

Overview of Financial Condition and Results of Operations

Fiscal year ended March 31, 2025

Results of operations

Looking at the global economy during the consolidated fiscal year under review, the U.S. economy remained solid on the back notably of improvement in personal consumption, but overall, uncertainties continued to prevail given the economic slowdown in China, geopolitical risks in Europe and the Middle East, and other situations. Meanwhile, in Japan, despite an improvement in the employment and income environment, and positive corporate activities including capital investment, the economy recovered only moderately due to such factors as sluggish personal consumption that was attributable mainly to increases in energy, food, and other prices.

In the electronics industry to which the Group belongs, demand related to automotive applications remained robust against the backdrop of vehicle electrification. Inventory adjustment showed signs of moderation in applications related to industrial equipment and office equipment, but in some other areas including applications related to air-conditioning equipment, the inventory adjustment phase was prolonged.

Under such circumstances, during the consolidated fiscal year under review, although net sales in the electronic components business decreased as a result of prolonged inventory adjustment and termination of transactions with a certain major customer of an overseas subsidiary, and sales in the information equipment business were also sluggish due to completion of a certain large-scale project, a small increase in net sales was recorded, up 0.9% year on year to ¥547,779 million, reflecting robust performance of the software business and the others business.

Despite slow growth in net sales, gross profit recorded a small increase of 1.7% year on year to ¥71,665 million, with an increase in sales of relatively high-margin products as well as an improved sales mix resulting partly from termination of large-scale transactions that had been low-profit. Gross profit margin improved by 0.1 percentage points year on year.

Operating income decreased by 8.7% year on year to ¥23,601 million, reflecting an increase in selling, general and administrative expenses attributable in part to an increase in personnel expenses resulting from wage increases implemented during the fiscal year under review and rising logistics costs.

Ordinary income decreased by 13.0% year on year to ¥22,593 million, due partly to an increase in foreign exchange losses attributable to exchange rate fluctuations.

Profit attributable to owners of parent decreased by 16.0% year on year to ¥17,083 million, partly reflecting the absence of ¥1,420 million in gain on sale of investment securities and ¥481 million in gain on bargain purchase both recorded in the previous fiscal year.

Financial condition

Total assets as of March 31, 2025 increased by ¥18,879 million from the previous fiscal year-end and amounted to ¥305,671 million. The main items are as follows.

Current assets

Current assets increased ¥12,535 million to ¥257,164 million. This was primarily due to a ¥13,592 million increase in cash and deposits.

Non-current assets

Non-current assets increased ¥6,344 million to ¥48,507 million. This was primarily due to a ¥3,309 million increase in property, plant and equipment, and a ¥2,083 million increase in investment securities.

Total liabilities

Liabilities increased ¥3,731 million from March 31, 2024, to ¥139,292 million. This was primarily due to a ¥1,947 million increase in notes and accounts payable—trade, and a ¥1,780 million increase in income taxes payable.

Total net assets

Net assets increased ¥15,148 million from March 31, 2024, to ¥166,379 million. This was primarily thanks to an ¥11,302 million increase in retained earnings due mainly to ¥17,083 million in profit attributable to owners of parent, along with a ¥3,155 million increase in foreign currency translation adjustment.

Overview of Financial Condition and Results of Operations Fiscal year ended March 31, 2025

Cash flows

Cash and cash equivalents as of March 31, 2025 increased ¥10,263 million from March 31, 2024 to ¥72,681 million.

The status and factors thereof for each cash flow category in the fiscal year ended March 31, 2025 are as follows.

Cash flow from operating activities

Net cash and cash equivalents provided by operating activities totaled ¥25,047 million, compared with ¥29,385 million provided in the previous fiscal year. This was mainly due to the posting of profit before income taxes.

Cash flow from investing activities

Net cash and cash equivalents used in investing activities totaled ¥9,967 million, compared with ¥2,968 million used in the previous fiscal year. This was mainly due to purchases of property, plant and equipment, and of purchase investment securities.

Cash flow from financing activities

Net cash and cash equivalents used in financing activities totaled ¥7,343 million, compared with ¥16,973 million used in the previous fiscal year. This was mainly due to payment of cash dividends and repayments of loans payable.

Policy regarding capital resources and cash liquidity

As for the financing of necessary working capital and funds for capital expenditure, the Kaga Electronics Group utilizes such sources as shareholders' equity and borrowings. Looking ahead, the Group intends to procure the necessary working capital and funds for capital expenditure to support its future operations internally, with cash flows from operating activities positioned as its financial base.

Funding requirements

The main elements of the Group's working capital requirement are funds for the purchase of products to be marketed by the Group and for the purchase of raw materials and components to produce its own products. It also requires funds to cover manufacturing costs and selling, general and administrative expenses. The need for funding for investment purposes is largely connected to capital expenditures and costs associated with new business M&As and securing commercial rights.

Financial policy

With respect to the procurement of short-term working capital, the Group's basic stance is to secure optimal capital efficiency within the Group before resorting to borrowings from financial institutions.

With respect to the procurement of funds for M&As, capital expenditures and long-term working capital, the Group's basic stance is to conduct optimal procurement using the various methods available to it, including both direct and indirect financing, with due consideration given to financial conditions at the time of procurement as well as to the term and purpose of each funding requirement.

Consolidated Balance Sheet

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
As of March 31, 2024 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
ASSETS			
CURRENT ASSETS:			
Cash and deposits	¥ 66,596	¥ 80,188	\$ 536,308
Notes receivable–trade, Accounts receivable–trade and Electronically recorded monetary claims–operating	112,574	114,139	763,372
Inventories	54,739	51,774	346,269
Others	10,941	11,298	75,567
Allowance for doubtful accounts	-223	-236	-1,584
Total CURRENT ASSETS	244,629	257,164	1,719,932
NON-CURRENT ASSETS:			
PROPERTY, PLANT AND EQUIPMENT			
Buildings and structures	7,266	9,839	65,808
Machinery, equipment and vehicles	7,647	11,034	73,797
Tools, furniture and fixtures	1,362	1,217	8,144
Land	6,036	5,940	39,733
Construction in progress	2,824	413	2,763
Total PROPERTY, PLANT AND EQUIPMENT	25,135	28,445	190,246
INTANGIBLE ASSETS			
Software	2,021	1,694	11,332
Others	70	44	294
Total INTANGIBLE ASSETS	2,092	1,738	11,626
INVESTMENTS AND OTHER ASSETS			
Investment securities	10,472	12,556	83,979
Deferred tax assets	1,179	1,344	8,989
Others	3,282	4,422	29,580
Total INVESTMENTS AND OTHER ASSETS	14,934	18,323	122,548
Total NON-CURRENT ASSETS	42,162	48,507	324,421
Total ASSETS	¥ 286,792	¥ 305,671	\$ 2,044,354

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
LIABILITIES			
CURRENT LIABILITIES:			
Notes and accounts payable–trade	¥ 71,392	¥ 73,340	\$ 490,503
Short-term loans payable	10,604	14,890	99,590
Current portion of bonds payable	–	5,000	33,440
Income taxes payable	2,238	4,018	26,878
Others	20,566	20,454	136,803
Total CURRENT LIABILITIES	104,803	117,704	787,217
NON-CURRENT LIABILITIES:			
Bonds payable	10,000	5,000	33,440
Long-term loans payable	10,500	5,500	36,784
Deferred tax liabilities	3,241	4,115	27,527
Net defined benefit liability	2,342	2,572	17,203
Others	4,674	4,399	29,424
Total NON-CURRENT LIABILITIES	30,757	21,587	144,381
Total LIABILITIES	135,560	139,292	931,598
NET ASSETS			
SHAREHOLDERS' EQUITY:			
Capital stock	12,133	12,133	81,149
Capital surplus	14,849	14,885	99,558
Retained earnings	110,250	121,553	812,957
Treasury shares	-5,603	-5,579	-37,318
Total SHAREHOLDERS' EQUITY	131,629	142,993	956,348
Total ACCUMULATED OTHER COMPREHENSIVE INCOME	19,204	23,225	155,334
Total NET ASSETS	151,231	166,379	1,112,756
Total LIABILITIES AND NET ASSETS	¥ 286,792	¥ 305,671	\$ 2,044,354

Consolidated Statement of Income and Comprehensive Income

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
Net sales	¥ 542,697	¥ 547,779	\$ 3,663,588
Cost of sales	472,244	476,113	3,184,281
Gross profit	70,452	71,665	479,306
Selling, general, and administrative expenses	44,607	48,064	321,458
Operating income	25,845	23,601	157,847
NON-OPERATING INCOME			
Total NON-OPERATING INCOME	2,409	2,569	17,184
NON-OPERATING EXPENSES			
Foreign exchange losses	741	2,336	15,629
Others	1,536	1,239	8,293
Total NON-OPERATING EXPENSES	2,278	3,576	23,922
Ordinary income	25,976	22,593	151,109
EXTRAORDINARY INCOME			
Gain on sales of investment securities	1,420	754	5,049
Gain on reversal of impairment loss	—	642	4,293
Others	987	42	285
Total EXTRAORDINARY INCOME	2,408	1,439	9,630
EXTRAORDINARY LOSS			
Loss on valuation of investment securities	238	241	1,618
Others	45	82	552
Total EXTRAORDINARY LOSS	284	324	2,170
Profit before income taxes	28,099	23,709	158,569
Total income taxes	7,776	6,988	46,737
Profit	20,323	16,721	111,831
(Breakdown)			
Profit attributable to owners of parent	20,345	17,083	114,252
Loss attributable to non-controlling interests	-21	-361	-2,420
Total OTHER COMPREHENSIVE INCOME	6,889	4,023	26,908
Comprehensive income	¥ 27,213	¥ 20,744	\$ 138,739

Consolidated Statement of Cash Flows

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31, 2024 and 2025

	Millions of Yen		Thousands of U.S. Dollars
	2024/3	2025/3	2025/3
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income taxes	¥ 28,099	¥ 23,709	\$ 158,569
Depreciation	4,252	4,464	29,857
(Increase) Decrease in notes and accounts receivable—trade	21,260	-1,036	-6,934
(Increase) Decrease in inventories	4,545	2,356	15,760
(Increase) Decrease in notes and accounts payable—trade	-12,257	2,040	13,645
(Increase) Decrease in other current assets	-1,513	-1,525	-10,199
Increase (Decrease) in other current liabilities	-2,861	-208	-1,397
Others, net	-667	-1,998	-13,369
Subtotal	40,857	27,800	185,932
Income taxes paid	-11,736	-3,523	-23,564
Others, net	264	770	5,153
Net cash provided by (used in) operating activities	29,385	25,047	167,522
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-5,417	-5,245	-35,081
Purchase of investment securities	-547	-2,553	-17,079
Other payments	-2,303	-4,057	-27,139
Other proceeds	5,299	1,889	12,638
Net cash provided by (used in) investing activities	-2,968	-9,967	-66,663
CASH FLOW FROM FINANCING ACTIVITIES			
Cash dividends paid	-6,033	-5,773	-38,613
Others, net	-10,940	-1,570	-10,508
Net cash provided by (used in) financing activities	-16,973	-7,343	-49,116
Effect of exchange rate change on cash and cash equivalents	2,667	2,527	16,901
Cash and cash equivalents at beginning of period	50,307	62,417	417,454
Cash and cash equivalents at end of period	¥ 62,417	¥ 72,681	\$ 486,098

11-Year Financial Summary

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31 from 2015 to 2025

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Per share data											
EPS (yen)* ¹	78.14	96.21	124.71	118.29	146.03	106.60	207.53	288.23	439.32	387.30	325.08
Annual dividend (yen)* ¹	20.00	27.50	30.00	35.00	40.00	35.00	40.00	60.00	110.00	110.00	110.00
Payout ratio (%)	25.6	28.6	24.1	29.6	27.4	32.8	19.3	20.8	25.0	28.4	33.8
BPS (yen)* ¹	1,054.02	1,092.97	1,200.50	1,285.90	1,395.49	1,425.50	1,655.62	2,013.11	2,467.68	2,871.11	3,162.68
Major indicators											
Gross profit margin (%)	12.8	13.7	13.7	13.8	12.1	10.6	11.3	12.2	12.9	13.0	13.1
Ratio of SG&A expenses to net sales (%)	10.3	10.5	10.7	10.3	9.6	8.3	8.6	8.0	7.6	8.2	8.8
Operating income margin (%)	2.5	3.2	3.0	3.4	2.6	2.3	2.7	4.2	5.3	4.8	4.3
Ordinary income margin (%)	3.0	3.2	3.2	3.7	2.7	2.3	2.7	4.3	5.4	4.8	4.1
Profit attributable to owners of parent margin (%)	1.7	2.2	3.1	2.8	2.7	1.3	2.7	3.1	3.8	3.7	3.1
ROE (%)* ²	7.8	9.0	10.9	9.5	10.9	7.6	13.5	15.7	19.6	14.5	10.8
ROIC (%)* ³	5.2	7.5	8.1	7.2	5.8	6.3	6.9	10.4	13.0	9.7	8.2
ROA (%)* ⁴	3.5	4.3	5.6	5.1	4.7	2.8	5.1	6.1	8.3	7.1	5.8
Equity ratio (%)	46.6	49.7	52.4	54.8	35.8	37.7	38.4	38.8	45.3	52.6	54.4
Debt equity ratio (times)* ⁵	0.24	0.21	0.15	0.13	0.43	0.37	0.42	0.48	0.32	0.23	0.20
CCC (days)* ⁶	49.8	45.9	44.7	40.0	47.1	34.4	46.7	66.6	55.4	55.2	52.6
Receivables turnover period (days)* ⁷	83.2	81.5	83.6	77.1	77.0	75.2	93.7	89.0	77.5	75.7	76.1
Inventory turnover period (days)* ⁸	32.5	28.5	31.0	30.1	35.1	26.3	32.8	46.1	33.7	36.8	34.5
Payables turnover period (days)* ⁹	65.9	64.2	69.9	67.3	65.0	67.0	79.8	68.6	55.8	57.4	58.0
Number of employees (persons)	5,092	5,243	5,216	5,427	6,627	6,731	7,826	7,959	8,092	8,021	8,560

*1 The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. For presentation purposes, per share data for earnings, annual dividends, and net assets have been restated to reflect the impact of the stock split, including for periods prior to the split date.

*2 ROE = Profit attributable to owners of the parent / Average equity × 100 (%)

*3 ROIC = Operating Income After Tax / (Shareholders' Equity + Interest-bearing Debt)

*4 ROA = Profit attributable to owners of the parent / Average total assets × 100 (%)

*5 Debt equity ratio = Interest-bearing debt / Equity (times)

*6 Cash conversion cycle (CCC) = Receivables turnover period (days) + Inventory turnover period (days) - Payables turnover period (days)

*7 Receivables turnover period (days) = Notes and accounts receivable-trade / Net sales × 365 (days)

*8 Inventory turnover period (days) = Inventories / Net Sales × 365 (days)

*9 Payables turnover period (days) = Notes and accounts payable-trade / Total purchase of goods × 365 (days)

11-Year Financial Summary

KAGA ELECTRONICS CO., LTD. and Consolidated Subsidiaries
For the years ended March 31 from 2015 to 2025

	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Fiscal year											
Net sales (millions of yen)	255,143	245,387	227,209	235,921	292,779	443,615	422,365	495,827	608,064	542,697	547,779
Gross profit (millions of yen)	32,738	33,648	31,225	32,498	35,546	47,016	47,936	60,547	78,514	70,452	71,665
Selling, general, and administrative (SG&A) expenses (millions of yen)	26,376	25,859	24,346	24,379	27,976	37,001	36,469	39,632	46,265	44,607	48,064
Operating income (millions of yen)	6,362	7,788	6,879	8,119	7,570	10,014	11,467	20,915	32,249	25,845	23,601
Ordinary income (millions of yen)	7,664	7,908	7,343	8,740	7,859	10,137	11,241	21,456	32,739	25,976	22,593
Profit attributable to owners of parent (millions of yen)	4,416	5,437	6,975	6,490	8,014	5,852	11,399	15,401	23,070	20,345	17,083
Cash flows from operating activities (millions of yen)	9,127	9,546	10,746	10,077	-1,547	22,406	9,999	-1,554	30,569	29,385	25,047
Cash flows from investing activities (millions of yen)	-1,465	-1,263	-258	-4,173	-6,860	-3,651	-2,453	-6,772	-4,805	-2,968	-9,967
Free cash flow (millions of yen)	7,661	8,283	10,487	5,904	-8,408	18,754	7,545	-8,327	25,763	26,417	15,080
Cash flows from financing activities (millions of yen)	-4,431	-3,067	-6,118	-2,811	11,684	-7,544	-6,851	1,155	-15,549	-16,973	-7,343
Depreciation (millions of yen)	1,907	1,604	1,452	1,481	1,740	2,754	3,167	3,738	4,000	4,252	4,464
Capital expenditures / Investment and loans (millions of yen)*	2,660	2,166	1,464	4,520	6,712	6,133	2,906	5,739	4,910	5,736	8,224
Fiscal year-end											
Total assets (millions of yen)	127,948	124,281	125,751	128,755	213,761	207,638	237,004	272,139	286,217	286,792	305,671
Net assets (millions of yen)	59,603	61,808	65,932	70,631	84,259	86,250	95,062	105,800	129,737	151,231	166,379
Equity (millions of yen)	59,564	61,764	65,872	70,556	76,604	78,284	90,967	105,680	129,608	150,834	166,218
Interest bearing debt (millions of yen)	14,573	12,739	9,805	8,900	32,851	28,736	38,261	51,171	41,938	34,270	33,496
Cash and deposits (millions of yen)	18,130	22,516	26,423	30,803	35,003	43,384	45,636	41,051	52,600	66,596	80,188
Inventories (millions of yen)	22,703	19,175	19,325	19,455	40,026	31,908	37,948	62,607	56,205	54,739	51,774

* Including spending associated with the purchase of property, plant and equipment, intangible assets and investment securities as well as the purchase of shares of subsidiaries resulting in change in scope of consolidation.

Corporate Information As of March 31, 2025

Company overview

Name	KAGA ELECTRONICS CO., LTD.
Address	20 Kandamatsunagacho, Chiyoda-ku, Tokyo 101-8629, Japan TEL +81-3-5657-0111 FAX +81-3-3254-7131
Business description	Sale of electronic parts and semiconductors, provision of EMS,* and sale of finished products, such as PCs and PC peripherals, etc. * Electronics manufacturing services: Product development and manufacturing services furnished on a contract basis
Founded	September 12, 1968
Capital	¥12,133 million
Number of Group companies (Including KAGA ELECTRONICS CO., LTD.) (As of September 30, 2025)	73 (25 in Japan, 48 overseas)
Number of employees (consolidated)	8,560



KAGA ELECTRONICS Head Office

Major affiliates in Japan

KAGA TECH CO., LTD.
KAGA DEVICES CO., LTD.
KAGA SOLUTION NETWORK CO., LTD.
AD DEVICE CO., LTD.
KAGA MICRO SOLUTION CO., LTD.
DIGITAL MEDIA LAB., INC.
KAGA SPORTS CO., LTD.
KAGA AMUSEMENT CO., LTD.
KAGA TECHNO SERVICE CO., LTD.
KAGA FEI CO., LTD.
KAGA EMS TOWADA CO., LTD.
EXCEL CO., LTD.
KYOKUTO ELECTRIC CO., LTD.
KAGA AEROSYSTEMS CO., LTD.
KYOEI SANGYO CO., LTD.
(Became a consolidated subsidiary on July 18, 2025)

Major affiliates overseas

China:
KAGA (H.K.) ELECTRONICS LIMITED
KAGA (SHENZHEN) ELECTRONICS LTD.
KAGA (SHANGHAI) ELECTRONICS CO., LTD.
KAGA TAXAN (SUZHOU) ELECTRONICS CO., LTD.
KAGA FEI ELECTRONICS PACIFIC ASIA LIMITED

The ASEAN Region:
KAGA (SINGAPORE) ELECTRONICS PTE LTD
KAGA (TAIWAN) ELECTRONICS CO., LTD.
KAGA COMPONENTS (MALAYSIA) SDN. BHD.
KAGA ELECTRONICS (THAILAND) CO., LTD.
PT. KAGA ELECTRONICS INDONESIA
KAGA ELECTRONICS (VIETNAM) CO., LTD.
KAGA ELECTRONICS INDIA PRIVATE LIMITED

The Americas:
TAXAN MEXICO S.A. DE C.V.
KAGA FEI AMERICA, INC.

Europe:
KD TEC S.R.O.
KD TEC TURKEY ELEKTRONIK SANAYI VE TICARET LIMITED Sirketi
KAGA FEI EUROPE GmbH

Corporate Information As of March 31, 2025

Stock information

Stock Listing	Tokyo Stock Exchange (Prime Market)
Securities code	8154
Fiscal year-end	March 31
Total number of shares authorized	160,000,000 shares
Total number of shares outstanding*1	57,404,236 shares
Number of shares constituting one unit	100 shares
Number of shareholders	10,385

*1 As a result of canceling 4,917,400 shares on August 18, 2025, the total number of shares outstanding is now 52,486,836 shares

Breakdown by shareholder category*2

■ **Individuals and others*3**
17,610,755 shares (9,965)

30.68%

■ **Other Japanese corporations**
6,698,078 shares (135)

11.67%

■ **Financial institutions**
17,173,158 shares (23)

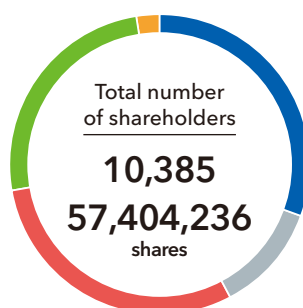
29.92%

■ **Foreign corporations**
14,606,962 shares (31)

25.44%

■ **Financial instruments business operators**
1,315,283 shares (31)

2.29%



*2 Figures in parentheses indicate the number of shareholders in each category

*3 Treasury stock of 4,843,430 shares is included in Individuals and others

Principal shareholders

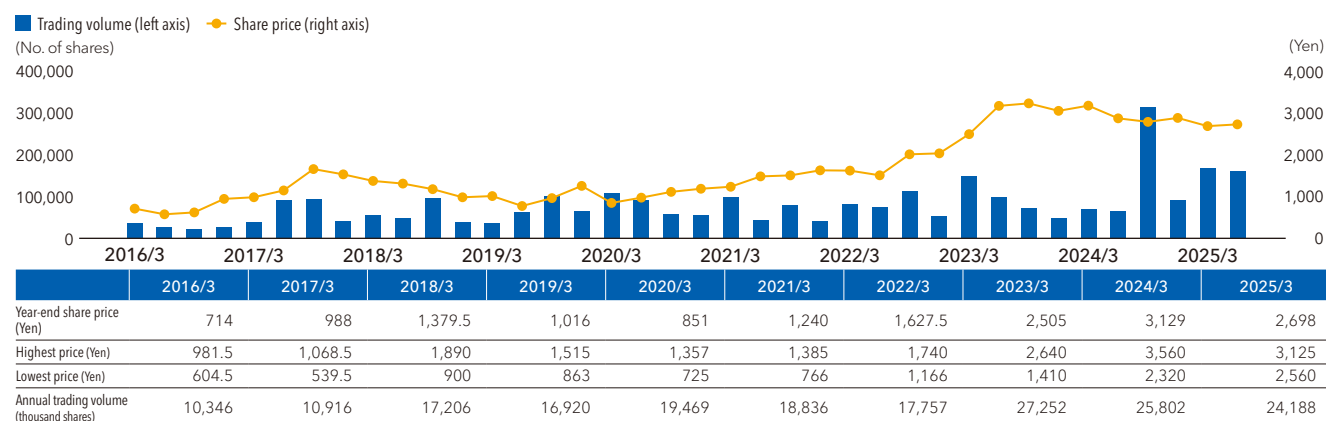
Name	Number of shares held (thousand shares)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,112	11.63
OKOZE CO., LTD.	3,680	7.00
Custody Bank of Japan, Ltd. (Trust Account)	3,471	6.60
Kaga Electronics Employee Shareowners Association	3,140	5.97
MUFG Bank, Ltd.	2,275	4.33
Mizuho Bank, Ltd.	1,900	3.62
Isao Tsukamoto	1,451	2.76
The Bank of New York Mellon 140044	1,046	1.99
State Street Bank and Trust Company 505103	984	1.87
Nippon Life Insurance Company	918	1.75

Note: In addition to the above, there are 4,843 thousand shares of treasury stock. Percentage of total shares issued is calculated after excluding treasury stock.

Total shareholder returns

	2021/3	2022/3	2023/3	2024/3	2025/3
KAGA ELECTRONICS CO., LTD.	150.4	203.0	319.0	412.5	367.6
[Reference] Nikkei Stock Average	154.2	147.1	148.2	213.4	188.3

Trends in share price and trading volume



Note: The Company conducted a two-for-one stock split of its common stock effective October 1, 2024. Stock prices for periods prior to the stock split have been adjusted retroactively.