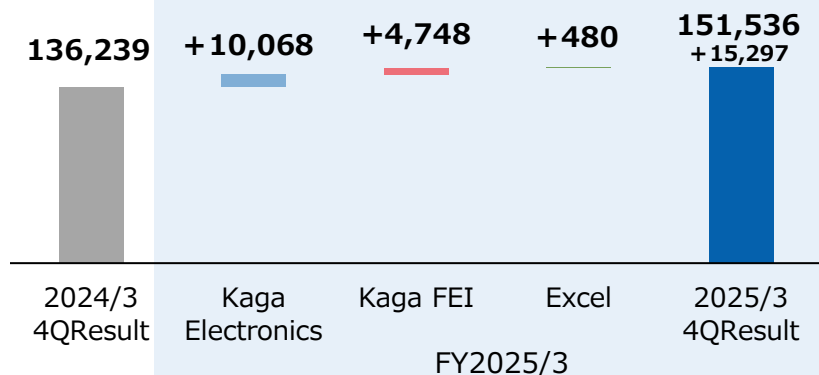


Analysis of Changes in Net Sales through Operating Income by Corporate Group for FY2025/3 (3 months)

(million yen)

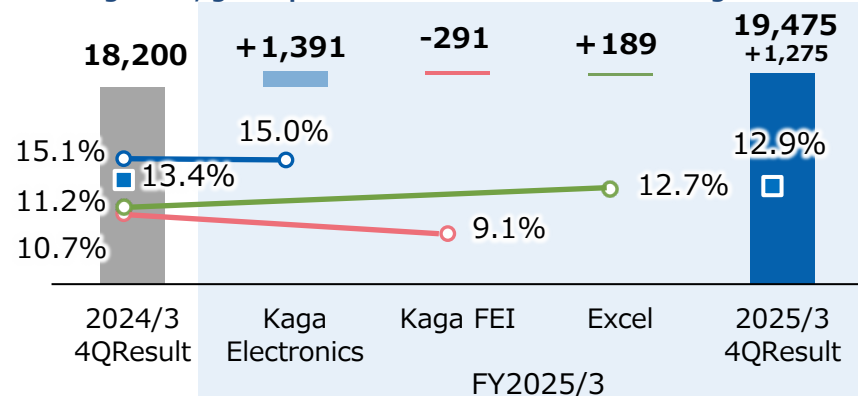
Net Sales

All three companies recorded an increase in net sales with moderation of inventory adjustments in the electronic components business.



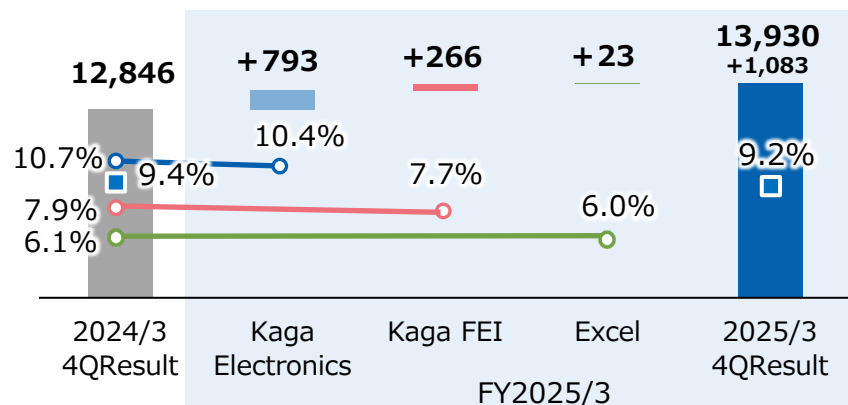
Gross profit / Gross profit margin

Sales growth at Kaga Electronics and better sales mix at Excel resulted in a gross profit increase in the two companies. At Kaga FEI, despite sales growth, gross profit decreased due to worsening sales mix.



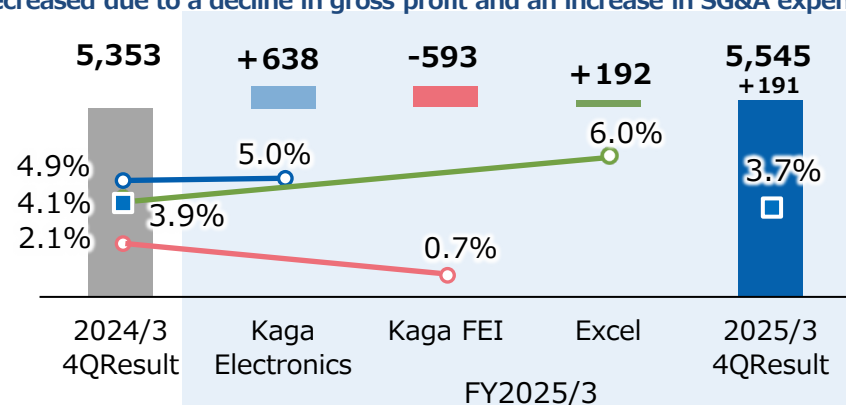
SG&A / SG&A ratio

SG&A expenses increased at Kaga Electronics and Kaga FEI due to the impact of wage increases.



Operating income / Operating income margin

Kaga Electronics and Excel were able to absorb a rise in SG&A expenses to secure an increase in operating income. Kaga FEI's operating income decreased due to a decline in gross profit and an increase in SG&A expenses.

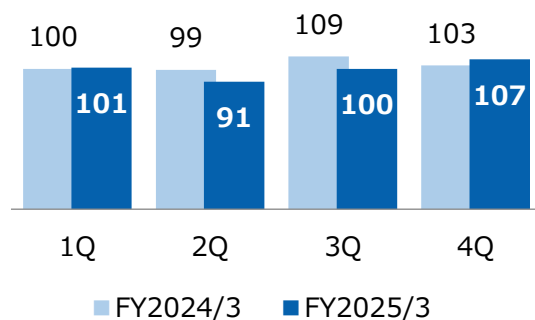


Trends in Sales to Key Customers

■ Company A in automotive sector

YoY: +4.0%

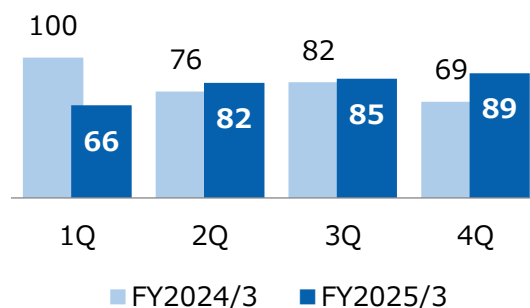
QoQ: +6.5%



■ Company B in air-conditioner sector

YoY: +30.3%

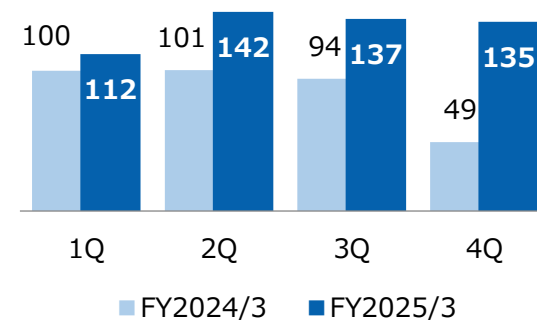
QoQ: +4.9%



■ Company C in office-equipment sector

YoY: +174.7%

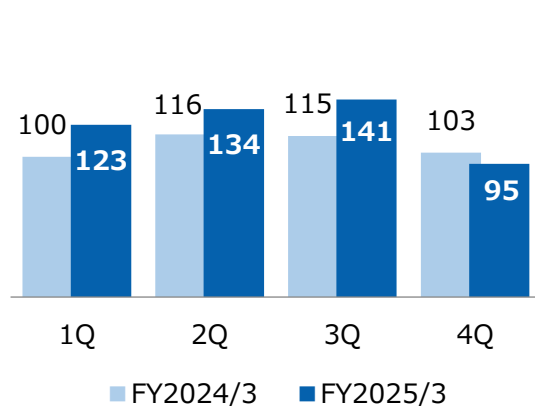
QoQ: -1.3%



■ Company D in automotive sector

YoY: -7.7%

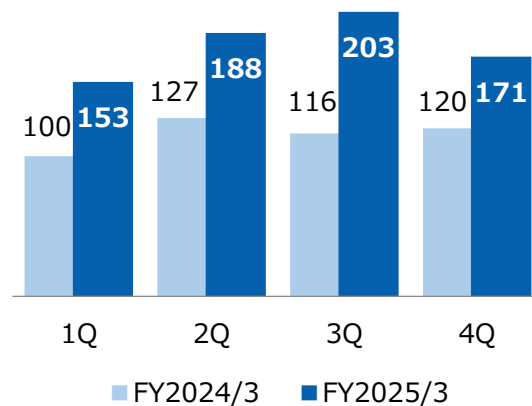
QoQ: -32.4%



■ Company E in industrial-equipment sector

YoY: +43.0%

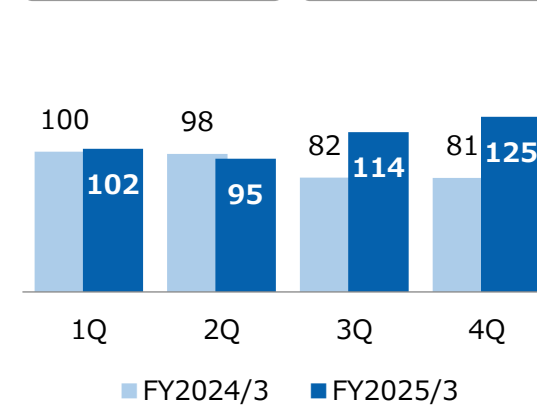
QoQ: -15.5%



■ Company F in medical-equipment sector

YoY: +54.1%

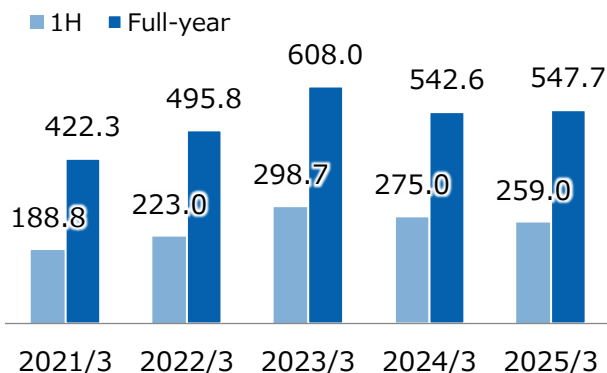
QoQ: +5.0%



Latest 5 years Financial Trends

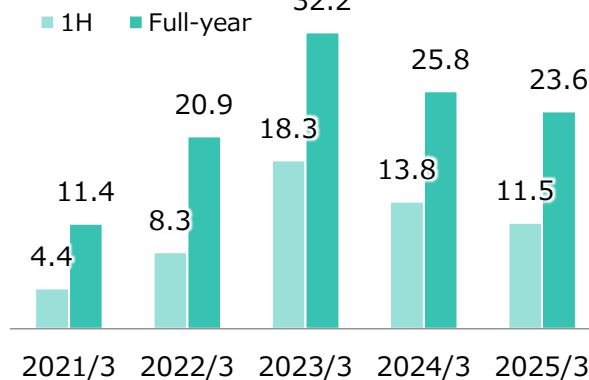
Net Sales

(billion yen)



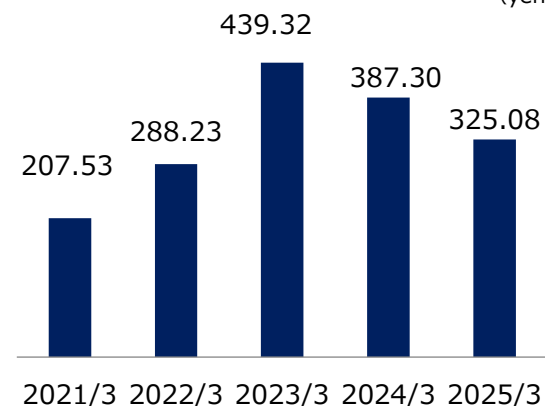
Operating Income

(billion yen)



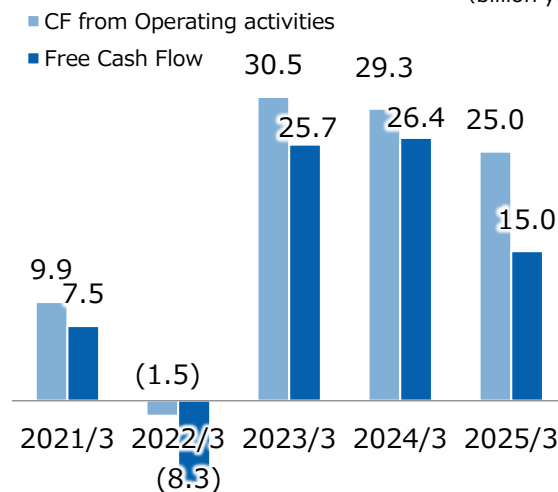
EPS

(yen)



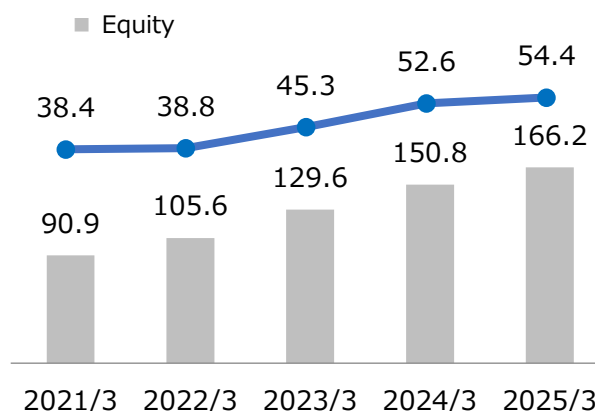
Cash Flow

(billion yen)



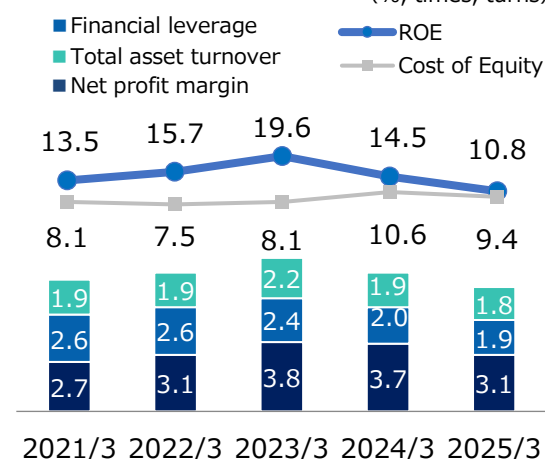
Equity Ratio

(%, billion yen)



ROE

(%, times, turns)



“Everything we do is for our customers



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- Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons.
- Display method in this material
 - Number : Truncated less than the display unit.
 - Ratio : After calculation in yen units, Round down one digit of Display unit.