

# Consolidated Financial Results for the First Half of the Fiscal Year ending March 2023

**KAGA ELECTRONICS CO., LTD.**

TSE Prime Market 8154

November 24, 2022

**KAGA ELECTRONICS CO., LTD.**

# Consolidated Financial Results

for the First Half of the  
Fiscal Year ended March 2023

Director,  
Managing Executive Officer  
**Eiji Kawamura**

# Summary of Financial Results for FY2023/3 2Q

## FY2023/3 1H results

- **Net sales increased by 75.7 billion yen or 34.0%, year on year to 298.7 billion yen.** In the core electronic components business, demand remained robust in a wide range of areas, particularly automotive and industrial equipment-related applications.
- **Operating income increased by 10.0 billion yen or 121.3%, year on year to 18.3 billion yen.** Improved gross profit margin attributable to higher sales and sales mix resulted in a substantial increase in gross profit.
- **All metrics from net sales to ordinary income for the quarter achieved record highs for a second quarter.**
- **Net sales and operating income both exceeded internal plans, by approximately 23.7 billion yen and 4.8 billion yen, respectively.**

## FY2023/3 earnings forecast

- As the conditions in the semiconductor market, COVID-19, the conflict in Ukraine, and exchange rate volatility make it difficult to predict the outlook, **upward revisions only take into account the upward deviations in Q2. The initial forecasts for the period from Q3 have not been changed.**

(billion yen)	Net Sales	Operating income	Net income
Previous forecasts	540.0	24.0	16.0
Revised forecasts	<b>570.0</b>	<b>28.0</b>	<b>20.0</b>

## Shareholder return

- The annual dividend was **revised to 200 yen per share, up 50 yen from the previous forecast of 150 yen** (100-yen interim dividend/100-yen year-end dividend).
- This amounts to **an increase of 80 yen in the annual dividend from the previous fiscal year's 120 yen per share.**

# Financial Highlights for FY2023/3 2Q

(million yen)

	FY2022/3 2Q Results		FY2023/3 2Q Results		YoY	FY2023/3 Forecasts (Revised on August. 4, 2022)		Progress rate
Net sales	223,009		<b>298,760</b>		34.0%	540,000		55.3%
Gross Profit	27,133	12.2%	<b>40,001</b>	13.4%	47.4%	—	—	—
SG&A	18,832	8.4%	<b>21,639</b>	7.2%	14.9%	—	—	—
Operating income	8,300	3.7%	<b>18,361</b>	6.1%	121.2%	24,000	4.4%	76.5%
Ordinary income	8,452	3.8%	<b>18,932</b>	6.3%	124.0%	24,500	4.5%	77.3%
Profit attributable to owners of parent	5,624	2.5%	<b>13,412</b>	4.5%	138.5%	16,000	3.0%	83.8%
EPS (yen)	207.39		<b>510.88</b>		—	609.58		—
Exchange Rate    yen / USD	109.80		<b>133.97</b>		—	116.00		—

Note: 1. The effect of exchange rates on the conversion into yen is approximately 19.4 billion yen on net sales and 0.9 billion yen on operating income.  
 2. "x. x%" represents the profit margin.

# Results by Business Segment for FY2023/3 2Q

(million yen)

		FY2022/3 2Q Results	FY2023/3 2Q Results	YoY	FY2023/3 Forecasts <small>(Revised on August. 4, 2022)</small>	Progress rate
Electronic Component	Net sales	194,406	<b>268,464</b>	38.1%	477,000	56.3%
	Segment income	7,123 <small>3.7%</small>	<b>16,617</b> <small>6.2%</small>	133.3%	21,300 <small>4.5%</small>	78.0%
Information Equipment	Net sales	18,713	<b>19,597</b>	4.7%	39,000	50.2%
	Segment income	910 <small>4.9%</small>	<b>965</b> <small>4.9%</small>	6.0%	2,000 <small>5.1%</small>	48.3%
Software	Net sales	1,237	<b>1,307</b>	5.6%	4,000	32.7%
	Segment income	-109 <small>—</small>	<b>95</b> <small>7.3%</small>	—	100 <small>2.5%</small>	95.6%
Others	Net sales	8,651	<b>9,392</b>	8.6%	20,000	47.0%
	Segment income	320 <small>3.7%</small>	<b>658</b> <small>7.0%</small>	105.2%	600 <small>3.0%</small>	109.7%
Total	Net sales	223,009	<b>298,760</b>	34.0%	540,000	55.3%
	Segment income	8,300 <small>3.7%</small>	<b>18,361</b> <small>6.1%</small>	121.2%	24,000 <small>4.4%</small>	76.5%

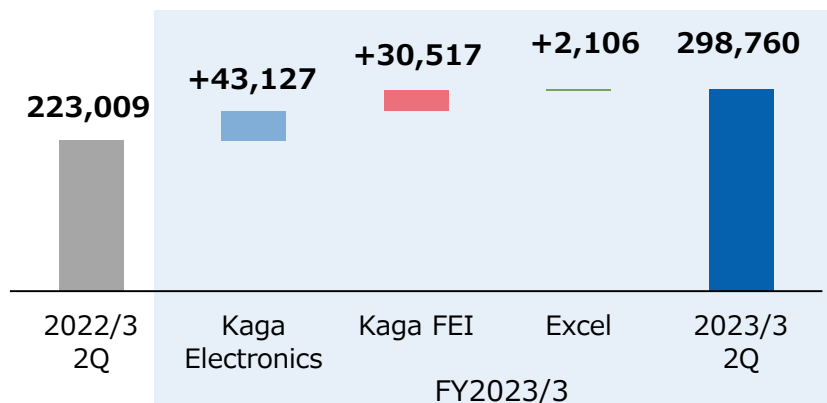
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).  
2. "x. x%" represents the profit margin.

# Effect of M&A for FY2023/3 2Q

(million yen)

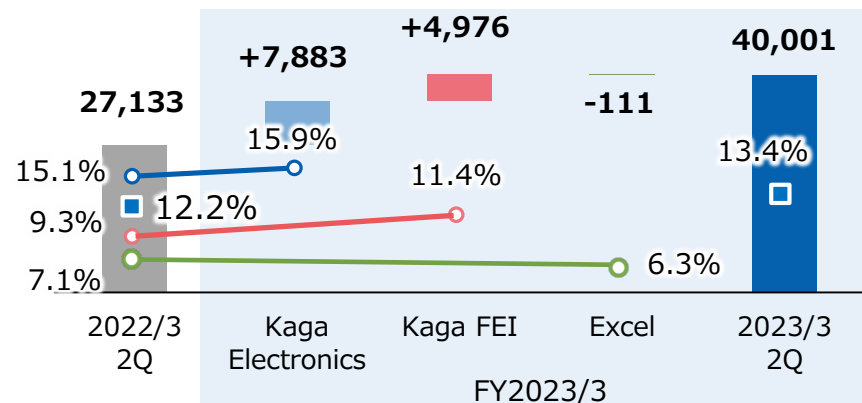
## Net Sales

All three companies achieved significant increases in net sales, driven by the electronic components business.



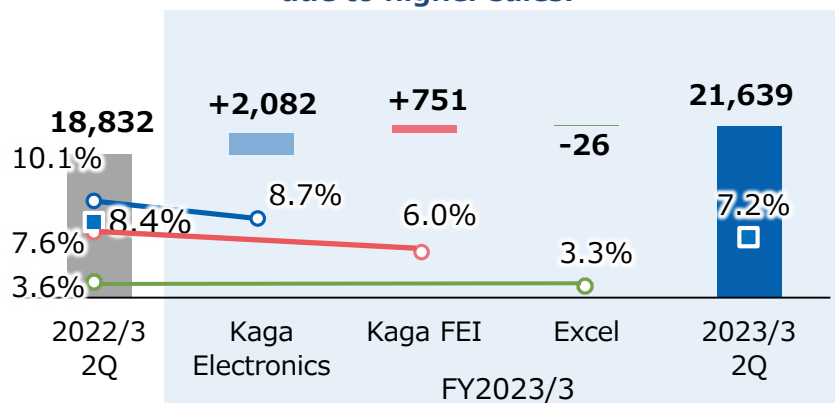
## Gross profit / Gross profit margin

Kaga Electronics and Kaga FEI posted substantial increases in gross profit



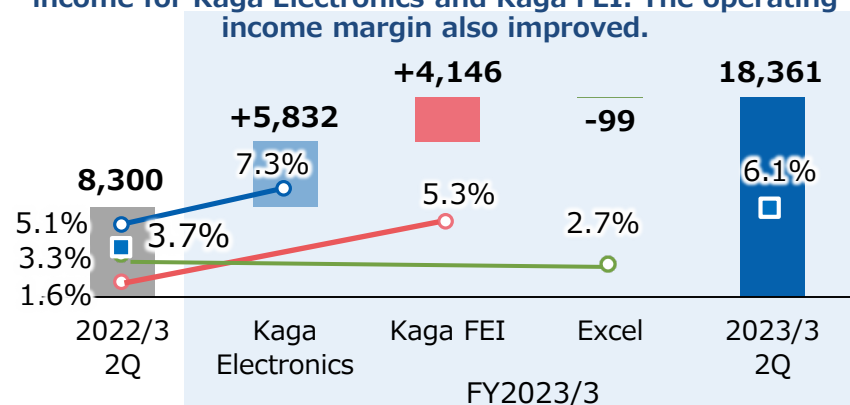
## SG&A / SG&A ratio

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 for Kaga Electronics and Kaga FEI. The operating income margin also improved.



# Results by Company for FY2023/3 2Q

(million yen)

		FY2022/3 2Q Results	FY2023/3 2Q Results	YoY
Kaga Electronics	Net sales	125,272	<b>168,400</b>	34.4%
	Gross Profit	18,850 <i>15.1%</i>	<b>26,734</b> <i>15.9%</i>	41.8%
	Operating income	6,402 <i>5.1%</i>	<b>12,235</b> <i>7.3%</i>	91.1%
Kaga FEI	Net sales	68,240	<b>98,757</b>	44.7%
	Gross Profit	6,325 <i>9.3%</i>	<b>11,301</b> <i>11.4%</i>	78.7%
	Operating income	1,067 <i>1.6%</i>	<b>5,214</b> <i>5.3%</i>	388.3%
Excel	Net sales	29,495	<b>31,602</b>	7.1%
	Gross Profit	2,103 <i>7.1%</i>	<b>1,991</b> <i>6.3%</i>	-5.3%
	Operating income	966 <i>3.3%</i>	<b>866</b> <i>2.7%</i>	-10.3%
Total	Net sales	223,009	<b>298,760</b>	34.0%
	Gross Profit	27,133 <i>12.2%</i>	<b>40,001</b> <i>13.4%</i>	47.4%
	Operating income	8,300 <i>3.7%</i>	<b>18,361</b> <i>6.1%</i>	121.2%

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.

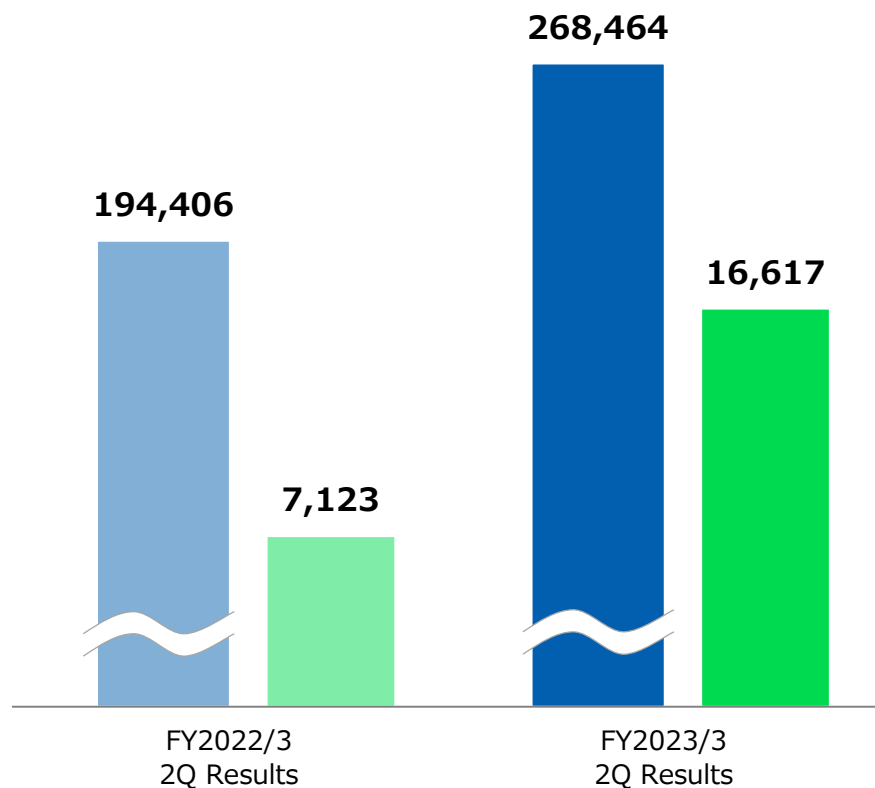
# Financial Highlights: Electronic Component Segment

## Net sales/Segment income

(million yen)

■/■ Net Sales

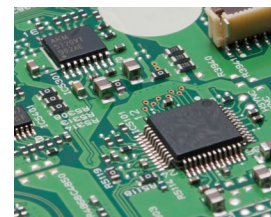
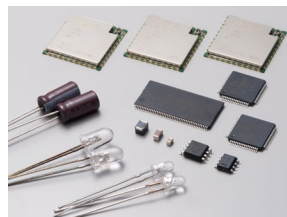
■/■ Segment income



## YoY

- Net Sales ▶ **+74,057** million yen **38.1%Up**
- Segment income ▶ **+9,493** million yen **133.3%Up**

- In the component sales business, supply/demand conditions began to ease for some materials, and the Company was able to achieve significant growth in sales through early efforts to capture demand from customers in a broad range of industries.
  - Both Kaga Electronics and Kaga FEI worked on spot sales with automotive and industrial equipment-related customers still facing supply shortages, which also contributed to growth in sales/profit.
  - In parallel with these efforts, the Company proactively proposed alternative products.
- 
- The EMS business was a strong performer, especially in automotive and medical equipment applications.



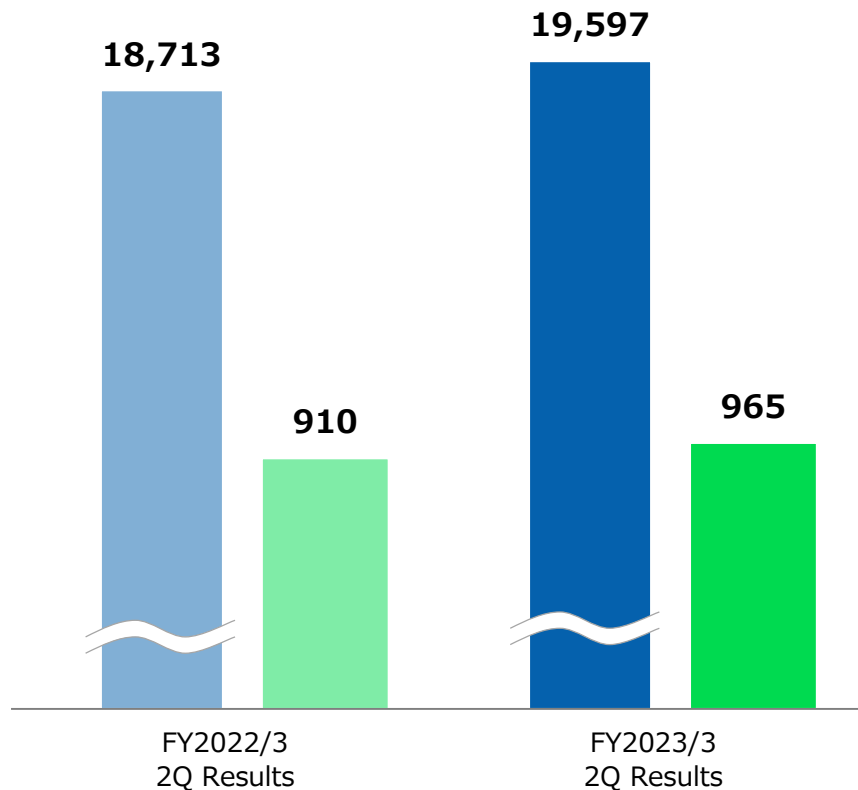


# Financial Highlights: Information Equipment Segment

## Net sales/Segment income

(million yen)

■/■ Net Sales  
■/■ Segment income



## YoY

● Net Sales ▶ **+883**million yen **4.7%Up**  
● Segment income ▶ **+54**million yen **6.0%Up**

- Sales of PCs to corporations and educational institutions were solid, particularly high-priced products.
  - Sales of PC peripherals such as security software remained strong.
- 
- In the LED installation business, large projects that had been delayed due to shortages of materials resumed, which contributed to earnings.



# Financial Highlights for FY2023/3 2Q (3 months)

Reference

(million yen)

	FY2022/3 2Q Results		FY2023/3 1Q Results		FY2023/3 2Q Results		YoY	QoQ
Net sales	117,059		149,302		<b>149,458</b>		27.7%	0.1%
Gross Profit	13,582	11.6%	19,838	13.3%	<b>20,163</b>	13.5%	48.5%	1.6%
SG&A	9,733	8.3%	10,018	6.7%	<b>11,621</b>	7.8%	19.4%	16.0%
Operating income	3,848	3.3%	9,820	6.6%	<b>8,541</b>	5.7%	121.9%	-13.0%
Ordinary income	3,885	3.3%	9,858	6.6%	<b>9,073</b>	6.1%	133.5%	-8.0%
Profit attributable to owners of parent	2,752	2.4%	6,984	4.7%	<b>6,427</b>	4.3%	133.5%	-8.0%
EPS (yen)	102.48	—	266.10	—	<b>244.79</b>	—	—	—

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

# Results by Business Segment for FY2023/3 2Q (3 months)

Reference

(million yen)

		FY2022/3 2Q Results	FY2023/3 1Q Results	FY2023/3 2Q Results	YoY	QoQ
Electronic Component	Net sales	103,782	133,477	<b>134,986</b>	30.1%	1.1%
	Segment income	3,423 <i>3.3%</i>	9,018 <i>6.8%</i>	<b>7,599</b> <i>5.6%</i>	122.0%	-15.7%
Information Equipment	Net sales	8,077	11,147	<b>8,449</b>	4.6%	-24.2%
	Segment income	342 <i>4.2%</i>	564 <i>5.1%</i>	<b>400</b> <i>4.7%</i>	17.0%	-29.1%
Software	Net sales	669	498	<b>808</b>	20.8%	62.3%
	Segment income	-42 <i>-6.3%</i>	-33 <i>-6.7%</i>	<b>129</b> <i>16.0%</i>	-	-
Others	Net sales	4,530	4,178	<b>5,213</b>	15.1%	24.8%
	Segment income	103 <i>2.3%</i>	249 <i>6.0%</i>	<b>408</b> <i>7.8%</i>	295.6%	64.1%
Total	Net sales	117,059	149,302	<b>149,458</b>	27.7%	0.1%
	Segment income	3,848 <i>3.3%</i>	9,820 <i>6.6%</i>	<b>8,541</b> <i>5.7%</i>	121.9%	-13.0%

- Note: 1. Figures of each segment income are not inter-segment adjusted.  
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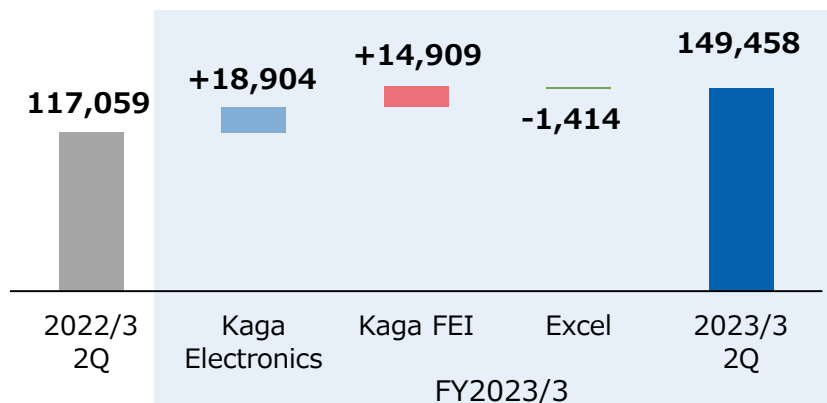
# Effect of M&A for FY2023/3 2Q (3 months)

Reference

(million yen)

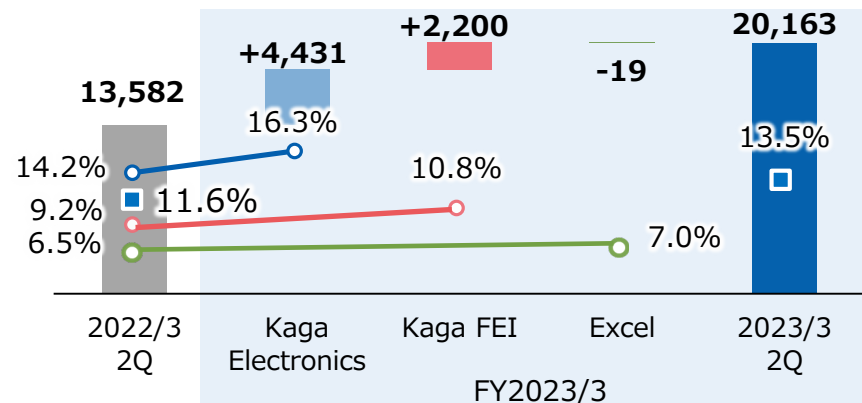
## Net Sales

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



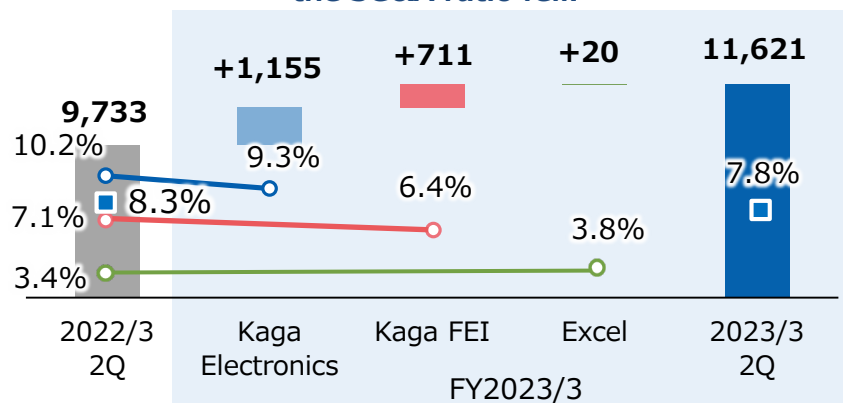
## Gross profit / Gross profit margin

Gross profit increased significantly for Kaga Electronics and Kaga FEI. Profit margins also improved.



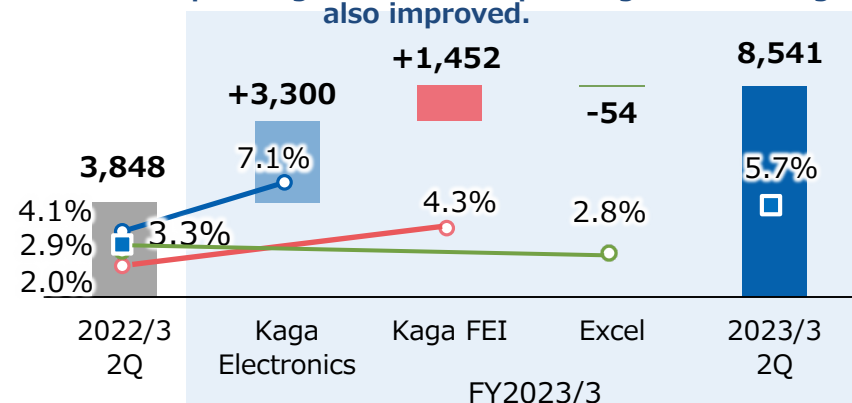
## SG&A / SG&A ratio

Although SG&A expenses increased due to higher sales, the SG&A ratio fell.



## Operating income / Operating income margin

Kaga Electronics and Kaga FEI contributed significantly to increases in operating income. The operating income margin also improved.



# Results by Company for FY2023/3 2Q (3 months)

Reference

(million yen)

		FY2022/3 2Q Results	FY2023/3 1Q Results	FY2022/3 2Q Results	YoY	QoQ
Kaga Electronics	Net sales	65,157	84,339	<b>84,061</b>	29.0%	-0.3%
	Gross Profit	9,261 <i>14.2%</i>	13,040 <i>15.5%</i>	<b>13,693</b> <i>16.3%</i>	47.9%	5.0%
	Operating income	2,683 <i>4.1%</i>	6,251 <i>7.4%</i>	<b>5,983</b> <i>7.1%</i>	123.0%	-4.3%
Kaga FEI	Net sales	36,095	47,752	<b>51,005</b>	41.3%	6.8%
	Gross Profit	3,316 <i>9.2%</i>	5,784 <i>12.1%</i>	<b>5,516</b> <i>10.8%</i>	66.4%	-4.6%
	Operating income	721 <i>2.0%</i>	3,040 <i>6.4%</i>	<b>2,173</b> <i>4.3%</i>	201.4%	-28.5%
Excel	Net sales	15,807	17,209	<b>14,392</b>	-9.0%	-16.4%
	Gross Profit	1,024 <i>6.5%</i>	986 <i>5.7%</i>	<b>1,004</b> <i>7.0%</i>	-1.9%	1.9%
	Operating income	458 <i>2.9%</i>	462 <i>2.7%</i>	<b>403</b> <i>2.8%</i>	-11.9%	-12.7%
Total	Net sales	117,059	149,302	<b>149,458</b>	27.7%	0.1%
	Gross Profit	13,582 <i>11.6%</i>	19,838 <i>13.3%</i>	<b>20,163</b> <i>13.5%</i>	48.5%	1.6%
	Operating income	3,848 <i>3.3%</i>	9,820 <i>6.6%</i>	<b>8,541</b> <i>5.7%</i>	121.9%	-13.0%

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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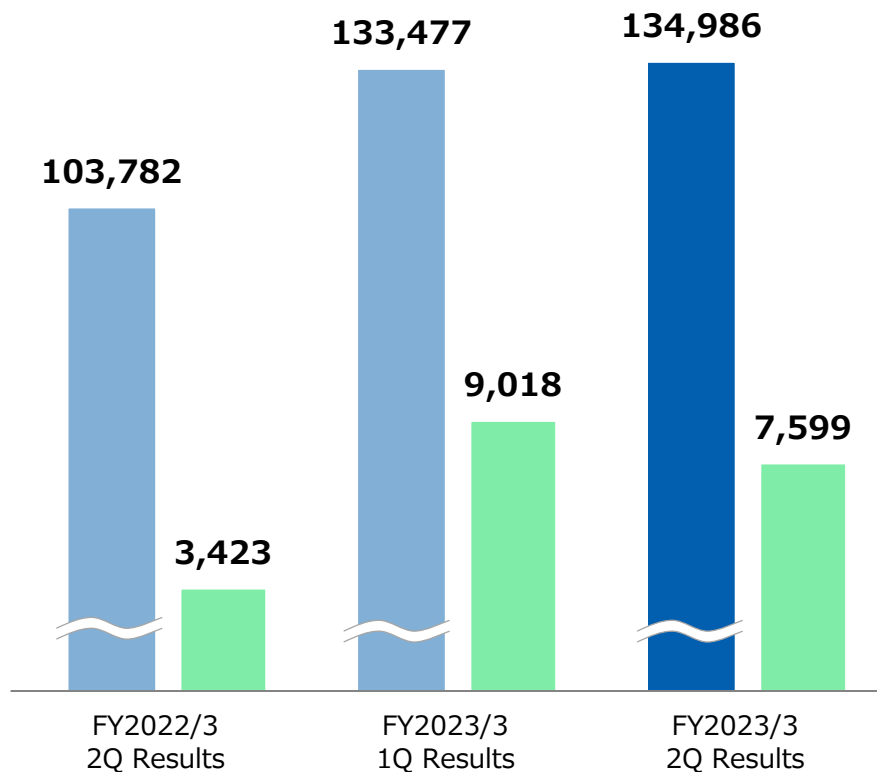
# Financial Highlights: Electronic Component Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+31,203** million yen **30.1%Up**
- Segment income ▶ **+4,175** million yen **122.0%Up**

## QoQ

- Net Sales ▶ **+1,508** million yen **1.1%Up**
- Segment income ▶ **-1,418** million yen **15.7%Down**

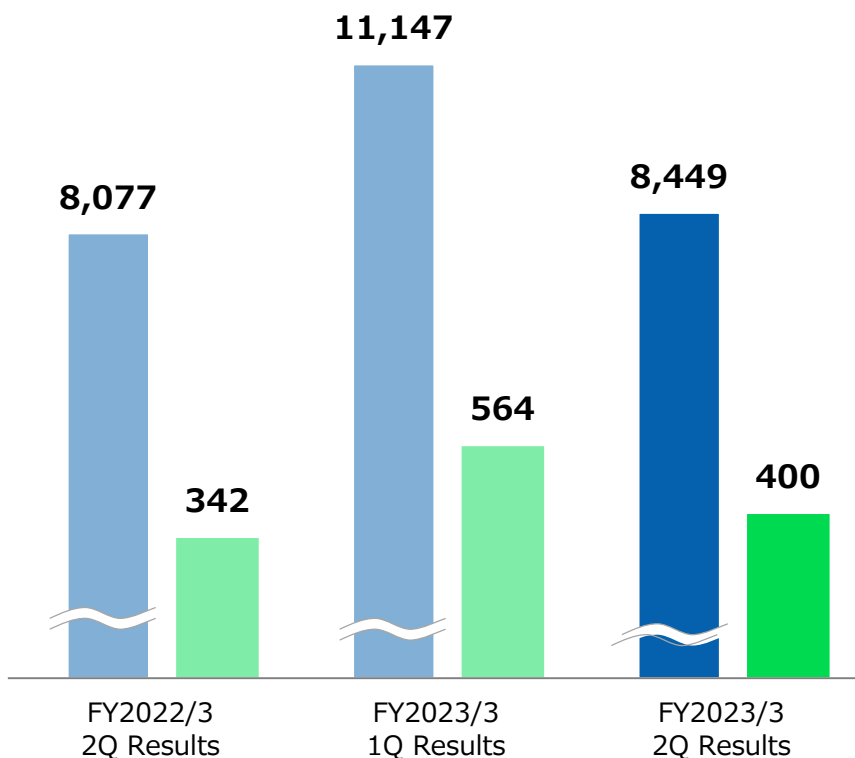
# Financial Highlights: Information Equipment Segment (3 months)

Reference

## Net sales/Segment income

(million yen)

- / ■ Net Sales
- / ■ Segment income



## YoY

- Net Sales ▶ **+372**million yen **4.6%Up**
- Segment income ▶ **+58**million yen **17.0%Up**

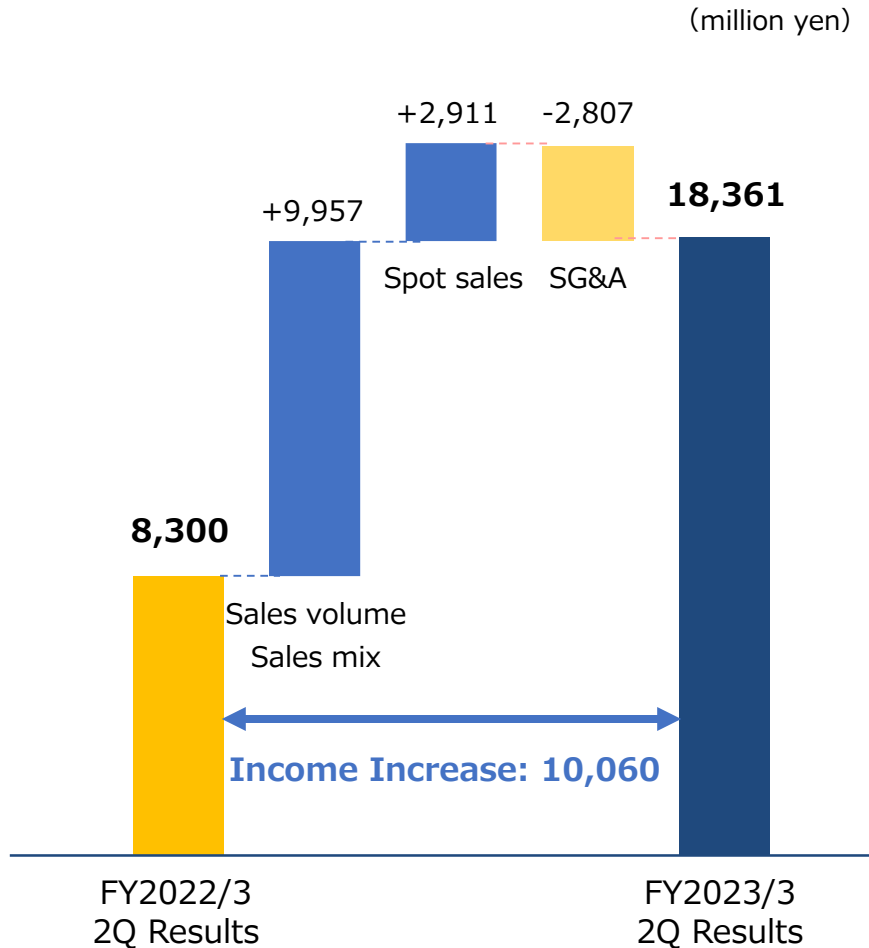
## QoQ

- Net Sales ▶ **-2,697**million yen **24.2%Down**
- Segment income ▶ **-164**million yen **29.1%Down**

# Factors of Increase / Decrease in Operating Income

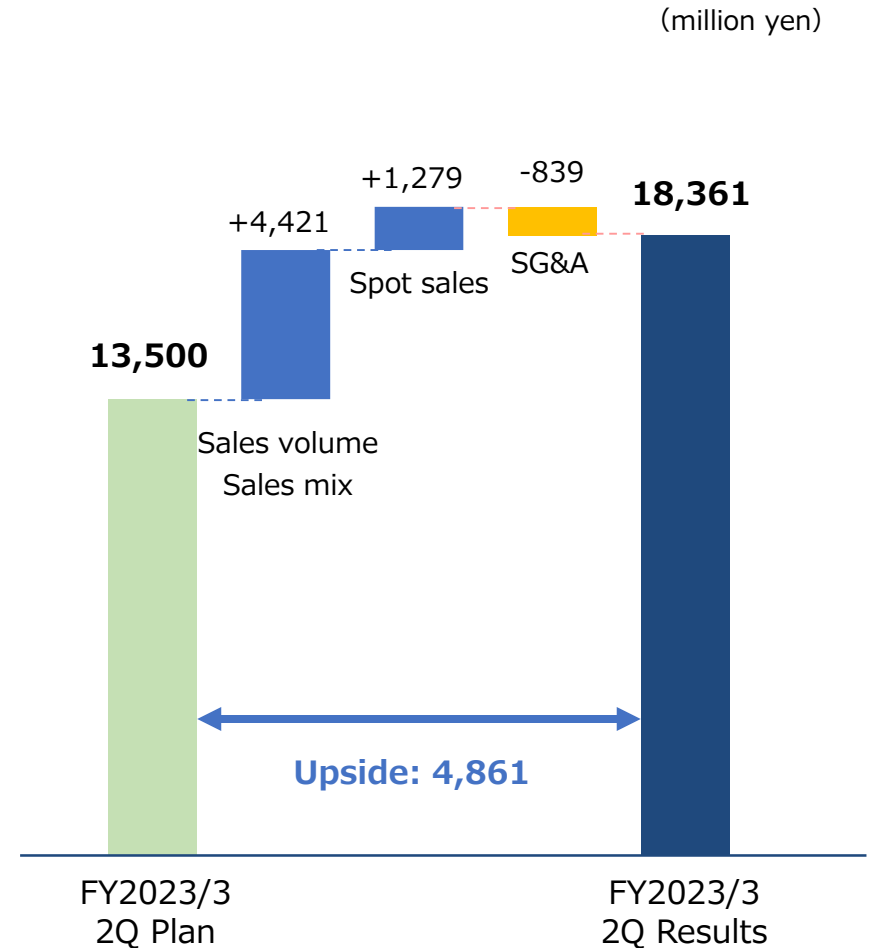
YoY

(million yen)



vs Internal Plan

(million yen)

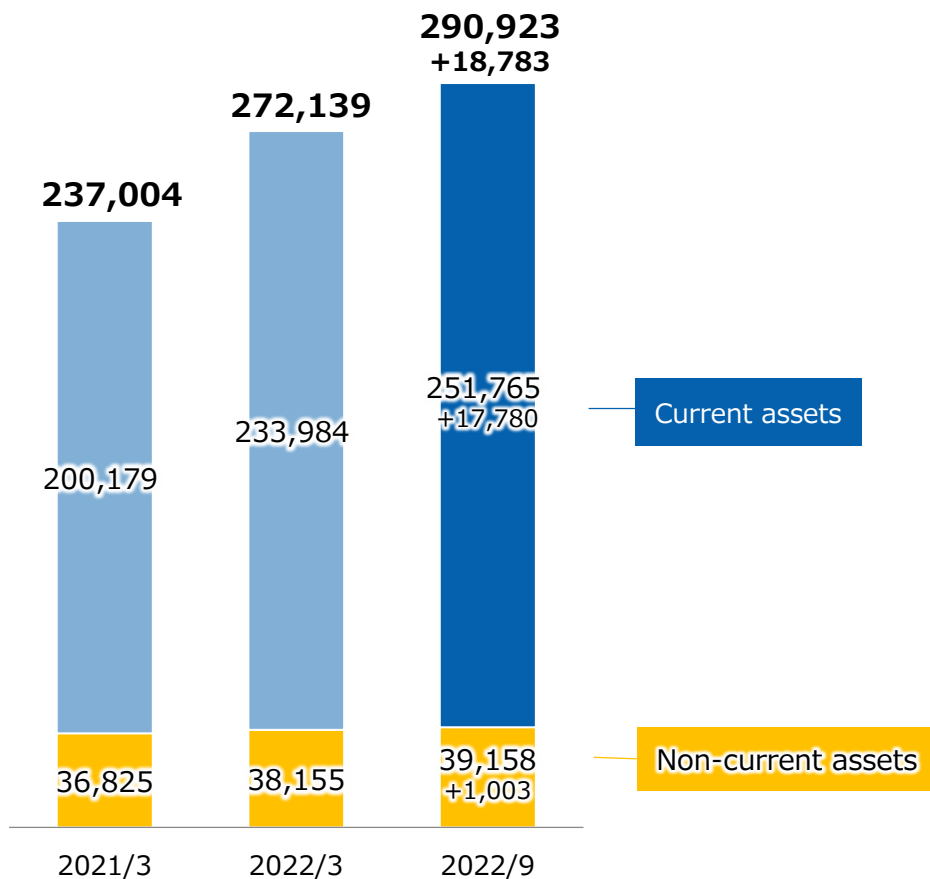




# Balance Sheet Main Items

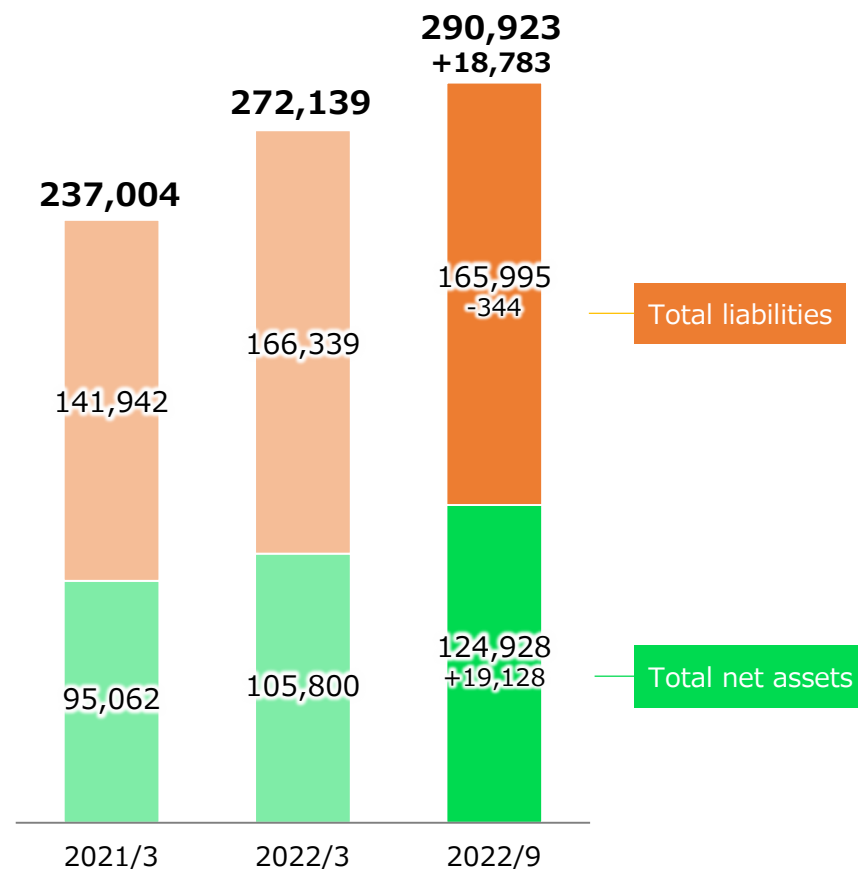
## Total assets

(million yen)



## Total liabilities and net assets

(million yen)

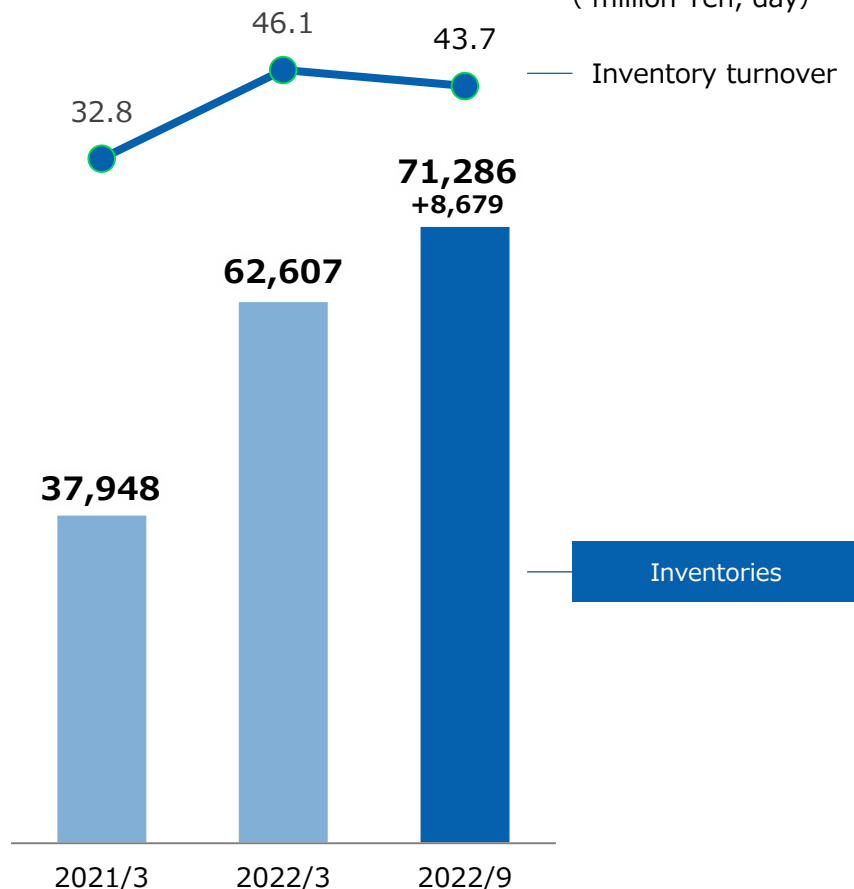


# Balance Sheet Main Items

## Inventories

( million Yen, day)

— Inventory turnover

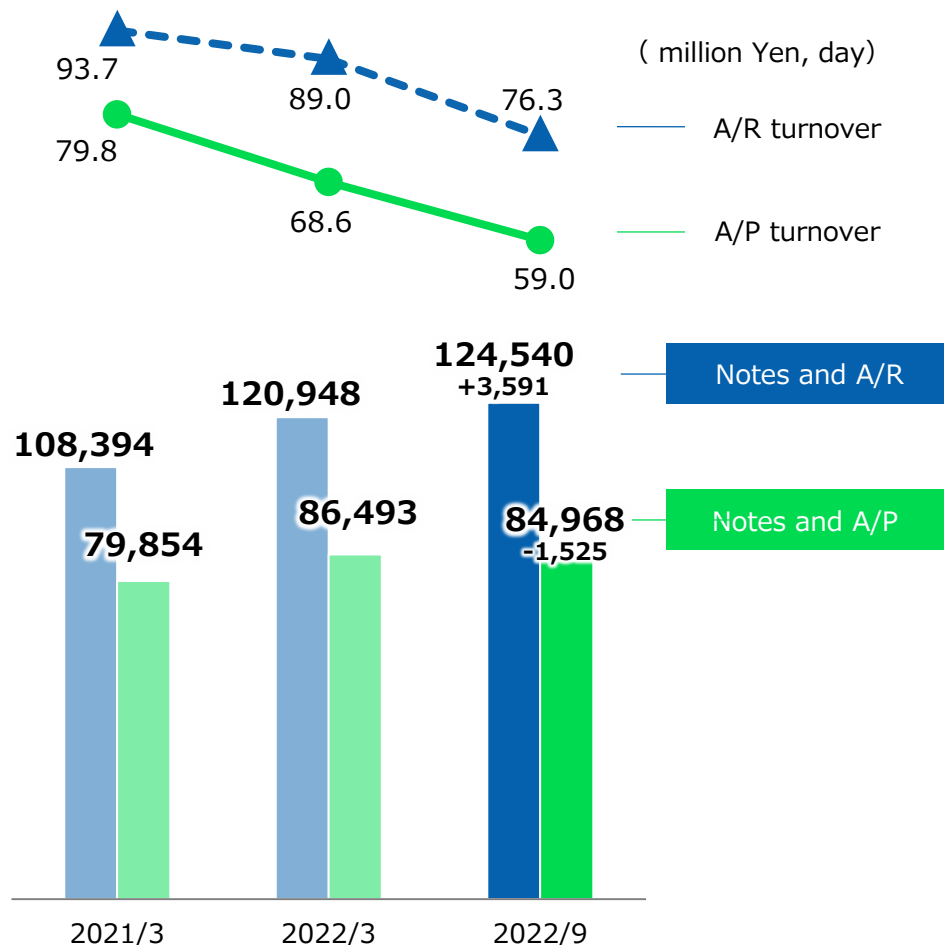


## Accounts receivable/Accounts payable

( million Yen, day)

— A/R turnover

— A/P turnover



Note : Inventory turnover = Inventories ÷ Net Sales × 183 (day)

Notes : 1. ·Notes and A/R are amounts including Electronically recorded monetary claims-operating

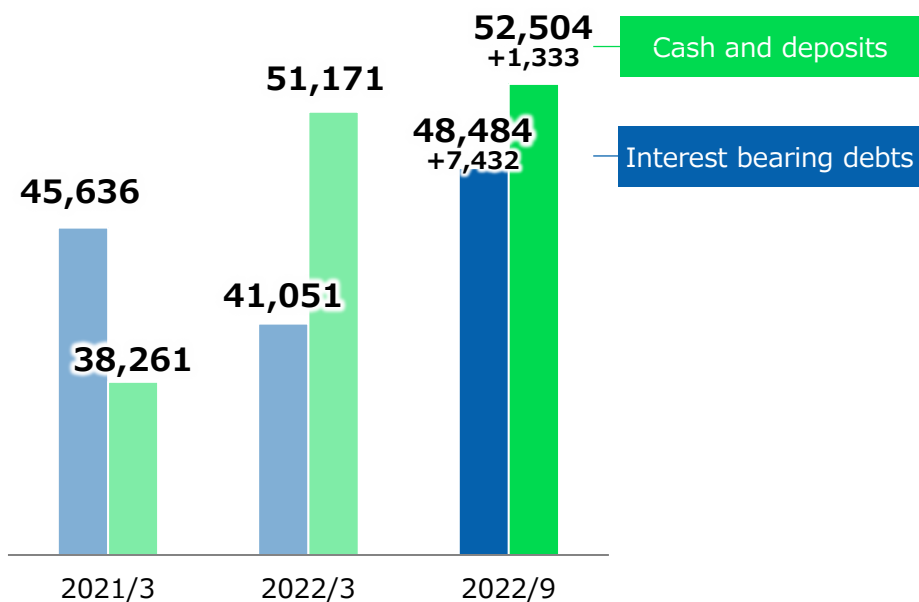
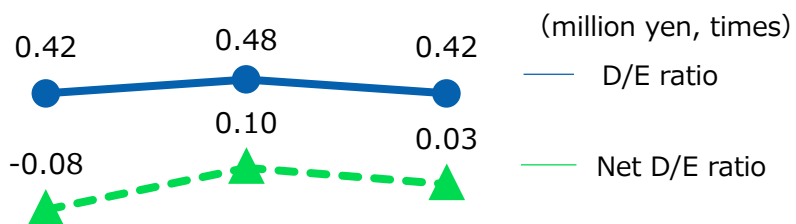
2. ·Notes and A/P are amounts including Electronically recorded obligations - operating

3. ·A/R turnover = Notes and A/R ÷ Net sales × 183 (day)

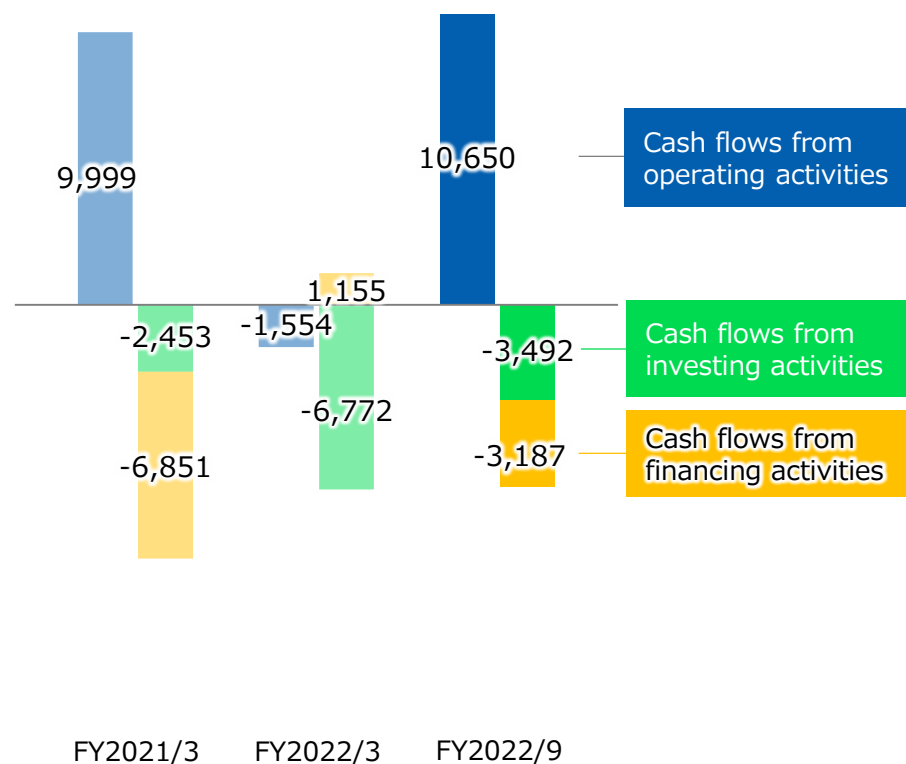
4. ·A/P turnover = Notes and A/P ÷ Total purchase of goods × 183 (day)

# Balance Sheet Main Items

## 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

# Forecasts for FY2023/3

# Forecasts for FY2023/3

(announced on August 4, 2022)

(million yen)

	FY2022/3 Results	FY2023/3 Previous forecasts	FY2023/3 Current forecasts	Diff. from previous forecasts	YoY
Net sales	495,827	540,000	<b>570,000</b>	5.6%	15.0%
Operating income	20,915 <i>4.2%</i>	24,000 <i>4.4%</i>	<b>28,000</b> <i>4.9%</i>	16.7%	33.9%
Ordinary income	21,456 <i>4.3%</i>	24,500 <i>4.5%</i>	<b>29,000</b> <i>5.1%</i>	18.4%	35.2%
Profit attributable to owners of parent	15,401 <i>3.1%</i>	16,000 <i>3.0%</i>	<b>20,000</b> <i>3.5%</i>	25.0%	29.9%
EPS (yen)	576.46	609.58	<b>761.70</b>	—	185.24
ROE	15.7%	14.0%	<b>17.0%</b>	—	1.3pt
Annual dividend (yen)	<b>120.00</b> Ordinary dividend 80.00 Extraordinary dividend 40.00	<b>150.00</b> Ordinary dividend 140.00 Commemorative dividend 10.00	<b>200.00</b> Ordinary dividend 140.00 Commemorative dividend 10.00 Extraordinary dividend 50.00	50.00	80.00

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

# Forecasts by Business Segment for FY2023/3

(announced on August 4, 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	477,000	<b>507,000</b>	6.3%	16.9%
	Segment income	18,107 4.2%	21,300 4.5%	<b>24,800 5.0%</b>	18.8%	37.0%
Information Equipment	Net sales	39,616	39,000	<b>39,000</b>	—	-1.6%
	Segment income	2,085 5.3%	2,000 5.1%	<b>2,000 5.1%</b>	—	-4.1%
Software	Net sales	2,767	4,000	<b>4,000</b>	—	44.5%
	Segment income	-26 -1.0%	100 2.5%	<b>200 2.5%</b>	—	—
Others	Net sales	19,590	20,000	<b>20,000</b>	—	2.1%
	Segment income	626 3.2%	600 3.0%	<b>1,000 3.0%</b>	—	59.7%
Total	Net sales	495,827	540,000	<b>570,000</b>	5.6%	15.0%
	Segment income	20,915 4.2%	24,000 4.4%	<b>28,000 4.9%</b>	16.7%	33.9%

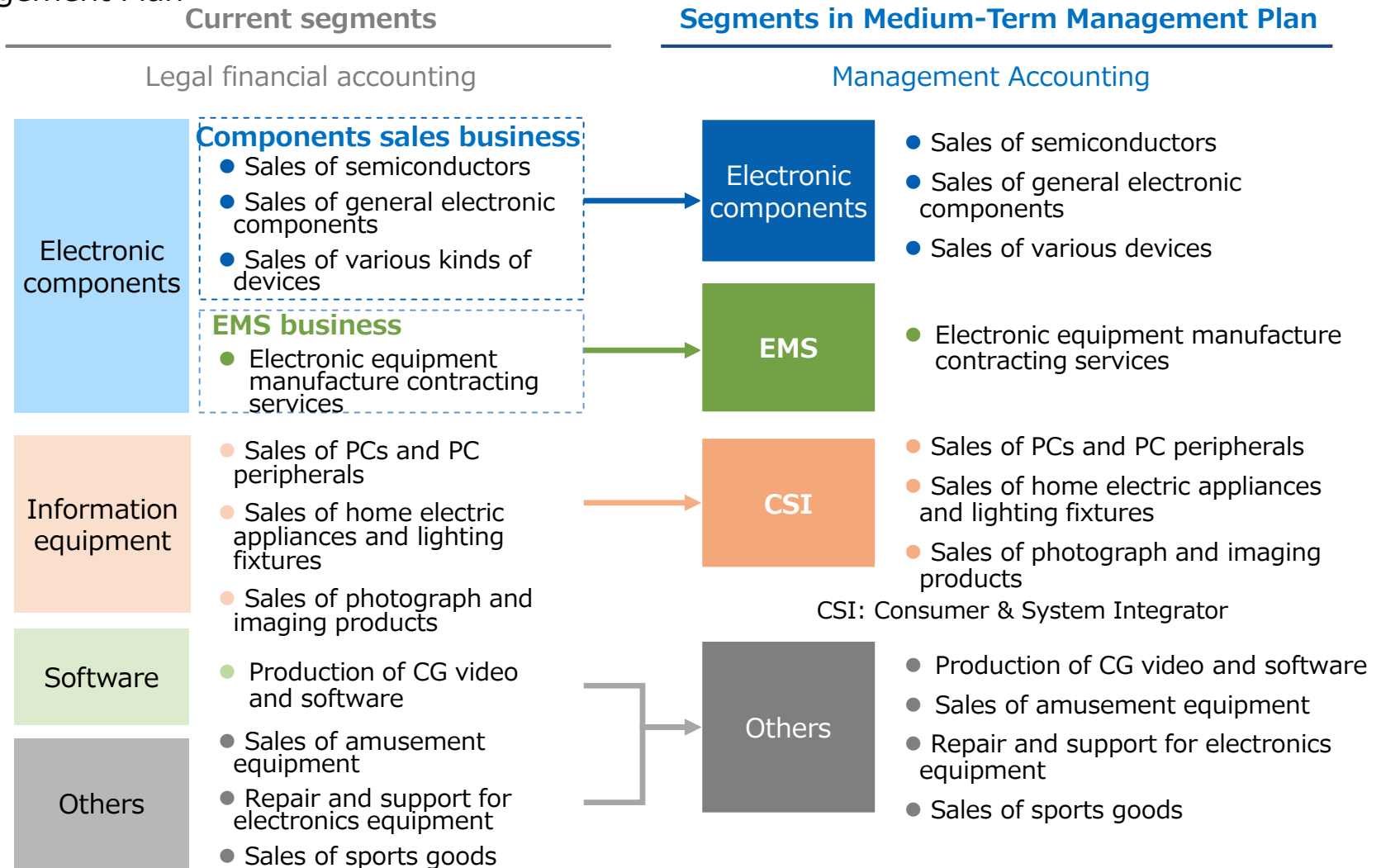
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# 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 2Q Results	FY2022/3 2Q Results	FY2023/3 2Q Results	YOY
Electronic Component	Net sales	117,287	144,790	<b>202,867</b>	40.1%
	Segment income	851 <i>0.7%</i>	3,948 <i>2.7%</i>	<b>11,689</b> <i>5.8%</i>	196.1%
EMS	Net sales	42,940	53,453	<b>69,486</b>	30.0%
	Segment income	2,265 <i>5.3%</i>	3,322 <i>6.2%</i>	<b>5,311</b> <i>7.6%</i>	59.9%
CSI	Net sales	23,192	18,713	<b>19,597</b>	4.7%
	Segment income	1,160 <i>5.0%</i>	910 <i>4.9%</i>	<b>965</b> <i>4.9%</i>	6.0%
Others	Net sales	5,438	6,052	<b>6,809</b>	12.5%
	Segment income	88 <i>1.6%</i>	64 <i>1.1%</i>	<b>369</b> <i>5.4%</i>	473.2%
Total	Net sales	188,859	223,009	<b>298,760</b>	34.0%
	Segment income	4,434 <i>2.3%</i>	8,300 <i>3.7%</i>	<b>18,361</b> <i>6.1%</i>	121.2%

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.

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

Reference

(million yen)

		FY2022/3 2Q Results	FY2023/3 1Q Results	FY2023/3 2Q Results	YoY	QoQ
Electronic Component	Net sales	78,665	101,444	<b>101,422</b>	28.9%	-0.0%
	Segment income	2,172 <i>2.8%</i>	6,541 <i>6.4%</i>	<b>5,148</b> <i>5.1%</i>	137.0%	-21.3%
EMS	Net sales	27,118	33,867	<b>35,619</b>	31.3%	5.2%
	Segment income	1,262 <i>4.7%</i>	2,612 <i>7.7%</i>	<b>2,698</b> <i>7.6%</i>	113.8%	3.3%
CSI	Net sales	8,077	11,147	<b>8,449</b>	4.6%	-24.2%
	Segment income	342 <i>4.2%</i>	564 <i>5.1%</i>	<b>400</b> <i>4.7%</i>	17.0%	-29.2%
Others	Net sales	3,198	2,842	<b>3,967</b>	24.1%	39.6%
	Segment income	49 <i>1.6%</i>	79 <i>2.8%</i>	<b>289</b> <i>7.3%</i>	479.4%	262.4%
Total	Net sales	117,059	149,302	<b>149,458</b>	27.7%	0.1%
	Segment income	3,848 <i>3.3%</i>	9,820 <i>6.6%</i>	<b>8,541</b> <i>5.7%</i>	121.9%	-13.0%

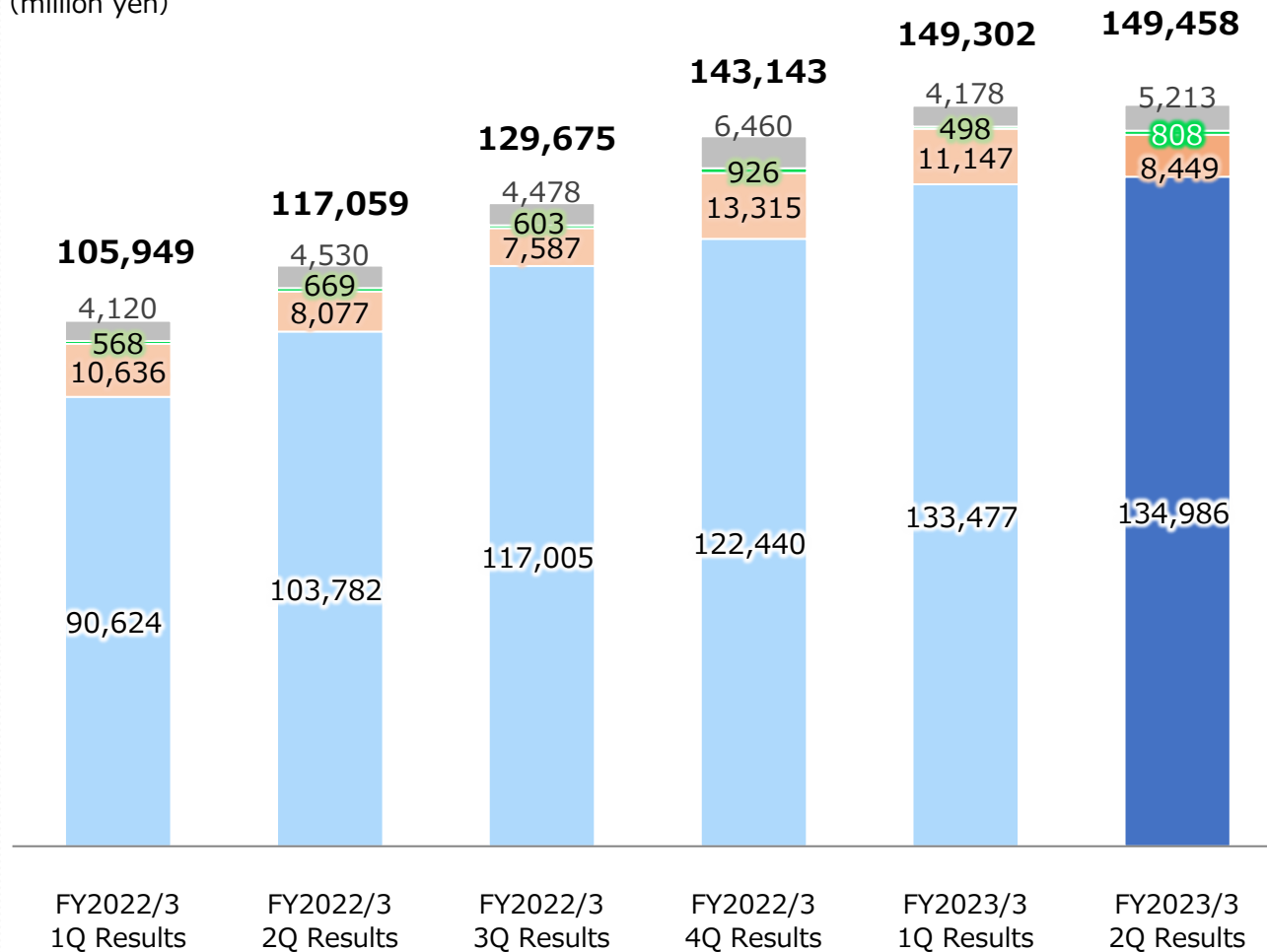
Note: 1. Figures of each segment income are not inter-segment adjusted.  
Total amount is inter-segment adjusted (operating income).

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

# Quarterly Net Sales Trends

## Net Sales

(million yen)



Total	
YoY	: +32,398
QoQ	: +156

Other	
YoY	: +683
QoQ	: +1,035

Software	
YoY	: +139
QoQ	: +310

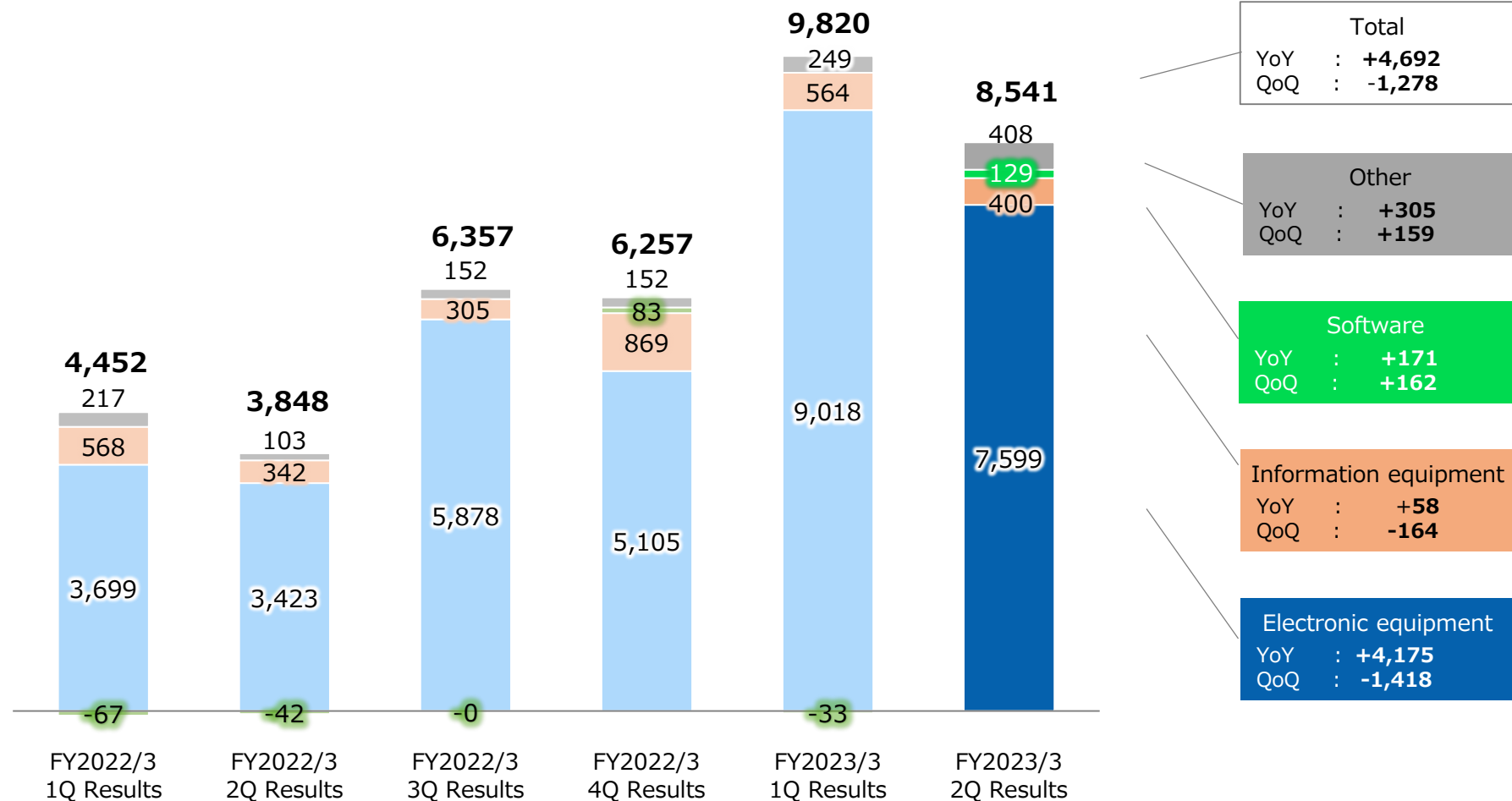
Information equipment	
YoY	: +372
QoQ	: -2,697

Electronic equipment	
YoY	: +31,203
QoQ	: +1,508

# Quarterly Segment Income Trends

## Segment Income

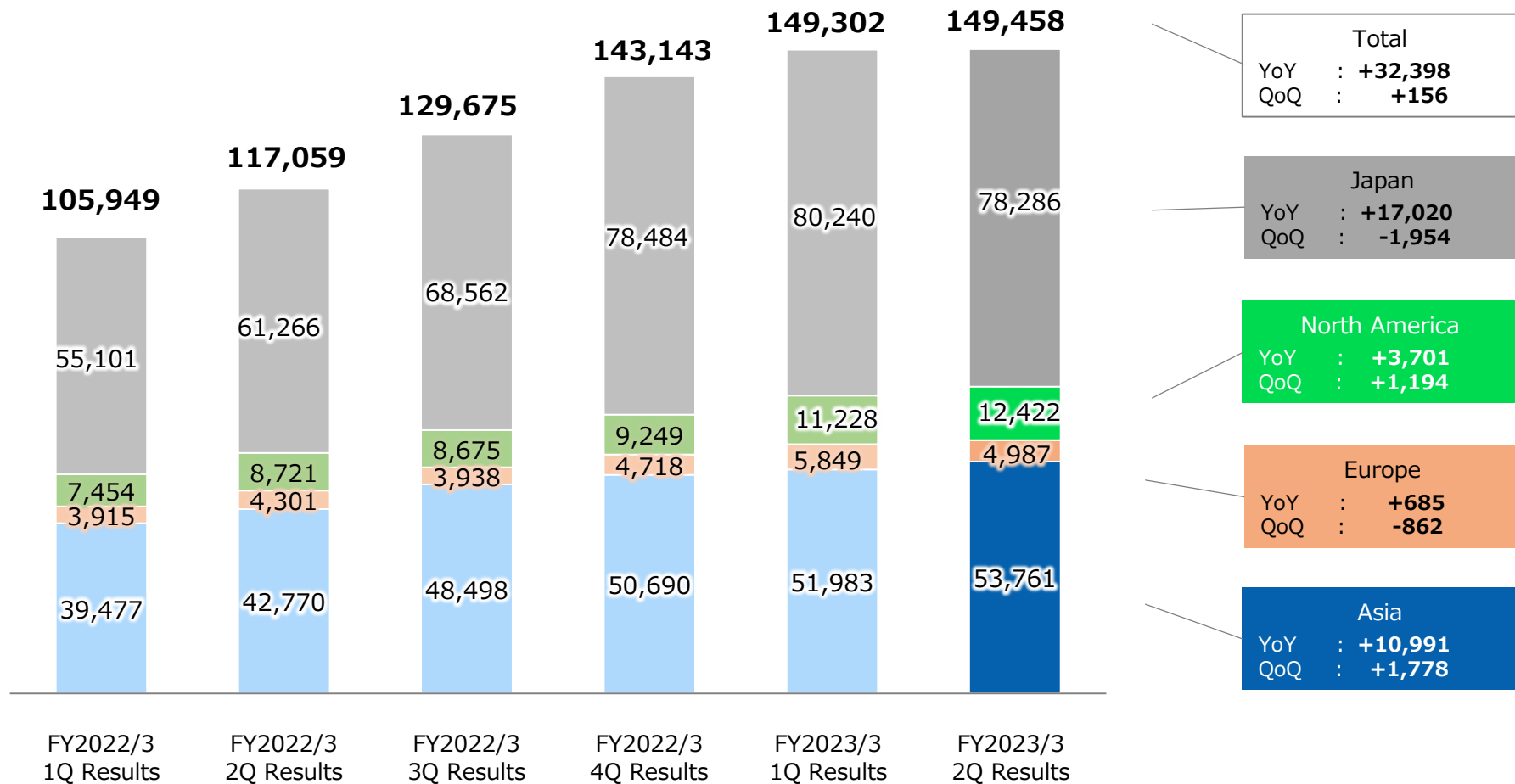
(million yen)



# Net Sales by Region

## Net Sales

(million yen)



# Exchange Rate/FOREX Sensitivity

	FY2022/3 2Q Results (Yen)	FY2023/3 2Q Results (Yen)	(Reference) Effect of 1% change (Million Yen)		Forex Assumption for 2023/3(yen)
			Net sales	Operating income	
USD	109.80	133.97	584	27	130.00
RMB	16.66	18.94	147	4	20.00
THB	3.42	3.79	145	8	3.50
HKD	14.13	17.07	98	3	16.50
EUR	130.90	138.73	5	0	135.00

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for our customers**



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