

# Consolidated Financial Results

## for the Fiscal Year ending March 2023

**KAGA ELECTRONICS CO., LTD.**

TSE Prime Market 8154

May 11, 2023

**KAGA ELECTRONICS CO., LTD.**

# Summary of Financial Results for FY2023/3

## Results for FY2023/3

- **Net sales increased by 112.2 billion yen or 22.6%, year on year to 608.0 billion yen. The electronic components business achieved significant growth both in the component sales business and the EMS business.** Supply shortages and extended lead times were generally resolved, and sales to a wide range of industries were high.
- **Operating income increased by 11.3 billion yen or 54.2%, year on year to 32.2 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 net income for the fiscal year, achieved record highs.**

## FY2024/3 earnings forecast

- **Forecast assumptions:** <Economic situation> Although a gradual recovery is expected, the outlook is uncertain partly due to rising commodity prices and financial system instability. <Industry trends> While supply shortages and extended lead times were generally resolved, **demand is expected to temporarily decline due to a backlash from increased demand amid the COVID-19 pandemic and inventory adjustments by customers.**
- **The electronic components business is expected to post decreases in net sales and profit,** considering the business environment and market conditions carefully.
- **Net sales of 545.0 billion yen (down 10.3%) and operating income of 25.0 billion yen (down 22.3%) are expected.**

## Shareholder Return

- FY2023/3: **The year-end dividend will be 120 yen per share** (70 yen ordinary dividend + 10 yen commemorative dividend + 40 yen extraordinary dividend) **as previously announced. The annual dividend** including the interim dividend **amounts to 220 yen per share** (140 yen ordinary dividend + 10 yen commemorative dividend + 50 yen extraordinary dividend), **an increase of 100 yen from the previous fiscal year.**
- FY2024/3: Although a temporary decrease in profit is expected, **the dividend forecast for the next fiscal year will remain unchanged from the previous year, with priority on stable dividend payouts** (220 yen per share, consisting of 110 yen for both interim and year-end).

# Financial Highlights for FY2023/3

(million yen)

	FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts (Revised on February 7, 2023)	vs Forecasts
Net sales	495,827	<b>608,064</b>	22.6%	585,000	3.9%
Gross Profit	60,547 <i>12.2%</i>	<b>78,514</b> <i>12.9%</i>	29.7%	—	—
SG&A	39,632 <i>8.0%</i>	<b>46,265</b> <i>7.6%</i>	16.7%	—	—
Operating income	20,915 <i>4.2%</i>	<b>32,249</b> <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%
Ordinary income	21,456 <i>4.3%</i>	<b>32,739</b> <i>5.4%</i>	52.6%	30,000 <i>5.1%</i>	9.1%
Profit attributable to owners of parent	15,401 <i>3.1%</i>	<b>23,070</b> <i>3.8%</i>	49.8%	21,000 <i>3.6%</i>	9.9%
EPS (yen)	576.46	<b>878.65</b>	—	799.78	—
ROE	15.7%	<b>19.6%</b>	3.9pt	18.0%	1.6%

- Note: 1. The effect of exchange rates on the conversion into yen is approximately 38,483 million yen on net sales and 1,782 million yen on operating income.  
 2. "x. x%" represents the profit margin.

# Results by Business Segment for FY2023/3

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts <small>(Revised on February 7, 2023)</small>	vs Forecasts
Electronic Component	Net sales	433,852	<b>539,342</b>	24.3%	523,000	3.1%
	Segment income	18,107 <i>4.2%</i>	<b>28,314</b> <i>5.2%</i>	56.4%	25,800 <i>4.9%</i>	9.7%
Information Equipment	Net sales	39,616	<b>43,680</b>	10.3%	39,000	12.0%
	Segment income	2,085 <i>5.3%</i>	<b>2,449</b> <i>5.6%</i>	17.4%	2,000 <i>5.1%</i>	22.5%
Software	Net sales	2,767	<b>2,998</b>	8.3%	3,000	-0.1%
	Segment income	-26 <i>-1.0%</i>	<b>286</b> <i>9.6%</i>	–	200 <i>6.7%</i>	43.4%
Others	Net sales	19,590	<b>22,044</b>	12.5%	20,000	10.2%
	Segment income	626 <i>3.2%</i>	<b>1,101</b> <i>5.0%</i>	76.0%	1,500 <i>7.5%</i>	-26.5%
Total	Net sales	495,827	<b>608,064</b>	22.6%	585,000	3.9%
	Segment income	20,915 <i>4.2%</i>	<b>32,249</b> <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

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

# Results by Company for FY2023/3

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2023/3 Previous Forecasts <small>(Revised on February 7, 2023)</small>	vs Forecasts
Kaga Electronics	Net sales	281,075	<b>348,034</b>	23.8%	330,000	5.5%
	Gross Profit	41,767 <i>14.9%</i>	<b>53,123</b> <i>15.3%</i>	27.2%	51,000 <i>15.5%</i>	4.2%
	Operating income	15,461 <i>5.5%</i>	<b>21,899</b> <i>6.3%</i>	41.6%	19,500 <i>5.9%</i>	12.3%
Kaga FEI	Net sales	149,455	<b>199,548</b>	33.5%	195,000	2.3%
	Gross Profit	14,690 <i>9.8%</i>	<b>20,913</b> <i>10.5%</i>	42.4%	20,500 <i>10.5%</i>	2.0%
	Operating income	3,654 <i>2.4%</i>	<b>8,103</b> <i>4.1%</i>	121.8%	8,000 <i>4.1%</i>	1.3%
Excel	Net sales	65,296	<b>60,481</b>	-7.4%	60,000	0.8%
	Gross Profit	4,247 <i>6.5%</i>	<b>4,443</b> <i>7.3%</i>	4.6%	4,500 <i>7.5%</i>	-1.3%
	Operating income	1,937 <i>3.0%</i>	<b>2,072</b> <i>3.4%</i>	7.0%	2,000 <i>3.3%</i>	3.6%
Total	Net sales	495,827	<b>608,064</b>	22.6%	585,000	3.9%
	Gross Profit	60,547 <i>12.2%</i>	<b>78,514</b> <i>12.9%</i>	29.7%	76,000 <i>13.0%</i>	3.3%
	Operating income	20,915 <i>4.2%</i>	<b>32,249</b> <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

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

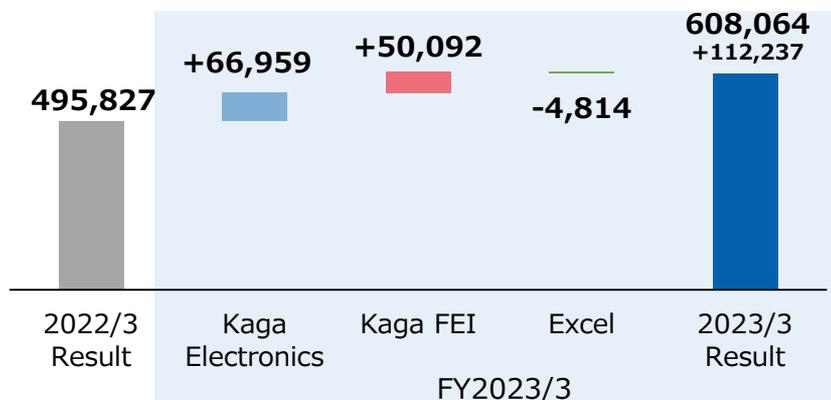
2. "x. x%" represents the profit margin.

# Effect of M&A for FY2023/3

(million yen)

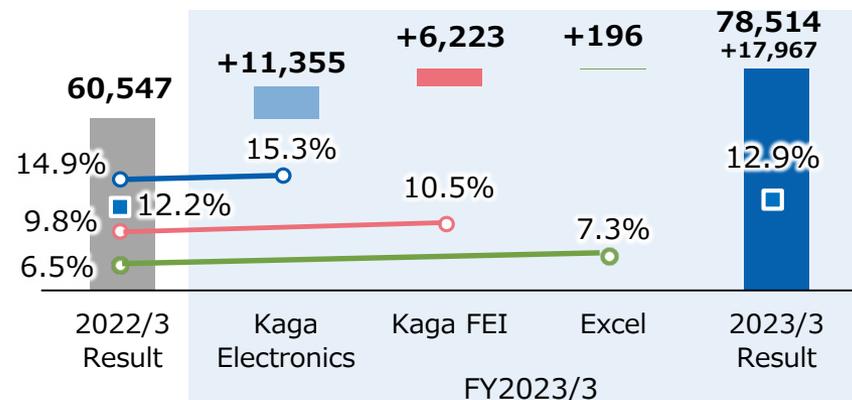
## Net Sales

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



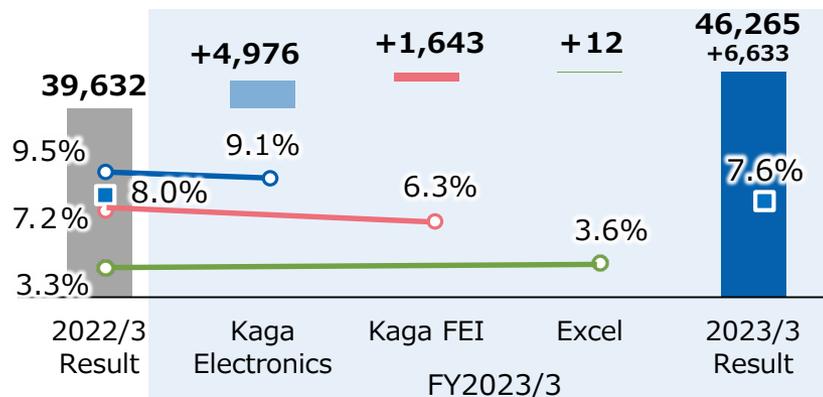
## Gross profit / Gross profit margin

Gross profit increased both in profit amounts and profit margins.



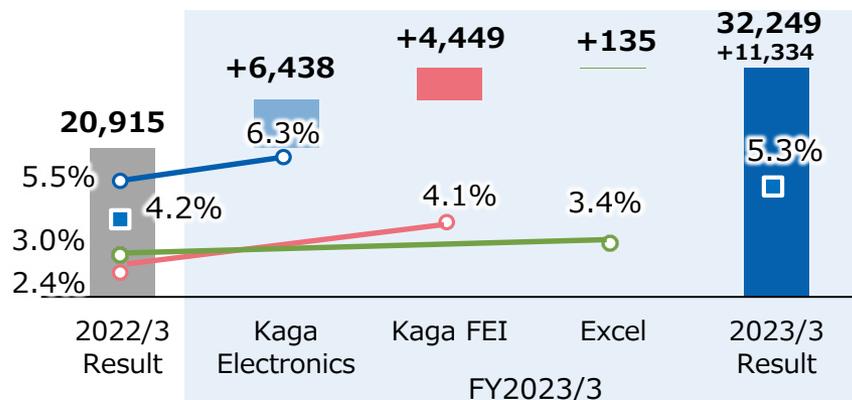
## SG&A / SG&A ratio

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 an increase in operating income. Operating income margins also improved.



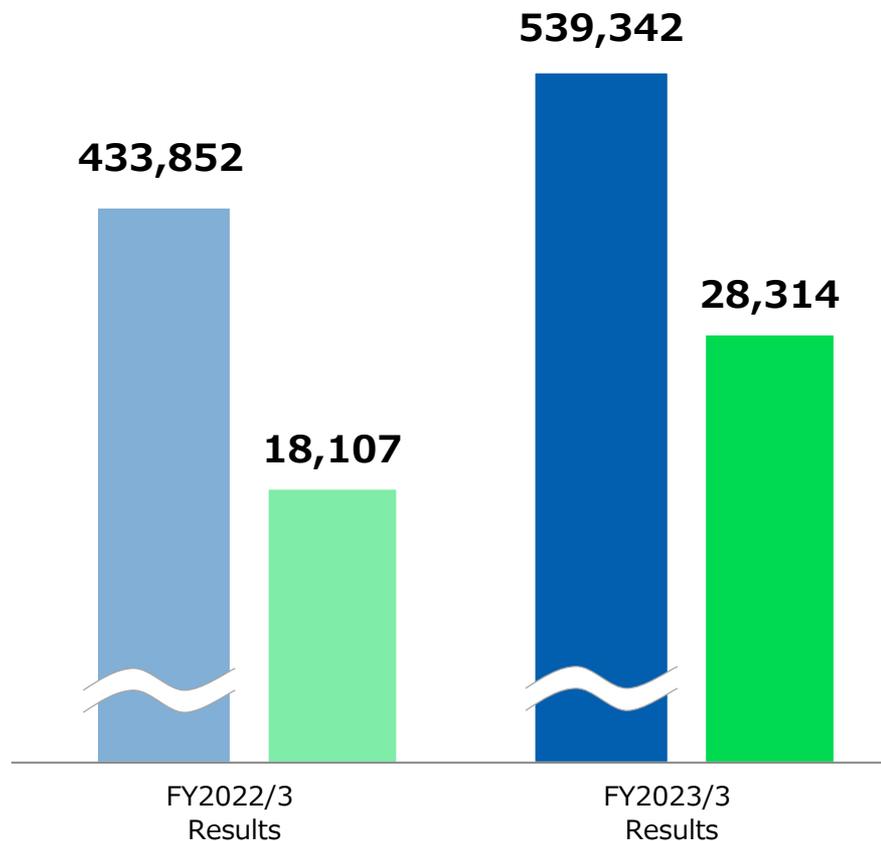
# Financial Highlights: Electronic Component Segment

## Net sales/Segment income

(million yen)

■/■ Net Sales

■/■ Segment income



## YoY

- Net Sales ▶ **+105,489**million yen **24.3%Up**
- Segment income ▶ **+10,206**million yen **56.4%Up**

- In the component sales business, supply/demand conditions improved from the second half of the fiscal year and demand was high from a broad range of industries, resulting in significant sales growth.
- Although supply shortages continued in automotive equipment-related applications, the Company used its strength in procurement capabilities as an independent trading company to secure sales volume. In parallel with spot sales, the Company proposed alternative products across the Group.
- In the EMS business, sales grew significantly in automotive equipment-related applications. Sales in applications related to medical and office equipment also remained solid.

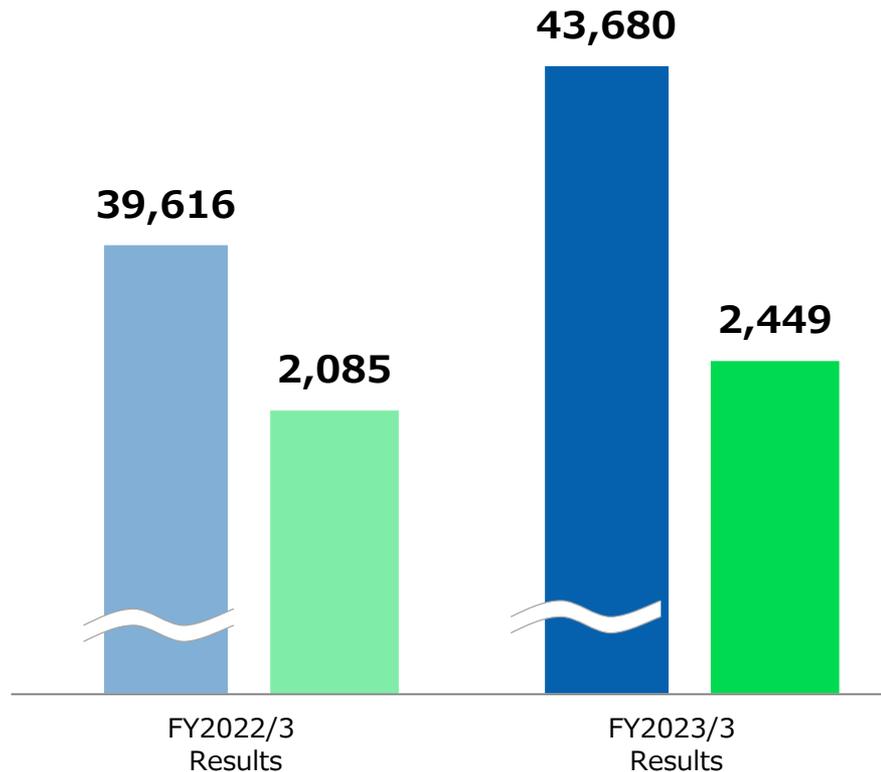


# Financial Highlights: Information Equipment Segment

## Net sales/Segment income

(million yen)

■/ ■ Net Sales  
■/ ■ Segment income



## YoY

- Net Sales ▶ **+4,063**million yen **10.3%Up**
- Segment income ▶ **+363**million yen **17.4%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 solid.
- 
- In the LED installation business, the installation of large-scale nationwide projects that had been delayed due to material shortages progressed steadily, contributing significantly to business earnings.



# Financial Highlights for FY2023/3 (3months)

Reference

(million yen)

	FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Net sales	143,143	153,460	<b>155,843</b>	8.9%	1.6%
Gross Profit	17,786 <i>12.4%</i>	19,882 <i>13.0%</i>	<b>18,630</b> <i>12.0%</i>	4.7%	-6.3%
SG&A	11,529 <i>8.1%</i>	12,237 <i>8.0%</i>	<b>12,387</b> <i>7.9%</i>	7.4%	1.2%
Operating income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	<b>6,242</b> <i>4.0%</i>	-0.2%	-18.3%
Ordinary income	6,569 <i>4.6%</i>	7,685 <i>5.0%</i>	<b>6,121</b> <i>3.9%</i>	-6.8%	-20.4%
Profit attributable to owners of parent	4,986 <i>3.5%</i>	5,640 <i>3.7%</i>	<b>4,017</b> <i>2.6%</i>	-19.4%	-28.8%
EPS (yen)	189.99 –	214.80 –	<b>152.99</b> –	–	–

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

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

Reference

(million yen)

		FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	122,440	137,144	<b>133,733</b>	9.2%	-2.5%
	Segment income	5,105 <i>4.2%</i>	6,724 <i>4.9%</i>	<b>4,972</b> <i>3.7%</i>	-2.6%	-26.1%
Information Equipment	Net sales	13,315	9,542	<b>14,540</b>	9.2%	52.4%
	Segment income	869 <i>6.5%</i>	534 <i>5.6%</i>	<b>949</b> <i>6.5%</i>	9.2%	77.5%
Software	Net sales	926	768	<b>922</b>	-0.5%	20.0%
	Segment income	83 <i>9.0%</i>	39 <i>5.2%</i>	<b>151</b> <i>16.4%</i>	82.1%	281.1%
Others	Net sales	6,460	6,004	<b>6,647</b>	2.9%	10.7%
	Segment income	152 <i>2.4%</i>	313 <i>5.2%</i>	<b>129</b> <i>2.0%</i>	-15.0%	-58.6%
Total	Net sales	143,143	153,460	<b>155,843</b>	8.9%	1.6%
	Segment income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	<b>6,242</b> <i>4.0%</i>	-0.2%	-18.3%

Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).  
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# Results by Company for FY2023/3 (3 months)

Reference

(million yen)

		FY2022/3 4Q Results	FY2023/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Kaga Electronics	Net sales	82,054	86,074	<b>93,560</b>	14.0%	8.7%
	Gross Profit	12,077 <i>14.7%</i>	13,486 <i>15.7%</i>	<b>12,901</b> <i>13.8%</i>	6.8%	-4.3%
	Operating income	4,360 <i>5.3%</i>	5,342 <i>6.2%</i>	<b>4,320</b> <i>4.6%</i>	-0.9%	-19.1%
Kaga FEI	Net sales	43,338	54,535	<b>46,255</b>	6.7%	-15.2%
	Gross Profit	4,419 <i>10.2%</i>	5,310 <i>9.7%</i>	<b>4,300</b> <i>9.3%</i>	-2.7%	-19.0%
	Operating income	1,235 <i>2.9%</i>	1,796 <i>3.3%</i>	<b>1,093</b> <i>2.4%</i>	-11.5%	-39.2%
Excel	Net sales	17,750	12,851	<b>16,027</b>	-9.7%	24.7%
	Gross Profit	1,293 <i>7.3%</i>	1,124 <i>8.7%</i>	<b>1,328</b> <i>8.3%</i>	2.7%	18.2%
	Operating income	662 <i>3.7%</i>	511 <i>4.0%</i>	<b>695</b> <i>4.3%</i>	4.9%	35.9%
Total	Net sales	143,143	153,460	<b>155,843</b>	8.9%	1.6%
	Gross Profit	17,786 <i>12.4%</i>	19,882 <i>13.0%</i>	<b>18,630</b> <i>12.0%</i>	4.7%	-6.3%
	Operating income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	<b>6,242</b> <i>4.0%</i>	-0.2%	-18.3%

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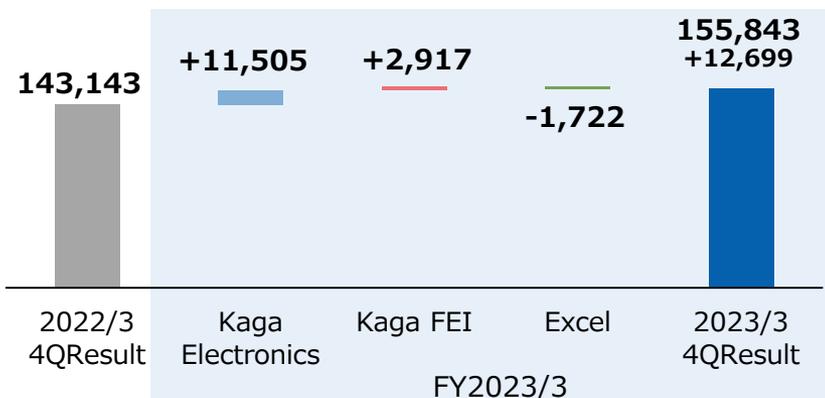
# Effect of M&A for FY2023/3 (3 months)

Reference

(million yen)

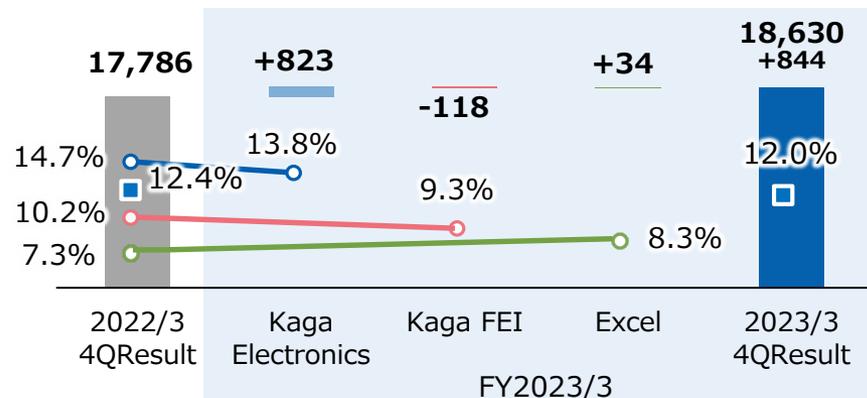
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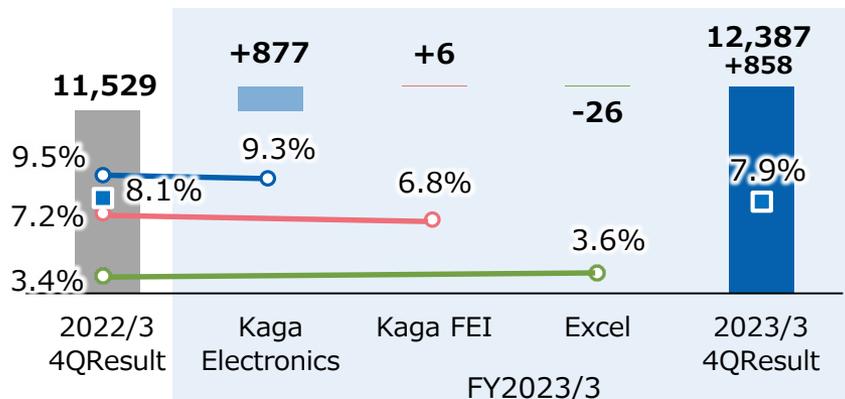
## Gross profit / Gross profit margin

Profit margins declined except for Excel and profit increases slowed down slightly.



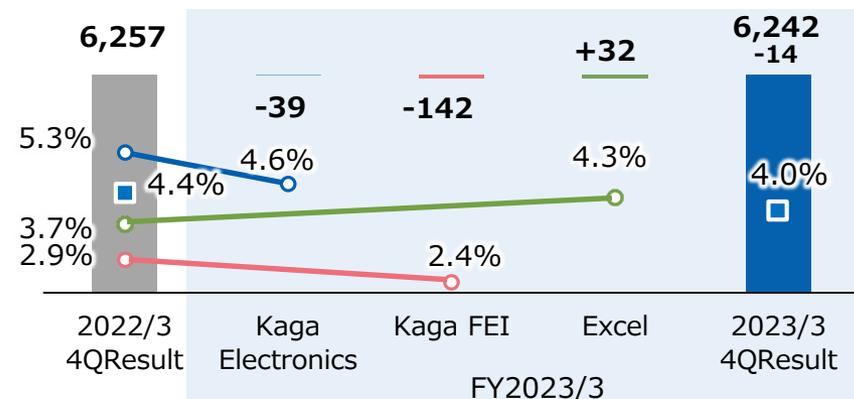
## SG&A / SG&A ratio

Selling expenses increased with growth in sales. Expenses rose with year-end bonus reserves and other factors.



## Operating income / Operating income margin

All three companies secured profit amounts at about the same level as the previous year.



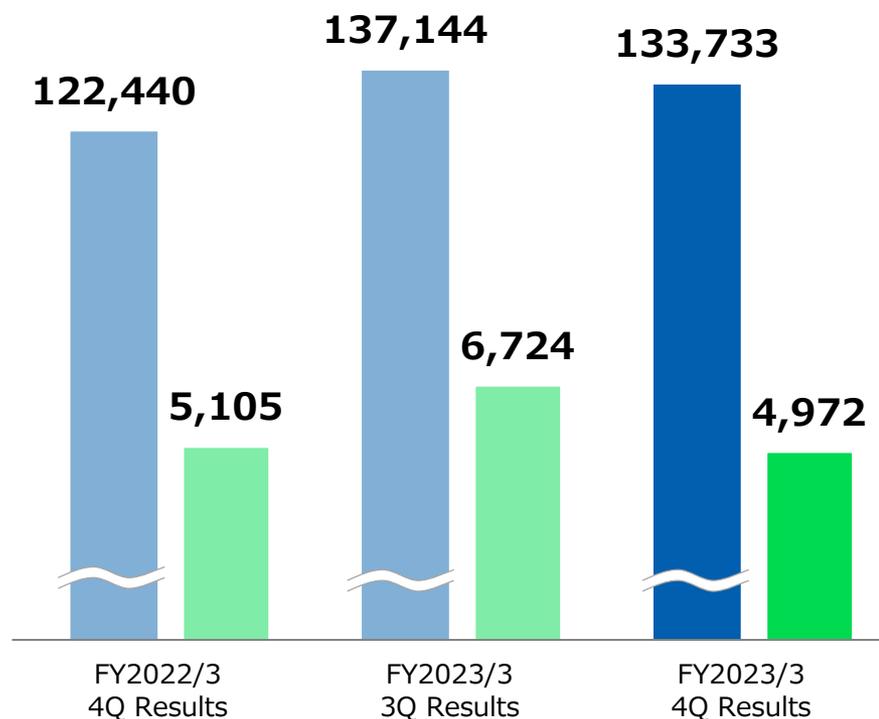
# Financial Highlights: Electronic Component Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+11,292**million yen **9.2%Up**
- Segment income ▶ **-133**million yen **2.6%Down**

## QoQ

- Net Sales ▶ **-3,411**million yen **2.5%Down**
- Segment income ▶ **-1,751**million yen **26.1%Down**

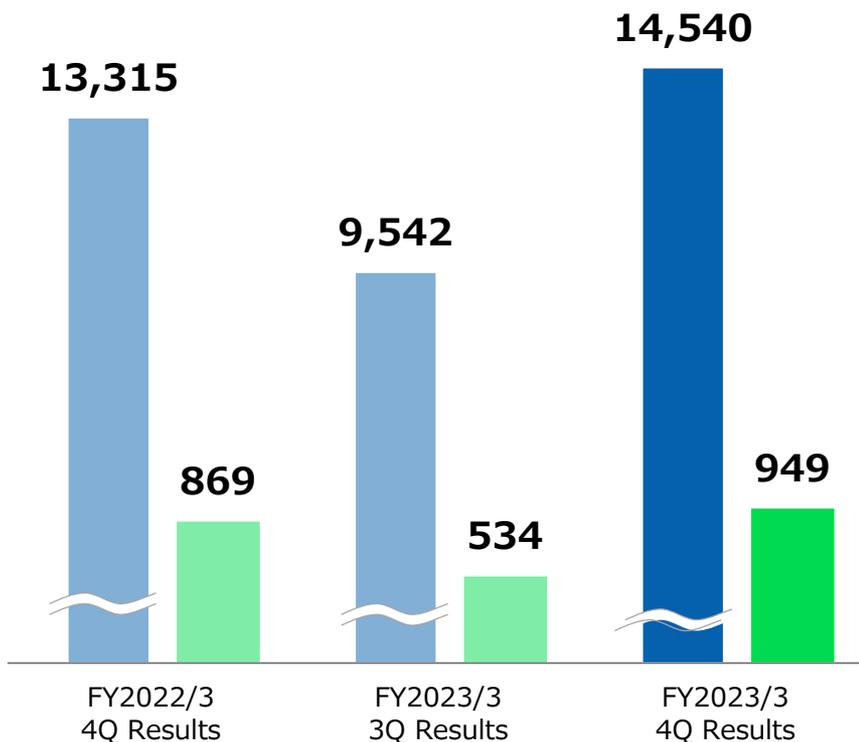
# Financial Highlights: Information Equipment Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+1,224**million yen **9.2%Up**
- Segment income ▶ **+80**million yen **9.2%Up**

## QoQ

- Net Sales ▶ **+4,997**million yen **52.4%Up**
- Segment income ▶ **+414**million yen **77.5%Up**

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

Reference

(million yen)

		FY2022/3 Results	FY2023/3 Results	YoY	FY2022/3 Previous Forecasts <small>announced on February 7, 2023</small>	vs Forecasts
Electronic Component	Net sales	325,830	<b>398,783</b>	22.4%	391,000	2.0%
	Segment income	11,094 <i>3.4%</i>	<b>19,475</b> <i>4.9%</i>	75.5%	17,200 <i>4.4%</i>	13.2%
EMS	Net sales	117,828	<b>149,862</b>	27.2%	140,000	7.0%
	Segment income	7,356 <i>6.2%</i>	<b>9,563</b> <i>6.4%</i>	30.0%	9,500 <i>6.8%</i>	0.7%
CSI	Net sales	39,616	<b>43,680</b>	10.3%	39,000	12.0%
	Segment income	2,085 <i>5.3%</i>	<b>2,449</b> <i>5.6%</i>	17.4%	2,000 <i>5.1%</i>	22.5%
Others	Net sales	12,552	<b>15,739</b>	25.4%	15,000	4.9%
	Segment income	255 <i>2.0%</i>	<b>663</b> <i>4.2%</i>	159.4%	800 <i>5.3%</i>	-17.1%
Total	Net sales	495,827	<b>608,064</b>	22.6%	585,000	3.9%
	Segment income	20,915 <i>4.2%</i>	<b>32,249</b> <i>5.3%</i>	54.2%	29,500 <i>5.0%</i>	9.3%

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

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

Reference

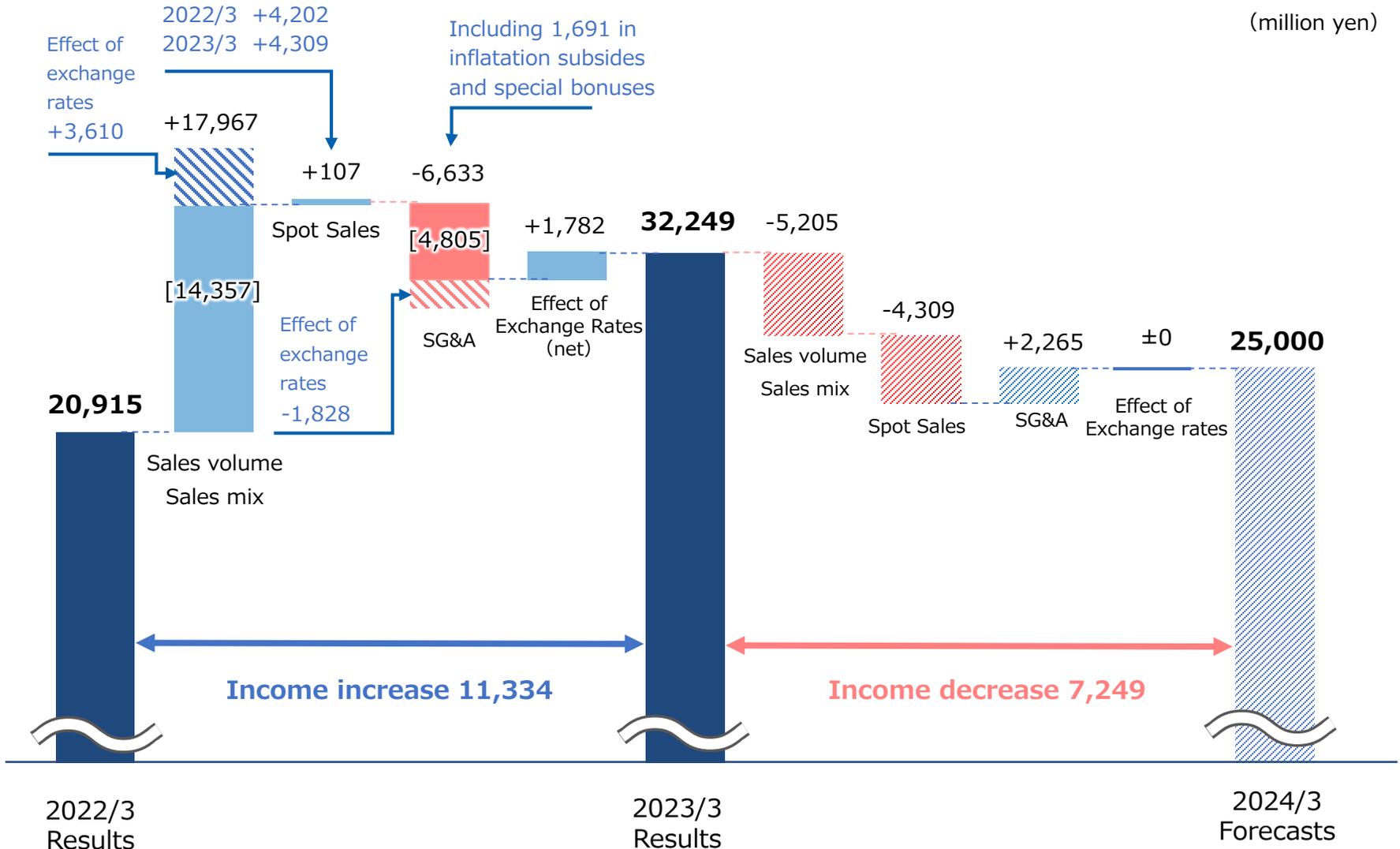
(million yen)

		FY2021/3 4Q Results	FY2022/3 3Q Results	FY2023/3 4Q Results	YoY	QoQ
Electronic Component	Net sales	92,960	100,346	<b>95,569</b>	2.8%	-4.8%
	Segment income	3,321 <i>3.6%</i>	4,211 <i>4.2%</i>	<b>3,573</b> <i>3.7%</i>	7.6%	-15.1%
EMS	Net sales	33,232	39,123	<b>41,251</b>	24.1%	5.4%
	Segment income	1,893 <i>5.7%</i>	2,614 <i>6.7%</i>	<b>1,637</b> <i>4.0%</i>	-13.5%	-37.4%
CSI	Net sales	13,315	9,542	<b>14,540</b>	9.2%	52.4%
	Segment income	869 <i>6.5%</i>	534 <i>5.6%</i>	<b>949</b> <i>6.5%</i>	9.2%	77.5%
Others	Net sales	3,634	4,448	<b>4,480</b>	23.3%	0.7%
	Segment income	126 <i>3.5%</i>	251 <i>5.7%</i>	<b>42</b> <i>1.0%</i>	-66.3%	-83.1%
Total	Net sales	143,143	153,460	<b>155,843</b>	8.9%	1.6%
	Segment income	6,257 <i>4.4%</i>	7,645 <i>5.0%</i>	<b>6,242</b> <i>4.0%</i>	-0.2%	-18.3%

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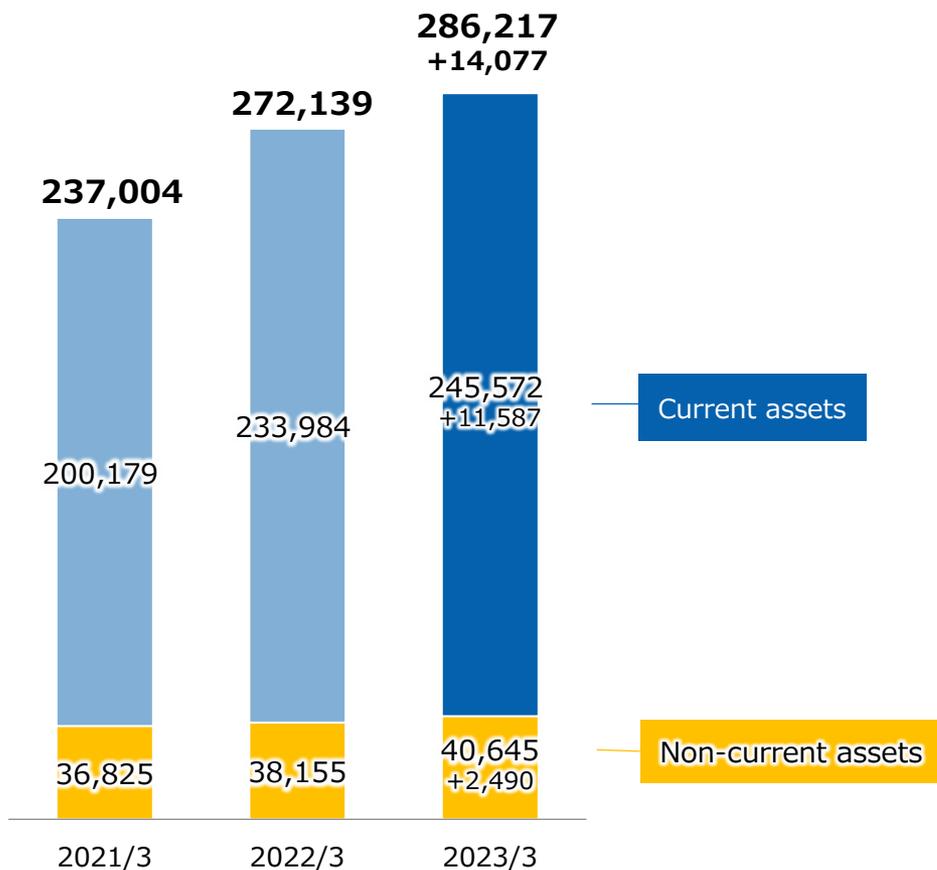
# FY2023/3 vs FY2024/3 Factors behind Changes in Operating Income



# Balance Sheet Main Items

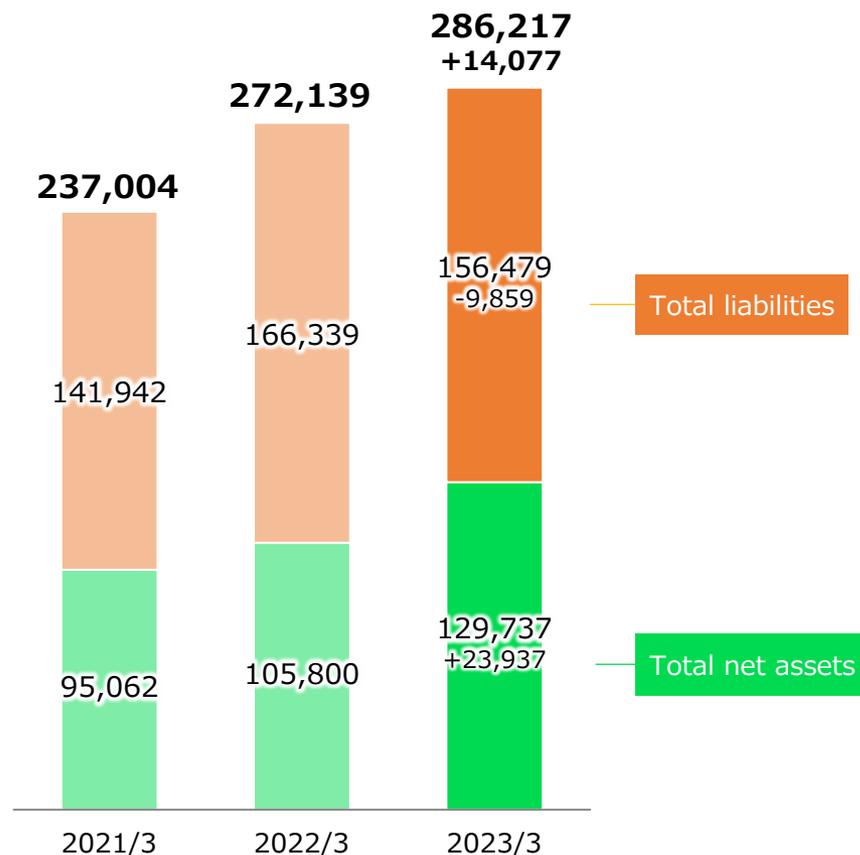
## Total assets

(million yen)



## Total liabilities and net assets

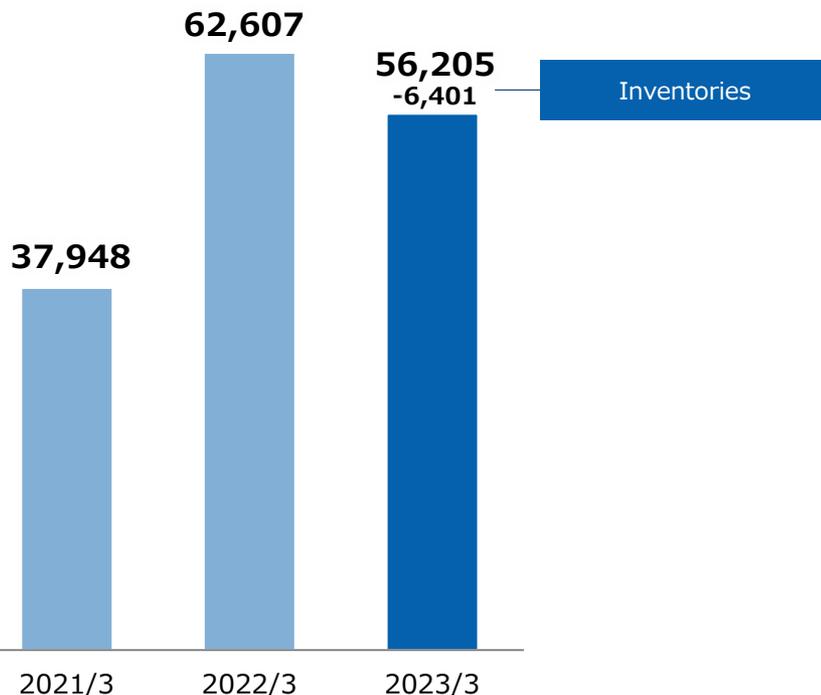
(million yen)



# Balance Sheet Main Items

## Inventories

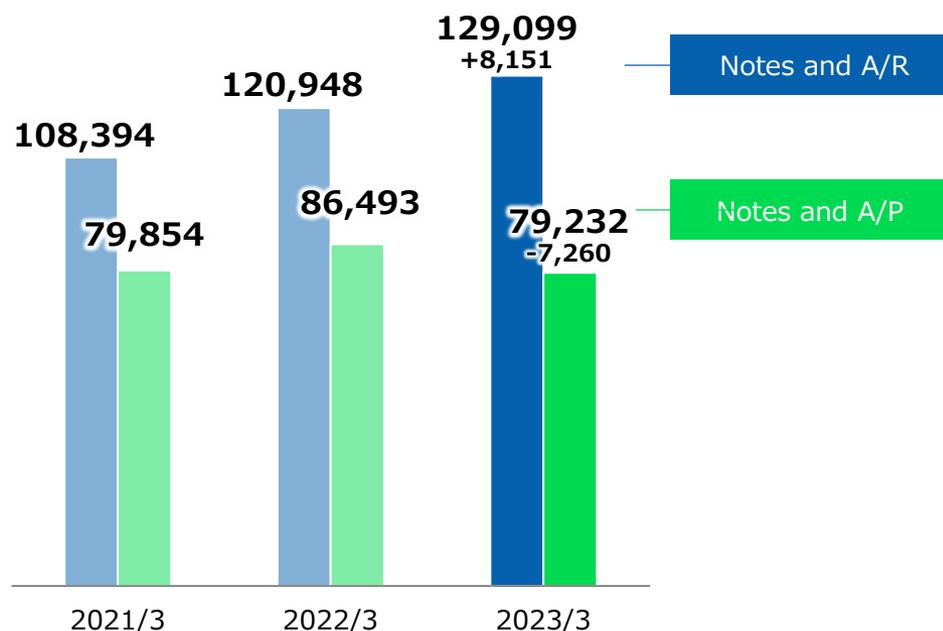
( million Yen, day)



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

## Accounts receivable/Accounts payable

( million Yen, day)

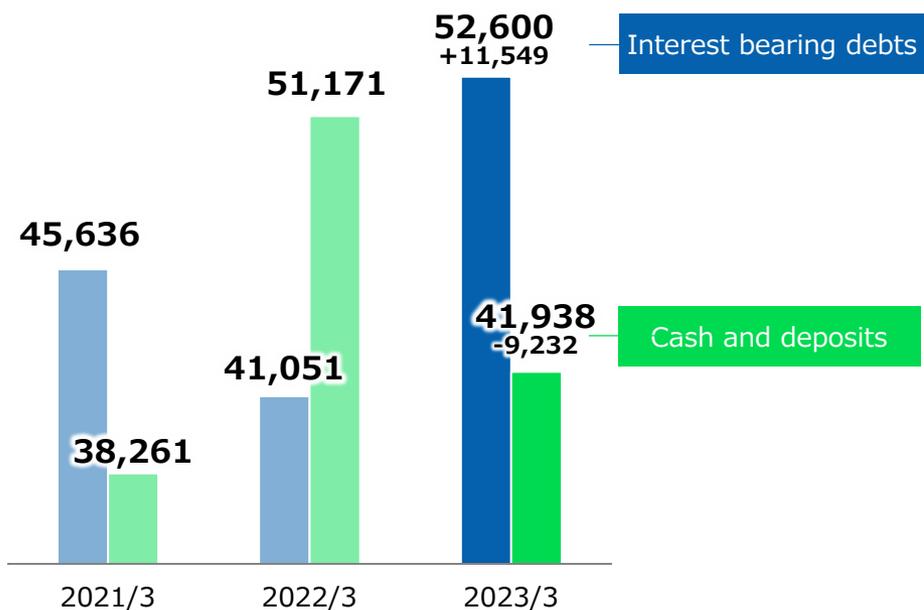
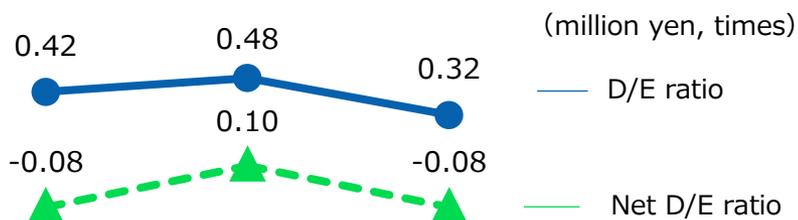


- Notes : 1. •Notes and A/R are amounts including Electronically recorded monetary claims-operating  
 2. •Notes and A/P are amounts including Electronically recorded obligations - operating  
 3. •A/R turnover = Notes and A/R ÷ Net sales × 365 (day)  
 4. •A/P turnover = Notes and A/P ÷ Total purchase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

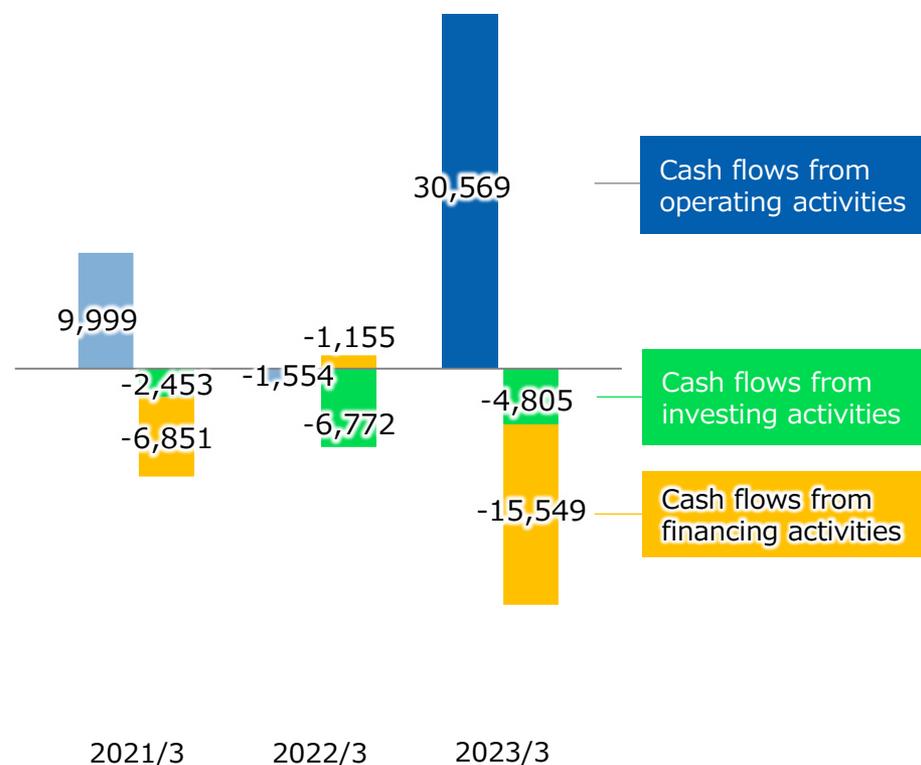
# Balance Sheet Main Items

(million yen)

## Cash and Deposits/Interest Bearing Debt



## Cash flows

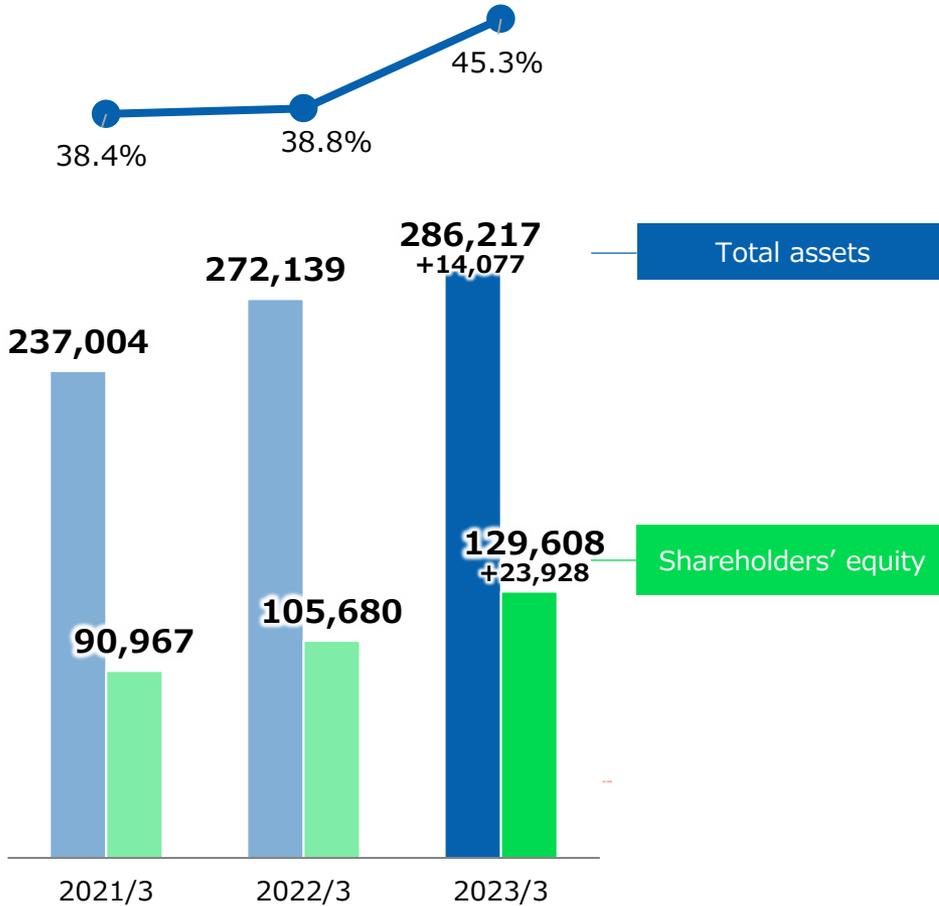


Note : 1. D/E ratio = Interest bearing debts ÷ Shareholder's equity  
 2. Net D/E ratio = (Interest bearing debts - Cash and deposits) ÷ Shareholder's equity

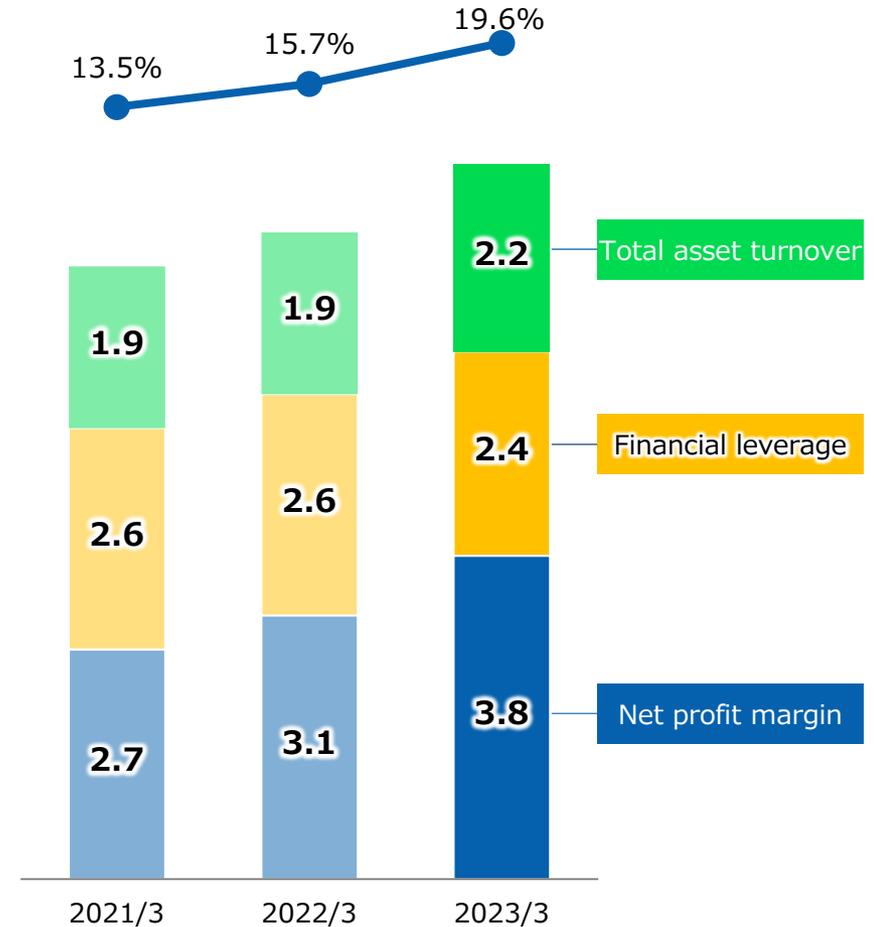
# Major Business Indicators

(million yen)

## Equity ratio



## ROE



# Forecasts for FY2024/3

# Forecasts for FY2024/3

(million yen)

	FY2023/3 Results		FY2024/3 Forecasts		YoY
Net sales	608,064		<b>550,000</b>		-9.5%
Operating income	32,249	5.3%	<b>25,000</b>	4.5%	-22.5%
Ordinary income	32,739	5.4%	<b>25,000</b>	4.5%	-23.6%
Profit attributable to owners of parent	23,070	3.8%	<b>18,000</b>	3.3%	-22.0%
EPS (yen)	878.65	—	<b>685.42</b>	—	—
ROE	19.6%	—	<b>13.3%</b>	—	-6.3pt

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

# Forecasts by Business Segment for FY2024/3

(million yen)

		FY2023/3 Results	FY2024/3 Forecasts	YoY
Electronic Component	Net sales	539,342	<b>471,500</b>	-12.6%
	Segment income	28,314 <i>5.2%</i>	<b>20,700</b> <i>4.4%</i>	-26.9%
Information Equipment	Net sales	43,680	<b>45,000</b>	3.0%
	Segment income	2,449 <i>5.6%</i>	<b>2,500</b> <i>5.6%</i>	2.1%
Software	Net sales	2,998	<b>4,500</b>	50.1%
	Segment income	286 <i>9.6%</i>	<b>300</b> <i>6.7%</i>	4.6%
Others	Net sales	22,044	<b>29,000</b>	31.6%
	Segment income	1,101 <i>5.0%</i>	<b>1,500</b> <i>5.2%</i>	36.1%
Total	Net sales	608,064	<b>550,000</b>	-9.5%
	Segment income	32,249 <i>5.3%</i>	<b>25,000</b> <i>4.5%</i>	-22.5%

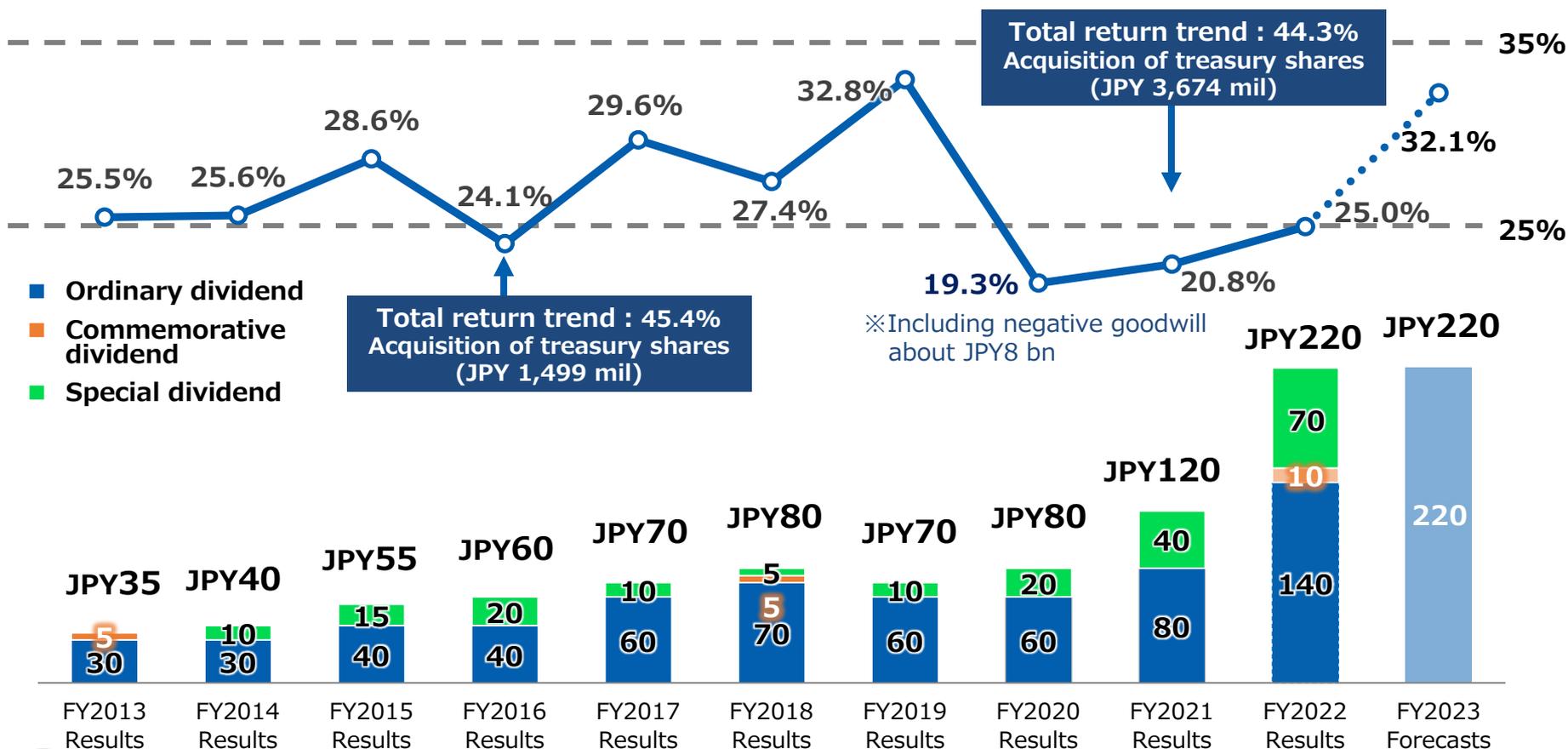
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# Shareholder Return

## Basic Policy on Dividends of Surplus

- We shall perform **stable dividends**, while securing a **consolidated dividend payout ratio of 25 to 35%**.
- We shall use **funds for business investments, capital investments, and M&A**, etc. in order to contribute to future growth.
- Decisions on the **acquisition of treasury shares** shall be made appropriately, in consideration of capital efficiency and share price, etc.

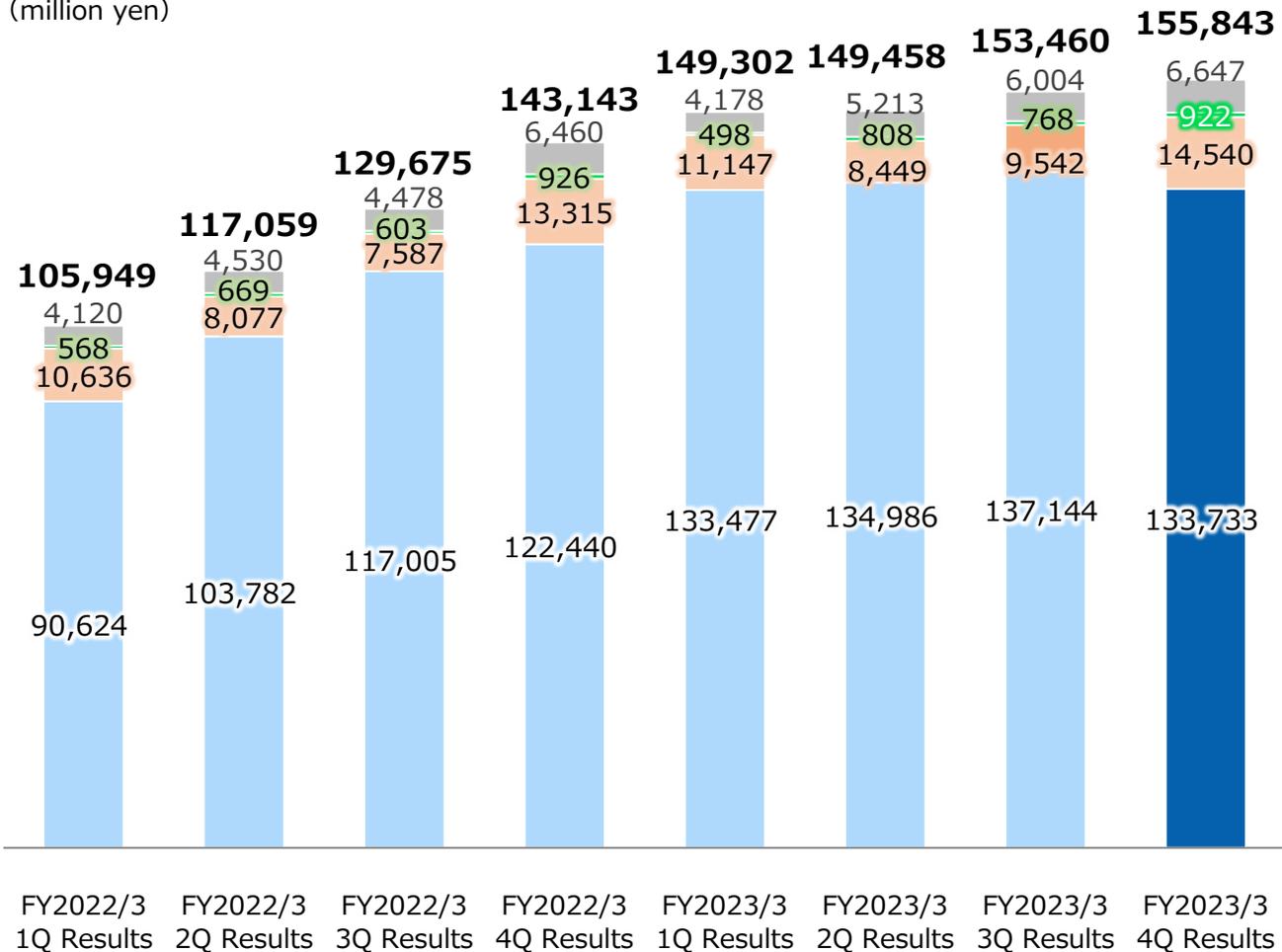


# Reference

# Quarterly Net Sales Trends

## Net Sales

(million yen)



Total  
YoY : +12,699  
QoQ : +2,382

Other  
YoY : +186  
QoQ : +642

Software  
YoY : -4  
QoQ : +153

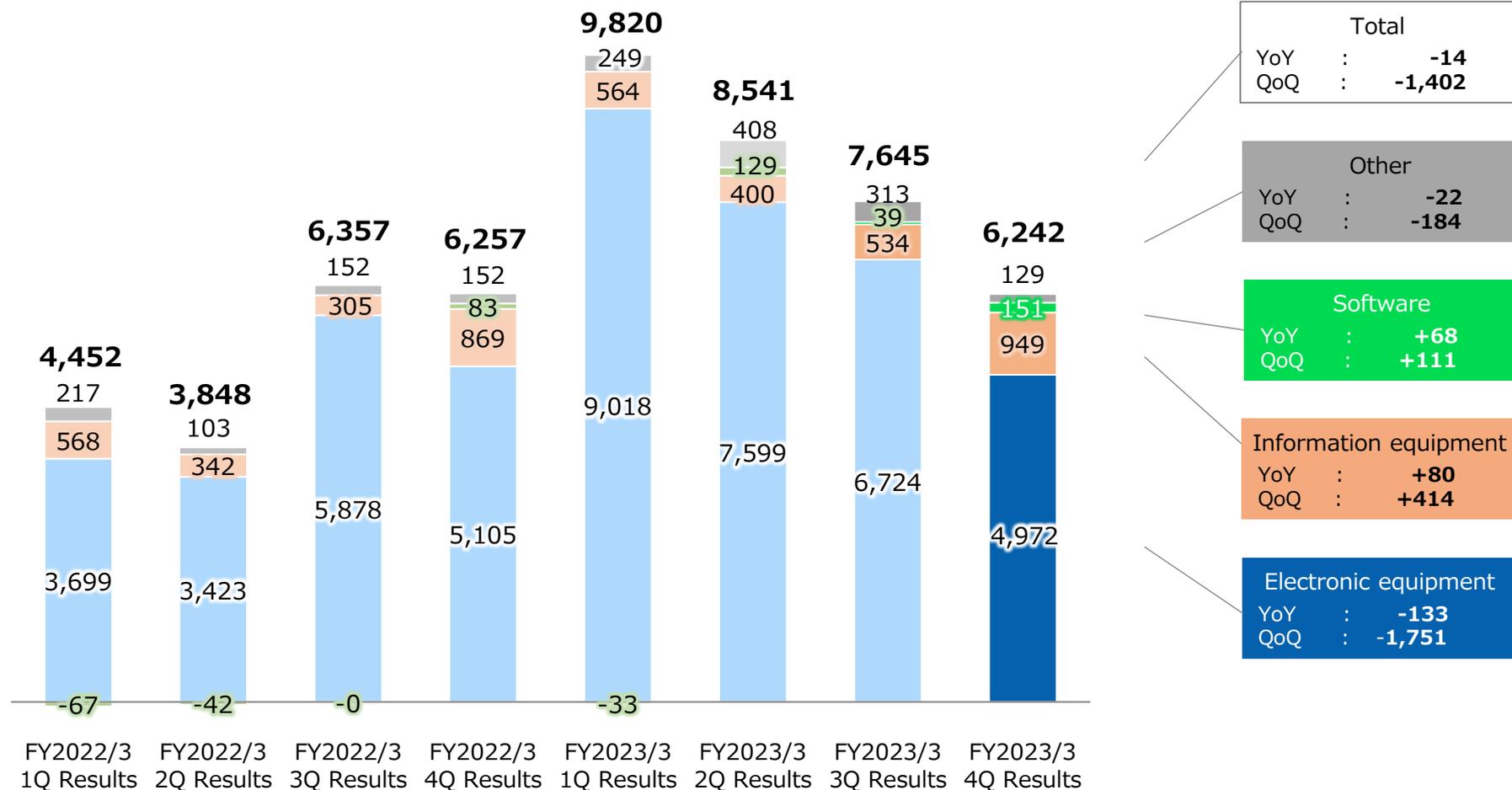
Information equipment  
YoY : +1,224  
QoQ : +4,997

Electronic equipment  
YoY : +11,292  
QoQ : -3,411

# Quarterly Segment Income Trends

## Segment Income

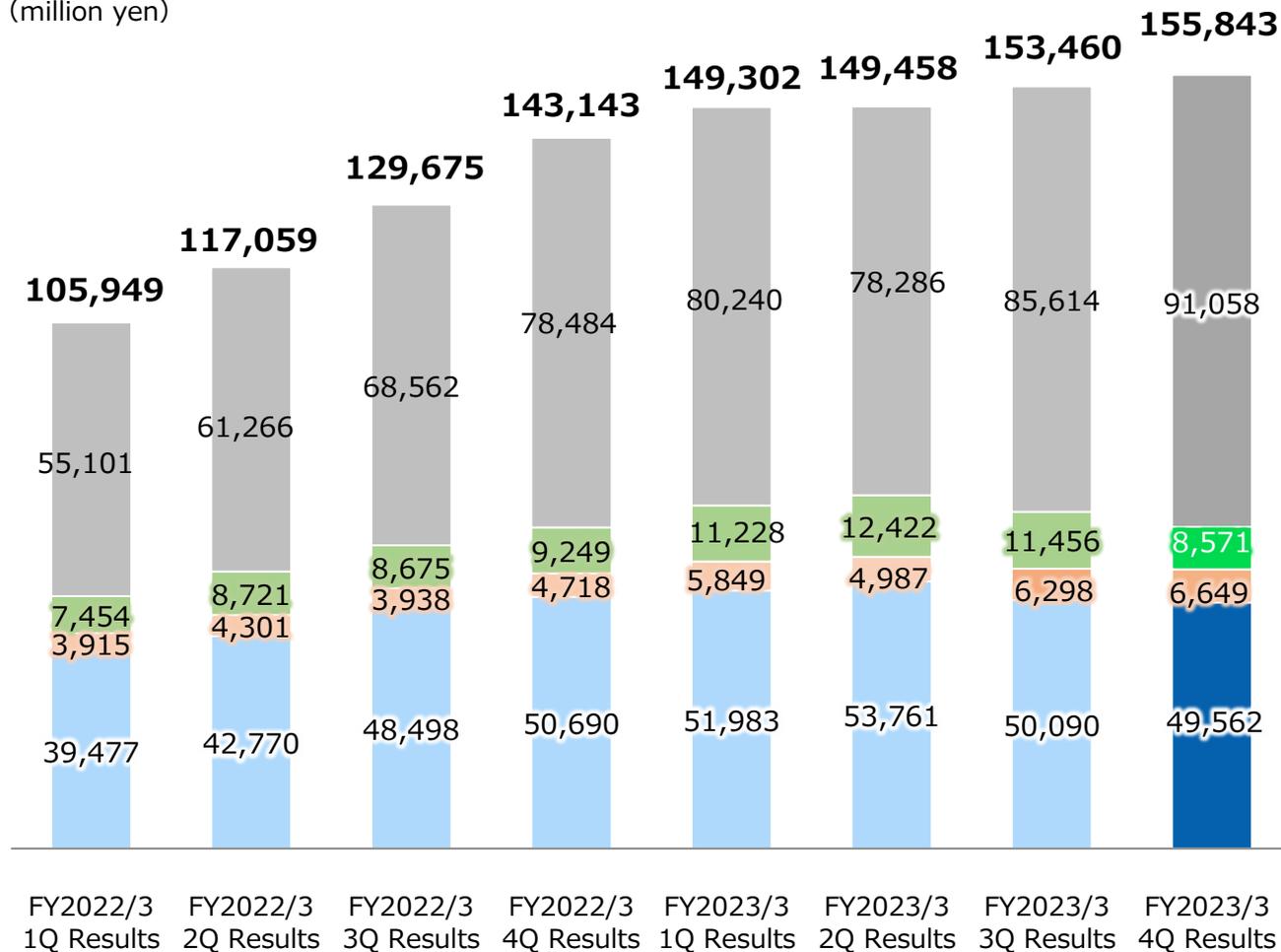
(million yen)



# Net Sales by Region

## Net Sales

(million yen)



Total	
YoY	: +12,699
QoQ	: +2,382

Japan	
YoY	: +12,573
QoQ	: +5,443

North America	
YoY	: -677
QoQ	: -2,884

Europe	
YoY	: +1,931
QoQ	: +350

Asia	
YoY	: -1,127
QoQ	: -527

# Exchange Rate/FOREX Sensitivity

	FY2022/3 Results (Yen)	FY2023/3 Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2024/3(yen)
			Net sales	Operating income	
USD	112.38	135.47	1,218	50	135.00
RMB	17.03	19.48	278	11	19.50
THB	3.44	3.84	319	21	3.80
HKD	14.44	17.28	187	6	17.00
EUR	130.56	140.97	10	0	140.00

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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.