

# **Consolidated Financial Results**

for the Third Quarter of the  
Fiscal Year ending March 2023

**KAGA ELECTRONICS CO., LTD.**

TSE Prime Market 8154

February 7, 2023

**KAGA ELECTRONICS CO., LTD.**

# Summary of Financial Results for FY2023/3 3Q

## FY2023/3 3Q results

- **Net sales increased by 99.5 billion yen or 28.2%, year on year to 452.2 billion yen. The electronic components business achieved significant growth. Sales to a wide range of industries were high** thanks to the easing of supply/demand conditions for semiconductors and electronic components.
- **Operating income increased by 11.3 billion yen or 77.4%, year on year to 26.0 billion yen. Operating income increased significantly** due to improved gross profit margin resulting from higher sales and improved sales mix.
- **All metrics, from net sales to profit attributable to owners of parent for the quarter achieved record highs for a third quarter.**
- **Net sales and operating income both exceeded internal plans, by approximately 18.2 billion yen and 1.5 billion yen, respectively.**

## FY2023/3 earnings forecast

- Though **continued upward momentum is expected in 4Q, upward revisions only take into account the upside in Q3**, considering the business environment carefully.
- **In 3Q, 1.7 billion yen is allocated** including **inflation subsidies and special bonuses.**

(billion yen)	Net Sales	Operating income	Ordinary income	Net income
Previous forecasts	570.0	28.0	29.0	20.0
Revised forecasts	<b>585.0</b>	<b>29.5</b>	<b>30.0</b>	<b>21.0</b>

## Dividend forecast

- **An extraordinary 20-yen dividend was added**, bringing the year-end dividend up from the previous forecast of 100 yen **to 120 yen per share (up 45 yen** from 75 yen per share in the previous fiscal year).
- **This brings annual dividends to 220 yen per share, an increase of 100 yen** from the previous fiscal year's 120 yen per share.

# Financial Highlights for FY2023/3 3Q

(million yen)

	FY2022/3 3Q Results	FY2023/3 3Q Results	YoY	FY2023/3 Forecasts <small>(Revised on November 8, 2022)</small>	Progress rate
Net sales	352,684	<b>452,221</b>	28.2%	570,000	79.3%
Gross Profit	42,761 <i>12.1%</i>	<b>59,884</b> <i>13.2%</i>	40.0%	–	–
SG&A	28,102 <i>8.0%</i>	<b>33,877</b> <i>7.5%</i>	20.5%	–	–
Operating income	14,658 <i>4.2%</i>	<b>26,006</b> <i>5.8%</i>	77.4%	28,000 <i>4.9%</i>	92.9%
Ordinary income	14,886 <i>4.2%</i>	<b>26,618</b> <i>5.9%</i>	78.8%	29,000 <i>5.1%</i>	91.8%
Profit attributable to owners of parent	10,414 <i>3.0%</i>	<b>19,053</b> <i>4.2%</i>	82.9%	20,000 <i>3.5%</i>	95.3%
EPS (yen)	387.76	<b>725.67</b>	–	761.70	–
Exchange Rate    yen / USD	111.10	<b>136.51</b>	–	130.00	–

Note: 1. The effect of exchange rates on the conversion into yen is approximately 31.0 billion yen on net sales and 1.4 billion yen on operating income.  
 2. "x. x%" represents the profit margin.

# Results by Business Segment for FY2023/3 3Q

(million yen)

		FY2022/3 3Q Results	FY2023/3 3Q Results	YoY	FY2023/3 Forecasts <small>(Revised on November 8, 2022)</small>	Progress rate
Electronic Component	Net sales	311,412	<b>405,608</b>	30.2%	507,000	80.0%
	Segment income	13,002 <i>4.2%</i>	<b>23,341</b> <i>5.8%</i>	79.5%	24,800 <i>5.0%</i>	94.1%
Information Equipment	Net sales	26,301	<b>29,139</b>	10.8%	39,000	74.7%
	Segment income	1,216 <i>4.6%</i>	<b>1,499</b> <i>5.1%</i>	23.3%	2,000 <i>5.1%</i>	75.0%
Software	Net sales	1,841	<b>2,076</b>	12.8%	4,000	51.9%
	Segment income	-109 <i>-6.0%</i>	<b>135</b> <i>6.5%</i>	-	200 <i>2.5%</i>	67.7%
Others	Net sales	13,129	<b>15,397</b>	17.3%	20,000	77.0%
	Segment income	473 <i>3.6%</i>	<b>971</b> <i>6.3%</i>	105.3%	1,000 <i>3.0%</i>	97.2%
Total	Net sales	352,684	<b>452,221</b>	28.2%	570,000	79.3%
	Segment income	14,658 <i>4.2%</i>	<b>26,006</b> <i>5.8%</i>	77.4%	28,000 <i>4.9%</i>	92.9%

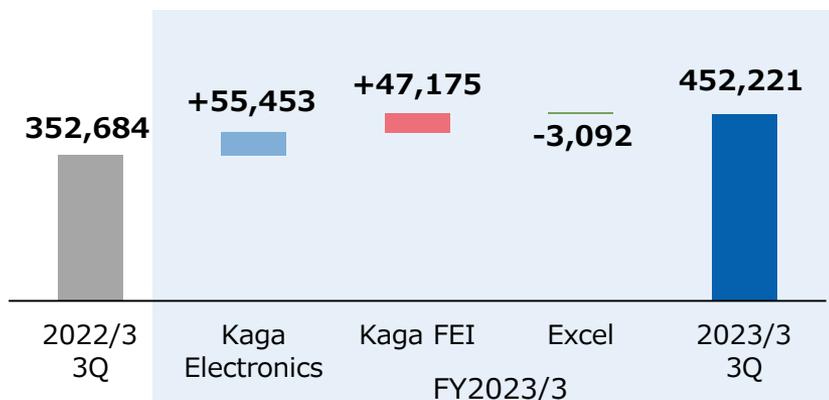
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).  
2. "x. x%" represents the profit margin.

# Effect of M&A for FY2023/3 3Q

(million yen)

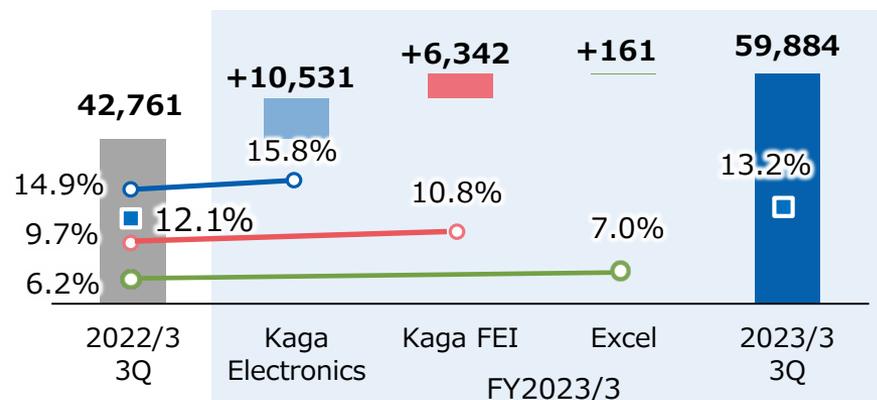
## Net Sales

Kaga Electronics and Kaga FEI achieved significant increases in net sales, driven by the electronic components business.



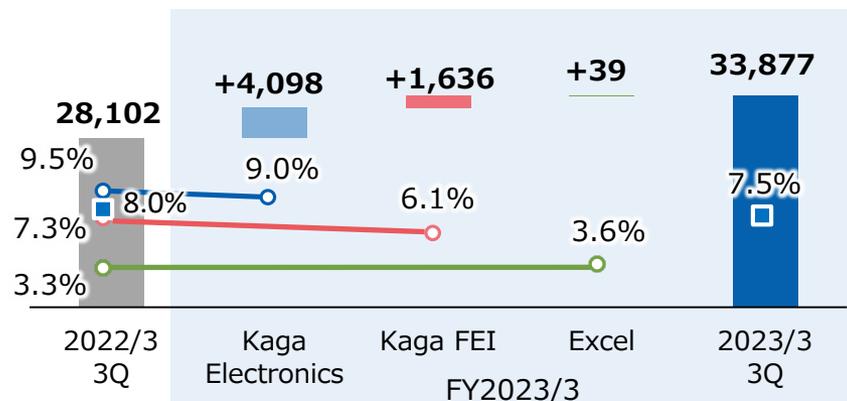
## Gross profit / Gross profit margin

Kaga Electronics and Kaga FEI posted substantial increases in gross profit. The gross profit margin rose for all three companies.



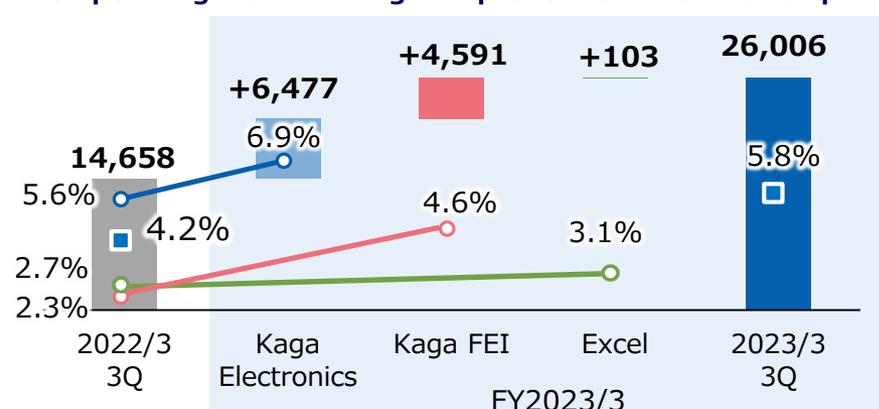
## SG&A / SG&A ratio

The SG&A ratio fell, although SG&A expenses rose due to higher sales.



## Operating income / Operating income margin

Higher gross profit absorbed an increase in operating expenses and resulted in a significant increase in operating income. The operating income margin improved for all three companies.



# Results by Company for FY2023/3 3Q

(million yen)

		FY2022/3 3Q Results	FY2023/3 3Q Results	YoY
Kaga Electronics	Net sales	199,021	<b>254,474</b>	27.9%
	Gross Profit	29,689 <i>14.9%</i>	<b>40,221</b> <i>15.8%</i>	35.5%
	Operating income	11,100 <i>5.6%</i>	<b>17,578</b> <i>6.9%</i>	58.3%
Kaga FEI	Net sales	106,117	<b>153,293</b>	44.5%
	Gross Profit	10,270 <i>9.7%</i>	<b>16,612</b> <i>10.8%</i>	61.7%
	Operating income	2,419 <i>2.3%</i>	<b>7,010</b> <i>4.6%</i>	189.8%
Excel	Net sales	47,546	<b>44,453</b>	-6.5%
	Gross Profit	2,953 <i>6.2%</i>	<b>3,115</b> <i>7.0%</i>	5.5%
	Operating income	1,274 <i>2.7%</i>	<b>1,377</b> <i>3.1%</i>	8.1%
Total	Net sales	352,684	<b>452,221</b>	28.2%
	Gross Profit	42,761 <i>12.1%</i>	<b>59,884</b> <i>13.2%</i>	40.0%
	Operating income	14,658 <i>4.2%</i>	<b>26,006</b> <i>5.8%</i>	77.4%

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.

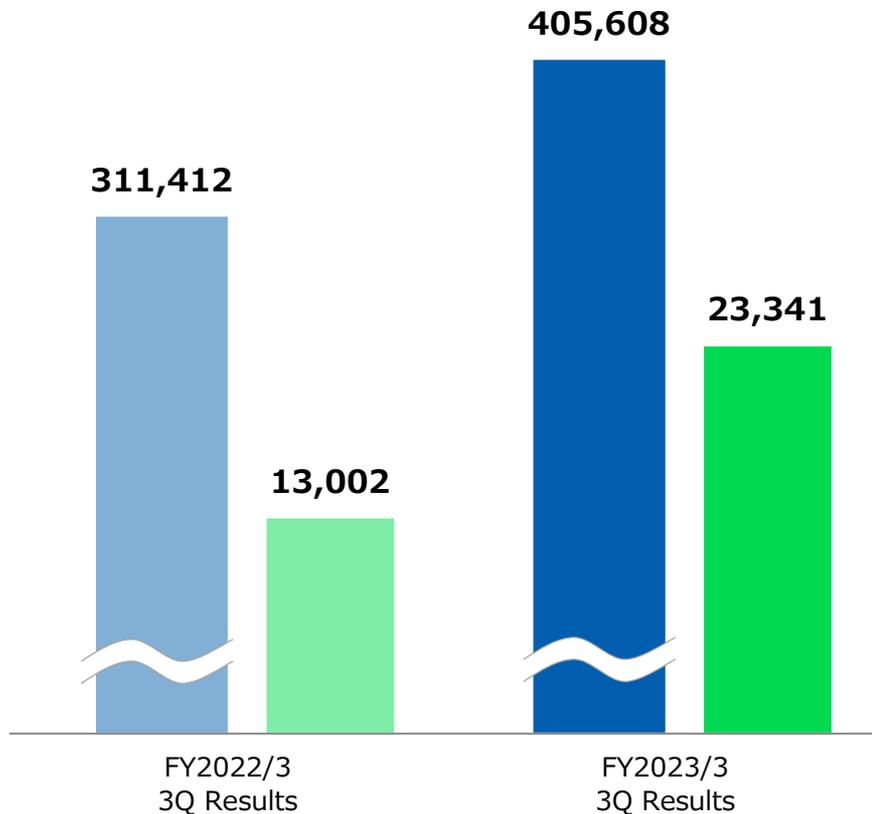
# Financial Highlights: Electronic Component Segment

## Net sales/Segment income

(million yen)

■/■ Net Sales

■/■ Segment income



## YoY

- Net Sales ▶ **+94,196**million yen **30.2%Up**
- Segment income ▶ **+10,339**million yen **79.5%Up**

- In the component sales business, supply/demand conditions eased and sales were high from a broad range of industries, resulting in significant sales growth.
- In automotive equipment-related applications, which still face supply shortages, the Company used its strength in procurement capabilities as an independent trading company to secure sales volume. In parallel with these efforts, the Company proactively proposed alternative products.
- The EMS business continued to perform well, especially in automotive and medical equipment applications.

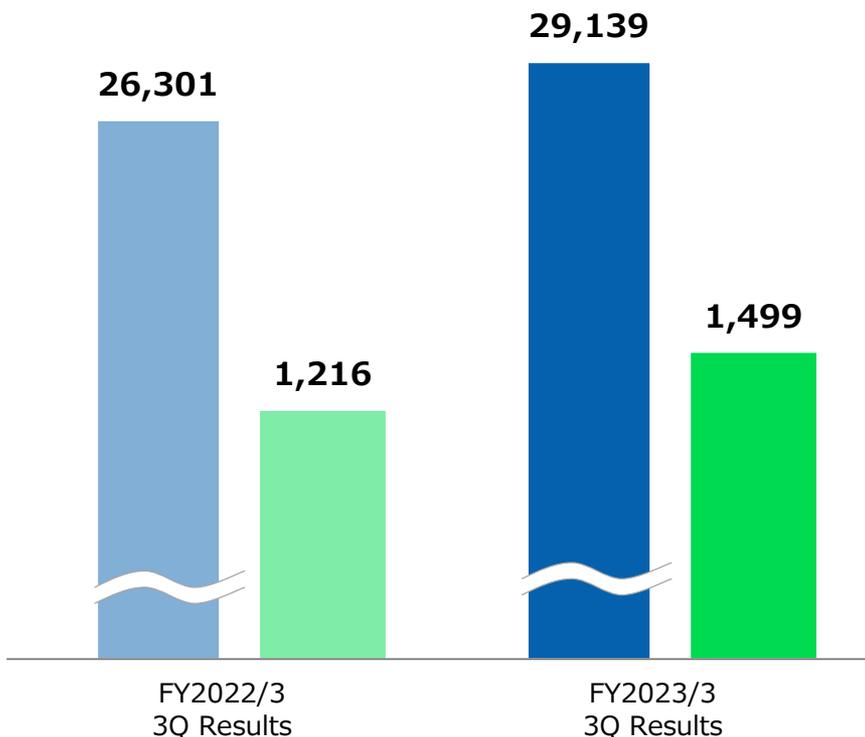


# Financial Highlights: Information Equipment Segment

## Net sales/Segment income

(million yen)

■ Net Sales  
■ Segment income



## YoY

- Net Sales ▶ **+2,838**million yen **10.8%Up**
- Segment income ▶ **+283**million yen **23.3%Up**

- Sales of PCs to corporations and educational institutions were solid, particularly high-end products.
- Sales of PC peripherals such as security software also remained strong.
- In the LED installation business, a large scale projects that had been delayed due to shortages of materials progressed steadily, contributing significantly to earnings.



# Financial Highlights for FY2023/3 3Q (3 months)

Reference

(million yen)

	FY2022/3 3Q Results	FY2023/3 2Q Results	FY2023/3 3Q Results	YoY	QoQ
Net sales	129,675	149,458	<b>153,460</b>	18.3%	2.7%
Gross Profit	15,628 <i>12.1%</i>	20,163 <i>13.5%</i>	<b>19,882</b> <i>13.0%</i>	27.2%	-1.4%
SG&A	9,270 <i>7.1%</i>	11,621 <i>7.8%</i>	<b>12,237</b> <i>8.0%</i>	32.0%	5.3%
Operating income	6,357 <i>4.9%</i>	8,541 <i>5.7%</i>	<b>7,645</b> <i>5.0%</i>	20.3%	-10.5%
Ordinary income	6,434 <i>5.0%</i>	9,073 <i>6.1%</i>	<b>7,685</b> <i>5.0%</i>	19.5%	-15.3%
Profit attributable to owners of parent	4,790 <i>3.7%</i>	6,427 <i>4.3%</i>	<b>5,640</b> <i>3.7%</i>	17.8%	-12.2%
EPS (yen)	182.51 –	244.79 –	<b>214.80</b> –	–	–

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

# Results by Business Segment for FY2023/3 3Q (3 months)

Reference

(million yen)

		FY2022/3 3Q Results	FY2023/3 2Q Results	FY2023/3 3Q Results	YoY	QoQ
Electronic Component	Net sales	117,005	134,986	<b>137,144</b>	17.2%	1.6%
	Segment income	5,878 <i>5.0%</i>	7,599 <i>5.6%</i>	<b>6,724</b> <i>4.9%</i>	14.4%	-11.5%
Information Equipment	Net sales	7,587	8,449	<b>9,542</b>	25.8%	12.9%
	Segment income	305 <i>4.0%</i>	400 <i>4.7%</i>	<b>534</b> <i>5.6%</i>	74.9%	33.6%
Software	Net sales	603	808	<b>768</b>	27.3%	-4.9%
	Segment income	-0 <i>-0.1%</i>	129 <i>16.0%</i>	<b>39</b> <i>5.2%</i>	-	-69.2%
Others	Net sales	4,478	5,213	<b>6,004</b>	34.1%	15.2%
	Segment income	152 <i>3.4%</i>	408 <i>7.8%</i>	<b>313</b> <i>5.2%</i>	105.6%	-23.2%
Total	Net sales	129,675	149,458	<b>153,460</b>	18.3%	2.7%
	Segment income	6,357 <i>4.9%</i>	8,541 <i>5.7%</i>	<b>7,645</b> <i>5.0%</i>	20.3%	-10.5%

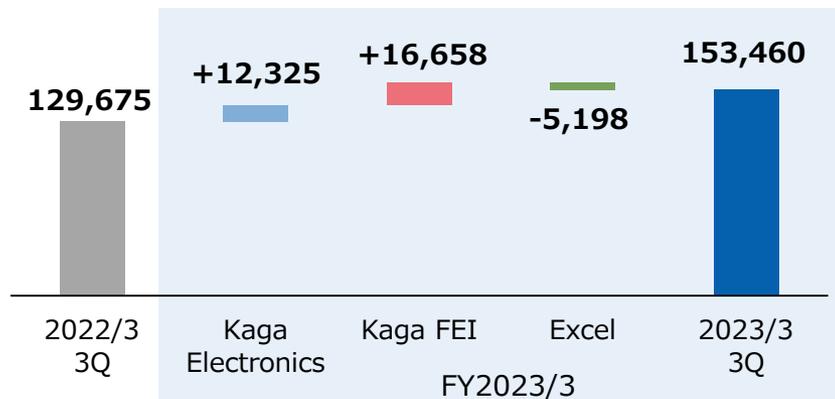
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# Effect of M&A for FY2023/3 3Q (3 months)

(million yen)

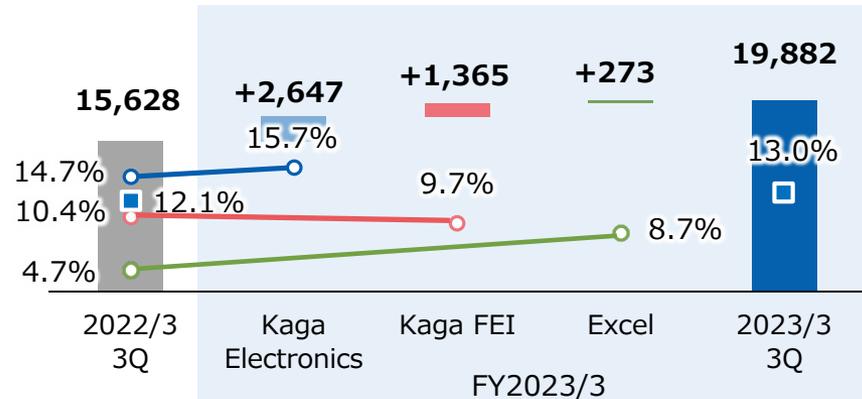
## Net Sales

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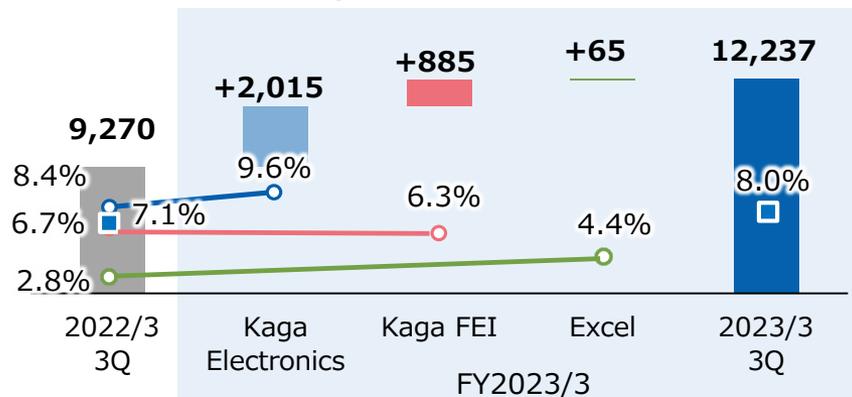
## Gross profit / Gross profit margin

Gross profit increased for all three companies. EXCEL's gross profit margin improved significantly.



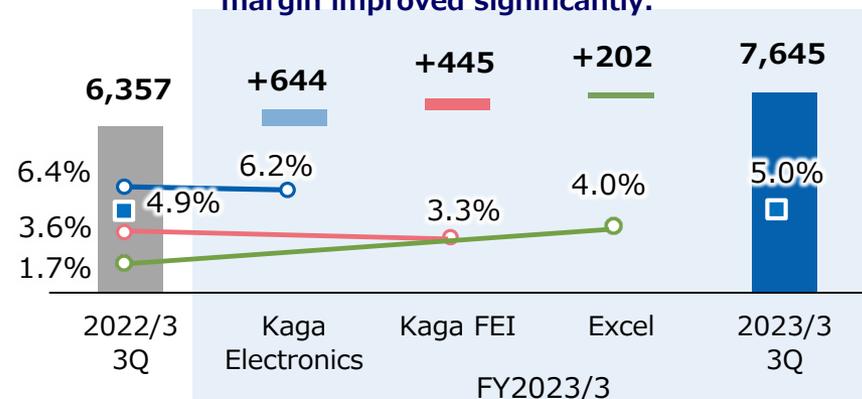
## SG&A / SG&A ratio

SG&A includes 1.7 billion yen in inflation subsidies and special bonuses.



## Operating income / Operating income margin

Kaga Electronics and Kaga FEI contributed significantly to increases in operating income. EXCEL's operating income margin improved significantly.



# Results by Company for FY2023/3 3Q (3 months)

Reference

(million yen)

		FY2022/3 3Q Results	FY2023/3 2Q Results	FY2023/3 3Q Results	YoY	QoQ
Kaga Electronics	Net sales	73,748	84,061	<b>86,074</b>	16.7%	2.4%
	Gross Profit	10,839 <i>14.7%</i>	13,693 <i>16.3%</i>	<b>13,486</b> <i>15.7%</i>	24.4%	-1.5%
	Operating income	4,698 <i>6.4%</i>	5,983 <i>7.1%</i>	<b>5,342</b> <i>6.2%</i>	13.7%	-10.7%
Kaga FEI	Net sales	37,876	51,005	<b>54,535</b>	44.0%	6.9%
	Gross Profit	3,945 <i>10.4%</i>	5,516 <i>10.8%</i>	<b>5,310</b> <i>9.7%</i>	34.6%	-3.7%
	Operating income	1,351 <i>3.6%</i>	2,173 <i>4.3%</i>	<b>1,796</b> <i>3.3%</i>	32.9%	-17.4%
Excel	Net sales	18,050	14,392	<b>12,851</b>	-28.8%	-10.7%
	Gross Profit	850 <i>4.7%</i>	1,004 <i>7.0%</i>	<b>1,124</b> <i>8.7%</i>	32.2%	11.9%
	Operating income	308 <i>1.7%</i>	403 <i>2.8%</i>	<b>511</b> <i>4.0%</i>	65.7%	26.6%
Total	Net sales	129,675	149,458	<b>153,460</b>	18.3%	2.7%
	Gross Profit	15,628 <i>12.1%</i>	20,163 <i>13.5%</i>	<b>19,882</b> <i>13.0%</i>	27.2%	-1.4%
	Operating income	6,357 <i>4.9%</i>	8,541 <i>5.7%</i>	<b>7,645</b> <i>5.0%</i>	20.3%	-10.5%

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

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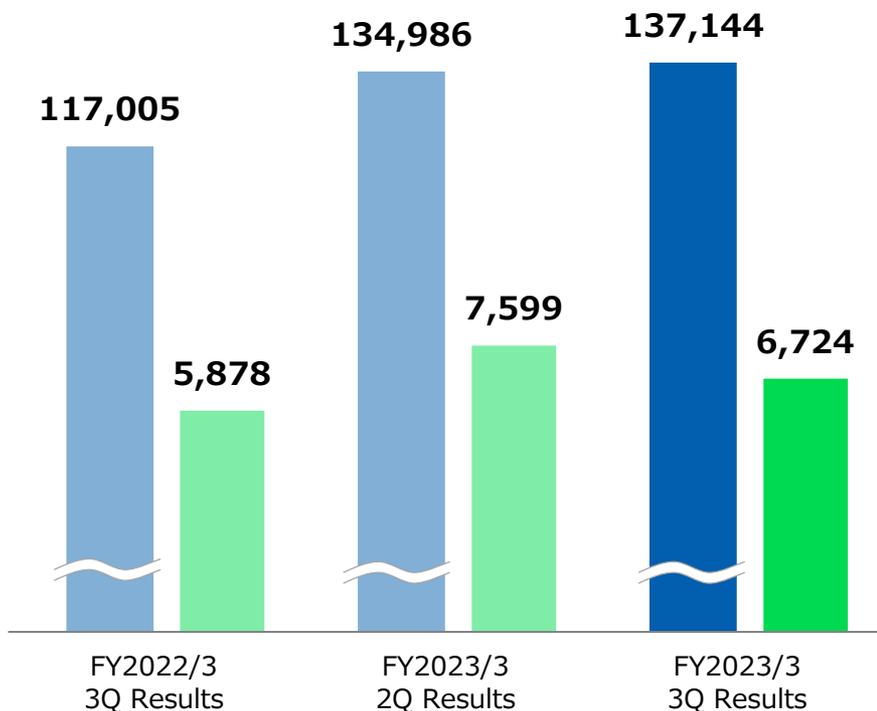
# Financial Highlights: Electronic Component Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+20,139**million yen **17.2% Up**
- Segment income ▶ **+845**million yen **14.4% Up**

## QoQ

- Net Sales ▶ **+2,157**million yen **1.6% Up**
- Segment income ▶ **-874**million yen **11.5% Down**

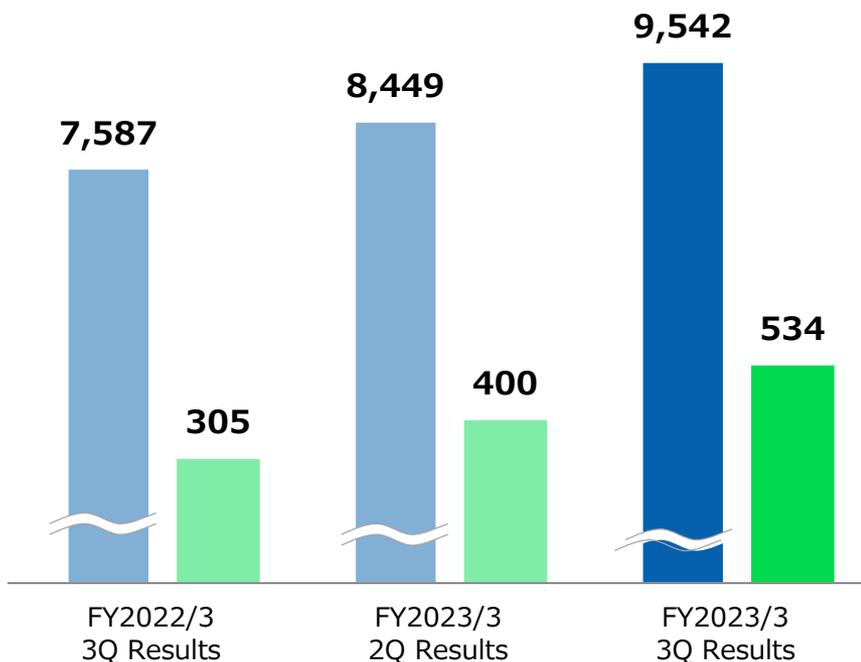
# Financial Highlights: Information Equipment Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+1,954**million yen **25.8%Up**
- Segment income ▶ **+229**million yen **74.9%Up**

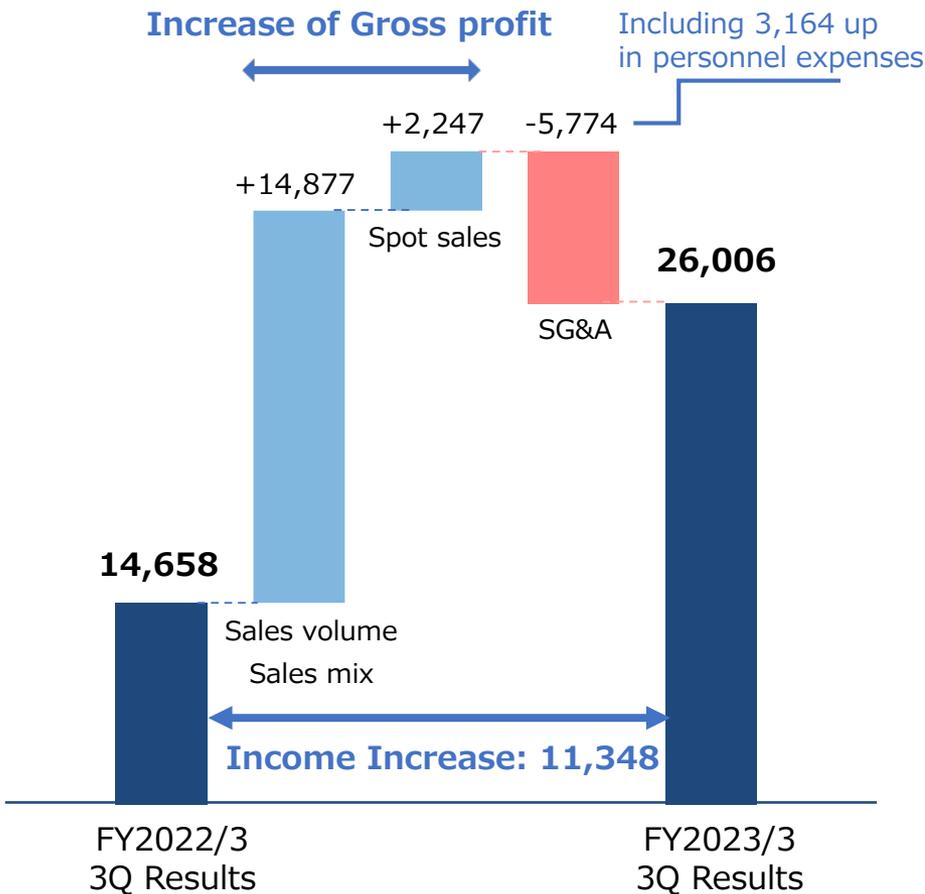
## QoQ

- Net Sales ▶ **+1,093**million yen **12.9%Up**
- Segment income ▶ **+134**million yen **33.6%Up**

# Factors of Increase / Decrease in Operating Income

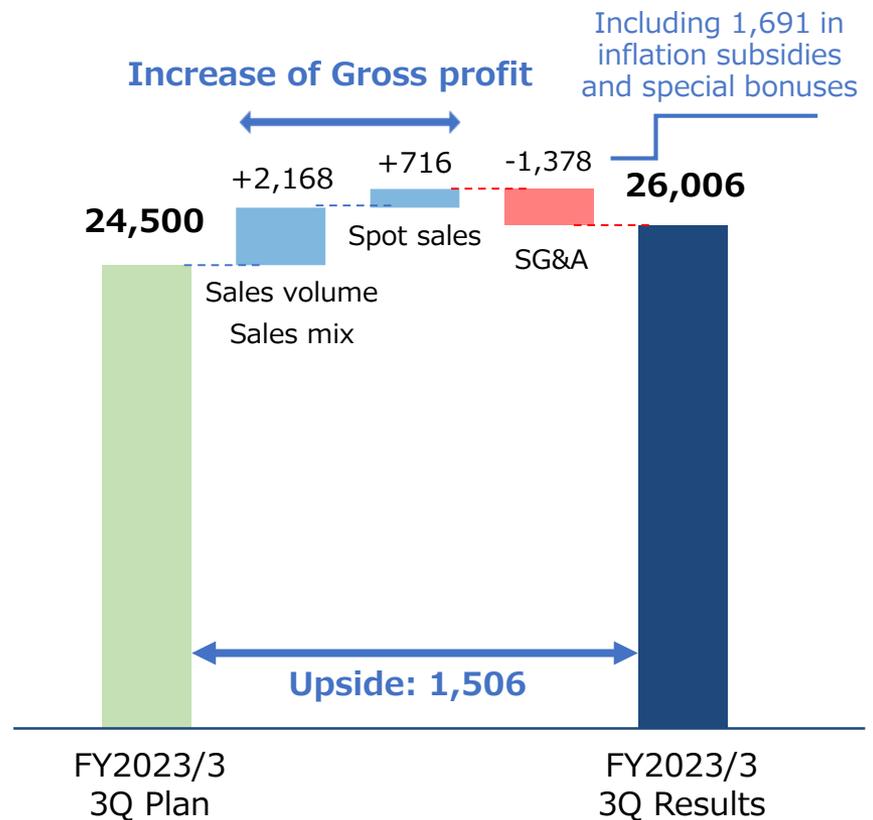
## YoY

(million yen)



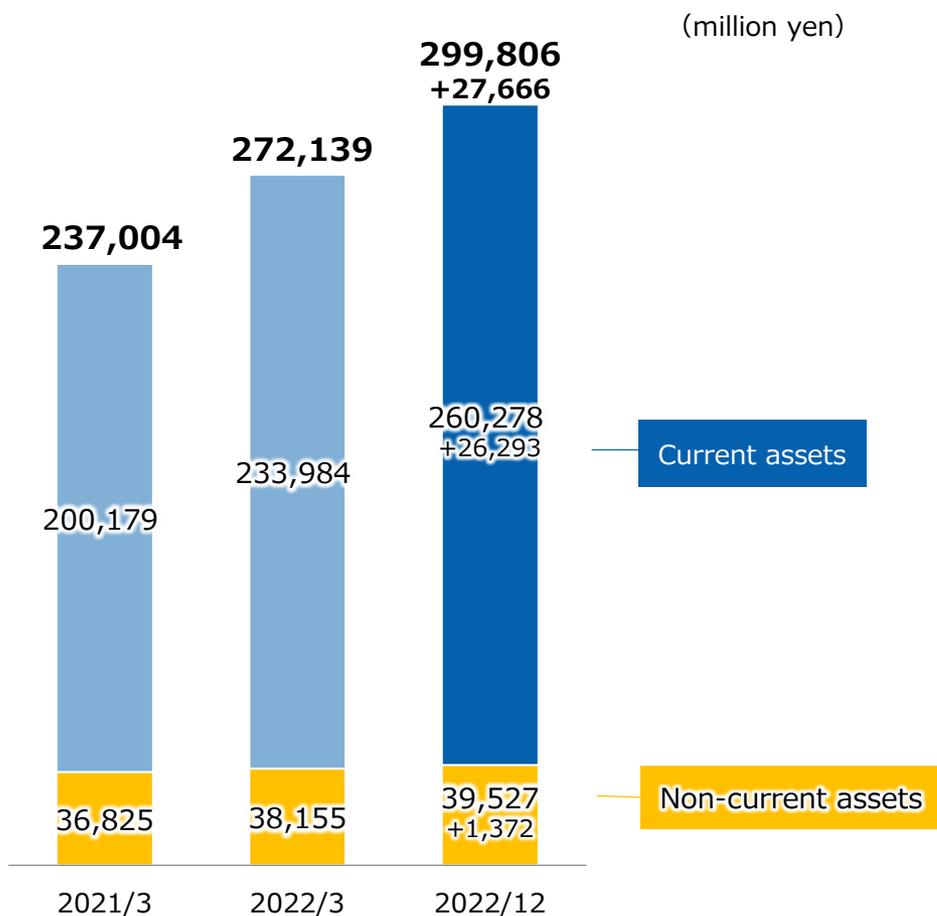
## vs Internal Plan

(million yen)

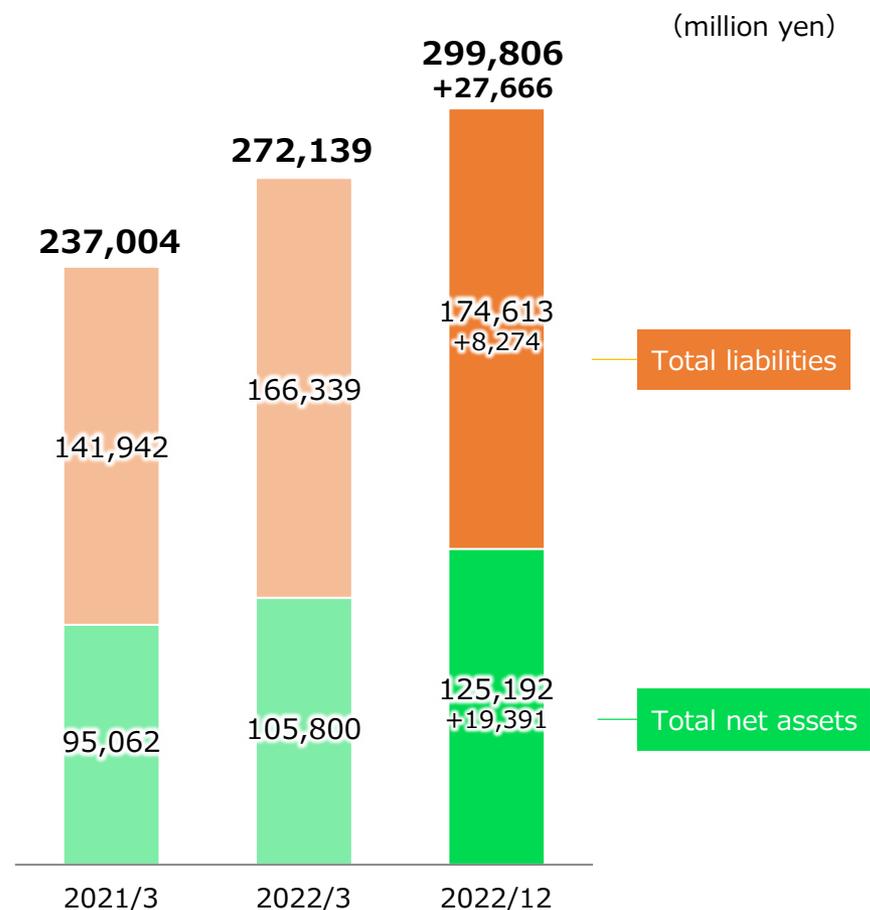


# Balance Sheet Main Items

## Total assets



## Total liabilities and net assets

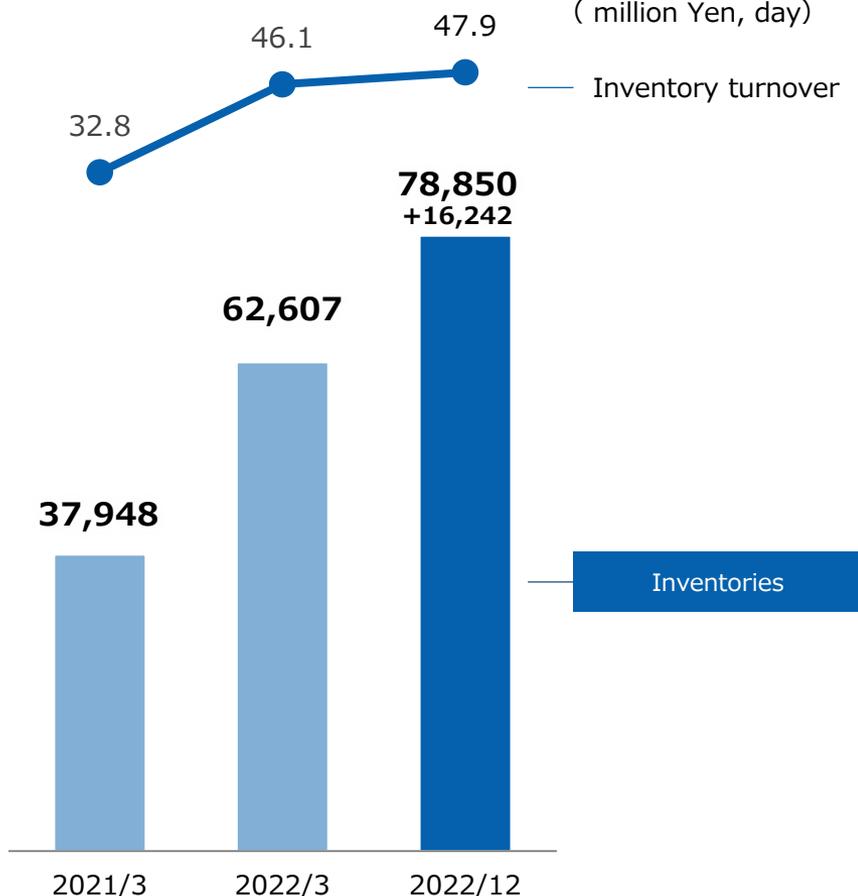


# Balance Sheet Main Items

## Inventories

( million Yen, day)

— Inventory turnover

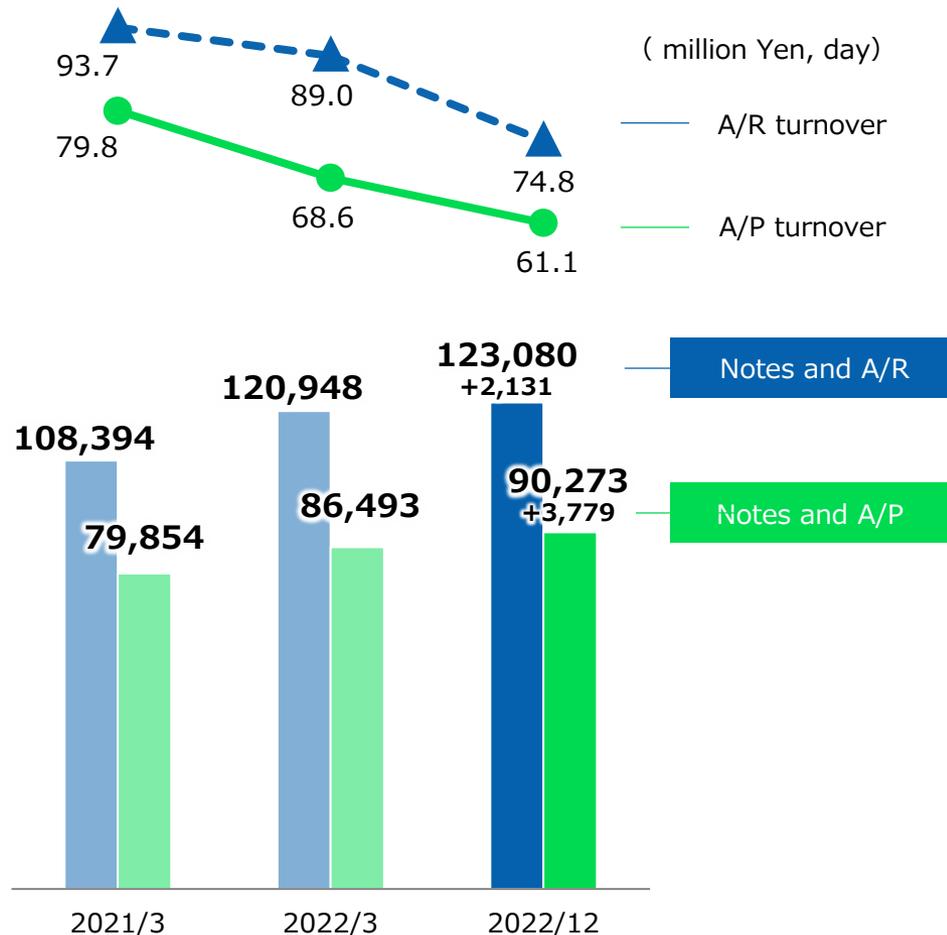


## Accounts receivable/Accounts payable

( million Yen, day)

— A/R turnover

— A/P turnover

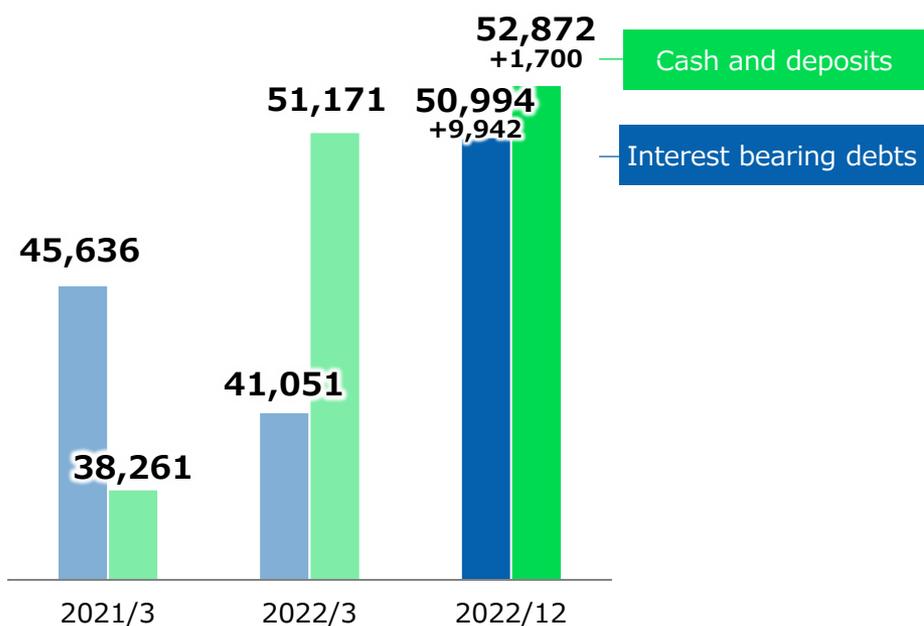
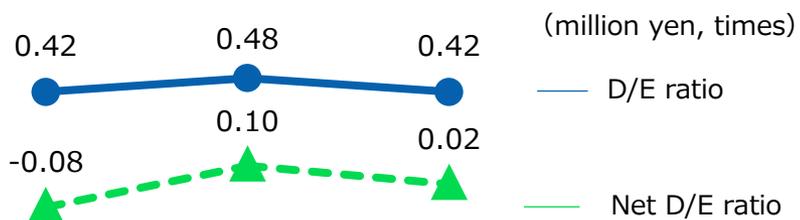


Note : Inventory turnover = Inventories ÷ Net Sales × 275 (day)

Notes : 1. •Notes and A/R are amounts including Electronically recorded monetary claims-operating  
 2. •Notes and A/P are amounts including Electronically recorded obligations - operating  
 3. •A/R turnover = Notes and A/R ÷ Net sales × 275 (day)  
 4. •A/P turnover = Notes and A/P ÷ Total purchase of goods × 275 (day)

# Balance Sheet Main Items

## Cash and Deposits/Interest Bearing Debt



Note : 1. D/E ratio = Interest bearing debts ÷ Shareholder's equity

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

# Forecasts for FY2023/3

# Forecasts for FY2023/3

(announced on November 8, 2022)

(million yen)

	FY2022/3 Results	FY2023/3 Previous Forecasts	FY2023/3 Current Forecasts	Diff. from previous forecasts	YoY
Net sales	495,827	570,000	<b>585,000</b>	2.6%	18.0%
Operating income	20,915    4.2%	28,000    4.9%	<b>29,500    5.0%</b>	5.4%	41.0%
Ordinary income	21,456    4.3%	29,000    5.1%	<b>30,000    5.1%</b>	3.4%	39.8%
Profit attributable to owners of parent	15,401    3.1%	20,000    3.5%	<b>21,000    3.6%</b>	5.0%	36.3%
EPS (yen)	576.46    —	761.70    —	<b>799.78    —</b>	—	—
ROE	15.7%    —	17.0%    —	<b>18.0%    —</b>	—	—
Annual dividend (yen)	120.00 Ordinary dividend    80.00 Extraordinary dividend    40.00	200.00 Ordinary dividend    140.00 Commemorative dividend    10.00 Extraordinary dividend    50.00	<b>220.00</b> Ordinary dividend    140.00 Commemorative dividend    10.00 Extraordinary dividend    70.00		

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

# Forecasts by Business Segment for FY2023/3

(announced on November 8, 2022)

(million yen)

		FY2022/3 Results	FY2023/3 Previous Forecasts	FY2023/3 Current Forecasts	Diff. from previous forecasts	YoY
Electronic Component	Net sales	433,852	507,000	<b>523,000</b>	3.2%	20.5%
	Segment income	18,107 <i>4.2%</i>	24,800 <i>5.0%</i>	<b>25,800</b> <i>4.9%</i>	4.0%	42.5%
Information Equipment	Net sales	39,616	39,000	<b>39,000</b>	–	-1.6%
	Segment income	2,085 <i>5.3%</i>	2,000 <i>5.1%</i>	<b>2,000</b> <i>5.1%</i>	–	-4.1%
Software	Net sales	2,767	4,000	<b>3,000</b>	-25.0%	8.4%
	Segment income	-26 <i>-1.0%</i>	200 <i>2.5%</i>	<b>200</b> <i>6.7%</i>	–	–
Others	Net sales	19,590	20,000	<b>20,000</b>	–	2.1%
	Segment income	626 <i>3.2%</i>	1,000 <i>3.0%</i>	<b>1,500</b> <i>7.5%</i>	50.0%	139.6%
Total	Net sales	495,827	570,000	<b>585,000</b>	2.6%	18.0%
	Segment income	20,915 <i>4.2%</i>	28,000 <i>4.9%</i>	<b>29,500</b> <i>5.0%</i>	5.4%	41.0%

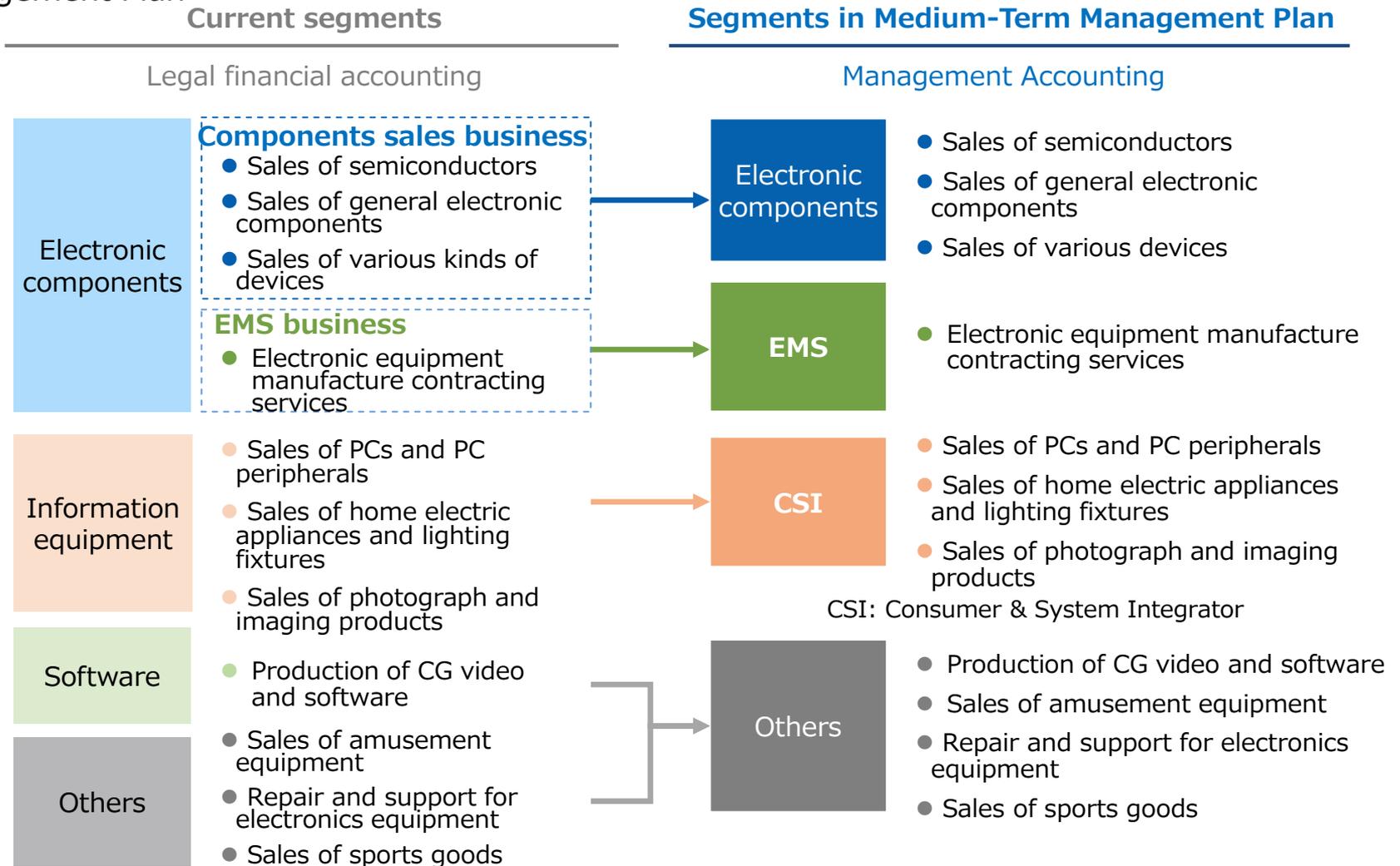
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# Reference

# Segment disclosure associated with the Medium-Term Management Plan

Continuous disclosure based on current segmentation according to legal financial accounting, along with voluntary disclosure based on segmentation in line with the new Medium-Term Management Plan



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

Reference

(million yen)

		FY2021/3 3Q Results	FY2022/3 3Q Results	FY2023/3 3Q Results	YOY
Electronic Component	Net sales	181,913	232,869	<b>303,213</b>	30.2%
	Segment income	1,657 <i>0.9%</i>	7,772 <i>3.3%</i>	<b>15,901</b> <i>5.2%</i>	104.6%
EMS	Net sales	70,216	84,595	<b>108,610</b>	28.4%
	Segment income	3,890 <i>5.5%</i>	5,463 <i>6.5%</i>	<b>7,926</b> <i>7.3%</i>	45.1%
CSI	Net sales	33,937	26,301	<b>29,139</b>	10.8%
	Segment income	1,753 <i>5.2%</i>	1,216 <i>4.6%</i>	<b>1,499</b> <i>5.1%</i>	23.3%
Others	Net sales	8,199	8,918	<b>11,258</b>	26.2%
	Segment income	126 <i>1.5%</i>	129 <i>1.5%</i>	<b>620</b> <i>5.5%</i>	380.2%
Total	Net sales	294,266	352,684	<b>452,221</b>	28.2%
	Segment income	7,517 <i>2.6%</i>	14,658 <i>4.2%</i>	<b>26,006</b> <i>5.8%</i>	77.4%

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.

# Financial Highlights by Business Segment of the Medium-Term Management Plan (3months)

Reference

(million yen)

		FY2022/3 3Q Results	FY2023/3 2Q Results	FY2023/3 3Q Results	YoY	QoQ
Electronic Component	Net sales	88,079	101,422	<b>100,346</b>	13.9%	-1.1%
	Segment income	3,824 <i>4.3%</i>	5,148 <i>5.1%</i>	<b>4,211</b> <i>4.2%</i>	10.1%	-18.2%
EMS	Net sales	31,142	35,619	<b>39,123</b>	25.6%	9.8%
	Segment income	2,140 <i>6.9%</i>	2,698 <i>7.6%</i>	<b>2,614</b> <i>6.7%</i>	22.1%	-3.1%
CSI	Net sales	7,587	8,449	<b>9,542</b>	25.8%	12.9%
	Segment income	305 <i>4.0%</i>	400 <i>4.7%</i>	<b>534</b> <i>5.6%</i>	74.9%	33.6%
Others	Net sales	2,865	3,967	<b>4,448</b>	55.2%	12.1%
	Segment income	64 <i>2.3%</i>	289 <i>7.3%</i>	<b>251</b> <i>5.7%</i>	287.7%	-13.2%
Total	Net sales	129,675	149,458	<b>153,460</b>	18.3%	2.7%
	Segment income	6,357 <i>4.9%</i>	8,541 <i>5.7%</i>	<b>7,645</b> <i>5.0%</i>	20.3%	-10.5%

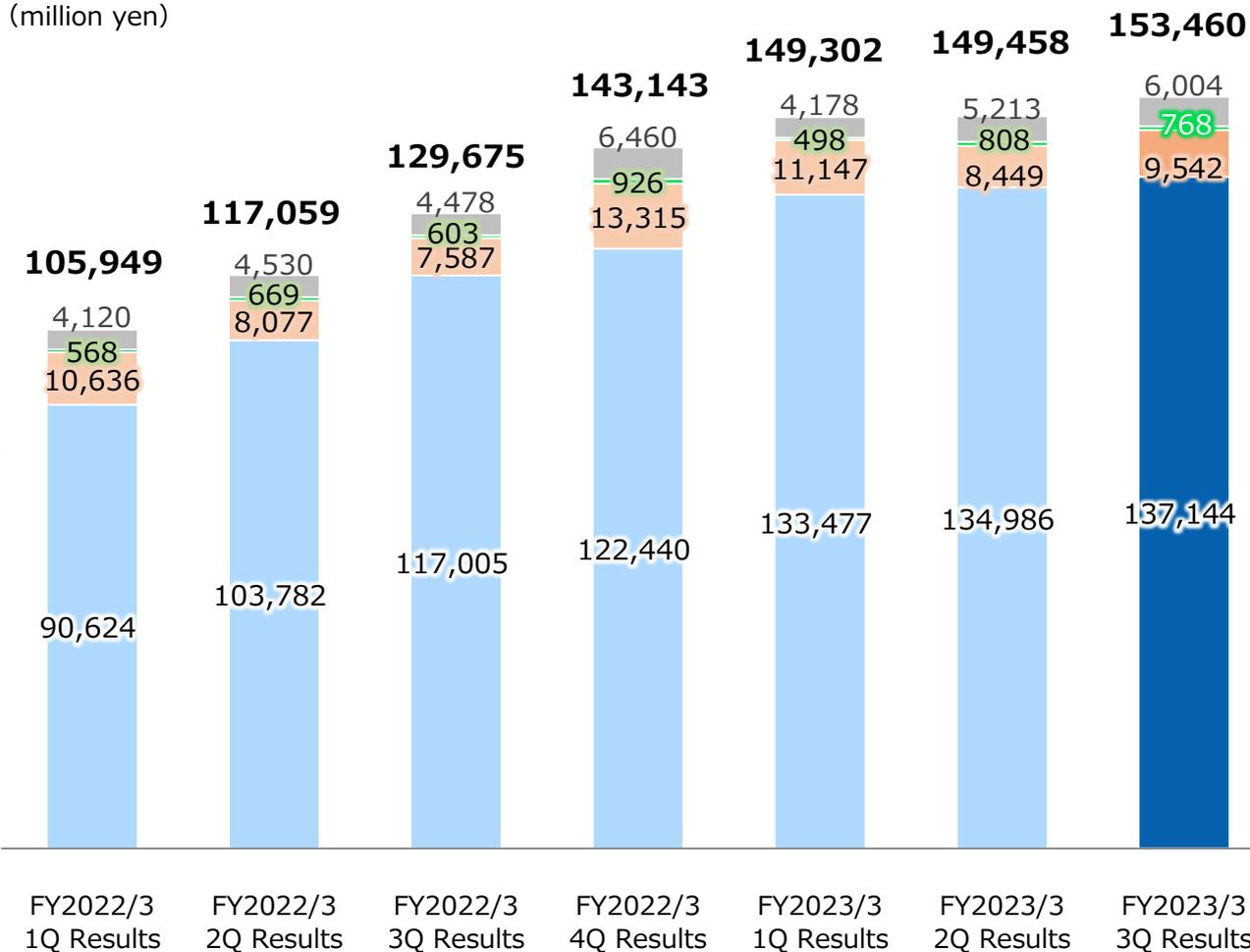
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# Quarterly Net Sales Trends

## Net Sales

(million yen)



**Total**  
 YoY : +23,785  
 QoQ : +4,002

**Other**  
 YoY : +1,526  
 QoQ : +791

**Software**  
 YoY : +165  
 QoQ : -39

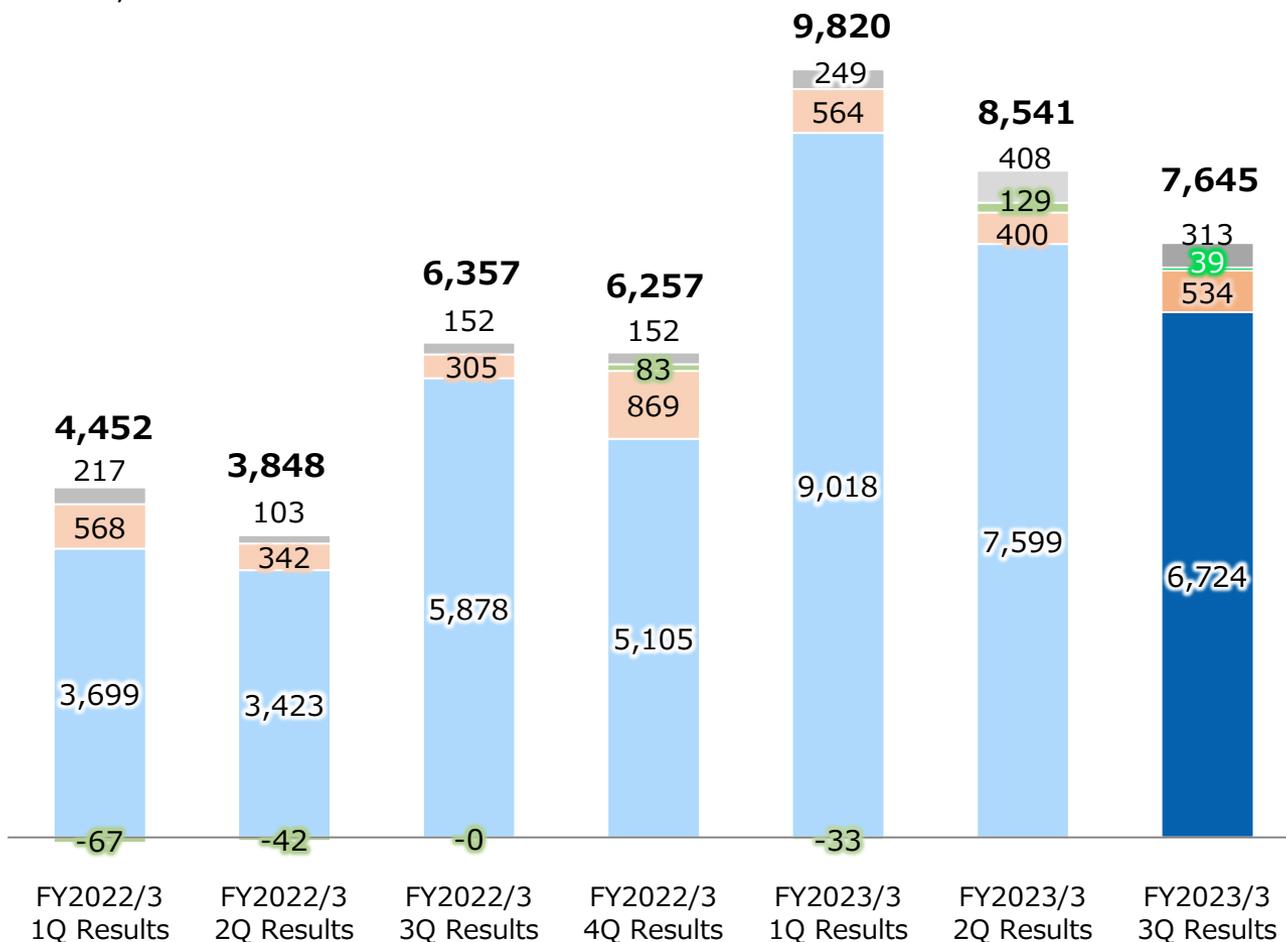
**Information equipment**  
 YoY : +1,954  
 QoQ : +1,093

**Electronic equipment**  
 YoY : +20,139  
 QoQ : +2,157

# Quarterly Segment Income Trends

## Segment Income

(million yen)



Total	
YoY	: +1,287
QoQ	: -896

Other	
YoY	: +161
QoQ	: -94

Software	
YoY	: +40
QoQ	: -89

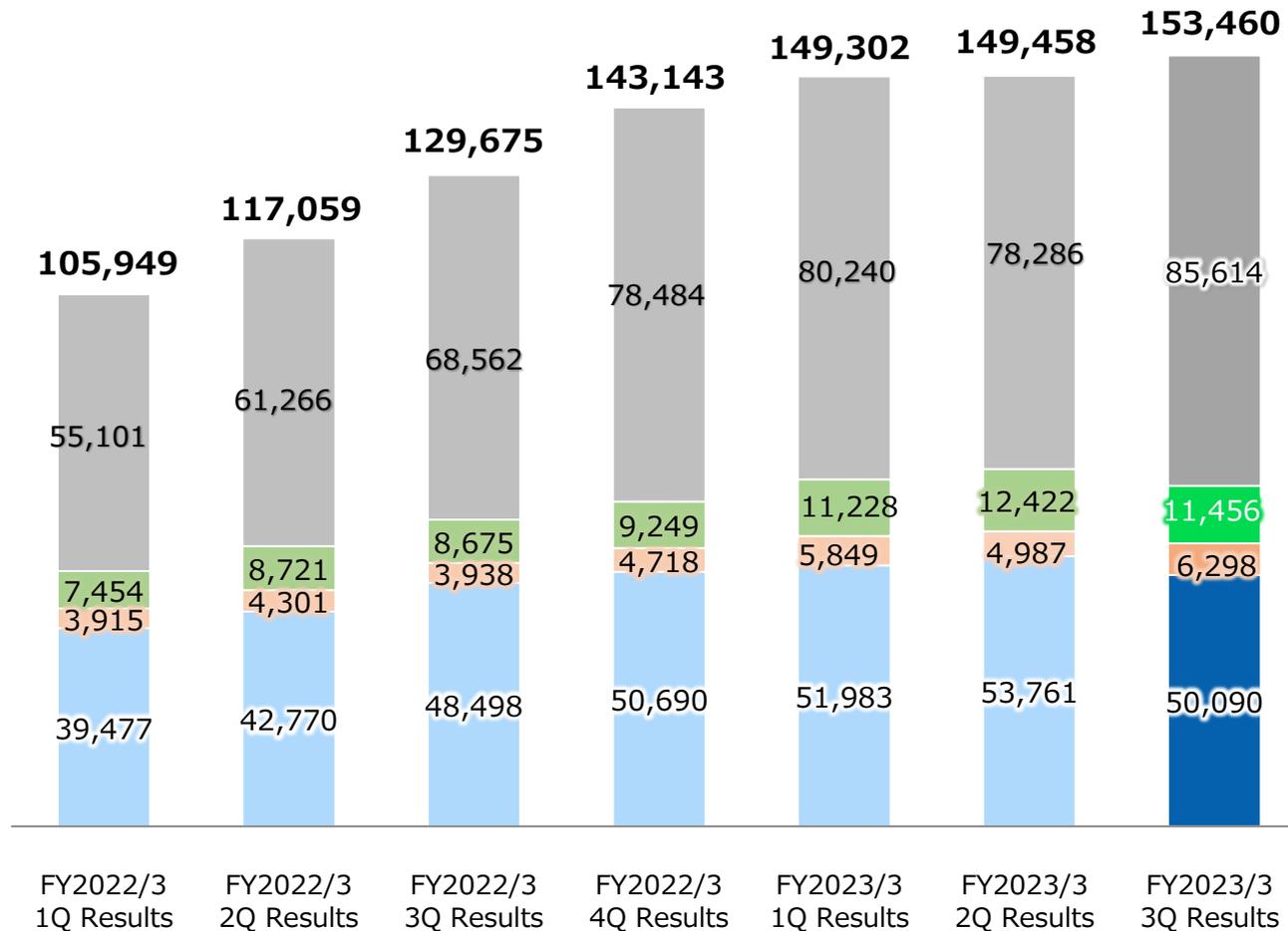
Information equipment	
YoY	: +229
QoQ	: +134

Electronic equipment	
YoY	: +845
QoQ	: -874

# Net Sales by Region

## Net Sales

(million yen)



Total	
YoY	: +23,785
QoQ	: +4,002

Japan	
YoY	: +17,051
QoQ	: +7,328

North America	
YoY	: +2,781
QoQ	: -966

Europe	
YoY	: +2,360
QoQ	: +1,311

Asia	
YoY	: +1,592
QoQ	: -3,671

# Exchange Rate/FOREX Sensitivity

	FY2022/3 3Q Results (Yen)	FY2023/3 3Q Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2023/3(yen)
			Net sales	Operating income	
USD	111.10	136.51	1,242	39	130.00
RMB	16.78	19.35	213	8	20.00
THB	3.42	3.82	227	16	3.50
HKD	14.28	17.41	138	5	16.50
EUR	130.62	140.59	8	0	135.00

Note: Forex assumption for  
2023/3 4Q onwards

# Note

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**“Everything we do is  
for our customers**



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