KAGA ELECTRONICS

JPX-NIKKEI 400
2023 - 2024

JPX-NIKKEI Mid Small
2021 - 2024

Financial Results Briefing Material for the Fiscal Year ended March 2025

KAGA ELECTRONICS CO., LTD.

TSE Prime Market 8154

May 22, 2025

INDEX

Consolidated Financial Results
for the Fiscal Year ended March 2025

Senior Executive Officer
Head of Administration Headquarters
Yasuhiro Ishihara

I am Ishihara of Kaga Electronics.
Thank you for your continued support and patronage.
I would also like to thank you for watching this presentation of our financial results briefing today.
I will now present an overview of our financial results for the fiscal year ended March 31, 2025.

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.

These are the results for the fiscal year ended March 31, 2025.
Net sales increased 5.0 billion yen from the previous year to 547.7 billion yen.
In the components sales business, sales declined due to prolonged inventory adjustments carried out by key customers, which had been a concern, and a reduction in transactions with certain major customers at overseas subsidiaries, among other factors. However, the EMS business, amusement equipment business, and software business remained strong, resulting in a slight increase in overall sales.
Operating income decreased by 2.2 billion yen from the previous year to 23.6 billion yen.
The gross profit margin improved to 13.1% due to a better sales mix, and gross profit increased 1.7% from the previous year, but this was not enough to offset the increase in SG&A expenses attributable to an increase in personnel expenses resulting from pay rises and higher logistics costs.
Ordinary income decreased 3.3 billion yen from the previous year to 22.5 billion yen, mainly due to foreign exchange losses resulting from exchange fluctuations.
Net income decreased 3.2 billion yen to 17.0 billion yen due to the absence of gain on sales of investment securities and gain on bargain purchase associated with a corporate acquisition, which were recorded as extraordinary income in the previous year.

Next, I will explain the full-year earnings forecast for the fiscal year ending March 31, 2026.
In the electronics-related market to which we belong, we expect demand to grow in the medium to long term, mainly for automotive applications, on the back of vehicle electrification and advances in autonomous driving, but in the short term, as customers' inventory adjustments are still prolonged, we expect a full-fledged recovery in demand in the second half of the fiscal year ending

March 2026.
For the fiscal year ending March 31, 2026, we have assumed an exchange rate of 140 yen to the U.S. dollar, a little over 12 yen higher than the previous fiscal year, and have factored in a decrease of 17.0 billion yen in net sales, and 0.5 billion yen in operating income from the impact of foreign currency translation.
In addition, the impact of the tariff policy in the U.S. on our business performance has been calculated under certain assumptions and factored in as a risk factor.
For the fiscal year ending March 31, 2026, we forecast net sales of 530 billion yen, operating income of 23 billion yen, and net income of 16.5 billion yen, roughly the same as the previous year.

I would like to explain our shareholder returns.
As announced in May last year, we plan to pay a year-end dividend of 55 yen per share for the fiscal year ended March 31, 2025.
Combined with the interim dividend, the annual dividend will be 110 yen per share, the same amount as the previous fiscal year.
The Company intends to maintain the dividend for the fiscal year ending March 31, 2026, at 110 yen per share, although the profit is expected to decrease.

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 attibutable 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.

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The financial highlights on the next page are as I have just explained. Earnings per share (EPS) for the current period was 325.08 yen.
ROE was 10.8%, down 3.7 percentage points from the previous year. While most of the profits earned are piled in net assets, increasing financial stability and soundness, we feel the need to take proactive steps to further improve capital efficiency in the future.
The average exchange rate during the current year was 152.58 yen against the U.S. dollar, which represents a depreciation of 8 yen from the actual rate of 144.62 yen in the previous year and the assumed rate of 145 yen in the full-year earnings forecast.
The year-on-year impact of exchange fluctuations was an increase in net sales of about 11 billion yen and an increase in operating income of about 0.5 billion yen.

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.

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These are the results by business segment.
In the electronic components business, sales in the mainstay components sales business declined from the previous fiscal year due to the prolonged impact of inventory adjustments by some customers, sluggish sales of SoC products at Kaga FEI, and the termination of transactions with a certain major customer at Excel’s overseas subsidiaries. On the other hand, in the EMS business, sales for automotive and medical applications remained strong, industrial equipment sales recovered, and sales for air-conditioning equipment, which had been in an inventory adjustment phase, continued its gradual recovery from the second quarter, resulting in higher sales.
As a result, net sales of the electronic components business as a whole were on par with the previous fiscal year, but segment income decreased from the previous fiscal year because the increase in SG&A expenses could not be offset.

In the information equipment business, sales of PCs for educational institutions remained strong, but sales to mass retailers were low due to the impact of a major PC supplier’s reduced product lineups. In the LED installation business, net sales decreased from the previous fiscal year as a large-scale project that had been in full swing since two fiscal years earlier wrapped up. On the other hand, the income margin improved and segment income increased as sales of security software, which has relatively high profitability, was strong.

In the software business, orders for computer graphics production were strong, and both net sales, segment profit amount, and profit margin exceeded levels from the previous fiscal year.

In the others business, the PC product and PC peripheral recycling business remained strong, and the amusement equipment business, which provides equipment and services to large amusement facilities, enjoyed strong sales in the U.S. As a result, net sales, segment income, and profit margin all exceeded those of the previous fiscal year.

Please also refer to pages 7 and 8, which contain information by business segment.

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.

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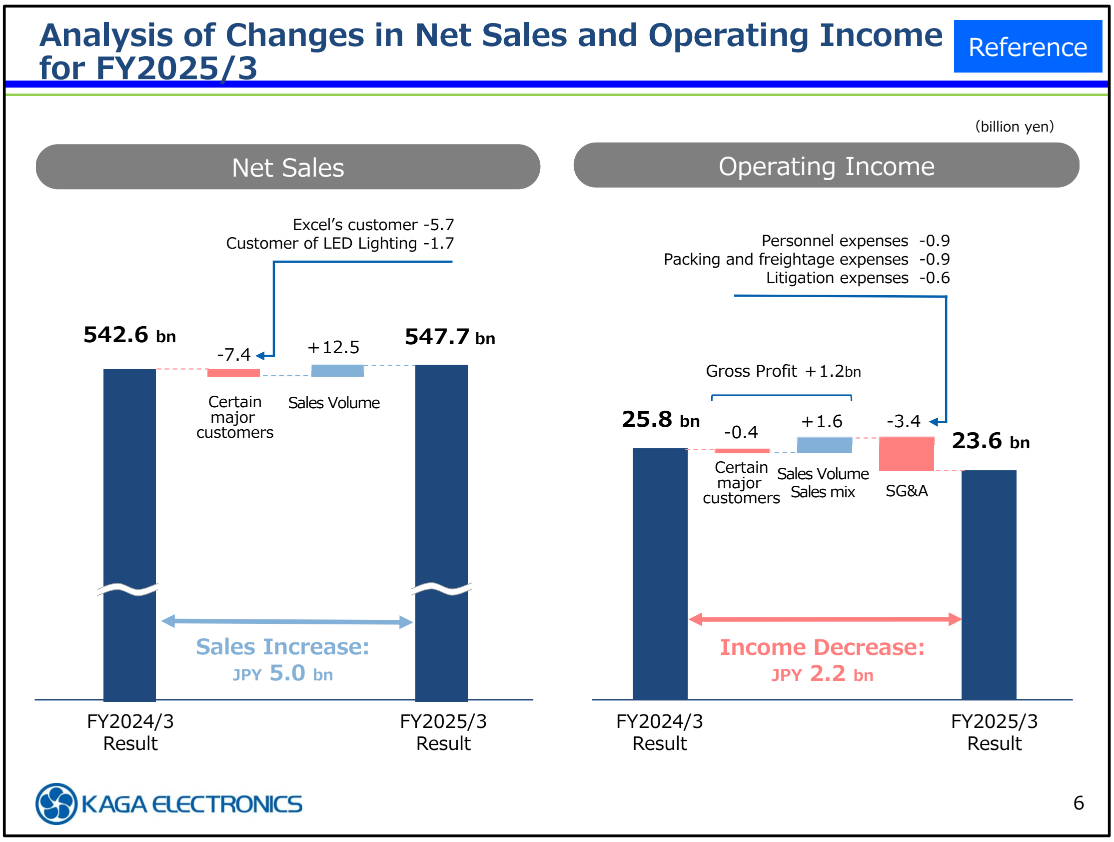
Next, I will explain our performance by company.
In the Kaga Electronics Group's traditional business, despite the impact of prolonged inventory adjustments by some customers, net sales increased slightly and the gross profit margin improved due to a better sales mix, resulting in an increase in gross profit. Operating income increased as well, offsetting an increase in SG&A expenses due to the impact of wage increases and rising logistic costs.
In the Kaga FEI Group, despite prolonged inventory adjustments by some customers, net sales remained strong and revenue increased, but the gross profit margin declined due to a worsening sales mix, and gross profit also declined. In addition, operating income also declined due to rising SG&A expenses resulting from the impact of wage increases and rising logistic costs.
In the Excel Group, despite a decline in sales to a certain major customer, the gross profit margin improved due to a better sales mix, and profits did not decline as much as net sales, with both gross profit and operating income remaining at roughly the same levels as in the previous fiscal year.

Please review the quarterly net sales trends graph on page 27 for your reference. For the fiscal year ended March 31, 2025, net sales were constantly on a steady upward trend as we moved from the first to fourth quarters. Although inventory adjustments by some of our customers have been prolonged, even in such an environment, we have steadily increased sales volume and I think this clearly demonstrates the recovery trend we are in as we head into the next fiscal year.

Please also see the quarterly information for the last three months on pages 9 to 14.



I will now explain the factors behind the year-on-year changes in net sales and operating income.

Net sales decreased by 5.7 billion yen due to a decrease in transactions for certain major customers of Excel and a decrease of 1.7 billion yen due to the completion of a large-scale LED installation business project that had been ongoing since the previous two fiscal years. On the other hand, despite the impact of prolonged inventory adjustments by key customers, we strived to restore sales volume, resulting in a 12.5 billion yen increase in net sales and a 5.0 billion yen increase in total net sales.

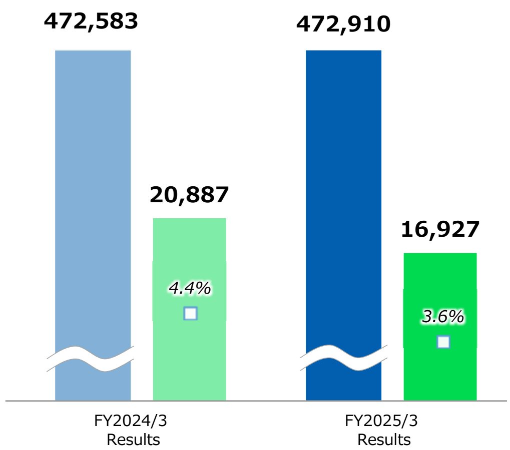
Operating income decreased by 2.2 billion yen from the previous year, mainly due to a 0.4 billion yen decrease in transactions with certain major customers, a 1.6 billion yen increase due to higher sales volume and a better sales mix, resulting in a 1.2 billion yen increase in gross profit; and a 3.4 billion yen decrease due to higher SG&A expenses, including a 0.9 billion yen increase in personnel expenses resulting from pay increases implemented across the Group, a 0.9 billion yen increase in logistics costs, and a 0.6 billion yen increase in litigation expenses at subsidiaries.

Financial Highlights: Electronic Component Segment

Net sales/Segment income

(million yen)

Net Sales
Segment income

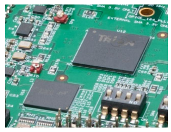


YoY

- 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.

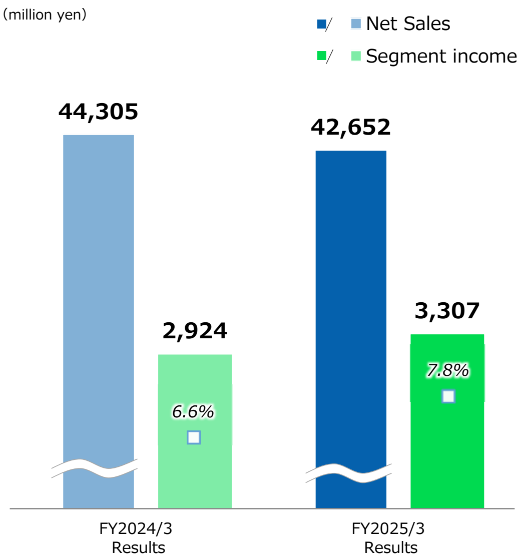
- The EMS business recorded a year-on-year increase in net sales.
- Sales in automotive and medical sectors remained robust. Sales to industrial equipment sector recovered, and a recovery trend continued in sales to air-conditioning equipment sector, which had been in an adjustment phase.



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

Financial Highlights: Information Equipment Segment

Net sales/Segment income



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

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	*13.4%*	18,056	*13.2%*	**19,475**	12.9%	7.0%	7.9%
SG&A	12,846	*9.4%*	11,502	*8.4%*	**13,930**	9.2%	8.4%	21.1%
Operating income	5,353	*3.9%*	6,554	*4.8%*	**5,545**	*3.7%*	3.6%	-15.4%
Ordinary income	5,664	*4.2%*	7,101	*5.2%*	**4,214**	*2.8%*	-25.6%	-40.7%
Profit attibutable to owners of parent	4,353	*3.2%*	4,773	*3.5%*	**4,368**	*2.9%*	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	*3.3%*	4,888	*4.1%*	**3,358**	*2.7%*	-10.2%	-31.3%
Information Equipment	Net sales	14,038		8,320		**15,699**		11.8%	88.7%
	Segment income	1,002	*7.1%*	561	*6.7%*	**1,353**	*8.6%*	35.1%	141.2%
Software	Net sales	750		599		**1,316**		75.3%	119.7%
	Segment income	107	*14.3%*	52	*8.7%*	**201**	*15.3%*	87.3%	286.5%
Others	Net sales	6,660		7,913		**7,822**		17.5%	-1.1%
	Segment income	495	*7.4%*	1,002	*12.7%*	**610**	*7.8%*	23.1%	-39.1%
Total	Net sales	136,239		137,178		**151,536**		11.2%	10.5%
	Segment income	5,353	*3.9%*	6,554	*4.8%*	**5,545**	*3.7%*	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.

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Results by Company for FY2025/3 (3 months)

Reference

(million yen)

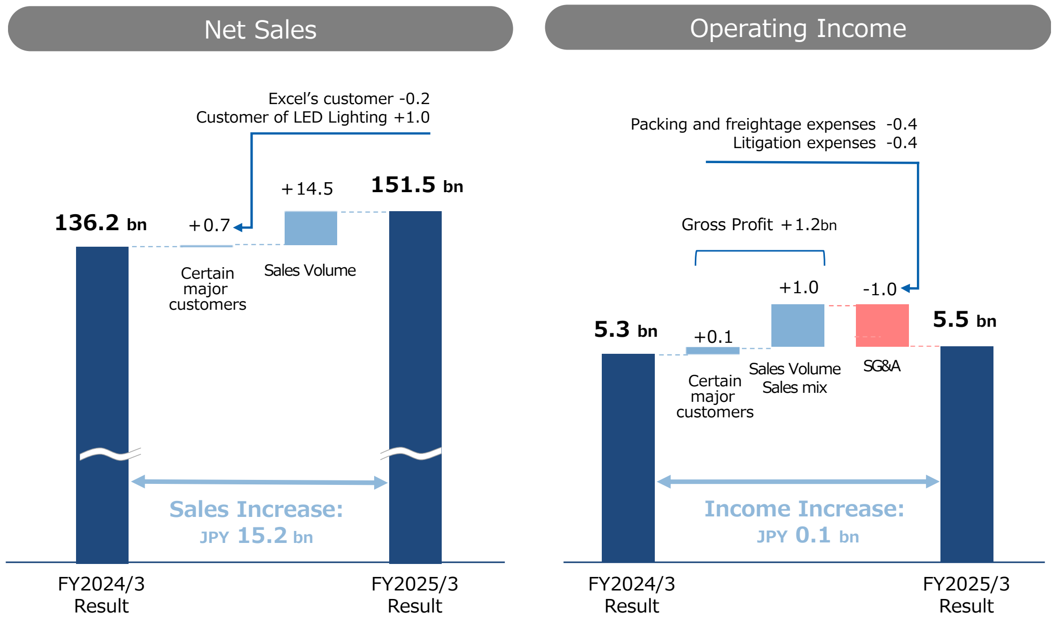
		FY2024/3 4Q Results		FY2025/3 3Q Results		FY2025/3 4Q Results		YoY	QoQ
Kaga Electronics	Net sales	80,478		80,826		**90,546**		12.5%	12.0%
	Gross Profit	12,165	*15.1%*	12,676	*15.7%*	**13,557**	*15.0%*	11.4%	6.9%
	Operating income	3,922	*4.9%*	5,605	*6.9%*	**4,560**	*5.0%*	16.3%	-18.6%
Kaga FEI	Net sales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

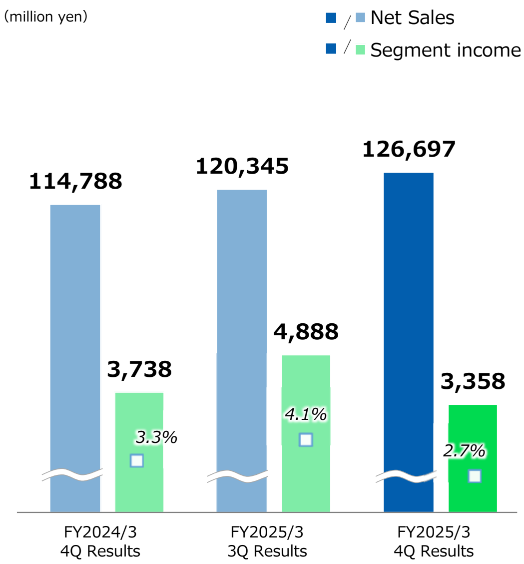
(billion yen)



Financial Highlights: Electronic Component Segment (3 months)

Reference

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**

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

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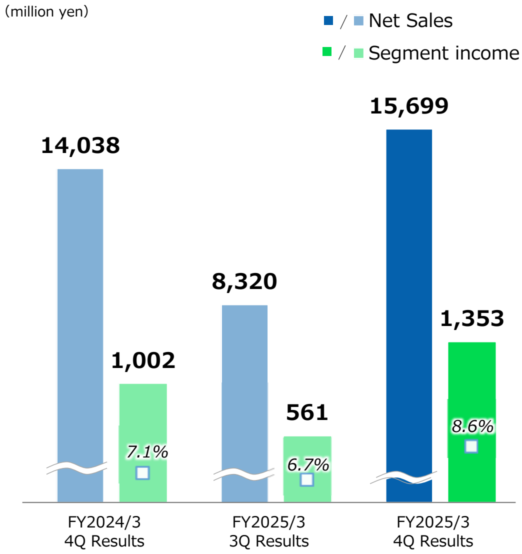
Financial Highlights: Information Equipment Segment (3 months)

Reference

Net sales/Segment income



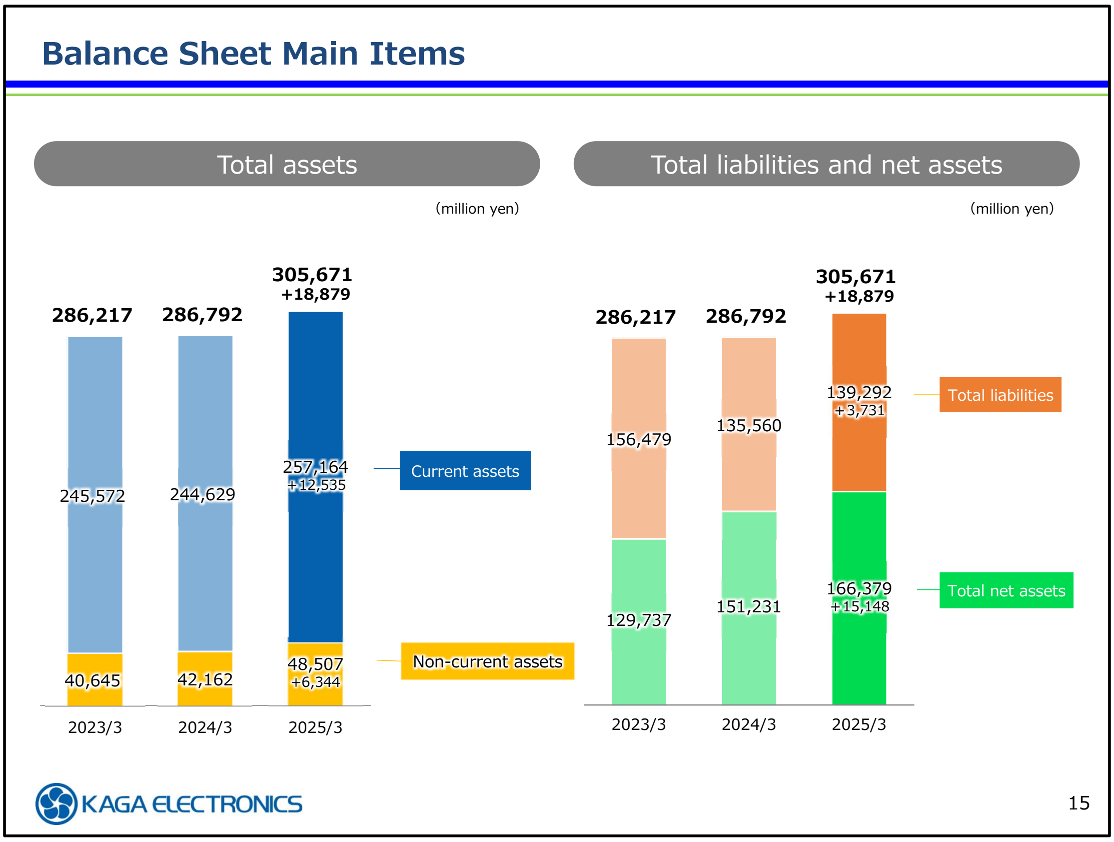
YoY

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

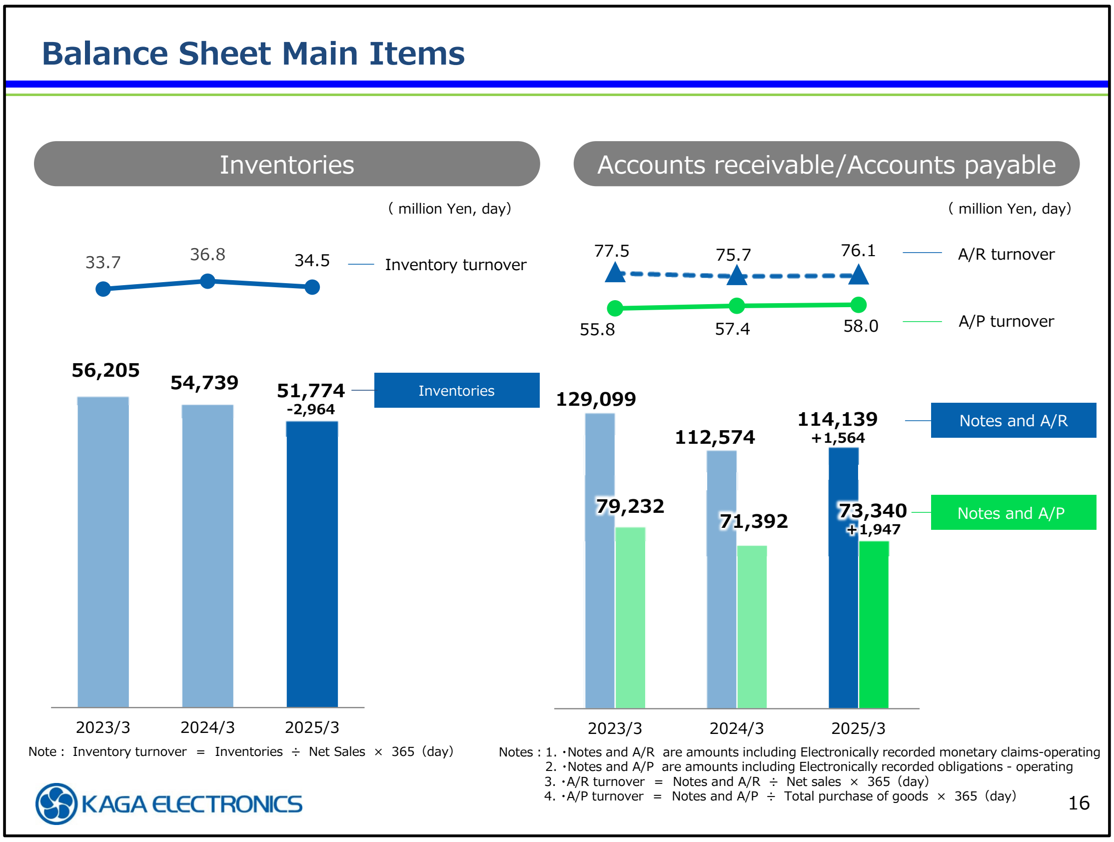
QoQ

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

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

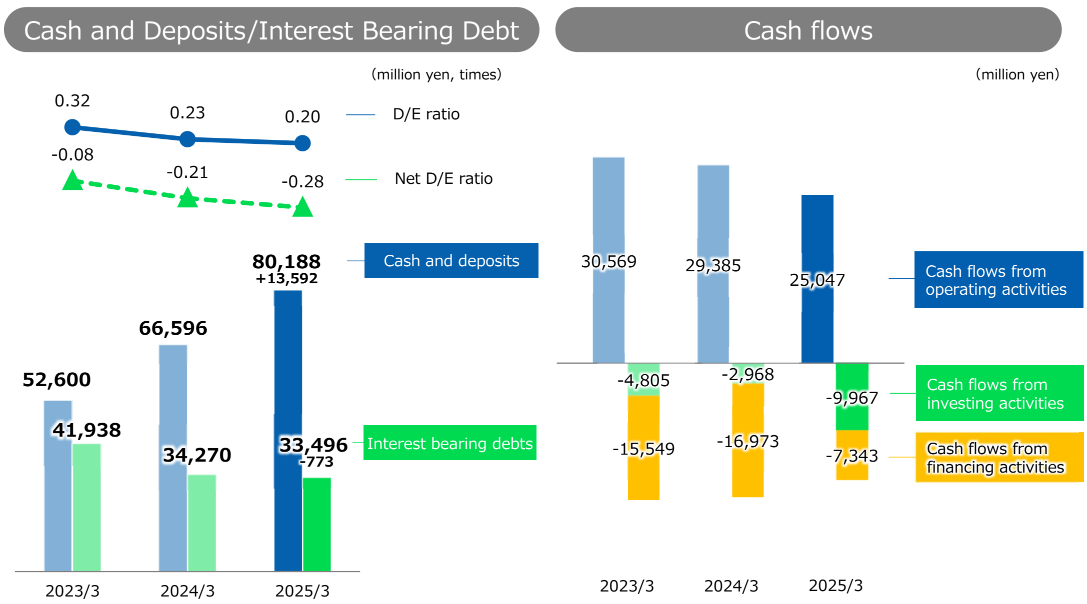


I will now move on to the balance sheet, starting with assets.
Current assets increased by 12.5 billion yen from the end of the previous fiscal year to 257.1 billion yen due to an increase in cash and deposits, even as inventories were reduced by about 2.9 billion yen. Non-current assets totaled 48.5 billion yen, up 6.3 billion yen from the end of the previous fiscal year due to capital investment in the factories of overseas bases and acquisition of investment securities, among other factors. Total assets amounted to 305.6 billion yen, up 18.8 billion yen from the end of the previous fiscal year.
Liabilities increased 3.7 billion yen from the end of the previous fiscal year to 139.2 billion yen, mainly due to an increase in notes and accounts payable-trade and income taxes payable.
Total net assets amounted to 166.3 billion yen, up 15.1 billion yen from the end of the previous fiscal year, mainly due to an increase in retained earnings.
The equity ratio increased 1.8 percentage points from 52.6% at the end of the previous fiscal year to 54.4%, and we continue to improve our financial stability and soundness.



Inventories amounted to 51.7 billion yen, down 2.9 billion yen from the end of the previous fiscal year, as a result of efforts to adjust purchasing and procurement amid the impact of prolonged inventory adjustments by key customers.
Inventory turnover also improved by 2.3 days from the previous period to 34.5 days, and both inventory value and turnover days have returned to their appropriate levels.

Balance Sheet Main Items



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

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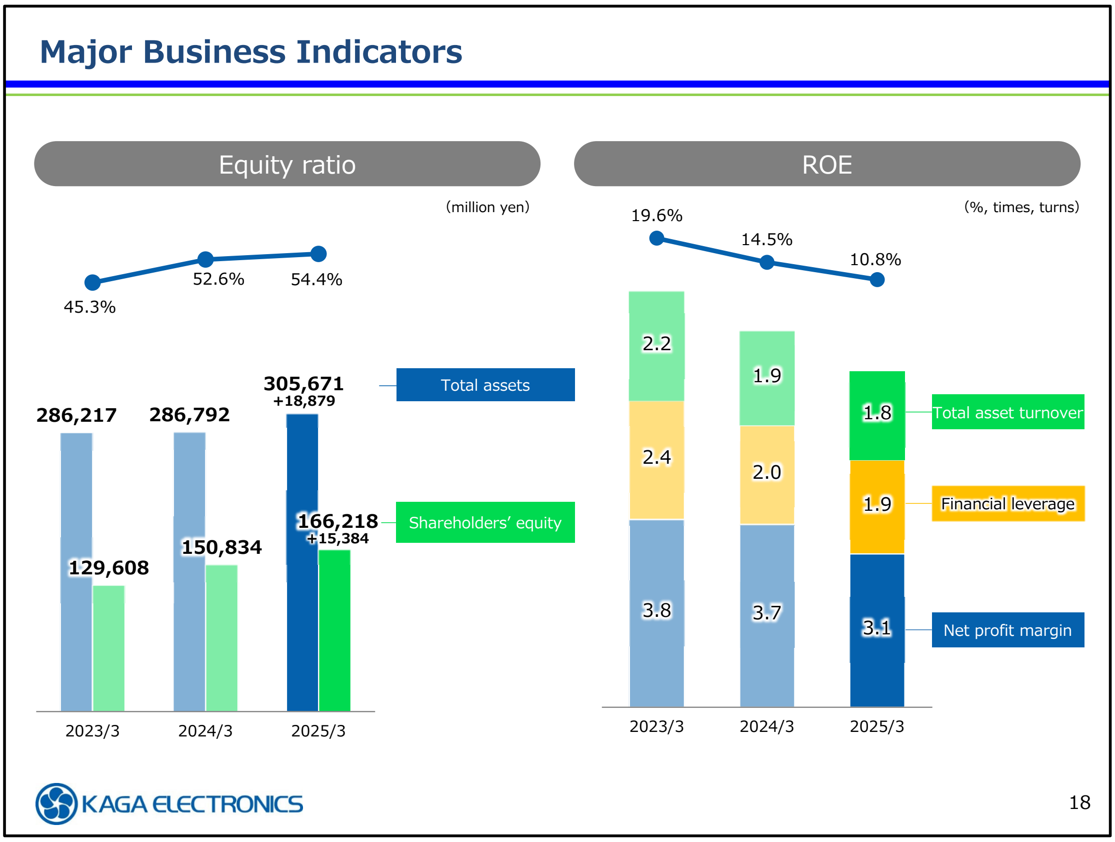
Interest-bearing debt decreased by 0.7 billion yen from the end of the previous fiscal year to 33.4 billion yen, and the Debt-to-Equity ratio (D/E ratio) remained low at 0.20x, partly due to an increase in equity achieved through profit generation.
The balance of cash and deposits increased by 13.5 billion yen from the end of the previous period to 80.1 billion yen, and the net D/E ratio remained low at -0.28x as we maintained the stability and soundness of the company's financial base. As a company handling financial matters, we are fully prepared for aggressive growth investments for future business expansion, such as M&As.



While shareholders' equity increased, bringing financial stability and soundness higher at an equity ratio of 54.4%, ROE of 10.8% indicates a slight decline in capital efficiency.
In the future, we will strive to further improve profitability in line with the basic policies of the Medium-Term Management Plan 2027, of which the current fiscal year is the first year, and implement strategic cash allocation, focusing on growth investment and shareholder returns, including investments in business infrastructure such as M&A, production facilities, and human capital. We will also strive to actively invest and utilize the cash we generate, aiming to sustainably maintain and improve our new management target of "ROE of 12% or more" from this fiscal year onward.

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 attibutable 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.

I would now like to explain our earnings forecast for the fiscal year ending March 31, 2026.
As mentioned earlier, inventory adjustments by some of our customers have been prolonged, and we expect a full-fledged recovery in demand in the second half of the fiscal year ending March 31, 2026. In this environment, we have revised our forecasts for the fiscal year ending March 31, 2026, to net sales of 530 billion yen, operating income and ordinary income of 23 billion yen, and net income of 16.5 billion yen, almost unchanged from the previous fiscal year.
We will provide some supplementary explanation of the assumptions underlying this earnings forecast later.
Based on the above forecasts, earnings per share (EPS) for the fiscal year ending March 31, 2026 is expected to be 313.95 yen.
The ROE at the end of the year is expected to be 10.0%, but as mentioned earlier, we will strive to further improve profitability in line with the basic policy of the Medium-Term Management Plan 2027 and implement strategic cash allocation, focusing on growth investment and returns to shareholders. We will also strive to actively invest and utilize the funds we have generated, and aim to sustainably maintain and improve our new management target of “ROE of 12% or more,” which we have set for this fiscal year.
In addition, the Company reviewed its shareholder return policy in its Medium-Term Management Plan 2027, which calls for a “consolidated dividend payout ratio 30% to 40%”, “DOE (Dividend on Equity ratio) of 4.0% as a target for stable and continuous dividends,” and “flexible implementation of special dividends and acquisition of treasury shares as measures in line with profit levels and capital efficiency.”
In line with this policy, although profit is expected to decrease, the annual dividend is expected to remain unchanged from the previous year at 110 yen per share. As a result, the consolidated dividend payout ratio and DOE are

expected to be 35% and 3.9%, respectively.

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	*3.6%*	**16,500**	*3.6%*	-2.5%
Information Equipment	Net sales	42,652		**45,000**		5.5%
	Segment income	3,307	*7.8%*	**3,500**	*7.8%*	5.8%
Software	Net sales	3,387		**3,000**		-11.4%
	Segment income	509	*15.1%*	**500**	*16.7%*	-1.9%
Others	Net sales	28,829		**25,000**		-13.3%
	Segment income	2,707	*9.4%*	**2,500**	*10.0%*	-7.7%
Total	Net sales	547,779		**530,000**		-3.2%
	Segment income	23,601	*4.3%*	**23,000**	*4.3%*	-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.

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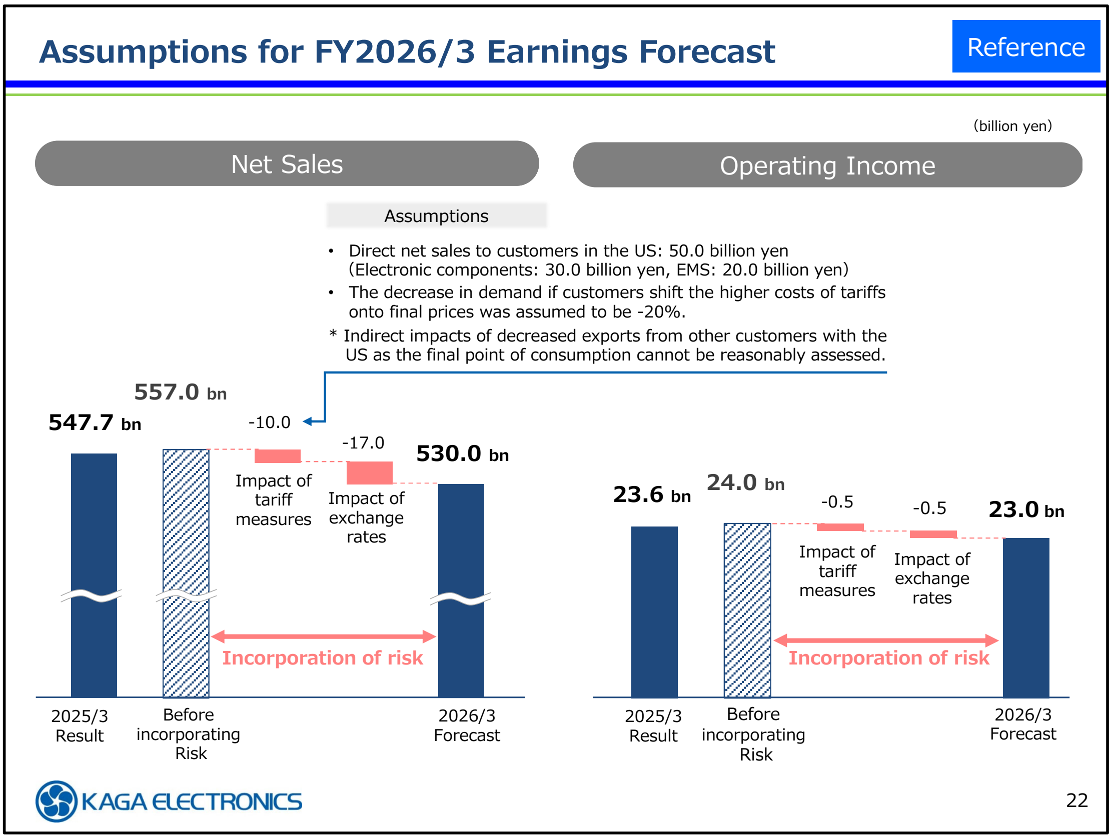
The table shows the forecasts by business segment, and I would like to add a few words about the assumptions for the full-year forecast for the fiscal year ending March 31, 2026.



To reiterate, inventory adjustments by some customers are still prolonged, and a full-fledged recovery in demand is not expected until the second half of the fiscal year ending March 31, 2026. In such an environment, we expect earnings to be slightly above the previous fiscal year's level and have incorporated the following two risk factors into our forecast for each business segment.
First, for the fiscal year ending March 31, 2026, we have assumed an exchange rate of 140 yen to the U.S. dollar, a little over 12 yen higher than the previous fiscal year, and have factored in a decrease of 17 billion yen in net sales and 0.5 billion yen in operating income as the impact of foreign currency translation.
Next, the impact of the tariff policy in the U.S. on our business performance was also calculated based on certain assumptions and a 10 billion yen decrease in net sales and a 0.5 billion yen decrease in operating income were factored in as a risk factor.
Based on these assumptions, our forecasts for the fiscal year ending March 31, 2026 are net sales of 530 billion yen, operating income of 23 billion yen, and net income of 16.5 billion yen.

Please also refer to the reference materials from page 23, which include voluntary disclosure information by segment in accordance with the Medium-Term Management Plan, graphs showing quarterly net sales by segment and by region, information on exchange rates and exchange rate sensitivity, graphs analyzing increases and decreases by company, sales trends for key customers, and recent financial trends.

That concludes my presentation of our financial results for the fiscal year ended March 31, 2025.
Thank you very much for listening.

Management Topics

Representative Director,
President & COO

Ryoichi Kado

I am Kado, President of KAGA ELECTRONICS.
Thank you very much for your continued support and cooperation in our IR activities.

I would like to present our management topics for the fiscal year ended March 2025.

My presentation focuses mainly on a review of the “Medium-Term Management Plan 2024,” which ended in the previous fiscal year, and the “New Medium-Term Management Plan 2027,” which has just started this fiscal year.

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 Announced on Nov. 25, 2021	First-year results 2023/3 Announced on May 11, 2023	Latest Outlook Same as on the left	Second-year results 2024/3 Announced on May. 9, 2024	Final-year results 2025/3 Announced on May. 14, 2025
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%

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Let me start by looking back on the "Medium-Term Management Plan 2024."

Quantitatively, with the exception of new M&As, the management targets for net sales, operating income, and ROE were achieved in fiscal 2022, the first year of the Plan, two years ahead of schedule.

In light of such a strong start, we updated the earnings forecast for the final year of the Plan in May 2023 and announced it as the "Latest Outlook." However, due to such factors as the impact of prolonged inventory adjustment, which we could not foresee at the time, and salary increases, the targets for net sales and operating income, as projected in the "Latest Outlook," could not be achieved in fiscal 2024, the final year of the Plan.

ROE, however, was maintained at a stable 10% or higher throughout the period of the Plan.

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	• Selection and concentration in growth fields • Reinforcement and expansion of EMS business and overseas business	■ 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	• Reinforcement of corporate governance • Efficient Group management • Investments in human capital	■ 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	• Initiatives in new fields • Promotion of open innovation through venture investments • M&A efforts aimed at discontinuous growth	■ M&As: Four deals, including Taiyo Yuden small wireless module business ■ Investment in venture companies: JPY800mn/11 companies
Promotion of SDGs Management	• Addressing ESG management issues	■ 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)

Next, from the qualitative perspective, let’s look at the four basic policies and initiatives on the key issues.

With respect to “further reinforcement of profitability," we have been working to increase the production capacity of our factories in Malaysia, Turkey, and Mexico, with the aim of strengthening our EMS business.

With regard to “reinforcement of management base," we promoted the introduction of tools that utilize digital technology, and also provided inflation allowances and salary increases in April last year.
We also actively worked on ESG issues as part of our sustainability management.

With respect to the “creation of new businesses," although we carried out small-scale business transfers and invested in start-ups, we were not able to achieve any results in large M&A deals. We are therefore stepping on the gas as one of the challenges in the new Medium-Term Management Plan.

Let me now brief you on the "New Medium-Term Management Plan 2027."
As this part will be a duplication for those of you who attended our previous presentation, I will just recap the key points.

This slide shows a summary of the New Medium-Term Management Plan.

The overall scenario remains unchanged from the previous Plan, maintaining the same management vision to become "a competitive world-class company" and "Japan's No. 1 corporate group in the industry" under the long-term concept of aiming for net sales of 1 trillion yen by fiscal 2028, which is the 60th anniversary of our founding.

I will explain the numbers in more detail further on.

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	■ Put business portfolio management into practice
	M&A challenges	■ 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	■ 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	■ Strategic cash allocation and proactive shareholder returns
	Investment in human capital	■ Reform HR system (overseas Human Resource Development, promote diversification of human resources, etc.)
Promotion of SDGs Management	Accelerated response to ESG management issues	■ 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

Next, I will explain the basic policy and priority measures of the New Medium-Term Management Plan.

The basic policy is “to enhance corporate value through management that is focused on profitability and capital efficiency."
I have always advocated “profit-focused management," and while maintaining this approach, I will aim to further enhance corporate value by implementing management that is even more conscious of capital efficiency.

Priority measures are threefold.
The first is to “further reinforce profitability." In addition to expanding our core businesses, we will take on the challenge of M&As and work to create to new businesses.

The second is to “make our management base more advanced." Here, in order to enhance our capital strategies, we have clarified our approach to cash allocation and also revised shareholder return policy.

The third is to “further promote SDGs management." We will accelerate our response to ESG-related management issues based on the Medium- to Long-Term Sustainability Management Plan, which was formulated in November 2021.

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%]	

Next, let’s move on to management targets.

With an eye to achieving “net sales of 1 trillion yen” in fiscal 2028, we have set the management targets for fiscal 2027, the final year of the Plan, at “net sales of 800 billion yen or higher” and “operating income of 36 billion yen or higher."

Of these, the targets for organic growth are “net sales of 700 billion yen or higher” and “operating income of 35 billion yen or higher."
In terms of operating income margin, we aim to maintain 5.0% or higher.
In line with our basic policy that emphasizes capital efficiency, our ROE target in the final year of the Plan is set at “12.0% or higher," being aware that the current cost of equity is around 10%.

In a business environment of increasing uncertainty on various fronts, operating performance currently tends to be somewhat at a standstill. Nonetheless, we are determined to achieve the management targets set out in the New Medium-Term Management Plan.

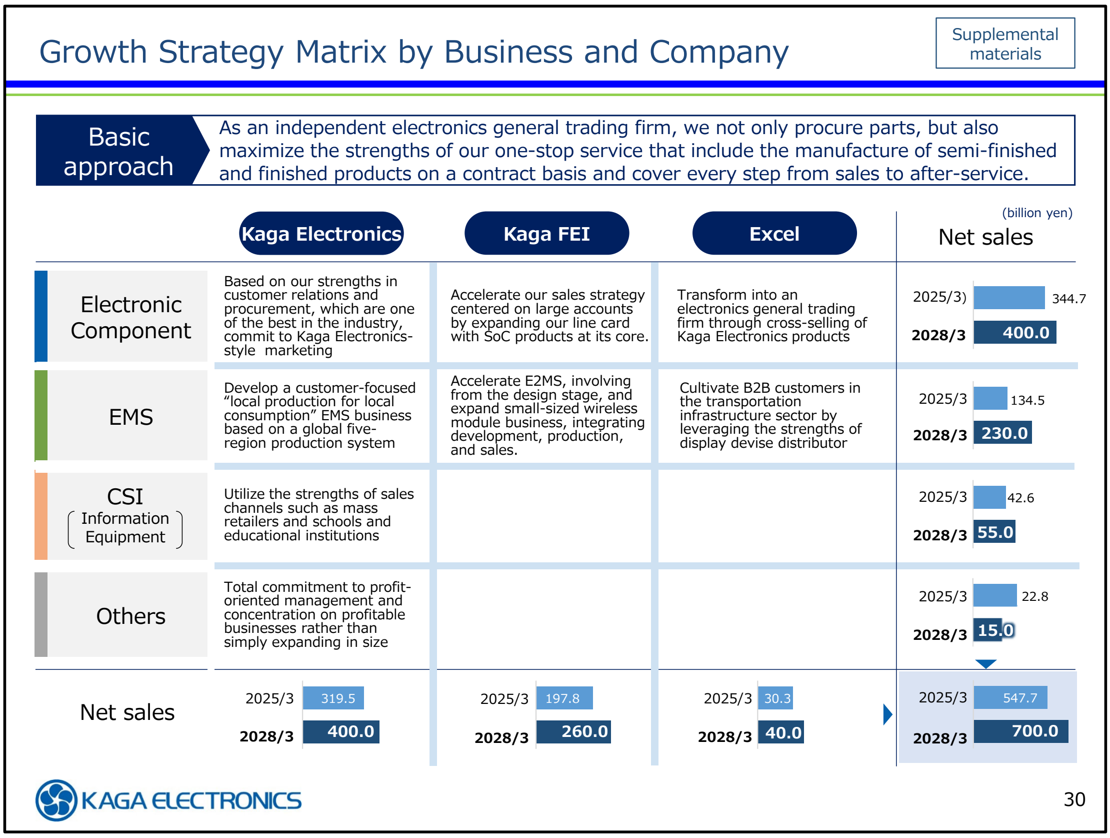
<Reference> Breakdown by Business Segment

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%

This slide shows the breakdown of organic growth by segment.

In particular, we have positioned the EMS business as our growth driver and, as you can see, we have set a high target of around 20% average annual growth in net sales and operating income.

For the Electronic Components Business, which is our core business, steady growth is also projected.



This slide shows the growth strategies of each company and business in matrix form. The contents are the same as presented in the previous briefing session.

The sales targets for the final year, based on the organic growth of each company, are “400 billion yen for Kaga Electronics," “260 billion yen for Kaga FEI," and “40 billion yen for Excel."

Global Strategy for EMS Business

Supplemental materials

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.

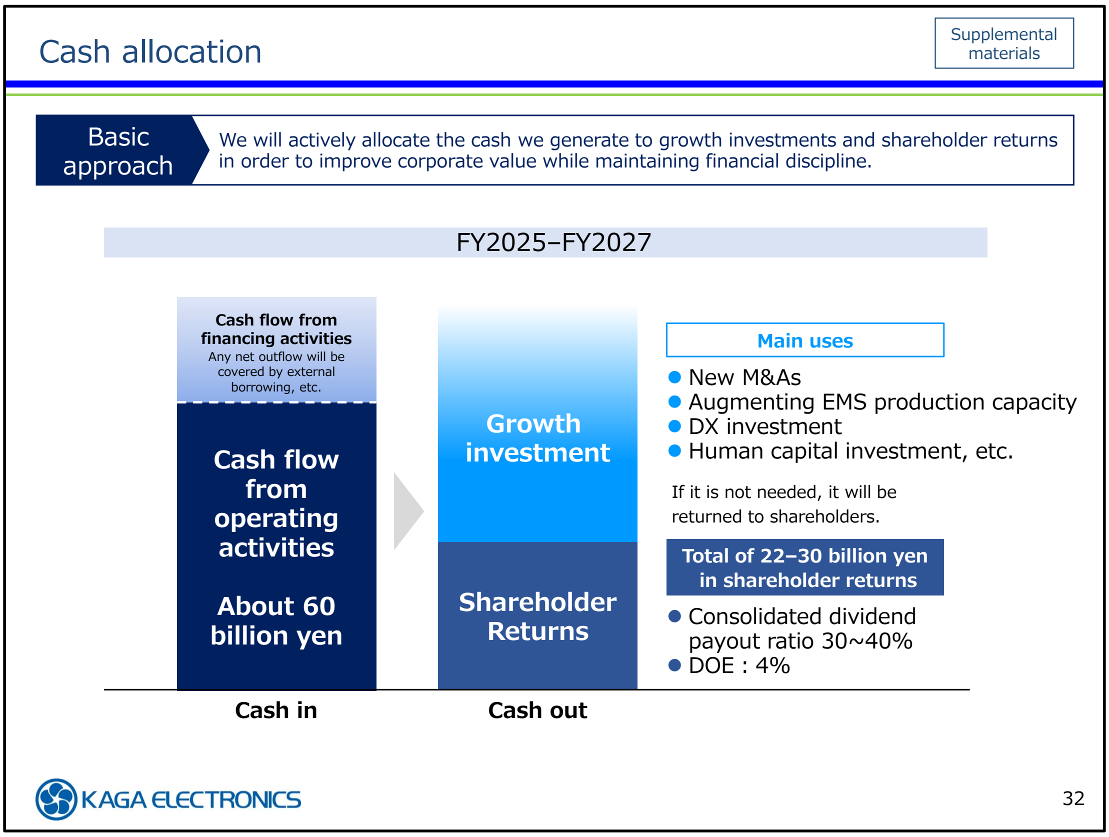
In the 1970s, we began the processing business (today's EMS business) in Japan and China, using partner factories to meet customer needs.
Since the 1990s, we have responded quickly to the overseas production shift of Japanese customers by establishing 21 bases in 10 countries around the world, starting 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)	• 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)		• 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)	• 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)	• 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)	• 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**

This slide shows the global strategy for our EMS business, which is a growth driver for us.
The main measures and focus areas in each region are presented here, which again are unchanged from the previous briefing session.

With a global production system based in Japan, we will push further with development of the EMS business focused on local production and local consumption that is rooted in each market, while supporting our customers' manufacturing activities.

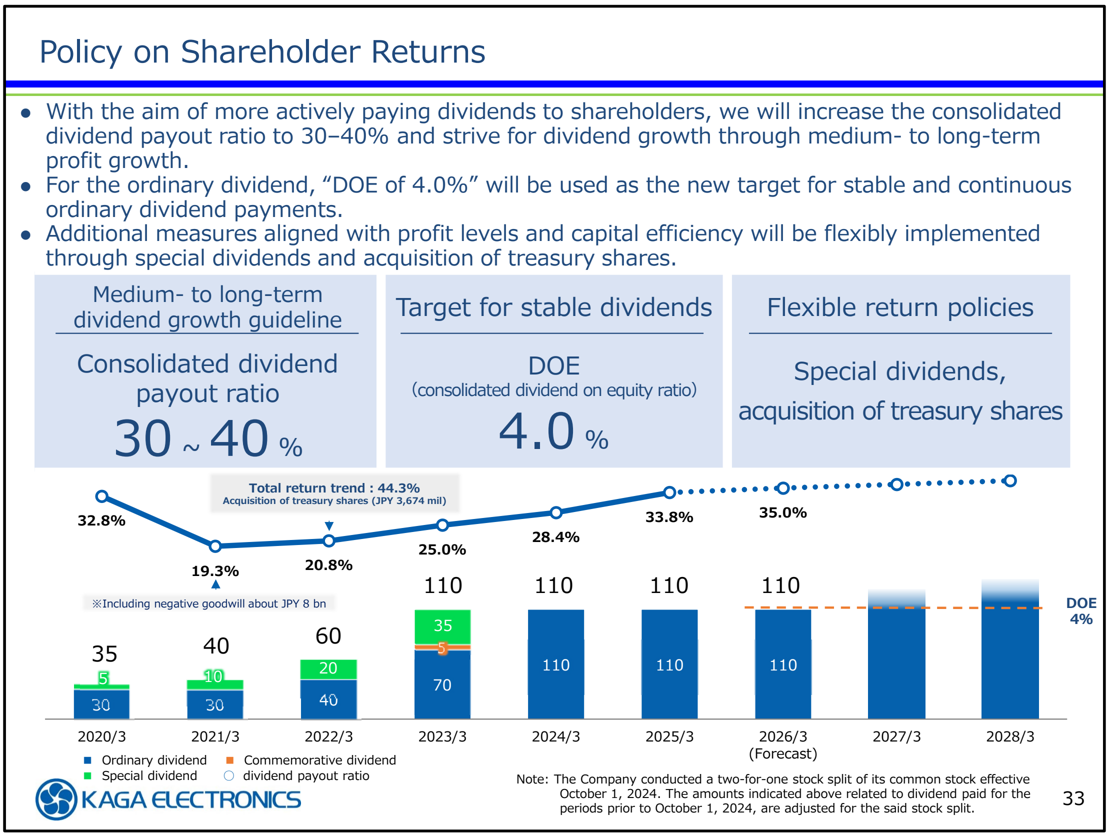


Next, I will explain our approach to cash allocation.

Our basic approach is to maintain financial discipline while allocating generated cash to “growth investments” and “returns to shareholders” as priority areas, with the aim of increasing corporate value.

We estimate that we will generate a total of around 60 billion yen in cash flow from operating activities over the three years of the Management Plan, and we are thinking of allocating around “22 to 30 billion yen to shareholder returns” and “over 30 billion yen to growth investments” such as new M&As and increasing production capacity in the EMS business.

With respect to M&As, because the size of required funds may fluctuate significantly depending on the deal, in the event that the amount exceeds the budget, we will use external borrowings or other means flexibly. Excess funds, if any, will be allocated to shareholder return or other purposes as it is our intention to use up cash that is generated during the period of the Plan.



Next, I will explain our shareholder return policy.

The three points listed in the upper row are the gist of our shareholder return policy for the duration of the New Medium-Term Management Plan.

First, we have raised the target for consolidated dividend payout ratio from the previous range of "25% to 35%" to "30% to 40%."
We aim to achieve dividend growth in line with profit growth.

Next, we will introduce "DOE (Dividend on Equity ratio)" as a new indicator for ordinary dividend, and aim to pay stable and continuous dividends with a target of 4%.

In addition, we will flexibly implement special dividends and acquisition of treasury shares as measures aligned with profit levels and capital efficiency.

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

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As part of our efforts to implement SDGs management, we aim to achieve the targets set out in our Medium- to Long-Term Sustainability Management Plan for each of the themes of environment, social, and governance, through which we will play an active role in realizing a sustainable society and work to achieve sustainable growth in corporate value.

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 ·Solar panel/biomass power generation/renewable energy businesses	Installation of additional solar power generation system in Towada factory under consideration
		• Adoption of renewable energy at overseas manufacturing sites		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

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*Numbers in parentheses represent values at the time of planning: Nov. 2021

Here, I discuss the progress we made during fiscal 2024 in our Medium-Term Sustainability Management Plan formulated in November 2021.

First, with respect to “E” for Environment, we achieved the target of 40% adoption of renewable energy at domestic sales offices through purchase of non-fossil certificates.
In addition, we have been promoting use of solar power is our domestic and overseas manufacturing sites.

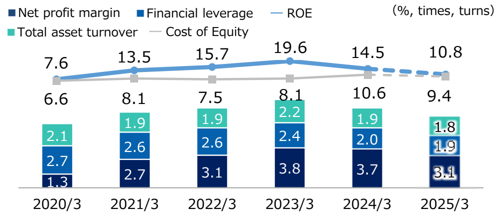
Next, with respect to “S” for Social, although we have yet to achieve the target in terms of the percentage of female new graduates in general positions, we will continue with our hiring activities that aim to secure diversity in human resources.
In the area of work–life management, we were certified as a “Health and Productivity Management Organization” for three consecutive years.

Finally, on “G” for Governance.
Subject to approval at the General Meeting of Shareholders to be held in June, we have decided to transition to a “Company with an Audit & Supervisory Committee” structure as an initiative for restructuring our governance structure.
In addition, we are planning to appoint a female director.

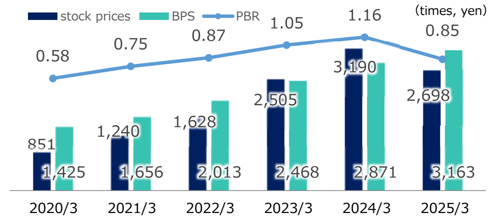
Management that is Conscious of Cost of Capital and Stock Price

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.

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

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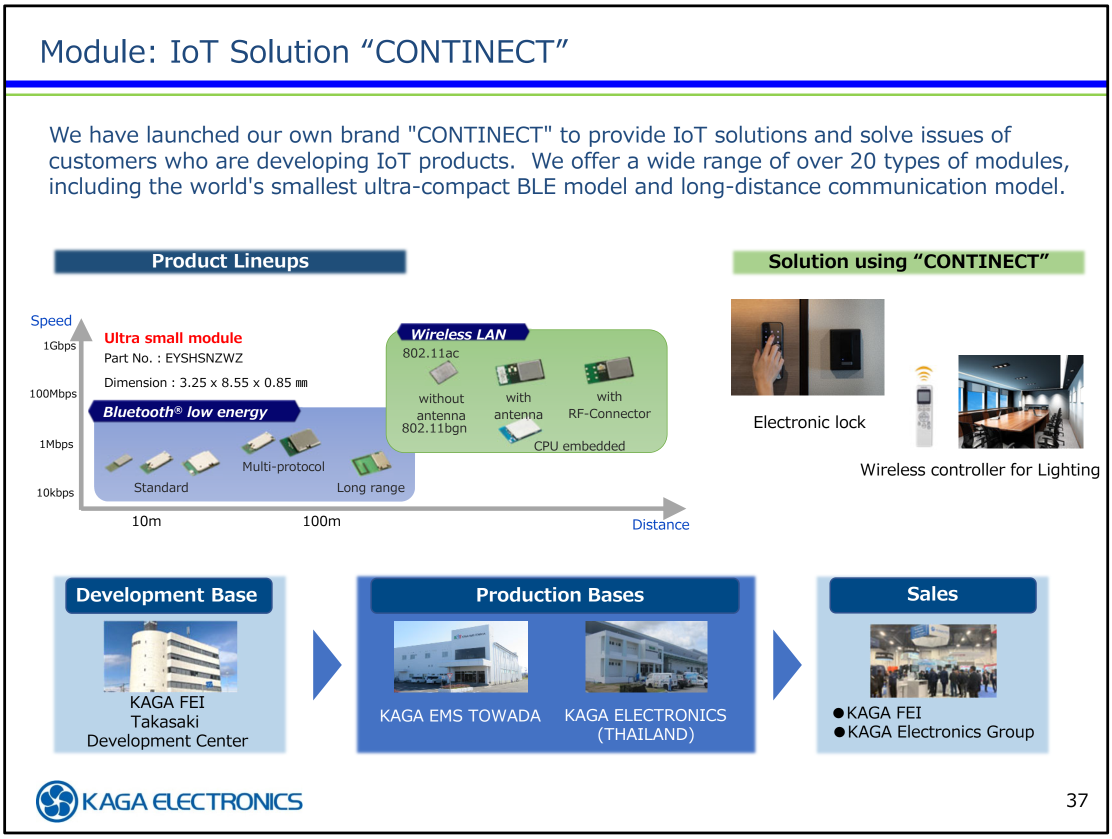
Concerning management that is conscious of cost of capital and stock prices, I would like to provide you with an update of the policy we announced in January last year.

First, the current situation as we see it is that we are able to maintain ROE at above the cost of equity although it has been on a downtrend for the past two years.

PBR showed a clear upward trend since the previous medium-term management plan and remained stable at above 1.0x since February 2023. However, after the sharp fall in the Tokyo Stock Exchange market in August last year, the ratio dropped again to below 1.0x and has stayed there.

There are no major changes to the four points of our future initiatives.
We will continue to engage in constructive dialogue with market participants through proactive IR activities so that the stock market can fairly evaluate our management initiatives that I explained today, such as steady implementation of the New Medium-Term Management Plan, improvements to shareholder satisfaction through a review of the dividend policy, and promotion of SDGs management.



The next two slides are about our businesses.

In our usual IR presentations, we focus primarily on the EMS business. Today, to give you a different perspective, I would like to introduce to you two of our businesses.

The first is the “wireless module business."

This is a business that Kaga FEI acquired from Taiyo Yuden Co., Ltd. in 2021, and has since been engaged in product development and sales.
In July last year, a part of manufacturing functions was transferred to Kaga Thailand. Subsequently, insourcing has been progressively pursued, and in April this year, the structure for complete insourcing has been established with the launch of mass production line in Kaga EMS Towada.

As a new growth area of manufacturing going beyond the EMS business, we will aim for “net sales of 10 billion yen” in three years.

Amusement Equipment Business: Expansion of Overseas Markets

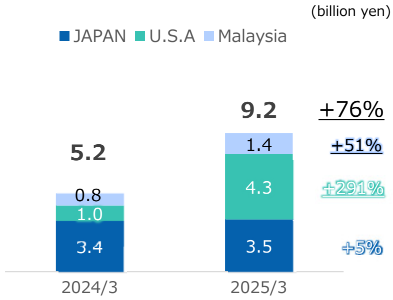
■ Growth strategies for overseas markets

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



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

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The second is the Amusement Equipment Business.

We have a Group company called Kaga Amusement, which is engaged in planning and sales of amusement equipment for domestic and overseas amusement facilities. In terms of segment, it belongs to “the Others” business segment.

No doubt you have occasions to go to large-scale shopping malls with your family members on weekends. There, you will almost always find a large amusement facility. And such facilities are crammed with machines as in this photo. These are our products.
We might describe it as the modern-day version of what used to be called “game center” or amusement arcade, which has now become the standard not only in Japan but also in Asia.
So far, we have been expanding the business in Japan and also from our base in Malaysia to cover the markets in Asia. But more recently, growth of the business in the U.S. market has been conspicuous.

As this graph of net sales shows, the business has grown from a little over 5 billion yen in fiscal 2023, to close to 10 billion yen in fiscal 2024.
I believe the key point is that Kaga Amusement, leveraging its strength as a Japan-based trading company in commercial amusement equipment, has firmly joined hands with leading Japanese amusement facility operators in every market.
Going forward, in Asia, we will seek to develop markets from our base in Malaysia and expand to neighboring countries such as Vietnam and Indonesia, while in the U.S., we will form a strategic alliance with leading Japanese amusement facility operators who are actively expanding their branch network. In the medium term, we will aim to achieve “net sales of 15 billion yen within five years."

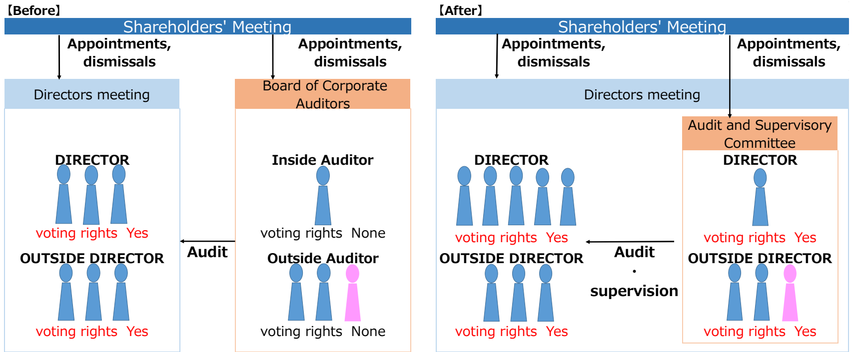
Transition to a Company with an Audit & Supervisory Committee Structure

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



The last slide is on the transition to a "company with committees."

The transition to a Company with an Audit & Supervisory Committee structure is aimed at enhancing 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.

By further strengthening the corporate governance structure with this transition, the Company will continue to work on increasing the Group's corporate value in the face of accelerating changes in the operating environment.

As this transition is subject to approval at the Ordinary General Meeting of Shareholders scheduled for next month, we sincerely hope our shareholders who are present today will vote in favor of the proposal.

Note

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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

Current segments Legal financial accounting		Segments in Medium-Term Management Plan Management Accounting	
Electronic components	**Components sales business** ● Sales of semiconductors ● Sales of general electronic components ● Sales of various kinds of devices	Electronic components	● Sales of semiconductors ● Sales of general electronic components ● Sales of various devices
	EMS business ● Electronic equipment manufacture contracting services	EMS	● Electronic equipment manufacture contracting services
Information equipment	● Sales of PCs and PC peripherals ● Sales of home electric appliances and lighting fixtures ● Sales of photograph and imaging products	CSI	● Sales of PCs and PC peripherals ● Sales of home electric appliances and lighting fixtures ● Sales of photograph and imaging products
Software	● Production of CG video and software	Others	● Production of CG video and software ● Sales of amusement equipment ● Repair and support for electronics equipment ● Sales of sports goods
Others	● Sales of amusement equipment ● Repair and support for electronics equipment ● Sales of sports goods		

CSI: Consumer & System Integrator

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	*3.9%*	**10,234**	*2.9%*	-28.1%
EMS	Net sales	120,478		**134,544**		11.7%
	Segment income	7,375	*6.1%*	**7,372**	*5.5%*	-0.0%
CSI	Net sales	44,305		**42,652**		-3.7%
	Segment income	2,924	*6.6%*	**3,307**	*7.8%*	13.1%
Others	Net sales	17,170		**22,841**		33.0%
	Segment income	1,208	*7.0%*	**2,537**	*11.1%*	110.0%
Total	Net sales	542,697		**547,779**		0.9%
	Segment income	25,845	*4.8%*	**23,601**	*4.3%*	-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	*2.8%*	3,039	*3.5%*	**2,175**	*2.3%*	-12.0%	-28.4%
EMS	Net sales	27,355		34,597		**34,965**		27.8%	1.1%
	Segment income	1,433	*5.2%*	1,931	*5.6%*	**1,276**	*3.6%*	-11.0%	-33.9%
CSI	Net sales	14,038		8,320		**15,699**		11.8%	88.7%
	Segment income	1,002	*7.1%*	561	*6.7%*	**1,353**	*8.6%*	35.1%	141.2%
Others	Net sales	5,138		6,457		**7,119**		38.5%	10.2%
	Segment income	436	*8.5%*	972	*15.1%*	**718**	*10.1%*	64.8%	-26.1%
Total	Net sales	136,239		137,178		**151,536**		11.2%	10.5%
	Segment income	5,353	*3.9%*	6,554	*4.8%*	**5,545**	*3.7%*	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.

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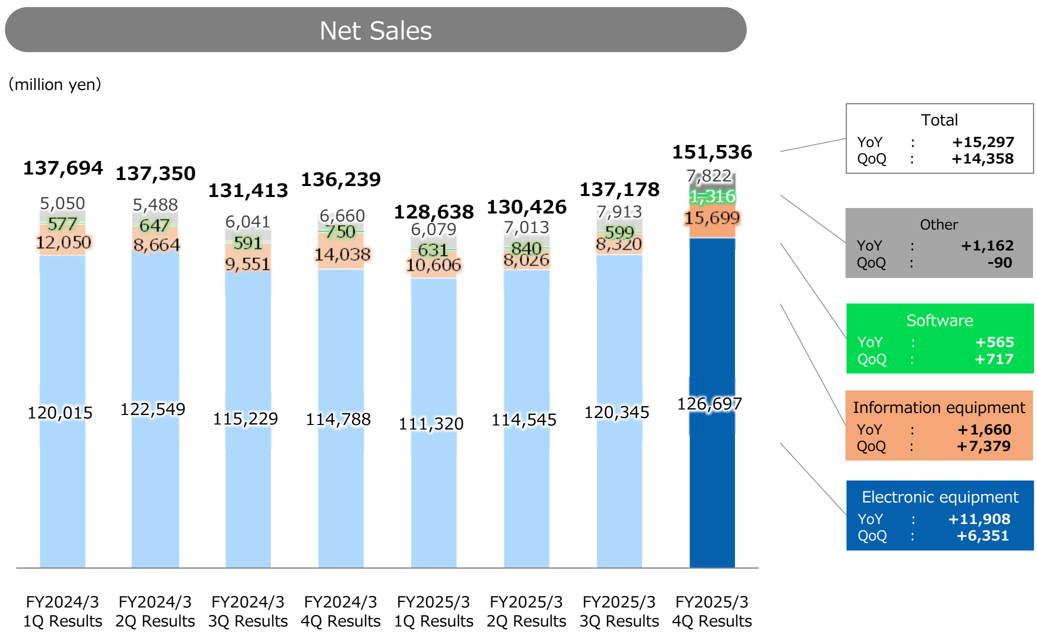
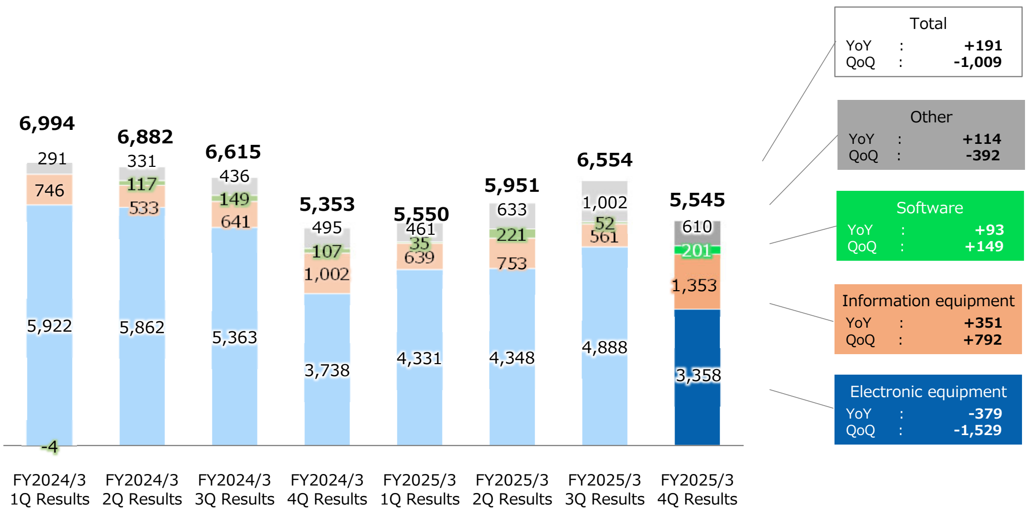
Quarterly Net Sales Trends (3months)



Quarterly Segment Income Trends (3months)

Segment Income

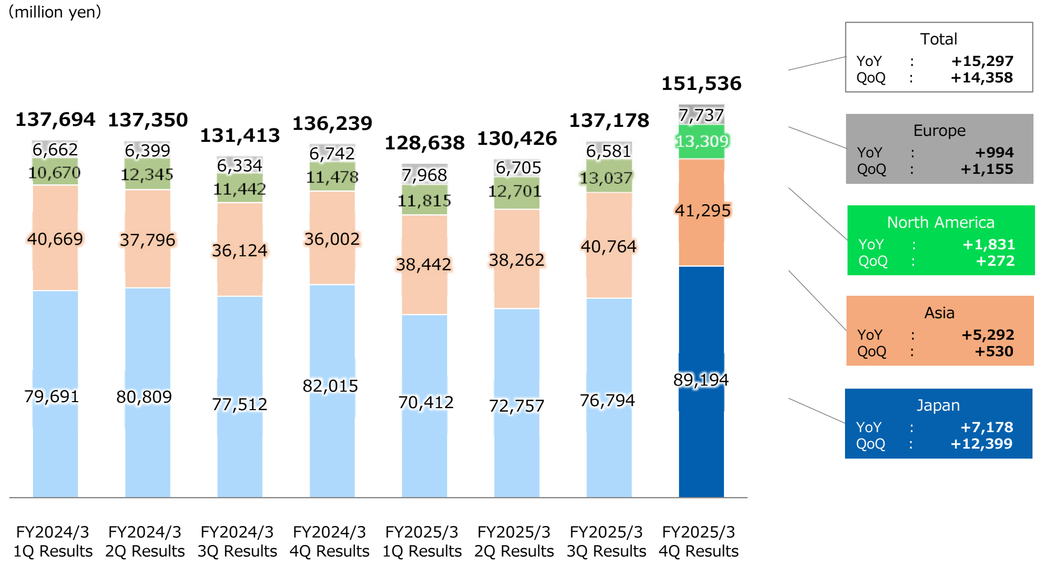
(million yen)



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

Net Sales by Region (3months)

Net Sales



Exchange Rate/FOREX Sensitivity

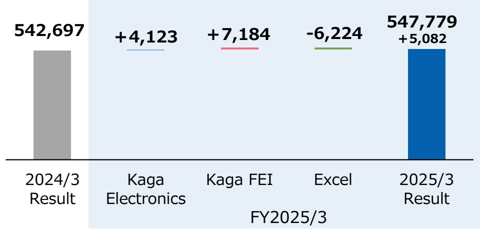
	FY2024/3 Results (Yen)	FY2025/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2026/3 (Yen)
			Net sales	Operating income	
USD	144.62	152.58	2,157	37	140.00
RMB	19.82	21.02	257	13	20.00
THB	4.11	4.38	311	18	4.50
HKD	18.48	19.58	207	5	19.00
EUR	156.80	163.75	6	0	160.00

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

(million yen)

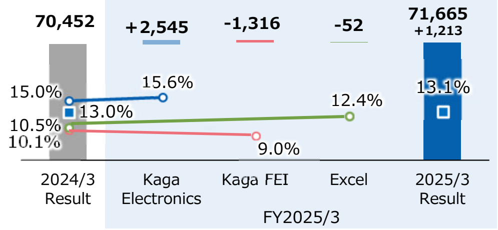
Net Sales

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.



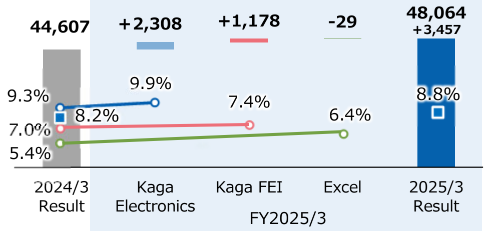
Gross profit / Gross profit margin

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.



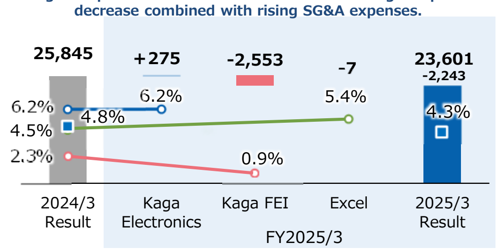
SG&A / SG&A ratio

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.



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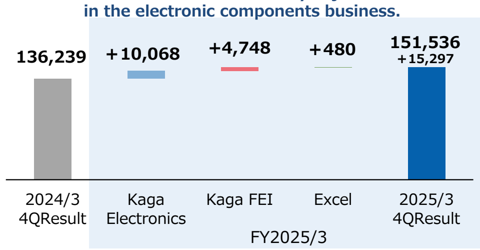
Note :With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 36million yen, and operating income came to 41million yen.

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

(million yen)

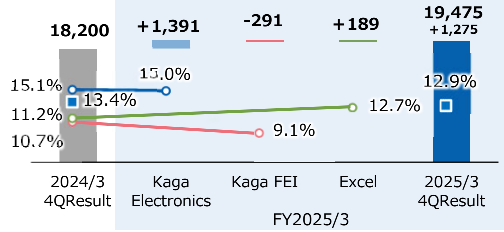
Net Sales

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



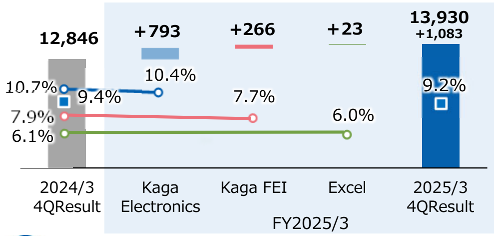
Gross profit / Gross profit margin

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.



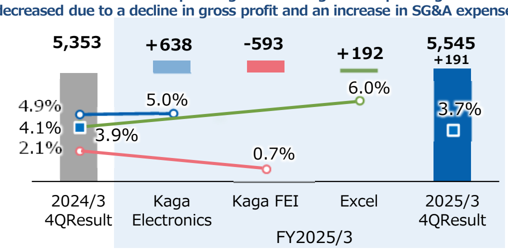
SG&A / SG&A ratio

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.



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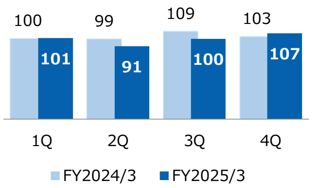
Note :With respect to gross profit and operating income, figures presented above are before consolidation adjustments between the two companies. For reference, after consolidation adjustments, gross profit stood at 29million yen, and operating income came to 72million yen.

Trends in Sales to Key Customers

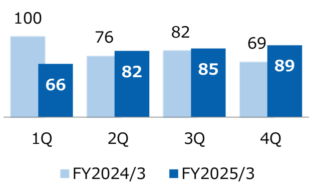
■ **Company A in automotive sector**

YoY: +4.0% QoQ: +6.5%



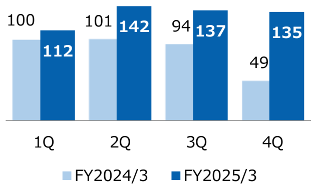
■ **Company B in air-conditioner sector**

YoY: +30.3% QoQ: +4.9%



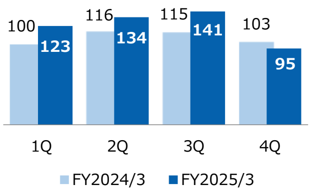
■ **Company C in office-equipment sector**

YoY: +174.7% QoQ: -1.3%



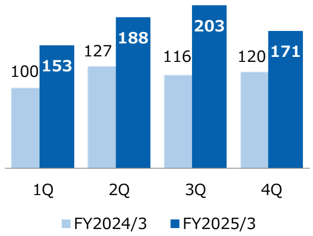
■ **Company D in automotive sector**

YoY: -7.7% QoQ: -32.4%



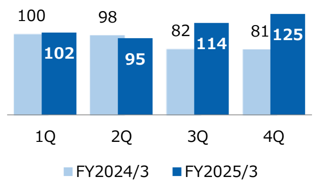
■ **Company E in industrial-equipment sector**

YoY: +43.0% QoQ: -15.5%



■ **Company F in medical-equipment sector**

YoY: +54.1% QoQ: +5.0%



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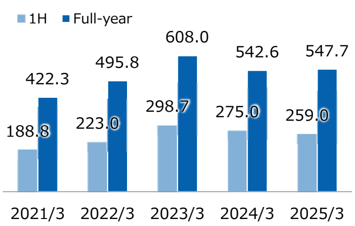
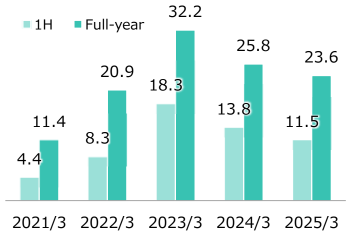
Note: Net sales in FY2024/3 1Q indexed to 100

Latest 5 years Financial Trends

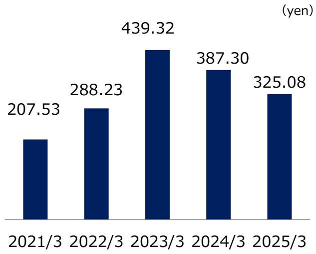
Net Sales
(billion yen)



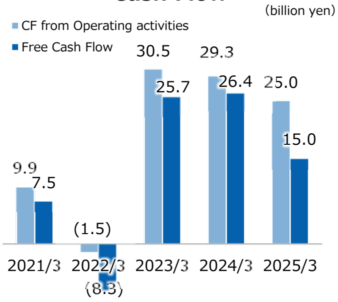
Operating Income
(billion yen)



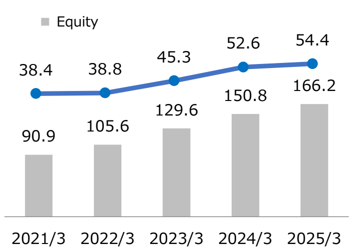
EPS
(yen)



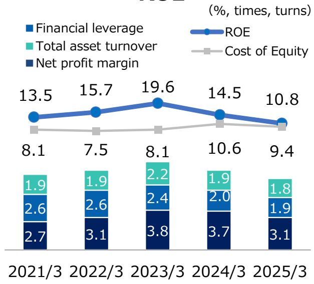
Cash Flow
(billion yen)



Equity Ratio
(%, billion yen)



ROE
(%, times, turns)



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Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. The amounts indicated for EPS take account of the impact of the said stock split even prior to the split date.

“Everything we do is for our customers

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https://www.taxan.co.jp/en/

This concludes my presentation.

Thank you very much.

- 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.