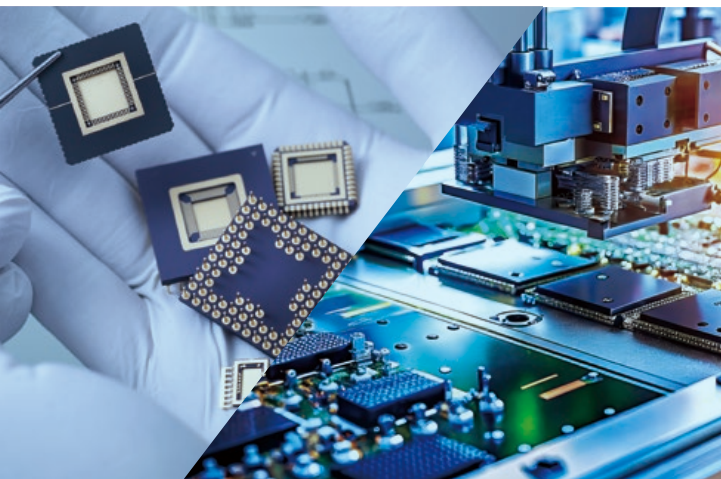


Overview by Segment

Electronic Components



Business description

Development, manufacture and sale of semiconductors, general electronic components and other products, EMS,*¹ and other activities

Review of FY2025/3 performance

In the components sales business, which continued to face the impact of inventory adjustments at key customers, recorded a decline in net sales due partly to sluggish sales of SoC*² products by KAGA FEI Co., Ltd. and the termination of transactions with a certain major customer of an overseas subsidiary of EXCEL CO., LTD.

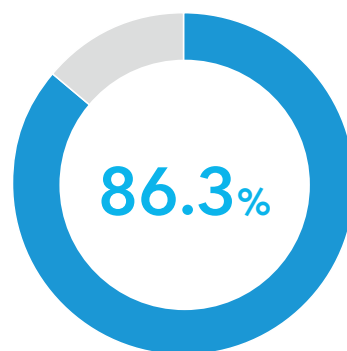
EMS business recorded an increase in net sales due to strong sales in the automotive and medical sectors, a recovery in the industrial equipment sector, and a moderate recovery trend in the air-conditioning equipment sector, which had been in an inventory adjustment phase, that continued from the second quarter.

As a result, net sales increased 0.1% year on year to ¥472,910 million, and segment income decreased 19.0% year on year to ¥16,927 million.

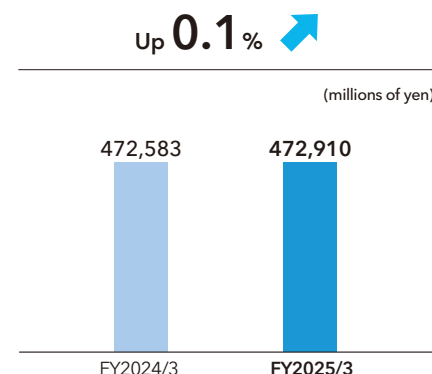
*1 Electronics Manufacturing Service: A service that undertakes the development and production of products.

*2 System on a Chip: A design approach that integrates all the functions necessary for the operation of a device or system onto a single semiconductor chip.

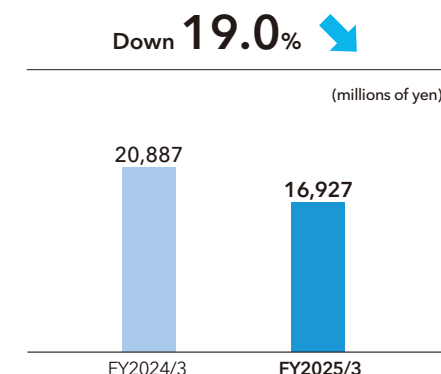
Proportion of consolidated net sales



Net sales



Segment income



Opportunities and risks

	Opportunities	Risks
Electronic component business	<ul style="list-style-type: none"> • Advance of automobile-related technologies in the areas of EVs (electric vehicles) and CASE* technologies • ICT-related technologies such as the 5G mobile communication system, IoT, and AI • Increased demand due to cloud lift and cloud shift <p>* Stands for Connected, Autonomous, Shared & Services, and Electric</p>	<ul style="list-style-type: none"> • Soaring resource and commodity prices due to the emergence and prolongation of geopolitical risks • Impact of customer inventory adjustments in the supply chain • Stagnation in demand due to deterioration in the economies of various major countries • Fluctuations in exchange rates • Loss of commercial rights due to a change in commercial distribution at a sales destination or supplier
EMS business	<ul style="list-style-type: none"> • Diversification of manufacturing bases in response to U.S. tariff policies, promotion of local production for local consumption • Growing need for further outsourcing, to improve production efficiency • Automation of factories and promotion of DX • Elimination of shortages and extended delivery times for semiconductors and electronic components as well as longer lead times 	<ul style="list-style-type: none"> • Labor shortage and brain drain both in Japan and overseas • Changes in the competitive environment due to such factors as technological innovation • Natural disasters such as earthquakes, floods, and the spread of infectious diseases • Unpredictable changes in laws and regulations

TOPIC1

Construction of new EMS plant in Thailand:

Addressing growing demand for circuit board mounting and finished product manufacturing as a core ASEAN hub



In 2002, the Company established KAGA ELECTRONICS (THAILAND) CO., LTD. (hereinafter "KAGA Thailand") as its core EMS business base in the ASEAN region. Operating two factories within the Amatanakorn Industrial Estate, KAGA Thailand primarily manufactures circuit board mounting products for air conditioning equipment, office equipment, and automotive-related devices for both the domestic Thai market and export.

The new factory, currently under construction, will introduce automated assembly lines centered on production equipment developed in-house at our production base in China. When it comes online within 2025, the new factory is expected to facilitate a reduction in mass production cycle time and increase the flexibility of the Group's production system by facilitating quick response to fluctuations in production volume, thereby enabling it to meet increased orders for circuit board mounting from existing customers. In addition, by establishing a new finished product assembly line and tapping into demand for assembly in the U.S. market, KAGA Thailand's EMS business aims to achieve net sales of ¥50 billion within five years.

Once these automated facilities are fully operational at KAGA Thailand, they will be rolled out horizontally to our EMS bases in ASEAN countries like Malaysia and Vietnam as well as India. In the future, KAGA Thailand will serve as the Company's mother factory overseas.

Overview by Segment

Information Equipment



Business description

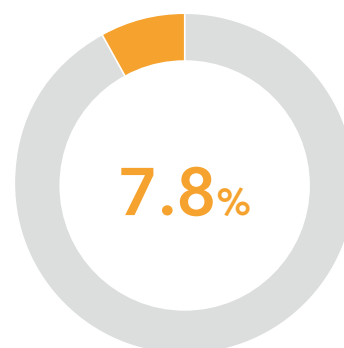
Sale of finished products such as PCs, PC peripherals, home electric appliances, photograph and imaging products, original brand products, and other products

Review of FY2025/3 performance

In this business, the PC sales business saw continued strong sales of PCs for educational institutions, in contrast to sluggish sales of PCs for mass retailers due to a reduction in product lines by a major PC supplier. In addition, the LED installation business faced a decline in net sales given completion of the large-scale project that the Group had been pushing forward on a full scale since the fiscal year ended March 2023. Income margin improved due to robust sales of security software with its comparatively high profit margin, and the business was able to secure an increase in income even in the face of slow net sales growth.

As a result, net sales decreased 3.7% year on year to ¥42,652 million and segment income increased 13.1% year on year to ¥3,307 million.

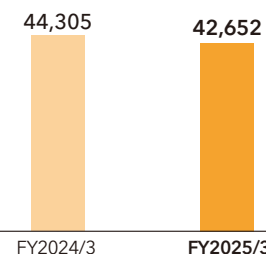
Proportion of consolidated net sales



Net sales

Down 3.7% ↘

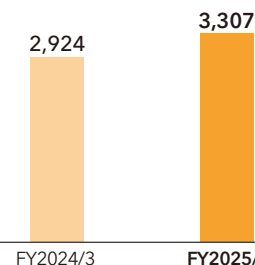
(millions of yen)



Segment income

Up 13.1% ↗

(millions of yen)



Opportunities and risks

	Opportunities	Risks
Information Equipment	<ul style="list-style-type: none"> Creation of new devices to accompany the widespread adoption of AI Robust expansion of demand for information-related devices on the back of advances in ICT Growing demand for increased PC adoption and security related solutions among higher education institutions Development of new commercial products 	<ul style="list-style-type: none"> Loss of sales opportunities due to a reduction in product lines Loss of commercial rights and product procurement routes due to changes in the distribution policies of buyers and suppliers Intensifying competition due to lower prices and more new market entrants

TOPIC2

Full in-house production of small wireless modules:

Full-scale mass production of CONTINECT products begins at Group factories in Thailand and TOWADA

In January 2022, KAGA FEI successfully acquired the business rights, development and manufacturing technologies, and intellectual property rights related to TAIYO YUDEN CO., LTD.'s Bluetooth®*1 and Wireless LAN modules. At the same time, KAGA FEI established the Takasaki Development Center to centralize design and development functions while entering the small wireless module business by launching CONTINECT as a proprietary brand.

In July 2024, we transferred some production functions to KAGA ELECTRONICS (THAILAND) CO., LTD., a KAGA ELECTRONICS Group EMS*2 company, progressively shifting production in-house. Starting April 2025, we also launched a mass production line at KAGA EMS TOWADA CO., LTD., establishing a framework that will enable us to provide a stable supply in terms of BCM*3 and achieving 100% in-house production of the small wireless module product CONTINECT.

With its own internal engineering department, KAGA FEI pursued the contract development and manufacturing of such large-scale integrated circuits as LSI. In the wireless field, KAGA FEI boasts an extensive development track record for both software and hardware, including specified low-power wireless modules that employ mesh networking technology. By building on its knowledge and experience through the addition of this technology for a new key device, a small wireless module, KAGA FEI aims to expand its IoT solutions business. The addition will augment its already broad proposal capabilities, which range from existing network/cloud and software development to EMS services.

The wireless module market is expected to grow as demand expands further, and KAGA FEI's CONTINECT in particular is a promising product for worldwide customers engaged in IoT-based product development in the telecommunication equipment, industrial equipment, and consumer electronics fields. By taking a one-stop approach to development, production, and sales, we will strengthen our business competitiveness and increase added value, with the aim of achieving sales of ¥10 billion in three years, including through related businesses.

*1 The Bluetooth® wordmark and logos are owned by Bluetooth SIG, Inc. and the use of such marks by KAGA FEI Co., Ltd. is under license.

*2 Electronics Manufacturing Services: Provision of product development and manufacturing services on a contract basis

*3 BCM: an abbreviation of Business Continuity Management.



Ultra-small module
CONTINECT ES4L15BA1



Mass production line
launched at EMS TOWADA

Overview by Segment

Software Business



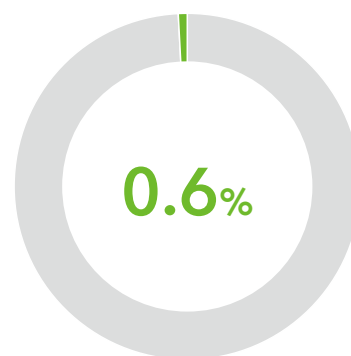
Business description

Production of computer graphics, planning and development of amusement products, and other activities

Review of FY2025/3 performance

In this business, computer graphics production enjoyed a steady flow of orders. Net sales increased by 31.9% year on year to ¥3,387 million, and segment income increased by 37.8% year on year to ¥509 million.

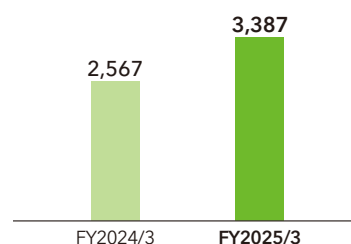
Proportion of consolidated net sales



Net sales

Up **31.9%** ↗

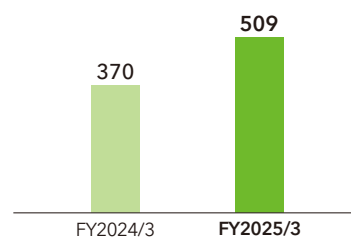
(millions of yen)



Segment income

Up **37.8%** ↗

(millions of yen)



Other Business



Business description

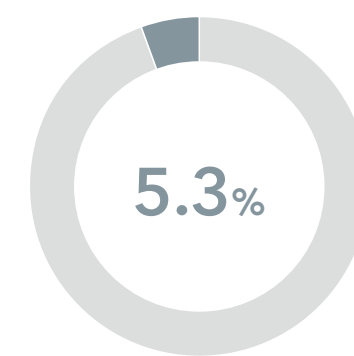
Repair and supports for electronics equipment, manufacture and sales of amusement equipment, and sales of sports goods, and other activities

Review of FY2025/3 performance

In this business, the PC product and PC peripheral recycling business remained strong. In the amusement equipment business, which provides equipment and services to large-scale amusement facilities, sales to the United States were robust.

As a result, net sales increased 24.0% year on year to ¥28,829 million and segment income increased 74.0% year on year to ¥2,707 million.

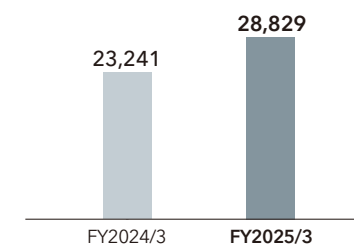
Proportion of consolidated net sales



Net sales

Up **24.0%** ↗

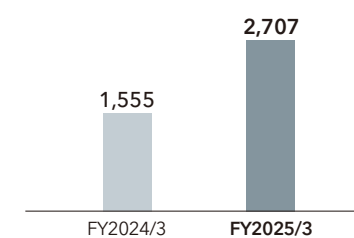
(millions of yen)



Segment income

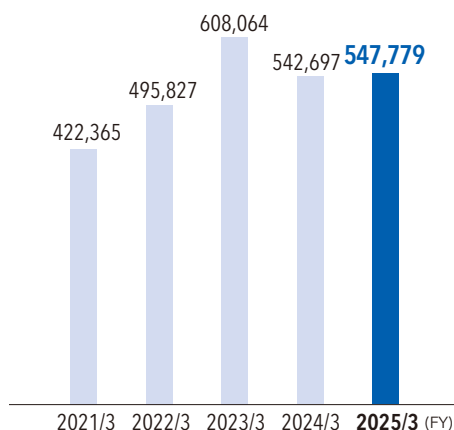
Up **74.0%** ↗

(millions of yen)

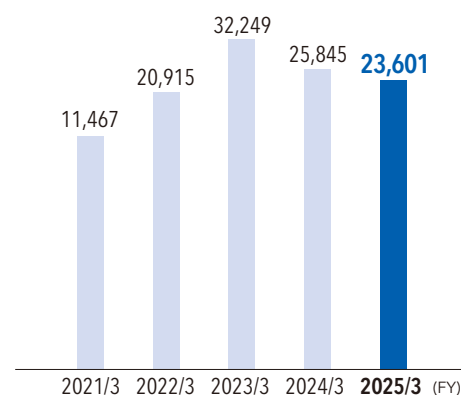


Financial Highlights

Net sales (millions of yen)

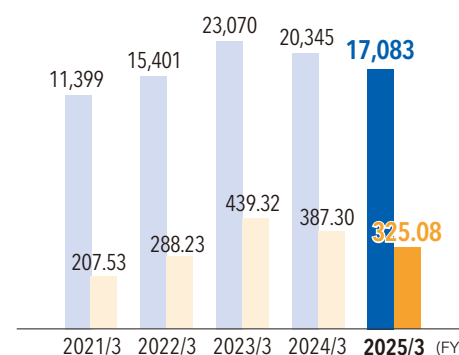


Operating income (millions of yen)

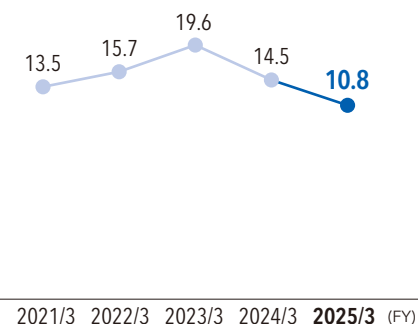


Profit attributable to owners of the parent / Earnings per share

■ Profit attributable to owners of the parent (millions of yen)
■ Earnings per share (yen)



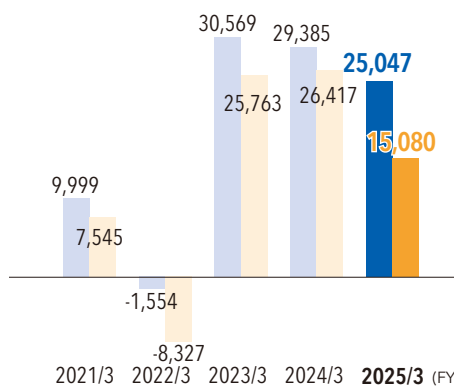
Return on equity (ROE) (%)



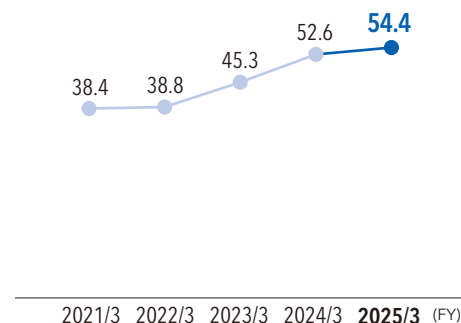
Note: On October 1, 2024, the Company conducted a two-for-one stock split of common stock. For presentation purposes, earnings per share for the period under review and periods prior to the split date have been restated to better illustrate the impact of the stock split.

Cash flows from operating activities / Free cash flow

■ Cash flows from operating activities (millions of yen)
■ Free cash flow (millions of yen)



Equity ratio (%)



Net sales composition by segment and region (Inner: By segment, Outer: By region)

